

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

SEMIANNUAL REPORT TO THE CONGRESS

**REPORTING PERIOD
OCTOBER 1, 2001 – MARCH 31, 2002**

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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.

Formerly, GPO's mission was accomplished through the production and procurement of traditional printing technologies. 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.

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

- X 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.
- X 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.
- X GPO also disseminates a massive volume of information online via the Internet with GPO Access. Recent data show that more than 26 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 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.

During this reporting period, GPO management made changes in its sales program to address the decline in book sales nationwide. Six of GPO's 24 bookstores have been closed due to significantly reduced 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 the Birmingham, Alabama, bookstores. Additional bookstore closings are under consideration.

Customers of those bookstores will not be deprived of access to Government publications. Those wishing to buy Government books can link to the U.S. Government Online Bookstore at <http://bookstore.gpo.gov>. The Online Bookstore's Sales Product Catalog includes all titles available for sale and can be searched by publication title, subject, or keywords. Residents in the cities where bookstores were closed can continue to locate and use U.S. Government books as well as online Government information free of charge in any of their local Federal Depository libraries.

As of April 18, 2002, GPO has a workforce of 3003 skilled individuals in printing, procurement, electronic information technologies, documents dissemination, administrative, and related specialties. Most of the GPO workforce is located in Washington, DC. GPO also has 18 bookstores nationwide, 14 Regional Printing Procurement Offices (RPPO's) 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 RPPO's. The regional offices generated about \$214 million in revenue during Fiscal Year 2002.

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 that Public Law 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. However, the GPO Inspector General shares the same duties, responsibilities, and authority as the Inspectors General in the designated Federal entities, except that there is no statutory prohibition against assigning program operating responsibilities to the GPO Office of Inspector General. Another exception is that 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.

The mission of the OIG is to prevent and detect fraud, waste, and abuse as well as to promote economy, efficiency, and effectiveness in GPO's programs and operations. To meet these responsibilities, the OIG conducts audits and investigations through its Office of Audits (OA) and Office of Investigations (OI). The Inspector General has been a member of and active in the President's Executive Council on Integrity and Efficiency (ECIE) since the Council was established in 1992 by Executive Order 12805.

During this reporting period the Inspector General established an Inspections Unit within the OIG to assist the Inspector General in responding to Congressional and management requests for information or assistance. The unit was established with an auditor, an investigator, and a Unit Chief. The OIG budget for FY 2002 is \$3.4 million. As of March 31, 2002, the OIG consisted of 25 employees on-board: 11 auditors, 6 investigators, 3 inspectors, 2 secretaries, the Inspector General, and 2 information systems support personnel.

Office of Investigations

The Office of Investigations 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, or joint 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.

During the reporting period, the OI's investigative resources were deployed in response to complaints, referrals, and hotline matters involving illegal drugs, fraud, waste, abuse and/or mismanagement. The OI also continued to conduct investigations initiated during previous reporting periods.

Office of Audits

The Office of Audits, as required by the Government Printing Office Inspector General Act of 1988:

1. Conducts independent and objective audits relating to GPO;
2. Provides leadership and coordination, and recommends policies to promote the economy, efficiency, and effectiveness of GPO's programs, operations, and activities; and,
3. 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 INVESTIGATIONS

A. Summary of Investigations

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

- 1 fraud investigation was initiated;
- 1 matter was referred to GPO management for action; 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 March 31, 2001**

Workload Analysis	Number of Cases
Beginning Case Workload – 10/01/01	27
Add: New Cases Opened	11
Less: Cases Closed	13
Ending Case Workload – 03/31/02	25

The OI opened 11 investigative cases during this reporting period in response to new complaints or allegations. The 13 cases closed during the reporting period consisted of 10 cases from prior periods and 3 cases from the current reporting period. The 25 open investigative cases include 8 cases from the current period and 17 cases from prior reporting periods. Three administrative subpoenas were issued for documents. There was no instance of noncompliance with a subpoena.

B. Investigative Accomplishments

The OI has provided significant assistance and support to the FBI in the investigations into the September 11, 2001, terrorist attacks on the Pentagon and World Trade Centers. In addition, the OI assisted the GPO's Superintendent of Documents division in comparing the FBI Watch List with GPO records of individuals who purchased documents and publications. Any similarities were provided to the FBI for use in the analysis of the attacks.

C. Types of Cases

The OI's investigative workload can be categorized into five major areas based on investigation type, as follows:

1. Workers' Compensation Program (WCP)

The OI investigates GPO employees alleged to have submitted false claims and made false statements to facilitate receipt of workers' compensation benefits. The OI currently has two active investigations involving alleged WCP fraud. Both cases are from prior reporting periods.

One prior reporting period WCP investigation was closed during this reporting period due to insufficient evidence of wrongdoing.

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.

There are two OI fraud cases from a previous reporting period that are pending prosecutive action by an U.S. Attorney's Office.

The OI closed nine contract fraud investigations; of which seven were from prior reporting periods, and two were from the current reporting period.

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 twelve active misconduct investigations. Nine are from prior reporting periods and three are from the current reporting period.

One current reporting period investigation is pending judicial proceedings by the D.C. Corporation Counsel in the Superior Court of the District of Columbia.

Two prior and one current reporting period employee misconduct investigations have been referred to GPO management and are pending administrative action.

During the reporting period, two employee misconduct investigations were closed based on final management action.

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 no open Title 44 investigations.

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 for the GPO's Personnel Security Specialist. One current and one prior reporting period cases remain open.

One prior period investigation was referred to the Office of Labor and Employee Relations for action.

The OI received two requests for Local Agency Checks from the agency Personnel Security Specialist (PSS) during the current reporting period. The results of the two cases were referred back to the PSS for any necessary administrative action.

The OI also closed one miscellaneous case from the current reporting period.

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 three investigations to USAO's and/or SAO's for criminal prosecution during this reporting period. Prosecution was declined in two of the three cases. Prosecution was also declined in three other matters that had been presented in previous reporting periods.

Two investigations are presently at USAO's for final action by those offices. Both are contract fraud cases. The District of Columbia Corporation Counsel is currently prosecuting one matter in D.C. Superior Court.

In a case still pending in the District of Columbia, a printing company is facing civil penalties under the False Claims Act for presenting false or fraudulent claims to the

United States for payment in connection with illegally subcontracting the predominant production function of at least 100 GPO contracts.

2. Internal

- Office of General Counsel (OGC):

There are no investigations currently pending in the OGC for possible action.

- Labor and Employee Relations Service:

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

E. Investigative Case Dispositions

The following are representative matters handled by the OI during this reporting period.

1. Pending Matters

- The U.S. Attorney's Office, Greenbelt, MD, declined criminal prosecution in a prior reporting period investigation involving the alleged submission of false claims/statements, and destruction of government property by a Region 3 contractor. The total contract involved is estimated at 3 million dollars. Civil action is still pending.
- In a prior reporting period case still pending in the District of Columbia, a GPO Region 3 contractor is 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.
- A prior reporting period investigation of a GPO employee regarding Social Security Benefit Fraud was referred to the Director LERS for action, and is still pending. The matter was previously declined for prosecution by the USAO, Boston, MA.
- A current reporting period investigation of a GPO lead Police Officer, which had been declined for prosecution by the U.S. Attorney's Office, was referred to the Director, Labor and Employee Relations Service (LERS) for action. The matter is pending administrative 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 matter is pending in the District of Columbia Superior Court.

- A prior reporting period investigation of a GPO employee for fraudulently obtaining a Thrift Savings Plan (TSP) loan was declined for prosecution by the USAO's in New Orleans, LA and Washington, DC. The matter was referred to the GPO LERS, and is pending administrative action .
- A prior reporting period investigation of a GPO employee for employee misconduct (violence in the workplace issue) resulted in the matter being referred to LERS. The matter is pending administrative action.

1. Closed Matters

- A prior reporting period investigation into the alleged submission of false claims/statements by a GPO Region 3 contractor presented to the USAO, Norfolk, VA, was declined for criminal and civil prosecution. The matter was also forwarded to the OGC for action. A letter of warning was issued and the matter was closed.
- A prior reporting period investigation into the alleged misuse of a government vehicle and time and attendance fraud that was declined for prosecution by a USAO was referred to LERS for action. The employee received a thirty-day suspension and the matter was closed.
- A current reporting period investigation of a GPO Region 2 contractor for alleged contract fraud was declined by the USAO, Newark, NJ. The matter was referred to the OGC, which issued a letter of warning. In addition, the agency recovered \$10,000 from the contractor and the matter was closed.
- A prior reporting period investigation of a GPO employee for the alleged misuse of a government telephone and time and attendance fraud was referred to the Director, LERS for action. The employee received a verbal warning, and the matter was closed.
- A current reporting period investigation of a Region 4 contractor regarding the alleged submission of false claims/statements to the GPO was referred to the OGC for action. The company was debarred from doing business with the government for a period of three years, and the matter was closed.

Productivity Statistics for the Office of Investigations

A. Investigations Initiated	11
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B. Cases Closed	13
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C. Arrests	2
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D. Cases Presented to U.S. Attorneys/State's Attorney		3
<i>Criminal</i>		
2 Criminal Declinations (plus 3 from previous periods)		5
<i>Civil</i>		
Civil Declinations	0	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		\$ 10,000
Restitutions		\$0
Fines		\$0
Cost Savings		\$0

F. Total Administrative Referrals		4
Contractor	Referrals	0
	Suspensions	0
	Debarments	2
	Contract Terminations	0
	Warned/Other Actions	2
Employee	Referrals	4
	Suspensions	1
	Terminations	0
	Warned/Other Actions	0

G. Other Law Enforcement Agency Referrals	0
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OFFICE OF AUDITS

A. Summary of Audit Activity

During the reporting period ending March 31, 2002 the Office of Audits (OA) conducted the following audits and audit related activities:

- Issued an audit report on improving the controls over the reporting of productive time in the Electronic Photocomposition Division's Video Keyboard Section.
- Issued an audit report on the adequacy and effectiveness of controls over leased vehicles.
- Issued an audit report on the use of commercial credit cards in the regions.
- Reported quarterly to the House and Senate Committees on Appropriations of the promptness of GPO's payments to the District of Columbia Water and Sewer Authority.
- Conducted a peer review of another Inspector General's audit activities.
- Functioned as the contracting officer's technical representative to oversee the annual audit of GPO's financial statements by an independent public accounting firm.
- Completed a quality assurance review of an OA audit.
- Completed a draft five-year strategic plan, which was issued to management and to the Chairman of the Joint Committee on Printing for comment.

B. Audit Accomplishments

Seven reports were issued during the six month reporting period ending March 31, 2002. Fieldwork was conducted on two additional audits and two more contractor claims.

Financial Audits

There were no financial audits issued by OA during this reporting period.

Performance Audits

The OA issued performance audit reports on:

- Improving controls over productive time in the Electronic Photocomposition Division's Video Keyboard Section.
- The effectiveness of controls over leased vehicles.

- Purchase card usage and effectiveness of oversight for GPO field locations

Reports on the following subjects are being prepared for issuance in the next reporting period:

- GPO's workers compensation program.
- Central office sales order processing.
- GPO Smartpay credit card program in the central office.

Contract Audits

Four contract claim audit reports were issued during this six month reporting period. Work on two more for reports in the next reporting period was conducted.

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 no formal support activity conducted during this reporting period.

Significant Audit Reports

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

1. REPORT ON IMPROVING THE CONTROLS OVER THE REPORTING OF PRODUCTIVE TIME IN EPD'S VIDEO KEYBOARD SECTION (Report Number 02-02)

Our audit determined that while the Electronic Photocomposition Division's (EPD) Video Keyboard Section was performing its primary mission objective to key in data and corrections to manuscripts in the text processing systems, opportunities exist to improve internal controls over the reporting of productive time by the Video Keyboard Section operators.

Controls could be improved if video keyboard supervisors monitored nonproductive time and replaced it with filler work; monitored operators' performances and production reports on Operation Class 60-10; develop written performance standards for three Operation Classes (28-12, 60-11, and 60-13); and monitor production reports to detect entry errors in the operators' performance reports.

Seven recommendations to improve controls were developed from four findings. Division management agreed with the recommendations and has, or will be, implementing them.

2. REPORT ON LEASED VEHICLES (Report Number 02-04)

This report contains three recommendations to improve controls over leased vehicles at GPO which will help reduce the overall costs of transportation, strengthen controls, maximize human resource efficiencies and achieve close to full utilization objectives.

Our audit determined that GPO Instruction 810.33, *Implementation Plan to Establish a Government Printing Office Motorpool Operation for Motor Vehicle Equipment* needs to be revised to support current organizational conditions; using more General Services Administration (GSA) leases would reduce vehicle maintenance and operating costs; and, vehicle users should be made aware of, and follow, all the terms of the lease contracts, including the maintenance requirements.

Management has implemented all three recommendations.

3. REPORT ON THE GPO COMMERCIAL CREDIT CARD PROGRAM (Report Number 02-06)

This audit evaluated the controls, procedures and accountability of GPO's commercial (purchase) credit card program at field locations (bookstores and regional printing and procurement offices.) The focus was on micro-purchases, which are defined as not exceeding \$500 per transaction and not exceeding a cumulative total per location of \$5,000 annually.

Our audit identified the following conditions in need of improvement:

- The credit card banks extended credit to GPO's cardholders far in excess of single purchase and annual budgetary limits.
- Approving officials were not requiring sufficient evidence to support reviews of monthly statements.
- Cardholders and approving officials were not completing required training on purchase card use.
- Over \$8,300 worth of charges involving 40 transactions were approved and paid without supporting evidence was identified.
- Only 10 of 41 cardholders provided approving officials with properly supported monthly statement reconciliations.

GPO's Materials Management Service's (MMS) General Procurement Division issues credit cards and monitors the program to ensure that employees adhere to the rules governing their use. The audit developed five findings and ten recommendations to correct the above conditions and improve the effectiveness of controls over and monitoring of the credit card program. Management has implemented, or is developing plans to implement all ten recommendations.

C. WASA Quarterly Reports to Congress

Pursuant to Public Law 106-54, two quarterly reports analyzing the promptness of GPO's payment for water and sewer services were issued during this reporting period. GPO's payments are made via Treasury's Online Payment and Collection System (OPAC) and are based on estimates compiled by DC WASA and/or Treasury. As such, payments are automatic when billing is initiated by the billing agency.

As a result of OIG efforts to analyze the accuracy of the WASA charges to GPO, it was determined that GPO was being billed for water usage for an entire building at the Washington Navy Yard, First and N Streets SE, although the 20 GPO Rapid Response Center employees stationed there constitute only about ten percent of the building's occupants. The bill was projected to be approximately \$77,000 annually.

We found that there was only one water meter for the entire building, and that WASA was billing GPO for the water usage recorded by that meter. However, the largest tenant of the building is the U.S. Park Police, which has approximately 200 employees located there, and two other organizations there employ four or five employees each. As a result of this finding, WASA officials contacted GSA and arranged to have the water usage at the building billed directly to GSA instead of GPO, and WASA will adjust its estimate of GPO's water usage accordingly.

D. Work-In-Process

The OA is continuing work on the following audits:

- 1. Audit of the Video Keyboard Section of the Production Department** – to determine if the Video Keyboard Section is performing its mission in an efficient and cost effective manner. A draft report is under review.
- 2. Audit on the Management of GPO Owned and Leased Vehicles** – on improving the controls over the acquisition of motor vehicles under the leasing and full maintenance agreements. Management comments have been requested on a draft report.
- 3. Follow-up Audit on the GPO Workers' Compensation Program (Report Numbers 95-03 and 98-01)** – the first phase of the audit was completed during this reporting period and the report of the first phase audit is described above. The second phase of this audit will address internal control issues in the management of the GPO Workers' Compensation Program that were revealed during the follow-up phase of the audit.
- 4. Audit of GPO's Commercial Credit Card Program** – on improving the controls over the procuring of supplies, services, and materials using commercial credit cards. Audit fieldwork is continuing.

E. 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.

1. 2001 Financial Statement Audit

Throughout this reporting period, the OA provided support for the audit of GPO's 2001 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 first annual audit to be performed under the new contract. The audit contract with KPMG LLP can be renewed for four more years.

2. Peer Review of the Federal Reserve Board OIG

Under the requirements of Federal auditing standards, each Federal OIG must submit its audit operation to a peer review every three years. This is an essential quality control activity to ensure that OIG audit work is consistently conducted in accordance with applicable auditing standards, and that the audit staff maintains current skills and knowledge. In the Executive Council for Integrity and Efficiency (ECIE), of which the GPO OIG is a member, each Inspector General conducts a peer reviews of another OIG's audit operations.

During this reporting period, the OA conducted a peer review of the audit operations of the OIG of the Federal Reserve Board. The OA expended significant resources during this reporting period to conduct this peer review to fulfill its professional responsibility to the IG community.

F. Outstanding Audit Recommendations

During this reporting period GPO management officials completed implementation of a significant number of outstanding recommendations from prior periods. Management actions on seven recommendations contained in three audit reports issued during prior periods have not been reported as complete. Synopsis of these findings, recommendations and the status of management's action follow:

(1) REPORT ON IMPROVING THE CONTROLS OVER EEO CONTRACT INVESTIGATIONS (Report Number 00-04, issued March 30, 2000)

FINDING

The Counseling and Complaints Processing of GPO's EEO was not fulfilling its duties in processing contract investigations in three areas: (1) assigning formal complaints to contract investigators timely; (2) monitoring the completion of investigations timely; and (3)

verifying the contract investigators' invoices for accuracy before forwarding the invoices to the Comptroller for payment.

RECOMMENDATION

The Director, Office of Equal Employment Opportunity, should:

- Update and maintain the EEO Investigation Tracking System to inform the Complaints Officer of the correct status of investigations when authorizing payment on a contract investigator's invoice (0004-08).

MANAGEMENT ACTION

On April 11, 2002 the Director responded that EEO is currently working with the Office of Information Resources Management (OIRM) to develop an internal investigation tracking system in response to Recommendation Number 0004-08, because a previous attempt to adapt a discrimination complaints tracking system from the Department of Veterans Affairs had not been successful.

- (2) REPORT ON IMPROVING THE CONTROLS OVER INVENTORIES IN THE GRAPHIC SUPPLIES SECTION (Report Number 00-05, issued April 3, 2000)

FINDING

Opportunities were identified to improve internal controls over operating and controlling Graphic Supplies Section's inventory that created over \$138,000 worth of inventory discrepancies, or 26 percent of the listed inventory value, that was detected during a cyclic inventory between February and March 1999.

In addition, based on current usage, a projected estimated savings of over \$1.1 million over the next five years can be obtained by purchasing Heatset ink from outside contractors instead of manufacturing the ink in-house.

RECOMMENDATIONS

The Manager, Quality Control and Technical Department, should:

- Develop and implement written instructions for thoroughly researching and resolving future inventory variances of finished inks, raw materials, and adhesives (0005-03);
- Ensure that an assessment is performed on the feasibility of using any of the 78 inactive, unreported properties with inventory balances in the future and to document those properties (0005-11);
- Develop and implement instructions to track the amount of sealed cans of returned inks received (0005-13);

- Update the 1986 study to determine whether it is still reasonable and cost effective for GPO to make the best possible ink at minimal cost in satisfying the demand of both Production and customer agencies (0005-17); and,
- Coordinate with Materials Management Service to review the policy on variances to ensure the allowance for variances is consistent for all Graphics Supplies Section's raw materials contracted and ordered (0005-23).

MANAGEMENT ACTION

On March 28, 2002, the Manager, Quality Control and Technical Department responded that four of the five recommendations remain open and that he did not agree with recommendation 0005-17.

(3) REPORT ON IMPROVING THE CONTROLS OVER GPO'S TRAVEL PROGRAM (Report Number 01-05, issued June 12, 2001)

FINDING

The Administrative Services Group, Office of Administrative Support, and the General Examination and Support Section, Office of the Comptroller, were processing travel orders, advances and vouchers accurately, timely, and in compliance with laws and regulations. Opportunities existed, however, to improve controls by issuing fewer and smaller travel advances, by reducing overpayment of travel expenses, and by monitoring charges for personal use on Government credit cards.

RECOMMENDATIONS

Three recommendations to the Director, Administrative Support, remained open. These were that the Director 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);
- Discontinue the annual \$1,200 travel advances for SuDocs librarians (0105-02);
- 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 March 28, 2002, the Director, Office of Administrative Support, advised that he continues to disagree with the first two recommendations (0105-1&2), and that the third recommendation (0105-3) will be addressed when adequate human resources become available.

OTHER INSPECTOR GENERAL ACTIVITIES

A. Assistance to Management

The Inspector General and his Special Assistant assisted management in assessing the financial reporting capabilities of the GPO Integrated Processing System (IPS). The system is being readied for implementation in the Superintendent of Documents sales program, and final testing is being conducted to ensure a successful transition to IPS. The testing resulted in a finding that the IPS system will provide reasonably accurate accounting information for the GPO sales program.

The Inspector General continued to work with three other GPO offices as a member of a screening committee to review sexual harassment allegations and to coordinate the agency's response, including determining what, if any, immediate action needs to be taken to minimize the harm and to protect the complainant, witnesses, and evidence. During this reporting period, the Inspector General attended one meeting of the screening committee and conducted a brief inquiry regarding an allegation to assist the committee.

The Inspector General continued to participate in activities of the President's Executive Council on Integrity and Efficiency (ECIE), including attending monthly meetings held at the White House Conference Center in Washington DC. The Inspector General was appointed to be one of two ECIE representatives on the President's Council on Integrity and Efficiency's (PCIE) Investigations Committee.

The Inspector General reported to the Public Printer on the status of management's required annual internal control assessments and reviews. The Inspector General's annual compliance report for FY 2001 was delivered to the Public Printer in December, 2001.

The Inspector General acted as a back-up resource for the head of another agency during the hospitalization of the Inspector General of that agency. The Inspector General also provided temporary office space for two GAO auditors who were displaced from their regular offices by the disruption following the discovery of anthrax in a Senate office building.

B. Legislation and Congressional Requests

At the request of a Senator, the Inspector General investigated an allegation that a GPO employee had misused a customer's credit card number to order goods and services. The Inspector General determined that no GPO employee had been involved in the theft of the credit card number, and reported his findings to the Senator and to the complainant.

The Inspector General received two referrals from the General Accounting Office (GAO) FraudNet hotline. One referral did not warrant any action, and the other matter, involving potentially misleading advertising by a printer that implied an official government connection, is pending further contacts with the lawyer for the printing company.

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	0	\$0	\$0
B. Which were issued during the reporting period	4	\$37,697	\$51,829
C. Subtotals (A+B)	4	\$37,697	\$51,829
D. For which a management decision was made during the reporting period	2		
1. Dollar value of disallowed costs		\$62	\$2,287
2. Dollar value of allowed costs		\$0	\$0
E. For which no management decision has been made by the end of the reporting period	2	\$37,635	\$49,542
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	\$675,000
B. Which were issued during the reporting period	2	\$ 332,000
Subtotals (A+B)	3	\$1,007,000
C. For which a management decision was made during the reporting period	0	
1. Dollar value of recommendations that were agreed to by management	0	\$0
2. Dollar value of recommendations that were not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	3	\$1,007,000
E. Report for which no management decision has been made within six months of issuance	1	\$ 675,000

C. List of Audit Reports Issued During This Reporting Period

A. Contract Audit Reports:	Questioned Costs	Unsupported Costs
<ol style="list-style-type: none"> 1. Contract Review (Report 02-01, issued 11/20/01) 2. Contract Review (Report 02-03, issued 1/3/02) 3. Contract Review (Report 02-05, issued 1/22/02) 4. Contract Review (Report 02-07, issued 3/29/02) 	<div style="border: 1px dashed black; padding: 5px;"> <p>To protect the Government's negotiating position on claims which have not been settled, information identifying the contractor and the associated questioned costs has not been disclosed.</p> </div>	
Totals	\$37,697	\$51,829

B. Other Audit Reports:	Funds Put to Better Use
<ol style="list-style-type: none"> 1. Report on Improving the Controls over the Reporting of Productive Time in EPD's Video Keyboard Sections (Report Number 02-02, issued 12/11/01) 	\$132,000
<ol style="list-style-type: none"> 2. Report on Leased Vehicles (Report Number 02-04, issued 01/18/02) 	\$200,000
<ol style="list-style-type: none"> 3. Audit Report of the GPO Commercial Credit Card Program (Report Number 02-06, issued 03/27/02) 	\$0
Total	\$332,000

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	17
5(a)(1)	Significant problems, abuses, and deficiencies	6-9
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	6-9
5(a)(3)	Significant recommendations included in previous reports on which corrective action has not been completed	14-16
5(a)(4)	Matters referred to prosecutive authorities	6-7
5(a)(5)	Summary of instances where information was refused	None
5(a)(6)	List of audit reports	20
5(a)(7)	Summary of significant reports	11-12
5(a)(8)	Statistical table with questioned costs	18
5(a)(9)	Statistical table with recommendations that funds be put to better use	19
5(a)(10)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	14-16
5(a)(11)	Significant revised management decisions made during the reporting period	None
5(a)(12)	Management decisions with which the Inspector General is in disagreement	None