



December 3, 2008

The Honorable Robert A. Brady
Chairman
Joint Committee on Printing
1309 Longworth House Office Building
Washington, DC 20515

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 April 1, 2008, through September 30, 2008, 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.

General Comments

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

I. Management Challenges.

1. **Strategic Planning:** As previously reported, GPO's strategic performance plan and achievements are being cascaded down to every employee with the implementation of performance standards for FY 2009. The plan states GPO's goals, objectives, and significant achievements. To carry out GPO's *Strategic Vision*, each business unit is developing its own strategic plan that ties directly into the GPO's overall goals, objectives, and scorecard.

2. **Management of Human Capital:** GPO's offices of Human Capital and Equal Employment Opportunity (EEO) are collaborating on GPO's diversity program. EEO personnel are regular contributors in the weekly Human Capital staff meetings and the two offices work closely together on the recruitment process. In FY 2009, Human Capital will develop and implement a new succession planning process that will include an internal

Senior Level Service (SLS) Candidate Development Program. This program will expand diversity efforts currently in place at the mid-manager level to GPO's Senior Level positions. Human Capital is currently conducting the 2008 Employee Climate Survey and while the survey is still underway the employee participation rates are significantly higher than they were in 2006.

3. Improved Financial Management: GPO continued to implement the Oracle system. The progress of this project is reported to the Deputy Public Printer and tracked monthly via GPO's balanced scorecard.

4. Continuity of Operations (COOP): GPO continued COOP planning functions. As previously reported, GPO is adopting planning requirements and critical elements identified in Federal Preparedness Circular 65, "Federal Executive Branch Continuity of Operations." During the reporting period, GPO participated in COOP exercises with the Senate and the Office of the Federal Register, National Archives and Records Administration, as well as conducted internal exercises to validate progress in meeting COOP readiness goals for its primary mission essential functions.

5. Internal Controls: GPO financial management works closely with the OIG and KPMG during the course of both regular internal audits as conducted by the OIG and the annual audit as conducted by KPMG. During the quarter, GPO returned approximately \$52 million to the State Department in over-recovered billings for passport production during FY 2008.

6. Security and Intelligent Documents (SID): During the reporting period, GPO's SID operation began developing support for the issuance of secure credentials for the upcoming congressional inaugural event, in cooperation with the U.S. Capitol Police and the Joint Congressional Committee on Inaugural Ceremonies. GPO has provided extensive information on its e-passport program in response to inquiries from the House Committee on Energy and Commerce, the Senate Committee on Rules and Administration, the Joint Committee on Printing, and the State Department. GPO is working with the Government Accountability Office (GAO) in a review of the e-passport program that was requested by the House Committee on Energy and Commerce.

7. Supporting Congressional Printing: Management continues to monitor delivery times for congressional products and services.

8. Information Technology and Systems (IT&S) Management: GPO has created a technical reference model, which is an inventory of technologies used to support IT&S initiatives, and an Architecture Review Board to review and modify the model as required; a new policy outlines these activities. The second release of Oracle, which replaces a number of legacy systems, will be operational early in 2009. The first public release of the Federal Digital System (FDsys) will be operational in early 2009. This release of the FDsys will begin to replace *GPO Access*; all *GPO Access* content will be moved into FDsys by mid-2009. IT&S will also roll out a Web-based time and attendance system in FY 2009. IT&S continues to make progress on developing IT security systems. Public Key Infrastructure (PKI) is being used to accept authenticated information from some customer agencies, and GPO has begun offering digitally signed information to the general public through *GPO Access*. FDsys is incorporating PKI digital signatures in the first public release of the system, initially signing public and private laws, and eventually more publications as required. Independent validation and verification programs applied by OIG to IT&S initiatives are also useful.

9. Customer Service: During the reporting period GPO continued implementing actions to improve customer service that were identified in the results to the 2007 customer satisfaction survey.

10. Acquisition: GPO's Acquisition group has been instrumental in supporting the agency's contracting needs. To ensure that the Acquisition staff is equipped to meet the evolving technical requirements of the agency, the Federal Acquisition Institute/Defense Acquisition University Certification Program for acquisition professionals was been adopted. Through this training, Acquisition professionals are trained in the most modern and acceptable practices of Federal acquisitions. This program is required of all acquisition professionals in the 1102 series in the executive branch. Since the program's adoption in October 2007, 98% of all of the GPO Acquisition staff have been certified as Level I, 48% certified as Level II, and 20% are certified as Level III. Additionally, staff members are being trained in best practices related to environmental or "green" acquisitions. These training initiatives have allowed for efficient and effective acquisition of non-traditional types of procurements and have allowed the GPO Acquisition staff to better support GPO's business units.

11. Other: GPO is working with the GAO in a review of GPO's proposal for a new building and the legislative and budget scoring implications of that proposal. The review was requested by the Delegate from the District of Columbia. GPO is also working with the GAO in a review of its

security force that was requested by the Chair of the House Legislative Branch Appropriations Subcommittee and the Chairman of the Joint Committee on Printing.

II. Audits and Inspections. During the reporting period, the OIG issued 7 new audit and assessment reports, with recommendations to help improve operational performance:

- *Protection of E-Passport Production System (PPPS) (Assessment Report 08-07, May 30, 2008).* The OIG issued a sensitive report containing recommendations to help strengthen controls over the computer applications and operating systems that support production of passports. Management acted to implement the recommendations.
- *Federal Digital System Independent Verification and Validation – Third Quarter Observations and Recommendations (Assessment Report 08-08, August 8, 2008).* As previously reported, the OIG is conducting, through a contractor, an independent verification and validation (IV&V) of program management, technical and testing plans, and other efforts related to the development of the Federal Digital System (FDsys). A previous OIG report identified several weaknesses that could lead to increased risk and cost overrun if left uncorrected. In response, GPO implemented a reorganization of the relationship of GPO and the FDsys contractor as well as a new design for FDsys. For the third quarter the FDsys IV&V issued recommendations to further strengthen the program that management has agreed to implement.
- *Follow-up Audit of Centrally Charged Travel Expenditures (Audit Report 08-09, August 8, 2008).* The OIG performed a follow-up to a 2006 audit of GPO's travel expenses and identified continuing program deficiencies. The follow-up resulted in 3 recommendations that management agreed to implement.
- *Diversity Management Programs at GPO (Audit Report 08-10, September 11, 2008).* The Chairman of the House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, requested legislative branch agency IG's to evaluate their respective agencies' diversity programs to address specified concerns. The resulting report contained 2 recommendations for GPO's diversity program that are pending approval by the Public Printer.

- *WebTrust Assessment of GPO's Certification Authority – Attestation Report (Assessment Report 08-11, September 18, 2008)*. The OIG conducted an evaluation of whether management's assertions related to the adequacy and effectiveness of its controls over its public key infrastructure (PKI) Federal bridge certification authority are fairly stated, based on recommended principles and evaluation criteria. The evaluation resulted in an unqualified, or clean, opinion for management's assertions.
- *Assessment of GPO's Transition Planning for Internet Protocol Version 6 (Assessment Report 08-12, September 30, 2008)*. The OIG assessed management's planning for the transition from Internet Protocol version 4 to version 6, which is going on Government-wide, as part of management's plan to upgrade its information technology infrastructure. The assessment resulted in 2 recommendations that management agreed to implement.
- *Oracle E-Business Suite Release 2 Independent Verification and Validation – Program Management (Assessment Report 08-13, September 30, 2008)*. As with FDsys, the OIG, through a contractor, is conducting an IV&V analysis of GPO's implementation of Oracle. This report contained 4 recommendations that management agreed to implement.

Other OIG Audits and Inspections. The OIG continued implementing TeamMate audit software to improve the efficiency of its audit process and conducted an external peer review of the Board of Governors of the Federal Reserve System's Inspector General audit organization. During the reporting period, KPMG audited GPO's FY 2008 financial statements as well as the status of actions to correct deficiencies identified during the FY 2007 audit.

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

- *GPO Network Vulnerability Assessment (Assessment Report 06-02, March 28, 2006)*. Management continues to work on closing the remaining 2 open recommendations.

- *GPO Oracle Program Stakeholder Analysis (Assessment Report 06-03, March 31, 2006)*. Management continued to work toward resolution of the remaining 6 open recommendations.
- *Report on Early Oracle Implementation: Independent Verification and Validation (Assessment Report 07-01, November 20, 2006)*. Nine open recommendations continue to be addressed.
- *Report on GPO's Compliance with the Federal Information Security Management Act (FISMA) (Assessment Report 07-09, September 27, 2007)*. Following the reporting period, 4 recommendations were reported closed; management continues to address the remaining 7 open recommendations.
- *Report on Perimeter Security Assessment of a GPO Building (Assessment Report 07-10, September 28, 2007)*. One recommendation was closed and management continues to address the remaining 2 open recommendations.
- *GPO Network Vulnerability Assessment (Assessment Report 08-01, November 1, 2007)*. Five of the original 7 recommendations were closed prior to the reporting period; management continues to address the remaining 2 open recommendations.
- *Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – First Quarter Observations and Recommendations (Assessment Report 08-04, March 28, 2008)*. Of the 13 original OIG recommendations, 8 were reported closed after the reporting period, 2 were closed prior to the reporting period, and management continues to address the remaining 3 open recommendations.
- *Operating System Security for GPO's Passport Printing and Production System (Assessment Report 08-06, March 31, 2008)*. Seven recommendations were reported closed after the reporting period; management continues to address the sole remaining open recommendation.

III. Investigations. During the reporting period, the OIG performed investigative work on workers' compensation fraud, procurement fraud, employee misconduct, and miscellaneous matters. As the OIG reports, this work resulted in referral of 8 investigative matters to the Justice Department for prosecution. Three GPO employees were indicted for

physical abuse of another GPO employee. OIG investigations into workers' compensation fraud resulted in forfeitures and other savings to the Government and helped manage GPO's sick/injured administrative costs. Investigations into procurement fraud and employee misconduct uncovered abuses which were referred for corrective and in some cases prosecutorial action.

IV. Statistical Tables.

Statistical tables as required by law are enclosed.

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,



ROBERT C. TAPELLA
Public Printer

Enclosures

cc: The Honorable Diane Feinstein, Vice Chairman
The Honorable Robert Bennett, Ranking Minority Member
The Honorable Michael E. Capuano
The Honorable Susan A. Davis
The Honorable Vernon J. Ehlers
The Honorable Kevin McCarthy
The Honorable Daniel K. Inouye
The Honorable Patty Murray
The Honorable Saxby Chambliss

ENCLOSURE I

STATISTICAL TABLE FOR SECTION 5(b)(2) – DISALLOWED COSTS

	Number of <u>Audit Reports</u>	<u>Disallowed Costs</u>	
		<u>Questioned</u>	<u>Unsupported</u>
A. Audit reports for which final action ¹ had not been taken by the commencement of the reporting period	0	0	0
Audit reports issued during the period with potential disallowed costs	0	0	0
Total Costs	0	0	0
B. Audit reports on which management decisions ² were made during the reporting period			
(i.) Dollar value of disallowed costs	1	347,247	240,687
(ii.) Dollar value of allowed costs	0	0	0
C. Audit reports for which final action was taken during the period, including:			
(i.) Dollar value of disallowed costs that were recovered by management through offsets against other contractor invoices or nonpayment	0	0	0
(ii.) Dollar value of disallowed costs that were written off by management	0	0	0
D. Audit reports for which no final action has been taken by the end of the reporting period	0	0	0

¹ As defined by law, the term “final action” means the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report, and in the event that the management concludes no action is necessary, final action occurs when a management decision has been made.

² As defined by law, the term “management decision” means the evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

ENCLOSURE II

**STATISTICAL TABLE FOR SECTION 5(b)(3) – FUNDS PUT TO BETTER USE
AGREED TO IN A MANAGEMENT DECISION**

	<u>Number of Audit Reports</u>	<u>Dollar Value of Recommendations</u>
A. Audit reports for which final action ³ had not been taken by the commencement of the reporting period	0	0
Audit reports for which final action had not been taken for new reports issued during the reporting period with potential funds put to better use	0	0
B. Audit reports on which management decisions ⁴ were made during the reporting period	1	8,495
C. Audit reports for which final action was taken during the reporting, including:		
(i.) Dollar value of recommendations that were actually completed	0	0
(ii.) Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed	0	0
D. Audit reports for which no final action has been taken by the end of the reporting period	0	0

³ Same definition as in Enclosure I.

⁴ Same definition as in Enclosure I.