



U.S. Government Printing Office

Office of Inspector General

Semiannual Report to the Congress

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

SEMIANNUAL REPORT TO THE CONGRESS

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OCTOBER 1, 1997 - MARCH 31, 1998**

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HIGHLIGHTS OF THE SEMIANNUAL REPORT

The Office of Inspector General (OIG) audit, investigative, and special efforts during this reporting period resulted in the following significant accomplishments.

- Six OIG investigations were referred to various U.S. Attorneys for criminal/civil prosecution, with the potential for approximately \$2 million dollars in penalties, restitutions, recoveries, fines, and/or cost savings.
- The OIG issued five contract audit reports that questioned a total of \$549,829 claimed by GPO contractors.
- The final audit report of the OIG's Review of the Workers' Compensation Program (WCP) at GPO was issued. This program is mandated by the Federal Employees' Compensation Act (FECA), and provides about \$6 million in benefits annually to GPO workers for job-related injuries. Part III of the audit evaluated the program benefit costs paid by the U.S. Department of Labor (DOL) and funded by the GPO.

The report contained seven recommendations to strengthen management controls and improve performance. The GPO action official indicated that the seven recommendations had been acted upon during the audit.

- The OIG issued an audit report on the Personnel Security Program for Secured GPO Production facilities as part of the Review of the Internal Control Environment for the Production of Secured Products in the GPO. The audit report contains two recommendations that will improve the effectiveness of Personnel Security. The Production Manager agreed with the audit findings and recommendations and has initiated appropriate corrective actions.
- The OIG met with representatives of the Department of Labor, Federal Employee's Compensation Program (FECA) and GPO's Office of Worker's Compensation (OWCP), to determine how best to conduct future investigations into alleged violations of FECA. As a result, closer cooperation and coordination between the GPO and the DOL in FECA investigations is anticipated.
- Through a joint Office of Audits (OA) and Office of Investigation (OI) effort, the OIG uncovered major theft/embezzlement by a GPO employee. The matter was accepted for prosecution by the U.S. Attorney for the District of Columbia.
- The OIG facilitated two external audits: a GPO management audit being conducted by Booz-Allen & Hamilton, Inc., under contract with the General Accounting Office; and an audit of GPO's FY 1997 financial statement conducted by KPMG Peat Marwick.

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 life cycle needs of Congress, Federal agencies, and the public:

- GPO provides print and electronic information products and services to Congress and Federal agencies through inplant processes and the purchase of information products from the private sector. For Congress, GPO maintains a capability to fully support the information products needs of the legislative process, working in close cooperation with leadership offices, committees, Members, and staffs in each Chamber.
- GPO disseminates Government information to the public in print and electronic formats through a low-priced sales program and a reimbursable program, and to Federal depository libraries nationwide where the information may be used by the public free of charge. GPO catalogs and indexes Government information products so they can be identified and retrieved by users.
- GPO also disseminates a massive volume of information online via the Internet with GPO Access. Recent data show that more than 10.5 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 today is one of the leading Federal sites on the Internet. The GPO home page, at 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.

GPO provides all of its services in a non-partisan, service-oriented environment that emphasizes the primacy of the customer's requirements for timeliness, quality, security, and economy. GPO is committed to achieving the greatest access and equity in information dissemination through printed publications, CD-ROM, and online information technologies. GPO's electronic and traditional technologies simultaneously enable it to facilitate the re-engineering of information products to satisfy the Government's changing information requirements, and to preserve and protect public access to Government information for all citizens.

GPO programs reduce the need for duplicative production facilities throughout the Government, achieve significant taxpayer saving through a centralized production and procurement system, and enhance public access to Government information, which is increasingly valuable to all Americans in the Information Age.

The GPO has 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 \$191 million in revenue during Fiscal Year 1997.

B. THE OFFICE OF INSPECTOR GENERAL

OIG Mission

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). In October 1996, Congress amended Title 44 U.S.C. §309 to require that OIG audits of the financial and operational activities of GPO be conducted under the direction of the Joint Committee on Printing (JCP). Accordingly, the Inspector General solicited audit direction from the Committee and is incorporating the audit recommendations of the JCP in a strategic plan to guide the OIG's future audit activities.

On November 10, 1997, Robert G. Andary became the Inspector General for the GPO, succeeding Thomas J. Muldoon who had been Acting Inspector General since January 8, 1997. Mr. Andary had been the Assistant Inspector General for Investigations and Counsel to the Inspector General at the Federal Communications Commission. He has also served as Inspector General at the Federal Labor Relations Authority. He served as an Assistant United States Attorney in the District of Columbia and was a trial attorney in the Criminal Division, U.S. Department of Justice.

As of April 17, 1998, the OIG was comprised of 31 budgeted positions, 27 of which were filled: 13 auditors, 7 investigators, 1 investigator-trainee, 3 secretaries, the Inspector General, and 2 information systems support personnel. The OIG's FY 1998 budget is \$ 2,578,905.

Office of Investigations

The Office of Investigations conducts and/or coordinates investigations relating to monetary or material losses occurring in U.S. Government Printing Office programs and operations. These investigations may include contractors, program participants, and/or GPO officials and other employees.

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 restitutions.

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 adjudications, 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 GPO 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.

The OA conducts performance audits, financial audits, and special reviews to accomplish its audit mission. All OIG audits are performed in accordance with applicable Government Auditing Standards promulgated by the Comptroller General of the United States.

Office of Investigations

A. Summary of Investigations

During this reporting period, the OIG Hotline Program for Drug Activity, Fraud, Waste, and Abuse received 11 fraud-related matters, 2 complaints concerning illegal drugs, and 67 calls for information, for a total of 80 investigative matters. Of that number:

- 2 complaints were referred to GPO management for resolution;
- 3 fraud investigations were initiated;
- 2 matters were referred to other Law Enforcement Agencies;
- 1 matter was documented in the OI Intelligence Files; and,
- 72 telephone calls did not warrant any investigation.

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

**Summary of Investigative Case Workload
as of March 31, 1998**

Workload Analysis	Number of Cases
Beginning Case Workload - 10/01/97	93
Add: New Cases Opened	48
Less: Cases Closed	61
Ending Case Workload - 3/31/98	80

The OI opened 48 investigative cases during this reporting period in response to new complaints or allegations. The 61 cases closed during the reporting period consisted of 28 cases from the current period and 33 cases from prior reporting periods. The 80 open investigative cases include 20 cases from the current reporting period and 60 cases from prior reporting periods.

The OI's investigative efforts did not result in monetary benefits to the Government during this reporting period. However, as a result of six separate OI investigations currently accepted by Offices of the U.S. Attorney at various locations in the U.S. for criminal/civil prosecution, approximately \$2 million dollars in penalties, restitutions, recoveries, fines, and/or cost savings may be realized in future reporting periods.

B. Investigative Accomplishments

1. Through a joint effort, the OA uncovered, and then assisted the OI in a major theft/embezzlement investigation. The matter was accepted for prosecution by the U.S. Attorney for the District of Columbia.
2. The OI also provided interviewing assistance to the OA during the conduct of a major audit in the GPO's Office of Information Resources Management (OIRM). The purpose of the assistance was to determine, through OI expertise, if the OIRM program was susceptible to Fraud, Waste, Abuse, or Mismanagement. The results of the OI's efforts will be incorporated into an audit report published by OA.
3. The OI met with representatives of the Department of Labor, Federal Employee's Compensation Act (FECA) program, and GPO's Office of Worker's Compensation Program (OWCP), in an effort to determine the manner in which future investigations into alleged violations of the FECA program will be conducted. As a result of this meeting, new steps will be initiated to better address the overall handling of the GPO's Workers' Compensation Program and subsequent investigations into alleged violations.

C. Types of Cases

The OI's investigative workload has been categorized into five major areas that are based on the types of investigative cases, as follows:

1. Workers' Compensation Program (WCP)

The OI investigates GPO employees who have allegedly submitted false claims and made false statements to facilitate receipt of workers' compensation benefits. The OI currently has 12 open investigations involving alleged WCP fraud violations. The investigations are all from prior reporting periods and are awaiting additional information regarding the status of the claims or the claimant.

Two investigations that were presented to the U.S. Attorney's Office for prosecution in the prior reporting period remain pending. In addition, three WCP cases from prior reporting periods have been referred to the GPO's Labor and Employee Relations Service (LERS) for consideration of possible administrative action.

As a result of discussions with the GPO's OWCP and Department of Labor representatives, new initiatives are underway to handle GPO WCP fraud matters.

2. 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 currently has six open Title 44 investigations from prior reporting periods awaiting the receipt of additional information from the agencies involved.

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 as a result of federal employees expending their agency's congressionally-appropriated funds for printing services provided by contractors other than the GPO.

Two prior reporting period Title 44 violations were referred to other federal agencies for appropriate action. Prior reporting period referrals to the Joint Committee on Printing and GPO's Office of General Counsel remain pending.

3. Procurement Fraud

The OI investigates allegations of statutory violations involving GPO contractor service providers defrauding the Government in connection with GPO's procurement of printing, goods, and services. These violations include, but are not limited to, false claims, false statements, wire and mail fraud, product substitution, and Small Disadvantaged Business Program violations.

The OI currently has 22 active and one inactive procurement fraud cases. Twenty-one cases were initiated in prior reporting periods and two cases were initiated in the current reporting period.

Six fraud cases have been referred to U.S. Attorneys for prosecution, two from the current reporting period and four from previous reporting periods. One investigation referred to the U.S. Department of Energy during a prior reporting period remains pending.

Three prior reporting period investigations involving GPO contractors were referred to the GPO's Office of General Counsel (OGC) for administrative action. These cases are pending final disposition by that office.

The OI closed 10 contract fraud investigations from prior reporting periods, and 3 investigations from the current reporting period, for a total of 13 closed investigations.

4. 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 a total of ten active and two inactive misconduct investigations. Six are from prior reporting periods and six are from the current reporting period.

Six misconduct investigations have been referred for administrative action. Of this number, three were from prior reporting periods and three were from the current reporting period.

During the reporting period, 20 employee misconduct investigations were closed. Ten cases involved investigations from prior reporting periods and ten were from the current reporting period.

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 Personnel Security Specialist (PSS).

A total of five current reporting period cases remain active. One prior reporting period case remains inactive pending further development. One current and one prior reporting period investigation were referred to the appropriate GPO management official for administrative action.

The OI received 19 requests for Local Agency Checks from the GPO PSS during the current reporting period. The results of 14 checks were returned to the PSS for any necessary action.

The OI closed a total of 23 miscellaneous cases: 10 from prior reporting periods; and 13 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. A summary of outstanding referrals by the OI follows:

1. External

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

The OI presented a total of 12 investigations to USAO's and/or SAO's for criminal prosecution during this reporting period. The USAO's accepted one contract fraud and one theft/embezzlement investigation for prosecution. Prosecution was declined in ten cases.

A total of two OI investigations were presented to USAO's for civil prosecution. One case was declined and one was accepted for civil prosecution.

Seven investigations, presented to USAO's during prior reporting periods, are still pending final action by those offices. Two of these cases involve alleged WCP related criminal violations, four are contract fraud cases, and one is a theft/embezzlement case.

- Other Agencies:

Two OI investigations involving alleged violations of Title 44, U.S.C., have been referred to other Federal agencies for action. These were referred, during prior reporting periods, to the Department of Veterans Affairs and the Department of Health and Human Services.

The OI referred one investigation involving alleged contract fraud to the Department of Energy during a prior reporting period.

2. Internal

- Office of General Counsel:

The OI has referred three contractor fraud and one Title 44 Violation to the GPO, Office of General Counsel (OGC) for administrative adjudication. One of the referrals occurred during a prior reporting period and three occurred during this reporting period. The OI has not received a final disposition in connection with these referrals.

- Labor and Employee Relations Service:

Nine matters have been referred to the GPO Labor and Employee Relations Service. Allegations referred included reported employee misconduct and OWCP fraud. Five referrals occurred during the current reporting period and four occurred during prior reporting periods. The OI has not been notified of the final disposition or status of these referrals.

E. Investigative Case Dispositions

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

1. Pending Matters

- A current investigation into an alleged theft/embezzlement of approximately \$35,000 in Government funds by a GPO employee in a position of trust has been accepted by the USAO for prosecution.
- Two prior OI investigations involving the alleged brokering of contracts and the submission of false claims and statements by a GPO Region 5 contractor remain pending prosecution by the Commercial Litigation Section of the Civil Division, U.S. Department of Justice. The contractor was suspended pending civil action. The investigation disclosed an estimated \$665,000 in illegal profits by the contractor.
- Two prior investigations of GPO Region 3 contractors involving the alleged submission of false claims, false statements, and conspiracy to defraud the Government resulted in the suspension of seven corporate private entities. In addition, the USAO has issued a seven-count civil complaint against one contractor and his companies after negotiated settlement offers were unsuccessful. The complaint could lead to over \$1 million dollars in fines, recoveries, and/or restitutions.
- An investigation was presented to the USAO regarding the alleged submission of false claims and subcontracting violations by a GPO Region 3 contractor. The total amount of contracts involved is over \$350,000. The matter is pending USAO action.
- Administrative action and settlement proceedings by the GPO's OGC are pending for recovering approximately \$16,000 against a former GPO Region 3 contractor for allegedly misrepresenting his company (now defunct) as a Small Disadvantaged Business (SDB). The U.S. and State's Attorney Offices declined prosecution of this matter.
- An investigation of a former employee of a GPO Region 8 contractor resulted in an indictment by a Federal Grand Jury for two counts of forgery and the issuance of an arrest warrant. The matter is pending trial in Denver, Colorado. In addition, a GPO employee is being investigated for allegedly receiving illegal gratuities from the subject of this investigation.
- An investigation of a GPO Region 9 contractor regarding the alleged submissions of a false claim/statement, was referred to the civil division of the U.S. Attorney's Office (USAO), in Las Vegas, Nevada, and to the GPO's Office of General Counsel. As a result, the GPO debarred the company and its former general manager from doing business with the GPO. The matter is pending a prosecutive decision by the USAO.

- A current investigation into the alleged falsification of a job application by a GPO employee is pending administrative action.
- Administrative action is pending by the GPO's Labor and Employee Relations Service of the alleged sexual assault/harassment of a female employee by three GPO employees. The matter was declined by the USAO in lieu of administrative action.
- A prior investigation submitted to the Director, Office of Administrative Support during a prior reporting period is still pending action. The matter involved the alleged misconduct and submission of false statements by a GPO Police supervisor.

2. Closed Matters

- As a result of a prior OI investigation into allegations of theft and the submission of false claims and statements by a GPO Region 7 contractor, the GPO's OGC issued a Letter of Warning to the contractor. This matter was also coordinated with the USAO and the FBI.
- A prior investigation into allegations of gambling in the GPO resulted in two employees receiving "Alternative Discipline Warnings" and "paper suspensions."
- The OI investigation into alleged felony convictions of a former GPO Region 4 contractor resulted in the consideration of debarment action by the GPO's OGC.
- A prior investigation into allegations of improper personnel procedures within the GPO's Personnel Service and Production Departments resulted in changes in the Apprenticeship Applications Programs.
- An investigation into the alleged theft of funds from the United Way contributions to the Combined Federal Campaign by a GPO employee resulted in the employee being terminated from Federal employment.
- A prior investigation into the alleged solicitation of money by a GPO supervisor from her subordinates resulted in the employee receiving a 15-day suspension, loss of her supervisory position, and transfer to a different section within the GPO.
- A prior investigation into allegations that a GPO Region 2 contractor violated the Buy American Act resulted in one contractor receiving a Letter of Warning, and a second contractor being removed from the GPO's Small Disadvantaged Business Program.
- As a result of a prior investigation into alleged gambling by a GPO employee, the employee was terminated based on the falsification of his employment application.
- An investigation into the submission of forged doctor's notes to support sick leave, resulted in the employee resigning her position with the GPO in lieu of termination.

**F. Investigative Productivity Statistics and Performance
Measurements for the Six-Month Period Ending March 31, 1998**

COMPLAINTS & ALLEGATIONS	48
CASES CLOSED	61
ARRESTS	1
CASES PRESENTED TO USAO/SAO	12
DECLINATIONS OF PROSECUTION	10
INDICTMENTS	1
CONVICTIONS	0
GUILTY PLEAS	0
ACQUITTALS	0
JAIL TIME (days)	0
SUSPENDED TIME (days)	0
PROBATION (days)	0
PUBLIC SERVICE (hours)	0
RESTITUTION	0
RECOVERIES	0
FINES	0
CIVIL COMPLAINTS FILED	1
ADMINISTRATIVE REFERRALS	25
SUSPENSIONS	8
DEBARMENTS	3
TERMINATIONS	5
WARNED/OTHER ACTION	10
REFERRALS TO OTHER AGENCIES	3
COST SAVINGS	0

Office of Audits

A. Summary of Audit Activity

During the reporting period ending March 31, 1998, the Office of Audits (OA) conducted the following audits and audit-related activities:

1. Issued five contract audit reports requested by GPO Contracting Officers in the Printing Procurement Department. The GPO Contracting Officers use these reports in evaluating contractor proposals for negotiated procurements, contract modifications, contract termination settlements, and claims against the Government.
2. Issued the final audit report on Part III of the OIG's Review of the Workers' Compensation Program (WCP) at GPO. This program is mandated by the Federal Employees' Compensation Act (FECA), and provides about \$6 million in benefits annually to GPO workers for job-related injuries. Part III of the audit evaluated the program benefit costs paid by the U.S. Department of Labor and funded by the GPO.
3. Issued an audit report on the Personnel Security Program for Secured GPO Production facilities as part of the Review of the Internal Control Environment for the Production of Secured Products in the GPO.
4. Completed three audits on the GPO Parking Program (Administration, Enforcement by Protective Services Group, and receipt of parking payment fees). Reports of these audits will be issued during the next reporting period.
5. Completed field work for an audit of the Office of Information Resources Management (OIRM) Management Control Program.
6. Performed field work to evaluate the impact of technological changes within GPO and reviewed the organizational structure of GPO's Information Resources.
7. Began to evaluate two contractor proposals as requested by GPO Contracting Officers.
8. Conducted semiannual follow-up actions to monitor the progress of GPO's efforts to conduct Vulnerability Assessments and Internal Control Reviews in accordance with GPO Instruction 825.18A.

9. Continued efforts to update the OIG's *Audit Policy and Procedures Manual* for revisions made to the *Government Auditing Standards* (the Yellow Book), and incorporate applicable suggestions from the Peer Review Report of the OA, dated January 6, 1997.
10. Completed two Quality Assurance Reviews of OIG audits.
11. Provided liaison for the GPO management audit being conducted by Booz-Allen & Hamilton, Inc., under contract with the General Accounting Office. This audit was ordered by Congress in House Report 105-254, accompanying H.R. 2209, the Legislative Branch Appropriations Act for 1998.
12. Facilitated General Accounting Office efforts to assess the status of year 2000 readiness, following the direction of the Chairman of the Senate Subcommittee on Legislative Branch Appropriations, dated October 30, 1997. GPO's proposal to the JCP to bring our mainframe operating system into year 2000 compliance has been approved. The OIG has provided continuous assistance and monitoring of the GPO's response to the Year 2000 problem. The OIG's efforts contributed to the establishment of a formal GPO Year 2000 program with a program manager, staff and charter.
13. The OIG is providing support for an ongoing audit of the GPO FY 1997 financial statement. Under 44 U.S.C. §309, an annual financial statement audit has been required beginning with GPO's FY 1997 financial statement. The audit is being conducted by KPMG Peat Marwick under a contract for which the Assistant Inspector General for Audits is the Contracting Officer's Technical Representative (COTR). In addition to serving as COTR, the OIG is providing office space, administrative support, and coordination with GPO management for the KPMG auditors.

B. Audit Accomplishments

The OIG issued a total of seven audit reports to GPO officials during the six-month reporting period ending March 31, 1998. In addition, four audit reports for which field work was completed will be issued in the next reporting period.

Financial Audits

The OA issued an audit report evaluating the Workers' Compensation Program benefit costs paid by the U.S. Department of Labor and funded by the GPO (see page 16).

The OA completed field work on the financial aspects of the GPO Pay Parking Program.

Performance Audits

The OA issued a report evaluating management controls of the GPO Personnel Security Program (see page 17).

The OA completed field work on the administration of the GPO Pay Parking Program and the enforcement of parking security by the Protective Services Group.

The OA also completed field work on the Office of Information Resources Management (OIRM) Management Control Program.

Contract Audits

The OA issued five audit reports in response to contract audit requests from Contracting Officers within the GPO, Printing Procurement Department (PPD). Contract audits assist GPO Contracting Officers in evaluating proposals from GPO printing contractors in regard to negotiated procurements, contract modifications, contract termination settlements, or contractor claims. The five contract audit reports questioned a total of approximately \$549,829 in proposed contractor costs, overhead, and profit. The questioned amounts were either unallowable, not allocable to the contract, or unsupported.

Investigative Support

The OA is committed to supporting the OIG's investigative mission. Approximately 500 hours of the OA's audit resources were planned for investigative support activities during Fiscal Year 1998.

When requested, the OA provides accounting and auditing assistance to the OIG Special Agents for both civil and criminal investigations. The OA also refers irregularities and other suspicious acts detected during audits to the OI for investigative consideration. The OA uncovered a major theft/embezzlement during an audit of the GPO Pay Parking Program and referred this matter to OI. The matter has been accepted for prosecution by the U.S. Attorney for the District of Columbia. An audit report on this matter will be issued in the next reporting period.

Significant Audit Reports

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

(1) AUDIT REPORT ON THE GPO WORKERS' COMPENSATION PROGRAM (Report Number 98-01, Issued October 3, 1997)

At the request of the Director of the Labor and Employee Relations Service, the OIG completed a multi-phased review of the GPO Workers' Compensation Program (WCP). The WCP is

mandated by the Federal Employees' Compensation Act (FECA). The WCP provides benefits to GPO employees of about \$6 million annually. The U.S. Department of Labor (DOL) is responsible for the payment of all workers' compensation benefits for the Federal Government, and such payments are charged back to the employing agency.

The review was conducted in three parts. An OIG audit report on Phase I was included in an earlier OIG Semiannual Report to Congress (Report Number 94-10). Phase I disclosed that DOL had been inappropriately charging GPO a fee of about \$220,000 annually for administering the program. The Comptroller General of the United States issued a decision on April 4, 1996, concurring that GPO is not required to pay an administrative fee to DOL. On February 11, 1998, DOL responded to the Comptroller General's decision by stating that the Solicitor of Labor's opinion is that "5 U.S.C. §8147 requires GPO to pay the assessed charges and that to refund past payments would be contrary to law."

Phase II of this review assessed GPO's compliance with FECA regulations. The second report (Report Number 95-03) contained 20 recommendations for improving the WCP and compliance with FECA regulations. In summary, the report concluded that GPO needs to: (1) improve the light-duty/return to work program; (2) establish better program accountability; and (3) ensure that WCP claims are adequately reviewed.

Phase III evaluated the adequacy and effectiveness of controls to monitor compensation recipients and to minimize benefit costs. The third and final audit report (Report Number 98-01) contained seven recommendations to strengthen management controls and improve performance in the WCP. The third audit report was directed to the Director of the Labor and Employee Relations Service for comment. The Director responded that the seven audit report recommendations were implemented during the period of the audit.

(2) AUDIT REPORT ON THE EFFECTIVENESS OF THE PERSONNEL SECURITY PROGRAM FOR SECURED PRODUCTION FACILITIES AT GPO (Report Number 98-02, Issued March 27, 1998)

The OIG is conducting a multi-phase audit to evaluate the adequacy and effectiveness of security controls for secured production facilities at the GPO. The GPO Production Department operates secured production facilities that provide sensitive printing services to the Government.

This first report contains the results of Part I of the audit which evaluated the adequacy and effectiveness of the Personnel Security Program for secured production facilities. The scope included the (1) Passport Section, (2) Postal Card Section, and (3) Pamphlet Section. The GPO Office of Administrative Support prescribes agency-wide policies and procedures for the Personnel Security Program, and assists GPO organizations in obtaining security clearance investigations and reinvestigations for employees in sensitive positions.

The OIG concluded that the Office of Administrative Support had established adequate personnel security policies and procedures for GPO organizations to follow in GPO Instruction 825.2

Personnel Security Program. However, the Production Department needed to take further actions to implement an effective program for secured production facilities.

The audit report contained two recommendations to improve the effectiveness of the Personnel Security Program for secured production facilities. The Production Manager agreed with the audit findings and recommendations, and has initiated appropriate corrective actions.

The OIG has already begun Part II of this audit which will evaluate the adequacy and effectiveness of the Physical Security Program for secured production facilities. The OIG will issue a second report reflecting the results of Part II during the next semiannual reporting period.

C. Work-In-Process

The OA has undertaken the following eight audits:

- 1. Review of the Internal Control Environment for the Production of Secured Products** - This audit will assess the adequacy and effectiveness of physical security measures for selected GPO production facilities that handle and produce classified and other sensitive printing products for the Government.
- 2. Review of the Organizational Structure of Information Resources within GPO** - This performance audit will assess the organizational structure of information resources management and its production/dissemination within GPO, using a framework of industry and government best practices, and guided by the Information Technology Management Reform Act of 1996.
- 3. Evaluation of the Impact of Technological Changes Within GPO** - This audit will evaluate the effect of information technology changes on GPO operations by determining current user needs and plans.
- 4-6. Audits of GPO Pay Parking Program** - These financial and performance audits will address: (a) the administration of the program; (b) the enforcement of the regulations through the Protective Services Group; and, (c) the accountability of parking receipts.
- 7-8. Contract Claims** - The Office of Inspector General is currently auditing two contract claims.

D. Advice and Assistance

The audit staff provides advice and assistance to GPO managers and others in an effort to:

1. Promote, economy, efficiency, and effectiveness in agency programs, operations, and other activities;

2. Promote compliance with laws and regulations; and,
3. Strengthen management control systems that deter, prevent, and detect fraud, waste, and abuse.

During this reporting period, the OA provided substantial advice and assistance to GPO officials and other Federal audit organizations. A brief description of each of these activities follows.

(1) GPO Internal Control Program

The OIG monitors the progress of GPO's efforts to implement and maintain an Internal Control Program under GPO Instruction 825.18A *Internal Control Program*. In March 1998 the OIG requested GPO managers to provide a copy of all Internal Control Reviews conducted within the last six months. The responses will be assessed by the OIG and consolidated in an annual letter of compliance to be forwarded to the Public Printer as required by the instruction.

During this reporting period, the OIG also provided advice and assistance to several GPO managers with respect to implementing effective internal control programs.

(2) Computer Systems - Year 2000 Compliance

The OIG is providing continuous services to monitor and assess the GPO's response to the Year 2000 computer problem. Work is ongoing to validate the Year 2000 assessment and system renovation data which has been provided to the GPO Year 2000 program office by agency managers.

(3) Booz-Allen & Hamilton Management Audit

The OIG provided liaison and office space for the GPO management audit being conducted by Booz-Allen & Hamilton, Inc., under a contract with the General Accounting Office. This audit was mandated by Congress in the Legislative Branch Appropriations Act for 1998.

(4) Financial Statement Audit

The OIG is providing support for an ongoing audit of the GPO's financial statements for FY 1997. Under 44 U.S.C. §309, an annual financial statement audit has been required beginning with GPO's FY 1997 financial statement. The audit is being conducted by KPMG Peat Marwick under a contract for which the Assistant Inspector General for Audits is the Contracting Officer's Technical Representative (COTR). In addition to serving as COTR, the OIG is providing office space, administrative support, and coordination with GPO management for the KPMG auditors.

E. Outstanding Audit Recommendations

GPO management officials have not completely implemented all of the significant recommendations contained in three OIG audit reports issued during prior semiannual reporting periods. A synopsis of our audit findings and recommendations, along with management's action(s) to implement the outstanding recommendations follows.

(1) AUDIT OF GPO'S NEGOTIATED/DIVERTED PROGRAM (Report Number 96-01, Issued November 21, 1995)

FINDINGS

The intent of the Negotiated/Diverted Program was to improve the economy and efficiency of GPO in-house production resources. The program allowed GPO to recover direct costs and some indirect costs from non-Congressional jobs, rather than have production employees and machinery remain idle during Congressional recesses and other periods of lower customer demand.

A former Public Printer established three goals for the in-house retention of printing jobs. The audit disclosed that GPO achieved two of the three goals. The audit concluded that GPO was: (1) retaining jobs to operate production equipment at optimum utilization levels; and, (2) negotiating commercially comparable prices for non-Congressional printing jobs. However, GPO had not achieved the third goal of producing a profitable in-plant operation.

RECOMMENDATIONS

The audit report had 11 recommendations to improve the economy, efficiency, and effectiveness of the Negotiated/Diverted Program.

MANAGEMENT'S ACTIONS

On May 6, 1997, the Manager of the Production Department issued a policy statement, effective May 1, 1997, on the GPO Negotiated/Diverted Program. This policy statement addressed all but two of the remaining open audit recommendations. The Office of the Comptroller took additional actions that implemented one of the two remaining open recommendations. Thus, only one audit report recommendation remains open.

**(2) SURVEY OF GPO'S WORKERS' COMPENSATION PROGRAM
(Report Number 94-10, Issued September 9, 1994)**

FINDING

The GPO has been paying an annual administrative fee to the U.S. Department of Labor (DOL) to administer GPO's Workers' Compensation Program (WCP). The General Counsel determined that the GPO is not legally required to pay this administrative fee. The GPO legal opinion was supported by a decision of the Comptroller General of the United States.

RECOMMENDATIONS

The review recommended that immediate action be taken to: (1) stop payment on the annual administrative fee paid to DOL; (2) request remittance from DOL of fees paid since 1982; and, (3) request copies of all bills from 1950-1982 showing charge-back costs and fees charged to the GPO. If this information is not available, it was recommended that any data which would allow GPO to reasonably estimate the administrative fees charged during this period be made available.

MANAGEMENT ACTIONS

On September 20, 1994, the GPO Comptroller sent a letter to DOL requesting remittance of fees paid since 1982 and copies of all bills from 1950-1982. The DOL disagreed, and concluded that the GPO was required to pay an annual administrative fee. In view of this dispute, the GPO Comptroller requested a legal opinion from the Comptroller General of the United States on whether the GPO is required to pay an administrative fee for the WCP.

On April 4, 1996, the GPO received the requested Comptroller General decision. The decision concluded that the GPO was not legally required to pay an administrative fee for the WCP. On September 6, 1996, the GPO forwarded this decision and a letter to the Solicitor of the DOL requesting assistance in fully implementing the Comptroller General's decision.

On February 5, 1997, the Public Printer sent a letter to the Secretary Designate of DOL requesting assistance to resolve this interagency issue because the Solicitor had not responded to an earlier request from GPO. On May 6, 1997, the DOL Office of the Solicitor and the Office of Workers' Compensation Programs committed to conducting an in-depth review of the Comptroller General decision and responding to GPO's concerns upon completion of their review.

On May 13, 1997, the Chairman of the Joint Committee on Printing sent a letter to the Secretary of Labor requesting that immediate action be taken to (1) refund GPO funds

paid in error and (2) preclude future assessment of WCP charges.

On August 5, 1997, the GPO Public Printer sent a letter to the Acting Comptroller General requesting assistance in obtaining the refund from DOL.

On February 11, 1998, the U.S. Department of Labor Deputy Assistant Secretary for Worker's Compensation, sent a letter to the Public Printer stating that the Solicitor of Labor has concluded that 5 U.S.C. §8147 requires GPO to pay the assessed charges and that refund of past payments would be contrary to law. The amount of the charge for 1997 was \$232,516. GPO and the Joint Committee on Printing are considering how to collect funds owed and how to avoid future Department of Labor assessments.

(3) REPORT ON EFFORTS TO IMPLEMENT A CAPACITY MANAGEMENT PROGRAM (Report Number 89-21, Issued May 9, 1989)

FINDING

The GPO has not established a capacity management program for its Automated Data Processing (ADP) operations. Capacity management programs help ensure that computer systems are properly designed and configured to give efficient performance and to provide sufficient computer capacity for present and future operations. Capacity management also includes analyzing how computer resources are utilized and forecasts future requirements.

RECOMMENDATION

GPO should establish and maintain a capacity management program.

MANAGEMENT ACTION

On September 19, 1997, the Director, OIRM, stated that the Fiscal Year 1998 budget request included new personnel needed to implement this recommendation.

On January 14, 1998, the Director OIRM, stated that a capacity management program will be implemented if additional hires are approved.

(4) FINANCIAL STATEMENT AUDIT

The accounting firm of Arthur Andersen LLP conducted an audit of GPO's FY 1995 financial statement. In the report of that audit, Arthur Andersen made numerous comments and suggestions for consideration by GPO management. The follow-up on GPO's subsequent actions is being conducted as part of the ongoing KPMG audit of GPO's financial statements for FY 1997.

**F. Statistical Table on Audit Reports
With Questioned Costs**

	<u>Number of Reports</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. For which no management decision has been made by the commencement of the reporting period	4	\$ 316,630	\$ 292,999
B. Which were issued during the reporting period	7	<u>549,829</u>	<u>0</u>
C. Subtotals (A+B)	11	\$ 866,459	\$ 292,999
D. For which a management decision was made during the reporting period			
1. Dollar value of disallowed costs	5	\$ 312,142	\$ 291,041
2. Dollar value of allowed costs	3	\$ 10,229	\$ 1,958
E. For which no management decision has been made by the end of the reporting period	4	\$ 544,088	0
F. Reports for which no management decision has been made within six months of issuance	0	0	0

**G. Statistical Table on Audit Reports With Recommendations
Involving Funds Put to Better Use**

	<u>Number of Reports</u>	<u>Funds Put to Better Use</u>
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A+B)	0	0
C. For which a management decision was made during the reporting period	0	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	0	0
E. Report for which no management decision has been made within six months of issuance	0	0

**H. List of Audit Reports
Issued During This Reporting Period**

A. Contract Audit Reports:

	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
1. Contract Review (Report 98-03, Issued 03/09/98)		
2. Contract Review (Report 98-04, Issued 01/07/98)		
3. Contract Review (Report 98-05, Issued 03/26/98)		
4. Contract Review (Report 96-06, Issued 03/31/98)		
5. Contract Review (Report 98-07, Issued 03/31/98)		
Total	\$549,829	0

Information identifying the contractor and the associated questioned costs has not been disclosed to protect the Government's negotiating position on claims which have not been settled.

B. Other Audit Reports:

	<u>Funds Collected For Operations</u>
1. Audit Report on the GPO Worker's Compensation Program (Report Number 98-01, Issued October 3, 1997)	0
2. Audit Report on the Effectiveness of the Personnel Security Program for Secured Production Facilities at GPO (Report Number 98-02, Issued March 27, 1998)	0
Total	0

I. Index of Reporting Requirements

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

<u>IG Act Section</u>	<u>Description</u>	<u>Report Page(s)</u>
4(a)(2)	Review of Legislation and Regulations	none
5(a)(1)	Significant Problems, Abuses, and Deficiencies	11-12 & 16-18
5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	11-12 & 16-18
5(a)(4)	Matters Referred to Prosecutive Authorities	10
5(a)(5)	Summary of Instances Where Information Was Refused	none
5(a)(6)	List of Audit Reports	25
5(a)(7)	Summary of Significant Reports	16-18 & 20-22
5(a)(8)	Statistical Table with Questioned Costs	23
5(a)(9)	Statistical Table with Recommendations That Funds Be Put to Better Use	24
5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	none
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

**Reports of
Drug Activity or
Fraud, Waste and
Abuse may be made
in strict confidence
to the GPO
Inspector
General**



**Call: The toll-free
National Hotline
1-800-743-7574**

**or Write to:
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Office of Investigations
P.O. Box 1790
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