Office of the Inspector General

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2003 Through March 31, 2004

THE GOVERNMENT PRINTING OFFICE

For more than a century, the mission of the 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. As GPO transforms into a 21st century digital information processing facility, it remains dedicated to producing, procuring and disseminating Government information products in a wide range of formats including print, CD-ROM, and online. GPO's electronic and traditional technologies enable it to facilitate the re-engineering of information products to satisfy the Government's changing information requirements, and to preserve and protect public access to Government information.

- GPO provides print and electronic information products and services to Congress and Federal agencies. For Congress, GPO maintains a capability to fully support the information product needs of the legislative process.
- GPO disseminates Government information to the public in print and electronic formats and to Federal depository libraries nationwide where information may be used by the public free of charge.
- GPO is advancing dissemination of Government information in electronic formats. GPO Access is one of the leading Federal sites on the Internet. More than 250,000 Federal Government document titles from more than 70 Federal databases from all branches of the Government are available to the public at www.access.gpo.gov.
- GPO programs are designed to reduce the need for duplicative production facilities, achieve significant taxpayer savings through a centralized production and procurement system, and enhance public access to Government information.

THE OFFICE OF INSPECTOR GENERAL

The Office of the Inspector General was created by the Government Printing Office Inspector General Act of 1988, Title II of Public Law 100-504 (October 18, 1988).

OIG Mission

The Mission of the 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 program and operations. The OIG offers an independent and objective means of keeping the Public Printer and the Congress fully informed about problems and deficiencies relating to the administration and operations of the GPO. To meet these responsibilities, the OIG conducts audits, evaluations, investigations, and inspections. The OIG is dedicated to assisting the GPO improve its efficiency and effectiveness as the GPO transforms into a 21st century digital information processing facility.

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FROM THE INSPECTOR GENERAL

With the submission of this report to Congress, I reflect upon the challenges and accomplishments of my first year as the Inspector General of the GPO. The Public Printer has presented to Congress an aggressive agenda for transforming the GPO into a "21st century digital information processing facility." So too, I have undertaken to transform the Office of the Inspector General significantly.

While my primary mission is to prevent waste, fraud, abuse, and mismanagement, I am also charged with promoting the economy, efficiency, and effectiveness of GPO programs and operations, and commenting on policy matters related to GPO. Through considerable management initiatives and a cooperative relationship with GPO management, my office has provided GPO management with substantive recommendations and has identified more than $19 million in audit, investigation, and inspection findings. I attribute this result to a better focus on higher priority matters affecting GPO's programs, operations, and bottom-line.

As GPO undergoes unprecedented changes, the OIG must adapt its operations, not only to meet the current and evolving obligations of the OIG, but also to facilitate the transformation process in a manner that ensures the public is protected from waste, fraud, abuse, and mismanagement. Additionally, through ongoing cooperation with the Public Printer, my office will help monitor the transformation to assure that changes are necessary, useful, and cost-effective.

The Public Printer has requested annual funding for the OIG by direct appropriation for Fiscal Year 2005. This recommendation is consistent with how the vast majority of OIGs receive annual funding. More importantly, direct appropriation will provide the OIG with the necessary independence to monitor and evaluate GPO's rapidly changing operations.

There are unique characteristics of the OIG that support direct appropriation and funding at adequate levels. For example, the OIG has a non-personnel audit universe of nearly 75 percent of GPO's overall agency dollar responsibility. Most strikingly, however, is the breadth of the OIG's potential inspection, audit, and investigation jurisdiction. For example, at the beginning of Fiscal Year 2004, the OIG had jurisdiction over more than 2250 active contractors, together generating more than 100,000 contracts per year.

Additionally, there are considerable taxpayer dollars at stake:

- Contracts Review. Customers contract with GPO for printing services totaling more than $650 million annually.
- Open Customer Procurements. There are approximately $75 million in open GPO procurements. These are internal procurements to GPO infrastructure and are separate and apart from procured printing obligations.
- Other Procurements. Materials Management issued purchase orders for more than $12 million of specialized acquisitions, and nearly $19 million of purchase requisitions for paper products.

- Workers' Compensation. As of September 30, 2003, the workers' compensation liability estimate for GPO was $89.5 million over ten years.
- Investigations. One pending investigation against one contractor has resulted in uncovering a fraud scheme with an estimated total value of nearly $5 million. OIG is aware of other fraud schemes by GPO contractors that OIG will soon be or has been investigating.

The OIG anticipates that by FY 2005 it will have responsibility for monitoring a nearly $800 million universe. These are dollars that taxpayers demand be spent efficiently and effectively. While I remain committed to GPO's objectives, I am concerned that current staffing and contract allocations are insufficient to meet the associated demands.

As the GPO becomes a more technology and content driven agency, the OIG must adapt, commensurate with the rest of GPO, to the requirements for increased sophistication with staffing and skill sets that meet the transformational needs of this new business model. Adequate funding is essential to ensure that the office meets specific needs as they arise. This, in turn, will allow for timely and efficient delivery of service to the public at large, the Public Printer, the Federal Government, and the Congress.

I certainly appreciate the current budget concerns and limitations. The GPO OIG remains steadfast in its commitment to work with the Public Printer and Congress to ensure that this office addresses its challenges in a cost-efficient and timely manner.

Finally, I wish to thank Public Printer Bruce R. James and his staff at various levels of GPO and the Congress for their continued understanding and support of the OIG's work and the seriousness that OIG's work on behalf of the American taxpayer deserves.

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GPO OFFICE OF INSPECTOR GENERAL SUMMARY OF DOLLAR FINDINGS

Reporting Period October 1, 2003 through March 31, 2004

	Questioned/ Unsupported Costs	Funds Put to Better Use	Amounts Recovered	Potential Agency Cost Saving	Funds At Issue	Total OIG Findings
Office of Audits		$100,000		$1,500,000[1]		$1,600,000
Office of Investigations	$8,016,000		$20,187	$84,023		$8,120,210
Office of Administration and Inspections	$63,000[2]				$9,600,000	$9,663,000
TOTAL	$8,079,000	$100,000	$20,187	$1,584,023	$9,600,000	$19,383,210

[1] This number reflects the average potential cost savings estimated in the range of $1,000,000 to $2,000,000.
[2] This number reflects the average questioned costs estimated from $14,000 to $112,000.

EXECUTIVE SUMMARY

HIGHLIGHTS OF THE SEMIANNUAL REPORT

During this reporting period, the OIG realized several significant accomplishments. The OIG continued its commitment to key management initiatives and continued to advance a cooperative work ethic to aid the OIG and the GPO in developing sound business practices, supporting GPO managers and the Public Printer's return-on-investment philosophy. The OIG has augmented its work with other OIGs by becoming actively involved with the Council of Counsels for Inspectors General. Additionally, the OIG advanced its liaison program with the Public Printer's management team to further emphasize a proactive role in supporting GPO management in identifying cost savings and efficiency improvement opportunities.

The *Office of Audits* showed increased cost savings for the GPO. The Office of Audits conducted audits or audit-related activities identifying $100,000 in funds to be put to better use. In addition, the Office of Audits evaluated GPO's Uniform Police Branch and assessed options of contracting with a third-party vendor, or merging with U.S. Capitol Police. The OIG concluded that contracting for uniform security police with a commercial vendor could realize a savings to GPO of $1 million and $2 million per year. The Office of Audits also issued two White Papers assisting GPO in improving its efficiency and effectiveness regarding the potential acquisition of a facility in St. Louis and GPO's paper procurement and use process.

The *Office of Investigations* opened 19 investigative cases in response to 38 new complaints. Through diligent investigative efforts, the Office of Investigations closed or referred 56 matters resulting in a 67 percent reduction in open cases. An ongoing investigation into allegations of false claims of one contractor is resulting in the pursuit of civil prosecution having a questioned contract value of approximately $5 million over the past three years. Overall, the Office of Investigations has recovered in excess of $20,000 through investigative efforts, has helped realize GPO cost savings of nearly $84,500, and is questioning costs of approximately $8 million. For example, the office helped the GPO realize savings in excess of $75,000 in a collaborative effort with the Office of Workers' Compensation Programs.

The *Office of Administration and Inspections* issued a report in response to a request by the Joint Committee on Printing regarding the National Aeronautics and Space Administration Columbia Accident Investigation Board report. The OIG report highlighted the significance of using GPO to ensure that public information is made available to the public in a timely and efficient manner and identified potential cost savings to the public of between $14,000 and $112,000. Additionally, this office aided the GPO in identifying persistent overdue accounts receivable in connection with Federal Register billings. The OIG confirmed approximately $542,000 in outstanding receivables for Federal Register work and highlighted $9.6 million in additional receivables past-due more than ninety days. This inspection also identified the need for GPO to realign its business process in the intake of work to conform to Executive Branch accounting practices.

MANAGEMENT INITIATIVES

Office of Audits Peer Review

The OIG's Office of Audits underwent a triennial peer review. Each Inspector General's Audit staff must undergo a peer review every three years to ensure that it is following applicable standards as set forth by the General Accounting Office and the President's/Executive Council on Integrity and Efficiency. The AMTRAK Office of Inspector General conducted this peer review. The present OIG management had been appointed for only two weeks prior to the end of the period under review.

Based on a sample of audit reports issued from April 1, 2002, through March 31, 2003, AMTRAK concluded that the process and procedures in place in the Office of Audits are in full compliance with Generally Accepted Government Auditing Standards (GAGAS). However, AMTRAK said the GAGAS were not always followed in the representative audit reports. As a result, the OIG received a qualified opinion. The OIG had already begun to address some of these concerns. The Assistant Inspector General for Audits responded to AMTRAK with a list of actions that the OIG is implementing to develop and better manage the OIG's audit staff. The AMTRAK Inspector General, in his cover letter to the Peer Review Report, noted that he and the peer review team were pleased with these corrective actions.

Personnel Matters

Tony Ogden joined the OIG in February as the Assistant Inspector General for Administration and Inspections/Legislative Counsel. Mr. Ogden replaced Steve Higgins. Prior to his appointment, Mr. Ogden was the Litigation and Compliance Counsel for the Tobacco Project of the National Association of Attorneys General. Mr. Ogden is a former Assistant Attorney General for the State of Colorado, having served as Tobacco Counsel on behalf of the State of Colorado. He also worked as an attorney in private practice, focusing primarily on civil lawsuits and workers' compensation cases. Mr. Ogden serves as the OIG liaison to GPO's Chief Human Capital Officer; GPO's Director of Congressional Relations; and GPO's Director of Public Relations.

In March, Glenn Griser joined the OIG as the new Assistant Inspector General for Audits. Mr. Griser most recently served as Audit Program Director for the Office of Inspector General at the Department of Transportation (DOT), a position he held since 1997. Previously, Mr. Griser was the Director of Resources for the DOT OIG. He has also been Assistant Director of Audits for the Department of Labor OIG, has worked as a Special Assistant at the Environmental Protection Agency, was an analyst and investigator for the U.S. House Appropriations Committee, and worked in the D.C. and Chicago regional offices of the General Accounting Office. Mr. Griser will also serve as the liaison to the GPO's Director of Customer Services.

Andrew Killgore assumed a new title, becoming the Assistant Inspector General for Policy and Planning. Mr. Killgore will continue in his role as liaison to GPO's Chief Financial Officer.

In collaboration with the Customer Services Department, a Printing Specialist is assisting the OIG for a one-year detail. The Printing Specialist will work with the Audit, Investigation, and Inspection teams.

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	08/31 16:46	00'34	1	OK
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	08/31 16:51	01'24	1	OK
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	0'32	1	OK
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	42	1	OK

OFFICE OF AUDITS

The Office of Audits (OA), as required by the Inspector General Act Amendments of 1988, conducts independent and objective performance audits, financial audits, and special reviews relating to GPO. All OIG audits are performed in accordance with applicable Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. When requested, the OA provides accounting and auditing assistance to the OIG Special Agents for both civil and criminal investigations. The OA also refers irregularities and other suspicious acts detected during audits to the Office of Investigations for investigative consideration.

A. SUMMARY OF AUDIT ACTIVITY

The OA issued one audit report, three evaluation reports, and two White Papers to GPO officials during the six-month reporting period ending March 31, 2004. These reports made 14 recommendations for improvements, including cost efficiencies that represent between $1 million and $2 million in potential savings per year for GPO. Further, the OA has two reviews that are works-in-progress, and the OA assisted and advised GPO in three additional matters. As reported earlier, the OA also underwent its triennial peer review during this reporting period.

B. AUDIT ACCOMPLISHMENTS

Audit Report
Report on the Government Printing Office's Contractor Mailings Programs (Report Number 04-01)

Printing contracts often include a provision that instructs GPO's contractors to mail the final printed products. This provision either requires the contractor to use GPO's postal permit number or delegates to the contractor authority to incur mailing charges. Under a delegation, the contractor is to submit to GPO documentation regarding the mailing charges for reimbursement. These contractor mailings programs affect GPO's Information Dissemination Department and Customer Services Department.

The audit identified $100,000 in cost efficiencies and recommended that these funds be put to better use. The audit made eight other recommendations to improve controls over the contractor mailings programs. The significant recommendations were to:

- Ensure that contractors submit required mailing statements/documents to GPO;
- Develop clear, concise standard contract language that provides the requirements for contractors regarding mailings of final products; and
- Develop sanctions for contractors (e.g., withholding reimbursement) that fail to comply with documentation or other requirements.

GPO management agreed with all recommendations.

Evaluation Reports
Report on GPO Police Costs and Issues

The OA, with assistance from Office of Investigations (OI), evaluated the operational costs and issues of GPO's Uniform Police Branch (GPO Police). Specifically, the OA assessed (a) current GPO Police operational expenditures and (b) cost projections related to alternatives to GPO's current police operations.

The OA used several sources to complete this evaluation, including current Daily Treasury Yield Curve Rates, to arrive at net present value calculations for the cost projections.

The OA evaluation concluded that GPO could realize savings from $1 million to $2 million per year by contracting with a third-party vendor for uniformed security police services. The OA's report also included other options and related data for GPO management's consideration – e.g., merging GPO Police with U.S. Capitol Police that would cost GPO an additional $13 million to $16 million over a 5-year period.

Two Quarterly Reports to Congress of GPO's Prompt Payments of DC Water Bills

Pursuant to Public Law 106-54, the OA issued two reports (on October 15, 2003, and January 15, 2004) analyzing the promptness of GPO's payment for water and sewer services.

White Papers

GPO's Proposed Acquisition of Army's Distribution Operations Facility in St. Louis, MO (Report Number 04-00)

The Public Printer requested the OIG perform an analysis of the proposed costs associated with GPO's possible acquisition of the U.S. Army Publishing Agency (USAPA) Distribution Operations Facility in St. Louis, MO. If GPO proceeded with the acquisition, the Superintendent of Documents estimated GPO would have an initial shortfall of $1.4 million.

On October 30, 2003, the OIG issued a White Paper report stating the estimated $10.6 million in FY 2004 direct costs could be reduced by about $790,000 through negotiations with USAPA and by other GPO management actions. Further, the anticipated reimbursables associated with this acquisition were approximately $700,000.

Combining the $700,000 in reimbursables with the possible $790,000 reduction in direct costs would offset the predicted $1.4 million shortfall. Further, the OIG determined that GPO could save approximately $60,000 per year for the next 5 years by terminating the lease on its current St. Louis facility and moving those operations to the newly acquired facility. The OIG recommended that GPO engage in negotiations with representatives of the Army to discuss these factors before an acquisition decision was made. The OIG acknowledges that GPO elected not to proceed with the acquisition.

GPO's Paper Procurement and Use Issues (Report Number 04-02)

As GPO transforms from a predominantly "printing" operation to an "information dissemination" operation, many changes are taking place. With these changes, problems arise that GPO has identified and for which it is testing potential solutions, such as excess warehouse space issues. Other issues, such as "just-in-time" inventory and paper waste, provide opportunities for GPO to improve its efficiency and effectiveness in meeting its mission. The OIG White Paper provided three areas needing further study or attention in order for GPO to address these issues:

- A comprehensive study should be conducted of "just-in-time" inventory, and it should consider: lessons learned from an ongoing pilot project; projections concerning all inventory; and currently available office and warehouse space and potential future uses for those spaces.
- A study should be conducted that reviews the advantages and disadvantages of allowing a "just-in-time" inventory contractor to use existing GPO warehouse space. Allowing the contractor to use GPO space offers benefits to both GPO and the contractor – e.g., eliminat-

ing added costs of transporting paper from off-site warehouses; making direct deliveries to GPO's substores; and having readily available paper in emergency situations, such as terrorist strikes.

• GPO management should appoint an Anti-Waste Committee to coordinate and build upon the initiatives of GPO's Excellence Through Teamwork Committee. Examples of suggested agenda items for the Anti-Waste Committee include: determining the quality and accuracy of GPO's present data on paper waste; examining the adequacy of internal controls (including those designed to protect paper from theft); and researching costs and benefits of new printing technologies.

C. WORK-IN-PROGRESS

The OA has undertaken the following audits and reviews for which fieldwork is ongoing. The corresponding reports, as well as others, will be issued in the next reporting period:

Audit of a Contractor's Settlement Proposal

GPO management requested an audit of a contractor's settlement proposal regarding a supplemental agreement to the contract. This supplemental agreement resulted from GPO authorizing an acceleration of the production schedule on a printing job for the Internal Revenue Service. The contractor's settlement proposal is for $461,400, which is the maximum amount allowable under the supplemental agreement. Audit fieldwork has been started but additional documentation is still needed from the contractor. The report is scheduled for issuance during the third quarter of FY 2004.

Review of Effectiveness of GPO's Regional and Satellite Offices in Providing Services to Federal Agencies

The OIG is conducting an examination of the effectiveness and efficiency of GPO's Regional Printing Procurement Offices (RPPOs) and Satellite Printing Procurement Offices (SPPOs) in providing customer agencies with requested products and services. To meet this objective, the OIG will:

• Review and analyze revenues and operating costs for the past 3 to 4 years;

• Review and analyze orders processed for the past 3 to 4 years;

• Compare the number of full-time employees authorized with the number of employees on-hand;

• Assess the monitoring of the RPPOs/SPPOs and review management incentives to generate new business and reduce costs;

• Determine the amount of business performed for the RPPOs/SPPOs by private printers located (a) within the RPPOs'/SPPOs' particular geographic areas and (b) in other geographic areas; and

• Identify the percentages of customer agencies' printing budgets that were spent at or through GPO.

The OIG anticipates issuing this report during the fourth quarter of FY 2004.

D. ADVICE AND ASSISTANCE

During this reporting period, the OA provided substantial advice and assistance to GPO officials and other Federal audit organizations as follows:

2003 Financial Statement Audit

The audit of GPO's Fiscal Year 2003 financial statements was completed on November 14, 2003,

three months sooner than in the previous year. The OA provided support for and facilitated this achievement. Under 44 U.S.C. 309, an annual financial statement audit has been required since Fiscal Year 1997. KPMG LLP has been retained to conduct this audit under a multi-year contract for which the OA is the Contracting Officer's Technical Representative (COTR). In addition, the OA provides administrative support and coordination with GPO management for the KPMG auditors. This is the third annual audit to be performed under the KPMG contract. The option to renew this contract for FY 2004 has been exercised, and the contract can be renewed for one more year (Fiscal Year 2005).

Liaison with GPO Managers
The OA, along with the Assistant Inspector General for Policy and Planning, conducted liaison activities with GPO's Customer Services Department, Information Dissemination Department, Plant Operations, and Finance and Administration Department. The OIG conducts these liaison activities in order to improve GPO's programs and operations, the OIG's work products, and GPO/OIG communications.

Assistance to OI on Investigative Case
During this period, the OA assisted the OI in the investigation of alleged product substitution and inappropriate claims by a contractor. The OA staff assisted the OI in reviewing evidence and documents that could result in significant savings to GPO. The case was also accepted by a U.S. Attorney's Office for civil prosecution.

E. STATUS OF OPEN RECOMMEN-DATIONS
GPO management officials had not implemented all of the significant recommendations contained in nine audit reports issued during prior semiannual reporting periods. A synopsis of OIG's audit findings and recommendations, along with management's actions, to implement the outstanding recommendations follow:

Report on Improving the Controls Over GPO's Travel Program (Report 01-05, issued June 12, 2001)

Finding
Opportunities exist to improve controls by issuing fewer and smaller travel advances, and by updating published travel regulations.

Recommendations
The Director of Administrative Support should:
- Not authorize travel advances for employees with Government credit cards (activated and not activated) and require the use of credit cards for all cash advances to these employees (0105-01); and
- Update GPO Publication 815.1B *Travel Regulations* dated July 1989 with current General Services Administration's guidelines and GPO Notices on travel advances for GPO employees with Government credit cards (0105-03).

Management Comments
Under GPO's reorganization, the Office of the Chief Financial Officer was assigned responsibility for the GPO Travel Management Program and, thus, for commenting on the above recommendations. On March 18, 2004, the Chief Financial Officer responded that he would be drafting proposed changes to GPO's cash advances

process to address our first recommendation (0105-01). Regarding the other recommendation (0105-03), the Chief Financial Officer concurred with the recommendation and advised that he expects an updated publication will be issued later this year.

OIG Comments
These recommendations remain open until the Chief Financial Officer completes and implements the above actions.

Report on Improving the Controls Over GPO's Smartpay Program at the Central Office (Report 02-09, Issued September 9, 2002)

Finding
From July through December 2001, the OIG found that a secretary in GPO's Training and Career Development Branch authorized over $238,000 for 157 training courses without certifying that GPO employees attended the courses. This was contrary to Section 5.d of GPO Instruction 805.27 *Obtaining, Using, and Safeguarding Commercial Credit Cards.*

Recommendation
The Director of Personnel (now the Chief Human Capital Officer) should ensure that, before authorizing payments on training courses, the Chief of the Training and Career Development Branch either (a) receives Copy 9 of the *Request, Authorization, Agreement and Certification of Training* form or (b) uses alternate means of certification of training, such as making telephone calls to employees' supervisors (0209-06).

Management Comments
On March 18, 2004, the Chief Financial Officer responded that he and the Chief Human Capital Officer will, in the near future, re-examine the internal

controls over credit card payments for training and will consider the OIG's recommendation.

OIG Comments
The failure of the Chief Financial Officer and Chief Human Capital Officer to follow established management controls as provided in GPO Instruction 805.27 demonstrates a lack of direction over GPO's training program. As a result, GPO continues to pay an estimated $500,000 annually in training without reasonable assurances or safeguards against fraud, waste, or abuse.

Report on Improving the Controls Over SuDocs [now the Information Dissemination Department] Central Office Sales Order Program (Report 02-10, issued September 12, 2002)

Finding
The audit determined that opportunities exist to improve the internal controls over the follow up of bad debts, namely through the development of internal controls within the Information Dissemination Department's Order Division by: (a) updating the Division's policy statement and authorized office procedures and (b) implementing written procedures in the areas of follow-up letters, foreign checks, and collection practices of bad debts.

Recommendations
The Superintendent of Documents should ensure that:
- Detailed procedures are developed and implemented on the timing of the three follow-up letters in the Order Division in order to improve the chances of a successful collection from customers with dishonored checks (0210-02);
- Written procedures are developed and implemented for the processing of orders by the Receipts and Processing Branch personnel when

checks are drawn on foreign banks to ensure that the checks are encoded with the routing symbol assigned to the United States financial institution by the American Bankers Association (0210-05);

- Written procedures are established and implemented to ensure that all collection practices for bad debts from the Sales Program are exhausted before a memorandum is written from the Order Division to the Comptroller requesting certain unpaid invoices be written off (0210-06); and
- An internal control program is established within the Order Division through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A (0210-10).

Management Comments

As a result of GPO's reorganization, the Information Dissemination Department stated that the first three of the above recommendations were transferred to GPO's Chief Financial Officer. For the last recommendation (0210-10), the Information Dissemination Department has established an internal control program but has yet to implement it.

OIG Comments

The OIG will follow-up with the Chief Financial Officer during the next six-month reporting period to determine the status of the first three recommendations. The last recommendation remains open until the Information Dissemination Department implements the internal control program, which it should do within the next six months.

Report on Improving the Controls Over the Procurement Process of the Denver Regional Printing and Procurement Office (Report 02-12, issued November 12, 2002)

Finding

The Denver Manager did not establish an internal control program in the Regional Printing Procurement Office (RPPO) through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A *Internal Control Program*.

Recommendation

The Manager of the Printing Procurement Department should ensure that the Manager of the Denver RPPO establishes an internal control program through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A (0212-26).

Management Comments

On March 19, 2004, the Managing Director of Customer Services stated that Customer Services is conducting comprehensive reviews of all RPPOs to determine whether they should continue their operations. He stated that GPO is closing the Denver printing plant effective May 1, 2004, and will restructure the remaining Denver RPPO's operations. He requested a delay in establishing an internal control program until he has determined the final structure of those operations.

OIG Comments

This recommendation remains open until the Managing Director of Customer Services completes and implements the internal control program, which he should do within the next six months.

Report on Improving the Controls Over the Processing of Customer Agencies' Credit Card Charges for Printing Procurements with Riders (Report 03-02, issued March 31, 2003)

Finding

The OIG found that Printing Procurement Department personnel from Central Office and six Regional Printing Procurement Offices miscalculated the charges on customer agencies' credit cards in 30 percent (18 of 61) of the procurements, which totaled $10,169.

Recommendation

The Manager of the Printing Procurement Department and the Comptroller should immediately finalize the draft GPO Instruction 440.12 *Processing Printing and Binding Credit Card Payments* and distribute to affected personnel (0302-01).

Management Comments

On March 18, 2004, the Chief Financial Officer stated that the business rules for the credit card process have been drafted and are being coordinated with Customer Services. Once agreed upon, the GPO Instruction will be reissued. On March 25, 2004, the Managing Director of Customer Services confirmed the coordination.

OIG Comments

This recommendation remains open until GPO management completes and issues the GPO Instruction, which should be done within the next six months.

Report on Improving Controls Over Printing Procurement Department's Contract Modifications at Central Office (Report 03-04, issued September 30, 2003)

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 databases – because the two systems were not interfaced, which is contrary to Standard 1 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 the Procurement Information Control System for entering future contract modifications data (0304-02).

Management Comments

On March 9, 2004, the Managing Director of Customer Services stated that PPD's Systems Support group is working on consolidating the two databases. Systems Support is in the process of identifying enhancements that will be necessary. It is anticipated that development of the enhancements will begin by the Fall of 2004.

OIG Comments

This recommendation remains open until the Managing Director of Customer Services completes and implements the system enhancements.

Report on the Federal Depository Library Program (FDLP) Inspection Program (Report 03-06, issued September 30, 2003)

Finding

The OIG identified several opportunities to improve internal controls over the FDLP inspection program. Examples of the problems identified include: the inspections of libraries are not precisely defined; the library inspections process needs to be more efficient; and the inspectors need improved operating procedures regarding their time management.

Recommendation
The OIG recommended 13 areas for improvements.

Management Comments
The Superintendent of Documents agreed with all recommendations and has begun implementation of corrective actions.

OIG Comments
The OIG will follow up on the status of implementation of these recommendations during the next semiannual period.

Report on Improving the Controls Over the Administering of GPO Transit Benefit (Metrochek) Program (Report 03-07, issued September 30, 2003)

Finding
The OIG found that management controls were not always effective over (a) the eligibility of GPO employees for participation in the Metrochek program and (b) the distribution of monthly farecards. Furthermore, the efficiency of the program as established in GPO Notice 450 series and GPO Instruction 825.18A *Internal Control Program* could be improved. The OIG identified a total of $92,270 of funds that could be put to better use. The major findings were:

- Lack of effective communication between the Metrochek Program Coordinator and the Parking Manager to ensure that GPO employees did not participate in both programs; from September 2001 through August 2003, this lack of communication resulted in 17 employees receiving $12,696 in farecards while still participating in GPO's parking program;
- Insufficient questioning of employees' commuting expenses on Metrochek applications

before processing resulted in 89 employees, who resided in Washington D.C., inappropriately receiving about $20,000 annually in farecards;
- Lack of controls in the monthly distribution of farecards to Laurel employees resulted in a shortage after the July 2003 reconciliation;
- Allowing employees time off to go and pick up their monthly farecards costs GPO approximately 900 hours or $25,542 annually in lost productivity; and
- GPO could achieve benefits of: (a) $14,400 by reducing future orders of monthly farecards; and (b) $3,900 by reducing the ending inventory of monthly farecards.

Recommendations
The Comptroller should ensure that the Assistant Comptroller of the General Accounting Division or the Chief of the Cash Management Branch:
- Periodically matches the databases of the parking program and the Metrochek program to ensure that GPO employees are not participating in both programs simultaneously (0307-02);
- Takes appropriate action, if warranted, to recover the $12,696 from the 17 GPO employees who received farecards while also participating in GPO's parking program (0307-03);
- Requests additional support from the 29 employees who could not justify the additional costs in their commutes to and from GPO (0307-05);
- Uses the Washington Metropolitan Area Transit Authority (WMATA) Ride Guide on the applications received from the remaining Metrochek recipients to ensure the actual benefits received are supported (0307-07);

- Requires all employees participating in the Metrochek program to submit an annual application to ensure the transit information is current (0307-08);
- Requests an updated application from the Laurel employee, with written justification for the $100 request in farecards, and compare the application with the WMATA Ride Guide (0307-09); and
- Starts a pilot program using the SmarTrip card from Metro's SmartBenefits Program for GPO employees using the MetroRail (subway) exclusively and to expand the program gradually to eventually include MetroBus, Maryland Rail Commuter, and Virginia Railway Express commuters (0307-11).

Management Comments

On March 18, 2004, the Comptroller responded that: (a) actions were being taken to implement recommendations 0307-02, 0307-03, 0307-05 and 0307-09; (b) recommendations 0307-07 and 0307-08 will be implemented in a reasonable time; and (d) recommendation 0307-11 will be considered. Based on management's comments, the other four recommendations (0307-01, -04, -06, and -10) have been closed. GPO management has not decided on actions regarding the OA's findings of $92,270 in funds that could be put to better use.

OIG Comments

These recommendations remain open until the Comptroller implements the above actions and comments on the $92,270 in funds that could be put to better use.

Report on Preparing Uniformed Police Branch's Incident Reports in a Timely Manner for GPO's Corrective Action Program (Report 03-08, issued September 30, 2003)

Finding

During the audit of GPO's Corrective Action and Other Employee Programs of the Employee Relations Branch (ERB), the OIG found that incident reports prepared by GPO's Uniformed Police Branch (UPB) and reviewed by the Physical Support Group were not always received by ERB in a timely manner. The OIG found that UPB and the Physical Support Group did not have any management controls developed or written to ensure that incident reports were completed, reviewed, and approved in a timely manner before forwarding them to ERB.

Recommendations

GPO's Assistant Chief of Staff for Security (former title, GPO has yet to provide a new title for this position) should ensure that management controls are developed and written for the:
- UPB to determine a reasonable timeframe to complete incident reports in a timely manner (0308-01);
- UPB to log and track incident reports to ensure they are prepared and approved in a timely manner before forwarding them to the Physical Security Group (0308-02); and
- Physical Security Group to review and approve future incident reports in a timely manner before forwarding them to the ERB (0308-03).

Management Comments

The Director of Labor and Employee Relations did not respond by the end of this semiannual period regarding the status of these recommendations. However, the Director did provide comments on April 15, 2004, prior to the printing of this report. Based on those comments, the OIG acknowledges that corrective actions have been taken on all recommendations.

OIG Comments

The Director's April 15, 2004 comments are sufficient to close all three recommendations.

Report on GPO's Corrective Action and Other Employee Programs (Report 03-09, issued September 30, 2003)

Finding

The audit found that the controls over the fair and timely processing of pertinent documents connected with GPO's Corrective Action and other employee programs – e.g., suspensions, removals, letters of warning, and internal investigations – were not in compliance with the timeframes established in the Director's Correspondence Schedule and GPO Instruction 825.18A *Internal Control Program.* The OIG found the following problems in the Employee Relations Branch:

- Specialists were not always timely in preparing the final letter to the Deciding Official on suspensions and removals within the Director's Correspondence Schedule of 64 calendar days, after receipt of GPO Form 2021; from October 1, 2001, through March 31, 2003, this problem resulted in four employees remaining on the payroll and receiving an additional $43,181;
- Specialists were not always timely in preparing letters of warning within the Director's Correspondence Schedule of 25 calendar days;
- Specialists were not always timely or complete in preparing memorandums to supervisors on recommending corrective actions after receiving incident reports from GPO's Uniformed Police Branch; and
- An internal control program had not been established.

Recommendations

This report contained 11 recommendations to address the above findings and improve the internal controls over the fair and timely processing of documents associated with GPO's corrective action and related programs.

Management Comments

The Director of Labor and Employee Relations did not respond by the end of this semiannual period regarding the status of these recommendations. However, the Director did provide comments on April 15, 2004, prior to the printing of this report. Based on those comments, the OIG acknowledges that corrective actions have been taken on 3 of the 11 recommendations. The Director also noted that the former Employee Relations Branch had been reorganized, but the Director did not provide the status of the other eight recommendations.

OIG Comments

The OIG will follow up with GPO's Chief Human Capital Officer, the manager of the Director of Labor and Employee Relations, regarding the status of the remaining eight recommendations.

STATISTICAL TABLE ON AUDIT REPORTS WITH QUESTIONED AND UNSUPPORTED COSTS

Description	Number of Reports	Questioned Costs	Unsupported Costs	Total Costs
Reports for which no management decision has been made by the commencement of the reporting period	2	$4,405	$93,661	$98,066
Reports issued during the reporting period	0	$ 0	$ 0	$0
Subtotals	2	$4,405	$93,661	$98,066
Reports for which a management decision was made during the reporting period 1. Dollar value of disallowed costs 2. Dollar value of allowed costs	2[3] 0	$4,405 $ 0	$93,661 $ 0	$98,066 $0
Reports for which no management decision has been made by the end of the reporting period	0	0	0	0
Reports for which no management decision has been made within six months of issuance	0	0	0	0

[3] GPO management agreed with all the OIG's findings in these two reports (regarding a contractor's claimed costs) and, thus, disallowed the contractor's claimed cost of $98,066.

STATISTICAL TABLE ON 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	1	$92,270
Reports issued during the reporting period	1	$100,000
Subtotals	2	$192,270
Reports for which a management decision was made during the reporting period • Dollar value of recommendations that were agreed to by management • Dollar value of recommendations that were not agreed to by management	 1 0	 $100,000 $ 0
Reports for which no management decision has been made by the end of the reporting period	1	$92,270
Reports for which no management decision has been made within six months of issuance	1	$92,270

STATISTICAL TABLE - LIST OF AUDIT REPORTS ISSUED DURING REPORTING PERIOD

Contract Audit Reports	Questioned Costs	Unsupported Costs
To protect the Government's negotiating position on claims that have not been settled, information identifying the contractor and the associated questioned costs has not been disclosed.		
Totals	$ 0	$ 0

Other Audit Reports	Funds Put to Better Use
Report on the Government Printing Office's Contractor Mailings Programs (Report Number 04-01, issued 3/31/04)	$100,000
Total	$100,000

OIG Hotline:
1.800.743.7574
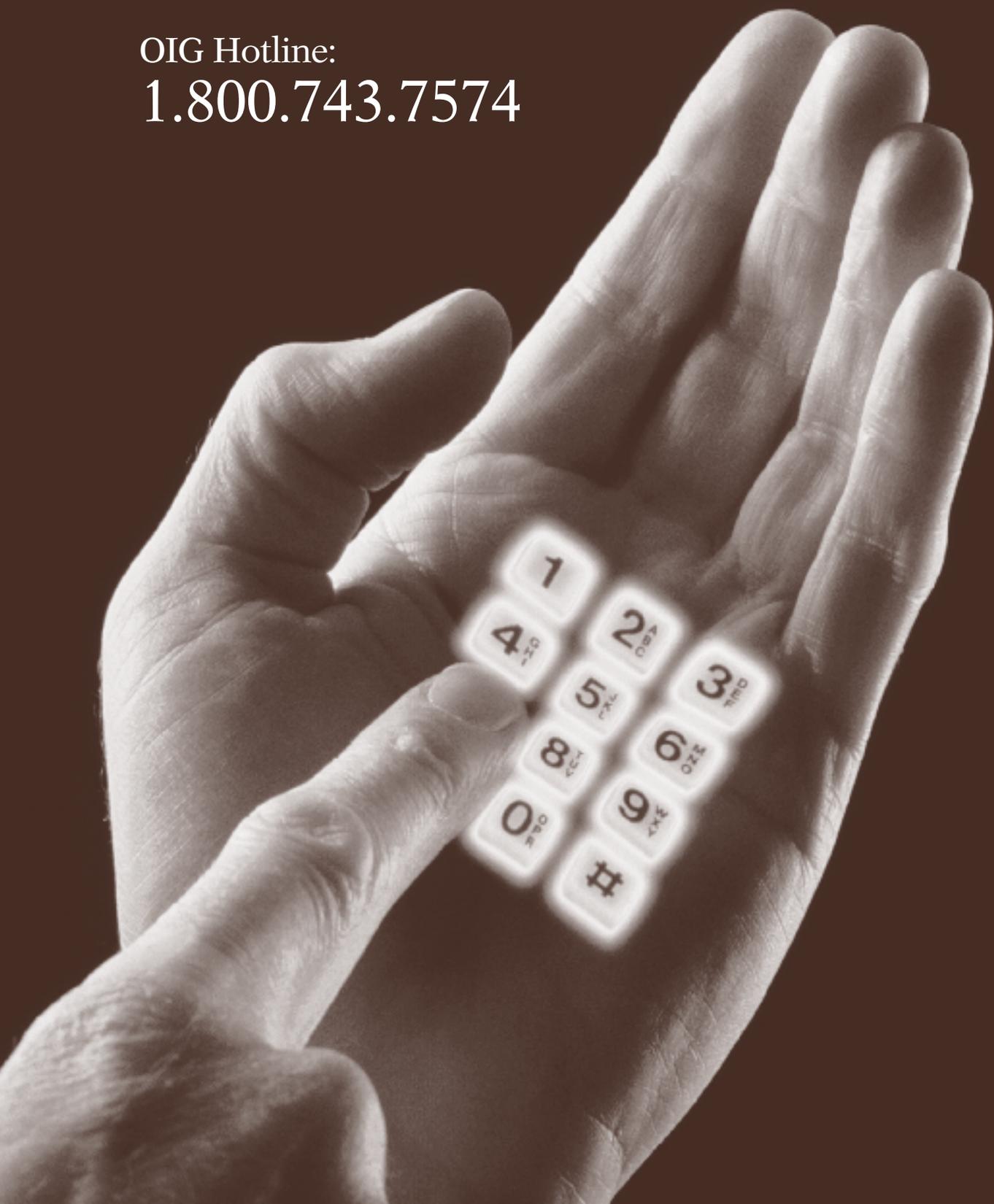
OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) conducts and coordinates investigations relating to employee misconduct and monetary or material losses occurring in GPO programs and operations. These investigations may include contractors, program participants, GPO Management, and other employees. Special Agents in the OI are also designated as Special Police Officers pursuant to 44 U.S.C. § 317.

The OI's investigations with federal or non-federal investigative agencies 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.

The OI continues an aggressive effort to detect, prevent, and investigate the loss of Government assets. In addition, the OI seeks to recover monetary funds and investigative costs payable directly to the GPO as part of criminal and civil adjudication, or through administratively negotiated settlements.

A. SUMMARY OF INVESTIGATIVE ACTIVITY

During this reporting period, the OI opened 19 investigative cases in response to new complaints or allegations, and closed or referred 56 matters.

B. INVESTIGATIVE ACCOMPLISHMENTS

The OI remains active in liaison efforts with agency offices throughout the U.S. As a result, the OI has witnessed an increase in information and/or complaints received regarding allegations of fraudulent activities by GPO contractors. In addition, OI has undertaken a proactive approach to identifying violators of GPO contracts. The result of this new approach showed a marked increase in the dollar value of contracts under question, agency funds saved, and monies recovered.

To coordinate matters better with U.S. Attorneys' Offices (USAO), OI will begin using case management software currently used throughout the U.S. by prosecutorial and law enforcement offices in the Department of Justice. By the use of this software, OI can easily discuss, coordinate, implement, and integrate up-to-the-minute investigative and prosecutorial efforts between OI and USAO offices.

In conjunction with the Office of Audits, OI assisted in the evaluation of cost expenditures related to GPO Uniformed Police Branch. The findings and savings options were reported to GPO management.

C. TYPES OF CASES

The OI's investigative workload is categorized into four major areas based on the types of investigative cases:

Office of Workers' Compensation Program (OWCP)

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

Title 44, United States Code (U.S.C.) Violations

The OI investigates allegations involving reported violations of Title 44 U.S.C. (*Public Printing and Documents*). These include federal agencies allegedly circumventing GPO by procuring printing services in violation of the law. The OI referred three Title 44 investigations to GPO management for their information or action.

The OI also investigates allegations of violations of Title 31 U.S.C. (*Money and Finance*), which may arise from violations of Title 44. Title 31 violations occur as a result of federal employees expending their agency's congressionally appropriated funds for printing services provided by contractors without requesting those services through GPO.

The OIG will continue to coordinate with GPO management and members of Congress concerning ongoing issues related to Title 44 violations.

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.

A prior reporting period fraud case was referred to the USAO for prosecution during this period. Civil prosecution action is pending.

Employee Misconduct

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

D. STATUS OF ACTION ON REFERRALS

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

External

U.S. Attorney's Office (USAO) / State Attorney's Office (SAO):

One prior reporting period investigation into allegations of false claims, false statements, and product substitution was accepted for civil prosecution. The total amount of contracts under question is $5 million dollars over the past three years.

Internal

CFO/CHCO/CIO/Management:

A total of 28 matters were referred to GPO management for action during this reporting period. No additional investigative effort is required.

E. INVESTIGATIVE CASE DISPOSITIONS

The following depicts the type of matters handled by the OI during this reporting period:

The OI investigated the handling of a fire by the GPO Police Force. OI's findings were forwarded to GPO management with the following recommendations:

- Create written Standard Operating Procedures regarding responses by police officers and others to fire alarms and emergency situations.
- Police officers should receive additional training in emergency response.
- Regularly test fire alarms and equipment for operability.

- Consider providing necessary equipment and training to police officers required to search for smoke or fire.

GPO management responded to the recommendations and stated: 1) Standard Operating Procedures will be put in place; 2) Training needs will be addressed; 3) Post Orders will be updated; and 4) GPO management will meet with police officers to discuss changes.

The OI received information from the Uniformed Police Branch that GPO employees were falsifying GPO "One-Day Temporary Parking Permits." It was alleged that employees were using the temporary permits on a daily basis, and over an extended period of time, to receive free parking and circumventing the agency's "Pay Parking Program." In one case, an employee inserted a validity date of his permit to last one year. The OI discovered that the permit form was available on the agency's main website and accessible to all employees. Through the efforts of OI, the form was removed from the website and the previously mentioned employee was terminated from federal employment for his involvement from this matter.

F. WORK-IN-PROGRESS

OI conducted an investigation of a GPO contractor concerning alleged submission of claims/statements and product substitution. The investigation revealed evidence to substantiate the allegations and was presented to and accepted by the USAO for civil prosecution. The amount of questioned funds relating to these contracts is approximately $5 million dollars over the last three years.

An investigation opened in a prior reporting period involving a contractor over-billing GPO is pending. The contractor, who conducts work for every region within GPO, has allegedly over-billed for services in approximately 300 to 600 contracts. The OI is questioning and concentrating its efforts in contracts that total approximately $865,000. Initially, several print orders and invoices were reviewed and 12 invoices showed irregularities resulting in the recovery of $7,187.24. The contractor's invoices continue to be reviewed for inconsistencies.

In the previous reporting period, the OI initiated a proactive approach to reducing workers' compensation costs at GPO. The OI has collaborated with OWCP, resulting in a reduction of Continuation of Pay (COP) costs from $176,889 in fiscal year 2003 to $100,255 in the first half of fiscal year 2004. This is a savings of $76,634 (a 44 percent decrease) in COP costs. The OI is also reviewing the long-term periodic rolls. The OI is questioning $2 million dollars (of $6.4 million dollars) in long-term payments, and claims are undergoing review to verify the legitimacy of OWCP benefit payments.

The OI is questioning $151,000 in contracts involving two contractors allegedly involved in the submission of false claims/false statements, illegal sub-contracting, and bid collusion.

Considering heightened homeland security, the OI initiated an inquiry to determine the validity of all GPO employees' Social Security numbers. The OI worked in conjunction with the Social Security Administration (SSA) to cross-reference GPO's records with SSA's to determine if any abnormalities existed. To date, OI has identified 69 individuals who have some type of discrepancy with their records. Of those identified, 25 had issues surrounding the social security numbers not matching the same name; seven had social security numbers unable to be verified; five had more than one social security number matched by name

only; and the remainder had various minor issues. Additional investigative efforts are being undertaken to validate the integrity of the Social Security numbers used by GPO employees.

The OI is reviewing the suspension/debarment program within GPO to determine if better practices and procedures can be implemented to maximize the program's benefits. The review includes discussions with GPO regional personnel, the agency debarment official, and the submission of investigative findings for agency action.

As part of an overall security evaluation of the GPO, OI is in the process of completing phases two and three of a five-phase survey of the agency. The results of each phase will be forwarded to senior agency management for action.

As a result of OI's efforts, the agency already has realized a savings of $7,389 by reducing payment in one print job and recovered approximately $13,000 in two other print jobs.

STATISTICAL TABLE - SUMMARY OF INVESTIGATIVE CASE WORKLOAD AS OF MARCH 31, 2004

Workload Analysis:	Number
Beginning Case Workload as of October 1, 2003	56
Cases Opened (from 38 New Complaints Received)	19
Cases Closed	<28>
Cases Referred to Agency for Action (No Further OI Action Required)	<28>
Ending Case Workload as of 3/31/04	19

STATISTICAL TABLE - OFFICE OF INVESTIGATIONS PRODUCTIVITY SUMMARY

Arrests	0
Total Cases Presented to USAOs / SAOs	2
Criminal	1
Criminal Declinations	1
Convictions	0
Guilty Pleas	0
Probation (days)	0
Restitutions	0
Civil	1
Civil Declinations	0
Amounts Recovered Through Investigative Efforts	$20,187
Total Agency Cost Savings Through Investigative Efforts	$84,023
Total Amounts Questioned or Under Questioning	$ 8.02M
Total Administrative Referrals	28
Employee Suspensions	0
Employee Terminations	1
Employee Warned/Other Actions	0
Other Law Enforcement Agency Referrals	0

OFFICE OF ADMINISTRATION AND INSPECTIONS

The Office of Administration and Inspections (AI) provides the Inspector General with an alternate mechanism to traditional audit and investigative disciplines to assess GPO programs and activities. The Office conducts short-term reviews and evaluations that generally focus on issues which are limited in scope. The Office also assists the Inspector General in responding to Congressional and management requests for assistance.

A. SUMMARY OF INSPECTIONS ACTIVITY

During the current reporting period, AI issued one report in response to a request of the Joint Committee on Printing (JCP) and one report in response to a request of GPO management. A summary of AI accomplishments follows:

Reports

In response to a request by the JCP, AI issued a report concerning the publication of the National Aeronautics and Space Administration Columbia Accident Investigation Board (CAIB) report printed outside of the GPO. The report highlighted potential savings of $14,000 to $112,000 that would have been achieved had the CAIB report been produced by GPO.

In response to a request by GPO management, AI issued a report concerning persistent overdue accounts receivable. Millions of dollars owed to the GPO have been outstanding for an inordinate amount of time. This inspection identified the need for GPO to realign its business process for the intake of work to conform to Executive Branch accounting practices.

Advice and Assistance

AI provided advice and assistance to the Chief Information Officer (CIO) concerning the reorganization of IT services, IT security, and the role of the OIG in the "stand-up" of the Public Key Infrastructure project at the GPO.

AI monitored work of the CIO to mitigate risks in the GPO IT environment that were reported by the KPMG financial statement audit and the OIG inspection of GPO network vulnerabilities.

AI provided advice and assistance to the Managing Director of Plant Operations concerning the security and redesign of the passport product.

AI continued efforts to monitor Executive Branch compliance with Title 44. There appeared to be no commonality of data between GPO data and Office of Management and Budget (OMB) data as it concerned monitoring Executive Branch Agency spending activity at GPO versus the Printing and Reproduction budget approved by OMB.

AI assisted the Office of Audits as liaison to KPMG for that portion of the Financial Statement Audit pertaining to IT security testing and other assurance services.

B. INSPECTION ACCOMPLISHMENTS

Columbia Accident Investigation Board Report

AI issued a report in response to an inquiry by the JCP concerning the publication of the National Aeronautics and Space Administration Columbia Accident Investigation Board (CAIB) report. The JCP requested a review to determine whether the CAIB report was subject to the requirements of Title 44, and if so, whether the report was completed consistent with these requirements.

Our investigation revealed that the CAIB was not exempted from the mandates of Title 44. The CAIB never requested, and GPO did not grant, a waiver from the Title 44 requirement regarding the printing of reports by the CAIB. Due to the failure of the CAIB to use GPO for the publication of the report, there was a range of $14,000 to $112,000 in additional costs to the general public, as well as compromises to the availability of the report information to the general public.

Persistent Overdue Accounts Receivable

AI issued a report concerning persistent overdue accounts receivables related to Executive Branch Federal Register (FR) publishing activity. In March 2004 there were approximately $542,000 in outstanding receivables for FR work and, of that amount, $185,000 in billings were for FR publishing not supported by an SF-1 (Printing and Binding Requisition to the Public Printer) from the publishing agency.

The inspection revealed that GPO reliance on the SF-1 as an intake document for billable purposes and as a reference document for invoicing customer agencies was questionable. Some customer agencies have adequate controls in place to capture the SF-1 as an obligating document in their financial system, while others do not. If a customer agency has not treated the SF-1 as an obligating document in their financial system, it has little ability to pay an invoice submitted by the GPO in a timely fashion. Further, agencies may have no ability to pay if the SF-1 circumvented their budgetary control and procurement systems and it was later found that funds were not available at the time of the order to GPO.

The inspection concluded that the most reliable method to ensure timely payment for goods and services within the Executive Branch is to require a purchase order. A purchase order would ensure that funds have been set aside and obligated on the financial records of the ordering agency awaiting an invoice from a vendor or GPO.

A broader picture of GPO receivables shows that there are $9.6 million in receivables past due at least ninety-days, and of that amount, $6.7 million has been past-due for more than one year. Continued reliance on the SF-1 may be the systemic cause for these persistent unpaid amounts.

The OIG is going to recommend that the Chief Financial Officer (CFO) begin a process to require a purchase order for all intake of work from customer agencies and to collaborate with the OIG in a series of recovery audits to identify and recover monies owed to the GPO.

C. WORK-IN-PROGRESS

Information Technology

AI continues to provide advice and assistance to the CIO concerning the reorganization of IT services, IT security, and the process of migrating GPO legacy business systems to contemporary software and hardware platforms. AI will monitor the CIO's work in mitigating risks in the GPO IT environment. These risks were reported as findings with attendant recommendations in the

2003 Financial Statement Audit and the OIG inspection report of GPO network vulnerabilities.

AI is providing compliance audit services and third-party witnessing for the implementation of the GPO Public Key Infrastructure (PKI) project. The primary objective of this implementation is to ensure customers that the information made available through GPO ACCESS is official and authentic and that trust relationships exist between all participants in an electronic transaction. GPO's PKI implementation will provide security for and safeguard official Federal Government publications.

AI will continue to provide advice and assistance in the 2004 Financial Statement Audit activity. The AI acts as liaison and facilitator for IT security testing and other IT assurance work conducted by the external auditor, KPMG, to support their opinion on the GPO's financial statements.

Product Security

AI continues to provide advice and assistance to the Managing Director of Plant Operations concerning security and other issues in the redesign and deployment of the passport product for the State Department. GPO faces many challenges in this program such as: developing a secure IT environment to capture and encrypt data concerning the individual passport book; insertion and validation of smart card technology; specification of new security paper content; and, a redesign of security features imbedded in the printing process. Additionally, changes in the manufacturing process will require a reengineering of the current production methods and supply chain.

Title 44 Compliance and the OMB Compact

The AI attempted to implement a process to monitor Executive Branch compliance with Title 44 requirements. With the assistance of Office of Management and Budget (OMB) and the GPO Chief Information Officer, AI utilized ACL, a data mining software tool, to monitor agency spending activity through the GPO as contrasted to their appropriation for "Printing and Reproduction" expenses as allocated by OMB. However, there was insufficient commonality of data between GPO and OMB to do this in an automated environment. The OIG will recommend that the GPO require customer agencies include their OMB agency code on all requests for procured printing and related services. This would enable the OIG to monitor the $2 billion in the Executive Branch printing and reproduction expense appropriations and report the results to Congress.

The issues surrounding the OMB Compact with GPO will be reviewed in the next reporting period that will merge the compliance issue stated above with an analysis of the process being developed for Executive Agency procured printing activity.

Financial Management – Purchase Card Program

The AI has consulted with the OIG software contractor to put in place a mechanism to monitor the purchase card program. The potential for fraudulent, improper, and abusive purchases in a purchase card program should be viewed by management as a risk of significant financial loss, possibly resulting in operational inefficiency and impairment of mission readiness. This is particularly true in the Federal Government environment where taxpayer dollars are at risk.

E-Government

The AI is developing an evaluation process to monitor the issues with GPO compliance with the E-Government Act of 2002. In fulfill-

ing GPO's mission to provide government information to the public, the agency should meet the standards of privacy, accessibility, usability, and archiving required by the Act. GPO Information Dissemination and Information Technology programs should be compatible with architectures being adopted by the Chief Information Officer Council and standards being formulated by The Interagency Committee on Government information.

D. STATUS OF OPEN RECOMMEN-DATIONS

Network Vulnerability Testing Recommendations

The CIO has made significant progress in mitigating or eliminating 34 GPO key vulnerabilities identified by the OIG during the last reporting period. These were the result of testing the GPO internal network for potential vulnerabilities and further exploiting them to gain unauthorized and privileged access. The CIO has implemented 28 of the 34 recommendations and the remaining six are in the design, planning or development stage.

Financial Statement Audit - KPMG Recommendations

KPMG issued ten IT findings in the course of their 2003 Financial Statement Audit.

The CIO, in addressing the KPMG open recommendations, has made significant progress. A restructured GPO Information Security Policy is near final approval. The IT security staff has been consolidated, a new director appointed, and necessary training and deployment is underway. GPO is developing a risk assessment framework and adopting a Systems Development Life Cycle that will fulfill KPMG's recommendations.

KPMG RECOMMENDATIONS – STATUS REPORT

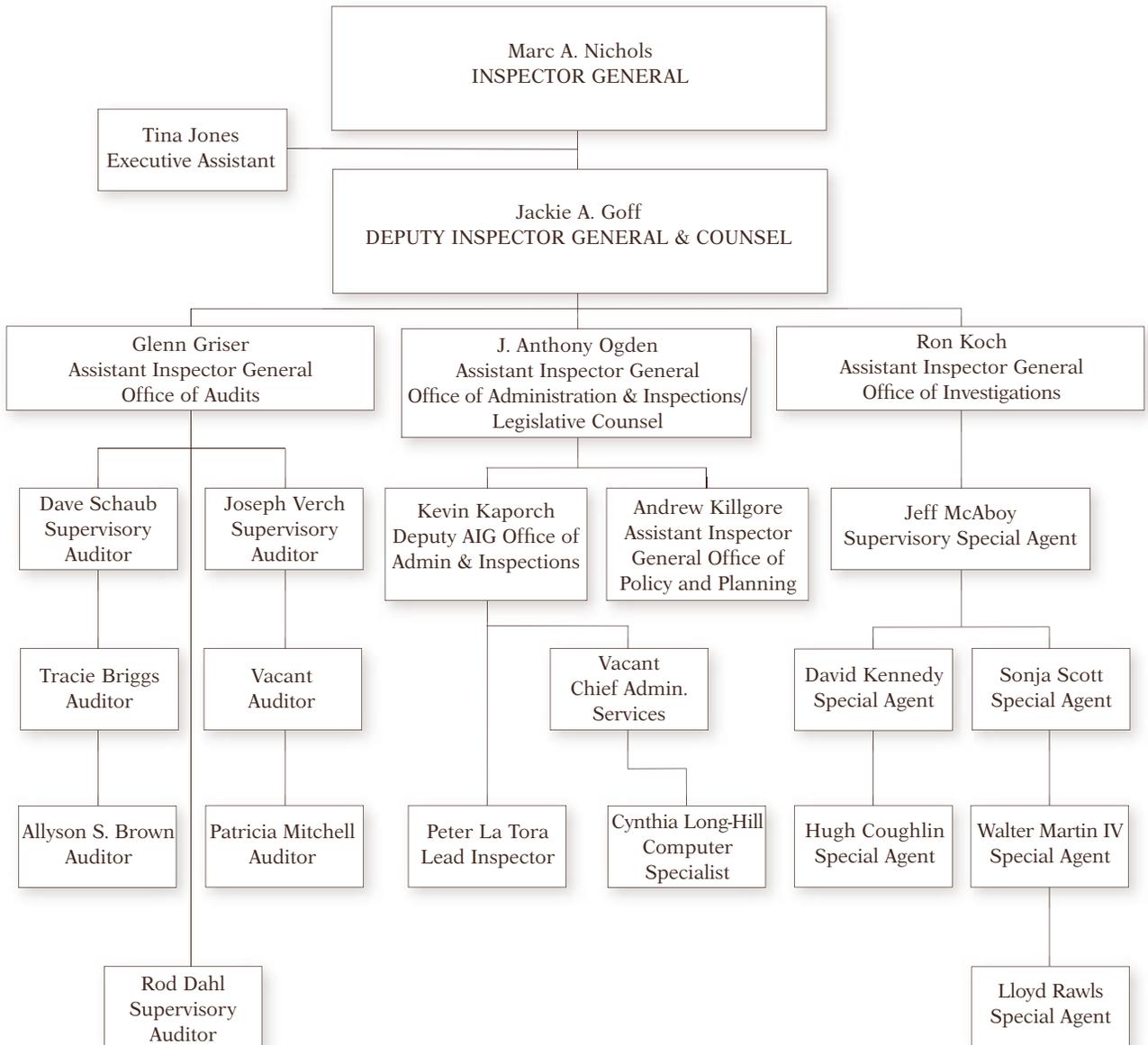| KPMG NFR Number	Description	Status
03-EDP-01	Produce Comprehensive Security Plan	GPO 825.33 document has been developed and is in the approval process to address the policy portion of this recommendation. Action plan for developing detailed procedures to fulfill the policy requirements is being developed, now that the policy document is nearing completion.
03-EDP-02	Develop Policy on Classifying Information Based on Sensitivity and Criticality	Risk assessment framework is being developed, using National Institute of Standards and Technology guidance as a baseline. An action plan for implementation of the framework is in early stages of development, which will include tasks such as producing a roll-out plan for GPO, and conducting overview training for business areas. GPO 825.33, which is in the approval cycle, defines GPO policy requirements to conduct risk assessments.
03-EDP-03	Develop Policy for Periodic Review of Access Authorization and Privileges	Policy requirements contained in GPO 825.33 document, which is in the approval cycle. On the implementation side, the technology and process definitions to produce reports and have them reviewed by operating areas are in the early stages of investigation and discussion, for both mainframe and LAN environments.
03-EDP-04	Improve Physical Access Controls	Policy requirements contained in GPO 825.33 document, which is in the approval cycle. Visitor logs are planned for near term implementation for production server rooms, and a contract to enhance the building access cards and control system has been awarded. Implementation plan for the enhanced building access cards and control system is being developed.
03-EDP-05	Establish GPO-wide SDLC Process	Training accomplished on SDLC and project management for certain staff members, including certain departments outside IT. Recommendations for next steps on SDLC have been produced and are being evaluated with respect to implementation. Developing a roll-out plan is a next step activity.
03-EDP-06	Revise GPO Instruction 610.8, Procedure for Employees Leaving the Office	Revisions have been proposed for GPO Instruction 610.8, which are being reviewed and evaluated. The plan is for the revised process to go into effect once the Instruction is approved and published, along with the associated form being revised.

KPMG RECOMMENDATIONS – STATUS REPORT *(CONT.)*

KPMG NFR Number	Description	Status
03-EDP-07	Develop Disaster Recovery Plan	Plan is being developed. This is a GPO-wide activity, involving business areas defining business resumption plans in consultation with IT.
03-EDP-08	Establish Corrective Action Plan to Resolve Previously Reported IT Security Findings	Plan has been developed and corrective actions are in progess and being tracked. CIO Monthly Project Status reports track progress on these corrective actions and provides a forum for management review of resolution activity. Progress is being made on all items, with some further along than others.
03-EDP-09	Develop Policy for Separation of Duties	Policy requirement contained in GPO 825.33 document, which is in the approval cycle. The risk management framework is envisioned to provide the mechanism for areas to document compliance with this policy requirement.
03-EDP-010	Ensure Passwords used on General Ledger and Probe Databases Comply with GPO Policies	Password problems for GL and Probe databases have been corrected. Follow-up vulnerability assessment scan conducted to verify resolution. These databases will be periodically scanned going forward to assess existence of vulnerabilities. Procedures to ensure users change passwords periodically for these environments are under development.

STATISTICAL TABLE - INSPECTIONS REPORT SUMMARY

Description	Number of Reports	Costs at Issue
Reports requested by the Joint Committee on Printing	1	$14,000 - $112,000
Reports requested by GPO management	1	$9.6 Million

U.S. GOVERNMENT PRINTING OFFICE INSPECTOR GENERAL'S ORGANIZATIONAL CHART

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