

**U.S. GOVERNMENT PRINTING OFFICE
OFFICE OF INSPECTOR GENERAL**

SEMIANNUAL REPORT TO THE CONGRESS

**REPORTING PERIOD
OCTOBER 1, 2002 – MARCH 31, 2003**

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HIGHLIGHTS OF THE SEMIANNUAL REPORT

The Office of Inspector General (OIG) audit, investigative and other activities during this reporting period resulted in the following accomplishments:

- Marc A. Nichols was appointed Inspector General on March 17, 2003.
- OIG investigators continued to provide investigative assistance and support to the Federal Bureau of Investigations (FBI) in the conduct of their investigations related to terrorist activity. The assistance will continue into the next reporting period.
- The Office of Investigations (OI) is coordinating with office inspectors and agency and other federal personnel in assessing the vulnerabilities of GPO's programs and resources, to possible future threats and/or attacks.
- The OI has initiated proactive investigations in the areas of procurement/contractor fraud, and Workers' Compensation Fraud. Through these proactive cases, the OI is attempting to identify fraud and to identify weaknesses in the programs. These findings will be provided to management to assist them in strengthening the controls to prevent loss of funds through criminal or administrative means. Violations of the law will be provided to the appropriate U.S. Attorney's office for possible prosecution.
- The OI is also examining the area of violations to Title 44, U.S.C., by other federal agencies. By these examinations, new procedures or laws may be developed to provide a means to enforce violations of the law.
- The OIG issued four audit reports to GPO officials during the six-month reporting period ending March 31, 2003. In addition, two reports were submitted to Congress as required by the Consolidated Appropriations Act for FY 2001, Public Law 106-554, December 21, 2000. Fieldwork was conducted on four audits, the reports of which will be issued in the next reporting period.
- The OIG provided support for the FY2002 independent audit of GPO's financial statements under the contract, as required by 44 U.S.C. § 309. The OIG will continue to function as the contracting officer's technical representative for the FY2003 Financial Statement Audit.
- The OIG Inspections and Evaluations Unit conducted external penetration testing on the GPO network. We found the network to be generally immune to "internet hacking" attacks.

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INTRODUCTION

A. THE GOVERNMENT PRINTING OFFICE

For more than a century, GPO's mission 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.

However, a generation ago GPO began migrating its processes to electronic technologies, and in 1993 Congress amended Title 44 with the GPO Electronic Information Access Enhancement Act (P.L. 103-40), which requires GPO to disseminate government information products online. This Act is the basis of GPO Access, the GPO Internet information service. The GPO home page, www.access.gpo.gov, provides free public access to more than 70 Federal databases from all three branches of the Government, a growing number of agency Government Information Locator Service (GILS) sites, and associated locator and Pathway aids.

Bruce R. James was appointed and confirmed as the Public Printer of the United States Government Printing Office in November 2002. The Public Printer is bringing a new vitality and dedication to the GPO. Under the leadership of the Public Printer, GPO is dedicated to improve its position in the technology era. The Public Printer has stated that he intends to do my best to uphold the tradition of the office while providing the leadership required to guide this GPO into a new era, to ensure that it remains as relevant and necessary to the information needs of Congress, Federal agencies, and the public in the 21st century as it was for the first 140 years of its existence.

The Public Printer has begun several initiatives, redirecting GPO's operations and infrastructure to be responsive to the needs of its customers and employees, reorganizing the agency to redirect GPO's focus, and implement new and improved GPO Intranet.

As of March 31, 2003, GPO has a workforce of 3,012 skilled individuals in printing, procurement, electronic information technologies, document dissemination, administration, and other specialties. Most of the GPO workforce is located in Washington, DC. GPO also has 18 bookstores nationwide, 14 Regional Printing Procurement Offices (RPPOs) and 6 satellite printing procurement offices. Each satellite office reports to a specific RPPO. The Regional Printing and Procurement Division, Central Office, coordinates, reviews, and evaluates RPPOs. The regional offices generated approximately \$212 million in revenue during fiscal year 2002. GPO also operates a printing plant in Denver, Colorado, and a facility in Atlantic City, New Jersey, that provides printing services to the Federal Aviation Administration. A GPO distribution center in Pueblo, Colorado, provides government documents to the public.

Today, GPO is dedicated to producing, procuring and disseminating government information products in a wide range of print formats, CD-ROM, and online. In GPO, the government has a unique asset combining a comprehensive range of conventional production and electronic processing, procurement facilitation, and multi-format dissemination capabilities to support the needs of Congress, Federal agencies, the Federal Judiciary, and the public. For example:

- GPO provides print and electronic information products and services to Congress and Federal agencies through in-plant processes and the purchase of information products from the private sector. For Congress, GPO maintains a capability to fully support the information products needs of the legislative process, working in close cooperation with leadership offices, committees, members, and staffs in each chamber.
- GPO disseminates government information to the public in print and electronic formats through a low-priced sales program and a reimbursable program, and to Federal depository libraries nationwide where the information may be used by the public free of charge. GPO catalogs and indexes government information products so they can be identified and retrieved by users.
- GPO also disseminates a massive volume of information online via the Internet with GPO Access. Recent data show that more than 31 million documents are retrieved by the public every month using this system. GPO strongly supports the increased dissemination of government information in electronic formats, and GPO Access is one of the leading Federal sites on the Internet. The GPO home page, *www.access.gpo.gov*, provides free public access to all three branches of the Federal Government.

• During this reporting period, GPO management made changes in its sales program to address the decline in book sales nationwide. During the past three years GPO has closed nine of its 24 bookstores in order to reduce losses from sharp declining sales resulting primarily from the public's increased ability to access government publications free of charge over the Internet, including the more than 200,000 Government titles currently available on GPO's own web site, *GPO Access* (www.gpo.gov). In FY 2001, GPO closed the San Francisco, Boston, and Philadelphia bookstores, and the Washington, DC bookstore at McPherson Square. In FY 2002, GPO closed the Chicago and Birmingham, Alabama, bookstores. In FY 2003, GPO closed bookstores in Cleveland, Ohio; Columbus, Ohio; and Dallas, Texas.

B. THE OFFICE OF INSPECTOR GENERAL

The Office of Inspector General was created by the Government Printing Office Inspector General Act of 1988, Title II of Public Law 100-504 (October 18, 1988). Title I of Public Law 101-504 is known as the Inspector General Act Amendments of 1988, and created offices of Inspectors General in designated federal entities. Because GPO is a legislative branch agency, the GPO OIG was established separately. Public Law 104-316, the General Accounting Office Act of 1996, provides that the GPO Inspector General conducts audits under the direction of the Joint Committee on Printing (JCP), and conducts annual audits of the GPO financial statement when requested by the JCP.

Marc A. Nichols was appointed Inspector General (IG) of the GPO on March 17, 2003 and brings a new vision to the Office of the Inspector General (OIG), improving the organizational structure, information technology, and relationship with divisions within the agency. The Inspector General is responsible for conducting and supervising audits, investigations, and inspections relating to GPO, recommending policies to promote economy, efficiency, and effectiveness in GPO operations. The OIG is being restructured to accomplish its mission.

The OIG budget for FY 2003 was \$3.8 million. As of March 31, 2003, the OIG consisted of 23 dedicated, professional, and service oriented employees to carry out its mission. There are 10 auditors, 7 investigators, 2 inspectors, 2 information systems support personnel, 1 secretary and the Inspector General. During this reporting period, our staff performed numerous assignments, which are detailed by the Office of Investigations, Office of Audits, and the Office of Inspections and Evaluations.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigations relating to employee misconduct and monetary or material losses occurring in U.S. Government Printing Office programs and operations. These investigations may include contractors, program participants, or GPO officials and other employees. Special Agents in the Office of Investigations are also designated as special police officers pursuant to 44 U.S.C. § 317, and have full law enforcement authority on premises occupied or under the control of GPO and adjacent areas.

The OI's independent investigations with Federal or non-Federal investigative agencies may result in criminal prosecution, civil proceedings and/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. The OI reviews Federal and GPO programs susceptible to fraud, waste and abuse in coordination with the Office of Audits. 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.

Office of Audits

The Office of Audits, as required by the Government Printing Office Inspector General Act of 1988, conducts independent and objective audits relating to GPO; provides leadership and coordination, and recommends policies to promote the economy, efficiency, and effectiveness of GPO's programs, operations, and activities; and keeps the Public Printer and Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the GPO.

Office of Inspections and Evaluations

The Office of Inspections and Evaluations provides the Inspector General with an alternate mechanism to traditional audit and investigative disciplines to assess GPO programs and activities. Additionally, the office assists the Inspector General in responding to Congressional and management requests for assistance. The work of the office is characterized by rapid turnaround on reviews, which are normally limited to a single issue.

OFFICE OF INVESTIGATIONS (OI)

A. Summary of Investigations

During this reporting period, the GPO OIG Hotline program for Drug, Fraud, Waste, and Abuse received seven miscellaneous matters. Of that number:

- 2 matters were referred to GPO Management; and
- 5 telephone calls did not warrant any action.

The following table summarizes the OI's investigative case workload during this reporting period.

**Summary of Investigative Case Workload
As of September 30, 2001**

| Workload Analysis | Number of Cases |
|------------------------------------|-----------------|
| Beginning Case Workload – 10/01/02 | 20 |
| New Complaints Received: | 45 |
| New Cases Opened: | 31 |
| Cases Closed | 12 |
| Ending Case Workload – 03/31/03 | 39 |

The OI received 45 new complaints/allegations during this reporting period. Of those new complaints, 31 investigations were opened. The 12 cases closed during the reporting period consisted of 2 cases from prior reporting periods and 10 from the current reporting period. The 39 open investigative cases include 21 from the current period and 18 from prior reporting periods.

There was no instance of non-compliance with subpoenas.

B. Investigative Accomplishments

OIG investigators continue to provide investigative assistance and support to the Federal Bureau of Investigations (FBI) in the conduct of their investigations related to terrorist activity. The assistance will continue into the next reporting period.

The OI has undertaken the task of evaluating the overall security environment in the GPO. The OI's efforts together with a GAO security evaluation should provide the Public Printer with vital information required to address the personal, facility and asset security of the GPO in the future.

The OI is directing investigative resources in proactive investigations in the areas of procurement/contractor and Workers' Compensation Fraud. Through these proactive cases, the OI will attempt to identify fraud and weaknesses in the various programs. These findings will be provided to management to assist them in strengthening controls to prevent loss of funds through criminal or administrative means. Violations of the law will be provided to the appropriate U.S. Attorney's office for possible prosecution.

The OI is also directing resources into examining violations to Title 44, U.S.C., by other federal agencies. By these examinations, new procedures or laws may be developed to provide a means to enforce violations of the law.

C. Types of Cases

The OI's investigative workload can be categorized into five major areas that are based on the types of investigations as follows:

1. Workers' Compensation Program (WCP)

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 seven active investigations involving alleged WCP fraud. Four cases are from a prior reporting period and three are from the current period.

2. 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 two previous and two current reporting period fraud cases pending. The OI closed one prior period contract fraud investigations.

3. Employee Misconduct

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

The OI currently has 16 active misconduct investigations. Seven are from prior reporting periods and nine are from the current reporting period.

Four prior reporting period misconduct investigations have been referred for GPO administrative action and are pending.

During the reporting period, three employee misconduct investigations were closed.

4. 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 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 because of federal employees expending their agency's congressionally appropriated funds for printing services provided by contractors other than the GPO. The OI currently has one open Title 44 investigation.

5. Miscellaneous Investigations

The OI also investigates matters of a miscellaneous nature. These matters include, but are not limited to, alleged violations of GPO rules, regulations, or policies. In addition, the OI conducts Local Agency Checks (LAC) for the GPO's Personnel Security Specialist (PSS). No miscellaneous cases remain open.

The OI received five requests for LAC from the agency PSS during the current reporting period. The results of all five cases and one previous reporting period case were referred back to the PSS for any necessary administrative action.

The OI also closed eight miscellaneous cases from the current and prior reporting periods.

D. Status of Action on Referrals

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

1. External

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

The OI presented 12 investigations to USAO's and/or SAO's for criminal prosecution during this reporting period. Prosecution was declined in 10 of the 12 criminal matters.

Two investigations are presently at USAOs for review and action.

2. Internal

- Office of the Chief of Staff

One matter is pending review and recommendations of any changes provided by the OI in its report.

- **Office of General Counsel:**

There is one matter currently pending final notification of action taken by the OGC. This matter was previously declined for criminal and civil prosecution by the U.S. Attorney's Office.

- **Labor and Employee Relations Service:**

Four matters had been referred to the GPO Labor and Employee Relations Service, including employee misconduct and miscellaneous violations. The OI is awaiting final disposition of four referrals.

E. Investigative Case Dispositions

The following are representative of select matters handled by the OI during this reporting period:

1. Pending Matters

- A current reporting period investigation into the alleged theft of government property has resulted in a joint investigation between the GPO, Defense Criminal Investigative Service (DCIS) and Air Force Office of Special Investigation (AFOSI). This matter is pending.
- A current reporting period investigation into the alleged submission of false production time records did not reveal any wrongdoing. However, system-reporting deficiencies were noted and forwarded to the Chief of Staff for review in making changes to the reporting system. This matter is pending the results of their review.
- A prior reporting period matter involving a GPO Region 3 contractor was declined by the U.S. Attorney's Office, Washington, DC, for prosecution. The contractor was facing civil penalties under the False Claims Act for presenting false or fraudulent claims to the United States for payment. This matter involved illegally subcontracting the predominant production function of at least 100 GPO contracts. The matter was provided to the GPO's Office of General Counsel for any action. This matter is pending their final review and notification of any action.
- A current reporting period investigation of a GPO Central Office employee resulted in the employee being arrested on two counts of indecent exposure. The employee pled guilty in D.C. Superior Court and was ordered to pay a \$150.00 fine. The matter is pending administrative action by the GPO Labor and Employee Relations Service (LERS).
- The OI is undertaking a review of GPO physical security.
- The OI is also undertaking a review of social security issues related to personnel security.

- A prior reporting period investigation into the alleged destruction of government property and declined for prosecution by the USAO was forwarded to the GPO LERS for action during a prior reporting period. This matter is still pending action by the LERS.
- A prior reporting period investigation into the alleged falsification of USAO documents to receive time off for jury duty resulted in the matter being accepted by the USAO for prosecution. The matter is pending action by the USAO.
- A prior reporting period investigation into the alleged time and attendance fraud was declined by the USAO for prosecution. The matter was forwarded to the GPO's Labor and Employee Relations Service for action. This matter is still pending in the LERS.
- A prior reporting period investigation into the alleged "cheating" on an OPM/GPO test was declined by the USAO for prosecution. The matter is pending action in the GPO LERS for action.

2. Closed Matters

- A prior reporting period investigation into the alleged prohibited personnel practice and declined for prosecution by the U.S. Attorney's Office (USAO) was forwarded to the GPO LERS and is pending action. Their action resulted in the employee receiving a letter in her Official personnel Folder to remain for a period not to exceed two years. It also placed the employee on notice that any future misconduct would result in a more severe disciplinary action.
- A prior reporting period investigation into the alleged forging of GPO parking permits was forwarded to the GPO LERS for action. The employee received a letter of warning and the matter was closed.
- A prior reporting period investigation of a GPO employee regarding alleged prohibited personnel practice while participating in a rating panel of a family member was closed since this allegation could not be substantiated.

Productivity Statistics for the Office of Investigations

| | |
|------------------------------------|-----------|
| A. Investigations Initiated | 31 |
|------------------------------------|-----------|

| | |
|------------------------|-----------|
| B. Cases Closed | 12 |
|------------------------|-----------|

| | |
|-------------------|----------|
| C. Arrests | 0 |
|-------------------|----------|

| | | |
|--|----|-----------|
| D. Cases Presented to U.S. Attorneys/State's Attorney | | 12 |
| <i>Criminal</i> | 12 | |
| Criminal Prosecutions Declined | | 10 |
| <i>Civil</i> | 0 | |
| Civil Declinations | | 0 |

| | | |
|-----------------------------------|--|------------|
| E. Criminal/Civil Matters: | | |
| Convictions | | 0 |
| Guilty Pleas | | 0 |
| Acquittals | | 0 |
| Jail Time (days) | | 0 |
| Suspended Time (days) | | 0 |
| Probation (days) | | 0 |
| Public Service (hours) | | 0 |
| Recoveries | | \$0 |
| Restitutions | | \$0 |
| Fines | | \$0 |
| Cost Savings | | \$0 |

| | | |
|--|-----------------------|----------|
| F. Total Administrative Referrals | | 8 |
| Contractor | Referrals | 0 |
| | Suspensions | 0 |
| | Debarments | 0 |
| | Contract Terminations | 0 |
| | Warned/Other Actions | 0 |
| Employee | Referrals | 8 |
| | Suspensions | 0 |
| | Terminations | 0 |
| | Warned/Other Actions | 2 |

| | |
|--|----------|
| G. Other Law Enforcement Agency Referrals | 1 |
|--|----------|

OFFICE OF AUDITS (OA)

A. Summary of Audit Activity

During the reporting period ended March 31, 2003 the OA conducted the following audits and related activities:

- Issued an audit report on the prior Public Printer's Reception and Representation Fund.
- Issued an audit report on improving the controls over processing of customer agencies' credit card charges for printing procurements with riders.
- Issued an audit report on improving controls over operations at the Denver Regional Printing Procurement Office to management for comment.
- Issued an audit report on GPO's Workers' Compensation Program to management for comment.
- Completed a quality assurance review of an OA audit.
- Continued to function as the Contracting Officer's Technical Representative to oversee the annual audit of GPO's fiscal year 2002 financial statements and initiation of the fiscal year 2003 audit by an independent public accounting firm.
- Completed a settlement claim report.

B. Audit Accomplishments

Four audit reports and one settlement claim report were issued during the six-month reporting period ended March 31, 2003.

Financial Audits

OA issued one financial audit during this reporting period. The audit of the Public Printer's Representation and Reception Fund for FY 2002 determined that expenditures by the former Public Printer were made in accordance with Public Law 107-68 and GPO policies, procedures and regulations during FY 2002. There were no further transactions to this fund recorded by the former Public Printer in FY 2003.

Performance Audits

The OA issued performance audit reports on the:

- Procurement process of the Denver Regional Printing and Procurement Office.
- GPO Workers' Compensation Program.
- Processing of Customer Agencies' Credit Card Charges for Printing Procurements with Riders.

Contract Audits

One contract claim audit report was issued during this six-month reporting period, which questioned costs of \$6,620 and found \$30,156 of unsupported costs. (See Appendix C, p.19)

Investigative Support

OA provides accounting and auditing assistance to the OIG Special Agents for civil and criminal investigations when requested. Irregularities and other suspicious activities detected during audits are referred to the OI for investigative consideration. There was one formal support activity conducted during this reporting period.

Significant Audit Reports

A synopsis of significant audit reports issued during this reporting period follows:

1. **REPORT ON IMPROVING CONTROLS OVER THE DENVER REGIONAL PRINTING PROCUREMENT OFFICE (Report Number 02-12)**

This audit determined that the Denver RPPO is fulfilling its mission overall. It resulted in 10 recommendations to improve management controls over contracting and responsiveness to customers. The audit work was completed during the prior reporting period.

2. **REPORT ON THE WORKERS' COMPENSATION PROGRAM (Report Number 02-13)**

This is the second audit report resulting from follow-on work from three OIG reports written in the early to mid-nineties. While this audit has determined that the Office of Workers' Compensation appears to be adequately recording and monitoring current employee cases with limited resources, program effectiveness is hampered by communication breakdowns. OWC would benefit from implementation of a comprehensive automated information system to improve caseload coordination and efficiency and support other departments' effectiveness. OWC's support of GPO's departments and coordination with related functions, such as Safety, Training and Occupational Health has been minimal.

Evaluations of 28 prior recommendations and nine new recommendations are in this report. Management is implementing all recommendations. The audit work on this report was completed in the prior reporting period.

3. **REPORT ON IMPROVING THE CONTROLS OVER THE PROCESSING OF CUSTOMER AGENCIES' CREDIT CARD CHARGES FOR PRINTING PROCUREMENTS WITH RIDERS (Report Number 03-02)**

Our audit found that accurate processing of billing rider costs to GPO's Superintendent of Documents (SuDocs) and the Library of Congress by the Comptroller's Office was inconsistent. In addition, Printing Procurement Department (PPD) personnel were not always processing or billing credit card charges for printing procurements when customer agencies used Government credit cards.

The OIG recommended five courses of action to the GPO Comptroller to take corrective action, which the Comptroller agreed with and immediately collected \$6,176. Thirteen recommendations were made to the Manager, PPD, which he also agreed with, and immediately collected an additional \$6,376. Both agreed with two other recommendations to improve internal controls over future processing of credit card charges with riders, which has saved GPO \$6,176 to date. (See Appendix C, p. 19.)

C. Work-In-Progress

The following audits were initiated during the later part of the prior reporting period:

- 1. Audit of GPO's Contract Modifications** – to ensure that management controls in place over contract modifications are adequate to support printing purchasing missions and activities. Also that contract modifications are monitored, reconciled with the original contract, and consistently and appropriately charged. A report is planned for the next reporting period.
- 2. Audit of SuDocs Contractor Postage Rates** – to identify opportunities to improve economy and efficiency in the use of contractors' postage and distribution documents for GPO. Also to evaluate the adequacy of controls over the process and rates charged. A final report may be issued in the next reporting period.
- 3. Audit of the Employee Relations and Programs Branch** – to evaluate the most significant control issues in the GPO Office of Labor and Employee Relations, and report their status. A report is planned for the next reporting period.
- 4. Audit of the Depository Library Inspection Program** – to review the efficiency and effectiveness of this program, and develop recommendations as appropriate. A report is planned for the next reporting period.

D. Advice and Assistance

The OA continued to provide substantial advice and assistance during this reporting period to GPO officials, other Federal audit organizations and Congressional staff. The highlights of these activities are briefly described in the following paragraph.

1. 2002 Financial Statement Audit

Throughout this reporting period, the OA provided support for the audit of GPO's 2002 financial statements. 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 functions as the Contracting Officer's Technical Representative (COTR). In addition, the OIG provides administrative support and coordination with GPO management for the KPMG auditors. This is the second annual audit to be performed under the latest contract. The option to renew this contract for FY 2003 has been exercised. KPMG LLP can be renewed for FY 2004 and FY2005 on this contract.

E. Outstanding Audit Recommendations

During this period GPO management officials reported that implementation of several outstanding recommendations from prior periods had been completed. Management actions on four recommendations contained in three audit reports issued during prior periods have not been reported as completed. Synopsis of these findings, recommendations and the status of management's action follows:

(1) REPORT ON IMPROVING THE CONTROLS OVER GPO'S TRAVEL PROGRAM (Report Number 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, 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)
- Update GPO Publication 815.1B *Travel Regulations* dated July 1989 with the current General Services Administration's guidelines and GPO Notices on travel advances for GPO employees with a Government credit card (0105-03).

MANAGEMENT COMMENTS

On September 25, 2002 the Director, Office of Administrative Support, responded that corrective action has been taken on one of three recommendations still open from the last reporting period. The director disagrees with the first recommendation (0105-1). He reported that GPO Publication 815.1B is currently being revised.

(2) REPORT ON IMPROVING THE CONTROLS OVER THE PROCUREMENT PROCESS OF THE DENVER REGIONAL PRINTING AND PROCUREMENT OFFICE (Report Number 02-12, issued November 12, 2002)

FINDING

This audit identified opportunities to improve controls over procurement and related contracting practices in monitoring contract compliance, complaints and addressing bidder list procedures and timeframes for soliciting small purchase term contracts. It also identified a need to establish an internal control program for the RPPO. Eight recommendations remain open.

RECOMMENDATIONS

The Manager, Printing Procurement Department, should ensure that the Manager, Denver Regional Printing and Procurement Office:

- Assigns the daily duties of monitoring contractors' shipping performances to a Denver RPPO employee (0212-14);
- Prints the Daily Exception Report daily (0212-15);
- Telephones contractors on a daily basis to identify outstanding shipping/delivery dates contractors have not reported (0212-16);
- Maintains a complete Customer Complaint Log (complaints records book) that contains: (1) the name of the Denver employee responsible for handling the complaint; and (2) the date for resolution of the complaint (0212-17);
- Keeps a copy of the complaint resolutions supplied by the Denver Manager in a separate file from the file of the complaint correspondence (0212-18);
- Considers reducing the general guide on the number of contractors solicited for small purchase term contracts in the PPR (0212-20);
- Considers reducing the number of days for the submission of bids on future small purchase term contracts in the PPR (0212-22); and
- Establishes an Internal Control Program within the RPPO through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A (0212-26).

MANAGEMENT COMMENTS

On March 27, 2003, the Manager, Printing Procurement Department, responded that he plans to implement the remaining eight recommendations by September 2003.

A. Statistical Table on Audit Reports with Questioned Costs

| Description | Number of Reports | Questioned Costs | Unsupported Costs |
|--|-------------------|------------------|-------------------|
| A. For which no management decision has been made by the commencement of the reporting period | 1 | \$76,173 | \$0 |
| B. Which were issued during the reporting period | 1 | \$6,620 | \$30,156 |
| C. Subtotals (A+B) | 2 | \$82,793 | \$30,156 |
| D. For which a management decision was made during the reporting period | | | |
| 1. Dollar value of disallowed costs | 1 | \$9,640 | \$0 |
| 2. Dollar value of allowed costs | | \$66,533 | \$0 |
| E. For which no management decision has been made by the end of the reporting period | 1 | \$6,620 | \$30,156 |
| F. Reports for which no management decision has been made within six months of issuance | 0 | \$0 | \$0 |

**B. Statistical Table on Audit Reports with Recommendations
Involving Funds Put to Better Use**

| Description | Number of Reports | Funds Put To Better Use |
|--|------------------------------|------------------------------------|
| A. For which no management decision has been made by the commencement of the reporting period | 1 | \$675,512 |
| B. Which were issued during the reporting period | 1 | \$6,176 |
| Subtotals (A+B) | 2 | \$681,688 |
| C. For which a management decision was made during the reporting period | | |
| Dollar value of recommendations that were agreed to by management | 1 | \$81,176 |
| Dollar value of recommendations that were not agreed to by management | 0 | \$600,000 |
| D. For which no management decision has been made by the end of the reporting period | 1 | \$512 |
| E. Report for which no management decision has been made within six months of issuance | 1 | \$512 |

C. List of Audit Reports Issued During This Reporting Period

| A. Contract Audit Reports: | Questioned Costs | Unsupported Costs |
|---|--|--------------------------|
| Contract Review (Report 03-03, issued 3/31/03) | To protect the Government's negotiating position on claims that have not been settled, information identifying the contractor and the associated questioned costs have not been disclosed. | |
| Totals | \$6,620 | \$30,156 |

| B. Other Audit Reports: | Funds Put to Better Use |
|---|--------------------------------|
| Report on Improving the Controls over the Processing of Customer Agencies' Credit Card Charges for Printing Procurements with Riders (Report Number 03-02, issued 3/31/03) | \$6,176 |
| Total | \$6,176 |

D. Index of Reporting Requirements

The specific reporting requirements of the Inspector General Act of 1978, as amended in 1988, are listed below with references to the pages on which they are addressed.

| IG Act Section | Description | Report Page(s) |
|---------------------------|--|-----------------------|
| 4(a)(2) | Review of legislation and regulations | 30 |
| 5(a)(1) | Significant problems, abuses, and deficiencies | 9-12 |
| 5(a)(2) | Recommendations with respect to significant problems, abuses, and deficiencies | 9-12 |
| 5(a)(3) | Significant recommendations included in previous reports on which corrective action has not been completed | None |
| 5(a)(4) | Matters referred to prosecutive authorities | 8-9 |
| 5(a)(5) | Summary of instances where information was refused | None |
| 5(a)(6) | List of audit reports | 34 |
| 5(a)(7) | Summary of significant reports | 16-19 |
| 5(a)(8) | Statistical table with questioned costs | 32 |
| 5(a)(9) | Statistical table with recommendations that funds be put to better use | 33 |
| 5(a)(10) | Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made | 23-28 |
| 5(a)(11) | Significant revised management decisions made during the reporting period | None |

OFFICE OF INSPECTIONS AND EVALUATIONS (IE)

A. Summary of IE Activity

The IE addressed a variety of issues during this reporting cycle.

1. External Penetration Test Report. Issued October 16, 2002

As a US Federal Government institution, the GPO faces a higher than average threat of Internet tampering. To combat these threats, GPO has implemented several systems, including adding a firewall and installing intrusion detection systems and other countermeasures. The purpose of this effort was to evaluate the effectiveness of these controls and to identify vulnerabilities in GPO's and guest's systems accessible via its Internet connection.

Information Technology (IT) plays a central role in achieving GPO's objectives. GPO uses electronic information technology to increase efficiency in its print production processes, facilitate e-commerce in its printing procurement and document sales programs and expand public access to Government information via the Internet.

At the forefront of GPO's electronic information dissemination capabilities is GPO Access (www.access.gpo.gov). GPO Access is one of the few Government websites established by law and one of the longest running, beginning operations in 1994. It is virtually the only Government website that provides easy, one-stop, no fee access to information from all three branches of Government. Monthly document retrievals today average more than 31 million, the equivalent of 1.5 terabytes of information. In addition to retrieving electronic copies, web visitors may purchase electronically hardbound copies of GPO produced documents at (bookstore.gpo.gov).

In addition, GPO provides web-hosting services to a large number of other Federal Government Agencies, including the Equal Employment Opportunity Commission, the National Labor Relations Board, and the Supreme Court of the United States. Other agencies can also submit electronic work orders and check their progress via the web (picsweb.gpo.gov).

This increasing reliance on IT in general and the Internet in particular motivated GPO management to implement a variety of technical security controls intended to safeguard its IT resources from unauthorized access, modification, or destruction.

To evaluate the effectiveness of these controls, the OIG contracted with an e-security company to begin a multi-phased project to test the viability of IT infrastructure protection. The first phase was an external penetration test to assess the vulnerability of network components accessible from outside the agency's network. Little to no information was provided to the testers to simulate an attack by an Internet "hacker."

Our tests indicated that there were a number of vulnerabilities related to old versions of software that needed to be upgraded or changed to later versions. Also, there were some unnecessary files that needed to be removed and some that needed further restrictions on access. However, we

were not able to penetrate GPO's internal network and found it generally immune to external attacks.

2. Writ of Garnishment

The IE assisted the GPO's Office of General Counsel (OGC) in an effort to resolve the differences between court-ordered garnishments of a GPO Employee amounting to over \$40,000 and disputed payments of \$9,085.46 received by the law firm representing the creditor. Inspectors recovered numerous microfilmed copies of cancelled checks from the US Treasury Department (USTD), confirming that a significant portion of the disputed amount was received and deposited by the law firm. However, the USTD could not locate all the check records in question. This matter was closed and referred back to the OGC.

3. Internal Control Review - Office of the Inspector General

The IE conducted the annual Internal Control Review (ICR) of the OIG. This effort parallels the requirement for all GPO components to submit to the OIG an annual assessment of their internal controls. The Inspectors reviewed the operational, general, administrative, financial and other stated controls within the OIG. The results pointed to areas where internal controls could be strengthened and or improved. The report was approved and adopted by former Inspector General Robert G. Andary, as the newly prescribed format for future OIG ICRs.

Inspections / Evaluations in Progress

4. Product Security

Work continues from the last reporting period where the IE examined the organizations and operations within the GPO who actually produce the passport product or support the production process through procurement, supply, and quality assurance services. The inspectors also reviewed the component suppliers who are critical to the manufacture of the passport book. Although we found the manufacturing environment secure, certain elements of the process could be improved to further reduce risk. We are continuing to work with management in these areas.

The IE worked closely with the Vice President for Security at Federal Express (FedEx) to resolve delivery and security issues of passports while in their custodial system. We are assisting GPO management in Plant Operations, and Customer Services with the US Department of State in redesigning the delivery and custodial services from FedEx to further reduce risk and enhance product security.

5. Information Technology Security

The second phase of Information Security testing is scheduled to begin. A statement of work has been written and procurement is in progress to acquire the services of an e-security company to assist the IE in this work. The scope of this work will differ from the previous testing that simulated an external Internet "hacker." This phase will be internally focused to include the viability of the security in place to protect the GPO's core business systems, support systems, and their hardware/software environment.

