GPO

U.S. GOVERNMENT
PRINTING OFFICE
KEEPING AMERICA INFORMED

Robert C. Tapella
Public Printer

May 29, 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 October 1,
2007, through March 31, 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.** In my view, the organizational and
technological transformation that GPO began implementing in 2003
remains critical to the future of GPO. To carry out that transformation
successfully, the OIG has identified ten challenges facing GPO's
management that we are various stages of successfully implementing.
Progress was made in several of the management challenge areas during
the reporting period, as noted in the OIG report. The report also identifies
specific areas for improvement, including deficiencies in certain internal
controls identified in the annual financial audit, a need to address certain
continuity-of-operations (COOP) issues, and certain weaknesses in the
implementation of GPO's Federal Digital System (FDsys). Management
is addressing these issues.

1. Strategic Planning: GPO's Strategic Performance and Achievements
(SPA) will be cascaded down to every employee by the early fall of 2008.
This plan states GPO's goals, objectives, and significant achievements.
To complement GPO's *Strategic Vision* and SPA, each business unit is
developing its own strategic plan that ties directly into the GPO's overall

goals, objectives, and scorecard. The Chief Information Officer's strategic plan will be the first to roll out in 2008.

2. Management of Human Capital: There have been a number of new initiatives that are designed to significantly improve the management of human capital for GPO. A new Leadership Development Program (LDR) was created to provide a talented and diverse group of new leaders. The program participants were recruited from the best and brightest both within GPO and across the country. This class has just completed their first year of an intensive program that is already providing tangible benefits to GPO. In addition, a key plant operations training program was completely revamped. The newly re-designed Plant Apprentice Program is designed to ensure that graduates are knowledgeable across a wide range of craft trades and technologies. In order to improve the efficiency and effectiveness of the management of Human Capital, there are current initiatives to procure and implement a new software program, EmpowHR. This Peoplesoft product is designed to work with our payroll provider, the National Finance Center, and to provide significant improvements in the processing of personnel actions. Importantly this program will provide management with key personnel related information on an ad hoc basis. The availability of this information is critical to the improved management of personnel across GPO. In order to reduce paperwork we are currently working on a project, e-OPF, to digitize all of GPO's hard copy official personnel folders. Additionally, in the newly formed Chief Management Office organization, Human Capital is working with Finance and IT to implement an automated decentralized time and attendance policy and program, WebTA. This new approach to time and attendance has the potential to significantly reduce time and attendance errors and to reduce staff hours needed for this purpose. Finally, Human Capital has begun the development of a new strategic plan that is in line with GPO's strategic plan.

3. Improved Financial Management: GPO continues to implement Oracle Phase II. The activities, issues, and progress of Phase II are reported weekly to the DPP and are tracked monthly via GPO's balanced scorecard. Once fully implemented, Oracle will provide GPO with near real-time business intelligence and production situational awareness.

4. Continuity of Operations (COOP): GPO is working to ensure it is adequately prepared to fulfill its mission essential functions if a natural or man-made emergency occurred. GPO is adopting planning requirements and critical elements identified in Federal Preparedness Circular 65, "Federal Executive Branch Continuity of Operations." GPO established a 2008 COOP project completion matrix to track milestones and

improvements throughout the year, and has established formal periodic COOP meetings, participated in multi-agency COOP exercises, successfully conducted operations at alternate facilities, conducted key and essential employee notification recalls, and developed an Occupant Emergency Plan and COOP plan.

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. We continuously strive to improve our control positions and perform regular vulnerability assessments of the controls in the various business process cycles (e.g. payments etc).

6. Security and Intelligent Documents (SID): GPO is proud to be a world-class provider of secure Federal e-credentials. In addition to achieving operational excellence GPO is continually pursing advances in security and quality assurance. For example, we are integrating an enhanced version of Formscan Sentinel to track, reconcile, and de-conflict serialized multi-site production as well as establishing an Oracle-on-Demand-based, secure archival system to store passport production-related data in a geographically displaced location. In terms of quality, GPO has developed a roadmap plan that details the potential ISO 9001 certification in passport production. To address technology as well as data security related to the electronic passport, inventory volume, and storage of blank passport books, productive formal committees between GPO and the Department of State have been formed. These committees have discussed issues such as product change control and engineering changes, inventory levels, storage locations, COOP requirements, and quality and customer service issues.

7. Supporting Congressional Printing: We have taken additional measures to ensure the printed versions of legislative documents required by the House of Representatives and Senate are delivered on time. These measures include monitoring and increasing the staffing levels in pre-press, training eight apprentices, establishing a Production Engineering Division to support congressional requirements, and working to replace our antiquated composition application Microcomp with a commercially developed system with better interfaces to the XML authoring tools being used by congressional staff. Additionally, GPO's IT staff is in the process of upgrading infrastructure, hardware, and software tools to better support Congress including new Itanium servers.

8. Information Technology and Systems (IT&S) Management. GPO continues to make good progress on the transformation. We are in the process of awarding a contract for technical and maintenance support for

enterprise architecture. This is the second stage of the development of this critical activity which will provide the blueprint to be used to help guide our transformation. Additionally, GPO's strategic initiatives are progressing: Oracle Phase II is scheduled to be enabled by the beginning of FY 09; the first public launch of FDsys is scheduled for late in calendar 2008; and the information systems for our SID business unit have been developed and delivered to support operations in Washington, DC, as well as GPO's Secure Production Facility in Mississippi. Progress continues to be made on utilizing and building our PKI capabilities to support Federal agencies. The OIG's independent verification and validation (IV&V) efforts are critical to the transformation activities at GPO. IT&S strongly embraces these efforts and has responded to the recommendations that come from these efforts. We regularly meet and review progress on the Oracle and FDsys IV&V activities on a monthly basis.

9. Customer Service: Transformation of the GPO customer relationship is based on continual feedback from GPO's customers. The results of the 2007 Customer Satisfaction Survey pointed to significant opportunities for transforming customer relations. Consequently, Customer Services developed a number of strategies to address the customer requirements. Some of those strategies are: provide an organized approach toward training clients on GPO products, processes, and printing as demonstrated by an increase in open houses, expos, and training seminars; improve Customer Services team response times and service behaviors; develop closer ties with agencies through specialist rotations in agencies and an increase in agency customer visits by team members; increase creative services and web design market niche opportunities by developing strong areas of expertise:and expand the use of automated systems to create a broad central repository of client information.

10. Acquisition: GPO's Acquisitions group has been instrumental in supporting additional contracting needs to add several subject matter experts to the program team to fill critical engineering gaps. We look forward to a strong working relationship with the OIG and the IV&V contractors to help assure that our critical programs are successful.

II.   **Audits and Inspections.** During the reporting period, the OIG issued 6 new audit and assessment reports, with recommendations to help improve operational performance:

   • *GPO Network Vulnerability Assessment (Assessment Report 08-01, November 1, 2007).* This was an assessment of the GPO enterprise network infrastructure along with an evaluation of the level of security controls that are in place to help protect GPO's IT

resources from unauthorized access and compromise. The audit team recommended various improvements to reduce system vulnerability and management agreed to implement them. A plan to modernize GPO's computer network equipment and logical design has been produced and will be implemented as a follow on to GPO's infrastructure refresh.

- *Report on the Consolidated Financial Statement Audit of the Government Printing Office for Fiscal Years (FY) Ending September 30, 2007 and 2006 (Audit Report 08-02, November 19, 2007).* GPO's annual financial audit was performed by KPMG, with the OIG serving as the contracting officer's technical representative. KPMG issued an unqualified, or "clean", opinion on GPO's financial statements. However, KPMG identified certain significant deficiencies in internal controls. While not considered to be material weaknesses, management has concurred with KPMG's recommendations to address the deficiencies and is taking action to correct them.

- *GPO General Ledger Account 6612, General Expense - Supplies (Audit Report 08-03, January 28, 2008).* The OIG audited the appropriateness of transactions with this account, which is used to record the purchase of general supplies. The audit revealed various weaknesses in controls over supply purchases and recommended changes to improve controls and accountability. Management concurred in the recommendations and implemented changes.

- *Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – First Quarter Observations and Recommendations (Assessment Report 08-04, March 28, 2008).* The OIG is conducting, through a contractor, an independent verification and validation of program management, technical and testing plans, and other efforts related to the development of FDsys, GPO's signature digital project. An initial assessment showed that the FDsys prime contractor established a strong basis for good program management but also identified several weaknesses that could lead to risk and cost overrun if left uncorrected. In response, GPO assumed greater program control over this project and undertook corrective actions to address the report's recommendations. The FDsys IV&V review will continue.

- *Planning for GPO's Secure Production Facility (Audit Report 08-05, March 28, 2008).* The OIG audited the planning process for

the development of GPO's alternate passport production facility, called the Secure Production Facility (SPF), at the Stennis Space Center in MS. While the report found that the SPF team did a commendable job in organizing and carrying out this project (the SPF became operational in April 2008, on time and under budget), the team did not implement certain project management tasks recommended by the Government Accountability Office, the Office of Management and Budget, and various executive branch agencies for projects of this kind. In response, management developed an SPF Master Project Plan and stated it will use the plan along with lessons learned on future projects. The OIG subsequently informed management it considers the recommendations closed.

- *Operating System Security for GPO's Passport Printing and Production System (Assessment Report 08-06, March 31, 2008).* The OIG assessed the security configuration of selected systems supporting the production of e-passports to evaluate the level of security applied by GPO. The resulting report contained 8 recommendations to strengthen system security and reduce the risk of vulnerability. Management is addressing those recommendations.

Other OIG Audits and Inspections. The OIG implemented TeamMate audit software to improve the efficiency of its audit process.

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 concurred with the four recommendations issued in this report, and has closed 2 of them. Management is working with the OIG to implement steps that will close the remaining 2 open recommendations.

- *GPO Oracle Program Stakeholder Analysis (Assessment Report 06-03, March 31, 2006).* The remaining 6 open recommendations are being resolved.

- *Report on Early Oracle Implementation: Independent Verification and Validation (Assessment Report 07-01, November 20, 2006).* Following the establishment of a Quality Group in GPO's IT area, the remaining 9 open recommendations are being addressed.

- *Report on GPO's Compliance with the Federal Information Security Management Act (FISMA) (Assessment Report 07-09, September 27, 2007).* Management is working on the 11 open recommendations.

- *Report on Perimeter Security Assessment of a GPO Building (Assessment Report 07-10, September 28, 2007).* Management is addressing the 3 open recommendations.

III. **Investigations.** During the reporting period, the OIG performed investigative work on workers' compensation fraud, procurement fraud, employee misconduct, and miscellaneous matters. This work resulted in referral of 5 investigative matters (2 civil, 3 criminal) to the Justice Department for prosecution, and 3 matters were referred to management for action. These activities demonstrated the value of OIG investigators in protecting GPO from waste, fraud, and abuse.

Regarding the OIG's Management Implications Report (MIR) concerning the shipping and storage procedures of one of the security materials used in passport production, management changed security procedures to address the report's recommendations.

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
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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 Audit Reports	Disallowed Costs Questioned	Disallowed Costs Unsupported
A.	Audit reports for which final action[1] had not been taken by the commencement of the reporting period	1	347,247	240,687
	Audit reports issued during the period with potential disallowed costs	0	0	0
	Total Costs	1	347,247	240,687
B.	Audit reports on which management decisions[2] were made during the reporting period			
	(i.) Dollar value of disallowed costs	0	0	0
	(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

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[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

		Number of Audit Reports	Dollar Value of Recommendations
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	0	0
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

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[3] Same definition as in Enclosure I.
[4] Same definition as in Enclosure I.