

Semiannual Report to Congress

October 1, 2014 – March 31, 2015
OIG-CA-15-014

Office of Inspector General
Department of the Treasury



Highlights

During this semiannual reporting period, the Office of Audit issued 39 products. Work by the Office of Investigations resulted in 3 arrests and 20 convictions. Some of our more significant results for the period are described below:

- Independent public accounting firms working under contracts with our office, issued unmodified opinions on the Department of the Treasury's (Treasury) consolidated financial statements and the Gulf Coast Ecosystem Restoration Council's (Council) financial statements for fiscal year 2014. Fiscal year 2014 was the first year the Council's financial statements were audited. Material weaknesses were reported at both entities.
- The Bureau of the Fiscal Service (Fiscal Service) needs to improve its management of cloud computing services by ensuring compliance with the Federal Risk and Authorization Management Program when contracting for cloud services. Cloud computing services are provided by Oracle's Federal Managed Cloud Services through a third-party reseller. Fiscal Service's task order with the reseller contained certain terms for conducting audits involving Oracle that limited our access to Oracle's facilities and records. Fiscal Service attempted to apply those restrictions to our audit, which were in violation of our authority under the Inspector General Act of 1978. While this matter did not, in the end, limit the scope of our audit, it did cause significant delays in completing our work.
- Fiscal Service established the Do Not Pay Business Center as directed by the Office of Management and Budget; however, several challenges face the program that warrant continued action, including obtaining access to the Social Security Administration's full death data file and Prisoner Update Processing System, and the Department of Housing and Urban Development's Credit Alert System.
- Treasury made progress in the stand-up of its grants program for administering Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 funds. It established the Office of Gulf Coast Restoration's organizational infrastructure and a program charter, drafted grant policies and procedures, and acquired the information technology necessary to administer and oversee the grants program.
- Our Office of Investigations' joint investigation with the Federal Bureau of Investigation and the Federal Deposit Insurance Corporation Office of Inspector General determined that the former president of First National Bank of Davis, Davis, Oklahoma, collaborated with a bank customer to commit fraud that led to the bank's failure in March 2011. The bank's former president pled guilty to 1 count of Bank Fraud and was sentenced to 24 months in prison and restitution in the amount of \$14.7 million. A co-conspirator was found guilty of 4 counts of Bank Fraud and is awaiting sentencing in the U.S. District Court for the Eastern District of Oklahoma.
- A joint investigation with the U.S. Secret Service, Internal Revenue Service, and Bibb County, Georgia Sheriff's Office determined that several individuals were involved in a large scale identity theft operation/criminal organization. In Bibb County, Georgia, 18 individuals were indicted for violations of the Racketeer Influenced and Corrupt Organization Act and the Street Gang and Terrorism Prevention Act. In March 2015, 1 subject pled guilty and was sentenced to 15 years in prison. Judicial action in this case is ongoing against the other subjects.



Message from the Inspector General

I am pleased to present the Department of the Treasury (Treasury) Office of Inspector General's (OIG) Semiannual Report to Congress for the 6-month period ending March 31, 2015. The audits, reviews, and investigations described in this report illustrate our office's commitment to promoting the integrity, efficiency, and effectiveness of Treasury and the Gulf Coast Ecosystem Restoration Council programs and operations, under our jurisdictional oversight. In this message, I will highlight our Office of Management and the critical role the office plays in supporting this work.

Our Office of Management provides the essential support services (e.g., budget, human resources, procurement, information technology, security, and more) that enables the Treasury OIG to meet its mission requirements. In providing these services, the office continually drives program and process improvements that increase our capabilities. The Office of Management's current initiatives include the following:

- Testing Federal Information Processing Standards compliant tablets and converting our users from laptops to the new platform. This innovative technology will not only feature the latest computer security but increase information processing speed for users, support our telework efforts, and aid our continuity of operations program.
- Updating Treasury OIG's 5-year Strategic Plan to meet the requirements of the Government Performance and Results Modernization Act of 2010.
- Working with the General Services Administration to develop plans to identify office space that will accommodate the organization's Washington, D.C. staff in one central location. This move is tentatively scheduled for summer 2017.
- Planning the 5th Annual Treasury Inspector General's Awards Program, a non-monetary awards program to recognize Treasury OIG staff members for outstanding leadership and performance over the past year.
- Leading efforts to update and expand our succession planning and performance management programs.

In closing, while I have highlighted the excellent work by our Office of Management, I would also like to acknowledge all Treasury OIG staff members for the significant audit and investigative results that are summarized in this Semiannual Report.

A handwritten signature in black ink, appearing to read "Eric M. Thorson".

Eric M. Thorson
Inspector General

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Office of Inspector General Overview

The Department of the Treasury's (Treasury) Office of Inspector General (OIG) was established pursuant to the 1988 amendments to the Inspector General Act of 1978. OIG is headed by an Inspector General appointed by the President with the advice and consent of the Senate.

OIG performs independent, objective reviews of Treasury programs and operations, except for those of the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP), and keeps the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. The Treasury Inspector General for Tax Administration (TIGTA) performs oversight related to IRS. A Special Inspector General and the Government Accountability Office perform oversight related to TARP.

OIG also performs independent oversight of programs and operations funded by the Gulf Coast Restoration Trust Fund (Trust Fund) established within Treasury by the Resources and Ecosystem Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). In addition to performing oversight of Treasury-related activities, OIG performs oversight of programs and operations administered by the Gulf Coast Ecosystem Restoration Council (Council), established as an independent Federal entity, and the Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program (Science Program) administered by the National Oceanic and Atmospheric Administration (NOAA). With regard to the Council and the Science Program, OIG keeps the Secretary of Commerce as the appointed Chair of the Council, NOAA Science Program administrators, and Congress fully informed of problems, deficiencies, and the need for corrective action.

OIG has four components: (1) Office of Audit, (2) Office of Investigations, (3) Office of Counsel, and (4) Office of Management. OIG is headquartered in Washington, D.C., and has an audit office in Boston, Massachusetts.

The Office of Audit, under the leadership of the Assistant Inspector General for Audit, performs and supervises financial and performance audits, attestation engagements, and evaluations. Under a reorganization approved by the Inspector General in March 2015, the Assistant Inspector General for Audit also serves as the Special Deputy Inspector General for Small Business Lending Fund (SBLF) Program Oversight. Under the Assistant Inspector General for Audit there are three deputies—one deputy is primarily responsible for financial sector audits to include audits of banking supervision, manufacturing of currency and coins, and alcohol and tobacco excise tax revenue collection activities; one deputy is primarily responsible for financial management and transparency audits to include financial audits of Treasury performed by OIG staff and contractors, audits of Government-wide collection, payment, and debt programs and operations, and audits of anti-money laundering/terrorist financing, foreign sanction, and intelligence programs and operations; and one deputy is primarily

responsible for cybersecurity and financial assistance audits to include audits of the SBLF, State Small Business Credit Initiative (SSBCI), and RESTORE Act programs and operations.

The Office of Investigations, under the leadership of the Assistant Inspector General for Investigations, performs investigations and conducts initiatives to detect and prevent fraud, waste, and abuse in Treasury and RESTORE Act programs and operations under our jurisdiction. The Office of Investigations also manages the Treasury OIG Hotline to facilitate reporting of allegations involving Treasury programs and activities.

The Office of Counsel, under the leadership of the Counsel to the Inspector General, provides legal advice to the Inspector General and all OIG components. The office represents the OIG in administrative legal proceedings and provides a variety of legal services, including (1) processing Freedom of Information Act and *Giglio*¹ requests; (2) conducting ethics training; (3) ensuring compliance with financial disclosure requirements; (4) reviewing proposed legislation and regulations; (5) reviewing administrative subpoena requests; and (6) preparing for the Inspector General's signature, cease and desist letters to be sent to persons and entities misusing the Treasury seal and name.

The Office of Management, under the leadership of the Assistant Inspector General for Management, provides services to maintain the OIG administrative infrastructure.

OIG's fiscal year 2015 appropriation is \$35.4 million. As of March 31, 2015, OIG had 165 full-time staff, of which 10 work on SBLF and SSBCI programs and operations and are funded on a reimbursable basis.

¹ *Giglio* information refers to material that may call into question the character or testimony of a prosecution witness in a criminal trial.

Management and Performance Challenges

The Reports Consolidation Act of 2000 requires that the Treasury Inspector General annually provide his perspective on the most serious management and performance challenges facing Treasury, and for the first time in fiscal year 2014, the Gulf Coast Ecosystem Restoration Council. The following is a synopsis of Inspector General Thorson's annual assessments which are available, in their entirety, on the Treasury OIG [website](#).

Treasury's Management and Performance Challenges

In a memorandum to Secretary Lew dated October 23, 2014, Inspector General Thorson reported six challenges. Four of the six challenges were previously reported.

Cyber Threats (New Challenge)

For the last several years, we have reported on our growing concern with cybersecurity. This year, we elevated cyber threats to Treasury's top management challenge. Cybersecurity represents one of the most serious problems facing the Nation and depends on a reliable critical infrastructure, including information systems and networks to manage national security and economic threats. It is a persistent area of concern as Treasury's information systems are critical to the core functions of Government and the Nation's financial infrastructure. As cyber threats continue to grow and become more sophisticated and subtle, they pose an ongoing challenge for Treasury to safeguard its internal systems and operations and the financial sector it oversees.

Continued Implementation of Dodd-Frank (Repeat Challenge)

This challenge focuses on the responsibilities of Treasury and the Secretary under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), enacted in 2010.

Management of Treasury's Authorities Intended to Support and Improve the Economy (Repeat Challenge)

This challenge focuses on the administration of broad authorities given to Treasury by the Congress to address the financial crisis under the Housing and Economic Recovery Act of 2008, the Emergency Economic Stabilization Act of 2008, the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the Small Business Jobs Act of 2010.

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

This challenge focuses on the difficulties Treasury faces to ensure criminals and terrorists do not use our financial networks to sustain their operations and/or launch attacks against the U.S.

Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments (New Challenge)

The Digital Accountability and Transparency Act of 2014 (DATA Act), signed into law in May 2014, furthers the effort to ensure that the Federal Government provides consistent, reliable, and useful online data about how it spends taxpayer dollars. To fulfill its intent, the DATA Act imposes certain requirements on the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), the inspectors general of each Federal agency, and the Comptroller General of the United States.

Gulf Coast Restoration Trust Fund Administration (Repeat Challenge)

This challenge focuses on Treasury's administration of the Gulf Coast Restoration Trust Fund, established by the RESTORE Act in response to the 2010 Deepwater Horizon oil spill.

Matters of Concern

Our memorandum also highlighted two matters of concern—challenges with currency and coin production and lapses by Treasury in maintaining a complete and concurrent record of key activities and decisions.

Gulf Coast Ecosystem Restoration Council Management and Performance Challenge

In an October 28, 2014, letter to the Secretary Pritzker, Department of Commerce, in her role as the Chair of the Gulf Coast Ecosystem Restoration Council, Inspector General Thorson acknowledged the formidable task of establishing the Council as a new Federal entity and reported one challenge with regard to its on-going stand-up activities.

Implementing an Infrastructure to Administer Gulf Coast Restoration Activities

The Gulf Coast Ecosystem Restoration Council is charged with administering two critical RESTORE Act components: the Comprehensive Plan Component and the Spill Impact Component. Together, these components will receive more than half the monies deposited into the Gulf Coast Restoration Trust Fund. The Council faces challenges on many levels as it must operate in an environment where its actions are subject to RESTORE Act mandates, including high levels of scientific review, environmental regulatory oversight, and public transparency. The Council still needs to develop the infrastructure to include permanent staffing, information technology, and sound internal control with the necessary policies and procedures in place to administer grants and interagency agreements under the Comprehensive Plan and Spill Impact Components.

Office of Audit – Significant Audits and Other Products

Financial Management

Treasury's Consolidated Financial Statements

KPMG LLP (KPMG), an independent public accounting firm working under a contract with our office, issued an unmodified opinion on the Treasury's fiscal years 2014 and 2013 consolidated financial statements. The auditor reported a material weakness related to financial reporting at IRS and a significant deficiency related to information systems at the Bureau of the Fiscal Service (Fiscal Service). KPMG also reported that Treasury's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996 related to Federal financial management system requirements and applicable Federal accounting standards. In addition, the auditors reported a violation of the Anti-Deficiency Act related to voluntary services provided to the Department. **(OIG-15-012)**

In connection with its audit of Treasury's consolidated financial statements, KPMG also issued a management letter providing details of the significant deficiency in internal control over information systems at Fiscal Service. Due to the sensitive nature of these systems, the report was designated Sensitive But Unclassified. **(OIG-15-015)** Additionally, KPMG issued a management letter recommending improvements to strengthen internal control over financial reporting with respect to system change management oversight, vulnerability scan evidence, review of manual journal entries, and Treasury's internal control assessment process. **(OIG-15-020)**

Other Treasury Financial Audits

The Chief Financial Officers Act of 1990, as amended by the Government Management Reform Act of 1994, requires annual financial statement audits of Treasury and any component entities designated by OMB. In this regard, OMB designated IRS for annual financial statement audits. The financial statements of certain other Treasury component entities are audited either pursuant to other requirements, their materiality to Treasury's consolidated financial statements, or as a management initiative. The table on the next page shows the audit results for fiscal years 2014 and 2013.

Office of Audit – Significant Audits and Other Products

Treasury-audited financial statements and related audits						
Entity	Fiscal year 2014 audit results			Fiscal year 2013 audit results		
	Opinion	Material weak-nesses	Significant deficiencies	Opinion	Material weak-nesses	Significant deficiencies
Government Management Reform Act/Chief Financial Officers Act requirements						
Department of the Treasury	U	1	1	U	1	1
Internal Revenue Service (A)	U	1	1	U	1	1
Other required audits						
Department of the Treasury's Closing Package Financial Statements	U	0	0	U	0	0
Office of Financial Stability (TARP) (A)	U	0	0	U	0	0
Bureau of Engraving and Printing	U	0	1	U	0	1
Community Development Financial Institutions Fund	U	0	0	U	0	0
Office of DC Pensions	(B)	(B)	(B)	U	1	1
Federal Financing Bank	U	0	0	U	0	0
Treasury Forfeiture Fund	U	0	0	U	0	0
U.S. Mint						
Financial statements	U	0	0	U	0	0
Custodial gold and silver reserves	U	0	0	U	0	0
Other audited accounts/financial statements that are material to Treasury's financial statements						
Bureau of the Fiscal Service						
Schedule of Federal Debt (A)	U	0	0	U	0	1
Government trust funds	U	0	0	U	0	0
Treasury-managed accounts	(C)	(C)	(C)	U	0	1
Operating cash of the Federal Government	(C)	(C)	(C)	U	0	1
Exchange Stabilization Fund	U	0	1	U	0	0
Management-initiated audit						
Office of the Comptroller of the Currency	U	0	0	U	0	0
Alcohol and Tobacco Tax and Trade Bureau	U	0	0	U	0	0
U.S. gold reserves held by Federal Reserve Banks	U	0	0	U	0	0
U Unmodified opinion. (A) Audited by the Government Accountability Office. (B) Audit was in progress as of March 31, 2015. (C) Separate stand-alone audits of these accounts were not performed for fiscal year 2014. These accounts were examined as part of the audit of Treasury's consolidated financial statements.						

The fiscal year 2014 audits of Treasury component entities’ financial statements identified the following significant deficiencies.

- Bureau of Engraving and Printing’s controls over accounts payable and fixed assets. **(OIG-15-021)**
- Exchange Stabilization Fund’s controls over management review of financial statements. **(OIG-15-018)**

In connection with the fiscal year 2014 financial statement audits, the auditors issued management letters on other matters involving internal control at the Bureau of Engraving and Printing **(OIG-15-022)**, the Community Development Financial Institutions Fund **(OIG-15-009)**, and the Office of the Comptroller of the Currency (OCC) **(OIG-15-025)**.

The following instances of noncompliance with the Federal Financial Management Improvement Act of 1996, which all relate to IRS, were reported in connection with the audit of Treasury’s fiscal year 2014 consolidated financial statements.

Condition	Type of noncompliance
Internal control deficiencies in financial management systems for unpaid tax assessments continue to exist. As a result of these deficiencies, IRS was unable to (1) use its general ledger system and underlying subsidiary records to classify and report Federal taxes receivable and other unpaid tax assessments, in accordance with Federal accounting standards without a labor-intensive manual compensating estimation process; (2) use its subsidiary ledger for unpaid tax assessments to prepare reliable, useful, and timely information to manage and report externally because IRS’s classification program does not effectively sort through, identify, and analyze all the relevant transaction information required for proper classification, recording and reporting; and (3) effectively prevent or timely detect and correct errors in recording taxpayer information. (first reported in fiscal year 1997)	Federal financial management systems requirements
Financial management systems were unable to support the taxes receivable amount on the consolidated balance sheet, and the compliance assessments and write-offs in the required supplementary information disclosures, in accordance with Statement of Federal Financial Accounting Standards No. 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> . (first reported in fiscal year 1997)	Federal accounting standards

The status of these instances of noncompliance, including progress in implementing remediation plans, will be evaluated as part of the audit of Treasury’s fiscal year 2015 consolidated financial statements.

Gulf Coast Ecosystem Restoration Council’s Financial Statements

The audit of the Gulf Coast Ecosystem Restoration Council’s financial statements is also required by the Chief Financial Officer Act of 1990, as amended by the Accountability of Tax Dollars Act of 2002. In the first audit of the Council’s financial statements, RMA Associates, LLC (RMA), an independent public accounting firm working under a contract with our office, issued an unmodified opinion on the Council’s fiscal years 2014 and 2013 financial statements. The auditor reported a material weakness related to lack of documented internal control policies and procedures. RMA did not identify any instances of reportable noncompliance with laws and regulations tested. **(OIG-15-013)**

Attestation Engagement

KPMG, working under a contract with our office, issued an unmodified opinion on the Fiscal Service Funds Management Branch’s assertions pertaining to the schedule of assets and equity and related schedule of activity of selected trust funds, as of and for the year ended September 30, 2014. The following trust funds were audited:

- Federal Supplementary Medical Insurance Trust Fund
- Federal Hospital Insurance Trust Fund
- Highway Trust Fund
- Airport and Airway Trust Fund
- Hazardous Substance Superfund Trust Fund
- Leaking Underground Storage Tank Trust Fund
- Oil Spill Liability Trust Fund
- Harbor Maintenance Trust Fund
- Inland Waterways Trust Fund
- South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund

The attestation examination did not identify any material weaknesses or significant deficiencies in internal control or instances of reportable noncompliance with laws and regulations. **(OIG-15-007)**

Information Technology

Fiscal Service’s Management of Cloud Computing Services Needs Improvement

We completed an audit of Fiscal Service’s use of Oracle Federal Managed Cloud Services (FMCS). We determined that Oracle had security controls in place to protect its FMCS infrastructure. However, Fiscal Service management did not issue an agency Authorization to Operate (ATO)² to use FMCS as required by the Federal Risk and Authorization Management Program (FedRAMP), a Government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. In addition, Fiscal Service’s task order with Mythics, a reseller of Oracle’s cloud services, did not include terms requiring compliance with FedRAMP security authorization requirements. Moreover, Fiscal Service’s task order with Mythics contained terms for providing audit support that caused significant delays in receiving critical documents and gaining access necessary to perform physical security testing at Oracle facilities. Fiscal Service attempted to apply those

² According to OMB Memorandum (Dec. 8, 2011), “Security Authorization of Information Systems in Cloud Computing Environments,” authorization-to-operate packages contain the body of evidence needed by authorizing officials to make risk-based decisions regarding the information systems providing cloud services. This includes, as a minimum, the Security Plan, Security Assessment Report, Plan of Action and Milestones, and a Continuous Monitoring Plan.

restrictions to our audit which were in violation of our authority as an independent Treasury unit to conduct audits under the Inspector General Act of 1978, as amended. Furthermore, as an independent unit, we were not party to the task order, and therefore, not subject to its terms. While this matter did not, in the end, limit the scope of our audit, it did cause significant delays in completing our work.

We made five recommendations to Fiscal Service to address these issues. Fiscal Service's corrective actions, taken and planned, generally met the intent of our recommendations as they related to ensuring FedRAMP compliance for use of its current cloud services and contracting for such services going forward. However, we noted that some of management's proposed actions did not fully address all of our recommendations related to granting an agency ATO specific to its current cloud services with Oracle. In addition, management did not commit to updating its policies and procedures to include terms specifying compliance with FedRAMP security requirements in contracts and task orders for cloud services. Lastly, management did not commit to reminding staff and contractors of the OIG's oversight authority and its exemption from being held to the terms and conditions of any Fiscal Service contract or task order. Accordingly, we will be following up on these recommendations. **(OIG-15-003)**

Fiscal Year 2014 Evaluation of Treasury's Federal Information Security Management – Unclassified Systems

The Federal Information Security Management Act of 2002 (FISMA) requires inspectors general to perform an annual, independent evaluation of their agency's information security program and practices. Under a contract with our office, KPMG performed an evaluation of Treasury's non-IRS unclassified systems. TIGTA performed the annual FISMA evaluation of IRS' unclassified systems. Based on the results reported by KPMG and TIGTA, we determined that Treasury's information security program and practices for its unclassified systems are in place and are generally consistent with FISMA. However, the information security program and practices could be more effective.

Specifically, KPMG reported the following at one or more Treasury component entities, excluding IRS.

- Logical account management activities, such as access authorizations, were not in place or not consistently performed (3 component entities).
- Security incidents were not reported timely or under the correct categorization (3 component entities).
- System Security Plans did not follow National Institute of Standards and Technology (NIST) *Special Publication 800-53, Revision 4, Security and Privacy Controls for Federal Information Systems and Organizations* (3 component entities).
- Evidence of successful completion of annual security awareness training was not retained for some users (3 component entities).
- Bureau information technology security and configuration management policies had not been updated or reviewed to address NIST and Treasury requirements (2 component entities).

- A contingency plan was not updated or reviewed, and the contingency plan test results were not finalized (1 component entity).
- A Plan of Action and Milestones was not tracked in accordance with NIST and Technology and Treasury requirements (1 component entity).
- A United States Government Configuration Baseline was not reviewed, and deviations from the Baseline were not documented (1 component entity).

In all, KPMG made 28 recommendations to address these control deficiencies. Treasury management provided corrective action plans that met the intent of KPMG’s recommendations. **(OIG-CA-15-004)**

Fiscal Year 2014 Evaluation of Treasury’s Federal Information Security Management – Collateral National Security Systems

KPMG also performed an evaluation, under a contract with our office, of Treasury’s collateral national security systems. Based on the results reported by KPMG, we determined that Treasury’s information security program and practices for the systems were in place and generally consistent with FISMA. However, KPMG identified one matter for improvement in the information security program and practices and Treasury management provided planned corrective actions that met the intent of the auditors’ two recommendations to address the matter. Due to the sensitive nature of these systems, this report is designated Sensitive But Unclassified. **(OIG-CA-15-005)**

Programs and Operations

Fiscal Service Successfully Established the Do Not Pay Business Center But Challenges Remain

In response to the Administration’s efforts to combat improper payments in Federal programs, OMB tasked Treasury with the responsibility to create and initiate the Do Not Pay program. Fiscal Service worked with its fiscal agents, the Federal Reserve Banks of St. Louis and Kansas City, to establish the Do Not Pay Business Center. The Do Not Pay Business Center includes the Do Not Pay portal and Data Analytics Services to help users identify ineligible recipients and prevent fraud or errors before making payments or awards.

We identified several challenges facing the program that warrant continued action. Specifically, the Social Security Administration’s (SSA) full death data file was not available to the Do Not Pay Business Center; and two of the other five Improper Payments Elimination and Recovery Improvement Act (IPERIA) required databases, the Department of Housing and Urban Development’s (HUD) Credit Alert System and SSA’s Prisoner Update Processing System, were not included in the Do Not Pay portal. Additionally, Fiscal Service had not specified the actions needed to ensure that records are sufficiently accurate and complete and it had not established a formal reporting process for the Do Not Pay program.

We recommended that Fiscal Service (1) continue efforts to gain access to SSA’s full death data for use in the Do Not Pay program, and seek legislative authorization as needed; (2) continue efforts to obtain the IPERIA-required HUD and SSA data sources for the Do Not Pay program; (3) consult with OMB to clarify Treasury’s responsibilities for data accuracy and implement appropriate processes to ensure records in Treasury’s Working System are sufficiently accurate, complete, and up-to-date; and (4) consult with OMB to formalize requirements for periodic Do Not Pay program reports. Fiscal Service’s planned corrective actions met the intent of our recommendation. **(OIG-15-006)**

Report of OCC’s Personnel Practices

At the request of the House Committee on Financial Services, we assessed OCC’s personnel practices and its efforts to increase agency diversity, create a workplace free of systemic discrimination, and provide equal opportunity for minorities and women to obtain senior management positions.

We found that OCC tracks diversity levels and has taken steps to increase diversity in its workforce that has resulted in OCC employing minorities and females at a rate generally equivalent to nationwide participation rates. Additionally, OCC’s Office of Minority and Women Inclusion has made efforts to increase diversity across the workforce by participating in outreach programs and supporting employee network groups. These efforts maintain ongoing relationships that provide perspective on diversity at OCC and assist with the development of programs and activities to bolster OCC’s recruitment, career-development, and retention efforts.

However, participation of minorities and women in OCC supervisory and senior-level positions currently falls below their workforce participation rates across the entire organization. Although their participation in these positions has increased, we believe that further increases in the participation of minorities and women in these positions going forward will be slow because of the limited number of supervisory and senior-level positions, infrequency of position openings, and internal hiring to meet specialized skill requirements.

We recommended that OCC continue its efforts to increase participation of minorities and women in supervisory and senior-level positions, consistent with applicable law. OCC’s planned corrective actions met the intent of our recommendations. **(OIG-15-017)**

Office of Financial Research Funds and Activities Were Separate from Treasury’s Departmental Offices

We reviewed Treasury’s controls over the separation of funds and activities between the Office of Financial Research (OFR), the Office of Domestic Finance (ODF), and the Office of Economic Policy (OEP) within Treasury’s Departmental Offices. We initiated this audit in response to Congressional interest in the separation of funds and activities between mandatory-funded offices, such as OFR, and discretionary-funded offices that carry out potentially related or overlapping work, such as ODF and OEP.

We found that the funds and activities of OFR were separate from ODF and OEP. In accordance with Dodd-Frank, Treasury established the Financial Research Fund to account for the financial activity of OFR and the Financial Stability Oversight Council (FSOC). Activities such as assessments and outlays for labor and non-labor expenditures were properly posted to the fund; however, we did note a weakness in the coding of certain payroll transactions that increased the risk that certain Departmental Offices' labor expenses could have been applied to the Financial Research Fund. Furthermore, while the OFR Director is organizationally located within ODF, we found no evidence of commingling of resources among projects undertaken by OFR and projects undertaken by ODF and OEP.

We recommended that Treasury enhance controls over the coding of payroll transactions by Departmental Offices' personnel who provide support to OFR and FSOC. Treasury's planned corrective actions met the intent of our recommendation. **(OIG-15-027)**

Missouri Housing Development Commission's Payment Under 1602 Program

Under Treasury's 1602 Program—Payments to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009—authorized by Section 1602 of the Recovery Act, state housing credit agencies were allowed to exchange a portion of their low-income housing credits for 1602 Program funds to be disbursed to eligible subawardees to help finance either the construction or the acquisition and rehabilitation of qualified low-income housing projects. As part of our ongoing oversight of the 1602 Program, we are conducting audits of awards made to selected state housing credit agencies to assess whether the agencies awarded 1602 Program funds complied with the program's requirements contained in Treasury's terms and conditions of award.

In the case of the award made to the Missouri Housing Development Commission (MHDC), we found that MHDC generally complied with Treasury's 1602 Program terms and conditions for receiving its \$75.9 million of 1602 Program funds, as well as requirements for subawarding those funds to low-income housing projects. However, MHDC disbursed \$28,967 of its 1602 Program funds to a developer whose project cost was later modified. As the result of that modification, MHDC should have applied the excess payment to another qualified project expense or returned the funds to Treasury. It had done neither. Subsequent to notifying MHDC of this matter, it returned the funds to Treasury.

As required by the 1602 Program, MHDC established a process for monitoring the long-term viability of projects and their compliance with program requirements, and met all of Treasury's reporting requirements. Based on our review of MHDC's administration and oversight activities, we concluded that the projects funded with 1602 Program funds met the subaward requirements. In our report, we cautioned that MHDC must continue to ensure compliance with the terms and conditions over the remaining 15-year compliance period. We did not make any recommendations to Treasury. **(OIG-15-001)**

Small Business Lending Fund Program

The Small Business Jobs Act of 2010 established the SBLF program to provide capital to small banks, with incentives for those banks to increase small business lending. Under the SBLF program, Treasury disbursed more than \$4 billion to 332 banks across the country, of which 137 banks used their SBLF investment to refinance securities issued under TARP. The 137 TARP banks received two-thirds of the \$4 billion invested in participating banks. As of March 31, 2015, 62 of the 332 banks repaid Treasury for SBLF funds received, reducing Treasury’s still outstanding investments to a total of \$2.8 billion. Banks receiving investments from SBLF are expected to pay dividends to Treasury at rates that decreased as the amount of their qualified small business lending increased. Under Section 4107(a) of the Act, the Special Deputy Inspector General for SBLF Program Oversight is responsible for audits and investigations related to the SBLF program and must report at least twice a year to the Secretary and the Congress on the results of oversight activities involving the program. During this semiannual reporting period, we completed one audit of SBLF.

Treasury Effectively Monitored SBLF Participants’ Compliance with Program Requirements

Treasury effectively monitored banks’ compliance with SBLF program dividend, interest, and incentive fee requirements. From the inception of the SBLF program in June 2011 through July 31, 2014, Treasury received approximately \$265 million in dividends, interest, and fees from SBLF banks, and all but one of the 332 banks made the payments on time. That one bank, a C corporation,³ missed five dividend payments in 2013 and 2014. Of the five missed payments, two payments were made later. The three unpaid dividends totaled \$122,062. Because Treasury’s investment in this bank is in noncumulative preferred stocks, the bank is under no obligation to pay previously missed dividends before exiting the program.

Treasury was reasonable and fair in denying dividend rate adjustments when banks did not comply with the program’s annual certification requirements, as the banks were already paying the maximum dividend rate allowed by the Small Business Jobs Act. In addition to capping dividend rates, the Act provides that banks pay a step-up dividend and interest rate after the initial 4.5-years in the SBLF program to encourage their repayment of all SBLF principal. Beginning in 2016, the rate paid by all C corporations will rise to 9 percent per year. According to Treasury, over 80 percent of SBLF banks expect to repay the SBLF principal and exit the program before the step-up rates take effect. However, there is currently no policy to address the disposition of banks that do not fully repay their SBLF principal after the step-up rate takes effect.

To address these issues, we recommended that Treasury name an observer or observers to the board of directors of banks that have missed five or more dividend payments. We also recommended that

³ A “C corporation” is a legal entity operating under state law whose profit is taxed to the corporation when earned, and taxed to the shareholders when distributed as dividends.

Treasury develop a plan to prepare and assist banks that plan to redeem prior to the dividend and interest rate increase at the bank's 4.5-year anniversary; and evaluate the remaining portfolio after the rate increase takes effect. Treasury's corrective actions, both planned and taken, met the intent of our recommendations. **(OIG-SBLF-15-002)**

State Small Business Credit Initiative

The Small Business Jobs Act of 2010 also established SSBCI, a \$1.5 billion program available to States, territories, and eligible municipalities to support State programs that lend to and invest in small businesses. Under the initiative, participating States use the Federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs. SSBCI builds on new and existing models for State small business programs, including those that finance loan loss reserves and provide loan insurance, loan guarantees, venture capital funds, and collateral support. Treasury disburses SSBCI program funds in three allocations. Allocations not already disbursed are subject to being withheld pending the results of an OIG audit. To date, Treasury has disbursed approximately \$1 billion of the funds awarded under the program to 57 States, territories, and municipalities that are participating in SSBCI. Recipients must report quarterly and annually on their use of the funds. During this semiannual reporting period, we completed one audit on States' use of Federal funds.

Rhode Island's Use of Federal Funds for the Slater Technology Fund

The State of Rhode Island's Slater Technology Fund, a venture capital fund, properly used most of the \$1.5 million in SSBCI funds that it had expended as of December 31, 2012 on six investments we reviewed. However, it misused \$350,000 on two of the investments by failing to comply with the investor capital-at-risk requirement.

We recommended Treasury (1) revise SSBCI guidance to clearly articulate that staged funding of a single investment requires that 20 percent of the capital-at-risk must be from a private source when SSBCI funds are invested, and address how the capital-at-risk requirement will be satisfied when private capital precedes SSBCI capital; and (2) determine whether Rhode Island is in general default of its SSBCI Allocation Agreement for not fully complying with investee and investor assurance requirements. Treasury's planned corrective actions were responsive to our recommendations. **(OIG-SBLF-15-001)**

RESTORE Act

Treasury Has Made Progress in Establishing the RESTORE Act Grants Program

The RESTORE Act established the Gulf Coast Restoration Trust Fund (Trust Fund) within Treasury to provide funds for environmental and economic restoration of the Gulf Coast region that was damaged by the 2010 Deepwater Horizon oil spill. As part of our ongoing oversight of programs and activities funded under the RESTORE Act, we assessed Treasury's progress to stand-up its grants program and

administer the Direct Component and the Centers of Excellence Research Grants Program Component in accordance with requirements set forth in Sections 1603 and 1605 of the Act.

We reported that Treasury has made progress in the stand-up of its grants program for administering RESTORE Act funds. It established the Office of Gulf Coast Restoration's organizational infrastructure and a program charter for the grants program, drafted grant policies and procedures, and acquired the information technology necessary to administer and oversee the grants program. The Office of Gulf Coast Restoration continues to refine the program's organizational and operational infrastructure and finalize grant policies and procedures. Our report did not include any recommendations. However, with the publication of the Treasury RESTORE Act regulations on August 15, 2014, we encouraged the Office of Gulf Coast Restoration to proceed expeditiously to complete all tasks outlined in the program charter. **(OIG-15-004)**

NOAA Has Established the RESTORE Act Science Program

Section 1604 of the RESTORE Act required that NOAA establish the Science Program by January 2, 2013. We found that NOAA met the January 2013 deadline for establishing the Science Program. In standing-up the program, NOAA developed a Science Program Framework describing the overall construct of the Science Program, created its organizational structure, and coordinated with appropriate partners and stakeholders. NOAA continues to develop and implement program activities in an effort to further strengthen the Science Program. We did not make any recommendations to NOAA. **(OIG-15-002)**

Office of Investigations – Significant Investigations

Bank Officer Sentenced for Fraud

Our joint investigation with the Federal Bureau of Investigation (FBI) and the Federal Deposit Insurance Corporation (FDIC) OIG determined that the former president of First National Bank of Davis, Davis, Oklahoma, collaborated with a bank customer to commit fraud by attempting to hide the bank's true financial condition from the bank's board of directors and OCC. Specifically, the bank's former president fraudulently designated millions of dollars as "nominee" bank loans that were made to "straw borrowers" to cover-over existing delinquent loans, leading to the bank's failure in March 2011. The former president pled guilty to 1 count of Bank Fraud and was sentenced to 24 months in prison and restitution in the amount of \$14.7 million. The co-conspirator was found guilty of 4 counts of Bank Fraud and is awaiting sentencing in the U.S. District Court for the Eastern District of Oklahoma.

Individuals Indicted on Criminal Violations under the Racketeer Influenced and Corrupt Organization and Street Gang and Terrorism Prevention Acts

Our joint investigation with the U.S. Secret Service, IRS, and the Bibb County, Georgia, Sheriff's Office determined that between April and June 2014, several individuals were involved in a large-scale identity-theft operation/criminal organization. The group was involved in the filing of false income tax returns, as well as with using stolen identities and fraudulently obtained credit cards, to send money to local jail inmates who were trying to make bond. Eighteen (18) individuals were indicted for violations of the Racketeer Influenced and Corrupt Organization Act and the Street Gang and Terrorism Prevention Act. In March 2015, 1 subject pled guilty and was sentenced to 180 months in prison. Judicial action in this case is ongoing against the other subjects.

U.S. Mint Employee Terminated for Viewing Pornography, Making False Statements, and Illegal Possession of Firearms

Our joint investigation with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) determined that a United States Mint (U.S. Mint) employee spent significant time at work viewing pornography on his Government-issued computer. During the course of the investigation, the subject made false statements to investigators regarding his criminal history, and was found to possess a handgun and to have ordered 2 additional handguns despite being legally barred from owning such weapons. The handguns were confiscated by the ATF, and the subject's U.S. Mint employment was terminated.

Subject Enters Plea Agreement to Charges of Theft of Treasury Checks and Identity Theft

Our joint investigation with IRS and the U.S. Postal Inspection Service determined that, as early as 2009, a subject had been stealing Federal funds by fraudulently obtaining and negotiating Treasury checks,

resulting in over \$2.5 million in losses to the Federal Government. As part of a plea agreement, the subject consented to forfeiture of approximately \$5.6 million. Criminal sentencing is pending.

Subject Sentenced for Theft of Treasury Checks and Identity Theft

Our joint investigation with the U.S. Secret Service, IRS, and the U.S. Postal Inspection Service determined that as early as 2013, a subject had been stealing Federal funds by fraudulently obtaining and negotiating Treasury checks. The subject pled guilty to multiple charges and, on October 17, 2014, was sentenced to 18 months in prison and to forfeiture of \$563,636.

Subjects Plead Guilty to Fraud against a Treasury Program

Our joint investigation with the FBI and the Department of Justice Public Integrity Section determined that Federal funds had been misused by grant recipients under the Recovery Act, Section 1602 program. Two subjects, one of whom was the chief procurement officer for the Territory of American Samoa, pled guilty to misapplying approximately \$400,000 for personal use. Sentencing is pending.

Indictments Obtained for Two Subjects Involved in Internet Scam

Our office received a telephone call from a citizen who had been the victim of a “black money” Internet scam, by which the victim is duped into believing that he or she is the beneficiary of a large sum of money. Over the course of multiple communications between victim and scammer, the victim was informed of a series of various fees, taxes, and other expenses that the victim must pay before the windfall funds could be released. In this case, the scammer actually met with the victim, claiming to be a Treasury official and producing a Treasury credential. The subject was arrested for Conspiracy to Commit Wire Fraud and, on March 6, 2015, both the subject and an assistant were issued a 41-count superseding indictment for charges of Conspiracy to Commit Wire Fraud, Wire Fraud, Impersonation of an Officer or Employee of the United States, and Aggravated Identity Theft. To date, our investigation has identified 15 victims and an estimated minimum loss of approximately \$386,000. A trial date is pending.

Software Developer Pleads Guilty to Theft of Government Property

Our joint investigation with the FBI determined that a software development contractor hired by Fiscal Service improperly transmitted an encrypted archive to a personal electronic mail address, and then uploaded the contents to Google cloud storage. The archive contained developmental software pertaining to source code that is a critical element of Fiscal Service’s financial infrastructure. The contractor pled guilty to 1 count of Theft of Government Property, and agreed to restitution in the amount of \$246,433.

Tobacco Importer Pleads Guilty to False Statements and Evasion of Excise Tax

Our joint investigation with the Alcohol and Tobacco Tax and Trade Bureau (TTB) determined that a tobacco importer misrepresented tobacco products being imported from the Hashemite Kingdom of

Jordan, and attempted to bribe a TTB investigator. During this reporting period, the subject pled guilty to 1 count of False Statements and to 1 count of Evasion of Excise Tax, and agreed to restitution in the amount of \$178,887.

Subjects Sentenced to 10 Years in Prison for Violating Terms of Probation

Our joint investigation with the Department of Energy, Department of Homeland Security, U.S. Attorney’s Office for the Northern District of Georgia, and the General Services Administration determined that 2 subjects had repeatedly attempted to defraud multiple Federal agencies over the past several years. In May 2012, both subjects were arrested by the Atlanta, Georgia, Police Department on charges of Theft, Forgery, and Computer Forgery, and were sentenced to 60 years of probation. Undeterred, both subjects continued their attempts to defraud Government agencies by misrepresenting themselves as Federal employees or contractors, and by submitting false claims. In October 2014, the Fulton County Georgia Superior Court revoked 10 years of probation from each subject, and the remainder of their probation will be reinstated when they are released from prison.

Subject Receives 4-Year Sentence for Wire Fraud, Bank Fraud, and Identity Theft

Our joint investigation with the SSA OIG, the Department of Veterans Affairs OIG, and with state and local law enforcement agencies determined that the subject had used stolen identities unlawfully to redirect Social Security and Veterans’ benefit payments. The subject created fraudulent accounts in the Treasury’s Direct Express[®] program to accept the redirected funds and to make them available to her by pre-paid debit cards. The subject pled guilty to charges of Wire Fraud, Bank Fraud, and Identity Theft, and was sentenced to 48 months in prison, 60 months of probation, restitution in the amount of \$86,274, and a special assessment of \$600.

Bank Examiner Pleads Guilty to Fraudulently Submitting Travel Vouchers

Our investigation determined that an OCC bank examiner had knowingly submitted approximately 72 fraudulent travel vouchers over a 2-year period. The subject altered hotel receipts to show inflated costs, and outright fabricated other receipts for additional expenses, with a total estimated loss of approximately \$21,000. The subject pled guilty to 1 count of Theft of Public Money.

Treasury Information Technology Official Sentenced for Fraud

Our investigation substantiated an allegation that a Treasury OIG information technology supervisor submitted a fraudulent outside job offer to prompt a raise in his salary. When the subject was informed that funds were not available for a raise, he instead accepted a \$25,000 retention bonus to continue his Treasury employment. The subject pled guilty to 1 count of Fraud in the Second Degree and was sentenced to 12 months of probation and restitution in the amount of \$7,781.

Postal Carrier Sentenced for Stealing Treasury Checks

Our joint investigation with the U.S. Postal Service OIG determined that a mail carrier in Georgia had stolen Treasury checks from the mail that had been assigned to her for delivery. Investigators were able to track individual Treasury checks that had been assigned to the carrier and found that the majority of those checks had not been delivered. The missing Treasury checks were later found to be among the carrier's personal effects. The carrier pled guilty to 1 Federal charge of Theft of Mail by Employee and was sentenced to 21 months in prison, 36 months of probation, \$55 in restitution, a \$100 special assessment, and a \$5,000 fine.

Subject Arrested While Transporting Treasury-Paid-For Goods through Customs

Our joint investigation with the Maryland Transportation Authority Police Department determined that the subject had obtained debit cards by making fraudulent filings for Federal income tax refunds, and then used the debit cards to purchase computer products from the Craig's List online exchange site. The subject was charged with Maryland Criminal Law Code violations of 1 count of Theft: Less than \$1,000, 2 counts of Theft: \$1,000 to under \$10,000, and 3 counts of Theft: \$10,000 to under \$100,000.

Information Technology Official Receives 21-Day Suspension for Threatening Remarks

A Fiscal Service information technology official made inappropriate and threatening statements to a security official, including observations that he considered the facility's security precautions to be inadequate and that, if he wanted to, he could "take out" the official and "bomb this place." Our investigation determined that despite the alarming and inappropriate statements, no real threat was intended and the subject was given a 21-day unpaid suspension as administrative discipline.

Treasury Employee Receives 14-Day Suspension for Making False Statements

Our joint investigation with the Special Inspector General for Afghanistan Reconstruction determined that the subject had made false statements on his resume and in security-related documents when applying for employment with Treasury. Specifically, the subject did not disclose that he had an outstanding arrest warrant for theft in Afghanistan, or that he had been terminated from employment while in Afghanistan. The subject had originally been a project manager with the Army Corps of Engineers during a period when it awarded a \$4.8 million contract to a private company in Afghanistan. Shortly after the contract was awarded, the subject went to work for that same private company, from which he was subsequently fired after being accused of theft. The subject admitted no wrongdoing during the investigation but in response to our findings, received 14 days of unpaid suspension.

U.S. Mint Employee Stripped of Supervisory Rank for Viewing Pornography at Work

Our investigation substantiated an allegation that a U.S. Mint supervisor had spent office time viewing pornographic images on his office-issued computer. In response to our findings, the subject was reduced in grade from a supervisory position to a non-supervisory position, and received a 14-day unpaid suspension.

Following is information related to significant investigative activities from prior semiannual periods.

Multiple Subjects Plead Guilty to Charges in Massive Identity Theft and Tax Fraud Scheme

As reported in previous semiannual reports, our joint investigation with IRS and the U.S. Postal Inspection Service revealed that multiple subjects had conspired to defraud the Federal Government by producing at least 12,000 fraudulent Federal income tax returns using stolen identities, and negotiating the resulting tax refund payments, totaling at least \$40 million, for personal gain.

Update: During this reporting period, five subjects pled guilty to charges in the theft and tax fraud scheme. The first subject pled guilty, was sentenced to 87 months in prison, and ordered to pay \$973,376 in restitution. A second subject pled guilty, with sentencing scheduled for May 2015. This subject faces a sentence of 41 to 51 months in prison, a fine of up to \$75,000, and restitution in the amount of \$636,026. A third subject pled guilty both to Federal and to D.C. municipal charges and faces a sentence of 10 to 16 months in prison, a fine of up to \$30,000 on the Federal charges, and of 1 to 12 months in prison on the municipal charges. A fourth subject pled guilty and was sentenced on March 31, 2015, to 65 months in a Maryland prison, followed by 10 months in a Federal prison, and an order of restitution in the amount of \$142,296. A fifth subject pled guilty and will be sentenced on August 3, 2015. This subject faces a sentence of 24 to 30 months in prison and an order of restitution of up to \$413,000. To date, 17 search warrants and 2 arrest warrants have been executed in this case, and 18 subjects have pled guilty. The case is ongoing and more arrest warrants and prosecutions are anticipated. The case is being prosecuted by the U.S. Attorney’s Office in the District of Columbia, in the District of Maryland (Greenbelt Office), and by the Department of Justice’s Tax Division.

Former Medical Center Employee Sentenced for Identity Fraud

As reported in previous semiannual reports, our joint investigation with the U.S. Secret Service and IRS determined that a former medical center employee abused her access to patient records to commit identity fraud. Specifically, the subject used the stolen identity information fraudulently to file for Federal income tax refunds to which she was not entitled.

Update: During this reporting period, the subject pled guilty to 1 charge of Conspiracy, and was sentenced to 60 months of probation and \$6,500 in restitution. To date, this case has resulted in 15 arrests, 6 Federal convictions, a total of 40 years in prison sentencing and 24 years of probation, and approximately \$1.75 million in restitution.

Mortgage Fraud Subject Sentenced

Our joint investigation with the U.S. Secret Service, Department of Homeland Security, HUD OIG, and Federal Housing Finance Agency OIG into a complex mortgage fraud conspiracy resulted in the indictment and sentencing of 1 subject. The subject played the role of a “straw purchaser” of residences

as part of a conspiracy that ultimately cost several banks over \$3.5 million in fraudulently-obtained loans.

Update: During this reporting period, the subject pled guilty to 1 count of Conspiracy to Commit Wire Fraud, 2 counts of Wire Fraud, and 2 counts of False Statements on a Loan Application. The subject was sentenced to 27 months in prison and restitution in the amount of \$511,146. To date, this case has resulted in 5 arrests, 3 Federal convictions, a total of 7 years and 3 months prison time, 24 months of probation, and approximately \$950,000 in restitution.

Four Subjects Indicted for U.S. Mint Purchases Using Stolen Identifications

Our joint investigation with the U.S. Secret Service, Department of Homeland Security, and the U.S. Postal Inspection Service determined that multiple subjects had conspired to commit identity fraud, theft, and access device fraud by obtaining the personally identifiable information of U.S. citizens. These subjects used the stolen identities to make debit card purchases of U.S. Mint products and items from home goods stores, and then quickly canceled the transactions to obtain refunds on the stolen debit cards.

Update: During this reporting period, 4 subjects were indicted for violations of Conspiracy to Commit Bank Fraud, Access Device Fraud, Aiding and Abetting, and Aggravated Identity Theft. To date, this case has resulted in 6 arrests, 2 Federal convictions, a total of 105 months of prison time and 108 months of probation, and restitution in the amount of \$670,181.

Other OIG Accomplishments and Activities

Treasury OIG Presents on the DATA Act to the Council of Inspectors General on Integrity and Efficiency

Marla Freedman, Assistant Inspector General for Audit, and **Bob Taylor**, Deputy Assistant Inspector General for Audit, presented Treasury OIG's perspective on oversight of Federal agency compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) at the Council of Inspectors General on Integrity and Efficiency's (CIGIE) January 2015 meeting. They provided an oversight timeline for the DATA Act and reported on the formation of a Federal Audit Executive Council (FAEC) DATA Act working group of 21 volunteers representing 14 OIGs as of January 2015. The working group is tasked with developing a common audit approach and methodology for meeting OIGs' responsibilities under the Act.

OIG Audit Leadership Roles

Treasury OIG's audit professionals serve on various important public and private professional organizations supporting the Federal audit community. Examples of participation in these organizations follow:

Marla Freedman established the FAEC DATA Act working group mentioned above, and regularly reported on the working group's efforts to the CIGIE Audit Committee.

Bob Taylor and **Jeff Dye**, Audit Director, regularly teach modules of the Introductory Auditor course sponsored by the CIGIE Training Institute.

Donna Joseph, Deputy Assistant Inspector General for Financial Management and Information Technology Audit, serves as the National Single Audit Coordinator for the Department of the Treasury, and is a member of the American Institute of Certified Public Accountants' (AICPA) National Government Accounting and Auditing Update planning committee.

Kieu Rubb, Audit Director, is serving on AICPA's Government Performance and Accountability Committee. The committee is comprised of 13 members representing Federal, State, and local government, and education.

Lisa Carter, Audit Director, serves as the Treasurer for the Association of Inspectors General D.C. Chapter, an organization of Federal, state, and local inspector generals.

Joint Purchase Card Violations Report

The Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194, requires the head of each executive agency with more than \$10 million in purchase card spending annually, and each Inspector General of such an executive agency, on a semiannual basis, to submit to the Director of

OMB a joint report on confirmed violations by employees of such executive agency and the related disciplinary actions. OMB prescribed the format for the semiannual report, which is transmitted by Treasury to OMB via the OMB Max Portal. We reviewed the report, "Semi-Annual Report on Purchase Card Violations for the Department of the Treasury Non-Internal Revenue Service" prepared by Treasury's Office of the Procurement Executive for the period of April 1 through September 30, 2014. The report showed that for the period, Treasury's non-IRS offices and bureaus had no confirmed violations involving misuse of a purchase card. The report also states, accordingly, that there were no adverse actions, punishments, or other actions taken, and that there were no violations pending investigation, hearing, final agency action, or decision on appeal. As part of our work to verify the information reported, we inquired of Office of the Procurement Executive staff about their procedures to identify reportable matters. We also inquired of the OIG Office of Investigations and the Counsel to the Inspector General to obtain information on any cases of OIG-confirmed purchase card violations during the period, of which there were none. **(OIG-CA-15-008)**

Response to Chairman Chaffetz and Ranking Member Cummings

On March 10, 2015, we responded to a request from **Chairman Chaffetz** and **Ranking Member Cummings** of the Oversight and Government Reform Committee on six questions: (1) the current number of open and unimplemented IG recommendations – we reported 131 such recommendations as of February 18, 2015; (2) the total estimated cost savings associated with the open and unimplemented recommendations – we reported a total estimated cost savings of \$44,908 as of February 18, 2015; (3) additional details about the recommendation(s) related to question 2 – we reported that the estimated cost savings were associated with OIG-14-039, *Recovery Act: Audit of MSL Development LLC Payments Under 1603 Program*; (4) the three open and unimplemented recommendations our office considers the most important or urgent – we reported the recommendations related to (a) the need to submit a comprehensive plan to Congress that includes a description of the corrective actions Treasury will take to remediate noncompliance with the Improper Payments Elimination and Recover Act due to IRS Earned Income Tax Credit deficiencies (OIG-14-032); (b) the need for Fiscal Service to continue efforts to gain access to SSA's full death data for use in the Do Not Pay program (OIG-15-006); and (c) the need for the Treasury Chief Information Officer to revise Treasury Directive 85-02, Software Piracy Policy (OIG-11-036); (5) a summary of all closed investigations, evaluation, and audits that were not disclosed – we reported 50 investigations and one audit for calendar year 2014; and (6) a description of any instance where the agency refused to provide or otherwise delayed or restricted our access to, records or other information – we reported no such instances as of February 18, 2015. **(OIG-CA-15-010)**

Response to Chairman Johnson and Chairman Grassley

On March 27, 2015, we responded to a request from **Chairman Johnson** of the Homeland Security and Governmental Affairs Committee and **Chairman Grassley** of the Judiciary Committee on seven questions: (1) the number and total dollar value of outstanding unimplemented recommendations – we reported 119 such recommendations with a total potential cost savings of \$44,908 as of March 24, 2015 (we also reported that for a recommendation related to deficiencies with the Earned Income Tax Credit,

IRS had estimated the improper payments associated with the tax credit program to be between \$13.3 billion and \$15.6 billion for fiscal year 2013); (2) a description of all audits evaluations, or investigations provided to the agency for comment but not responded to within 60 days – we reported no such instances between the period October 1; 2014, through March 24, 2015; (3) a description of any investigation involving GS-15 level or above employees where misconduct was found, but no prosecution resulted – we reported one such investigation, involving a Departmental Offices senior executive, between the period October 1, 2014, through March 24, 2015; (4) a description of any instance of whistleblower retaliation – we reported no such instances between the period October 1; 2014, through March 24, 2015; (5) a description of any attempt to interfere with Inspector General independence – we reported no such instances between the period October 1; 2014, through March 24, 2015; (6) a description of any incident where the Department has resisted or objected to our oversight activities or restricted or significantly delayed access to information – we reported no such incidents between the period October 1, 2014, through March 31, 2015, with respect to Treasury but did report one incident with respect to the Department of Veterans Affairs OIG; and (7) a description of any investigation, evaluation, audit, or report that is closed and was not disclosed to the public – we reported 30 closed investigations and 2 audit reports between the period October 1, 2014, through March 31, 2015. Going forward, the Chairmen requested that we provide similar information semiannually to coincide with our office’s Semiannual Reports to the Congress. **(OIG-CA-15-011)**

OIG 2014 Combined Federal Campaign Exceeds Its Goal

Treasury OIG exceeded its 2014 Combined Federal Campaign dollar participation goal. The OIG’s campaign this year was led by **Rich Delmar**, Counsel to the Inspector General. Also assisting in the campaign were **Imogene Murray**, Administrative Specialist, Office of Counsel; **Clayton Boyce**, Audit Director, **Lawrence Gonzalez**, Auditor, **Alexander Granado**, Auditor, **Brigit Hoover**, Auditor, and **Gerald Kelly**, Auditor, Office of Audit; **Ava Maria Davis**, Information Technology Specialist, and **Chartara Floyd**, Human Resources Specialist, Office of Management; and **Sonja Scott**, Special Agent, Office of Investigations.

Statistical Summary

Summary of OIG Activities

For the 6 months ended March 31, 2015

OIG Activity	Number or Dollar Value
Office of Counsel Activities	
Regulation and legislation reviews	2
Instances where information was refused	1
Office of Audit Activities	
Reports issued and other products	39
Disputed audit recommendations	0
Significant revised management decisions	0
Management decision in which the Inspector General disagrees	0
Monetary benefits (audit)	
Questioned costs	\$0
Funds put to better use	\$0
Revenue enhancements	\$0
Total monetary benefits	\$0
Office of Investigations Activities	
Criminal and judicial actions (including joint investigations)	
Cases referred for prosecution and/or litigation	91
Cases accepted for prosecution and/or litigation	27
Arrests	3
Indictments/informations	23
Convictions (by trial and plea)	20

Significant Unimplemented Recommendations

For reports issued prior to April 1, 2014

The following list of OIG reports with significant unimplemented recommendations is based on information in Treasury's automated audit recommendation tracking system, which is maintained by Treasury management officials, and recommendations tracked by other Federal organizations related to OIG's oversight of RESTORE Act programs and activities of the Gulf Coast Ecosystem Restoration Council and NOAA's Science Program.

Treasury Programs and Operations

Number	Date	Report Title and Recommendation Summary
OIG-11-036	11/10	<p><i>Information Technology: Treasury Is Generally in Compliance with Executive Order 13103</i></p> <p>The Chief Information Officer should (1) revise Treasury Directive 85-02 to (a) define authorized software more specifically, (b) require heads of bureaus and offices to ensure that software in their inventory is on the Treasury list of authorized software and remove it if it is not, (c) require the Chief Information Officer to perform periodic audit checks to determine if the bureaus and offices are only using software on the Treasury list of authorized software, and (d) require the bureaus and offices to reconcile their inventory with software license agreements rather than with software purchases; (2) develop procedures to create and manage a list of approved enterprise authorized software; and (3) ensure that bureaus remove unauthorized software from Treasury systems. (3 recommendations)</p>
OIG-13-034	3/13	<p><i>The Department of the Treasury Was Not in Compliance With the Improper Payments Elimination and Recovery Act for Fiscal Year 2012</i></p> <p>The Assistant Secretary for Management should ensure that Treasury submits a comprehensive plan to Congress that includes a description of the corrective actions Treasury will take to remediate noncompliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) due to IRS' Earned Income Tax Credit (EITC) improper payments reporting deficiencies. (1 recommendation)</p> <p><u>OIG Comment</u> We previously reported that Treasury closed this recommendation in its tracking system but that we considered the recommendation to be unimplemented as it was repeated during our audit</p>

of Treasury’s compliance with IPERA in fiscal year 2013.⁴ Treasury subsequently re-opened the recommendation.

OIG-14-002	10/13	<p><i>Safety and Soundness: In-Depth Review of Second Federal Savings and Loan Association of Chicago</i></p> <p>OCC should incorporate individual taxpayer identification number (ITIN) lending into its guidance as appropriate. The guidance should discuss the unique risks associated with ITIN lending, as well as bank management’s responsibility to incorporate strong risk management policies and procedures around ITIN lending. OCC should also update its Handbook to incorporate the most recent interagency guidance on high-risk lending products such as subprime and nontraditional loans. (1 recommendation)</p>
<hr/>		
OIG-14-011	12/13	<p><i>Audit of the Department of the Treasury’s Fiscal Years 2013 and 2012 Financial Statements</i></p> <p>The Assistant Secretary for Management and the Deputy Chief Financial Officer should ensure that IRS (1) takes corrective action to improve controls over financial reporting and (2) implements its remediation plan outlining actions to be taken to resolve noncompliance with the Federal Financial Management Improvement Act requirements and the resources and responsible organizational units for such planned actions. (2 recommendations)</p>
<hr/>		
OIG-14-014	12/13	<p><i>General Management: OCC’s Leasing Activities Conformed With Applicable Requirements; Issues With the Former OTS Headquarters Building Need to be Resolved</i></p> <p>The Comptroller of the Currency should (1) implement the actions that the Government Accountability Office determines are necessary from its review of OCC’s authority to retain rental income received from leased space at the former Office of Thrift Supervision headquarters building, as well as proceeds from any future sale of the property, and (2) reassess its continued involvement with the property, or whether the property should be sold. (2 recommendations)</p>

⁴ *The Department of the Treasury Was Not in Compliance With the Improper Payments Elimination and Recovery Act for Fiscal Year 2013* (OIG-14-032; issued Apr. 15, 2014)

OIG-14-018	1/14	<i>Management Report for the Audit of the Bureau of the Fiscal Service’s Fiscal Years 2013 and 2012 Schedules of Non-Entity Government-wide Cash (Sensitive But Unclassified)</i> Due to the sensitive nature of the findings and recommendations, we designated the report sensitive but unclassified. (3 recommendations)
OIG-14-025	2/14	<i>Management Letter for the Audit of the Office of Comptroller of the Currency’s Fiscal Years 2013 and 2012 Financial Statements</i> OCC management should continue with its existing corrective action to develop an executable recovery strategy for its network. Once a strategy is developed, it should be tested to ensure that it can be executed. (1 recommendation)

Other Federal Agency Programs and Operations

OIG-14-003	10/7	<i>Gulf Coast Ecosystem Restoration Council Faces Challenges in Completing Initial Comprehensive Plan</i> The Chairperson of the Council should establish timelines for the next steps to be taken as soon as practicable and continue to work with Council members towards developing the Comprehensive Plan to include all elements required by the RESTORE Act. (1 recommendation)
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Summary of Instances Where Information or Assistance Request Was Refused

October 1 through March 31, 2015

We had no such instances with respect to Treasury during the period. However, we do have an instance with respect to the Department of Veterans Affairs (VA) OIG. In December 2014, the Chairman of the Committee on Veterans Affairs referred to our office a report written by the Counselor to the Inspector General of VA OIG which accused a former employee of VA who is now the Treasury Senior Procurement Executive, of misconduct in connection with the award of a contract, and with “lack of candor” in responding to questions from the VA OIG. The Chairman, as well as Treasury senior management, asked that our office look into the matter. We reviewed the VA OIG report, found its conclusions unsupported, and sought supporting documentation from VA OIG. Our efforts to obtain the evidence, on which the report was based, were denied by VA OIG officials as non-compliant with requirements of the Privacy Act and other laws. We disagree with the VA OIG’s legal assertions on this point.

Listing of Office of Audit Products Issued

October 1 through March 31, 2015

Office of Audit

Recovery Act: Audit of Missouri Housing Development Commission's Payment Under 1602 Program, OIG-15-001, 10/2/2014

RESTORE Act: NOAA's Establishment of the Science Program Under RESTORE Act, OIG-15-002, 10/7/2014

Information Technology: Fiscal Service's Management of Cloud Computing Services Needs Improvement, OIG-15-003, 10/8/2014

RESTORE Act: Treasury Has Made Progress in Establishing the RESTORE Act Grants Program, OIG-15-004, 10/9/2014

Information Memorandum to Secretary Lew, Department of the Treasury: Management and Performance Challenges Facing the Department of the Treasury, OIG-CA-15-001, 10/23/2014

Letter to the Honorable Penny Pritzker, Secretary, U.S. Department of Commerce and Chairperson, Gulf Coast Ecosystem Restoration Council: Management and Performance Challenges Facing the Gulf Coast Ecosystem Restoration Council, OIG-CA-15-003, 10/28/2014

Audit of the United States Mint's Schedules of Custodial Deep Storage Gold and Silver Reserves as of September 30, 2014 and 2013, OIG-15-005, 11/3/2014

Fiscal Service Successfully Established the Do Not Pay Business Center But Challenges Remain, OIG-15-006, 11/6/2014

Report on the Bureau of the Fiscal Service Funds Management Branch Schedules for Selected Trust Funds as of and for the Year Ended September 30, 2014, OIG-15-007, 11/6/2014

Information Technology: Department of the Treasury Federal Information Security Management Act Fiscal Year 2014 Evaluation, OIG-CA-15-004, 11/6/2014

Information Technology: Department of the Treasury Federal Information Security Management Act Fiscal Year 2014 Evaluation for Collateral National Security Systems, OIG-CA-15-005, 11/6/2014 (Sensitive But Unclassified)

Audit of the Federal Financing Bank's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-008, 11/10/2014

Management Letter for the Audit of the Community Development Financial Institutions Fund's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-009, 11/14/2014

Audit of the Community Development Financial Institutions Fund's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-010, 11/14/2014

Audit of the Department of the Treasury's Schedules of United States Gold Reserves Held by Federal Reserve Banks as of September 30, 2014 and 2013, OIG-15-011, 11/17/2014

Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2014 and 2013, OIG-15-012, 11/17/2014

Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2014 and 2013, OIG-15-013, 11/17/2014

Audit of the Department of the Treasury's Closing Package Financial Statements for Fiscal Years 2014 and 2013, OIG-15-014, 11/18/2014

Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2014 and 2013, OIG-15-015, 11/19/2014 (Sensitive But Unclassified)

Safety and Soundness: Failed Bank Review of GreenChoice Bank, Federal Savings Bank, Chicago, Illinois, OIG-15-016, 11/19/2014

Audit Termination Memorandum: Controls Over Routing Transit Numbers Assigned to Fiscal Service, OIG-CA-15-006, 11/20/2014

Review of OCC's Personnel Practices, OIG-15-017, 12/1/2014

Audit of the Exchange Stabilization Fund's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-018, 12/8/2014

Audit of the Department of the Treasury Forfeiture Fund's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-019, 12/8/2014

Management Letter for the Audit of the Department of the Treasury's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-020, 12/12/2014

Audit of the Bureau of Engraving and Printing's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-021, 12/12/2014

Management Letter for the Audit of the Bureau of Engraving and Printing's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-022, 12/12/2014

Audit of the United States Mint's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-023, 12/16/2014

Audit of the Office of the Comptroller of the Currency's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-024, 1/7/2015

Management Letter for the Audit of the Office of the Comptroller of the Currency's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-025, 1/7/2015

Audit of the Alcohol and Tobacco Tax and Trade Bureau's Fiscal Years 2014 and 2013 Financial Statements, OIG-15-026, 1/12/2015

Presentation Before the Council of Inspectors General on Integrity and Efficiency—DATA Act Oversight: A Treasury OIG Perspective, OIG-CA-15-007, 1/20/2015

Joint Purchase Card Violations Report, January 31, 2015, OIG-CA-15-008, 1/26/2015

Audit Termination Memorandum: Audit of the Mint's \$1 Coin Programs, OIG-CA-15-009, 2/4/2015

OFR Funds and Activities Were Separate from Treasury's Departmental Offices, OIG-15-027, 3/4/2015

Response to the Chairman and Ranking Member, U.S. House of Representatives Committee on Oversight and Government Reform, Request for Information on Open and Unimplemented Recommendations and Closed Investigations, OIG-CA-15-010, 3/10/2015

Response to the Chairman, United States Senate Committee on Homeland Security and Governmental Affairs, and the Chairman, United States Senate Committee on the Judiciary, Request for Information on Open and Unimplemented Recommendations, Closed Investigations, and Other Matters, OIG-CA-15-011, 3/27/2015 (Note: Copies of our response were provided to the Ranking Members of the Committees.)

State Small Business Credit Initiative: Rhode Island's Use of Federal Funds for the Slater Technology Fund, OIG-SBLF-15-001, 10/31/2014

Small Business Lending Fund: Treasury Effectively Monitored Small Business Lending Fund Participants' Compliance with Program Requirements, OIG-SBLF-15-002, 12/23/2014, (Revised 2/6/2015)

Audit Reports Issued with Questioned Costs

October 1 through March 31, 2015

Category	Total No. of Reports	Total Questioned Costs	Total Unsupported Costs
For which no management decision had been made by beginning of reporting period	2	\$94,063	\$0
Which were issued during the reporting period	0	\$0	\$0
Subtotals	2	\$94,063	\$0
For which a management decision was made during the reporting period	1	\$49,155	\$0
Dollar value of disallowed costs	1	\$49,155	\$0
Dollar value of costs not disallowed	0	\$0	\$0
For which no management decision was made by the end of the reporting period	1	\$44,908	\$0
For which no management decision was made within 6 months of issuance	0	\$0	\$0

Audit Reports Issued with Recommendations that Funds Be Put to Better Use

October 1 through March 31, 2015

Category	Total No. of Reports	Total	Savings	Revenue Enhancement
For which no management decision had been made by beginning of reporting period ⁵	2	\$506,676	\$506,676	\$0
Which were issued during the reporting period	0	\$0	\$0	\$0
Subtotals	2	\$506,676	\$506,676	\$0
For which a management decision was made during the reporting period	2	\$506,676	\$506,676	\$0
Dollar value of recommendations agreed to by management	2	\$506,676	\$506,676	\$0
Dollar value based on proposed management action	2	\$506,676	\$506,676	\$0
Dollar value based on proposed legislative action	0	\$0	\$0	\$0
Dollar value of recommendations not agreed to by management	0	\$0	\$0	\$0
For which no management decision was made by the end of the reporting period	0	\$0	\$0	\$0
For which no management decision was made within 6 months of issuance	0	\$0	\$0	\$0

A recommendation that funds be put to better use denotes funds could be used more efficiently if management took actions to implement and complete the recommendation including: (1) reduction in outlays, (2) de-obligations of funds from programs or operations, (3) costs not incurred by implementing recommended improvements related to operations, (4) avoidance of unnecessary expenditures noted in pre-award review of contract or grant agreements, (5) any other savings which are specifically identified, or (6) enhancements to revenues of the Federal Government.

Previously Issued Audit Reports Pending Management Decisions (Over 6 Months)

There were no previously issued audit reports pending management decisions for the reporting period.

⁵ In our September 2014 Semiannual Report to Congress, we reported \$499,986 in SSBCI funds attributed to the report, *State Small Business Credit Initiative: Indiana's Use of Federal Funds for Other Credit Support Programs* (OIG-SBLF-14-011, issued June 18, 2014 Treasury recouped the funds in this semiannual reporting period.

Significant Revised Management Decisions

October 1 through March 31, 2015

There were no significant revised management decisions during the reporting period.

Significant Disagreed Management Decisions

October 1 through March 31, 2015

There were no management decisions this reporting period with which the Inspector General was in disagreement.

Peer Reviews

October 1 through March 31, 2015

Audit

Audit organizations that perform audits and attestation engagements of Federal Government programs and operations are required by generally accepted government auditing standards to undergo an external peer review every 3 years. The objectives of an external peer review are to determine, during the period under review, whether, the audit organization's system of quality control was suitably designed and whether the audit organization was complying with its quality control system to provide the audit organization with reasonable assurance that it was conforming to applicable professional standards. Federal audit organizations can receive a peer review rating of *pass*, *pass with deficiencies*, or *fail*.

We were not required to undergo an external audit peer review during this reporting period. At March 31, 2015, we were conducting an external peer review of the audit organization of the Office of the Inspector General of the Intelligence Community. We expect to complete that external audit peer review during the next semiannual reporting period.

The most recent external audit peer review of our office was performed by the U.S. Agency for International Development (USAID) OIG. In its report dated September 6, 2012, we received a *pass* rating for our system of quality control in effect for the year ended March 31, 2012. USAID OIG did not make any recommendations.

External audit peer review reports of our office are available on the Treasury OIG [website](#).

Investigations

CIGIE mandates that the investigative law enforcement operations of all OIGs undergo peer reviews every 3 years to ensure compliance with (1) the council's investigations quality standards and (2) the relevant guidelines established by the Office of the Attorney General of the United States.

In August 2014, the General Services Administration OIG conducted a peer review of our office and found it to be in compliance with all relevant guidelines. There are no unaddressed recommendations outstanding from this review.

Bank Failures and Nonmaterial Loss Reviews

We conducted reviews of 2 failed banks supervised by OCC with losses to the FDIC’s Deposit Insurance Fund (DIF) that did not meet the definition of a material loss in the Federal Deposit Insurance Act. The reviews were performed to fulfill the requirements found in 12 U.S.C. § 1831o(k). The term “material loss” which, in turn, triggers a material loss review be performed is, for 2014 going forward, a loss to the DIF that exceeds \$50 million (with provisions to increase that trigger to a loss that exceeds \$75 million under certain circumstances).

For losses that are not material, the Federal Deposit Insurance Act requires that each 6-month period, the OIG of the Federal banking agency must (1) identify the estimated losses that have been incurred by the DIF during that 6-month period and (2) determine the grounds identified by the failed institution’s regulator for appointing the FDIC as receiver, and whether any unusual circumstances exist that might warrant an in-depth review of the loss. For each 6-month period, we are also required to prepare a report to the failed institutions’ regulator and the Congress that identifies (1) any loss that warrants an in-depth review, together with the reasons why such a review is warranted and when the review will be completed; and (2) any losses where we determine no in-depth review is warranted, together with an explanation of how we came to that determination. The table below fulfills this reporting requirement to the Congress for the 6-month period ended March 31, 2015. We issue separate audit reports on each review to OCC.

Bank Failures and Nonmaterial Loss Reviews				
Bank Name/Location	Date Closed/ Loss to the DIF	OIG Summary of Regulator’s Grounds for Receivership	In-Depth Review Determination	Reason / Anticipated Completion Date of the In-Depth Review
Frontier Bank, FSB, Palm Desert, California	November 7, 2014 \$4.7 million	<ul style="list-style-type: none"> • Dissipation of assets and earnings due to unsafe and unsound practices • Capital impaired • Failed to submit acceptable capital restoration plan 	No	No unusual circumstances noted
First National Bank of Crestview, Crestview, Florida	January 16, 2015 \$4.4 million	<ul style="list-style-type: none"> • Deficient oversight and supervision by the board and management; • Aggressive growth strategy in commercial real estate lending with an emphasis in construction and development loans • Critically deficient asset quality, credit administration, and risk management practices 	No	No unusual circumstances noted

References to the Inspector General Act

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Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	5-21
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Section 5(a)(16)	List of peer reviews conducted by Treasury OIG, including a list of outstanding recommendations from those peer reviews	34-35
Section 5(d)	Serious or flagrant problems, abuses, or deficiencies	N/A
Section 6(b)(2)	Report to Secretary when information or assistance is unreasonably refused	28

Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
Council	Gulf Coast Ecosystem Restoration Council
DATA Act	Digital Accountability and Transparency Act of 2014
DIF	Deposit Insurance Fund
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FedRAMP	Federal Risk and Authorization Management Program
Fiscal Service	Bureau of the Fiscal Service
FISMA	Federal Information Security Management Act
FMCS	Federal Managed Cloud Services
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
ITIN	individual taxpayer identification number
KPMG	KPMG LLP
MHDC	Missouri Housing Development Commission
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration
OCC	Office of the Comptroller of the Currency
ODF	Office of Domestic Finance
OEP	Office of Economic Policy
OFR	Office of Financial Research
OIG	Office of Inspector General
OMB	Office of Management and Budget
Recovery Act	American Recovery and Reinvestment Act of 2009
RESTORE Act	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012
SBLF	Small Business Lending Fund
Science Program	Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program
SSA	Social Security Administration
SSBCI	State Small Business Credit Initiative
TARP	Troubled Asset Relief Program
TIGTA	Treasury Inspector General for Tax Administration
Treasury	Department of the Treasury
Trust Fund	Gulf Coast Restoration Trust Fund
United States Mint	U.S. Mint
VA	Department of Veterans Affairs

History of the West Dome of the Treasury Building, Washington, D.C.



West Dome Before Restoration



Restored West Dome Treasury Building

Construction

In 1870, the attic space on the 5th floor of the west wing spiral staircase was converted into a magnificent triple-skylight oval dome with ornamental and gilded plaster details.

War

The possibility of enemy air strikes over Washington, D.C., during World War II created a need to structurally reinforce parts of the Treasury Building. The domes were filled with concrete pads up to 12 inches thick for black-out purposes.

Restoration

The concrete pads were removed during an interior modernization and restoration of the Treasury Building (2000-2007). The project was funded through a public-private partnership with the Treasury Historical Association.

The restored dome with the three open skylights is one of the largest monumental, triple-skylight domes in the U.S. The dome can now be seen as it was when originally constructed over 140 years ago.

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Treasury OIG Hotline

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Gulf Coast Restoration Hotline

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OIG reports and other information are available
via Treasury OIG's [website](#)