GPO

U.S. GOVERNMENT PRINTING OFFICE

KEEPING AMERICA INFORMED

SEMIANNUAL REPORT TO THE CONGRESS

Office of Inspector General

**April 1, 2003 through
September 30, 2003**

About the Government Printing Office. . .

The U.S. Government Printing Office (GPO) is responsible for the production and distribution of information products and services for all three branches of the Federal Government. More than 250,000 Federal Government document titles are now available to the public via the Internet at www.GPOAccess.gov. Printed copies of many of those documents ranging from Supreme Court opinions to reports from the Bureau of Labor Statistics may also be ordered through the GPO's web site or by calling toll-free 866-512-1800. The GPO, in partnership with 1,250 libraries participating in the Federal Depository Library Program, also provides personal assistance in locating and using government information. Participating libraries may be located on GPO's web site or by calling toll-free 1-888-293-6498. The Government Printing Office, headquartered in Washington, D.C., has offices in 20 cities, and is led by Bruce R. James, Public Printer of the United States.

. . .And The Office of Inspector General

GPO's Office of the Inspector General is responsible for conducting and supervising audits and investigations relating to GPO. GPO's Office of Inspector General promotes economy, efficiency, and effectiveness in administering the Office's programs by recommending policies to achieve this result; detects and prevents fraud, waste, and abuse within GPO or by individuals that receive GPO funds; and identifies and helps to resolve cases of misconduct or abuse of office. In the words of the Federal law establishing GPO's IG by "providing a means of keeping the Public Printer and the Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the GPO." The OIG was established in 1989, in compliance with the GPO Inspector General Act under Title 44 and by reference to the Inspector General Act of 1978, as amended. The Inspector General reports directly to the Public Printer of the United States and Congress in order to maintain independence and objectivity in reporting about the agency.

This report highlights the activities of the GPO Office of the Inspector General (OIG) for the six-month period ending 30 September 2003. The Offices of Inspector General were established 25 years ago to be "watchdogs" for the taxpayer. GPO's OIG does not consider itself a "watchdog," hanging over GPO like a sword of Damocles awaiting the smallest of problems in order to jump in and root out waste, fraud, and abuse. Rather, OIG attempts to be a positive change agent that works with the agency to achieve better government on behalf of the American taxpayers and, in the words of Public Printer Bruce James, to act as the "conscience of the agency."

Nonetheless, most people consider OIGs function as "watchdogs." People who are part of the OIG community are often asked the question: "Who watches the watchdogs?" As Members of Congress know, OIG is accountable to many. The GPO OIG reports to both the Public Printer and to Congress. GPO reviews, manages, and determines the budget and expenditures of OIG. The Executive Council of Integrity and Efficiency (ECIE) and media play a role in evaluating OIG's performance. And rest assured that we can count on GPO management to double-check OIG's facts and conclusions. To further enhance OIG's accountability to the public, we include in this Semiannual Report our first OIG assessment of challenges facing GPO. OIG continues to strive to improve the quality and accuracy of every report it publishes. Such quality is subject to the review of OIG's peers every three years. (OIG will undergo such a quality review later this calendar year for its audit department and has been leading the effort with the National Science Foundation to institute a peer review process for the investigations departments of ECIE OIG offices.)

OIG has made a more concerted effort to meet with Congressional staffers to learn what concerns Members of Congress regarding GPO and where to direct OIG resources. OIG has implemented a liaison program with the various departments of GPO in order to improve communications, OIG work product, and GPO programs and operations. The Inspector General is also now a part of the Management Council of GPO where decisions about the agency's direction are addressed and decided. OIG has also become more engaged with the OIG community in order to collect more information about best practices within that community. These contacts have not only proved helpful in improving audit and investigative methods, but also in developing performance measures that will gauge the overall effectiveness of OIG.

Finally, OIG notes a significant change in the way the GPO carries out its responsibilities. GPO continues to surmount various operational shortfalls within a relatively short timeframe. While significantly more needs to be accomplished, and will be done we trust, the new direction is certain to improve the short- and long-term mission of GPO.

Marc A. Nichols
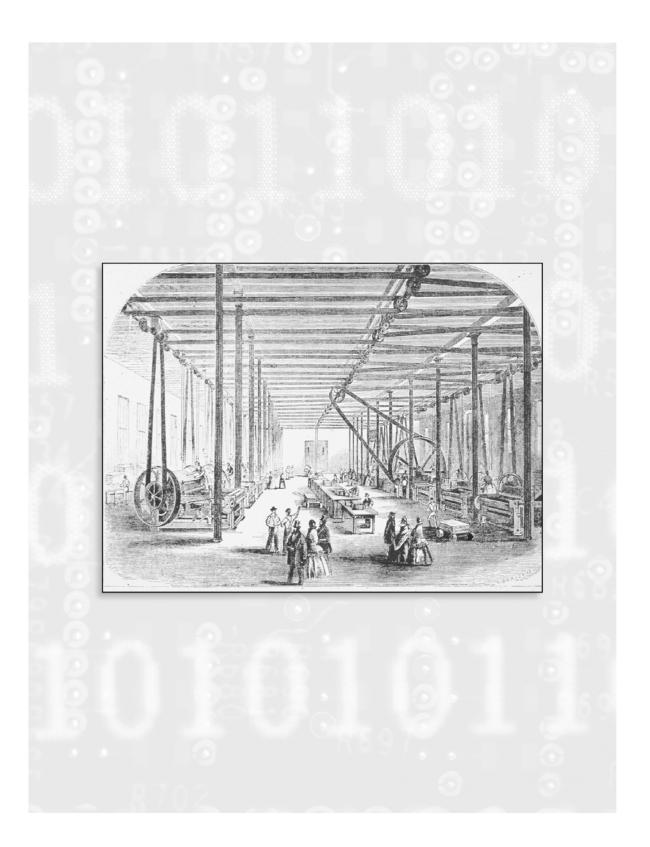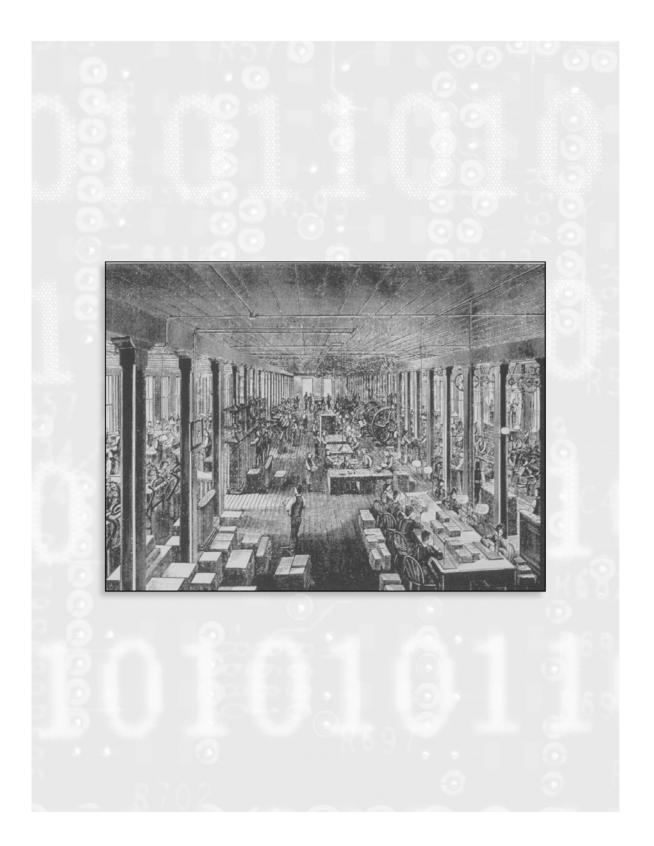Inspector General
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Table of Contents

Executive Summary

During this reporting period the OIG realized *significant accomplishments*. The OIG initiated and implemented a "liaison" program complimented by the GPO entities to increase the effectiveness of the OIG within the Agency. This program emphasizes a proactive role for the OIG in supporting the GPO. To that extent, the OIG is working with the Public Printer to implement a compact between the Office of Management and Budget and the GPO to ensure the GPO performs the printing requirements of all Agencies.

The OIG has implemented several *key management initiatives*. The Inspector General has trained OA and OI staffs to work more closely together and has refocused the staff on projects that will help guide the GPO in developing sound business practices, support GPO managers, and the Public Printer's return on investment (ROI) philosophy. OIG has partnered with several GPO entities to assist in their internal control processes, and co-led the GPO effort to review all GPO directives. OIG continues to work with other IG Offices on Title 44 and other issues.

The Office of Audits (OA) and the Office of Investigations (OI) showed *significant increases in productivity and cost savings* for the Agency. OA conducted 18 audits or audit related activities identifying $93,000 in unsupported costs and $92,000 in funds put to better use. This is more than four times the number of audit activities conducted during the last reporting period and three times the monetary recoveries. OI made remarkable achievements as well with an increase of 115% in complaints received and 166% increase in the number of cases closed. OI showed a 58% increase in new cases opened and a 44% increase in the ending case workload for this reporting period. OI presented 39 cases to U.S. Attorneys/State's Attorney. Additionally, OI's efforts resulted in a total agency cost savings of $13,000.

The OIG also *established the Office of Administration and Inspections* (AI) to conduct inspections and evaluations. AI provides the Inspector General with an alternate mechanism to traditional audit and investigative disciplines to assess GPO programs and activities. This new unit's flexibility allows it to conduct evaluations and inspections in a short timeframe, usually 30 to 90 days, rather than the timeframe needed for a traditional audit. These inspections and evaluations allow OIG to use its resources more efficiently and provide OIG with an ability to make a better, faster determination if further analysis is necessary.

The OIG recognizes the *management challenges facing the GPO* and is working with the Public Printer to help address them. For instance, the GPO headquarters building is much larger than the GPO's needs and is expensive to maintain. The building is also lacking in its physical security, especially given its close proximity to the Capitol. Further, GPO continues to lose money from many of its operations and is reported to be slow in billing some of its customers. Additionally, OIG identified 34 vulnerabilities of GPO's information technology (IT) security systems during a recent annual testing.

Management Initiatives

Jackie A. Goff was appointed Deputy Inspector General/Counsel on 25 August 2003 and brings extensive Government and private sector experience providing regulatory, legal, audit, and policy advice to the General Accounting Office, the Departments of Justice, Transportation and Energy, Capitol Hill, and the National Association of State Attorneys General. Steven A. Higgins was selected on 25 August 2003 to operate functionally as the IG office's chief of staff. Higgins brings considerable private sector business experience to GPO's OIG, logistical analysis skills, and quick turnaround capabilities from problem identification to resolution. Higgins will also have responsibility for OIG workforce development.

The OIG budget for FY 2003 was $3.97 million. As of September 30, 2003, the OIG consisted of 24 dedicated, professional, and service oriented employees to carry out its mission, as compared to 42 when the office was created in 1988. There are eight auditors, seven investigators, four inspectors, two information systems support personnel, one secretary, the Deputy Inspector General, and the Inspector General. Several positions have been realigned, and targeted hiring and training began. Space was identified to expand the office, and renovations of current space were ordered.

The OA strives to maintain compliance with Government Auditing Standards, which has required that it maintain standards, records, and perform additional work not required of the rest of OIG. These include developing five-year strategic plans and undergoing peer reviews every three years and much more. The OA successfully passed four peer reviews during this period. However, it is becoming increasingly difficult to maintain these standards given the increasing GPO management challenges and decreasing staff levels.

OIG staff have been assigned as liaison to major GPO components. The Inspector General initiated a week-long OIG 25th Anniversary program on C-SPAN with the Inspector General community. During this reporting period, OIG staff performed numerous assignments, which are detailed in the discussions of the Office of Audits, Office of Investigations, and the Office of Administration and Inspections.

OFFICE OF AUDITS

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

SUMMARY OF AUDIT ACTIVITY

During the reporting period ended September 30, 2003 the Office of Audits (OA) conducted the following 18 audits or audit-related activities. Six audit reports were issued and one settlement claim report was reissued during the six-month reporting period ended September 30, 2003.

Performance Audits
➢ Issued a performance audit report on "Printing Procurement Department's Contract Modifications at Central Office."
➢ Completed a performance audit of the "Federal Depository Library Inspections Program."
➢ Completed a performance audit of the Uniformed Police Branch's "Incident Reports."
➢ Completed a performance audit of GPO's "Corrective Action and Other Employee Programs."

Contract Audits
➢ Re-issued a settlement claim report on a contract claim submitted to OA for review.

Attestations
➢ Completed a review of the "FAME Management, Inc. GPO Cafeteria" contract.

Financial Audits
➢ Completed a financial audit of GPO's "transit benefit (Metrocheck)" program.

Compliance/Regulatory Audits
➢ Issued quarterly "WASA Reports to Congress" on the promptness of payments to the District of Columbia for water and sewer services as required by law.

Operational Audits
➢ Completed a quality assurance review of an OA audit. Government Auditing Standards mandate that every audit organization have an internal quality control system in place.
➢ Initiated preparations for a triennial peer review of OA. Government Auditing Standards require each audit organization to undergo an external peer review every three years.

➢ Initiated development of an Audit Universe matrix to update the OA five-year strategic plan. Federal IG audit organizations are required to develop five-year strategic plans and update them every two years.

Other Audit Deliverable Activity

➢ Continued to function as the Contracting Officer's Technical Representative to oversee the audit of GPO's fiscal year 2003 financial statements by an independent public accounting firm.
➢ Drafted a charter and other documents for the nascent GPO Audit Committee.
➢ Provided audit resources to assist OIG's OI in an ongoing criminal investigation.
➢ Provided assistance to OIG's Office of Administration & Inspections for their ongoing project in GPO's Graphic Supplies (Ink) Section.
➢ Initiated a project to draft flow charts of GPO's paper procurement process to assist management in identifying opportunities for improvement.
➢ Procured ACL, a data mining software program, and related training as an audit tool for use on future audits.
➢ Initiated liaison relationships with Plant Operations, Information Dissemination (Superintendent of Documents), Finance and Administration, and Chief of Staff resulting in improved relations and communications with management, and ongoing advisory services.

AUDIT ACCOMPLISHMENTS

Performance Audits

The OA issued four performance audit reports on the:

➢ Printing Procurement Department's Contract Modification Processes at the Central Office.
➢ Federal Depository Library Inspections Program.
➢ Preparation of Incident Reports by the Uniformed Police Branch for GPO's Corrective Action Program.
➢ GPO's Corrective Action and Other Employee Programs.

REPORT ON IMPROVING CONTROLS OVER PRINTING PROCUREMENT DEPARTMENT'S CONTRACT MODIFICATIONS AT CENTRAL OFFICE (Report Number 03-04)

The audit determined that overall, adequate management controls were maintained over the: (1) accounting for contract modifications in the Procurement Information Control System (PICS); (2) approval of contract modifications by contracting officers; and (3) certification of payments.

Internal controls in procurement and related contracting practices with contract modifications can be improved in the following four areas: (1) cost analyses; (2) automated systems; (3) bilateral agreements; and (4) internal control program. This audit recommended four methods to improve the current policies and procedures and strengthen internal controls over contract modifications in Central Office:

> ➢ Perform a cost analysis and document it in the files on future contract modifications as required by the Printing Procurement Regulation.
> ➢ Develop an automated interface with PICS when contract modification is entered into the stand-alone system.
> ➢ Ensure that bilateral agreements are signed by both the Contracting Officer and the contractor and filed in the contract files.
> ➢ Establish an internal control program within Printing Procurement Deparment's central office.

Management deferred comments until after issuance of the report. The report's issue date was September 30, 2003; OIG expects to include management's comments in the next reporting period.

REPORT ON THE AUDIT OF THE FEDERAL DEPOSITORY LIBRARY INSPECTIONS PROGRAM   (Report Number 03-06)

This audit determined that the FDLP's inspection program is fulfilling its mission, and is achieving excellent response from depository library members in their receipt of Biennial Surveys from depository libraries. These surveys are required by Title 44 to be submitted every two years to report on conditions in the depository libraries[1]. OIG's audit also found that library inspections are not precisely defined due to a section of Title 44 that needs revision.[2] The library inspection process was determined to be labor-intensive and could be more efficient, particularly by upgrading their antiquated automated systems in Library Programs Service (LPS). Furthermore, time management of the LPS inspectors was not carefully documented and was in need of improvements in its structure.

The audit work on this report was completed in the prior reporting period. The Information Dissemination Division (Superintendent of Documents) agreed with the 13 recommendations and began to take corrective action on several of them. The report's 13 recommendations that follow suggest ways to improve management controls over the library inspections process.

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[1] OIG found that the latest accumulated results showed that 1,286 of 1,292 applicable libraries, or 99.5 percent, responded on time.
[2] The term "inspection" is neither used nor defined as such in Section 1909. Section 1909 refers to specific depository library requirements in ways that can be considered outdated in the modern library environment.

- Develop proposed amendments to Title 44 language that will make three specific changes to Section 1909[3].
- Construct and monitor an on-line database feature to notify management automatically regarding time spans between inspections.
- Streamline the inspection process via generation of automatic reminder notices via letter or e-mail.
- Re-evaluate written self-study procedures to reduce the processes needed.
- Revise Library Programs Service (LPS) operating procedures in order to better prioritize library inspections.
- Use data from biennial surveys as a linkage to the self-study and inspection program to enhance communications.
- Prepare updated written procedures to institute a complete time accountability form for LPS inspectors.
- Grant overtime pay to qualifying LPS Inspectors for future overtime to be worked;
- Monitor levels of non-inspection work by LPS Inspectors;
- Requested enhancements to the in-house software package used by LPS should be made to improve inspection report tracking to:
    - Ensure that such enhancements will allow for improved self-study report and evaluation tracking.
    - Ensure that access to new or enhanced systems is installed on the computers of each LPS inspector.
- Review subsequent data entries in the in-house software package to ensure accuracy and completeness of inspection documentation.

REPORT ON PREPARING UNIFORMED POLICE BRANCH'S INCIDENT REPORTS IN A TIMELY MANNER FOR GPO'S CORRECTIVE ACTION PROGRAM (Report Number 03-08)

- This audit determined that Employee Relations Branch (ERB) specialists did not always receive incident reports prepared by GPO's Uniformed Police Branch (UPB) personnel in a timely manner for GPO's Corrective Action Program for FY02 and through January 6, 2003.

- GPO's UPB and the Physical Support Group (PSG) personnel 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 the ERB. This audit recommended three changes to ensure that management controls are developed and written for UPB and PSG personnel to improve submissions for future incident reports. Management agreed with the three following recommendations to develop written management controls for:

    - UPB will determine a reasonable timeframe to complete incident reports.

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[3] (a) size of depository libraries; (b) description of a library's contents; and (c) timeframe for corrective action by libraries on their conditions.

o UPB will log and track incident reports to ensure they are prepared, approved and forwarded to the Physical Security Group in a timely manner.
o Physical Security Group will review and approve incident reports and forward them to the ERB in a timely manner.

REPORT ON GPO'S CORRECTIVE ACTION AND OTHER EMPLOYEE PROGRAMS (Report Number 03-09)

The audit determined that ERB specialists performed efficiently and effectively in promoting the Combined Federal Campaign, Career Service Awards, and Blood Donor employee programs that resulted in an appropriate management-employee relationship in GPO. However, the audit also determined that the controls over the fair and timely processing of suspensions, removals, letters of warning, and internal investigations were not in compliance within the timeframes established in the Director's Correspondence Schedule and GPO Instruction 825.18A *Internal Control Program.*

This audit also recommended three major and several related changes to improve the internal controls for the ERB specialists to: (1) prepare the final letter to the Deciding Official on future suspensions and removals that resulted in four employees remaining on the payroll and receiving an additional $43,181; (2) prepare future letters of warning; and (3) prepare future memoranda to supervisors on recommending corrective action from an internal investigation after receiving an incident report from GPO's Uniform Police Branch (UPB). In addition, an Internal Control Program has not been established. Management agreed in general terms with the recommendations that follow:

➢ Enforce the Director's Correspondence Schedule of 64 calendar days for processing final letter to deciding officials.
➢ Immediately assign suspension and removal cases to ERB specialists upon receipt of GPO Form 2021.
➢ Not allow ERB specialists to be assigned to other employee programs such as the Combined Federal Campaign, awards and blood donor programs.
➢ Enforce the Director's Correspondence Schedule of 25 calendar days for providing employee supervisors' letters of warning.
➢ Immediately assign letter of warning cases to ERB specialists upon receipt.
➢ Develop and enforce a written timeframe for removals, suspensions, and letters of warning investigations
➢ Require the 12 "Douglas" factors[4] to be mentioned in memoranda to employees' supervisors when recommending corrective action as a result of internal investigations.
➢ Require ERB specialists to be consistent in recommending specific penalties or penalty ranges in memoranda to employees' supervisors.
➢ Ensure that the Director establishes an internal control program for the Office of Labor and Employee Relations as prescribed by GPO Instruction 825.18A.

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[4] "Douglas" factors are 12 elements of an employee's job history, including a position description, past disciplinary actions, work record, and an evaluation of the seriousness of the offense that assist the supervisor in determining the appropriate corrective action in each case.

Contract Audits

One contract claim audit report was re-issued during this six-month reporting period involving an additional $67,910 of unsupported and questioned costs.

Attestations

Attestation reports are the result of reviews, examinations, or agreed-upon procedures on a subject matter, or an assertion about a subject matter being in conformity with criteria that is the responsibility of another party. Attestations can cover a broad range of financial and non-financial objectives and provide various levels of assurance or assertion to meet the user's needs.

> REPORT ON FAME MANAGEMENT, INC. MONTHLY PROFIT AND LOSS STATEMENTS PERTAINING TO THE GPO CAFETERIA CONTRACT (Report Number 03-05)

This report verified the reasonableness of FAME Management's monthly profit and loss statements submitted to GPO for the period January 2002 through March 2003. The terms of the contract and related administrative processes and procedures were verified and explained; computations of commissions submitted to GPO were examined; and senior FAME management officials were interviewed. The review determined that FAME experienced a net loss on its GPO operations, but has taken steps to improve the profitability of their cafeteria, catering and vending machine operations at GPO. Based on the checks received from FAME for each full year of the contract, GPO has been paid on average $18,893 in commissions annually because commissions are based on sales revenues. The report contained no recommendations.

Financial Audits

Financial audits help make GPO managers more accountable by providing independent reports on whether financial information is presented fairly in accordance with recognized criteria and are reasonably accurate and reliable. The reports also provide management with information about internal controls, compliance with laws and regulations, and provisions of contracts as they relate to financial transactions, systems and processes.

> REPORT ON IMPROVING CONTROLS OVER THE ADMINISTERING OF GPO'S TRANSIT BENEFIT (METROCHEK) PROGRAM (Report Number 03-07)

This audit determined that management controls were not always effective for the participation of GPO employees in the Metrochek program and 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.

OIG recommended four major and several related changes to improve internal control weaknesses: (1) lack of effective communication between the Metrochek Program Coordinator and the Parking Manager resulted in 17 employees receiving a total of $12,696 in farecards while still participating in GPO's Pay Parking Program from September 2001 through August 2003; (2) insufficient questioning of employees' commuting expenses on Metrochek applications before processing resulted in 89 employees who resided in Washington D.C. receiving an estimated unauthorized $20,000 annually in farecards; (3) internal controls were lacking in the monthly distribution of farecards to Laurel employees that resulted in a shortage after the July 2003 reconciliation; and (4) approximately 900 hours, or $25,542, in productivity time is lost annually for 300 GPO employees who leave their work site to retrieve their monthly farecards. In addition, the reduction of $14,400 in future ordering of monthly farecards and $3,900 in the ending inventory of monthly farecards could be obtained.

The OIG concluded that: an estimated $92,270 could be put to better use if: (1) The 11 recommendations were implemented. (2) The Chief of the Cash Management Branch and the Metrochek Program Coordinator effectively provided farecards to the majority of GPO employees who participated in GPO's Transit Benefit Program. Management agreed with the recommendations to:

➢ Consolidate management of the Pay Parking and the Transit Benefit (Metrochek) Programs
➢ Periodically match the databases of the program to ensure that employees are not participating in both.
➢ Recover $12,696 from 17 employees who received farecards while also participating in the Pay Parking Program.
➢ Authorize the Program Coordinator to validate employees' commuting expenses on future Metrochek applications.
➢ Request additional support from 29 employees who could not justify claimed commuting costs.
➢ Use the Washington Metropolitan Area Transit Authority Ride Guide to help justify future applications for transit benefits.
➢ Use the above guide to access the reasonableness of transit benefits received by participants currently in the program.
➢ Require annual re-application for benefits to ensure that commuting information is current.
➢ Request an updated application, with justification, from an employee working in Laurel claiming full farecard benefits, and compare it with the Washington Metropolitan Area Transit Authority Ride Guide.
➢ Request the Coordinator for Laurel operations to: (1) witness receipt of farecards by Laurel employees every month and (2) return the roster with the employees' signatures as directed by GPO Notice 450-6 (0307-10).
➢ Start a pilot program using the SmarTrip card from Metro's SmartBenefits Program for GPO employees using the MetroRail (subway) exclusively and eventually expand the program to include MetroBus, Maryland Rail Commuter, and Virginia Railway Express commuters.
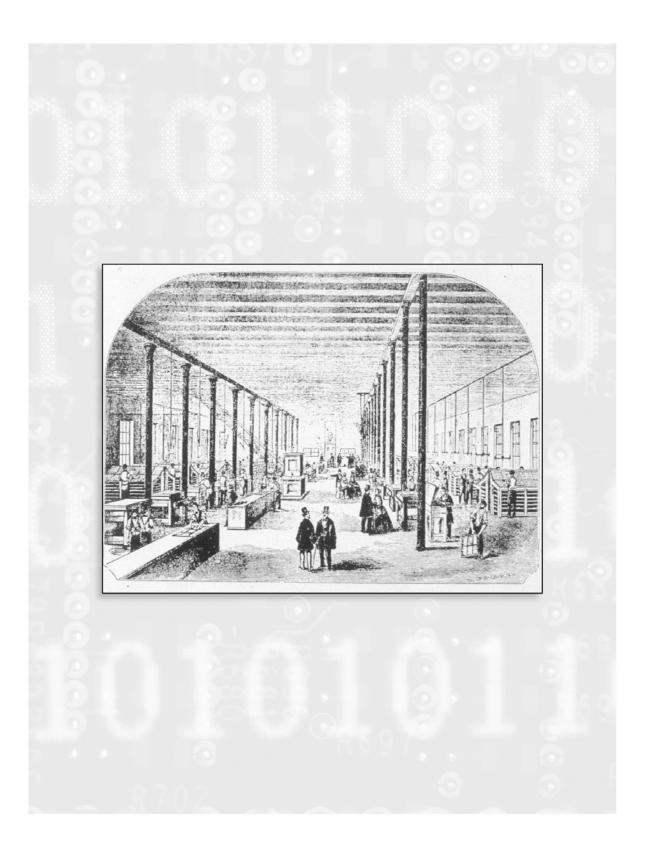
Work-In-Process

REPORT ON CONTRACTOR MAILINGS AND RELATED POSTAL CHARGES TO GPO

➢ GPO management requested this audit to identify savings and develop recommendations to improve the cost-effectiveness of contractor mailings through increased monitoring and analysis by management and better reporting of contractor activities. Certain printing contractors incur costs to deliver contracted products directly to customers for GPO, instead of shipping finished products to GPO for distribution. GPO management believes such direct mail contracts are cost-effective. The contractor bills the actual delivery costs to GPO. This project includes analyzing the method(s) of accounting for these charges, assessing accuracy and reasonableness of postal charges, standardization of postal charge contract language in postal contracts, and identifying optimal procedures for contractor/postal charge reporting. A secondary objective of this audit is to determine the accuracy and completeness of recent internal control reviews related to this area. This function cuts across multiple GPO organizational lines, as will the resolution. The report is scheduled to be issued during the first quarter of FY 2004.

REPORT ON RECOMMENDING WAYS TO IMPROVE GPO'S PAPER PROCUREMENT PROCESS

➢ GPO management requested this audit to determine whether additional management controls were needed to improve GPO's Paper Procurement Process. This project involves working with GPO management officials to recommend ways to improve the process. The report will be an evaluation based on "Yellow Book" standards and will be completed in the next reporting period.

OUTSTANDING AUDIT RECOMMENDATIONS

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 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)
> ➢ 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 10, 2003, the Acting Director of Administrative Support responded that only eight of 111 GPO cardholders carrying activated credit cards received travel advances within the last 12 months. The Acting Director disagrees with the first recommendation (0105-01) and believes that avoiding the use of ATM machines by GPO cardholders is an effective internal control over unauthorized cash advances.

On the second recommendation (0105-3), the Acting Director responded that GPO Publication 815.1B remains under revision and the new publication would include all updated guidelines and policies by the 1st quarter of Fiscal Year 2004.

OIG Comments

The OIG believes that if the Acting Director improves management controls on monitoring Government credit card usage, use of ATM cash machines located within GPO and at airports would be more economical to use than the time expended by six GPO employees involved in the processing of travel advances.

REPORT ON IMPROVING THE CONTROLS OVER GPO'S SMARTPAY PROGRAM AT THE CENTRAL OFFICE (Report Number 02-09, issued September 9, 2002)

Finding

From July through December 2001, OIG auditors found that Personnel's Training and Career Development Branch secretary had authorized over $238,000 for 157 training courses without certifying that the courses were attended by GPO employees. 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 the Chief of the Training and Career Development Branch receives Copy 9 of the *Request, Authorization, Agreement and Certification of Training* form before authorizing payment on future training courses, or be directed to use other alternate means of certification of training, such as making telephone calls to the employees' supervisors (0209-06).

Management Comments

On September 24, 2003, the Acting Director of Personnel responded that following up on copy nine of SF-182 would occur too late in the payment process. After the appropriate manager has approved an employee's attendance and the employee is registered, GPO has contracted for a place in the class. The obligation to attend the class then falls upon the employee and the supervisor. To refuse payment at a later date would appear to violate our contractual obligation.

OIG Comments

The Acting Director's failure to follow established internal control practices before authorizing an estimated $500,000 every year for training identifies a weakness in providing reasonable assurances and safeguards against fraud, waste, or abuse. The automatic payment of training, regardless of whether the training was attended, without trying to receive compensation can potentially lead to fraud, waste, or abuse.

The former Director of Materials Management Service (MMS) had set up management controls to oversee the purchase card program by issuing GPO Instruction 805.27. By not following this instruction, the Acting Director of Personnel is not fulfilling his responsibilities for maintaining adequate management controls over this $500,000 program. (This program is now under the Chief Human Capital Officer.)

REPORT ON IMPROVING THE CONTROLS OVER SUDOCS CENTRAL OFFICE SALES ORDER PROGRAM (Report Number 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 and the development of an internal control structure within the Information Dissemination (Superintendent of Documents) Order Division by: (1) updating policy statements and authorized office procedures used by Order Division personnel and (2) developing and implementing other written procedures in the areas of follow-up letters, foreign checks, collection practices of bad debts, and establishing an internal control program.

Recommendations

The Information Dissemination Division (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 to be written off (0210-06).

> ➢ 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

Existing policies are still in use and are being reviewed and revised again and new policies and procedures are being considered as part of a comprehensive reorganization of the Information Dissemination Division (Superintendent of Documents). In addition, a new management analyst has been hired and is currently conducting a comprehensive review of internal controls and working to finalize and implement an organization-wide, formal, internal control program.

Finding

The Denver Manager did not establish an internal control program within the Regional Printing Procurement Office 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 Regional Printing and Procurement Officer (RPPO) establishes an internal control program with the RPPO through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A (0212-26).

Management Comments

On September 16, 2003, the Managing Director of Customer Services responded that the Analysis & Review Staff was currently drafting an internal control procedure document per Instruction 825.18.A. This document should be finalized before the OIG's March 31, 2004 semi-annual report.

Finding

An OIG review of the credit card purchases found that Printing Procurement Department personnel from Central Office and six Regional Printing Procurement Offices miscalculated the charges on the customer agencies' credit cards by a total of $10,169 on 18 of 61 procurements (or 30 percent).

Recommendation

The Manager of the Printing Procurement Department and the Comptroller should review and update the proposed draft GPO Instruction 440.12 *Processing Printing and Binding Credit Card Payments* and take the necessary steps for the immediate approval and distribution of the Instruction (0302-01).

Management Comments

On September 15, 2003, the Comptroller responded that the subject GPO Instruction was still under development and would be issued as soon as practical. The Office of Comptroller and Printing Procurement Department are working together to improve the policies, procedures, and controls for credit card usage. On September 30, 2003, the Managing Director of Customer Services responded that work was ongoing in cooperation with the Office of Comptroller.

OIG Comments

The Chief Financial Officer and Managing Director of Customer Services should consider making the issuance of the new instruction a higher priority.

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 below.

2003 Financial Statement Audit

Throughout this reporting period, OA provided support for the audit of GPO's 2003 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. In addition, the OIG provides administrative support and coordination with GPO management for the KPMG auditors.

Liaison with Information Dissemination (Superintendent of Documents)

Coordination and communications with the Information Dissemination Division has been strengthened throughout this reporting period by the assignment of a Supervisory Auditor to monitor the activities in that division. Numerous activities and meetings occurred during this reporting period in which the OIG participated in an advisory capacity.

Among the many advice and assistance activities performed by OA during this reporting period were OIG participation in planning meetings and the monitoring of the division's reorganization from Superintendent of Documents to Information Dissemination. OIG also monitored discussions on the pricing of major revenue-generating publications, termination of GPO's regional bookstores and inventory disposal issues, Sales Program losses, Congressional Directory pricing, digital conversion issues, and Laurel warehouse closure and inventory reduction. The liaison participated in Integrated Library Solution system procurement update meetings and provided reviews and comments on the Federal e-Docket Service Center Proposal, among other activities.

Liaison with Plant Operations

Coordinated with senior managers in the Plant Operations Division by working with the division on reorganization and other changes ongoing within the division.

Many activities related to production, procurement and building and space management, among others, have been consolidated into this division. OA activities included conducting a tour of GPO for an industry executive who claimed to have information regarding possible criminal activities by some GPO paper suppliers and could recommend better and more efficient ways for

GPO to purchase and store paper products it used. The liaison also followed up on recommendations on improving inventory management in the Graphic Supplies Section, and participating in numerous meetings with senior division management.

Liaison with Finance and Administration

The liaison coordinated with the Comptroller and Budget offices through assignment of the AIGA to identify and monitor activities within the Finance and Administration Division. In addition to numerous meetings to identify opportunities for improvements in the division, the AIGA drafted a proposed charter, proposed contract letters for government and non-government members, and a PowerPoint presentation for GPO's Management Council to discuss the benefits of a future audit committee for GPO; monitored the ongoing contract to improve the year-end closing process for GPO's financial statements; compiled organization charts for the GPO's new organizational divisions under the Public Printer's new organizational chart; and recommended to the Comptroller that he obtain a Certificate of Excellence in Accountability Reporting (CEAR) as a future performance and accountability enhancement to improve GPO operations.

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 wherein OA provided audit resources for an extended period and one referral of irregularities to OI during this reporting period.

Significant Audit Reports

Audits of GPO's programs, functions and activities provide reports that enhance the credibility and reliability of the information that is reported by or obtained from management. A synopsis of significant audit reports issued during this reporting period follows.

Statistical Table on Audit Reports with Questioned Costs

Description	Number of Reports	Questioned Costs	Unsupported Costs
Reports for which no management decision has been made by the commencement of the reporting period	1	$6,620	$30,156
Reports issued during the reporting period	1	($2,215)[5]	$63,505
Subtotals	2	$4,405	$93,661
Reports for which a management decision was made during the reporting period			
1. Dollar value of disallowed costs	0	$0	$0
2. Dollar value of allowed costs		$0	$0
Reports for which no management decision has been made by the end of the reporting period	2	$4,405	$93,661
Reports for which no management decision has been made within six months of issuance	0	$0	$0

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[5] This amount represents an adjustment to the final total of questioned costs from the reissued contract claim report; refer to "Contract Audits" page 9.

Statistical Table on Audit Reports with Recommendations
Involving Funds 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	$512
Reports issued during the reporting period	1	$92,270
Subtotals	2	$92,782
Reports for which a management decision was made during the reporting period 1. Dollar value of recommendations that were agreed to by management 2. Dollar value of recommendations that were not agreed to by management	 0 1	 $0 $512
Reports for which no management decision has been made by the end of the reporting period	1	$92,270
Report for which no management decision has been made within six months of issuance	0	$0

List of Audit Reports Issued During This Reporting Period

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 has not been disclosed.	
Totals		
	$4,405	$63,505

Other Audit Reports:	Funds Put to Better Use
Report on Improving the Controls over the Administering of GPO's Transit Benefit (Metrochek) Program (Report Number 03-07, issued 9/30/03)	$92,270
Total	$92,270

OFFICE OF INVESTIGATIONS (OI)

OIG HOTLINE: 1-800-743-7574

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, OI officials and other employees. Special Agents in the OI 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 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.

SIGNIFICANT INVESTIGATIVE ENDEAVORS

Increase in Number of Matters Reported to and Handled by the OI

The OI has experienced an increase in the number of matters/complaints reported during this reporting period. There was a 115% increase in the number of matters/complaints reported, and a 44% increase in the workload assigned to the investigators in the OI based on new cases opened.

OI Conducts Complete Security Survey for the Agency

The OI conducted the first phase of a multi-phase project into an extensive review of the agency's physical security. This survey and its finding will be completed in four parts. Some of the recommendations reported have already been implemented. The objective of this survey is to enhance the security of GPO's employees, assets, and customer information.

Proactive Investigative Effort In Workers' Compensation Programs Fraud

The OI established a proactive stance in the review and necessary investigation into GPO's annual $6.4 million Office of Workers' Compensation Programs payments. The OI has established new contacts and procedures to integrate the OIG and agency officials into reviewing claims that are submitted and claims that have been outstanding for over ten years. The proactive stance will identify violators of the program and provide information to federal and agency officials for possible action to stop or recover monetary payments fraudulently received by participants of the program.

Investigative Monitoring of the GPO/OPM Compact for Laws Violations

The OIG will monitor the new GPO/OMB Compact and its effect on the printing community. Violations of Title 44 will be investigated. GPO will work with other OIG offices in monitoring funds expended for printing services throughout the Federal Government and the contractors hired to produce the jobs.

Proactive Investigative Effort Into Procurement Fraud

The OI has developed a proactive plan to research and identify contractors around the U.S. who may be involved in fraud against the Government. By taking a proactive stance in this area, the identification and prosecution of contract law violators will save the agency and taxpayers' money. This proactive stance will help in identifying and more aggressively combating fraudulent activities.

Efforts in Reviewing Agency Directives

The OI co-led an agency effort to review the agency's 362 directives for relevance, accuracy, and pertinence to current agency operations. Members of the review group consisted of employees from the Office of General Counsel and a representative from the Chief of Staff's office. From this review, 44 agency directives were recommended for deletion and 42 directives were recommended for revision.

OI Spearheaded Initiation of Government-Wide Peer Review Process

The Assistant Inspector General for Investigation, and his counterpart at the National Science Foundation, undertook the development and implementation of a new "peer review" process for OIG investigative offices in the Executive Council on Integrity and Efficiency. The "peer review" mirrors one recently accepted and implemented by the President's Council on Integrity and Efficiency members after their law enforcement authority was expanded under the

Homeland Security Act (HSA). The review focused on the procedures, reporting requirements, and implementation of the review process of investigations in the OIGs. The review establishes an assessment of investigation offices, ensuring that each office maintains IG-community standards.

Types of Cases

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

1. Office of Workers' Compensation Programs (OWCP)

The OI investigates GPO employees who have allegedly submitted false claims or made false statements to facilitate receipt of workers' compensation benefits.

The OI received 35 new complaints involving alleged OWCP fraud during this reporting period. Of the 35 complaints, 7 new cases were initiated for investigation. The OI currently has 10 active investigations involving alleged OWCP fraud. The initial complaints of the 10 active cases were received from supervisors (7); anonymously (1); and from agency department officials (2).

The 28 complaints in which no case was initiated were found to be unfounded or not legitimate claims.

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.

During this reporting period, nine new allegations of Procurement Fraud were received. Of the nine complaints, four new cases were initiated for investigation. The OI currently has eight contract fraud cases pending (four prior periods and four current period). Initial complaints of the active cases were originally received from agency officials (4); via the OIG hotline (2); anonymously (1); and from a U.S. Attorney's Office (1) that requested an OI investigation. The initial dollar amounts involved in these eight active matters total approximately $24.4 million. Future investigations may increase or decrease the dollar amount of fraudulent contracts. The five complaints in which no case was initiated were unfounded and did not warrant investigative action.

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.

During this reporting period, 36 new allegations of Employee Misconduct were received.[6] New cases were opened for investigation in 27 of the 36 complaints received. The other nine complaints were unfounded and did not require investigation.

The OI currently has 32 active misconduct investigations (five prior period and 27 current period). The initial allegations of these 32 matters were received from the OIG Office of Audits (19); supervisors of employees (5); individuals who requested anonymity (4); and via the OIG hotline (4).

The results of OIG's investigations have been referred to GPO agency officials for administrative action and are pending resolution.

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 federal employees expend their agency's congressionally appropriated funds for printing services provided by contractors other than through GPO.

During this reporting period, OI received one alleged violation of Title 44, U.S.C. and opened a case. The OI currently has two Title 44 investigations underway based upon allegations received from the General Accounting Office and a GPO contractor. These complaints involved allegations that three separate federal agencies had contracted directly with private contractors for printing services without procuring their needs through the GPO as required by law.

5. Miscellaneous Investigations

The OI also investigates miscellaneous matters. These matters include, but are not limited to, alleged violations of GPO rules, regulations, or policies. Four miscellaneous matters remain open (two prior period and two current period). These matters were referred to the OI from supervisors (2) and anonymously (2).

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[6] In an effort to remain focused on larger issues, OIG and GPO's Police Branch are discussing a Memorandum of Understanding that would allow OIG to review all cases, but refer lower dollar amount cases to GPO Police for investigation and report to OIG the status of the case. If the GPO Police investigation indicates the case is larger, OIG would retain the right to take over the case and prepare it for presentation to the Department of Justice.

During this reporting period, the OI received 16 new miscellaneous complaints/matters. Of the 16 complaints/matters, ten required action by OI. Eight were requests for local agency checks from the agency's Personnel Security Specialist (PSS).[7] The results of all eight were referred back to the PSS for any necessary administrative action. New cases were initiated regarding the other two matters, which were received via the OIG Hotline.

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

The OI presented 38 investigations to USAOs and/or SAOs for criminal prosecution during this reporting period. Prosecution was declined in 37 of the 38 criminal matters.[8] In addition, one matter was presented to a USAO for civil action; this matter is pending. Two matters are presently at USAOs for review and action by those offices.

Synopsis of Investigative Cases

Pending Matters

➢ The OI investigated 37 separate incidents in which GPO employees allegedly violated the Metrochek Benefit Program (MCBP) by either claiming more money to which they were entitled, or by being in the MCBP and GPO parking program at the same time. In the latter allegations, employees would allow family and/or friends to use the free MCBP benefits, and the employee would park on GPO owned property at $20 per pay period, or sell the subsidy tickets and "pocket" cash. Through the efforts of the OI and OA the OIG identified $92,000 of MCBP funds, which GPO employees may have received, for which they were not entitled. Through the efforts of the OI, $13,000 was saved by conducting investigations and identifying employees who were

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[7] In the future, the OIG will no longer conduct these checks. The responsibility will go back to the agency's personnel security department.

[8] This high declination rate by USAOs and SAOs warrants the IG reaching out to the Department of Justice to educate them that, although the dollar amount may not reach the monetary threshold used as a guide in USAOs to proceed for criminal or civil prosecution, the blatant violations of the law do in fact harm the reputation of GPO. USAOs need to understand that when government contractors or employees commit fraud on smaller scales for personal enrichment, or when contract terms are not met and contracting agency's hold GPO culpable for poor quality issues, these actions strike at the confidence the public and other federal agencies place on GPO's integrity and ability to produce products that will survive in perpetuity. Such abuses and fraudulent behavior also develops the perception that GPO cannot deliver a quality product for a reasonable cost, free of fraud, waste and abuse. USAOs appear to understand this for larger government agencies that handle higher dollar contracts, but may not recognize that the same issues exist on a smaller scale in smaller agencies.

either not entitled to the benefits or were receiving a higher amount than authorized. These employees removed themselves from the MCBP.

➢ In June 2002, the OI initiated an investigation into the allegation that two GPO employees conspired to "cheat" while taking an OPM/GPO occupational test. The matter was referred to Labor and Employee Relations Service (LERS) in October 2002 for any administrative action against the two employees. The results of any GPO action will be reported in the next Semiannual Report.

➢ In February 2003, the OI opened an investigation into the alleged submission of false production time records. These records were used to charge the customer agency the cost of producing the job. No wrongdoing was found. However, system-reporting deficiencies were noted and forwarded to the GPO Chief of Staff in March 2003 for his review in making changes to the GPO job time reporting system. These changes will be reported in the next Semiannual Report.

➢ In September 2002, the OI initiated a criminal investigation into the alleged theft of government property by a GPO employee. OI's efforts resulted in a joint investigative effort between GPO, the Defense Criminal Investigative Service, and the Air Force Office of Special Investigation. The theft occurred on a U.S. Military installation. After initial efforts, the joint investigators declined to proceed further in this matter.

Closed Matters

In October 2001, OI initiated an investigation into the alleged destruction of nine parcels of government property. The property was described as printed copies of GPO produced U.S. Public Laws. The subject threw the parcels in trash dumpsters in the District of Columbia rather than deliver the items to the proper customer federal agencies. The matter is forwarded to the Labor and Employee Relations Service (LERS) for action. In June 2003 the employee entered into a Last Chance Agreement with the LERS.[9]

In October 2001, OI initiated an investigation into the allegation of indecent exposure by a GPO Central Office employee on GPO property. The investigation resulted in the employee being arrested in a prior reporting period on two counts of indecent exposure. The employee pled guilty in D.C. Superior Court and was fined $150.00. The employee entered into a Last Chance Agreement with LERS on February 2003.

In April 2002, OI initiated an investigation into the alleged falsification and forgery of Department of Justice documents. The documents were falsified to receive time off for jury duty after the jury duty obligation had expired. The employee was arrested during this reporting period, subsequently pled guilty in District of Columbia Superior Court, and was

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[9] A Last Chance Agreement is an adverse personnel action in which the agency and employee agree to suspend action unless the employee commits a future wrongful act. If that occurs, the employee will be terminated from employment with the GPO. The length of the agreement is based on the seriousness of the offense.

sentenced to 480 days probation and ordered to repay GPO $800 in restitution. The employee was subsequently terminated from GPO employment in August 2003.

In August 2002, the USAO, Washington, DC, declined to prosecute an OI investigation of a Region 3 contractor.[10] The case was initially presented for prosecution in August 1998. 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 valued at approximately $435,000. Although the contractor went out of business, they listed final assets of approximately $9,200. The USAO suggested that GPO take administrative action to recoup funds reported by the contractor. The matter was provided to GPO's Office of General Counsel (OGC) to take action to recover the $9,200 from the contractor. In April 2003, OGC advised that they were declining to take any action since they did not have the authority to take action to retrieve the funds.

Statistical Summary of Investigations

During this reporting period, the OIG Hotline program for Drug, Fraud, Waste, and Abuse received 20 miscellaneous matters:

- 5 investigations were initiated
- 15 telephone calls did not warrant any action.

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[10] GPO Region 3 encompasses the states of Maryland, Virginia, North Carolina and the District of Columbia.

Table 1.   Investigative Case Workload as of September 30, 2003

Workload Analysis:	Number of Cases	
Beginning Case Workload as of 04/01/03	**39**	
New Complaints Received	**97**	(+ 115%)
New Case Opened	**49**	(+ 58%)
Cases Closed	**32**	(+ 166%)
Ending Case Workload as of 09/30/03	**56**	(+ 44%)

- Two administrative subpoenas were served on agency contractors. There was no instance of non-compliance with these subpoenas.
- Two requests under the Freedom of Information Act (FOIA) were forwarded to the Office of General Counsel for action.

Table 2. Productivity Statistics for the Office of Investigations

Arrests		**1**
Total Cases Presented to U.S. Attorneys/State's Attorney		**39**
Criminal	**38**	
Criminal Declinations	37	
Convictions		**1**
Guilty Pleas		**1**
Probation (days)		**480**
Restitutions		**$800**
Civil	**1**	
Civil Declinations	0	
Total Agency Cost Savings Through Investigative Efforts		**$13K**
Total Amounts Questioned or Under Questioning		**$24.4M**
Total Administrative Referrals		**4**
Employee Suspensions		**1**
Employee Terminations		**1**
Employee Warned/Other Actions		**3**
Other Law Enforcement Agency Referrals		**2**

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. This new unit's flexibility allows it to conduct evaluations and inspections in a short timeframe, usually 30 to 90 days, rather than the timeframe needed for a traditional audit. These inspections and evaluations allow OIG to use its resources more efficiently and provide OIG with an ability to make a better, faster determination if further analysis is necessary. 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. The objective of inspections include providing a quicker source of factual and analytical information, monitoring compliance, measuring performance, assessing the efficiency and effectiveness of operations, and/or conducting inquiries into allegations of fraud, waste, abuse and mismanagement.

During the reporting period ended September 30, 2003, the AI conducted the following inspection or inspection-related activity:

➢ Issued the "Network Security Assessment Report"
➢ Monitored security concerns in passport production

AI undertook the following additional work:

➢ Provided advice and assistance services to the Chief Information Officer
➢ Issued the "Revolving Funds" white paper
➢ Began implementing a process to monitor Executive Branch compliance with Title 44 requirements

Summary of AI Activity

Network Security Risk Assessment

This inspection was conducted to satisfy, in part, the requirements of the Federal Information Security Management Act of 2002, which requires the Inspector General to evaluate the effectiveness of information security within the agency annually. The OIG hired an outside contractor to conduct this inspection.

The implementation and management of the security architecture supporting GPO's enterprise network appears to require strengthening in order to more effectively restrict unauthorized internal access to information resources. Through the performance of the network security assessment, OIG found that GPO has implemented some effective controls for protecting information resources. However, 34 weaknesses were identified where GPO can improve

upon its security architecture to enhance its overall security posture. Of those 34 weaknesses, three required the immediate attention of agency security personnel.

The objective of this inspection was to assess whether sufficient protections exist at the network, system and application levels in GPO Headquarters' information technology infrastructure in order to prevent deliberate or unintentional harm to GPO data and information technology assets.

Managing and protecting the integrity of any information technology environment relies to a great extent on the existence and implementation of effective security administration practices. Information security requires robust configuration management practices, periodic testing and validation, and effective monitoring techniques.

The inspection was performed in three phases:

Phase I. Identifying and locating any unauthorized wireless networks that might be operating in the GPO facility.

➢ Results

  o Wireless access points, which are against GPO policy, Directive # 825.16b, GPO Telecommunications and Automated Information Systems Security Program were discovered. The Network Security Officer terminated the unauthorized access points.

Phase II. Test GPO network for vulnerabilities. The e-security contractor used commercial and open source tools to scan the internal network. The results of the scans were then used to identify potential vulnerabilities. The potential vulnerabilities that were discovered were closely examined and further exploited to gain unauthorized and privileged access.

➢ Results

  o Thirty-four key vulnerabilities were identified and reported. Some of the discovered vulnerabilities were:

  o Web servers that were not patched for security or were misconfigured allowing unauthorized administrative access to systems.

  o Using default passwords provided by the software manufacturer that allowed access to sensitive data.

  o Systems were running unnecessary and dangerous services and not patched for certain operating system known vulnerabilities.

Phase III. Test the GPO mainframe for vulnerabilities. GPO operates an extensive array of legacy applications running on an IMB OS/390 mainframe. While many of these applications have been in existence for over 20 years, there are plans to migrate them off the mainframe.

➢ Results:

    o Although no critical vulnerabilities were discovered in the testing of mainframe security, there were a number of areas in which GPO can strengthen the overall security of the applications that run on the mainframe and significantly lower the level of risk. For example, automate the process of terminating users from mainframe access when the personnel system is updated for retirements, resignations, and terminations. Place dataset ownership into profiles and not associated with a single user, which reduces the risk of not having access to data if that single user leaves.

    o GPO management received the Information Security Assessment report in September and the Chief Information Officer has implemented risk mitigation activity. The OIG will follow-up on each of the 34 key vulnerabilities in the next reporting period. The vulnerabilities found and exploited can all be fixed with minimal financial outlay, but do require time and trained personnel.

Product Security

The Inspections Unit continuously monitors passport production for security concerns. OIG provided additional services this reporting period focusing again on transportation security of blank passport books. Additional analysis has been provided for contingency planning purposes.

Advice and Assistance – Chief Information Officer

The Inspections Unit assisted and advised the Chief Information Officer's organization on a wide variety of information technology issues such as transforming the formerly disparate structure of IT at the GPO into a single cohesive organization while still maintaining the appropriate internal control structure. The Inspections Unit has provided assistance in security administration and has performed extensive testing through an e-security contractor of the GPO IT security infrastructure.

White Paper Analysis

Revolving Funds

At the request of the Public Printer, the OIG provided research on the continuing appropriation mechanism called revolving funds that are used widely across the Executive Branch and at GPO. This report provided information concerning the appropriations technique, various fund categories, fund usage, and alternative appropriations language for GPO funds. The OIG found that there are numerous funds similar to the GPO revolving fund in purpose and scope of

usage. However, one fund at the Department of Treasury, Bureau of Engraving and Printing, was highlighted for management as a model for any proposed change in the statutory language of the GPO fund because of its broad availability to finance the operations of the agency.

Work in Process

The Inspections Unit is implementing a process to monitor Executive Branch compliance with Title 44 requirements. With the assistance of the Office of Management and Budget (OMB) and the GPO Chief Information Officer, the Inspections Unit will use ACL, a data mining tool, to monitor agency spending activity through the GPO as contrasted to their appropriation for "Printing and Reproduction" expenses as allocated by OMB. This process will provide indicators of non-compliance and, when detected, will be coordinated with that agency's Inspector General.

The Inspections Unit is responding to a request from the Joint Committee on Printing to investigate the circumstances by which the Columbia Accident Investigation Board (CAIB) published Volume I of the CAIB report from an entity other than GPO. Preliminary results indicate that the cost of the publication was excessive and that the American public was further disadvantaged by not having the report available for sale, available in a Federal Depository Library, or available on the GPO Home Page, *www.access.GPO.gov*.

CHALLENGES FACING GPO

While the GPO has made many positive changes, it still faces many management challenges ahead:

- ➢ GPO continues to maintain its current headquarters, but its headquarters building is antiquated, too large, and too expensive for GPO's immediate and foreseeable needs. A significant amount of funds are spent operating the facility, including cleaning its 100-plus bathrooms, ridding its asbestos problems, dealing with its air quality, and other issues 24-hours-a-day, seven-days-a-week. GPO's largest financial albatross (and perhaps its largest financial opportunity)[11] is its headquarters.[12]
  - o Furthermore, GPO's headquarters building, which originally housed nearly 10,000 employees, now houses less than 3,000. This number is expected to continue to fall.
  - o Furthermore, the GPO Office Building is significantly lacking in its physical security, especially given post-September 11, 2001 security concerns and GPO's proximity to the Capitol. Significant funds need to be budgeted to improve the physical security of the building.
- ➢ GPO continues to lose money from various organizations and is reported to be slow in billing some of its customers.[13]
- ➢ The Information Dissemination Division (Superintendent of Documents) loses money each month from its operations.[14]
- ➢ Workforce needs and training continue to be persistent problems. The Public Printer has publicly committed to adding additional funds for training as he continues to move GPO to more of an electronic information dissemination-based agency. GPO recently hired a Chief Human Capital Officer to assist in its continuing effort to re-train GPO's workforce.[15] These steps are commendable and necessary.

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[11] GPO owns its headquarters.

[12] At current market rates, its proximity to the Capitol, and with renovations to the building, GPO could rent some of the space in its building.

[13] In some instances, despite legal requirements to re-coup its costs, GPO does not and has not billed its customers. This billing practice will be the subject of an upcoming audit requested by the Public Printer that the OIG has agreed to undertake.

[14] The Information Dissemination Division group lost approximately $16 M this past fiscal year. The Internet continues to erode GPO's revenues, and the Public Products & Services group is taking the brunt of the Internet's assault on GPO's business. Furthermore, a lack of Title 44 enforcement mechanisms, which mandate that Federal agencies submit their printing needs to GPO for cost-effective ordering, also is harming GPO's financial strength.

[15] The GAO released a study of GPO's Transformation Effort through Strategic Human Capital Management. GAO makes numerous recommendations to GPO on the steps it should take to strengthen its human capital management in support of its transformation. The focus of GAO's recommendations are for the following four interrelated areas: a) communicating the role of managers in GPO's transformation; b) strengthen the role of the human resources office; c) developing a strategic workforce plan to ensure GPO has the skills and knowledge it needs for the future; and d) using a strategic performance management system to drive change. By implementing the recommendations in these four areas, GPO can build the strong human capital foundation needed to reinforce the transformation now under way.

o GPO has also hired nine "experts" to assist in GPO's transformation. These "experts" have been averaging fees near or exceeding $100,000 each for one- or two-year assignments. (The nine expert consultants were paid a total of $609,436 since the appointment of the Public Printer on November 26, 2002.) While some "expert" help is certainly understandable, given the approximately 350 retirement buyouts GPO recently instituted and more expected buyouts in the future, it may be unseemly to hire such "experts" while also seeking retirements. This is an issue on which GPO should keep a perspective.

➢ OIG identified 34 vulnerabilities of GPO's information technology (IT) security systems during a recent annual testing. Data security, given GPO's role vis-à-vis other government agencies, needs to be upgraded and monitored better. GPO recently hired a Chief Information Officer (CIO) to oversee all of its IT functions. IT security data and antiquated IT systems at GPO should abate with the addition of a CIO to oversee these issues. However, the agency should keep close tabs on the progress because much of the progress of the agency going forward seems tied to the successful implementation of high-quality, perhaps even state-of-the-art, technology.

➢ A change needs to be made in the contracting process to ensure that the OIG reviews contracts to prevent waste, fraud, and abuse. This is potentially costing the agency many millions of dollars.

➢ The OMB/GPO Compact will present GPO with challenges in managing the agreement.

o The constitutionality of Title 44 requirements that all Executive Branch agencies submit their printing through GPO is still causing significant effects on Congressional mandates that agencies use GPO for their printing needs. Agencies that do not raise the constitutional issue as a reason why they fail to adhere to the law believe, usually in error, that they are exempt from Title 44's proscriptions. This indicates that additional education needs to be undertaken with other federal agencies about Title 44's mandate.

o GPO has placed much of its future success in the GPO/OMB Compact. The intent of the Compact is to ensure that GPO can fulfill its statutory requirements while reducing the costs of Federal printing, and that the public has permanent access to all non-classified government publications. Title 44 mandates that all government agencies use GPO for their printing needs. Last year Congress appropriated approximately $2 Billion[16] for government printing. Last year, GPO received approximately $675M[17] from other government agencies' printing business. This leaves $1.33B in government printing expenditures unanswered and the OIG has attempted to pinpoint these unaccounted for expenditures. OIG has discussed the matter with the Congressional Budget Office, the Office of Management and Budget, and others. OIG has found that no agency keeps

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[16] Office of Management and Budget 2002 dollars appropriated to code 24.0 Printing.
[17] From GPO draft Financial Statements pending KPMG Audit adjustment.

records of aggregate government printing expenditures, except GPO, when an agency uses GPO for its printing needs.

- ➢ Currently, GPO is a legislative branch agency. Whether it should remain so and still be capable of achieving its goal of convincing other federal agencies to come to GPO for their printing needs and give the government significant cost savings is a question that should be placed on the table.

U.S. Government Printing Office
Inspector General's Organizational Chart

Marc A. Nichols
INSPECTOR GENERAL

Tina Jones (PG/10)
Executive Assistant

Jackie A. Goff, Esq.
DEPUTY INSPECTOR GENERAL & COUNSEL

Andrew Killgore (PG/15)
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Office of Audits

Steve Higgins (PG/15)
Assistant Inspector General
Office of Administration & Inspection

Ronald J. Koch (PG/15)
Assistant Inspector General
Office of Investigations

Kevin Kaporch (PG/14)
Chief, Inspections Unit

Claude Martin (PG/14)
Chief, Administrative Services

Peter La Tora (PG/12)
Lead Inspector

Cynthia Long-Hill (PG/13)
Computer Specialist

David Schaub (PG/14)
Supervisory Auditor

Joseph Verch (PG/14)
Supervisory Auditor

Jeff McAboy (PG/14)
Special Agent in Charge

Tracie Briggs (PG/12)
Auditor

Michele Anderson (PG/12)
Auditor

David Kennedy (PG/12)
Special Agent

Sonya Scott (PG/12)
Special Agent

Allyson Brown (PG/12)
Auditor

Patricia Mitchell (PG/12)
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Walter Martin IV (PG/12)
Special Agent

Rod Dahl (PG/14)
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Vacant (PG/12)
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Lloyd Rawls (PG/11-12)
Special Agent