

FY 2025 Congressional Submission

**DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL
Budget Estimates, Fiscal Year 2025
Congressional Submission**

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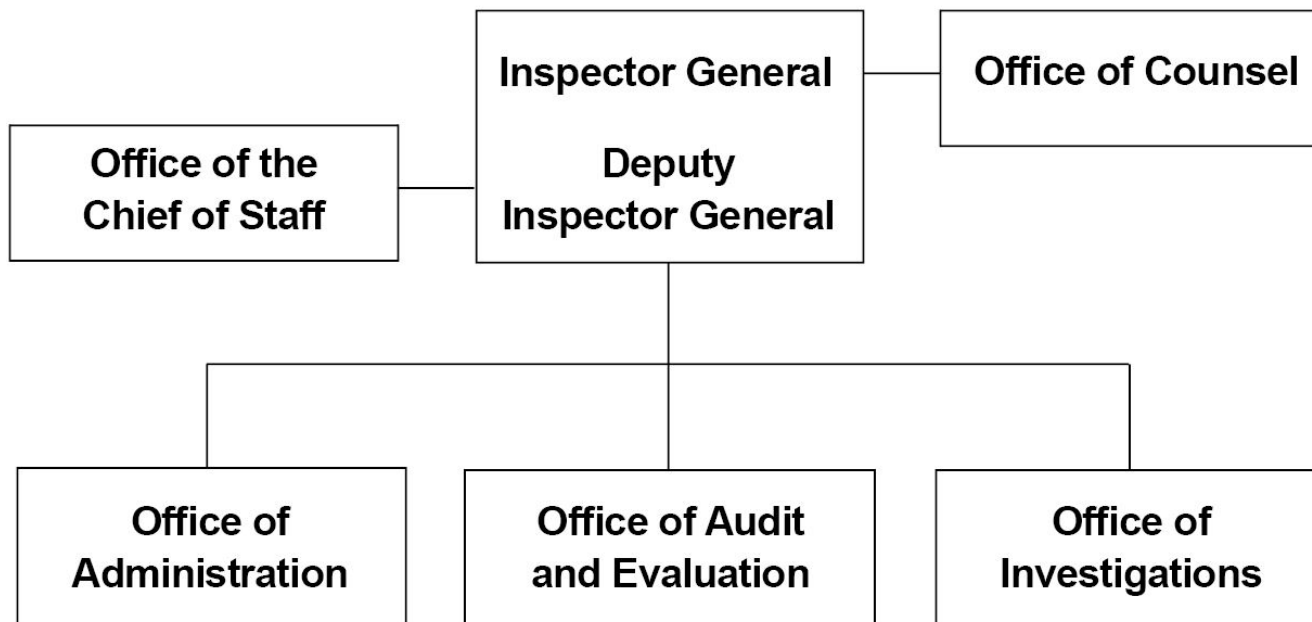
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**Department of Commerce
Office of Inspector General**



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**Department of Commerce
Office of Inspector General
Budget Estimates, Fiscal Year 2025**

Executive Summary

The Office of Inspector General's (OIG's) fiscal year (FY) 2025 budget request is \$53.35 million and 215 positions, of which \$50.9 million and 203 positions are from direct appropriations and \$2.45 million and 12 positions are from a transfer from the U.S. Patent and Trademark Office (USPTO). Additionally, in FY 2025 OIG will receive a \$1 million transfer and 18 positions from NTIA for oversight of Digital Equity programs established by the Infrastructure Investment & Jobs Act (P.L. 117-58, discretionary funds) and a \$5 million transfer and 11 positions from the Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Fund to oversee expenditures from the Fund (mandatory funds), as well as \$2 million and 4 positions made available for oversight of NTIA's Public Wireless Supply Chain Innovation Fund (mandatory funds).

OIG's mission is to improve the programs and operations of the Department of Commerce through independent and objective oversight. OIG keeps the Secretary, Deputy Secretary, and Congress informed of serious problems and deficiencies relating to the administration of the Department's programs and operations, recommends corrective actions, and reports on the progress made in implementing corrective actions. OIG has authority to inquire into all program and administrative activities of the Department, including those performed under contracts, grants, cooperative agreements, and other financial assistance awards. The Inspector General Act of 1978 (P.L. 95-452), as amended, and other legislation authorizes the specific functions and programs that make up these activities.

OIG's resources support an oversight program that focuses on the most serious management and performance challenges facing the Department. OIG's most recent [Top Management And Performance Challenges Facing the Department of Commerce](#) report identified cybersecurity; broadband access; semiconductor manufacturing and research; weather, water, and climate services; artificial intelligence and information technology (IT) modernization; trade enforcement and supply chain resilience; Nationwide Public Safety Broadband Network deployment; management of contracts and grants; intellectual property rights; the 2030 Census; the Public Wireless Supply Chain Innovation Fund grant program; and NIST construction and maintenance as the most serious management and performance challenges facing the Department.

OIG's FY 2025 budget request includes the following resources:

Direct Appropriation—\$50.9 million. These funds will support OIG's consolidated audit, evaluation, and investigative activities to promote effectiveness, efficiency, economy, and integrity in the management and administration of Departmental programs and operations, including those performed by its contractors and grantees. OIG conducts audits based on risk analysis of the

Department's operations, as well as audits and evaluations initiated in response to Congressional requests, both by committees and individual members, and as required by statute. OIG also performs annual audits of the Department's financial statements pursuant to the Chief Financial Officers Act of 1990 (P.L. 101-576) and information security reviews as required by the Federal Information Security Management Act of 2002 (P.L. 107-347). OIG investigates alleged or suspected fraud, waste, abuse, and misconduct by the Department's employees, contractors, recipients of financial assistance, and others involved in the Department's programs and operations. Such wrongdoing may result in criminal or civil prosecution, as well as administrative sanctions for violations of Department regulations and employee standards of conduct.

Transfer—\$2.45 million. OIG's FY 2025 budget request also includes a transfer of \$2.45 million from USPTO. These funds will support OIG's oversight of USPTO's operations, including examining patent and trademark applications, granting patents, registering trademarks, and guiding domestic and international policy to protect U.S. intellectual property.

Inflationary Adjustments

OIG's FY 2025 base funding level includes a total of \$1.5 million for the full funding requirement for inflationary adjustments to current programs for OIG activities. This includes annualization of the FY 2024 pay raise, the FY 2025 pay raise of 2 percent, and inflationary increases for labor and non-labor activities, including benefits and service contracts.

Program Increases

OIG requests a program increase of \$600,000 and 3 positions to provide oversight of the Department's management and use of Artificial Intelligence (AI), including the extent to which its AI systems and respective control frameworks are safe, effective, and meet their intended purposes without causing harm. The Department's increasing use of AI risks serious downstream effects such as privacy and security violations, as well as potential biases in AI algorithms leading to skewed or incorrect results. Additionally, there will be an increased risk of "shadow AI" use, where AI operates outside of the Department's knowledge or control environments.

OIG also requests a program increase of \$800,000 and 4 positions to allow OIG to staff a team with the subject matter expertise required to conduct sophisticated technical performance audits of NOAA's aviation programs. This would supplement OIG's ongoing oversight of marine programs managed by the same NOAA office. NOAA anticipates a multi-billion investment in ships and aircraft over the next 10 years and recapitalization of its aircraft fleet is critical to developing accurate hurricane forecasts. NOAA's long-standing challenges in validating and managing fleet requirements increase the risk of requirement creep and cost expansion.

**Department of Commerce
Office of Inspector General
FY 2025 PROGRAM INCREASES / DECREASES / TERMINATIONS**
(Dollar amounts in thousands)
(By Appropriation, Largest to Smallest)

<u>Increases</u>					
Page No. In CJ	Appropriation	Budget Program	Title of Increase	Positions	Budget Authority
OIG-29	Office of Inspector General	Salaries and Expenses	Oversight of Artificial Intelligence Efforts	3	600
OIG-35	Office of Inspector General	Salaries and Expenses	Increased Oversight of NOAA Aviation Programs	4	800
Total, Increases				7	1,400

<u>Decreases</u>					
Page No. In CJ	Appropriation	Budget Program	Title of Increase	Positions	Budget Authority
N/A	N/A	N/A	N/A	N/A	N/A
Total, Decreases				N/A	N/A

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

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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
Appropriation Available, 2024	196	173	48,000	48,000
2025 Adjustments to Base				
Plus: 2025 Transfers	12	12	2,450	2,450
Plus: Inflationary adjustments to base	0	0	1,500	1,500
2025 Base	208	185	51,950	51,950
Plus: 2025 Program changes	7	5	1,400	1,400
2025 Estimate	215	190	53,350	53,350

**Comparison by activity / subactivity
with totals by activity**

		2023		2024		2025		2025		Increase/Decrease	
		Actual	Amount	Annualized CR	Amount	Base	Amount	Estimate	Personnel	Amount	
Office of Inspector General	Pos./BA	190	48,000	196	48,000	196	49,500	203	50,900	7	1,400
	FTE/Obl.	160	47,957	173	48,000	173	49,500	178	50,900	5	1,400
Transfer from the Census Bureau	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	5	1,255	0	0	0	0	0	0	0	0
Transfer from the Public Safety Trust Fund (FirstNet)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	5	677	1	285	0	0	0	0	0	0
Transfer from NOAA (Satellites/Vessels)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	10	2,043	2	403	0	0	0	0	0	0
Transfer from NOAA (National Weather Service)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	2	750	0	0	0	0	0	0	0	0
Transfer from USPTO	Pos./BA	10	2,450	12	2,450	12	2,450	12	2,450	0	0
	FTE/Obl.	11	2,081	12	3,019	12	2,450	12	2,450	0	0

Exhibit 5

		2023		2024		2025		2025		Increase/Decrease	
		Actual		Annualized CR		Base		Estimate		from 2025 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Additional Supplemental Appropriation, Disaster Relief Act, 2019 (P.L. 116-20)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	18	0	0	0	0	0	0	0	0
Infrastructure Investment & Jobs Act (P.L. 117-58)	Pos./BA	12	1,000	18	1,000	18	1,000	18	1,000	0	0
Transfers from NTIA (non-add FY 2024) [†]	FTE/Obl.	6	1,259	18	3,500	18	3,750	18	3,750	0	0
Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328)	Pos./BA	0	2,000	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	2	400	3	700	3	700	0	0
Total	Pos./BA	212	53,450	226	51,450	226	52,950	233	54,350	7	1,400
	FTE/Obl.	199	56,040	208	55,607	206	56,400	211	57,800	5	1,400
Adjustments for											
Recoveries			(31)		0		0		0		0
Unobligated balance, start of year			(19,501)		(16,899)		(12,742)		(12,742)		0
Unobligated balance transferred			0		0		0		0		0
Unobligated balance, end of year			16,899		12,742		9,292		9,292		0
Unobligated balance expiring			43		0		0		0		0
Financing from transfers:											
Transfer from other accounts (-)			(5,450)		(3,450)		(3,450)		(3,450)		0
Transfer to other accounts (+)			0		0		0		0		0
Appropriation			48,000		48,000		49,500		50,900		1,400

[†] Funds appropriated to NTIA in FY 2022, but not available to OIG until FY 2025, per the IJA.

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

Comparison by Activity		2023		2024		2025		2025		Increase/Decrease	
		Actual		Annualized CR		Base		Estimate		from 2025 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Office of Inspector General	Pos./BA	0	2,292	0	3,500	0	3,500	0	3,500	0	0
	FTE/Obl.	0	2,292	0	3,500	0	3,500	0	3,500	0	0
Total	Pos./BA	0	2,292	0	3,500	0	3,500	0	3,500	0	0
	FTE/Obl.	0	2,292	0	3,500	0	3,500	0	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)

	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
Office of Inspector General	50,249	51,500	53,000	54,400	1,400
Transfers*	6,806	3,707	2,450	2,450	0
Additional Supplemental Appropriation, Disaster Relief Act, 2019 (P.L. 116-20)	18	0	0	0	0
Infrastructure Investment & Jobs Act (P.L 117-58)	1,259	3,500	3,750	3,750	0
Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328)	0	400	700	700	0
Total Obligations	58,332	59,107	59,900	61,300	1,400
Offsetting collections from:					
Federal funds	(2,292)	(3,500)	(3,500)	(3,500)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(31)	0	0	0	0
Restoration of Recoveries					
Unobligated balance, start of year	(19,501)	(16,899)	(12,742)	(12,742)	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	16,899	12,742	9,292	9,292	0
Unobligated balance expiring	43	0	0	0	0
Budget Authority	53,450	51,450	52,950	54,350	1,400
Financing:					
Transfer from other accounts (-)	(5,450)	(3,450)	(3,450)	(3,450)	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	48,000	48,000	49,500	50,900	1,400

* FY 2023 obligations include carryover balances of \$1.255 million from Census, \$2.793 million from NOAA, \$677 thousand from FirstNet, and \$200 thousand from USPTO.

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

	<u>Positions</u>	<u>Amount</u>
Transfers of Estimates		0
Adjustments		0
Financing		0
	<u>0</u>	<u>0</u>
Other Changes:		
2024 Pay raise		603
2025 Pay raise		532
Awards		0
Full-year cost in 2025 of positions financed for part-year in 2024		0
Change in compensable days		0
Civil Service Retirement System (CSRS)		5
Federal Employees Retirement System (FERS)		6
Thrift Savings Plan		(3)
Federal Insurance Contribution Act (FICA) - OASDI		13
Health insurance		48
Employees Compensation Fund		0
Travel:		
Mileage		0
Per diem		5
Rental payments to GSA		(54)
GSA Furniture and IT Program (FIT)		0
Postage (included in GPL adjustment)		0
Working Capital Fund, Departmental Management		86
National Archives and Records Administration (NARA)		0
General Pricing Level (GPL) Adjustment		138
Cyber Security		2
Enterprise Services		0
Telecommunications Services - Enterprise Infrastructure Services (EIS)		0
HCHB Utilities (included in GPL adjustment)		0
Commerce Business System (CBS)		0
Federal Protective Service		119
Other changes unique to certain bureaus (e.g., grants, ship and aircraft costs)		0
Subtotal, other changes	<u>0</u>	<u>1,500</u>
Total, adjustments to base	<u>0</u>	<u>1,500</u>

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

Activity: Office of Inspector General

Line Item		2023 Actual		2024 Annualized CR		2025 Base		2025 Estimate		Increase/Decrease from 2025 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction & Counsel	Pos./BA	17	4,062	17	3,910	17	4,024	17	4,024	0	0
	FTE/Obl.	17	4,838	16	4,572	16	4,698	16	4,698	0	0
Audits & Evaluations	Pos./BA	144	37,094	158	35,706	158	36,747	165	38,147	7	1,400
	FTE/Obl.	135	37,781	143	38,354	141	38,672	146	40,072	5	1,400
Investigations	Pos./BA	51	12,294	51	11,834	51	12,179	51	12,179	0	0
	FTE/Obl.	47	13,421	49	12,681	49	13,030	49	13,030	0	0
Total	Pos./BA	212	53,450	226	51,450	226	52,950	233	54,350	7	1,400
	FTE/Obl.	199	56,040	208	55,607	206	56,400	211	57,800	5	1,400

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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

Line Item	2023		2024		2025		2025		Increase/Decrease		
	Actual		Annualized CR		Base		Estimate		from 2025 Base		
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
Office of Inspector General	Pos./BA	0	2,292	0	3,500	0	3,500	0	3,500	0	0
	FTE/Obl.	0	2,292	0	3,500	0	3,500	0	3,500	0	0
Total	Pos./BA	0	2,292	0	3,500	0	3,500	0	3,500	0	0
	FTE/Obl.	0	2,292	0	3,500	0	3,500	0	3,500	0	0

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE
(Dollar amounts in thousands)**

Activity: Office of Inspector General

The Department of Commerce Office of Inspector General (OIG) was established by the Inspector General Act of 1978 (P.L. 95-452), as amended, as an independent oversight agency under the general supervision of the Secretary of Commerce.

Goal Statement

OIG's mission is to improve the programs and operations of the Department of Commerce through independent and objective oversight. OIG keeps the Secretary, Deputy Secretary, and Congress informed of serious problems and deficiencies relating to the administration of the Department's programs and operations, recommends corrective actions, and reports on the progress made in implementing corrective actions. OIG has a Whistleblower Protection Coordinator Program, established by the Whistleblower Protection Enhancement Act of 2012 and revised by the Whistleblower Protection Coordinator Act.

Base Program

OIG's current resources support an oversight program focusing on the Department's top management and performance challenges. OIG's most recent report identified the following 10 challenges: 1) strengthening the Department's cybersecurity effectiveness through Zero Trust, 2) expanding broadband access to all Americans, 3) enhancing weather, water, and climate services, 4) leveraging trustworthy artificial intelligence and modernizing IT systems, 5) enforcing export controls and supporting U.S. supply chain resilience, 6) ensuring public safety entities have the network services they need to respond effectively to emergencies, 7) managing and overseeing contracts and grants while ensuring equitable procurement, 8) safeguarding intellectual property to promote innovation and economic prosperity, 9) ensuring the Census Bureau provides quality data to stakeholders, and 10) ensuring strong oversight and effective use of funding for NIST construction and maintenance.

OIG's base funding level for FY 2025 is \$53.35 million, of which \$50.9 million is for general oversight activities. This funding also includes a transfer of \$2.45 million from USPTO.

Statement of Operating Objectives

OIG's independent oversight helps the Department improve the integrity of its operations and programs; ensures their efficient and effective operation; provides stakeholders with independent assessments of those operations and identifies the need for corrective action; and combats waste, fraud, and abuse. OIG provides the results of that oversight to stakeholders such as the Secretary of Commerce, the Department's senior leaders, Congress, and the American taxpayers.

Explanation and Justification

OIG's work is primarily people-driven, with 80 percent of its resources dedicated to personnel-related costs. OIG is headquartered in the Washington, DC area, and operates three field offices in Atlanta, Denver, and Seattle.

Oversight Activities (\$50.9 million).

Audits and Evaluations OIG supervises and conducts independent and objective audits and other reviews of Commerce programs and activities to ensure they operate economically, efficiently, and effectively. OIG performs work both planned and in response to Congressional or Departmental requests – covering such areas as financial controls, operational efficiencies, information systems, program performance, and major acquisitions.

Investigations OIG investigates alleged or suspected fraud, waste, abuse, and misconduct by Departmental employees, contractors, recipients of financial assistance, and others involved in the Department's programs and operations. OIG's most significant areas of criminal, civil, and administrative investigations are related to contract fraud, grant fraud, public corruption, and senior-level employee misconduct.

Hotline and Whistleblower Protection OIG maintains a Hotline for receiving allegations of fraud, waste, abuse, and gross mismanagement in Departmental programs or operations, including any organization or entity receiving Departmental funds. Allegations may be reported 24 hours a day, 7 days a week by employees, contractors, or the public. OIG also investigates allegations of whistleblower retaliation taken against Department employees, contractors, and grantees.

OIG's major deliverables include:

- A report on the top management and performance challenges facing the Department—*published in October*;
- Reports on audits and evaluations—*performed according to OIG's annual audit plan, which may be modified to address Congressional requests, statute, or other changes to oversight priorities*;
- Semiannual reports summarizing the audit and investigative work OIG completed or initiated in the

previous 6 months—*posted publicly on the OIG website in May and November;*

- Responses to Congressional requests, including testimony—*as necessary;*
- An annual audit of the Department’s compliance with the Federal Information Security Modernization Act of 2014;
- Biennial audits of the Department’s compliance with the Geospatial Data Act of 2018;
- Biennial audits of the Department’s compliance with the Cybersecurity Information Sharing Act of 2015;
- A financial audit report of the Department and its bureaus, to include a separate USPTO report—provided in November; and
- Recommendation tracking, ensuring that OIG’s recommendations are timely and appropriately implemented by Departmental management—ongoing.

OIG focuses its oversight efforts on the Department’s top management and performance challenges. These include the following:

Cybersecurity. To combat ever-increasing cyberthreats, the President issued Executive Order 14028 in May 2021, moving the government toward zero-trust cybersecurity principles. Fully implementing these security requirements has been particularly challenging. The Department must implement zero-trust principles while simultaneously addressing longstanding cybersecurity weaknesses. Cybersecurity will remain a challenge until the information technology (IT) security program is consistently implemented across all the Department’s bureaus and systems.

Broadband Access. The Infrastructure Investment and Jobs Act, 2022 (P.L. 117-58) and Consolidated Appropriations Act, 2021 (P.L. 116-260) provided NTIA more than \$49.7 billion to implement six broadband infrastructure programs: Broadband Equity, Access, and Deployment; Digital Equity; Middle Mile Deployment, Tribal Broadband Connectivity Program; Connecting Minority Communities Pilot Program; and the Broadband Infrastructure Program. Implementing these new programs will place heavy demands on NTIA’s existing workforce, oversight processes, business practices, and financial management systems to ensure proper oversight and use of the funds. Shortages of experienced staff with the right skills and abilities, exacerbated by the challenge of attracting and retaining experienced professionals, could contribute to delays in the deployment of these new programs.

NOAA Environmental Data and Weather, Water, and Climate Services. NOAA’s satellite systems, ships, aircraft, and ground-based systems provide environmental data that are critical inputs to weather and climate forecasts provided by the National Weather Service. NOAA is currently investing in the next generation of its satellites to maintain the long-term continuity of critical observations. However, OIG’s work has identified weaknesses in requirements management that present risks to future satellite systems’ architecture, design, and implementation efforts. To address its aging ships and aircraft, NOAA’s Office of Marine and Aviation Operations (OMAO) is recapitalizing its assets through multi-year acquisitions requiring effective planning, execution, and oversight to

ensure maximum benefit to the agency and the taxpayer. However, OMAO has not yet produced an updated plan for its fleet recapitalization, putting hundreds of millions of dollars at risk. Also, OMAO's hurricane hunter aircraft are nearing the end of their service lives and replacement aircraft may not be available during the 2025 hurricane season.

Artificial Intelligence and Modernizing Information Technology Systems. As of May 2023, the Department has reported 52 use cases of AI across 8 bureaus. AI can bring many benefits such as using natural language processing to interpret and help classify survey input and improve searches of the Department's public data and using machine learning algorithms to identify dangerous rip currents from shoreline web camera footage. Department leadership must ensure that AI systems perform as expected, create reproducible results, can be independently verified, and meet all mission requirements. In addition, the President's Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (October 30, 2023) established new responsibilities specifically for the Department, including advancing federal government use of AI, setting standards for AI safety and security, and promoting innovation and competition.

The Department has several challenging IT modernization efforts planned or underway. Notably, the Department is implementing the Business Applications Solution (BAS) program, a new financial system. The Department has transitioned NOAA's financial operations to BAS and must incorporate lessons learned from the NOAA transition to the NIST transition while addressing NIST-specific needs. The Department is also implementing the Grants Enterprise Management Solution (GEMS) to replace the separate systems used by its bureaus. However, immediate needs and unique requirements have led some bureaus to use alternative grants management software, presenting challenges with systems and records integration, data migration, security and privacy requirements, and additional costs.

Trade Enforcement. The Department's ability to combat unfair trade practices by resolving trade barriers and enforcing U.S. trade agreements continues to be a challenge. These challenges are compounded by the Department's critical role in combating China's military-civil fusion strategy, which seeks to acquire foreign technology through both licit and illicit means for China's military modernization and ensuring proper implementation of export controls related to Russia's invasion of Ukraine.

Nationwide Public Safety Broadband Network (NPSBN). The Middle-Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) established the First Responder Network Authority (FirstNet) to build, deploy, and operate an NPSBN dedicated to first responders. The NPSBN contract requires AT&T to make payments to FirstNet Authority over 25 years totaling \$18 billion, of which FirstNet will use approximately \$15 billion to maintain and improve the network. FirstNet's decision-making process must be sound for FirstNet to select the best investment opportunities to support the evolving mission and needs of public safety. Also, appropriate oversight is imperative to monitor the execution of the NPSBN contract, to ensure that FirstNet is paying only for services provided. OIG has identified significant issues with the reinvestment process for the FirstNet Authority's initial two investments as well as persistent issues with FirstNet's contract oversight.

The Department's Management of Contracts and Grants. The Department faces ongoing challenges with proper contract and grant oversight and management. In FY 2023, the Department awarded approximately \$5 billion in contracts for goods and services as well as approximately \$5.6 billion in grants and other financial assistance awards. It is critical that the Department place sustained focus on its contract and grant awards and oversight to ensure that recipients spend these funds efficiently and effectively, and that the awards result in the expected quality of services, products, and performance.

Intellectual Property. USPTO faces significant challenges in granting quality intellectual property rights in a timely manner. The time for a first action on a patent application exceeds USPTO's goal by over 40 percent, and trademark first action pendency is at historical highs. These challenges are compounded by threats to the integrity of patent and trademark proceedings. USPTO has grappled with evolving tactics by fraudulent trademark filers, including many applications originating outside the United States. Together, these challenges threaten confidence in USPTO by intellectual property stakeholders and affect applicants' ability to make business decisions. USPTO is challenged to adapt to the adoption of artificial intelligence, both as a legal matter for patent applications and internally as enhancements to its business processes. As OIG has reported previously, mission-critical functions such as acquisition practices and IT improvements remain challenges as well.

Census. FY 2025 marks the fourth year in the 2030 Census lifecycle. Lessons from the previous census are becoming available, and effective planning now by Census can help avoid costly mistakes in the run-up to the 2030 Census. Census must continue its program of research and testing centered on developing a 2030 Census design that enhances the accuracy and reliability of the Census Bureau's address list and ensures that data products provide timely, reliable, and quality data to stakeholders.

NIST Construction and Maintenance. NIST's inadequate facilities threaten its mission performance by causing substantive delays in key national security deliverables, scientific research, and services to U.S. industry customers. The facilities' poor state has also led to costly equipment damage, estimated in the millions of dollars. NIST will face significant pressure to quickly address the poor condition of its facilities. However, it will be important for NIST to practice prudent financial management and adequately oversee its funds.

Work Completed by OIG in FY 2023

OIG's audit work produced the following results:

- Published 25 audit, inspection, and evaluation products;
- Made 112 recommendations for improvements to Departmental programs.
- Identified \$336 million of monetary benefits.

OIG found that:

- Security weaknesses in the Department's mission-critical high value IT assets leave the assets vulnerable to cyberattacks.
- Fundamental deficiencies in the Department's Cybersecurity Incident Response Program increase the risk of cyberattacks.
- Effective reviews are needed to enhance the security posture of the Department's Active Directories.
- Simulated internal cyber-attack gained control of critical Census Bureau systems.
- NTIA's reliance on self-certifications increased fraud risk for the Tribal Broadband Connectivity Program.
- The GeoXO Program: Cost and schedule baselines are established, but NOAA should evaluate plans for the Central Satellite mission and revise its approach to performance gains to provide the best overall value.
- Satellite integration and test phase improvements are needed to ensure the success of future Polar Weather Satellite missions.
- Space Weather Follow-On Program: Rideshare schedule presents challenges and lack of backup option warrants NOAA attention.
- FirstNet Authority failed to provide adequate contract oversight for its initial two reinvestment task orders.
- FirstNet Authority could not demonstrate investment decisions were the best use of reinvestment funds or maximized the benefits to public safety.
- The Census Bureau needs to improve its performance management processes and quality control program for the Reimbursable Surveys Program.
- The Census Bureau can improve processes to promote transparency of cooperative agreements.
- USPTO needs to improve oversight of patent classification and routing process.
- NIST must improve monitoring of Manufacturing Extension Partnerships to prevent waste of financial resources.
- BIS's law enforcement oversight policies and procedures need improvement.

OIG's direct investigative work produced the following results:

- Dealt with 658 Hotline contacts related to the Department and its programs.
- Referred 326 Hotline issues to Departmental and bureau management for further investigation and resolution, as appropriate.
- Opened 47 investigations (whistleblower reprisal, preliminary, or full field investigations) and 61 requests for assistance, totaling 108 investigative actions;
- Closed 52 investigations and 41 requests for assistance; and
- Referred 37 cases to the U.S. Department of Justice or state/local prosecutors that were accepted for prosecution.

In addition, cases pursued by OIG resulted in 5 convictions, the indictment of 11 individuals, 7 suspensions/debarments, 14 disciplinary actions, and monetary recoveries totaling \$14 million.

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM CHANGE FOR 2025**
(Dollar amounts in thousands)

		2025 Base		2025 Estimate		Increase/Decrease from 2025 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Office of Inspector General	Pos./BA	196	49,500	199	50,100	3	600
	FTE/Obl.	173	49,500	175	50,100	2	600

Oversight of Artificial Intelligence Efforts (+\$600 thousand, 2 FTE/3 Positions) – OIG requests a program increase of \$600,000 to provide oversight of the Department’s management and use of Artificial Intelligence (AI), including the extent to which its AI systems and respective control frameworks are safe, effective, and meet their intended purposes without causing harm.

Overseeing the use of AI is a significant challenge as system inputs and operations can be both convoluted and opaque. Highly technical and specialized knowledge and skills are needed to perform these deeply technical audits and evaluations. As of May 2023, the Department reported 52 use cases of AI across eight bureaus. AI is used to enhance bureaus’ abilities to detect and predict weather, monitor marine and aquatic life, process satellite data, enforce trade restrictions, and streamline patent processes (among others). An expansion of AI usage requires the Department to carefully balance AI’s access to data while effectively governing, monitoring, and assessing system performance. The Department’s use of AI risks serious downstream effects such as privacy and security violations, as well as potential biases in AI algorithms leading to skewed or incorrect results. Additionally, new Department responsibilities under the President’s Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (October 30, 2023) require establishing internal controls to manage and facilitate the responsible use of AI, the establishment of standards for AI safety and security, the development of guidance to protect against AI-enabled fraud, and other activities to promote innovation and competition.

The additional resources will enable OIG to conduct regular oversight of AI programs and systems to determine the extent to which the Department is employing sufficient accountability and risk management practices as it expands its use of AI systems and

implements programs and controls in accordance with the aforementioned executive order. OIG will add two Computer Scientists or Computer Engineers and one Program Analyst with the specialized expertise required to effectively perform this highly technical work.

This request directly advances Presidential Executive Order 13960 *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government* by ensuring independent audits of AI and public reports to enhance transparency of AI use cases and build public trust in AI. This request responds directly to the White House Office of Science and Technology’s Blueprint for an AI Bill of Rights, which describes a role for the OIG to perform independent evaluations that “demonstrate the safety and effectiveness of the system,” a core principle of the document. This request also directly advances two Department strategic goals (SG 1 and SG 2), to continue to drive U.S. innovation and global competitiveness and foster inclusive capitalism and equitable economic growth.

Performance Measures	2025	2026	2027	2028	2029
Number of audits/products with increase	1	1	1	1	1
Number of audits/products without increase	0	0	0	0	0
Dollars recovered or put to better use with increase	\$0	\$3,000	\$5,000	\$5,000	\$7,000
Dollars recovered or put to better use without increase	\$0	\$0	\$0	\$0	\$0

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

Activity: Office of Inspector General
 Program Change: Oversight of Artificial Intelligence Efforts

Full-time permanent					
Title		Grade	Number	Annual Salary	Total Salaries
Supervisory Computer Scientist/Engineer		15	1	185,634	185,634
Computer Scientist/Engineer		14	1	157,817	157,817
Program Analyst		13	1	133,550	133,550
Total			3		477,001
Less Lapse*	25.00%		(1)		(119,250)
Total full-time permanent (FTE)			2		357,751
2025 pay adjustment (2.0%)					5,366
					363,118

<u>Personnel Data Summary</u>					
<u>Full-Time Equivalent Employment (FTE)</u>					
Full-time permanent			2		
Part-time permanent			0		
Full-time temporary			0		
Part-time temporary			0		
Total FTE			2		
<u>Authorized Positions</u>					
Full-time permanent			3		
Part-time permanent			0		
Full-time temporary			0		
Part-time temporary			0		
Total Positions			3		

**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations amounts in thousands)**

Activity: Office of Inspector General

Object Class	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
11.1 Full-time permanent compensation	21,898	24,928	25,718	26,082	364
11.3 Other than full-time permanent	17	78	79	79	0
11.5 Other personnel compensation	2,011	1,638	1,676	1,689	13
11.9 Total personnel compensation	23,926	26,644	27,473	27,850	377
12.1 Civilian personnel benefits	9,290	10,069	10,444	10,590	146
13.0 Benefits for former personnel	0	0	0	0	0
21.0 Travel and transportation of persons	439	550	555	561	6
22.0 Transportation of things	28	25	26	26	0
23.1 Rental payments to GSA	1,451	1,118	1,064	1,064	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities, and misc. charges	199	489	500	526	26
24.0 Printing and reproduction	2	2	2	2	0
25.1 Advisory and assistance services	0	0	0	0	0
25.2 Other services from non-Federal sources	3,919	3,065	3,132	3,140	8
25.3 Other goods and services from Federal sources	6,003	3,359	3,566	3,566	0
26.0 Supplies and materials	84	80	82	83	1
31.0 Equipment	2,616	2,599	2,656	2,692	36
99.9 Total Obligations	47,957	48,000	49,500	50,100	600

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM CHANGE FOR 2025
(Dollar amounts in thousands)**

		2025 Base		2025 Estimate		Increase/Decrease from 2025 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Office of Inspector General	Pos./BA	196	49,500	200	50,300	4	800
	FTE/Obl.	173	49,500	176	50,300	3	800

Increased Oversight of NOAA Aviation Programs (+\$800 thousand, 3 FTE/4 Positions) – OIG requests a program increase of \$800,000 to enable it to conduct two simultaneous, ongoing audits of marine and aviation programs. Current staffing supports the conduct of a single audit annually.

NOAA’s ships, aircraft, and uncrewed systems play critical roles in collecting oceanographic, atmospheric, hydrographic, and fisheries data in support of NOAA’s missions. NOAA has a significant shipbuilding program underway and is recapitalizing its Hurricane Hunter aircraft fleet—the high-altitude jet program is estimated at nearly \$300 million, and the P-3 replacement could cost up to \$1 billion. These aircraft and the highly specialized data they collect are unique to NOAA and critical to developing accurate hurricane forecasts. OIG’s limited oversight of both ship and aircraft fleet recapitalizations to date indicates significant risks to NOAA’s mission and a need for ongoing performance audits. OIG’s previous work on NOAA’s ships found NOAA had no long-term strategy for managing fleet requirements nor any process to validate and track ship requirements generated by NOAA’s line offices, risking requirement creep and cost expansion. Similar issues are likely with NOAA’s aircraft fleet recapitalization, but OIG currently does not have the capacity to validate those concerns. Delays in replacing aging aircraft will likely create a significant risk to life and property.

Congress provided OIG with additional funding beginning in FY 2022 that enabled it to create an audit team that initially focused its oversight efforts on ship recapitalization programs. The current request will allow OIG to staff a second team so that it can conduct multiple simultaneous audits that cover the full breadth of NOAA’s marine and aviation acquisition, operations and sustainment, and facilities recapitalization programs.

OIG will add two Engineers and two Program Analysts with subject matter expertise necessary to conduct sophisticated, technical performance audits of aviation programs. The additional staff will enable OIG to conduct two simultaneous, ongoing audits of marine and aviation programs. Current staffing supports the conduct of a single audit annually. OIG findings and recommendations will increase the effectiveness of NOAA's marine and aircraft missions and directly advance the Department's efforts to address the climate crisis through improved weather forecasts and strengthened coastal resilience.

Performance Measures	2025	2026	2027	2028	2029
Number of audits/products with increase	1	1	1	1	1
Number of audits/products without increase	0	0	0	0	0
Dollars recovered or put to better use with increase	\$0	\$5,000	\$7,000	\$7,000	\$9,000
Dollars recovered or put to better use without increase	\$0	\$0	\$0	\$0	\$0

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

Activity: Office of Inspector General
 Program Change: Increased Oversight of NOAA Aviation Programs

Full-time permanent					
Title		Grade	Number	Annual Salary	Total Salaries
Engineers		14	2	157,817	315,634
Program Analysts		13	2	133,550	267,100
Total			4		582,734
Less Lapse*	25.00%		(1)		(145,684)
Total full-time permanent (FTE)			3		437,051
2025 pay adjustment (2.0%)					6,556
					443,606

<u>Personnel Data Summary</u>					
Full-Time Equivalent Employment (FTE)					
Full-time permanent			3		
Part-time permanent			0		
Full-time temporary			0		
Part-time temporary			0		
Total FTE			3		
<u>Authorized Positions</u>					
Full-time permanent			4		
Part-time permanent			0		
Full-time temporary			0		
Part-time temporary			0		
Total Positions			4		

**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations amounts in thousands)**

Activity: Office of Inspector General

Object Class	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
11.1 Full-time permanent compensation	21,898	24,928	25,718	26,162	444
11.3 Other than full-time permanent	17	78	79	79	0
11.5 Other personnel compensation	2,011	1,638	1,676	1,692	16
11.9 Total personnel compensation	23,926	26,644	27,473	27,933	460
12.1 Civilian personnel benefits	9,290	10,069	10,444	10,621	177
13.0 Benefits for former personnel	0	0	0	0	0
21.0 Travel and transportation of persons	439	550	555	563	8
22.0 Transportation of things	28	25	26	26	0
23.1 Rental payments to GSA	1,451	1,118	1,064	1,064	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities, and misc. charges	199	489	500	530	30
24.0 Printing and reproduction	2	2	2	2	0
25.1 Advisory and assistance services	0	0	0	0	0
25.2 Other services from non-Federal sources	3,919	3,065	3,132	3,142	10
25.3 Other goods and services from Federal sources	6,003	3,359	3,566	3,632	66
26.0 Supplies and materials	84	80	82	83	1
31.0 Equipment	2,616	2,599	2,656	2,704	48
99.9 Total Obligations	47,957	48,000	49,500	50,300	800

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

Object Class	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
11.1 Full-time permanent compensation	21,898	24,928	25,718	26,526	808
11.3 Other than full-time permanent	17	78	79	79	0
11.5 Other personnel compensation	2,011	1,638	1,676	1,705	29
11.9 Total personnel compensation	23,926	26,644	27,473	28,310	837
12.1 Civilian personnel benefits	9,290	10,069	10,444	10,767	323
13.0 Benefits for former personnel	0	0	0	0	0
21.0 Travel and transportation of persons	439	550	555	569	14
22.0 Transportation of things	28	25	26	26	0
23 Rent, communications, and utilities					0
23.1 Rental payments to GSA	1,451	1,118	1,064	1,064	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities, and misc. charges	199	489	500	556	56
24.0 Printing and reproduction	2	2	2	2	0
25 Other contractual services					
25.1 Advisory and assistance services		0	0	0	0
25.2 Other services from non-Federal sources	3,919	3,065	3,132	3,150	18
25.3 Other goods and services from Federal sources	6,003	3,359	3,566	3,632	66
26.0 Supplies and materials	84	80	82	84	2
31.0 Equipment	2,616	2,599	2,656	2,740	84
42.0 Insurance Claims and Indemnities	0	0	0	0	0
99.9 Total obligations	47,957	48,000	49,500	50,900	1,400

Exhibit 16

	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
Less prior year recoveries	0	0	0	0	0
Restoration of recoveries	0	0	0	0	0
Less transfers	0	0	0	0	0
Less prior year unobligated balance	0	0	0	0	0
Unobligated balance, expiring	0	0	0	0	0
Unobligated balance, end of year	0	0	0	0	0
Total Budget Authority	47,957	48,000	49,500	50,900	1,400

Personnel Data

Full-Time Equivalent Employment:

Full-time permanent	160	173	173	178	5
Other than full-time permanent	0	0	0	0	0
Total	160	173	173	178	5

Authorized Positions:

Full-time permanent	190	196	196	203	7
Other than full-time permanent	0	0	0	0	0
Total	190	196	196	203	7

**Department of Commerce
Office of Inspector General
Transfers and Other Appropriations
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Direct amounts in thousands)**

Object Class	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
11.0 Personnel compensation					
11.1 Full-time permanent compensation	5,117	4,876	4,774	4,774	0
11.3 Other than full-time permanent	86	0	0	0	0
11.5 Other personnel compensation	65	136	140	140	0
11.9 Total personnel compensation	5,268	5,012	4,914	4,914	0
12.1 Civilian personnel benefits	1,964	1,938	1,896	1,896	0
13.0 Benefits for former personnel	0	0	0	0	0
21.0 Travel and transportation of persons	28	36	38	38	0
22.0 Transportation of things	0	0	0	0	0
23.1 Rental payments to GSA	0	0	0	0	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities, and misc. charges	0	0	0	0	0
24.0 Printing and reproduction	0	0	0	0	0
25.1 Advisory and assistance services	0	0	0	0	0
25.2 Other services from non-Federal sources	46	383	22	22	0
25.3 Other goods and services from Federal sources	767	228	28	28	0
26.0 Supplies and materials	0	2	2	2	0
31.0 Equipment	10	8	0	0	0
42.0 Insurance Claims and Indemnities	0	0	0	0	0
99.9 Total obligations	8,083	7,607	6,900	6,900	0

Exhibit 16

	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
Less prior year recoveries	(31)	0	0	0	0
Restoration of recoveries	0	0	0	0	0
Less transfers	(5,450)	(3,450)	(3,450)	(3,450)	0
Less prior year unobligated balance	(19,501)	(16,899)	(12,742)	(12,742)	0
Unobligated balance, expiring	0	0	0	0	0
Unobligated balance, end of year	16,899	12,742	9,292	9,292	0
Total Budget Authority	0	0	0	0	0
<u>Personnel Data:</u>					
<u>Full-Time Equivalent Employment:</u>					
Full-time permanent	39	35	33	33	0
Other than full-time permanent	0	0	0	0	0
Total	39	35	33	33	0
<u>Authorized Positions:</u>					
Full-time permanent	22	30	30	30	0
Other than full-time permanent	0	0	0	0	0
Total	22	30	30	30	0

**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 of Inspector General in carrying out the provisions of the Inspector General Act of 1978 (5 U.S.C. App.), \$50,900,000.

5 U.S.C. App. §1-12, as amended.

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 12...there is established in each of such establishments an Office of Inspector General." Section 12(2) defines "establishment" to include the Department of Commerce.

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
ADVISORY AND ASSISTANCE SERVICES**
(Dollar amounts in thousands)

	2023 Actual	2024 Annualized CR	2025 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
Total	0	0	0

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS**
(Dollar amounts in thousands)

	2023 Actual	2024 Annualized CR	2025 Estimate
Periodicals	2	2	2
Pamphlets	0	0	0
Audiovisuals	0	0	0
Total	2	2	2

OIG no longer prints audit reports and other summary products such as the Semiannual Report to Congress. These reports and products are now published electronically.

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
AVERAGE GRADES AND SALARIES**

	2023 Actual	2024 Annualized CR	2025 Estimate
Average ES Salary & Benefits	\$263,782	\$274,070	\$281,661
Average GS/GM Grade	13	13	13
Average GS/GM Salary & Benefits	\$194,971	\$202,575	\$208,186

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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)(1) of the Inspector General Act of 1978, as amended, OIG is required to report the following in its budget submission:

OIG 2025 Request to Department of Commerce	\$56,750,000
Department of Commerce 2025 President’s Budget Allowance to OIG	\$50,450,000

Dollar amounts in thousands

	2023 Actual	2024	2025 Base	2025 Estimate	Increase / Decrease
	BA	BA	BA	BA	BA
Aggregate Funding	50,450	50,450	51,950	53,350	1,400
OIG Funding	50,450	50,450	51,950	53,350	1,400

Amounts for Council of the Inspectors General on Integrity and Efficiency (CIGIE) funding support as provided by the Inspector General Reform Act of 2008 are as follows:

Dollar amounts in thousands

	2023 Actual	2024	2025 Base	2025 Estimate	Increase / Decrease
	BA	BA	BA	BA	BA
Training	462	462	467	485	18
Amounts for Support of CIGIE	182	182	187	192	5

OIG certifies that the training amount for 2025 listed above represents the total training requirements for OIG.

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
IMPLEMENTATION STATUS OF GAO AND OIG RECOMMENDATIONS**

31 U.S.C. § 720, as amended January 3, 2019, requires the head of a federal agency to submit a written statement of the actions taken or planned in response to Government Accountability Office (GAO) recommendations to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 180 calendar days after the date of the report.

The Good Accounting Obligation in Government Act (GAO-IG Act), passed on January 3, 2019, (P.L. 115-414) requires each agency to include, in its annual budget justification, a report that identifies each public recommendation issued by GAO and the agency's OIG which has remained unimplemented for one year or more from the annual budget justification submission date. In addition, the Act requires a reconciliation between the agency records and the IGs' Semiannual Report to Congress (SAR).

Section 1. Recommendations for which action plans were finalized since the last appropriations request.

Nothing to report.

Section 2. Implementation of GAO public recommendations issued no less than one year ago that are designated by GAO as 'Open' or 'Closed-Unimplemented.'

Nothing to report.

Section 3. Implementation of OIG public recommendations issued no less than one year for which Final Action has not been taken or Action Not Recommended has been taken

Nothing to report.

Section 4. Discrepancies between this report and the semiannual reports submitted by the Commerce Office of Inspector General or reports submitted by the GAO

Nothing to report.

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Annual Performance Plan and Report Backup**Office of Inspector General**

Overview of OIG Accomplishments - An overview of OIG accomplishments appears in Exhibit 12.

Planned Actions for FY 2025 - OIG will continue to develop its staff to meet the oversight requirements of the Department.

Analysis of Performance Indicators -

Explanation of trends – 80 percent of OIG’s funding goes to payroll and benefits. As such, changes in funding levels directly affect OIG’s ability to perform its mission and achieve its performance targets.

Progression of the Performance Indicators – OIG discontinued one existing performance indicator in FY 2024 and added three new performance indicators in FY 2023 to align measures more closely with desired outcomes.

Performance Data Validation and Verification – OIG obtains data through its audit reports, management responses, Department of Justice databases, and OIG’s Case Management System.

Class	Strategic Objective	Performance Indicator	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2023 Status	FY 2024 Target	FY 2025 Target
Current/Recurring	5.1	Dollar value of financial benefits identified by OIG*	291.10 M	333.00 M	108.48 M	26.47 M	349.96 M	70.00 M	Exceeded	70.00 M	70.00 M
Current/Recurring	5.1	Percent of investigative cases referred for criminal, civil, or administrative action	—	—	85%	77%	82%	75%	Exceeded	75%	75%
Current/Recurring	5.1	Percent of OIG recommendations accepted by Departmental and bureau management	100%	100%	100%	100%	99%	95%	Exceeded	95%	95%
Current/Recurring	5.1	Percent of Hotline contacts related to DOC that are evaluated and referred for appropriate action within 30 days	—	—	92%	96%	96%	85%	Exceeded	85%	85%
Closing Out	5.1	Percent of investigative cases completed within 365 days	70%	75%	48%	63%	55%	70%	Not Met	DISC	DISC
Current/Recurring	5.1	Percent of audits and evaluations initiated during the fiscal year focused on Top Management Challenges	—	—	65%	81%	79%	70%	Exceeded	70%	70%

* Dollar value can vary depending on nature of audit and programs examined.

**Department of Commerce
Office of Inspector General
SUMMARY OF RESOURCE REQUIREMENTS – MANDATORY APPROPRIATIONS**
(Dollar amounts in thousands)

	Positions	FTE	Budget Authority	Direct Obligations
Appropriation Available, 2024	15	15	7,000	3,750
2025 Adjustments to Base				
Plus: 2025 Transfers	0	0	0	0
Plus: Inflationary adjustments to base	0	0	0	0
2025 Base	15	15	7,000	3,750
Plus: 2025 Program changes	0	0	0	0
2025 Estimate	15	15	7,000	3,750

**Comparison by activity / subactivity
with totals by activity**

		2023		2024		2025		2025		Increase/Decrease	
		Actual	Amount	Annualized CR	Amount	Base	Amount	Estimate	Personnel	Amount	from 2025 Base
Creating Helpful Incentives to Produce	Pos./BA	9	7,000	12	7,000	15	7,000	15	7,000	0	0
Semiconductors for America Act of 2022 (P.L. 117-167)	FTE/Obl.	3	655	14	3,250	15	3,750	15	3,750	0	0
Total	Pos./BA	9	7,000	12	7,000	15	7,000	15	7,000	0	0
	FTE/Obl.	3	655	14	3,250	15	3,750	15	3,750	0	0
Adjustments for											
Recoveries			(10)		0		0		0		0
Unobligated balance, start of year			(6,990)		(13,345)		(17,095)		(17,095)		0
Unobligated balance transferred			0		0		0		0		0
Unobligated balance, end of year			13,345		17,095		20,345		20,345		0
Unobligated balance expiring			0		0		0		0		0
Financing from transfers:											
Transfer from other accounts (-)			(7,000)		(7,000)		(7,000)		(7,000)		0
Transfer to other accounts (+)			0		0		0		0		0
Appropriation			0		0		0		0		0

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**Department of Commerce
Office of Inspector General
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS – MANDATORY APPROPRIATIONS**
(Dollar amounts in thousands)

Activity: Office of Inspector General

Line Item		2023 Actual		2024 Annualized CR		2025 Base		2025 Estimate		Increase/Decrease from 2025 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction & Counsel	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0	0	0	0	0	0
Audits & Evaluations	Pos./BA	13	5,950	10	5,915	13	5,915	13	5,915	0	0
	FTE/Obl.	5	950	12	2,746	13	3,169	13	3,169	0	0
Investigations	Pos./BA	2	1,050	2	1,085	2	1,085	2	1,085	0	0
	FTE/Obl.	0	50	2	504	2	581	2	581	0	0
Total	Pos./BA	15	7,000	12	7,000	15	7,000	15	7,000	0	0
	FTE/Obl.	5	1,000	14	3,250	15	3,750	15	3,750	0	0

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Department of Commerce
Office of Inspector General
JUSTIFICATION OF PROGRAM AND PERFORMANCE – MANDATORY APPROPRIATIONS
(Dollar amounts in thousands)

Activity: Office of Inspector General

The Department of Commerce Office of Inspector General (OIG) was established by the Inspector General Act of 1978 (P.L. 95-452), as amended, as an independent oversight agency under the general supervision of the Secretary of Commerce.

Goal Statement

OIG will provide oversight of activities supported with funds appropriated to the Department of Commerce under the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022 (P.L. 117-167).

Base Program

The CHIPS and Science Act of 2022 provided OIG with \$5 million each year from FY 2022 through FY 2026 to provide oversight of the CHIPS for America Fund and an additional \$2 million per year from FY 2022 through FY 2032 to provide oversight of the Public Wireless Supply Chain Innovation Fund. OIG's most recent [*Top Management And Performance Challenges Facing the Department of Commerce*](#) report identified two challenges to implementing the CHIPS Act and promoting growth in domestic semiconductor manufacturing and research: 1) promoting growth in domestic semiconductor manufacturing and research and 2) protecting funds awarded under the Public Wireless Supply Chain Innovation Fund grant program. OIG will review samples of the Department's loans, grants, cooperative agreements, other federal financial assistance awards, and associated expenditures under these programs. OIG's review will include the following:

- Implementation – application review, award process, and funds disbursement;
- Award Oversight – compliance with award policies and procedures;
- Funds Oversight – appropriate use of funds; and
- Closeout – compliance with closeout procedures.

In addition to audits and evaluations, OIG will conduct criminal, civil, and administrative investigations as necessary.

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**Department of Commerce
Office of Inspector General
SUMMARY OF REQUIREMENTS BY OBJECT CLASS – MANDATORY APPROPRIATIONS
(Direct amounts in thousands)**

Object Class	2023 Actual	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
11.0 Personnel compensation					
11.1 Full-time permanent compensation	460	2,228	2,578	2,578	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	14	36	46	46	0
11.9 Total personnel compensation	474	2,264	2,624	2,624	0
12.1 Civilian personnel benefits	177	883	1,023	1,023	0
13.0 Benefits for former personnel	0	0	0	0	0
21.0 Travel and transportation of persons	4	15	15	15	0
22.0 Transportation of things	0	0	0	0	0
23.1 Rental payments to GSA	0	0	0	0	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities, and misc. charges	0	0	0	0	0
24.0 Printing and reproduction	0	0	0	0	0
25.1 Advisory and assistance services	0	0	0	0	0
25.2 Other services from non-Federal sources	0	74	74	74	0
25.3 Other goods and services from Federal sources	0	12	12	12	0
26.0 Supplies and materials	0	2	2	2	0
31.0 Equipment	0	0	0	0	0
42.0 Insurance Claims and Indemnities	0	0	0	0	0
99.9 Total obligations	655	3,250	3,750	3,750	0

Exhibit 16

	2023 Enacted	2024 Annualized CR	2025 Base	2025 Estimate	Increase/Decrease from 2025 Base
Less prior year recoveries	(10)	0	0	0	0
Restoration of recoveries	0	0	0	0	0
Less transfers	(7,000)	(7,000)	(7,000)	(7,000)	0
Less prior year unobligated balance	(6,990)	(13,345)	(17,095)	(17,095)	0
Unobligated balance, expiring	0	0	0	0	0
Unobligated balance, end of year	13,345	17,095	20,345	20,345	0
Total Budget Authority	0	0	0	0	0
<u>Personnel Data:</u>					
<u>Full-Time Equivalent Employment:</u>					
Full-time permanent	3	14	15	15	0
Other than full-time permanent	0	0	0	0	0
Total	3	14	15	15	0
<u>Authorized Positions:</u>					
Full-time permanent	9	12	15	15	0
Other than full-time permanent	0	0	0	0	0
Total	9	12	15	15	0