



June 2015

INSPECTORS GENERAL

Additional Efforts
Needed by the
Department of
Commerce OIG to
Address Audit
Coverage, Hotline
Operations, and
Employee Concerns

GAO Highlights

Highlights of [GAO-15-260](#), a report to congressional requesters

Why GAO Did This Study

Congressional committees and Commerce leaders rely on the OIG to provide oversight of the agency's wide range of responsibilities. GAO was asked to review the effectiveness of the Commerce OIG's oversight. GAO's objectives were to provide information on the Commerce OIG's budgets, staffing, and accomplishments, and to review the OIG's effectiveness in providing audit coverage, addressing hotline complaints, and addressing employee concerns identified in OPM's annual FEVS.

For fiscal years 2011 through 2013, GAO identified the budget and staff resources of the Commerce OIG and other cabinet-level OIGs and their reported accomplishments for comparison; reviewed the Commerce OIG's audit coverage of bureaus and offices, management challenges, and high-risk areas; compared the OIG's hotline policies with hotline guidance provided through CIGIE; and tested a random sample of hotline complaints. GAO also reviewed the OIG's efforts to address employee concerns from the 2012 FEVS results.

What GAO Recommends

GAO recommends that the IG (1) augment the OIG's audit planning to consider a rotation of performance audit coverage among smaller Commerce programs, and applicable GAO high-risk areas; (2) include monitoring of internal controls for the OIG's hotline operations; and (3) develop an action plan with measures of success to address FEVS results.

In commenting on a draft of the report, the Commerce IG concurred with GAO's recommendations.

View [GAO-15-260](#). For more information, contact Beryl H. Davis at (202) 512-2623 or davisbh@gao.gov.

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INSPECTORS GENERAL

Additional Efforts Needed by the Department of Commerce OIG to Address Audit Coverage, Hotline Operations, and Employee Concerns

What GAO Found

During fiscal years 2011 through 2013, the Department of Commerce (Commerce) Office of Inspector General (OIG) experienced reductions in total budgetary resources from about \$47 million to about \$41 million, or almost 13 percent, compared to the average reduction of about 6 percent for all other cabinet-level OIGs. The Commerce OIG had a decline of full-time equivalent staff from 171 to 137, or about 20 percent, which was a greater decline than the average decline of about 5 percent for the other OIGs. The Commerce OIG reported approximately \$543 million in monetary accomplishments from audits, evaluations, and investigations for the period. Differences in missions and programs of the cabinet-level departments and agencies result in varied opportunities for OIGs to provide monetary accomplishments. While the Commerce OIG's return on each budget dollar was within the range of the lowest and highest returns for all other OIGs for fiscal years 2011 through 2013, its average return of \$4.18 over the 3-year period was less than the average return of about \$22.64 for the other cabinet-level OIGs.

During this period of constrained resources, the Commerce OIG conducted mandatory audits that covered all bureaus and offices and provided performance audit coverage of Commerce's largest bureaus and offices. It also audited areas identified by the OIG as management challenges. However, the OIG did not conduct performance audits of the economy, efficiency, and effectiveness of programs specific to Commerce's smaller bureaus and offices, which had combined fiscal year 2013 total budgetary resources of approximately \$2.4 billion, during the 3-year period. In addition, the OIG did not conduct audits over the 3-year period of two areas on GAO's high-risk list relevant to Commerce: (1) managing federal real property and (2) ensuring the effective protection of technologies critical to U.S. national security interests. The OIG's risk-based audit planning contributed to gaps in audit coverage as the office did not provide periodic performance audit coverage of Commerce's smaller programs on a rotational basis and did not fully consider all GAO high-risk areas.

The Commerce OIG's hotline policies and procedures were generally consistent with recommended hotline practices of other OIGs provided through the Council of Inspectors General on Integrity and Efficiency (CIGIE). However, through a review of a random sample of OIG hotline cases from fiscal years 2011 through 2013, GAO identified numerous instances where the OIG did not follow one or more of its own hotline policies and procedures regarding the processing, disposition, and timeliness of hotline cases. The OIG could not reasonably ensure that its hotline policies and procedures were consistently followed because of a lack of ongoing monitoring of its internal control activities.

The Commerce OIG's Federal Employee Viewpoint Survey (FEVS) results for 2013 and 2014 improved after OIG efforts to address the poor 2012 FEVS results, but responses to specific survey questions remain lower than the government-wide average. The OIG's efforts followed much of the guidance issued by the Office of Personnel Management (OPM) to address FEVS results, but they did not include an action plan with measures of success.

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Abbreviations

BIS	Bureau of Industry and Security
CFO Act	Chief Financial Officers Act of 1990
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Commerce	Department of Commerce
FEVS	Federal Employee Viewpoint Survey
FISMA	Federal Information Security Management Act of 2002
FTE	full-time equivalent
FY	fiscal year
IG	Inspector General
IG Act	Inspector General Act of 1978
NOAA	National Oceanic and Atmospheric Administration
OAE	Office of Audit and Evaluation
OI	Office of Investigations
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSC	Office of Special Counsel
Recovery Act	American Recovery and Reinvestment Act of 2009
Treasury	Department of the Treasury

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June 10, 2015

Congressional Requesters

This report responds to your request that we review the operations and management of the Department of Commerce (Commerce) Office of Inspector General (OIG). The Commerce OIG has a unique role under the Inspector General Act of 1978, as amended (IG Act), to identify areas for improved economy, efficiency, and effectiveness through independent and objective oversight; to prevent and detect fraud, waste, abuse, and mismanagement; and to recommend corrective actions.¹ In addition, the Commerce OIG is expected to provide effective oversight through audits and investigations of the department while maintaining a balanced and independent working relationship with the Secretary of Commerce and the Congress.

The Commerce OIG has identified major bureaus and offices for oversight coverage and reports the results of this oversight in semiannual reports to the Congress, as required by the IG Act. In addition, among other responsibilities, the OIG maintains a hotline for receiving complaints and allegations of fraud, waste, abuse, and mismanagement that are addressed under the OIG's hotline policies and procedures. In addition, the OIG derives credibility to provide oversight by demonstrating its ability to efficiently and effectively use and account for public funds.

As discussed with your offices, the objectives of our review were to (1) provide information about the budget and staff resources available to the Commerce OIG and to other cabinet-level OIGs and the monetary accomplishments reported by these OIGs over fiscal years 2011 through 2013 for comparison purposes, and to review the Commerce OIG's effectiveness in (2) providing oversight coverage of Commerce during fiscal years 2011 through 2013, (3) addressing hotline complaints and allegations of wrongdoing in accordance with OIG policies and procedures over the same 3-year period, and (4) addressing issues identified based on the OIG employees' responses to the Office of

¹Pub. L. No. 95-452, 92 Stat. 1101 (Oct. 12, 1978) (codified, as amended, at 5 U.S.C. App.).

Personnel Management's (OPM) fiscal year 2012 Federal Employee Viewpoint Survey (FEVS). We obtained information about budget and staff resources for the Commerce OIG and the other cabinet-level OIGs from the Office of Management and Budget (OMB) database of budget information for fiscal years 2011 through 2013. We obtained the monetary accomplishments from audits, evaluations, and investigations as reported by the Commerce OIG and these other OIGs in their semiannual reports for the 3-year period.² Based on this information, we calculated the Commerce OIG's return-on-investment and that of the other cabinet-level OIGs by comparing their budgetary resources and reported monetary accomplishments for the 3-year period. We also recognized the large differences in the missions and programs of the cabinet-level departments and agencies, which resulted in varied opportunities for each OIG to provide monetary accomplishments.

To review the effectiveness of the Commerce OIG in providing audit oversight coverage, we identified the subjects of the OIG's reports including audits, evaluations, and memorandums. We compared the subjects of the OIG's reports with (1) Commerce's significant bureaus and offices, as identified by the OIG in semiannual reports; (2) management challenges as determined by the OIG; and (3) the high-risk areas identified by GAO.³ In addition, we reviewed the OIG's audit planning documents to determine how specific bureaus and offices were selected for audit.

To review the effectiveness of the Commerce OIG's hotline to address allegations of wrongdoing, we compared the OIG's hotline policies and procedures with recommended hotline practices prepared by other OIGs at the request of the Council of Inspectors General on Integrity and

²For purposes of this report, we define audits as those reviews performed in accordance with *Government Auditing Standards* established by the Comptroller General; evaluations as those reviews performed in accordance with *Quality Standards for Inspection and Evaluation* established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE); and investigations as those reviews performed in accordance with *Quality Standards for Investigations* established by CIGIE.

³GAO maintains a program to focus attention on government operations that it identifies as high risk because of their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. GAO reports the status of high-risk areas on a biennial basis and includes any new high-risk areas needing congressional and executive branch attention.

Efficiency (CIGIE).⁴ We also selected random samples of the Commerce OIG's hotline cases from fiscal years 2011, 2012, and 2013 and compared how the complaints were addressed with the OIG's own hotline policies and procedures. We selected for review relevant OIG hotline policies and procedures that we determined could have a bearing on the effectiveness of the hotline operations and that could be verified.

To review the effectiveness of the Commerce OIG's efforts to address issues identified by its employees in the fiscal year 2012 FEVS, we compared the OIG's efforts with guidance provided by OPM on how to address issues identified by the survey. In addition, for fiscal years 2012 through 2014, we obtained the FEVS responses of the OIG's employees and analyzed the responses to questions that addressed work experience, work unit, agency, supervisor, leadership, and satisfaction. We also looked across the 3 years of data to determine whether it was possible to identify improvement in the employees' perceptions of these areas. For more information on the scope and methodology of our review, see appendix I.

We conducted this performance audit from July 2013 through June 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Commerce has responsibilities in the areas of trade, economic development, technology, entrepreneurship and business development, environmental stewardship, and statistical research and analysis. In

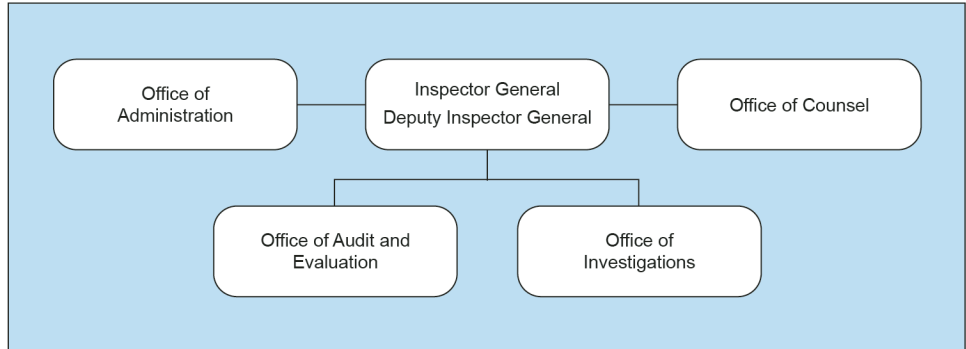
⁴CIGIE, consisting mainly of inspectors general, was established by the IG Reform Act of 2008, (Pub. L. No. 110-409, 122 Stat. 4302 (Oct. 14, 2008)) to address integrity, economy, and effectiveness issues that transcend individual government agencies, and to increase the professionalism and effectiveness of personnel in the OIGs. At the request of the CIGIE Investigations Committee, the Department of Homeland Security's OIG, with the assistance of 13 additional OIGs, published a report of recommended practices to enhance the operation of OIG hotlines in the federal government. See Department of Homeland Security, Office of Inspector General, *Recommended Practices for Office of Inspector General Hotlines* (Washington, D.C.: Oct. 19, 2010).

addition, Commerce provides management and monitoring of the nation's resources and assets to support both environmental and economic health. Other essential operations conducted by Commerce include the constitutionally mandated decennial census, economic research leading to calculation of the gross domestic product and trade balances, stimulation of small businesses, and promotion of international trade. The Secretary of Commerce leads the department's efforts, with fiscal year 2013 total budgetary resources of approximately \$22.7 billion and over 40,000 employees worldwide.

The Commerce OIG was established by the IG Act with its IG appointed by the President and confirmed by the Senate. The IG is under the general supervision of, and reports to, the Secretary of Commerce. The current IG was sworn into office on December 26, 2007, and leads a team of auditors, evaluators, investigators, attorneys, and support staff responsible for providing oversight of the department's array of business, scientific, economic, and environmental programs and operations.

The Commerce OIG helps to ensure that the department's employees and others managing federal resources comply with applicable laws and regulations, and works to prevent fraud, waste, and abuse in program operations. The OIG monitors and tracks the use of taxpayer dollars in federally funded programs to keep Commerce officials and the Congress fully and currently informed about issues, problems, and deficiencies related to the administration of programs and operations and the need for corrective actions. Figure 1 illustrates the primary offices that make up the Commerce OIG.

Figure 1: Department of Commerce Office of Inspector General's Organization



Source: Department of Commerce Office of Inspector General. | GAO-15-260

The Commerce OIG is primarily governed by the IG and the Office of Counsel, with the IG providing overall leadership and policy direction and the Office of Counsel providing legal guidance in support of the OIG's mission. The Office of Audit and Evaluation (OAE) conducts audits and evaluations of Commerce programs and operations to help determine whether they are cost-efficient and cost-effective. The Office of Investigations (OI) helps to prevent and detect fraud, waste, and abuse by contractors and grantees, and addresses reported improprieties involving department employees. OI maintains a hotline to collect reports of allegations related to fraud, waste, and abuse in departmental programs and operations. From fiscal years 2011 through 2013, OAE issued 90 reports and OI closed 258 investigations. In addition, the OIG testified 13 times before congressional committees.

Commerce OIG's Budget and Staff Resources and Reported Monetary Accomplishments for Fiscal Years 2011 through 2013

Commerce OIG's Budget and Staff Resources

The Commerce OIG had total budgetary resources of approximately \$41 million in fiscal year 2013. These resources represent a significant decline when compared to fiscal year 2011 total budgetary resources of approximately \$47 million, a decrease of about 13 percent. When compared to all other cabinet-level OIGs, the Commerce OIG had the lowest level of total budgetary resources for each of the 3 fiscal years.⁵ Also, while five of these other OIGs had a decline in total budgetary resources equal to or greater than that of the Commerce OIG, the

⁵Commerce had the least total budgetary resources when compared to the other cabinet-level departments and agencies during the 3-year period.

Commerce OIG's decline was greater than the 6 percent average decline for all other cabinet-level OIGs during the 3-year period. (See table 1.)

Table 1: Department of Commerce Office of Inspector General's (OIG) Total Budgetary Resources Compared with Those of Other Cabinet-Level OIGs, Fiscal Years (FY) 2011 through 2013

Dollars in millions

Cabinet-level OIGs		FY 2011	FY 2012	FY 2013	Percentage change, FY 2011-2013
Department of Commerce		\$47	\$42	\$41	-13%
1	Department of Health and Human Services	\$393	\$353	\$340	-13%
2	Department of Defense	330	349	331	0%
3	Department of Homeland Security	155	160	156	1%
4	Treasury Inspector General for Tax Administration	157	155	147	-6%
5	Department of State	120	140	139	16%
6	Department of Housing and Urban Development	144	134	131	-9%
7	Department of Veterans Affairs	114	116	119	4%
8	Department of the Treasury	112	118	114	2%
9	Department of Agriculture	110	108	95	-14%
10	Department of Justice	103	103	93	-10%
11	Department of Transportation	97	88	85	-12%
12	Department of Labor	87	86	80	-8%
13	Department of Energy	74	71	65	-12%
14	Department of Education	71	65	58	-18%
15	Department of the Interior	62	58	50	-19%
Total budgetary resources/average percentage change		\$2,129	\$2,104	\$2,003	-6%

Source: GAO analysis of Office of Management and Budget data. | GAO-15-260

Note: Other cabinet-level OIGs are listed based on the amount of their fiscal year 2013 total budgetary resources from the largest to the smallest.

The Commerce OIG had 137 authorized full-time equivalent staff (FTE) in fiscal year 2013. When compared with other cabinet-level OIGs, the Commerce OIG had the fewest authorized FTEs. In addition, the Commerce OIG had the largest decrease of authorized FTEs when compared to the other cabinet-level OIGs. Specifically, from fiscal years 2011 through 2013, the Commerce OIG's authorized FTEs decreased from 171 to 137, or approximately 20 percent, while the other OIGs' decreases ranged from no decrease to an approximate 17 percent decrease, for an average decrease of approximately 5 percent, as shown in table 2.

Table 2: Department of Commerce Office of Inspector General's (OIG) Authorized Full-time Equivalents (FTE) Compared with Those of Other Cabinet-Level OIGs, Fiscal Years (FY) 2011 through 2013

Cabinet-level OIGs		FY 2011	FY 2012	FY 2013	Percentage change, FY 2011 - 2013
Department of Commerce		171	147	137	-20%
1	Department of Health and Human Services	1,745	1,773	1,660	-5%
2	Department of Defense	1,613	1,532	1,554	-4%
3	Treasury Inspector General for Tax Administration	823	807	774	-6%
4	Department of Homeland Security	728	779	719	-1%
5	Department of Veterans Affairs	633	637	633	0%
6	Department of Housing and Urban Development	712	660	617	-13%
7	Department of Agriculture	608	558	520	-14%
8	Department of Justice	459	465	440	-4%
9	Department of Transportation	448	443	400	-11%
10	Department of Labor	411	409	398	-3%
11	Department of the Treasury	322	356	343	7%
12	Department of State	293	298	293	0%
13	Department of Energy	277	270	277	0%
14	Department of Education	324	298	270	-17%
15	Department of the Interior	276	275	257	-7%
Total FTEs/average percentage change		9,672	9,560	9,155	-5%

Source: GAO analysis of Office of Management and Budget data. | GAO-15-260

Note: Other cabinet-level OIG offices are listed based on the amount of their fiscal year 2013 FTEs from the largest to the smallest.

Commerce OIG's Reported Monetary Accomplishments

The Commerce OIG reported approximately \$543 million in monetary accomplishments from audits, evaluations, and investigations during fiscal years 2011 through 2013. As shown in table 3, when the Commerce OIG's reported monetary accomplishments over the 3-year period are compared to its budgetary resources, the resulting average return on investment for each budget dollar was approximately \$4.18 over the 3-year period.

Table 3: Department of Commerce (Commerce) Office of Inspector General’s (OIG) Reported Monetary Accomplishments and Return on Investment, Fiscal Years (FY) 2011 through 2013

Dollars in millions

	FY 2011	FY 2012	FY 2013	Totals and average return
Total budgetary resources	\$47	\$42	\$41	\$130
Monetary accomplishments from audits and evaluations	16.5	109.5	275.8	\$401.8
Monetary accomplishments from investigations	6.3	62.2	73.0	\$141.5
Total monetary accomplishments	22.8	171.7	348.8	\$543.3
Dollar return on each budget dollar/average return	\$.49	\$4.09	\$8.51	\$4.18

Source: GAO analysis of Commerce OIG semiannual reports for the 3-year period. | GAO-15-260

The results of the Commerce OIG’s audits and evaluations contributed approximately \$401.8 million of the total monetary accomplishments reported by the OIG through potential savings as defined by the IG Act.⁶ Approximately \$392.5 million, or about 98 percent, of this amount was attributable to four audit reports issued during the 3-year period.⁷

The OIG’s investigations provided about \$141.5 million of reported total monetary accomplishments during the 3-year period as a result of fines

⁶Potential savings defined by the IG Act are (1) questioned cost—a cost questioned by the OIG because of an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other document governing the expenditure of funds; a finding that at the time of the audit, such cost is not supported by adequate documentation, or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable, (2) unsupported cost—a cost that is questioned by the OIG because at the time of the audit, such cost was not supported by adequate documentation, (3) disallowed cost—a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government, and (4) recommendation that funds be put to better use—a recommendation by the OIG that funds could be used more efficiently if management of an establishment took action to implement and complete the recommendation.

⁷Department of Commerce Office of Inspector General (OIG), *National Oceanic and Atmospheric Administration, Audit of Indirect Cost Plans and Rates, Pacific States Marine Fisheries Commission, Portland, Oregon*, OIG-11-025-A (Washington, D.C.: May 19, 2011); *National Oceanic and Atmospheric Administration, NOAA’s Cost-Plus-Award-Fee and Award-Term Processes Need to Support Fees and Extensions*, OIG-12-027-A (Washington, D.C.: May 18, 2012); *National Oceanic and Atmospheric Administration, Audit of Geostationary Operational Environmental Satellite-R Series: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed To Reduce of Coverage Gaps*, OIG-13-024-A (Washington, D.C.: Apr. 25, 2013); and *Office of the Secretary, Monitoring of Obligation Balances Needs Strengthening*, OIG-13-026-A (Washington, D.C.: June 18, 2013).

and restitutions related to successful prosecutions and other court proceedings.⁸

The Commerce OIG and all other cabinet-level OIGs showed increases in their average return on each budget dollar. While the Commerce OIG's return was within the range of the lowest and highest returns for all other OIGs for each fiscal year, its average return on each budget dollar of \$4.18 over the 3-year period was less than the average of \$22.64 for the other OIGs. In addition, the Commerce OIG's return for each fiscal year was less than the average each year for the other cabinet-level OIGs, as shown in table 4.

Table 4: Return on Investment by the Department of Commerce Office of Inspector General (OIG) Compared to That of Other Cabinet-Level OIGs, Fiscal Years 2011 through 2013

Fiscal year	Commerce OIG return on each budget dollar	Other cabinet-level OIGs' return on each budget dollar, from lowest to highest	Other cabinet-level OIGs' average return on each budget dollar
2011	\$.49	\$0.19 - \$48.31	\$14.62
2012	4.09	\$0.03 - \$142.51	25.08
2013	8.51	\$0.29 - \$90.10	28.59
Average 3- year return	4.18	\$0.17 - \$93.64	22.64

Source: GAO analysis of all cabinet-level OIGs' semiannual reports for the 3-year period. | GAO-15-260

Note: Differences in the missions and programs of the cabinet-level departments and agencies can provide varied opportunities for monetary accomplishments, including the return on budget dollars.

The OIG's Oversight Resulted in Gaps of Audit Coverage

OIGs have a unique role within their agencies to identify areas for improved economy, efficiency, and effectiveness through various oversight activities, including independent audits. During fiscal years 2011 through 2013, the Commerce OIG's OAE provided audit coverage of Commerce's largest bureaus and offices and completed mandated audits of the department's (1) financial statements, as required by the Chief Financial Officers Act of 1990 (CFO Act),⁹ and (2) information security, as required

⁸The investigative monetary accomplishments include the results of joint investigations conducted by the Commerce OIG with other agencies.

⁹See 31 U.S.C. § 3521(f).

by the Federal Information Security Management Act of 2002 (FISMA).¹⁰ In addition, the OIG provided audits of funds associated with the American Recovery and Reinvestment Act of 2009 (Recovery Act).¹¹ The OIG also provided audits of the department's management challenges that are defined by the OIG and reported in Commerce's annual performance and accountability reports.¹² However, the OIG's oversight lacked audit coverage of the economy, efficiency, and effectiveness of programs specific to the department's bureaus and offices with relatively small budgets, and not all applicable high-risk areas identified by GAO's high-risk reports were subject to audit.¹³

Commerce OIG Focused on Large Programs but Lacked Audit Coverage of Important Smaller Programs

During the 3-year period we reviewed, OAE issued 90 reports including mandatory audits, performance audits, evaluations, and memorandums, intended to provide oversight of Commerce's 13 major bureaus and offices identified in the OIG's semiannual reports.¹⁴ Eighty-four of the reports issued, or 93 percent, were directed to four bureaus and offices, and to department-wide issues managed by the Office of the Secretary. The four bureaus and offices had total budgetary resources in fiscal year 2013 of approximately \$19.9 billion, or almost 88 percent of the

¹⁰See E-Government Act of 2002, Pub. L. No. 107-347, Title III, 116 Stat. 2899, 2946 (Dec. 17, 2002). On December 18, 2014, FISMA was largely superseded by the Federal Information Security Modernization Act of 2014, Pub. L. No. 113-283. See 44 U.S.C. §§ 3551-3558 for current requirements.

¹¹See Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

¹²The identification of management challenges by the IGs began in 1997 when congressional leaders asked the IGs to identify the 10 most serious management problems in their respective agencies. This request began a yearly process that continues as a result of the Reports Consolidation Act of 2000, which requires executive agencies to include their IGs' lists of significant management challenges in their annual performance and accountability reports to the President, OMB, and the Congress. See Pub. L. No. 106-531, 114 Stat. 2537 (Nov. 22, 2000), codified at 31 U.S.C. § 3516(d).

¹³GAO, *High-Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011), and *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: February 2013).

¹⁴CIGIE's *Quality Standards for Inspection and Evaluation* define evaluations as systematic and independent assessments that may include the efficiency, effectiveness, impact, and sustainability of agency operations, programs, and policies. *Government Auditing Standards* define performance audits as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria and may include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analysis.

department's total budgetary resources of approximately \$22.7 billion. (See app. II.) For the remaining eight bureaus and offices, OAE provided mandatory FISMA audits, Recovery Act audits, and one evaluation, but no performance audit coverage of the economy, efficiency, and effectiveness of their specific programs during the 3-year period we reviewed and for extended periods prior to our review. (See table 5.)

Table 5: Department of Commerce Office of Inspector General's Audits, Evaluations, and Memorandums, Fiscal Years 2011 through 2013

Department of Commerce bureaus and offices	Performance audits of programs	Evaluations	Financial statement audits	FISMA audits	Audits of contracts and grants ^a	Recovery Act audits	Memos/ letters	Totals
Department-wide issues (Office of the Secretary)	6	4	9	4	0	2	8	33
National Telecommunications and Information Administration	3	2	0	1	5	2	2	15
National Oceanic and Atmospheric Administration	3	4	0	0	5	0	0	12
U.S. Patent and Trademark Office	5	2	6	1	0	0	0	14
U.S. Census Bureau	1	5	2	0	1	0	1	10
Economics and Statistics Administration	0	0	0	0	0	0	0	0
International Trade Administration	0	1	0	1	0	0	0	2
National Institute of Standards and Technology	0	0	0	0	0	2	0	2
Economic Development Administration	0	0	0	1	0	0	0	1
Bureau of Economic Analysis	0	0	0	1	0	0	0	1
Bureau of Industry and Security	0	0	0	0	0	0	0	0
Minority Business Development Agency	0	0	0	0	0	0	0	0
National Technical Information Service	0	0	0	0	0	0	0	0
Total	18	18	17	9	11	6	11	90

Legend: Commerce = Department of Commerce; FISMA = Federal Information Security Management Act of 2002; OIG = Office of Inspector General; Recovery Act = American Recovery and Reinvestment Act of 2009.

Source: GAO analysis of the Commerce OIG's semiannual reports. | GAO-15-260

^aThe Commerce OIG provided six audit reports of contract processes within the department and five audit reports of grant awards made by the department. One of these audit reports, *National Telecommunications and Information Administration, Fourth Annual Assessment of the Public Safety Interoperable Communications Grant Program*, OIG-13-016-A, issued February 22, 2013, addressed 16 grantees.

OAE provided audits of department-wide activities mandated by specific statutes. Specifically, the CFO Act requires entities, such as Commerce, to have annual financial statements that are audited.¹⁵ These audits provide (1) an opinion on whether the financial information is fairly presented and in accordance with generally accepted accounting principles, (2) a report on internal control over financial reporting and (3) a report on compliance with provisions of applicable laws and regulations, contracts, and grant agreements. FISMA audits report on the controls over information security throughout the department.¹⁶ Also, OAE audits funds the department receives through the Recovery Act because of a higher risk for waste, fraud, and abuse related to these funds.¹⁷ Although these audits address certain internal controls and broad department-wide operations, without audits of the programs specific to each bureau and office, their economy, efficiency, and effectiveness are not fully addressed by the OIG.

The Commerce OIG has addressed the effectiveness of relatively large programs through performance audits and evaluations. For the 3-year period we reviewed, the Commerce OIG completed a total of 18 performance audits and 17 evaluations that addressed the programs specific to the department's four bureaus and offices that have relatively large budgets, and department-wide activities managed by the Office of the Secretary. However, the eight bureaus and offices with relatively smaller budgets received no performance audits to address the economy, efficiency, and effectiveness of their specific programs during the 3-year period.

While these eight bureaus and offices are small relative to the department's largest bureaus and offices, they represented approximately \$2.4 billion or about 11 percent of the department's total budgetary resources for fiscal year 2013 and are included in the OIG's listing of the major programs that are to receive oversight. In addition, they make important contributions to maintaining a strong national economy by providing businesses and other organizations with reliable information,

¹⁵Pub. L. No. 101-576, 104 Stat. 2838, 2852 (Nov. 15, 1990); 31 U.S.C. § 3521(f).

¹⁶Pub. L. No. 107-347, 116 Stat. 2899, 2952 (Dec. 17, 2002); 44 U.S.C. § 3545.

¹⁷Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

helping the United States compete in international trade, and assisting U.S. businesses.

For example, the National Technical Information Service, with fiscal year 2013 total budgetary resources of about \$85 million, has program responsibilities for collecting and preserving scientific, technical, engineering, and other business-related information from federal and international sources and for disseminating this information to the U.S. business and industrial research communities. Also, the Minority Business Development Administration, with total budgetary resources in fiscal year 2013 of about \$28 million, is responsible for promoting the growth of minority business enterprises and their participation in the global economy through a range of activities. These activities include funding a network of centers that provides a variety of business assistance services.

The eight bureaus and offices for which the Commerce OIG did not provide performance audit coverage of their specific programs' economy, efficiency, and effectiveness also did not receive these audits during the years prior to the 3-year period we reviewed, as shown in table 6. To illustrate, the programs specific to the Bureau of Economic Analysis had received no performance audit coverage over an 8-year period from fiscal years 2005 through 2013. The remaining seven small bureaus and offices had gaps ranging from 3 to 13 years in the performance audit coverage of their specific programs.

Table 6: Gaps in the Performance Audit Coverage of the Economy, Efficiency, and Effectiveness of Programs Specific to the Department of Commerce’s Small Bureaus and Offices, Fiscal Years 2000 through 2013

Commerce’s eight small bureaus and offices	Fiscal year of the last performance audit conducted	Range of years without performance audit reports
International Trade Administration	2003	10 years
Economic and Statistics Administration	2005	8 years
Bureau of Economic Analysis	2005	8 years
National Technical Information Service	2002	11 years
Minority Business Development Agency	2005	8 years
Economic Development Administration	2010	3 years
National Institute of Standards and Technology	2003 ^a	10 years
Bureau of Industry and Security	2000 ^b	13 years

Legend: Commerce = Department of Commerce; FISMA = Federal Information Security Management Act of 2002; Recovery Act = American Recovery and Reinvestment Act of 2009.

Source: Commerce Office of Inspector General (OIG) database of Office of Audit and Evaluation reports. | GAO-15-260

Note: Does not include mandatory financial and FISMA audits, evaluations, and Recovery Act audits because they did not address the economy, efficiency, and effectiveness of the programs specific to the small bureaus and offices.

^aThe Commerce OIG issued an audit report on the National Institute of Standards and Technology conference spending on February 21, 2014, *Manufacturing Extension Partnership Incurred Avoidable Conference Costs*, OIG-14-013-A.

^bThe Commerce OIG issued an audit report of the Bureau of Industry and Security (BIS) program effectiveness on September 4, 2014—*BIS Implementation of Export Control Reform Requires Several Improvements to Address Challenges*, OIG-14-028-A.

The Commerce OIG’s plans for providing audit coverage of the department’s bureaus and offices are based on an assessment of risk.¹⁸

The OIG develops risk ratings for each bureau or office based on an assessment of a series of questions that determine the presence of risk. These questions address budget size, types of programs and operations, compliance with laws and regulations, fraud risks, and management challenges. For purposes of the risk assessment the OIG ranks the bureaus as (1) high, or those with higher relative risk characteristics;

¹⁸Department of Commerce, Office of Inspector General (OIG), *Department of Commerce Office of Inspector General Comparative Risk Assessment* (Washington, D.C.: July 2010); *FY 2012 OIG Risk Assessment of Commerce Programs and Offices* (Washington, D.C.: July 2011); and *FY 2013 OIG Risk Assessment of Commerce Programs and Offices* (Washington, D.C.: July 2012).

(2) medium, or those with midrange relative risk characteristics; and (3) low, or those with lower relative risk characteristics. Using this categorization, the OIG then develops audits and evaluations for oversight. This approach has provided audits and evaluations of programs in the four largest bureaus and offices and audits required by specific mandates. However, the length of time between performance audit coverage of the department's programs is not part of the OIG's risk assessment when considering oversight of the economy, efficiency, and effectiveness of the smaller bureaus and offices. Also, smaller programs may not rank high when other risk factors are considered, and there is no rotation policy to ensure that these programs are reviewed periodically.

In the years prior to the 3-year period we reviewed, the Commerce OIG provided periodic evaluations of the department's bureaus and offices with relatively small total budgetary resources to help assess the performance of their programs. However, while similar in purpose to performance audits, evaluations are not specifically required by the IG Act and are not a substitute for audit coverage. In addition, there are fundamental differences in the standards of each that affect the breadth and depth of the reviews. Specifically, the IG Act requires that OIGs, including the Commerce OIG, follow the Comptroller General's *Government Auditing Standards* when performing audits, and to the extent permitted by law and not inconsistent with *Government Auditing Standards*, professional standards developed by CIGIE for evaluations.¹⁹

A fundamental difference between the standards for audits and those for evaluations is the level of detail and requirements for sufficient, appropriate evidence to support findings and conclusions. Performance audits completed under *Government Auditing Standards* by design require more depth in their levels of evidence and documentation supporting the findings than is required for evaluations performed under CIGIE standards, which can lead to differences in the reliability and accuracy of the results. In addition, auditing standards require external quality reviews of audit practices, or peer reviews, on a 3-year cycle by reviewers independent of the OIG. However, neither the CIGIE standards for evaluations nor the Commerce OIG's policies and procedures require such external reviews for evaluations. Without the information provided by

¹⁹GAO, *Government Auditing Standards, 2011 Revision*, [GAO-12-331G](#) (Washington, D.C.: December 2011), and Council of Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation* (Washington, D.C.: January 2012).

periodic audits of the eight smaller bureaus and offices' use of approximately \$2.4 billion in fiscal year 2013 total budgetary resources, any weaknesses in their economy, efficiency, and effectiveness may not be fully known, increasing the risk of fraud, waste, abuse, or mismanagement.

Commerce OIG Did Not Audit Some GAO High-Risk Areas

Since 1990, GAO has reported on government operations designated as high risk because of their greater vulnerabilities to fraud, waste, abuse, and mismanagement. Although Commerce was not identified as having a specific high-risk area, GAO's February 2011 report identified the following five high-risk areas that were applicable government-wide: (1) protecting information systems and cyber critical infrastructures, (2) strategic human capital management, (3) managing federal real property, (4) management of interagency contracting, and (5) ensuring the effective protection of technologies critical to U.S. national security interests.²⁰ GAO's February 2013 high-risk update report continued to identify all these areas as high-risk except for management of interagency contracting, which was removed from the list because of significant progress made by the federal government in reducing the interagency contracting risk that led to GAO's high-risk designation. In addition, GAO added two new high-risk areas that are relevant to Commerce programs: (1) mitigating gaps in weather satellite data and (2) limiting the federal government's fiscal exposure by better managing climate change.²¹ However, not all of the applicable high-risk areas were considered in the Commerce OIG's risk-based planning process and not all of these areas were included in the audit coverage provided during the 3-year period we reviewed, as shown in table 7.

²⁰ [GAO-11-278](#).

²¹ [GAO-13-283](#).

Table 7: Department of Commerce Office of Inspector General Audit Reports That Addressed High-Risk Areas, Fiscal Years 2011 through 2013

High-risk areas	Performance audits of programs	FISMA audits	Recovery Act audits	Total
Protecting the federal government's information systems and the nation's cyber critical infrastructures	0	7	1	8
Strategic human capital management	1	0	0	1
Managing federal real property	0	0	0	0
Management of interagency contracting ^a	0	0	0	0
Ensuring the effective protection of technologies critical to U.S. national security interests ^b	0	0	0	0
Mitigating gaps in weather satellite data (new in 2013)	3	0	0	3
Limiting the federal government's fiscal exposure by better managing climate change risks (new in 2013) ^c	0	0	0	0
Total	4	7	1	12

Legend: Commerce = Department of Commerce; FISMA = Federal Information Security Management Act of 2002; OIG = Office of Inspector General; Recovery Act = American Recovery and Reinvestment Act of 2009.

Source: GAO analysis of Commerce OIG semiannual reports for the 3-year period. | GAO-15-260

Note: The Commerce OIG has identified additional areas of risk through its planning process which include management challenges audited by the OIG.

^aGAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: February 2013), removed management of interagency contracting from the high-risk list.

^bThe OIG issued a performance audit, *BIS Implementation of Export Control Reform Requires Several Improvements to Address Challenges* OIG-14-028-A, on September 4, 2014.

^cThe OIG initiated an audit of climate change risks in fiscal year 2014.

During fiscal years 2011 through 2013, the Commerce OIG conducted mandated FISMA audits that addressed the security of information systems, and a performance audit of Commerce's human capital management. For the high-risk areas added in 2013, the OIG completed audits that addressed satellite data and started an audit in the area of managing climate change during fiscal year 2014. However, the OIG did not conduct audits in the high-risk areas of managing federal real property and ensuring the effective protection of technologies critical to U.S. national security interests during the 3-year period. After this period, the OIG completed an audit related to protecting technologies critical to U.S. national security in fiscal year 2014.

Managing federal real property was not included in the Commerce OIG's audits even though it remains a government-wide high-risk area because

of long-standing problems such as overreliance on leasing, excess and underutilized property, and issues in protecting federal facilities. In addition, Commerce's fiscal year 2013 financial statement audit²² identified the area as having a significant deficiency in internal control and concluded that while the National Oceanic and Atmospheric Administration has recognized the difficulties in accounting for its property and has implemented corrective actions, more improvements and additional oversight and training are needed to strengthen its controls over the significant property investment.²³

Another high-risk area involves U.S. government programs to identify and protect technologies critical to U.S. interests including export control systems for defense articles and services and dual-use items, the Foreign Military Sales program, anti-tamper policies, and reviews of transactions that could result in control of a U.S. business by a foreign person. These programs are administered by multiple federal agencies, including Commerce, with various interests. GAO reported that each program has had its own set of challenges that are largely attributed to poor coordination within complex interagency processes, inefficiencies in program operations, and a lack of systemic evaluations of program effectiveness.²⁴ The Commerce OIG did not provide audit coverage of this high-risk area during the 3-year period we reviewed, but as a result of a congressional request, the OIG completed an audit of the Bureau of Industry and Security's licensing of exports related to these programs in September 2014.²⁵

²²Department of Commerce, *U.S. Department of Commerce Agency Financial Report Fiscal Year 2013*.

²³A significant deficiency is a deficiency, or a combination of deficiencies, in internal control important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

²⁴[GAO-13-283](#).

²⁵Department of Commerce Office of Inspector General, *BIS Implementation of Export Control Reform Requires Several Improvements to Address Challenges*, OIG-14-028-A (Washington, D.C.: Sept. 4, 2014).

The Commerce OIG's Hotline Policies and Procedures Were Generally Consistent with Recommended Practices but Were Not Always Followed

The Commerce OIG's hotline policies and procedures were generally consistent with recommended hotline practices provided through CIGIE. However, our testing of a random sample of OIG hotline cases from fiscal years 2011, 2012, and 2013 identified numerous instances in which OIG staff did not follow the OIG's formal hotline policies and procedures that we selected for review.²⁶ Specifically, the OIG did not always follow its own hotline procedures with respect to (1) proper handling of complaints, (2) assignment of disposition codes, and (3) time frames for processing complaints.

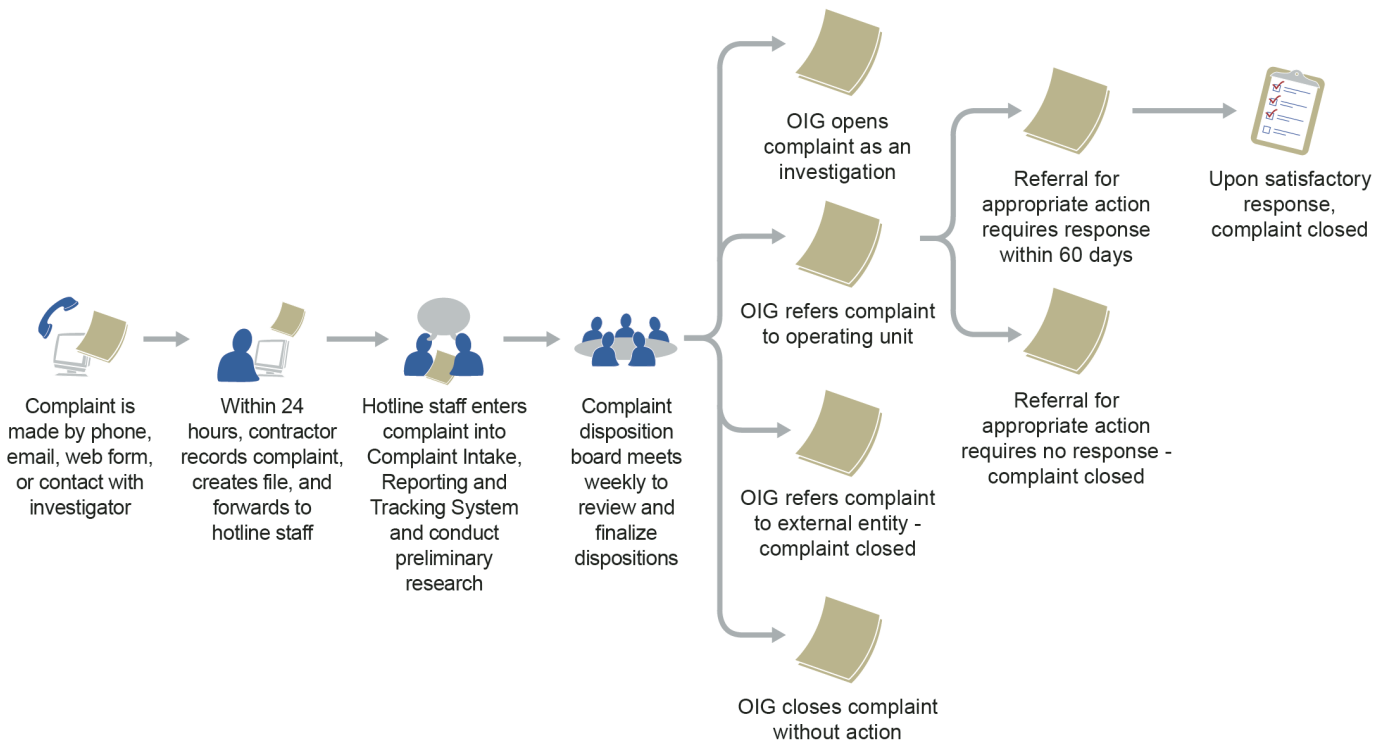
Commerce OIG Hotline Process

The OIG's OI is responsible for all investigations, referrals, and other actions resulting from complaints alleging criminal, civil, or administrative misconduct related to Commerce's programs, funds, and operations. The OIG's Office of Compliance and Ethics is part of OI and is headed by a director who has a hotline staff responsible for the intake, processing, review, and preliminary research of all hotline complaints. In addition, the OIG has a complaint disposition board of OIG management officials and key special agents and investigators that is headed by the IG and determines the disposition of complaints.²⁷ Figure 2 illustrates the OIG's hotline process.

²⁶For each of the 3 fiscal years, we selected a simple random sample of 58 hotline cases. See app. I for more details about the sample selection methodology and the policies and procedures that we selected for review.

²⁷In formal OIG policies from 2009 until March 2011, the Assistant IG for Investigations was responsible for decisions regarding the disposition of complaints. In March 2011, the policies were revised to shift this responsibility to the Director of hotline operations. The first documented disposition board meeting was held on May 10, 2011, although this practice was not reflected in formal policies and procedures until August 2013.

Figure 2: Department of Commerce Office of Inspector General (OIG) Process for Handling Hotline Complaints



Source: GAO analysis of Department of Commerce Office of Inspector General, policies and procedures. | GAO-15-260

Hotline complaints are received in a variety of ways, including through the hotline telephone number, hotline website, e-mail, fax, and letters. Information alleging wrongdoing comes from sources such as Commerce employees and managers, other OIG offices, the Congress, other government agencies and personnel, and the public. All hotline complaints, regardless of their source, are to be received by the contractor that monitors and collects the complaint information and reports it to the hotline staff. The hotline staff is to enter the information from each complaint with a unique sequential case number into the electronic Complaint Intake Reporting and Tracking System and conduct an initial assessment of each incoming complaint. The complaint information and supporting documentation are presented at an IG-led weekly complaint disposition board meeting. The OIG's complaint disposition board meets to determine the disposition of each complaint and to assign a specific code indicating the action to be taken. These disposition codes are listed in table 8. The hotline operation received 831

complaints in fiscal year 2011, 1,300 complaints in fiscal year 2012, and 1,294 complaints in fiscal year 2013.

Table 8: Department of Commerce Office of Inspector General Hotline Disposition Codes and Definitions

Disposition code	Definition of the disposition code
I (M)	Investigation opened by the OIG (or investigation being performed by another entity but being monitored by the OIG)
H	Management matter complaint referred to a Commerce operating unit (response required)
N	Management matter complaint referred to a Commerce operating unit (no response required)
O	Complaint forwarded to an external entity (complaint closed after referral)
Z	Complaint lacks detail for follow-through (complaint closed without action)
U	Complaint not related to Commerce programs, funds, or personnel (complaint closed without action)

Legend: Commerce = Department of Commerce; OIG = Office of Inspector General.

Source: GAO analysis of Commerce OIG's hotline policies and procedures. | GAO-15-260

Commerce OIG's Hotline Policies and Procedures Are Generally Consistent with Recommended Practices

The recommended hotline practices provided through CIGIE contain 10 areas that cover a broad scope of activities. Specifically, the guidance recommends (1) adequate hotline training for staff, (2) consistent handling of complaints, (3) use of technology for processing complaints, (4) analysis of complaints to identify any trends or systemic weaknesses, (5) regular meetings of hotline staff with OIG management, (6) use of a website to receive complaints, (7) educational information about whistleblower protections on the OIG's website, (8) outreach efforts to raise the profile of the hotline with federal employees, (9) participation in forums of hotline operators with other OIGs, and (10) management of the expectations of complainants.

Consistent with the recommended hotline practices, the Commerce OIG developed formal hotline policies and procedures that address the intake, processing, and disposition of hotline complaints; has taken actions to provide investigative training for hotline staff; and makes use of technology to both process complaints and analyze them for emerging trends. The hotline staff shares this information during weekly meetings with OIG senior management to determine the disposition of pending complaints. The OIG has also established a website to receive complaints and provide educational information regarding the hotline, and it conducts outreach efforts throughout Commerce on the use of the hotline and how

to report complaints. In addition, the OIG participates in several working groups and activities sponsored by CIGIE.

Regarding management of the expectations of complainants, during our review the OIG developed a revised hotline policy in August 2013 that included a requirement to notify the complainant of the disposition of the complaint. However, the policy did not specifically require the OIG to inform the complainant whether status updates could be expected. Upon our further discussion with hotline staff, the OIG drafted a set of letters to communicate to complainants whether status updates should be expected to better manage the complainants' expectations.

Commerce OIG's Hotline Staff Did Not Always Follow Formal Policies and Procedures

We reviewed a random sample of 58 hotline cases drawn from each of 3 fiscal years and found that hotline staff often did not adhere to the OIG's formal hotline policies and procedures that we selected for review. Specifically, we estimate that (1) about 76 percent of hotline complaints in fiscal year 2011 had at least one exception to the OIG's hotline policies and procedures,²⁸ (2) about 84 percent of hotline complaints in fiscal year 2012 had at least one exception,²⁹ and (3) about 62 percent of hotline complaints in fiscal year 2013 had at least one exception.³⁰ When projected over all 1,294 complaints received by the OIG in fiscal year 2013, we estimate that about 802 of those hotline complaint cases had one or more inconsistencies with the OIG's hotline policies and procedures that we tested.

The exceptions we identified included the following: (1) unique, sequential case numbers were not assigned to each complaint; (2) disposition codes were not assigned in accordance with written policies; and (3) time frames for processing complaints were not followed by staff receiving complaints. Table 9 shows the estimated percentage of exceptions we found in each of these areas for fiscal years 2011 through 2013.

²⁸The estimate for the 2011 complaints with at least one exception is 75.8 percentage points and the associated 95 percent confidence interval is (63, 86). See app. I for an explanation of a confidence interval.

²⁹The estimate for the 2012 complaints with at least one exception is 84.4 percentage points and the associated 95 percent confidence interval is (73, 93).

³⁰The estimate for the 2013 complaints with at least one exception is 62.0 percentage points and the associated 95 percent confidence interval is (49, 74).

Table 9: Exceptions to Department of Commerce Office of Inspector General Hotline Policies and Procedures, Fiscal Years (FY) 2011 through 2013

Department of Commerce Office of Inspector General's written hotline policies and procedures to which exceptions were found	Estimated percentage of exceptions to policies and procedures by fiscal year (with associated confidence intervals) ^a			Estimated Percentage of exceptions over the 3-year period (with associated confidence intervals)
	FY 2011	FY 2012	FY 2013	Percentage of all 3 years combined
Complaint was not assigned a unique, sequential tracking number (complaint number) upon entry in the Complaint Intake, Reporting and Tracking System	24 (14,37)	0 (0,5)	0 (0,5)	9 (5,14)
Assignment of disposition code was not in accordance with written policy	36 (24,50)	53 (40,66)	12 (5,23)	37 (30,44)
Hotline staff did not enter complaints within specified time frames	16 (8,27)	0 (0,5)	3 (0,12)	7 (3,11)
Complaints did not receive disposition within required number of days	28 (17,41)	47 (34,60)	55 (42,68)	42 (35,49)
Complaints were not referred for action within required number of days after disposition	3 (0,12)	5 (1,14)	3 (0,12)	4 (2,8)

Source: GAO analysis of Department of Commerce Office of Inspector General hotline complaints. | GAO-15-260

^aConfidence intervals are shown at the 95 percent level of confidence. We randomly selected 58 hotline complaints within each fiscal year for a total sample size of 174 cases. See app. I for more details and the definition of a confidence interval.

In testing our 2011 sample, we found exceptions to the Commerce OIG's policy to assign unique, sequential case numbers to hotline complaints. This number is the official means of identifying a case and its corresponding complaint documentation. During 2011, the OIG received a large number of complaints related to sweepstakes scams. Rather than log and dispose of each complaint individually, as called for in the policy, management instructed staff to compile complaints and enter them into the electronic case management system under one overall case number. Based upon our testing, we estimate that 9 percent of the cases from fiscal years 2011 through 2013 were not assigned a unique, sequential case number, contrary to policy.³¹ While the nature of the allegations may have been the same, they were from different complainants with allegations directed at different persons and required unique case numbers. Compiling similar but unique complaints into a single case

³¹See table 9 for the 95 percent confidence interval associated with this estimate.

number inhibits the OIG from efficiently and effectively tracking complaints received by the office and increases the risk that complaints will be handled inconsistently.

Based on our sample selected from the 3 years of hotline complaints, we estimate that about 37 percent of disposition codes were not assigned to complaints in accordance with the definitions in the OIG's hotline policies and procedures in effect at the time. Most, but not all, of the complaints that we identified as having the wrong code assigned were ultimately treated in accordance with the disposition procedures called for in the hotline policies. However, when complaints are not assigned the correct code, the risk that a hotline complaint may not be appropriately referred increases, and the potential exists that wrongdoing associated with complaints may not be fully addressed. To illustrate, one complaint was received from a private citizen who reported the suspected falsification of federal student loan documents. The OIG's hotline review resulted in a decision to assign a disposition code of "U" because the matter was unrelated to Commerce and thus no further action was taken. However, even though the complaint was unrelated to Commerce, enough information was provided for the complaint to have been assigned a code of "O" and forwarded to an external entity or federal agency that manages student loans for possible action, consistent with the OIG's hotline policies. OIG staff stated that during fiscal year 2012 the Assistant IG for Investigations changed the disposition codes and consolidated several codes. This change was abandoned in fiscal year 2013 and was never reflected in written policies because it was determined to have negatively affected the OIG's ability to report hotline complaint information. This change of practice caused many of the exceptions we found related to improper disposition codes in our testing of the 2012 sample. The hotline staff agreed that the disposition codes we identified as exceptions were not assigned in accordance with written policy.

The OIG's hotline policies and procedures in effect at the time of our testing required hotline staff to process complaints within specified time frames to ensure that the complaints were handled timely. After receiving the complaints, hotline staff were to enter them into the electronic case management system within 24 hours and to assign a disposition code to

each case within 5 business days of receipt.³² Cases to be disposed of as a referral required staff to refer each case within 5 business days after determination of its disposition. Over the 3-year period, (1) an estimated 7 percent of cases were not entered within 24 hours, (2) an estimated 42 percent of the complaints were not assigned a disposition code within the required time frames, and (3) an estimated 4 percent of the cases assigned for referral to another Commerce component were not sent within 5 days.³³ The longest period for assigning a disposition code in our sample was 23 days. If complaints are not handled in a timely manner, the hotline operation's effectiveness and efficiency may be diminished.

CIGIE's *Quality Standards for Federal Offices of Inspector General* requires OIGs to establish and implement internal control activities to ensure that their directives are carried out.³⁴ However, while the Commerce OIG has hotline policies and procedures, it has not developed certain internal control activities to help provide reasonable assurance that its own policies and procedures are consistently implemented. Specifically, the OIG does not provide ongoing monitoring of its hotline policies and procedures in the course of normal operations, which is to be performed continually and ingrained in the OIG's operations, to help reasonably assure that those policies and procedures are being followed. The CIGIE standards for monitoring internal controls include self-assessment evaluations, periodic reviews of control design, and direct testing of internal controls.

Because OIGs evaluate how well agency programs and operations are functioning, they have a special responsibility to reasonably assure that their own operations are as effective as possible. Hotline complainants, including whistle-blowers, play an important role in safeguarding the federal government against fraud, waste, and abuse, and their willingness to come forward can contribute to improvements in government operations. Without effective internal control activities for its hotline operations, the Commerce OIG is vulnerable to increased risk that

³²The time frame for logging and disposing of cases by the OIG staff was increased from 5 to 8 business days in the August 2013 revision of the OIG's hotline policies and procedures.

³³See table 9 for the 95 percent confidence intervals associated with these estimates.

³⁴Council of Inspectors General on Integrity and Efficiency, *Quality Standards for Federal Offices of Inspector General* (Washington, D.C.: August 2012).

complaints of fraud, waste, abuse, or mismanagement received through its hotline may not be handled effectively.

Commerce OIG's FEVS Results Have Improved, but Employee Concerns Remain

OPM's FEVS asks questions of federal employees related to specific topic areas, the responses to which determine how well the federal government is managing its human resources and give senior managers employee perspectives on agency management. The surveys for fiscal years 2012 through 2014 included the same 71 questions each year that provide information on employees' views regarding (1) their work experience, (2) their work unit, (3) their agency, (4) their supervisor, (5) leadership, and (6) overall satisfaction. In the 2012 FEVS results, the Commerce OIG employee responses to 43 of 71 survey questions had a higher percentage of negative responses than the government-wide average.³⁵ (See app. III.) The responses for the remaining 28 questions were either at the government-wide average or had lower percentages of negative responses compared to the government-wide average. The Commerce OIG's 2012 FEVS results were used by the Partnership for Public Service to rank the Commerce OIG at 291 out of 292 other subcomponent offices in the federal government.³⁶

Through the National Defense Authorization Act for Fiscal Year 2004, the Congress established a requirement for agencies to annually survey their employees to assess employee satisfaction and employees' views of leadership and management practices.³⁷ The FEVS measures

³⁵Because statistical significance is a function of two things—the size of the difference and the size of the sampled groups being compared—the biggest differences are not always the differences that are significant. Therefore, we estimated the 95 percent confidence intervals around the percentage of negative responses to each question on the FEVS. If the upper bound for the confidence interval around the estimate for the Commerce OIG was below the government-wide average percentage of negative responses, we counted the difference as statistically significant and considered only significant differences in our review. The FEVS has both positive and negative responses. We reviewed the negative responses to better determine whether the Commerce OIG's efforts to address the FEVS results indicated an improvement in these responses.

³⁶The Partnership for Public Service uses FEVS data to provide rankings of the Best Places to Work in the federal government. According to the Partnership for Public Service, the Best Places to Work ranking is based on employee responses to the following three FEVS assessment items: (1) I recommend my organization as a good place to work. (2) Considering everything, how satisfied are you with your job? (3) Considering everything, how satisfied are you with your organization?

³⁷Pub. L. No. 108-136, 117 Stat. 1392, 1641 (Nov. 24, 2003).

employees' perceptions of whether, and to what extent, conditions that characterize successful organizations are present in their agencies. The survey (1) provides general indicators of how well the federal government is running its human resources management systems, (2) serves as a tool for OPM to assess individual agencies and their progress on strategic management of human capital and (3) gives senior managers critical information to assist them in determining what they can do to improve their agency's effectiveness. The FEVS is administered to full-time and part-time, permanent, non-seasonal employees of departments and large agencies, small/independent agencies, and subcomponents of larger agencies, such as the Commerce OIG, that choose to participate in the survey.

As part of the annual requirement to survey their employees, federal agencies are to assess (1) leadership and management practices that contribute to agency performance and (2) employee satisfaction with leadership policies and practices, work environment, rewards and recognition for professional accomplishment and personal contributions to achieving organizational mission, opportunity for professional development and growth, and opportunity to contribute to achieving organizational mission. OPM regulations for implementing the mandatory employee survey prescribe survey questions that must appear on each agency's employee survey. The FEVS is completed annually and includes the same questions each year, but OPM may include agency-specific questions at the request of the agency.

The Commerce OIG made efforts to address the issues identified in the 2012 FEVS results and the FEVS results for it in subsequent years have improved, as did the ranking of the Commerce OIG by the Partnership for Public Service for fiscal years 2013 and 2014. The OIG's 2013 FEVS results had 9 out of 71 survey questions with a higher percentage of negative responses than the government-wide average and the 2014 results had 11 such questions. However, even with these improved FEVS responses, the Partnership for Public Service ranked the Commerce OIG at 281 out of 300 subcomponent agencies in fiscal year 2013 and at 262 out of 315 subcomponent agencies in fiscal year 2014, indicating that OIG employee responses remain significantly more negative than the government-wide average for specific questions.

OPM provides guidance to agencies on how to address the FEVS responses that indicate the need for corrective actions.³⁸ The guidance includes steps to address areas where weaknesses are indicated and develop an action plan with measures of success. These steps direct the agency to (1) identify the issues, (2) set goals, (3) identify staff resources to assist, (4) develop the action plan, (5) implement the action plan, and (6) monitor and evaluate the implementation. The Commerce OIG followed much of the OPM guidance to address the 2012 FEVS results but lacked an action plan with measures of success. Specifically, the OIG evaluated the survey questions to identify issues; set goals that addressed leadership, morale, training, and communication; identified staff to participate in the efforts to address the FEVS responses; and developed 86 recommendations to meet the identified goals. In addition, the OIG took actions to address and monitor the completion of most of the recommendations developed by its staff. However, the OIG did not develop an action plan with measurements to determine whether the employees' concerns were successfully addressed. GAO's prior work has identified attributes relevant to these action plans, including a measurable target—to determine whether performance measures have quantifiable, numerical targets or other measurable values, where appropriate. Action plans with attributes of successful metrics could allow the OIG to better determine whether its goals were successfully met.

Some of the FEVS questions with a higher percentage of negative responses than the government-wide average have particular significance when they occur in an OIG. OIGs have a responsibility to report on current performance and accountability and to foster sound program management to help ensure effective government operations. When an OIG's own operations are not as effective as possible, recommendations to other offices may not be viewed as credible. To illustrate, the responses to the following FEVS questions had a higher percentage of negative responses than the government-wide average for all 3 years we reviewed:

- "My talents are used well in the workplace."
- "I know what to do to be rated higher."
- "I recommend my organization as a good place to work."

³⁸Office of Personnel Management, *Memorandum for Heads of Executive Departments and Agencies, Guide for Interpreting and Acting on Federal Employee Viewpoint Survey Results* (Washington, D.C.: Nov. 23, 2012).

-
- “Considering everything how satisfied are you with your organization?”

Also, in the 2014 FEVS results the OIG employees had a higher percentage of negative responses to the following question: “Prohibited personnel practices are not tolerated.”

Allegations of prohibited personnel practices by the OIG’s senior leadership during fiscal year 2011 were investigated by the Office of Special Counsel (OSC).³⁹ In its September 2013 report, the OSC concluded there was strong evidence of retaliation against OIG employee whistle-blowers by two senior OIG leaders.⁴⁰ These investigative results are even more significant given the Commerce OIG’s role in receiving and processing allegations of prohibited personnel practices and other whistle-blower complaints for the department. The Commerce IG stated that in his opinion, the timing of the investigation and related issues had a significant effect on the FEVS results.

Although there has been improvement, a significant percentage of negative responses to FEVS questions addressing important aspects of good management remain. Without an action plan as recommended by OPM, with measurements of success, the OIG may continue to have responses to FEVS questions that are significantly more negative than the government-wide average. These results could indicate lost productivity and a diminished ability of the office to effectively carry out its statutory duties.

Conclusions

The OIG’s audit oversight resulted in an emphasis on the four Commerce bureaus and programs that have the largest budgets and the Office of the Secretary for department-wide audits, with no performance audit coverage of the economy, efficiency, and effectiveness of the programs specific to the eight smaller bureaus and offices. Because of the significance of the programs in the smaller bureaus and offices, the lack

³⁹OSC investigates allegations of prohibited personnel practices and is authorized to seek corrective action from the Merit Systems Protection Board to remedy abuses of the merit system, and to initiate disciplinary action against civilian government officials who commit prohibited personnel practices.

⁴⁰U.S. Office of Special Counsel, *Report of Prohibited Personnel Practices*, MA-12-464-0 and MA-13-1126 (Washington, D.C.: Sept. 16, 2013).

of performance audit coverage specific to these programs places them at an increased risk of not addressing potential issues of economy, efficiency, and effectiveness in handling the taxpayer dollars they receive. The OIG's planning for audit coverage is based on risk and considers a number of factors to determine the extent of its audits and evaluations. However, the OIG does not consider the length of time that has passed since the programs specific to the bureaus and offices last received performance audits addressing their economy, efficiency, and effectiveness. In addition, the OIG's audit plans did not fully consider all GAO high-risk areas applicable to Commerce, which resulted in areas that were not subject to audit.

The OIG lacks certain effective internal control activities for its hotline operation, which made the hotline vulnerable to inconsistent and ineffective management. Because OIGs evaluate how well agency programs and operations are functioning, they have a special responsibility to provide reasonable assurance that their own operations are as effective as possible. However, without effective monitoring of internal controls for its hotline operations, the OIG has limited assurance that its hotline policies and procedures will be consistently followed and that the complaints received by the hotline will be handled effectively.

The OIG's FEVS results improved during fiscal years 2013 and 2014, but the remaining FEVS questions with a higher percentage of negative responses than the government-wide average indicate that employee concerns continue and indicate the potential for limited OIG effectiveness. The OIG has taken steps to address the FEVS responses of its employees in past years that are mostly consistent with OPM guidance. However, the OIG did not develop an action plan with measures of success to reasonably assure that employee concerns are effectively addressed.

Recommendations for Executive Action

To provide increased performance audit coverage of Commerce's bureaus and offices, the Commerce IG should augment the OIG's risk-based audit planning process to consider (1) a rotation of performance audit coverage among the smaller bureaus and offices to help ensure that the economy, efficiency, and effectiveness of their programs are periodically reviewed and (2) all applicable high-risk areas identified by GAO.

To provide reasonable assurance that written hotline policies and procedures are consistently followed and complaints are handled

effectively, the Commerce IG should enhance the existing internal control activities for the OIG's hotline operations through monitoring, including self-assessment evaluations conducted by the hotline unit of itself, periodic reviews of control design, and direct testing of internal controls.

To reasonably assure that the concerns of OIG employees expressed in their FEVS responses are effectively addressed, the Commerce IG should develop an action plan that includes measures of success.

Agency Comments

We provided a draft of this report to the Commerce IG for comment. In his written comments, reproduced in appendix IV, the Commerce IG concurred with our recommendations and discussed actions the OIG has planned or started to address them. In addition, the OIG provided technical comments, which we incorporated as appropriate. The IG stated that the OIG's fiscal year 2016 risk assessment is under way and the OIG is considering performance audit coverage issues with respect to Commerce's smaller bureaus and operating units. The IG also stated that the OIG is developing a quality assurance program that will address self-assessments, reviews of the controls of the hotline operations, and periodic tests of those controls. In addition, the IG stated that after the results of the next FEVS are released, the OIG will develop an updated action plan that includes metrics designed to measure success.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees; Inspector General of the Department of Commerce; Secretary of Commerce; Deputy Director for Management, Office of Management and Budget; and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2623 or davisbh@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members who made key contributions to this report are listed in appendix V.

A handwritten signature in cursive script that reads "Beryl H. Davis".

Beryl H. Davis
Director
Financial Management and Assurance

List of Requesters

The Honorable Fred Upton
Chairman
The Honorable Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce
House of Representatives

The Honorable Tim Murphy
Chairman
The Honorable Diana DeGette
Ranking Member
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
House of Representatives

The Honorable Eddie Bernice Johnson
Ranking Member
Committee on Science, Space, and Technology
House of Representatives

The Honorable Suzanne Bonamici
Ranking Member
Subcommittee on Environment
Committee on Science, Space, and Technology
House of Representatives

The Honorable Frederica Wilson
House of Representatives

Appendix I: Scope and Methodology

To provide information on the budget, staff resources, and accomplishments of the Department of Commerce (Commerce) Office of Inspector General (OIG) and the other cabinet-level OIGs, we obtained access to the Office of Management and Budget database of budget information for fiscal years 2011 through 2013 for comparison among these OIGs. We also obtained information on the monetary results from audits, evaluations, and investigations as reported by the Commerce OIG and the other cabinet-level OIGs in semiannual reports to the Congress for the 3-year period. We calculated a rate of return on the Commerce OIG's budgets by dividing the reported monetary accomplishments into the OIG's total budgetary resources for each of the 3 years. We also calculated the average overall rate of return of the other cabinet-level OIGs and compared their average results to those of the Commerce OIG for the same 3-year period.

We reviewed the OIG's effectiveness in providing audit oversight coverage of Commerce from fiscal years 2011 through 2013 by identifying the audits, evaluations, and other activities reported by the OIG in its semiannual reports for the 3-year period. We compared the OIG's audit reports to the (1) management challenges at Commerce identified by the Commerce OIG and reported in the department's annual performance and accountability reports, (2) bureaus and offices identified by the OIG's semiannual reports that administer Commerce's major programs and activities, and (3) Commerce-related high-risk areas identified by GAO and reported in updates to our high-risk series. We also reviewed the Commerce OIG's planning documents to determine how the OIG selects the areas to review in providing OIG oversight of Commerce's programs and activities. Specifically, we reviewed audit and evaluation plans for fiscal years 2011 through 2013, OIG risk assessments of Commerce's programs and offices, and the OIG's strategic (action) plans. We relied on information reported in the OIG's semiannual reports to determine the oversight coverage and accomplishments. To verify the reliability of these data, we obtained all 90 Office of Audit and Evaluation's reports for the 3-year period and compared the reported results with the information in the semiannual reports. We also identified the statement of quality used by the OIG in each report, which attests to the accuracy of the information. In addition, we obtained an understanding of the OIG's internal process to help ensure that the semiannual report information is accurate. Based on our procedures, we concluded that these data were reliable enough for the purposes of this report.

To review the effectiveness of the Commerce OIG in addressing complaints and allegations of wrongdoing received by its hotline during fiscal years 2011 through 2013, we compared the OIG's policies and procedures with recommended hotline practices provided through the Council of Inspectors General on Integrity and Efficiency. We also interviewed hotline staff to determine the OIG's internal control process for ensuring that its hotline policies and procedures were followed. In addition, we selected a random sample of closed hotline complaints received by the OIG for each fiscal year of the 3-year period and determined the extent to which the OIG followed its own policies and procedures. We selected for review relevant OIG hotline policies and procedures that we determined could have a bearing on the effectiveness of the hotline operations and could be verified. For example, we tested controls involved in the receipt, disposition, and processing of complaints, such as assigning unique numeric identifiers, sufficiency of supporting case file documentation, and timeliness of the disposition of complaints.

To test the implementation of procedures that differed in each year, we selected samples from fiscal years 2011, 2012, and 2013. Specifically, we selected a simple random sample of 58 individual hotline complaints in each of the 3 fiscal years. Each sample was designed so that if we found 0 exceptions in our review, the estimated exception rate for that fiscal year would be below a tolerable error of 5 percent at the 95 percent level of confidence. For example, if we did not identify any exceptions in our testing for a particular procedure, in a given year, then our conclusion would be that the OIG's implementation was effective for that procedure. Because we followed a probability procedure based on random selections, each sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval (e.g., plus or minus 7 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn.

To review the Commerce OIG's effectiveness in addressing issues identified by the OIG and based on its employees' responses to the Office of Personnel Management's (OPM) annual Federal Employee Viewpoint Survey (FEVS), we obtained the Commerce OIG survey responses to the 71 questions from OPM for fiscal years 2012, 2013, and 2014 that addressed the employees' work experience, work unit, agency, supervisors, leadership, and satisfaction. Additional survey questions that addressed work/life programs, including telework, and demographics were not included in our review because we focused on the effectiveness

of the OIG's operations related to audits, evaluations, and other oversight efforts. The FEVS results include response percentages for each survey question. The definitions for the positive, neutral, and negative response percentages vary in the following ways across the three primary response scales used in the survey:

Positive:	Strongly Agree and Agree/Very Satisfied and Satisfied/Very Good and Good;
Neutral:	Neither Agree nor Disagree/Neither Satisfied nor Dissatisfied/Fair;
Negative:	Disagree and Strongly Disagree/Dissatisfied and Very Dissatisfied/Poor and Very Poor.

We estimated the 95 percent confidence intervals around the percentage of negative responses to each question in the Commerce OIG FEVS data. We then analyzed the data by comparing the Commerce OIG survey response estimates with the government-wide average percentage of negative responses for all 71 survey questions in each year. If the upper bound for the confidence interval around the estimate for the Commerce OIG was below the government-wide average percentage of negative responses, we counted the difference as statistically significant. We summarized the areas of reported weakness as indicated by OIG employees' estimated percentage of negative responses that were statistically higher than the government-wide averages. To review the actions taken by the OIG to address the fiscal year 2012 FEVS results, we obtained internal communications and interviewed OIG management officials. In addition, we obtained and analyzed the products of OIG working groups established to identify and correct the weaknesses indicated by the fiscal year 2012 survey and compared the OIG's actions with OPM guidance.

Appendix II: Department of Commerce Bureaus and Offices, Functions, and Fiscal Year 2013 Total Budgetary Resources

Dollars in millions		
Commerce bureaus and offices	Total budgetary resources	Functions and responsibilities
National Telecommunications and Information Administration	\$9,157	Develops domestic and international telecommunications and information policy for the executive branch; ensures the efficient and effective management and use of the federal radio spectrum; and performs telecommunications research, engineering, and planning.
National Oceanic and Atmospheric Administration	5,926	Promotes environmental stewardship through (1) the National Ocean Service; (2) the National Marine Fisheries Service; (3) the Office of Oceanic and Atmospheric Research; (4) the National Weather Service; (5) the National Environmental Satellite, Data and Information Service; and (6) Program Support.
U.S. Patent And Trademark Office	2,931	Provides examinations of patent and trademark applications and guides domestic and international intellectual property policy and encourages innovation and scientific and technical advancement of U.S. industry through the preservation, classification, and dissemination of patent and trademark information.
U.S. Census Bureau	1,905	Provides benchmark measures of the U.S. population, economy, and governments and provides current measures of the U.S. population, economy, and governments. The bureau's cyclical programs include the Economic Census and the Census of Governments, conducted every 5 years, and the Decennial Census program, conducted every 10 years.
Subtotal of the 4 largest bureaus and offices	\$19,919	
National Institute of Standards and Technology	\$1,112	Promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that improve economic security and quality of life. Develops and disseminates measurement techniques, reference data, test methods, standards, and other technologies and services needed by U.S. industry to compete in the 21st century.
International Trade Administration	495	Creates prosperity by promoting trade and investment, ensuring fair trade and compliance with trade laws and agreements, and strengthening the competitiveness of U.S. industry.
Economic Development Administration	456	Supports the department's goal to maximize U.S. competitiveness and enable economic growth for U.S. industries, workers, and consumers with the objective to foster domestic economic development as well as export opportunities.
Bureau of Industry and Security	107	Advances U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and by promoting continued U.S. strategic technology leadership.
Economic and Statistics Administration Bureau of Economic Analysis	101	Comprising the Census Bureau and the Bureau of Economic Analysis, provides decision makers with timely, relevant, and accurate economic and statistical information related to the U.S. economy and population. ^a
National Technical Information Service	85	Collects and preserves scientific, technical, engineering, and other business-related information from federal and international sources, and disseminates it to the U.S. business and industrial research communities.

**Appendix II: Department of Commerce
Bureaus and Offices, Functions, and Fiscal
Year 2013 Total Budgetary Resources**

Dollars in millions

Commerce bureaus and offices	Total budgetary resources	Functions and responsibilities
Minority Business Development Agency	28	Promotes the ability of minority business enterprises to grow and to participate in the global economy through a range of activities that include funding a network of centers that provide these businesses a variety of business assistance services.
Subtotal of the 8 smallest bureaus and offices	\$2,384	
Department Management Office of the Secretary	\$320	Develops and implements policy affecting U.S. and international activities as well as internal goals and operations of the department.
Office of Inspector General	41	Provides independent oversight of the department's bureaus, offices, and programs.
Subtotal of other offices	\$361	
Total	\$22,664	

Legend: OIG = Office of Inspector General; OMB = Office of Management and Budget.

Source: GAO analysis of the OMB budget database information and the Department of Commerce's 2013 performance and accountability report. | GAO-15-260

Note: GAO analysis of OIG audit coverage with shaded areas indicating bureaus and offices receiving either limited or no audit coverage during fiscal years 2011 through 2013.

^aThe OMB budget database reports the total budgetary resources of the Bureau of Economic Analysis as part of the total budgetary resources of the Economic and Statistics Administration. The Census Bureau budget is reported separately.

Appendix III: FEVS Questions and OIG Employee Responses That Were Significantly More Negative Than the Government-Wide Average, Fiscal Years 2012 through 2014

FEVS questions		FEVS questions with significantly negative OIG employee responses indicated by "X"		
		2012	2013	2014
1	Opportunity to improve skills	X		
2	Enough information to do my job well	X		X
3	Encouraged to come up with better ways of doing things	X		
4	Work gives a feeling of personal accomplishment	X		X
5	I like the kind of work I do	X		X
6	I know what is expected of me on the job	X		X
7	When needed, I am willing to put in the extra effort			
8	I am constantly looking for ways to do my job better			
9	I have sufficient resources to do my job	X		
10	My workload is reasonable			
11	My talents are used well in the workplace	X	X	X
12	I know how my work related to the agency's goals and priorities	X		
13	The work I do is important	X		
14	Physical conditions allow employees to perform well			
15	My performance appraisal is a fair reflection of my performance	X		
16	I am held accountable for achieving results	X		
17	I can disclose suspected violation of law without fear of reprisal	X	X	
18	My training needs are assessed	X		
19	I understood what to do to be rated higher	X	X	X
20	The people I work with cooperate to get the job done			
21	My work unit is able to recruit people with the right skills	X		
22	Promotions in my work unit are based on merit			
23	In my work unit, steps are taken to deal with poor performers			
24	In my work unit, differences in performance are recognized			
25	Awards in my work unit depend on performance	X		
26	Employees in my work unit share job knowledge with each other			
27	The skill level in my work unit has improved	X		
28	Quality of work done by your unit	X		
29	Workforce has knowledge and skills to accomplish goals	X		
30	Employees have personal empowerment with work processes	X	X	
31	Employees are recognized for providing quality products	X		
32	Creativity and innovation are rewarded	X		

**Appendix III: FEVS Questions and OIG
Employee Responses That Were Significantly
More Negative Than the Government-Wide
Average, Fiscal Years 2012 through 2014**

FEVS questions		FEVS questions with significantly negative OIG employee responses indicated by "X"		
		2012	2013	2014
33	Pay raises depend on performance			
34	Policies and programs promote diversity	X		
35	Employees are protected from health and safety hazards			
36	Organization has prepared employees for security threats			
37	Arbitrary action, personal favoritism, and coercion are not tolerated	X		
38	Prohibited personnel practices are not tolerated			X
39	My agency accomplishes its mission	X	X	
40	I recommend my organization as a good place to work	X	X	X
41	Results of this survey will be used to improve my agency	X		
42	My supervisor supports work-life issues			
43	My supervisor provides opportunities for leadership			
44	Discussions with my supervisor about performance are worthwhile			X
45	My supervisor is committed to workforce representation			
46	My supervisor provides me with constructive suggestions			
47	Supervisor supports employee development			
48	My supervisor listens to what I say			
49	My supervisor treats me with respect			
50	My supervisor has talked to me about my performance			
51	I have trust and confidence in my supervisor			
52	Overall, job done by your supervisor			
53	Leaders generate high levels of motivation and commitment	X		
54	Leaders maintain high standards of honesty and integrity	X		
55	Managers work with employees of different backgrounds	X		
56	Managers communicate goals and priorities of the organization	X		
57	Managers review organization's progress in meeting goals			
58	Managers promote communication among different units	X		
59	Managers support collaboration across work units			
60	Job done by the manager above your supervisor	X		
61	I have respect for my organization's senior leaders	X	X	
62	Senior leaders support work-life programs	X		
63	How satisfied with your involvement in decisions on your work	X	X	
64	Satisfied in information received from management	X		
65	Satisfied with recognition on doing a good job			
66	Satisfied with policies and practices of senior leaders	X		
67	Satisfied with opportunity to get better position	X		

**Appendix III: FEVS Questions and OIG
Employee Responses That Were Significantly
More Negative Than the Government-Wide
Average, Fiscal Years 2012 through 2014**

FEVS questions		FEVS questions with significantly negative OIG employee responses indicated by "X"		
		2012	2013	2014
68	Satisfied with training	X		
69	Satisfied with your job	X		X
70	Satisfied with your pay			
71	Satisfied with your organization	X	X	X
Total		43	9	11

Legend: FEVS = Federal Employee Viewpoint Survey; OIG = Office of Inspector General.

Source: GAO analysis of FEVS results for fiscal years 2012 through 2014. | GAO-15-260

Appendix IV: Comments from the Department of Commerce Inspector General



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

May 14, 2015

Beryl H. Davis
Director
Government Accountability Office
Financial Management and Assurance
441 G St NW
Washington, DC 20548

Dear Ms. Davis:

Thank you for the opportunity to respond to the Government Accountability Office's draft report GAO-15-260, *Additional Efforts Needed by the Department of Commerce OIG to Address Audit Coverage, Hotline Operations, and Employee Concerns*.

We are pleased that the draft report affirms that, during fiscal years (FYs) 2011–2013, the Department of Commerce Office of Inspector General (OIG) conducted mandatory audits that covered all bureaus and offices, provided performance audit coverage of the Department's largest bureaus and offices, and audited areas identified by OIG as management challenges. The report also states that OIG's hotline policies and procedures were generally consistent with recommended hotline practices provided through the Council of Inspectors General on Integrity and Efficiency. Regarding OIG's Federal Employee Viewpoint Survey (FEVS) results, the report notes that OIG's efforts followed much of the guidance issued by the Office of Personnel Management to address FEVS results. Finally, the draft report also noted OIG's improved FEVS results from 2012 to 2014.

Further—according to an analysis of FEVS results conducted by the Partnership for Public Service's "2014 Best Places to Work in the Federal Government" rankings—OIG ranks as the 29th best agency subcomponent in terms of strategic management¹ and the 65th most innovative place to work² out of 314 agency subcomponents.

¹ See Partnership for Public Service. *2014 Best Places to Work in the Federal Government* [online]. <http://bestplacetowork.org/BPTW/rankings/demographics/sub/management> (accessed May 13, 2015).

² See Partnership for Public Service. *2014 Best Places to Work in the Federal Government* [online]. <http://bestplacetowork.org/BPTW/rankings/demographics/sub/innovation> (accessed May 13, 2015).



Regarding GAO's recommendations for executive action:

1. *To provide increased performance audit coverage of the Department of Commerce's bureaus and offices, the OIG should augment its risk-based planning process to consider (1) a rotation of performance audit coverage among the smaller bureaus and offices to help ensure that the economy, efficiency, and effectiveness of their programs are periodically reviewed, and (2) all high-risk areas identified by GAO that are applicable to its programs.*

OIG concurs. Our FY 2016 risk assessment is underway, and we are considering performance audit coverage issues with respect to smaller bureaus and operating units.

2. *To provide reasonable assurance that written hotline policies and procedures are consistently followed and complaints are handled effectively, the Commerce OIG should enhance its existing internal control activities for its hotline operations through monitoring, to include self-assessment evaluations conducted by the hotline unit of itself, periodic reviews of control design, and direct testing of internal controls.*

OIG concurs. We are developing a quality assurance program that will address self-assessments, reviews of the controls of our hotline operations, and periodic tests of those controls.

3. *To reasonably assure that the Commerce OIG is effectively addressing the concerns of OIG employees expressed in their FEVS responses, the Commerce OIG should develop an action plan that includes measures of success.*

OIG concurs. Subsequent to the release of the next FEVS results, we will develop an updated action plan that includes metrics designed to measure success.

Thank you for the opportunity to provide comments. If you have any questions or comments, please feel free to call me at (202) 482-4661 or Andrew Katsaros, Principal Assistant Inspector General for Audit and Evaluation, at (202) 482-7859.

Sincerely,



Todd J. Zinser

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Beryl H. Davis, (202) 512-2623 or davisbh@gao.gov

Staff Acknowledgments

In addition to the contact named above, Jackson Hufnagle (Assistant Director), Carl Barden, Lisa Boren, Nadine Ferreira, Jacquelyn Hamilton, Althea Sprosta, Taya Tasse, and Clarence Whitt made key contributions to this report.

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