

Semiannual Report to the Congress

October 1, 2005 through March 31, 2006



UNITED STATES
GOVERNMENT
PRINTING OFFICE



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OFFICE OF THE INSPECTOR GENERAL

The U.S. Government Printing Office

For well over a century, the mission of the U.S. Government Printing Office (GPO) under the Public Printing and Documents statutes of Title 44, U.S. Code, has been to fulfill the needs of the Federal Government for information products and to distribute those products to the public. The GPO is the Federal Government's primary centralized resource for gathering, cataloging, producing, providing, authenticating, and preserving published U.S. Government information in all its forms. GPO is responsible for the production and distribution of information products and services for all three branches of the Federal Government.

Under the Federal Depository Library Program, GPO distributes a broad spectrum of Government publications in print and online formats to more than 1,250 public, academic, law, and other libraries across the country. In addition, GPO provides public access to official Federal Government information through public sales and other programs, and, most prominently, by posting more than a quarter of a million Government titles online through GPO Access (www.gpoaccess.gov).

Today, many documents no longer require typesetting, printing, or binding and there is no tangible document to make its way to library shelves or to be preserved for the future. This evolution of document creation and dissemination has provided GPO with a significant challenge to its future relevance and viability. GPO is meeting this challenge by transforming into an entity capable of delivering Federal information products and services from a flexible digital platform. While the introduction of digital technology may change the way GPO's products and services will be created and how they will look and function, GPO will continue to satisfy the Government's changing information requirements, and accomplish its mission of *Keeping America Informed*.

The Office of the Inspector General

The Office of the Inspector General (OIG) was created by the Government Printing Office Inspector General Act of 1988, Title II of Public Law 100-504 (October 18, 1988). The mission of the GPO OIG is to provide leadership and coordination, and to recommend policies to prevent and detect fraud, waste, abuse and mismanagement, as well as to promote economy, efficiency, and effectiveness in GPO's programs and operations. The OIG offers an independent and objective means of keeping the Public Printer and the Congress fully informed about problems and deficiencies, as well as positive developments, relating to the administration and operations of the GPO. To meet these responsibilities, the OIG conducts audits, evaluations, investigations, inspections, and other reviews. The OIG is dedicated to acting as an agent of positive change to help the GPO improve its efficiency and effectiveness as it undertakes its unprecedented transformation.

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Message from the Inspector General



The past six months saw a significant increase in the volume, complexity, and quality of our work as we continued to focus our attention on those matters that have been identified as high priorities for the GPO.

This semiannual report summarizes the work of the United States Government Printing Office (GPO) Office of Inspector General (OIG) from October 1, 2005 through March 31, 2006. The audits, inspections, investigations, and other activities highlighted in this report demonstrate our continuing commitment to the promotion of integrity, accountability, efficiency, and effectiveness in the programs and operations of the GPO.

The past six months saw a significant increase in the volume, complexity, and quality of our work as we continued to focus our attention on those matters that have been identified as high priorities for the GPO. As the Public Printer and his management team work to transform the Agency from a 19th century printing facility to a 21st century information processing and disseminating operation, the GPO has become significantly more complex in terms of its business processes and information technology systems and infrastructures. As a result, the OIG has been forced to become more sophisticated in both its capabilities and its focus. This evolution is apparent in the type of work completed during this reporting period, including an assessment of GPO's network vulnerabilities, a review of GPO's Oracle Program implementation, and other reviews of GPO's information technology systems.

In addition to taking on increasingly sophisticated challenges, the OIG continues to conduct audits and inspections on programs and systems that, while not exceptionally complex, are nevertheless important as potential sources of significant fraud and must, therefore, be periodically monitored. For example, during this period, we completed an audit of the Agency's purchase card program resulting in a report which contained several recommendations to improve management controls. We also completed an evaluation of GPO's Continuity of Operations Plan, finding significant shortcomings and offering several recommendations for improvement.

This period also saw a high level of activity in the investigative arena including the referral of four matters to the U.S. Department of Justice, the issuance of several administrative subpoenas, and other significant progress in a number of important cases. The OIG continued to work closely with other law enforcement agencies and the U.S. Attorneys on a wide range of investigations of importance to the GPO.

In our last semiannual report, we included, for the first time, a list of GPO Management Challenges. We have identified these issues as the most important to the Agency's future success and the realization of the Public Printer's Strategic Vision for the 21st Century. This report continues a discussion of these challenges and evaluates the Agency's ongoing efforts to meet them.

Finally, I want to express my gratitude to the entire OIG staff and especially those members of our team who were recognized by the entire federal OIG community with awards for excellence at the recent annual PCIE/ECIE awards ceremony. These talented and dedicated public servants work diligently to accomplish the OIG's critical mission and their work not only improves the GPO, but benefits all Americans.

A handwritten signature in black ink, appearing to read "GAB", written over a light gray background.

Gregory A. Brower
INSPECTOR GENERAL
U.S. Government Printing Office

GOVERNMENT PRINTING OFFICE

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Highlights of this Semiannual Report

During this reporting period, the OIG continued to direct its resources to address those areas of greatest risk within GPO. We provided a variety of services, including program and financial audits, inspections and assessments of key operations, and investigative activity resulting in criminal and administrative actions. We also continued to provide general and professional assistance and reviews of proposed legislation and regulations. The work of each of the OIG's components is briefly summarized below.

The *Office of Audits and Inspections (OAI)* issued four reports with a total of 44 recommendations for further improvements and efficiencies in GPO activities and operations. The OAI also continued to work jointly with GPO management to close open recommendations from previous reporting periods. In addition, the OAI collaborated with GPO management to competitively award a new contract to an independent public accounting firm to perform the GPO's annual financial statement audit.

The *Office of Investigations (OI)* opened 25 new investigative cases in response to 220 new complaints or allegations, and closed 17 matters. The OI also began developing a proactive investigative plan to analyze, identify, and investigate allegations of fraud in the GPO's printing procurement program. Through its investigative efforts during this period, the OI recovered a total of \$4,644 and helped GPO realize cost savings of approximately \$500,000 through the successful investigation of workers' compensation fraud.

The *Office of Administration/Legal Counsel (OALC)* managed all of the OIG's budget and human resources needs including the hiring of a new Deputy Assistant Inspector General for Audits and Inspections. The OALC also provided legal advice and counsel on issues arising during the course of audits, inspections, and investigations, including opinions regarding legal accuracy and sufficiency of OIG reports. Additionally, the OALC reviewed 12 administrative subpoenas issued during this reporting period, and provided the U.S. Department of Justice with draft pleadings in response to challenges to two subpoenas issued under the Right to Financial Privacy Act. The OALC also served as the OIG's liaison to the GPO General Counsel and to the Office of the Chief of Staff on a variety of matters.

OIG Management Initiatives

OIG Reorganization

As a result of a successful strategic planning process in FY 05, the OIG realigned its operations at the beginning of this reporting period. The Office of Inspections, previously combined with the Office of Administration, has been merged with the Office of Audits to form the new Office of Audits and Inspections. The new Office of Administration/Legal Counsel (OALC) will continue to handle all OIG administrative matters, including human capital, budget, purchasing, information technology, and general office policy and planning, as well as all OIG legal issues. The OALC will be led by the Assistant Inspector General for Administration who also serves as Counsel to the Inspector General.

Personnel Update

The OIG team added a new member, G. Brent Melson, in December. Mr. Melson serves as the Deputy Assistant Inspector General for Audits and Inspections and will assist

the Assistant Inspector General for Audits and Inspections with the planning and execution of all audits and reviews and will play a key role in both strategic planning as well as the daily management and operation of all of the OIG's audit and inspection activities. He brings more than 20 years of audit experience to GPO, including 15 years as a senior manager with the NASA OIG.

Executive Council on Integrity and Efficiency

The President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) were established by Executive Order 12805, May 11, 1992, to coordinate and enhance governmental efforts to promote integrity and efficiency and to detect and prevent fraud, waste, and abuse in Federal programs. The PCIE is primarily comprised of Inspectors General (IGs) appointed by the President and the ECIE is primarily comprised of IGs appointed by agency directors. The GPO OIG is a member of the ECIE.

In October, the PCIE/ECIE held its 8th annual awards ceremony. This ceremony recognizes outstanding individual and team accomplishments from within the federal OIG community during the preceding 12 months. At the most recent ceremony, several GPO OIG professionals were recognized. David Schaub, Supervisory Auditor, and Allyson Brown, Auditor, each received an Award for Excellence for their work in identifying recoveries of nearly \$3.3 million inappropriately charged back by customer agencies using an intra-government payment and collection

system. Sonja Scott, Special Agent, received an Award for Excellence for her work investigating workers' compensation fraud. David Kennedy and Walter Martin, Special Agents, each received an Award for Excellence for identifying several million dollars in potentially fraudulent claims by a GPO contractor. Kevin Kaporch, former Deputy Assistant Inspector General for Administration and Inspections, received an Award for Excellence for identifying serious product integrity concerns associated with the procurement of security design services for the new biometric passport. Finally, J. Anthony Ogden, then Assistant Inspector General for Administration and Inspections, Kevin Kaporch, then Deputy AIG for Administration and Inspections, and Corey Morris, Management and Program Analyst, each received an Award for Excellence for their contributions to reports related to the security and product integrity of United States passports produced by the Government Printing Office.

PCIE/ECIE Award for Excellence



ECIE Vice Chairman Barry Snyder presents a PCIE/ECIE Award for Excellence to OIG Special Agent Sonja Scott.



Former OIG Deputy Assistant IG for Inspections Kevin Kaporch and Program Analyst Corey Morris receive a PCIE/ECIE Award for Excellence from ECIE Vice Chairman Barry Snyder.

Review of Legislation and Regulations

The OIG, in fulfilling its obligations under the Inspector General Act of 1978, is responsible for reviewing existing and proposed legislation and regulations relating to programs and operations of the GPO and to make recommendations in its semiannual reports concerning the impact of such legislation or regulations on the economy and efficiency of programs and operations administered or financed by GPO. We will continue to play an active role in this area in an effort to assist the Agency achieve its goals.

During this reporting period, there were no legislative proposals relating to GPO programs and operations.

GPO Management Challenges

As the GPO transforms, Agency management continues to confront a variety of substantial and difficult issues that will have an impact on a successful transformation. In our last semi-annual report, the OIG identified what we believe to be GPO's top ten management challenges. While management has made progress in meeting a number of of these challenges, much work remains to be done. In this report, we offer an updated list of these challenges and opine as to management's progress to date. As we observed previously, these are the issues which are most likely to hamper GPO's transformation efforts if not addressed with elevated levels of attention and resources.

1. Strategic Planning. In order to realize and sustain GPO's Vision, each individual business unit within the Agency must develop and implement its own clear and succinct strategic plan that is fully aligned with GPO's Strategic Vision for the 21st Century. Business unit plans that cascade goals and objectives down from the Agency's plan will help achieve employee buy-in and ensure that that GPO's transformation efforts stay on track. Until each business unit within GPO has articulated a clear strategic

plan of its own, it will be very difficult, if not impossible, for senior management to determine whether or not the various business units are working together toward a common strategic goal.

2. Management of Human Capital. As GPO seeks to "rightsize" the overall Agency workforce while also attempting to attract new employees who possess the right skill-sets for the new GPO, the Agency's human capital operation will face unprecedented challenges. Led by the Chief Human Capital Officer, the Agency must develop and implement a comprehensive plan to effectively deal with the myriad issues that will likely arise as the GPO workforce evolves. One of these issues is telework. In the wake of a Congressional mandate to promote telework by federal employees, the General Services Administration (GSA) recently promulgated guidelines designed to guide agencies as they implement their respective programs. Although these guidelines are technically not applicable to Legislative Branch agencies, GPO management has indicated that telework should be utilized to the extent possible and the Agency has begun to develop such a program. It is critical that GPO successfully implement a telework program as it competes with other government agencies and the private sector for desired talent, and attempts to address critical continuity of operations issues.

3. Improved Financial Management. GPO has begun migrating current business, operational, and financial systems, including associated work processes, to an integrated system of Oracle enterprise software and applications. The new system will provide GPO with integrated and flexible tools to successfully support business growth and customer technology requirements for products and services. The GPO Oracle Program was created to oversee and support this complex effort. Investment in the integrated system presents both great opportunities for

enhanced efficiency and cost savings, and significant risk in the event the system does not meet user requirements. GPO must ensure that the implementation is accomplished on time, within budget, and with a satisfactory result.

4. Continuity of Operations (COOP). A recent OIG review of GPO's COOP planning revealed that the Agency may not be adequately prepared to effectively deal with a significant event such as a natural or man-made disaster. Our report included several recommendations including, most fundamentally, that GPO adopt the planning requirements and critical elements identified in Federal Preparedness Circular (FPC) 65. GPO management must address this problem if it is to be able to continue its essential functions and resume normal operations within a timeframe that is acceptable to its customers and business partners.

5. Internal Controls. GPO management is responsible for establishing and maintaining a system of internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. An OIG audit of GPO Purchase Card Program Management Controls during this reporting period found that management controls over access to and use of purchase cards need strengthening to ensure that purchase cards are used in an efficient and cost-effective manner and in compliance with applicable federal policies and procedures. The OIG made recommendations to improve management controls over the Purchase Card Program and also to ensure that purchase cards are used in compliance with applicable laws, regulations, policies and procedures. GPO management has recognized the need to improve the current internal control environment if the Agency is to successfully implement its strategic vision and has planned future initiatives in this area.

6. Security and Intelligent Documents (SID). SID is considered by management to be the most important business unit for the future of GPO. SID must continue its customer outreach and business development to realize the full potential of this significant revenue source. Additionally, issues related to the production and transportation of blank passports continue to be a concern to the OIG and must be a priority for GPO management. These issues include finalizing a Memorandum of Understanding with the U.S. Department of State, overall product security, privacy and security concerns related to the electronic passport, inventory volume and storage of blank passport books, and planning for a secondary passport production facility. Each of these issues must be addressed if GPO is to maintain its role as *the* source for U.S. passport production.

7. New Facility. GPO management believes that the current GPO facility is too large and antiquated, and requires an extraordinary amount of financial resources for operation and maintenance. The Agency envisions relocating to new facilities specifically sized and equipped for future requirements and to more effectively meet the needs of its customers. While the challenges attendant to such a move will be significant for the Agency, and must be successfully addressed, any relocation of GPO's operations must first be approved by Congress. The Agency must continue with its efforts to work closely with Congress toward approval of this important initiative.

8. Information Technology & Systems (IT&S) Management. As GPO transforms from an ink-on-paper operation to a highly secure multi-media digital dissemination environment, the management of the Agency's information technology resources becomes more critical to the success of the GPO vision and mission. The acquisition, implementation, and sustaining engineering issues associated with IT&S, including security issues, provide GPO with new and emerging management challenges. Noteworthy challenges include GPO's Public Key Infrastructure (PKI), network security, and compliance with the Federal Information Security Management Act

(FISMA). GPO has established a PKI designed to serve the needs of the Agency, its Legislative Branch partners, and other Federal partners of GPO, as the Agency fulfills its mission in the vital arena of electronic information dissemination and e-government. GPO's PKI is cross-certified with the Federal Bridge Certificate Authority — a substantial and necessary step toward utilizing its PKI for the benefit of a variety of customers. The PKI will be an important contributor to future GPO revenue-generating activities. Because GPO is a provider of services to Executive Branch agencies who must comply with FISMA, GPO has chosen to substantially comply with the principles of FISMA. The OIG sees this as crucial to ensuring GPO's ability to provide information management services to customers in the future.

9. Customer Service. As GPO transforms, its customer services must reflect and advance that transformation, and must have the appropriate focus, staffing and alignment with GPO's Strategic Vision to be assured of future success. The culture and focus of GPO's customer service efforts must reflect a new way of thinking. Specifically, GPO customers should come to GPO because they want to — not because they are required to do so by statute. This transformation of the traditional GPO customer relationship requires a continuing evolution toward state-of-the-art customer relations management.

10. Acquisition of a Digital Content Management System. GPO is currently in the implementation planning phase of its Future Digital System (FDsys), envisioned as a world-class system that will preserve and provide permanent public access to information published by all branches of the Federal Government. Current plans call for the development of a nearly \$29 million system through a series of procurements. To date, this project appears to be off to a very successful start and could serve as a role model for future GPO procurements.

GPO's Top 10 Management Challenges

1. Strategic Planning
2. Management of Human Capital
3. Improved Financial Management
4. Continuity of Operations (COOP)
5. Internal Controls
6. Security and Intelligent Documents (SID)
7. New Facility
8. Information Technology & Systems (IT&S) Management
9. Customer Service
10. Acquisition of a Digital Content Management System



Office of Audits and Inspections

The Office of Audits and Inspections (OAI), as required by the Inspector General Act of 1978, as amended, conducts independent and objective performance and financial audits relating to GPO's operations and programs, and oversees the annual financial statement audit performed by an independent public accounting firm under contract. In addition, the OAI conducts short-term inspections and assessments of GPO activities that generally focus on issues which are limited in scope and time sensitive. All OIG audits are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) promulgated by the Comptroller General of the United States. When requested, the OAI provides accounting and auditing assistance to the OIG Office of Investigations (OI) for both civil and criminal investigations. Furthermore, the OAI refers irregularities and other suspicious conduct detected during audits, inspections, or assessments to the OI for investigative consideration.

A. Summary of Audit and Inspection Activity

During this reporting period, the OAI continued to work cooperatively with GPO management to close several open recommendations carrying over from prior reporting periods. As of the date of this report, 11 such recommendations remain open. The OAI also issued four new reports during this reporting period. These reports made a total of 44 recommendations for improving GPO's operations, including strengthening of internal controls throughout the Agency.

B. Audit Accomplishments – Audit and Inspection Reports

1. Audit Report 06-01 (Issued January 9, 2006)

Report on the Audit of GPO Purchase Card Program Management Controls

The General Services Administration (GSA), through a contract with the Bank of America (BoA), provides GPO with commercial charge cards (purchase cards) for employees to make purchases for official government use. GPO employees use the purchase cards for various purposes including purchasing supplies and services, emergency requirements, or to support production and field activities. Use of the purchase card benefits the Government through administrative cost savings, refunds paid to agencies based upon the dollar value of transactions, availability of electronic access to transaction data by agencies, and worldwide acceptance. The OIG performed an audit to evaluate the effectiveness of GPO's purchase card program. The specific audit objectives were to determine whether: (1) GPO has implemented appropriate management controls over the use of purchase cards; and (2) purchase cards are being utilized in compliance with applicable laws, regulations, policies, and procedures.

Results In Brief

The audit found that management controls over access to and use of purchase cards need strengthening to ensure that purchase cards are used in an efficient and cost-effective manner and in compliance with applicable federal policies and procedures. The audit identified that: (1) the GPO office responsible for issuing cards and establishing and maintaining accounts did not have sufficient or accurate records and reports to appropriately monitor Agency purchase card activities; (2) the proper separation of

duties between purchase card cardholders and Approving Officials (AOs) did not always exist; (3) controls to prevent unauthorized personnel from using purchase cards need strengthening; and (4) purchase card cardholders and AOs have not been adequately trained.

The OIG made several recommendations to improve management controls over the Purchase Card Program and to ensure that purchase cards are used in compliance with applicable laws, regulations, policies, and procedures. GPO management concurred with each of the report's recommendations and agreed to take actions to strengthen management controls to ensure that the GPO Purchase Card Program is carried out in not only an efficient and cost-effective manner, but also in compliance with all applicable laws, regulations, policies, and procedures.

2. Assessment Report 06-02 (Issued March 28, 2006)

GPO Network Vulnerability Assessment

The GPO OIG contracted with a consulting firm that provides network security services to public and private sector enterprises to conduct an assessment of GPO's enterprise network security infrastructure. The assessment was conducted to evaluate the level of network security controls in place to help protect GPO's IT&S resources from unauthorized access and compromise. The OIG tasked the consultant to perform an external and internal vulnerability assessment of GPO's enterprise network. The external work examined the fortified boundary (perimeter) of GPO's network. The internal assessment examined GPO's network infrastructure and network-attached resources, including hosts, servers, and workstations. The internal assessment also included an examination of wireless communication activity. The assessment found room for improvement and made recommendations to further strengthen existing security controls on GPO's network.

GPO management concurred with each of the report's recommendations and has initiated responsive corrective actions.

3. Assessment Report 06-03 (Issued March 31, 2006)

GPO Oracle Program Stakeholder Analysis

In order to reduce IT costs, provide better audit compliance, address new functional requirements, and improve overall operating efficiency, GPO is migrating current business, operational, and financial systems, including associated work processes, to an integrated system of Oracle enterprise software and applications. The purpose of this migration to Oracle is to provide GPO with integrated and flexible tools to successfully support business growth and customer technology requirements for products and services. GPO currently hosts its key financial, administrative, human resources, and program support applications in a legacy mainframe environment, which the Agency has been operating for over 20 years without major changes to architecture or technology. GPO's Oracle Program faces many challenges, including an uncertain funding stream, an incomplete program management team, lack of enough qualified functional and technical personnel, and insufficient processes and tools to manage and measure the status of each project associated with the program.

Because of the importance of this program to the Agency's future, the OIG contracted with a consultant to perform a stakeholder analysis of the Oracle Program. The objective of the analysis was to identify management vulnerabilities that, if not corrected, could result in failure of the program to meet the expectations of stakeholders. As part of the analysis, the consultant examined stakeholder issues, concerns, and expectations, as well as program integration, implementation, and execution.

The analysis identified several vulnerabilities and made recommendations to mitigate the risks associated with those vulnerabilities. The vulnerabilities identified included: (1) inadequate functional and technical staffing;

(2) top management support not aligned with program execution; (3) lack of target performance metrics; (4) lack of methodology for organizational restructuring; and (5) lack of an effective method to manage program progress. To help ensure that the program meets the expectations of its stakeholders, the OIG made a total of 13 recommendations. GPO management concurred with each of the report's recommendations and has planned responsive corrective actions. Because of the nature of the challenges facing GPO's Oracle Program, we acknowledged that disposition and closure of the recommendations made in the report will take time and most likely not meet the normal GPO standard of 120 days. The OIG agreed to periodically meet with the Executive Sponsor to track GPO's progress in implementing the recommendations.

4. Inspection Report 06-04 (Issued March 31, 2006)

Inspection of GPO's Continuity of Operations Plan

In response to a recommendation from the Inspections and Evaluations Roundtable of the President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE), the OIG performed an inspection of GPO's plans for continuing operations of its essential functions in the event of a major disaster or emergency. The roundtable recommended that OIGs review their respective agency's continuity of operations (COOP) plans.

The objective of the inspection was to evaluate GPO's existing processes, procedures, and authorities against Federal Government best practices for maintaining essential functions in the event of a natural disaster or other significant event. Specifically, we evaluated GPO's COOP plan against the Federal Emergency Management Agency's (FEMA) Federal Preparedness Circular (FPC) 65, "Federal Executive Branch Continuity of Operations." FPC 65 serves as the model for best practices within the Federal Government.

The OIG made recommendations to improve GPO's plans and procedures to reasonably ensure a viable COOP capability in the event of a disaster or other significant event. GPO management concurred with each of the report's recommendations. The actions planned by management generally provide the initial framework to establish and maintain a viable COOP plan in the event of a major disaster or emergency.

5. Joint Inspection/Investigation (Issued March 20, 2006)

Anonymous allegations concerning the Office of Superintendent of Documents

In response to a request from the Public Printer and Members of the Congressional Joint Committee on Printing, the OIG completed a joint inspection/investigation of allegations made in an anonymous letter concerning activities of the Office of the Superintendent of Documents.

The letter contained numerous allegations of wrongdoing or arguably bad decision-making by GPO management. The OIG review focused only on those allegations which not only fall within the jurisdiction of the OIG, but which, if true, would constitute a violation of a law, regulation, or GPO instruction, or would otherwise constitute substantial fraud, waste, or abuse. Applying these criteria, the OIG examined five issues raised in the letter: (1) allegations concerning the Superintendent of Documents' improper government credit card use and improper dealings with a contractor; (2) allegations of improper preferential treatment of a book dealer/distributor; (3) allegations of improper pre-billing of customers by inserting "dummy" quantities into stock balances; (4) allegations of improper destruction of government property; and (5) allegations of improper disposal of publications. Our review of these issues included interviews with knowledgeable GPO employees as well as an examination of relevant documents.

Our review of the various issues raised in the subject letter revealed no credible evidence to support any of the allegations of fraud, waste, abuse, or other wrongdoing on the part of GPO and its employees.

C. Quality Assurance Activity

The OAI maintains an internal quality assurance review program which assists the organization with ensuring compliance with generally accepted government auditing standards. One of the primary components of the program is performing periodic Quality Assurance Reviews (QARs) of audits that were previously completed and issued as final reports of the OIG. During this reporting period, the OAI completed a QAR of a previously completed audit.

D. Financial Statement Audit Activity

Section 309 of Title 44 United States Code, requires that GPO obtain an independent annual audit of its financial statements which is overseen by the OIG. KPMG LLP (KPMG) has been retained to conduct this audit under a multi-year contract for which the OAI provides oversight as the Contracting Officer's Technical Representative (COTR). The oversight provided ensures that the audit complies with Government auditing standards. The OAI also assists with facilitating the external auditor's work as well as reviewing the work performed. In addition, the OAI provided administrative support and coordination with GPO management for the KPMG auditors. (GPO again received an unqualified opinion on its financial statements for FY 2005).

The audit for Fiscal Year (FY) 2005 was the last audit covered under the current contract with KPMG. During this reporting period, the OAI coordinated with the GPO Chief Financial Officer (CFO) to review proposals from contractors for the follow-on procurement of audit services for an audit of GPO's financial statements for the FY ending September 30, 2006, and subsequent years. After a competitive bidding process, the follow-on contract was awarded to KPMG.

E. Update of OAI Policy Manual

The Assistant Inspector General for Audits and Inspections continued to lead an effort to thoroughly review, revise and update the OAI's policies and procedures. The result of this effort, to date, is a working draft of a streamlined, up-to-date policy and procedures manual that promises to enhance the quality and consistency of the OAI's work product. We anticipate finalizing the manual and implementing its contents during the third quarter of FY 2006.

F. Status of Open Recommendations

GPO management officials continued to make significant progress during this reporting period in implementing and closing many of the recommendations contained in reports issued during previous semiannual reporting periods. Specifically, GPO management worked in cooperation with the OIG to close nine open recommendations. For the 11 previous period recommendations that remain open, a summary of the finding and recommendations, along with the status of GPO management's actions to implement the recommendation and OIG comments appears below. In addition, several recommendations from GPO's independent public accountant's annual financial statement remain open.

1. Audit Report 05-04 (Issued September 30, 2005)

Report on the Audit of GPO's Travel Program

Finding

OIG auditors found that GPO employees were not always making proper use of Government-issued travel cards. Specifically, during the first six months of FY 2005, seven GPO employees used travel cards for making purchases not related to expenses for official travel. Six of the seven employees were also delinquent in paying the balance on their cards. In addition, we found that controls over management

of travel advances needed improvement. Specific problems found include: (1) employees with Government-issued travel cards were obtaining travel advances; (2) advances were sometimes approved a significant time before travel was to occur; and (3) advances were not being repaid on a timely basis.

Recommendation

We recommended that the CFO should coordinate with appropriate GPO officials to compile a monthly report of all GPO employees on official travel and compare the employees on official travel with the charges identified on the monthly management report of travel card usage to determine whether travel cards are being appropriately utilized (05-04-02). We also recommended that the CFO should coordinate with the Managing Director, Customer Services, to expedite processing of travel vouchers with travel advances on press sheet inspections to allow for timelier billing of customer agencies for reimbursement (05-04-08).

Management Comments

During this reporting period, GPO management closed six of the eight remaining open recommendations from this report. With respect to the remaining two open recommendations, GPO management is working to develop a notification system to identify employees in travel status.

OIG Comments

Implementation of the travel notification system should suffice in allowing management to close the two open recommendations in this report.

2. Audit Report 03-04 (Issued September 30, 2003)

Report on Improving Controls Over Printing Procurement Department's Contract Modifications at Central Office

Finding

Printing Specialists in the Printing Procurement Department (PPD) were entering contract modification data twice into PPD's two automated databases – a stand-

alone personal computer (PC) system and the Procurement Information Control System (PICS) databases. Printing Specialists were entering data twice because the two systems were not interfaced, which is contrary to Standard I of GPO Instruction 825.18A, "Internal Control Program."

Recommendation

The Managing Director of Customer Services should implement an automatic interface between the PC database and PICS for entering future contract modifications data (03-04-02).

Management Comments

On February 28, 2006, the Managing Director of Customer Services stated that the Customer Services Office of Development and Program Support has been monitoring the Information Technology and Systems' progress and reports that the projected date of completion has again slipped. The revised schedule now calls for completion of Phase I by the end of August 2006 with Phase II scheduled for completion by December 2006.

OIG Comments

This recommendation will remain open until the Managing Director of Customer Services completes and implements the system enhancements described above.

3. Inspection Report AI0502 (Issued March 31, 2005)

Blank Passport Product Integrity and Security Review

Finding

The inspection revealed a number of weaknesses in the blank passport production business processes, including missing critical core competencies, deficient processes, and infrastructure issues that require GPO management attention. In addition, the OIG found significant deficiencies regarding blank passport manufacturing, component product security, and related internal controls that require GPO management review and reengineering.

Recommendation

The OIG made several recommendations to GPO to improve the various weaknesses identified in blank passport production business processes that are relevant to all documents and operations within GPO's Security and Intelligent Documents (SID) operation. GPO's implementation of the recommendations should lead to improved security and integrity for the entire SID business line.

Management Comments

GPO management generally concurred with the report's recommendations and has addressed some of the weaknesses identified.

OIG Comments

The OIG continues to work with GPO management to monitor implementation of the remaining eight open recommendations.

4. Financial Statement Audit – KPMG Recommendations

Finding

KPMG issued several IT security-related findings in the course of their 2005 Financial Statement Audit. The findings addressed certain weaknesses in GPO's security program planning and management, access controls, application software development and change control, controls over system software, and service continuity.

Recommendation

KPMG made several recommendations to GPO management, which if implemented, will help further improve the Agency's IT security program.

Management Action

The Chief Information Officer (CIO) continues to take action on all of the recommendations and has made progress in resolving all of the issues.

OIG Comments

The OIG continues to monitor GPO's progress in implementing these recommendations through monthly reports received from the CIO.

Definitions

Questioned Costs – Costs that are unnecessary, unreasonable, unsupported, or an alleged violation of law, rule, regulation, contract, etc.

Unsupported Costs – Questioned costs that are not supported by adequate documentation.

Funds Put to Better Use – Funds that could be used more efficiently by implementing recommended actions.

Disallowed Costs – Costs that management agrees should not be charged to GPO.

Statistical Table – Audit Reports with Questioned and Unsupported Costs

Description	Questioned Costs	Unsupported Costs	Total Costs
Reports for which no management decision has been made by the commencement of the reporting period	\$0	\$0	\$0
Reports issued during the reporting period	0	0	0
Subtotals	\$0	\$0	\$0
Reports for which a management decision was made during the reporting period			
1. Dollar value of disallowed costs	\$0	\$0	\$0
2. Dollar value of allowed costs	\$0	\$0	\$0
Reports for which no management decision has been made by the end of the reporting period	\$0	\$0	\$0
Reports for which no management decision has been made within six months of issuance	\$0	\$0	\$0

Statistical Table – Audit Reports with Recommendations That Funds Be Put to Better Use

Description	Number of Reports	Funds Put to Better Use
Reports for which no management decision has been made by the commencement of the reporting period	0	\$0
Reports issued during the reporting period	0	\$0
Subtotals	0	\$0
Reports for which a management decision was made during the reporting period		
• Dollar value of recommendations that were agreed to by management	0	\$0
• Dollar value of recommendations that were not agreed to by management	0	\$0
Reports for which no management decision has been made by the end of the reporting period	0	\$0
Report for which no management decision has been made within six months of issuance	0	\$0

Statistical Table – List of Audit Reports Issued During Reporting Period

Other Audit Reports	Funds Put to Better Use
Report on the Audit of GPO Purchase Card Program Management Controls (Audit Report Number 06-01, issued 01/09/06)	\$0
Report on GPO Network Vulnerability Assessment (Assessment Report Number 06-02, issued 03/28/06)	\$0
Report on GPO Oracle Program Stakeholder Analysis (Assessment Report Number 06-03, issued 03/31/06)	\$0
Report on Inspection of GPO's Continuity of Operations Plan (Inspection Report Number 06-04, issued 03/31/06)	\$0
Total	\$0

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigations relating to employee misconduct and monetary or material losses occurring in GPO programs and operations. The subjects of these investigations may include contractors, program participants, GPO management, and other employees. Special Agents in the OI are Federal Criminal Investigators (Job Series 1811), and are also designated as Special Police Officers pursuant to 44 U.S.C. § 317. The OI's investigations may result in criminal prosecution, civil proceedings, or imposition of administrative sanctions. Prosecutions may result in court-imposed prison terms, probation, fines, and/or restitution.

A. Summary of Investigative Activity

During this reporting period, the OI opened 25 investigative cases in response to 220 new complaints or allegations, and closed 17 matters. Forty-three investigative matters are currently active. The OI remains active in liaison efforts with GPO offices located in various regions throughout the country. As a result, the OI continues to receive information or complaints regarding allegations of fraudulent activities by GPO contractors.

The OI issued twelve administrative subpoenas during this reporting period. Two of these subpoenas were challenged by the subjects, but with assistance from the U.S. Department of Justice, court orders enforcing the subpoenas were obtained in each case.

B. Types of Cases

The OI's investigative workload can be divided into the following major categories:

Office of Workers' Compensation Program (OWCP)

The OI investigates GPO employees who have allegedly submitted false claims and made false statements to facilitate their receipt of workers' compensation benefits. We currently have 14 open investigations involving alleged OWCP fraud.

Procurement Fraud

The OI investigates allegations of statutory violations involving GPO contractor service providers defrauding the government in connection with GPO's procurement of printing goods and services. These violations include, but are not limited to, false claims, false statements, wire and mail fraud, product substitution, and Small Disadvantaged Business Program violations. The OI currently has nine open procurement fraud cases.

Employee Misconduct

The OI investigates allegations involving GPO employee misconduct. These allegations include, but are not limited to, misuse of government computers, theft, assaults, drug violations, gambling, kickbacks, and travel voucher fraud. The OI has 14 active misconduct investigations.

Miscellaneous

The OI investigates miscellaneous administrative allegations and other types of investigations that do not fall into one of the above three categories. The OI has six active miscellaneous matters currently open.

C. Status of Action on Referrals

The OI's investigative efforts result in both external and internal referrals for action. A summary of the status of outstanding referrals by the OI follows.

External

A total of four investigative matters were referred to U. S. Department of Justice (DOJ) for prosecution during this period. Civil prosecutorial actions are currently pending on two of these referrals:

- One current Office of Workers' Compensation Program (OWCP) investigation was accepted by DOJ for civil action after being declined for criminal prosecution.
- One contract fraud matter was accepted by DOJ for civil action after being declined for criminal prosecution in a prior reporting period.

Internal

A total of four investigative matters were referred to GPO management for action during this reporting period. Six investigative cases that were referred in previous reporting periods remain pending with Agency officials for action.

OI investigative findings were also forwarded to the appropriate Agency officials for suspension, debarment, or other administrative actions against Agency contractors. As a result of OI investigative efforts, during this reporting period, the Agency debarred three contractor companies and officials, and issued nine Notices of Proposed Debarment, two Show Cause Notices, and four Letters of Warning.

D. Investigative Accomplishments

- An investigation into alleged procurement fraud by a printing contractor, initiated during a previous reporting period and continued into this reporting period, resulted in the recovery of \$1,152 to the Agency. The Agency previously recovered additional funds from the company as a result of the OI's investigation. The investigation is ongoing and is expected to yield additional recoveries.
- The OI's efforts in the Office of Workers' Compensation Program Fraud investigations led to estimated cost savings of approximately \$500,000 to the Agency over the next ten years. The efforts of one case in particular resulted in the removal of one employee from OWCP rolls, subsequent termination from Federal employment of that employee, and the suspension for 30 days of another employee. Other OWCP fraud investigations are ongoing.
- Seven OI contract fraud investigations resulted in the issuance of 18 administrative actions against companies and their officials. These actions included the debarment of three contractor companies and/or officials, nine Notices of Proposed Debarment, two Show Cause Notices, and four Letters of Warning.
- An OI investigation initiated during a prior reporting period into the misuse of the Agency Metrocheck program resulted in the recovery of \$3,492.

E. Work-In-Progress

Several significant OI matters remain pending as of the end of this reporting period. The disposition and results of these investigations will be detailed in future reports.

Statistical Table – Summary of Investigative Case Workload as of March 31, 2006

Workload Analysis	Number of Cases
Beginning Case Workload as of October 1, 2005	35
New Allegations Received	220
Cases Being Developed	11
Cases Opened	14
Matters Closed After Preliminary Investigation	<195>
Cases Closed or Referred with No Further Action	<17>
Ending Case Workload as of March 31, 2005	43

Statistical Table – Office of Investigations Productivity Summary

Arrests	0	Amounts Recovered Through Investigative Efforts	\$4,644
Total Cases Presented to USAO's / SAO's	4	Total Agency Cost Savings Through Investigative Efforts	~\$500,000
Criminal	1	Total Administrative Referrals	4
Criminal Declinations	1	Contractor Debarments	3
Convictions	0	Contractor Suspensions	0
Guilty Pleas	0	Contractor Other Actions	15
Probation (days)	0	Employee Suspensions	4
Restitutions	0	Employee Terminations	1
Civil	3	Employee Warned/Other Actions	2
Civil Declinations	1	Other Law Enforcement Agency Referrals	0



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