November 30, 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 April 1, 2006 through September 30, 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, the GPO General Counsel, Anthony Zagami, announced his intention to retire at the end of the year. I selected Gregory Brower, GPO's Inspector General, to become the new General Counsel. I have appointed J. Anthony Ogden, deputy Inspector General, to serve as acting Inspector General until a permanent IG is selected. In addition, the Superintendent of Documents, Judy Russell, announced her intention to retire in 2007. Recruitment for that position continues.

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 Inspector General identified ten challenges facing GPO's management. We agree that all of the areas highlighted reflect areas that are either undergoing significant change or are by nature dynamic and require continuing attention. While we will maintain our focus on each of these challenges we note that one or more may be overtaken or subsumed by new challenges undertaken by the next Chief Executive of the GPO. The thorough organizational and technological transformation that we have begun implementing during the last three years remains critical to the future

of GPO. This effort must continue if the agency is to maintain its ability to provide public access to Government information through the 21st century. The necessary pieces have been put in place for the next generation of GPO employees. Recruitment and training in the required skills has begun. New systems are being acquired or developed, the most critical of which, known by the placeholder name "Future Digital System" (FDsys), 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 continuing transformation. The next Public Printer would be wise to incorporate these challenges into his near-term plan for GPO's development. GPO cannot afford to reverse its course – the completion of the transformation now underway is critical to providing the Nation with a 21st century digital platform for providing a broad new range of choices in the delivery of published Government information.

II.   **Audits and Inspections**. During the reporting period, the OIG issued four new audit and inspection reports with 14 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, *Audit of Centrally Charged Travel Expenditures*, recommended that GPO eliminate the use of GPO's agency MasterCard account for air and rail tickets and for the attendant travel agency fees, and direct the travel agency to charge all tickets and fees to either the individual traveler's Government-issued MasterCard or personal credit card.

> ❑ The second report, *WebTrust Pre-Assessment of GPO Certificate Authorities*, summarized gaps and deficiencies identified during the pre-assessment phase of testing, and made several recommendations requiring attention prior to the final WebTrust assessment process.

> ❑ The third report, *Close-out of GPO Travel Program Audit*, summarizes issues identified in a series of three reports on GPO's travel program and lists four issues for attention without making formal recommendations.

> ❑ The fourth report, *Audit of Settlement Proposal by [GPO Contractor]*, reviewed a settlement proposal submitted by a contractor on two purchase orders canceled for convenience, and was advisory in nature.

Management concurred with, and took action on, the recommendations issued in the first audit report, *Audit of Centrally Charged Travel Expenditures*, through the issuance of GPO Directive 815: GPO Travel Procedures, which requires GPO official travel to be paid via either the traveler's individual GPO travel card or reimbursement in response to a voucher filed by the traveler. Management concurred with, and took action on, the recommendations in the second audit report, *WebTrust Pre-Assessment of GPO Certificate Authorities*, prior to the final WebTrust phase, as indicated in the IG's Semiannual Report. Management concurred with, and took action on, the issues listed in the third audit report, *Close-out of GPO Travel Program Audit*, through the issuance of GPO Directive 815: GPO Travel Procedures, as indicated above. Management received the advice in the fourth audit report, Audit of Settlement Proposal by [GPO Contractor] and negotiated a settlement agreement in accordance with Materials Management Acquisition Regulations.

III.   **Investigations.** The investigative work performed by OIG's staff protects against waste, fraud, and abuse. Their labor once again merits recognition, as a workers' compensation case was accepted by the Department of Justice (DOJ) for criminal prosecution. Other accomplishments, such as the investigations that led to arrests for theft of office supplies, to contractor debarments, to recovery of fraudulently claimed contractor payments, and to administrative action on travel and overtime fraud, are clear evidence of the value of the OIG's investigative team in protecting the public funds entrusted to the GPO.

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.

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

GPO concurred with the OIG recommendation and developed a two-phase schedule for the appropriate system improvements. The schedule for these database consolidations calls for completion of Phase I by the end of March 2007, with Phase II projected to be completed by the end of December 2007.

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

GPO generally concurs with the recommendations and has made continuous adjustments to its operations in order to address them. At present eight recommendations remain open, and GPO is taking action to close them. We expect several more will be closed in the next reporting period.

Financial Statement Audit – KPMG Recommendations

GPO generally concurred with the twelve information technology-related recommendations, and has resolved four (4) of these items. GPO has made progress in addressing the remaining recommendations, and continues to take action to resolve these open items. GPO communicates resolution status and progress monthly to the OIG.

GPO Network Vulnerability Assessment (Report No. 06-02, dated March 28, 2006)

GPO concurred with the four recommendations issued in this report, and has closed one of the them. A second recommendation is partially resolved, and is expected to be fully closed by December 31, 2006. The other two recommendations are being addressed by GPO, with progress based on system risk and criticality, as recommended. These items are expected to be resolved by March 31, 2007.

GPO Oracle Program (Report No. 06-03, dated March 31, 2006)

GPO concurred with the report's thirteen recommendations and will take the necessary actions to close them in the course of the Oracle project's implementation. GPO is now in the process of hiring an Oracle Program Manager who will take responsibility for closing the recommendations issued in this report.

Inspection of GPO's Continuity of Operations Plan
(Report No. 06-04, dated March 31, 2006)

GPO concurred with the report's eighteen recommendations, all of which focused on the requirement to establish a viable COOP Plan. GPO management considers all eighteen recommendations closed. The OIG is evaluating actions taken on the recommendations, and anticipates closure of most items during the next period. In response to the recommendations,
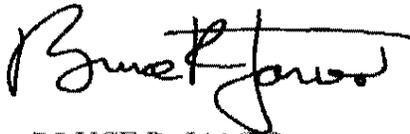
GPO developed a comprehensive COOP Plan based on the FEMA Template. GPO's plan was subsequently circulated, revised, and approved. GPO's COOP Plan documents the elements of *FPC 65 – Plans and Procedures*, minimizing disruption of business operations while providing for continued performance of GPO's essential functions; plans for the activation, relocation, alternate operating facilities, operations, and reconstitution of operations; and prioritizes GPO essential functions.

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,

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