



U.S. GOVERNMENT
PRINTING OFFICE
KEEPING AMERICA INFORMED

Bruce R. James
Public Printer

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OFFICE OF THE
INSPECTOR GENERAL

May 31, 2006

The Honorable Trent Lott
Chairman
Joint Committee on Printing
305 Russell Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with 44 U.S.C. 3903 and the relevant provisions of the Inspector General Act of 1978, as amended, I am transmitting to the Congress the Semiannual Report of the Office of the Inspector General (OIG) for the U. S. Government Printing Office (GPO), covering the 6 month period of October 1, 2005, through March 31, 2006, along with the following information as required by law. This letter meets my statutory obligation to provide comments on the OIG's report and highlights management actions taken on the OIG's recommendations, which may relate to more than one reporting period.

During this reporting period, I announced my intention to retire from my position as Public Printer. Over the past three-plus years, I have instituted various changes in how management addresses audit and inspection recommendations. These changes have brought about an improved working relationship with the IG, resulting in more prompt attention being devoted to closing recommendations and improving operations at the same time. I am confident that the improved working conditions will continue and that the next Public Printer will be able to work in a very positive manner with the IG.

General Comments

As provided for by law, this section offers my general comments on the OIG's semiannual report and operations.

- I. **Management Challenges.** The IG highlighted ten challenges facing GPO's management, all of which have validity and require continuous action. However, overriding these challenges may be new ones envisioned by the next administration in GPO. The major organizational

transformation that has been occurring over the past three years remains critical to the future GPO. This effort must continue if the agency is to remain a vital force in the 21st century digital information age. The pieces have been put into place for the next generation of GPO employees. Recruitment and training in the necessary knowledge and skills has begun. New systems are also being acquired or developed, the most critical of which is our Future Digital System (FDsys), that will preserve and provide permanent public access to Federal Government information.

I do not take exception to any of the ten challenges offered by the IG, since all of them are vital to GPO's continuous transformation. It is critical that the next Public Printer incorporates all of these challenges and that the current progress being made on each of them continues. GPO cannot afford to reverse its course, if it expects to be at the cutting edge of new technology and an industry leader in the digital age.

II. Audits and Inspections. During the reporting period, the OIG issued four new audit and inspection reports with 44 recommendations to help improve operational performance. Management has concurred with all of these recommendations and will be addressing each one in the ensuing semiannual reporting period.

- The first report, *GPO Purchase Card Program Management Controls*, identified a number of areas to strengthen controls over access to and use of purchase cards to ensure compliance with all applicable laws, regulations, policies and procedures.
- The second report, *GPO Network Vulnerability Assessment*, highlighted vulnerability and associated risks that need to be closely monitored to help protect GPO's information technology resources from unauthorized access and compromise.
- The third report, *GPO Oracle Program Stakeholder Analysis*, summarized vulnerabilities and associated risks and examined stakeholder issues, concerns, and expectations, as well as program integration, implementation, and execution issues.
- The fourth report, *Inspection of GPO's Continuity of Operations Plan*, identified areas where GPO has not sufficiently addressed certain critical elements considered as best practices within the federal government regarding Federal Preparedness.

Management intends to take action to address the remaining open recommendations, but due to the nature of some, final action will not be imminent. The OIG even recognized this fact in its Oracle Program report, indicating that program management is currently in the early stages of reevaluation and that the estimated completion date of September 2007 simply coincided with the planned implementation of the entire Oracle Program.

III. Investigations. The investigative work performed by OIG's staff protects against waste, fraud, and abuse. Their efforts once again merit positive recognition, as a workers' compensation case was accepted by the Department of Justice (DOJ) for civil prosecution, after being declined for criminal prosecution. In another case regarding a fraud matter, the DOJ accepted it for civil prosecution, after also declining it under criminal grounds. Other accomplishments, such as contractor debarments and proposed debarments, are noteworthy of the value of the OIG's investigative team in fighting waste, fraud, and abuse in the GPO and its printing contractors.

A joint effort by the OIG's Inspections and Investigations groups determined the frivolousness of allegations made in an anonymous letter about activities within the operations of the Superintendent of Documents. This effort concluded that there were no violations of any law, regulation, or GPO instruction, or would otherwise constitute substantial fraud, waste, or abuse on the part of GPO or any of its employees.

Prior Period Outstanding Recommendations

As required by law, this section summarizes management's planned action to address remaining OIG's recommendations still outstanding from previous reporting periods.

GPO's Travel Program (Report No. 05-04, dated September 30, 2005)

GPO's Chief Financial Officer made considerable progress in addressing the remaining open recommendations. Of the ten original recommendations, only two remain open at this time. Once GPO's offices of Customer Services and Chief Financial Officer establish a notification system that tells when employees are in travel status, the last two recommendations will be closed. Lacking information that identifies which employees were authorized to travel for official business, the Office of Finance and Administration has not been able to properly match the names of employees on official travel with a monthly report of travel card usage

provided by the Bank of America. We anticipate the new system being operational within the next semiannual reporting period.

**Improving Controls over Contract Modifications in the Central Office
(Report No. 03-04, dated September 30, 2003)**

The OIG's *Report on Improving Controls Over Printing Procurement Department's Contract Modifications at Central Office*, recommended that an automated interface be developed to avoid the duplicative entry of the same contract modification data into two different systems, one PC-based and one mainframe-based. This last recommendation requires additional time to implement. However, in the interim, some system modifications, for items as paper price adjustments or economic price adjustments for a term contract have been achieved. We expect the overall requirements to be completed before the end of 2006.

**Blank Passport Product Integrity and Security (Report No. AI-0502,
dated March 31, 2005)**

The report on the OIG's *Blank Passport Product Integrity and Security Review* provided management with ten recommendations to address weaknesses in various blank passport production business processes, to include missing critical core competencies, deficient processes, infrastructure issues, and other aspects of the entire Passport Program. Much action is in process, and will continue, so that all recommendations can be closed as soon as practical.

Final actions to close out the remaining recommendations are not imminent because of the extensive time and effort required to make the requisite changes to current operations. For example, the OIG recommended that GPO should become ISO 9000-certified as it implements the ISO 9000 best practices for manufacturing security and intelligent documents. We acknowledge the importance of this certification, but it is critical to first subject existing processes to analysis, evaluation, and measurement prior to embarking on a procedural-based certification. To this end, GPO's Plant Operations has started to train some employees in the Six Sigma methodology, which is a measurement-based strategy focusing on process improvement. This strategy will take considerable time to implement, and we are only in the early stages.

Management has concurred with the basic tenets within all of the OIG's recommendations. However, we do not anticipate closure of many of these recommendations until several more semiannual reporting periods. In the interim,

we will continue to make progress and keep the OIG apprised on the current status of actions taken on each recommendation.

Financial Statement Audit – KPMG Recommendations

KPMG, LLP, subsequent to its 2005 Financial Statement Audit of GPO's financial statements, issued a management report containing twelve recommendations about GPO's Information Technology security program. Findings addressed the following areas: security program planning and management, access controls, application software development and change control, system software controls, and service continuity. GPO has continued to take action to address all of these recommendations. At the end of this reporting period, action has been completed to close out two recommendations, while additional action is planned to complete three other recommendations by September 30, 2006. For the remaining recommendations, appropriate action is being planned or already underway, but no definitive time has been set for final completion.

During this reporting, GPO has adjusted mainframe password configuration to require the use of a combination of letters, numbers and special characters to enhance security and accessibility to GPO's computer environment. In addition, controls have been established to ensure only authorized programs and modifications are implemented by implementing the System Development Life Cycle (SDLC) methodology. Checklists have been used and posted on our Configuration Management's (CM) website as documentation that controls have been implemented. CM is integral to all phases of a project or system life cycle. It is unique in its focus on controlling outcomes and makes sure these engines of efficiency are marshaled together to produce the right product. It also controls change, making sure that its impact is assessed and that every effort is made to prevent erosion of product functionality or safety.

Statistical Tables

Statistical tables as required by law are enclosed.

The Honorable Trent Lott – Page 6

If you need additional information with respect to this report, please do not hesitate to contact Mr. Andrew M. Sherman, Director of Congressional Relations, on 202-512-1991, or by e-mail at asherman@gpo.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce R. James". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

BRUCE R. JAMES
Public Printer

Enclosures

cc: The Honorable Vernon Ehlers, Vice Chairman
The Honorable Thad Cochran
The Honorable Saxby Chambliss
The Honorable Mark Dayton
The Honorable Daniel K. Inouye
The Honorable John T. Doolittle
The Honorable Thomas M. Reynolds
The Honorable Juanita Millender-McDonald
The Honorable Robert A. Brady