

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

SEMIANNUAL REPORT TO THE CONGRESS

**REPORTING PERIOD
APRIL 1, 2000 – SEPTEMBER 30, 2000**

BLANK PAGE

Table of Contents

HIGHLIGHTS OF THE SEMIANNUAL REPORT	1
INTRODUCTION	
A. The Government Printing Office	3
B. The Office of Inspector General	4
OFFICE OF INVESTIGATIONS	
A. Summary of Investigations	6
B. Investigative Accomplishments	6
C. Types of Cases	7
D. Status of Action on Referrals	8
E. Investigative Case Dispositions	9
F. Investigative Statistics	13
OFFICE OF AUDITS	
A. Summary of Audit Activity	14
B. Audit Accomplishments	15
C. Internal Control Review	19
D. Work-In-Process	21
E. Advice and Assistance	22
F. Outstanding Audit Recommendations	23
G. Results of Peer Review of Office of Audits	28
OTHER INSPECTOR GENERAL ACTIVITIES	
A. Reports to the Joint Committee on Printing	29
B. Legislation and Congressional Requests	30
TABLES	
A. Statistical Table - Questioned Costs	32
B. Statistical Table - Funds Put to Better Use	33
C. List of Audit Reports	34
D. Index of Reporting Requirements	35
APPENDIX – Report of Peer Review	37

BLANK PAGE

HIGHLIGHTS OF THE SEMIANNUAL REPORT

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

- With its increased attention on Office of Workers' Compensation Program, the Office of Investigations (OI) is working with Special Agents of the Department of Labor OIG and the U.S. Attorney's Office in pursuing a major violation of the program involving not only a GPO employee, but also the employee's relationships with the Combined Federal Campaign.
- OIG investigations conducted during the current and prior reporting periods resulted in one guilty plea and two sentences of imprisonment. In addition, the OI is assisting a U.S. Attorney's Office in the prosecution of a GPO employee for fraudulently receiving approximately \$50,000 in overtime payments.
- The OIG is working with the Department of Justice to develop civil fraud cases in two separate matters involving prior OI investigations into alleged brokering of contracts and the submission of false claims/statements by GPO contractors.
- The OA issued a total of seven audit reports to GPO officials during the six-month reporting period ending September 30, 2000. In addition, fieldwork was conducted on six performance audits, a contract audit, and a review for which reports will be issued in the next reporting period.
- The Office of Inspector General for the Library of Congress completed a peer review of the GPO Office of Inspector General Office of Audits. The Inspector General, Library of Congress, issued an opinion on August 10, 2000, that the system of quality control for the audit function of the GPO Inspector General was designed in accordance with the quality standards established by the President's Council on Integrity and Efficiency, and was being complied with to provide the IG with reasonable assurance of conforming with professional standards in the conduct of its audits.
- The Inspector General issued two reports to the Joint Committee on Printing. On April 28, 2000, a report on the review of the delivery process for blank passports was issued, and on September 26, 2000, a report was issued on the follow-up review of the processing of formal EEO complaints. Both reviews were conducted at the request of the Chairman of the Joint Committee on Printing.

BLANK PAGE

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 21 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, 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.

As of October 21, 2000, GPO has a workforce of 3,205 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 24 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 \$207 million in revenue during Fiscal Year 1999.

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, and conducts annual audits of the GPO financial statement when requested by the Joint Committee on Printing.

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.

As of September 30, 2000, the OIG consisted of 27 budgeted positions, with 23 employees on-board: 11 auditors, 6 investigators, 3 secretaries, the Inspector General, and 2 information systems support personnel. The OIG budget for FY 2000 was \$3,198,555.

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 4 fraud-related matters, one drug-related matter, and four calls for general information.

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

**Summary of Investigative Case Workload
as of September 30, 2000**

Workload Analysis	Number of Cases
Beginning Case Workload – 04/01/00	31
Add: New Cases Opened	21
Less: Cases Closed	22
Ending Case Workload – 09/30/00	30

The OI opened 21 investigative cases during this reporting period in response to new complaints or allegations. The 22 cases closed during the reporting period consisted of 16 cases from prior periods and 6 cases from the current reporting period. The 30 open investigative cases include 15 cases from the current period and 15 cases from prior reporting periods. Five administrative subpoenas were issued for documents in 2 cases. There was no instance of noncompliance with a subpoena.

B. Investigative Accomplishments

The OI continues to see an increase in false statement allegations involving the Office of Workers' Compensation Program (OWCP). New steps continue to be taken to better address the overall handling of the GPO's OWCP and subsequent investigations into alleged violations. This initiative results from prior meetings with representatives of the Department of Labor Federal Employees Compensation Act (FECA) Program, and GPO's OWCP, to determine the most effective manner for conducting future investigations into alleged violations of the FECA program. The OI anticipates cost savings in future reporting periods.

The OI conducted an investigation into the loss of 300 official U.S. Passports which were being delivered from the GPO to the U.S. State Department. The majority of the passports were recovered. Those passports still missing were placed on the alert list at the U.S. State Department and U.S. Customs locations. The passport numbers were also entered into the loss/missing section of the National Crime Information Center (NCIC) database.

C. Types of Cases

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

1. Workers' Compensation Program (WCP)

The OI investigates GPO employees who have allegedly submitted false claims and made false statements to facilitate receipt of workers' compensation benefits. The OI currently has five active investigations involving alleged WCP fraud. Two are from prior reporting periods and two are from the current reporting period. One prior reporting period investigation was referred to the U.S. Attorney's Office for criminal prosecution.

Three prior and one current reporting period WCP investigations were closed during this reporting period due to either resolution or 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.

The OI currently has five active procurement fraud cases from the current reporting period and three active cases from a previous period. Two of the previous reporting period fraud cases, one of which was referred during this reporting period, are pending prosecutive action by a U.S. Attorney's Office.

The previous reporting period fraud case referred to the U.S. Attorney's Office during this reporting period was also forwarded to the Office of General Counsel (OGC) for any necessary action it deemed appropriate. This case is pending final disposition.

The OI closed five contract fraud investigations from prior reporting periods.

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 a total of seven active misconduct investigations. Three are from prior reporting periods and three are from the current reporting period. In addition one current reporting period investigation was referred to the U.S. Attorney's Office for criminal prosecution.

Seven misconduct investigations have been referred for GPO administrative action. Six matters were from prior reporting periods, and one from the current period.

During the reporting period, a total of seven employee misconduct investigations were closed. Of that number six were from prior reporting periods and one is from the current reporting period.

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 as a result 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. Two current reporting period cases remain open.

The OI received five requests for Local Agency Checks (LAC) from the agency Personnel Security Specialist (PSS) during the current reporting period. The results of five cases, four current and one prior reporting period case, were referred back to the PSS for any necessary administrative action. The result of one of these cases was also referred to the Labor and Employee Relations Service for administrative action against the employee. The remaining current reporting period LAC is pending the outcome of a criminal charge in a local Circuit Court.

The OI also closed a total of five other miscellaneous cases: one from a prior reporting period and four 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 a total of 4 investigations to USAOs and/or SAOs for criminal prosecution during this reporting period. Prosecution was declined in 1 of the 4 cases.

One OI investigation presented for civil prosecution during the previous reporting period was declined for civil prosecution.

A total of four investigations are presently at USAOs for final action by those offices. Two are contract fraud cases, one concerns allegations of embezzlement of Government funds, and one involves violations of the Workers' Compensation Program.

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:

There is only one investigation currently pending in the OGC for possible action. In addition, a complaint was received on May 16, 2000, from the Office of Administrative Support, and was referred by the Inspector General to the OGC for an opinion as to the legality of the conduct involved. The matter was referred on May 17, 2000, and is still pending an opinion from the OGC.

- Labor and Employee Relations Service:

Seven matters have been referred to the GPO Labor and Employee Relations Service. Allegations referred included employee misconduct and OWCP fraud. Five referrals occurred during the current reporting period and two occurred during prior reporting periods. The OI is awaiting the final disposition of these referrals.

E. Investigative Case Dispositions

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

1. Pending Matters

- A current reporting period investigation regarding allegations of Office of Workers' Compensation Fraud, and accepted by the USAO, Washington, DC, for prosecution in the previous reporting period, is still pending. Although this matter is a joint investigation with the Department of Labor, the USAO has designated the OI as the lead agency.
- A current reporting period investigation into the alleged false claims for overtime compensation of approximately \$50,000 was accepted for prosecution by the USAO, Washington, DC.

- The U.S. Attorney's Office, Greenbelt, MD, has accepted for prosecution a current reporting period investigation into 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.
- A prior reporting period investigation into the alleged submission of false statements for employment resulted in a separate investigation being opened against the employee for providing false information to the State of Virginia and also allegedly perjuring himself in a State of Virginia County District Court. This later information was forwarded to the appropriate Virginia authorities. The employee pled guilty to the Virginia charges and was sentenced to 30 days confinement (suspended), one year of probation, and fined \$100. The matter of the submission of false statements to the GPO is pending.
- During the prior reporting period, the OI conducted two separate investigations of the same GPO employee regarding allegations of the submission of false information on a job application, and providing sensitive/confidential information to two other employees without proper authority. These matters are pending action by the management and GPO's Labor and Employee Relations Service (LERS).
- A prior reporting period investigation into the alleged submission of false claims/statements by a GPO Region 3 contractor was presented to the USAO, Norfolk, VA. The matter was also forwarded to the OGC for necessary action. The outcome of this matter will be reported in future reports.
- A prior reporting period investigation into an allegation that a GPO central office employee had misused a government computer was referred to the Director, LERS, for action. This matter is pending.
- An OI investigation opened in a previous reporting period regarding the alleged submission of false documentation to the GPO's payroll section was presented to the USAO, Washington, DC. Criminal prosecution was declined, however action is pending by the agency's LERS.
- A prior reporting period investigation of a GPO employee for allegedly falsifying official documents, and violations of GPO standards of conduct resulted in the matter being referred to the LERS for action.
- A prior reporting period investigation, which has already resulted in the debarment of a GPO Region 3 contractor, is still pending civil action being initiated by the USAO, Washington, DC, under the False Claims Act.

2. Closed Matters

- A prior reporting period investigation of a GPO employee for Threats to do Bodily Harm resulted in the employee being convicted in D.C. Superior Court, Washington,

DC, and terminated from GPO employment during the last reporting period. During this reporting period, the employee was sentenced to 60 days confinement (suspended) and one year of probation.

- During a prior reporting period, a GPO Region 3 contractor, who had agreed to repay the GPO approximately \$40,000, had received a deferred debarment. However, during this reporting period, the contractor failed to comply with the terms of the agreement. This resulted in the debarment being implemented.
- An investigation into the alleged use of excessive force by a GPO police officer was closed during a prior reporting period. However, as part of the investigation, a separate GPO employee was charged with the suspected possession and use of a controlled substance. The employee retired in lieu of being proposed for removal from the rolls of the GPO.
- A previous reporting period investigation of a GPO Region 4 contractor regarding the alleged submission of false claims/statements to the GPO has resulted in the debarment of two companies and their corporate officials. Civil action by the USAO, Atlanta, GA, was subsequently declined and the matter was closed.
- A prior reporting period investigation into the alleged submission of false claims/statements by a GPO Region 9 contractor resulted in debarment proceedings being initiated against the company and its owner. Based upon the contractor's response to the proposed debarment, a Letter of Warning was issued. The criminal and civil divisions of the USAO in Los Angeles had previously declined prosecution.
- Debarment proceedings initiated against a GPO Region 5 contractor and his company during the previous reporting period were completed during this reporting period. As a result of those proceedings, the contractor and his company were debarred from doing business with the GPO for the submission of false claims/statements. The USAO in Chicago, IL had previously declined criminal and civil prosecution.
- Two separate investigations regarding allegations of Time and Attendance (T&A) fraud by GPO central office employees were closed after the employees retired in lieu of being proposed for removal from the rolls of the GPO.
- An investigation of a GPO regional office manager that was referred to management for action during the previous reporting period, resulted in the issuance of a five day suspension. The five-day suspension was separated into a one-day suspension without pay and a four-day "paper" suspension with pay. This matter was closed.
- Two separate investigations regarding allegations of OWCP fraud by GPO central office employees were closed after the employees were removed from the rolls of the GPO "to promote the efficiency of Federal Service."

- During a prior reporting period, seven corporate and private entities were charged with common law fraud, negligent representation, breach of contract, unjust enrichment, conversion, and violations of the False Claims Act. A settlement was reached between the parties and the USAO in Baltimore, MD. However, the parties breached the contract by failing to make restitution to the Government, and legal proceedings were initiated to recover the full amount of penalties.
- A GPO Region 3 contractor who was investigated during the last reporting period for allegedly violating the subcontracting clause of the *GPO Contract Terms*, was given a Letter of Warning in lieu of proposed debarment.
- A prior reporting period investigation into alleged T&A fraud committed by a GPO central office employee resulted in the employee receiving a 15 day “paper” suspension with pay.

Productivity Statistics for the Office of Investigations

A. Investigations Initiated	21
------------------------------------	-----------

B. Cases Closed	22
------------------------	-----------

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

D. Cases Presented to U.S. Attorneys/State's Attorney		4
<i>Criminal</i>		4
Criminal Declinations		1
<i>Civil</i>		0
Civil Declinations		1

E. Criminal/Civil Matters:		
Convictions		0
Guilty Pleas		1
Acquittals		0
Jail Time (days)		90
Suspended Time (days)		90
Probation (days)		730
Public Service (hours)		0
Recoveries		\$0
Restitutions		\$0
Fines		\$100
Cost Savings		\$0

F. Total Administrative Referrals		8
Contractor	Referrals	1
	Suspensions	0
	Debarments	7
	Contract Terminations	0
	Warned/Other Actions	2
Employee	Referrals	7
	Suspensions	2
	Terminations	2
	Warned/Other Actions	3

G. Other Law Enforcement Agency Referrals	0
--	----------

OFFICE OF AUDITS

A. Summary of Audit Activity

During the reporting period ending September 30, 2000, the Office of Audits (OA) conducted the following audits and audit-related activities:

1. Issued two audit reports in response to contract audit requests from Contracting Officers within the GPO Printing Procurement Department.
2. Issued an audit report on the May 1998 Electronic Systems Development Division's Internal Control Review.
3. Issued an audit report on the Recording of Depreciation on Accountable Equipment for Cost Code 4700.
4. Issued an audit report on the Two-Shift Operations of the Graphic Supplies Section.
5. Issued an audit report on the Billing Vouchers Submitted for Program 3402-S.
6. Issued an audit report on Improving the Controls over the Processing of Customer Requisitions.
7. Issued a Report on the Review of U.S. Postal Service's Final Billing to GPO for Fiscal Year 1998.
8. Performed fieldwork and prepared a draft report on GPO's Garage Operations for issuance in the next reporting period.
9. Performed fieldwork and prepared a draft report on Improving the Controls over On-line Purchase Requests of Nonstock Items and Services through Materials Management Procurement and Controls System for issuance of a report in the next reporting period.
10. Performed fieldwork and prepared a draft report on Paper and Specialized Procurement and Sales Division's Internal Control Reviews for issuance of a report in the next reporting period.
11. Performed fieldwork and prepared a draft report on GPO's Travel and Reimbursement Program for issuance of a report in the next reporting period.
12. Performed fieldwork in response to a contract audit request from a Contracting Officer within the GPO Printing Procurement Department for issuance of a report in the next reporting period.
13. Performed fieldwork in response to the Deputy Public Printer's request on an internal

control review of the Mellon Bank Lock Box for a non-audit report to be issued in October 2000.

14. Performed fieldwork on an audit of the Management of GPO Owned and Leased Vehicles for issuance of a report in the next reporting period.
15. Performed fieldwork on the Follow-up Audit of the GPO Workers' Compensation Program (Report Numbers 95-03 and 98-01) for issuance of a report in the next reporting period.
16. Completed a Quality and Assurance Review of one OA audit.
17. The OA continues to provide support for annual audits of GPO's financial statements. Under 44 U.S.C. 309, an annual financial statement audit has been required beginning with GPO's FY 1997 financial statement. The audits are being conducted by KPMG LLP 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 administrative support and coordination with GPO management for the KPMG auditors.

B. Audit Accomplishments

The OA issued a total of seven audit reports to GPO officials during the six-month reporting period ending September 30, 2000. In addition, fieldwork was conducted on six performance audits, a contract audit, and a review for which reports will be issued in the next reporting period.

Financial Audits

The OA issued a financial audit report on improving the recording of depreciation on current and future accountable property.

Performance Audits

The OA issued reports on:

- Improving future internal control reviews in the Electronic Systems Development Division.
- Consolidating the two-shift operations into a more economical, efficient, and effective single-shift operation in the Graphic Supplies Section.
- Strengthening the controls over the administering of future direct-deal print orders and over the examining of contractors' vouchers.
- Improving the controls over the processing of customer requisitions in the Production Department and Customer Services.

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

- Improving the controls in performing preventive maintenance and repairs to GPO vehicles.
- Improving the controls over on-line purchase requests on nonstock items and service.
- Improving future internal control reviews in the Paper and Specialized Procurement and Sales Division.
- Improving the controls, procedures, and accountability over travel claims and reimbursement.
- Improving the controls over managing GPO owned and leased vehicles.
- Following-up on the implementation of prior OIG recommendations from two previous audit reports on improving the managing of the GPO Workers' Compensation Program.

Contract Audits

Two contract audit reports were issued during this reporting period. Another audit report on a contractor's settlement proposal is being prepared for issuance in the next reporting period.

Investigative Support

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. During this period, the OA provided support for an on-going investigation.

Significant Audit Reports

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

- (1) REPORT ON THE MAY 1998 ELECTRONIC SYSTEMS DEVELOPMENT DIVISION'S INTERNAL CONTROL REVIEW (Report Number 00-07)

The OA completed a review of the May 1998 Internal Control Review submitted by the Electronic Systems Development Division (ESDD). This review was conducted to determine the completeness of the assessments and reviews performed on ESDD as directed by GPO Instruction 825.18A *Internal Control Program*.

The audit found that the May 1998 Internal Control Review as submitted by ESDD, while accurate, was incomplete and did not fully meet the requirements of GPO Instruction 825.18A. The audit also revealed that GPO managers have not been provided adequate instructions and/or training on conducting internal control reviews.

The eight recommendations made to the Production Manager, Production Department, will assist ESDD in completing future internal control reviews and strengthen their internal controls in three areas of ESDD by: (1) updating the standardized questionnaire; (2) protecting leased equipment; and (3) reporting the status of all open recommendations from prior financial statement audits. The network administration and network security were also addressed in the report, but no formal recommendations were made.

Management officials have agreed to implement three of the eight recommendations on updating the standardized questionnaire and reporting the status of all open recommendations. However, management officials disagreed with: (1) the four recommendations to comply with GPO Instruction 810.11A *Property Management Program* on protecting leased equipment; and (2) the open recommendation to comply with GPO Instruction 825.2 CH-1 *Personnel Security Program* on applying for background investigations for information technology (IT) related positions.

The Inspector General disagrees with management's decision not to implement these five recommendations. It is imperative for management officials to comply with existing GPO Instructions and to implement the remaining recommendations. By doing so, management would ensure adequate internal controls over leased equipment and have accurate sensitivity levels and clearance requirements for all IT-related positions.

(2) REPORT ON THE TWO-SHIFT OPERATIONS
OF THE GRAPHIC SUPPLIES SECTION
(Report Number 00-09)

The OA completed an audit on the two-shift operations of the Graphic Supplies Section (GSS) of the Quality Control and Technical Department. The objective of the audit was to evaluate the economy, efficiency, and effectiveness of the GSS maintaining two shifts as a result of concerns raised from the issuance of the OIG Audit Report Number 00-05 *Report on Improving the Controls over Inventories in the Graphic Supplies Section* on April 3, 2000.

The audit determined that the GSS could accomplish its mission more economically, efficiently, and effectively with a single-shift operation in accordance with Standards 1 and 4 of GPO Instruction 825.18A *Internal Control Program*. GSS could: (1) benefit economically by putting over \$13,000 annually to better use; (2) use second-shift GSS employees more efficiently without the assistance of other GSS employees; and (3) allow the first-shift Foreman, the Chief, Chemical and Environmental Division, and the Manager, Quality Control and Technical Division, to supervise and control the entire GSS operations and personnel more effectively.

As a result, the OIG recommended consolidating GSS's second-shift operation into the first shift with a variable work schedule. The Manager, Quality Control and Technical Department, concurred with the finding and recommendation and has begun preliminary discussions with Labor and Employee Relations personnel to combine the two shifts.

(3) REPORT ON THE BILLING VOUCHERS

SUBMITTED FOR PROGRAM 3402-S
(Report Number 00-10)

The OA completed an audit of the billings and payments made for Program 3402-S from August 27, 1998, through July 31, 1999. The contract was terminated for the convenience of the Government, effective April 2, 1999. The objective of the audit was to determine whether all billings and payments were proper and in accordance with the GPO criteria and whether the direct-deal term contract was effectively and efficiently administered by Government officials.

The audit found that the internal controls GPO officials had implemented over the contractor's billings and payments from Program 3402-S direct-deal print orders were bypassed by the unauthorized actions of the customer agency representative. The GPO officials did not identify these unauthorized actions until after the contractor had received questionable payments totaling \$13,571.

The ten recommendations reported to the Printing Procurement Department and the Office of Comptroller should strengthen the internal controls over administering future direct-deal print orders. Implementation of these recommendations will result in the improvement in internal controls for receiving future direct-deal print orders for examining contractors' vouchers.

The Manager, Printing Procurement Department, and the Comptroller agreed with the findings and the recommendations.

(4) REPORT ON IMPROVING THE CONTROLS OVER
PROCESSING OF CUSTOMER REQUISITIONS
(Report Number 00-11)

The OA conducted a performance audit to evaluate the adequacy, efficiency, and effectiveness of the internal controls over the requisition process, and the timeliness and accuracy of the decisions to forward requisitions to the Production Department and the Printing Procurement Department.

The audit identified opportunities to improve controls over the requisition process within Customer Services and the Production Department and the commitment to operate equipment at full or close to full utilization basis.

The nine recommendations reported to the Customer Services and Production Department should improve and strengthen controls over processing requisitions within the Customer Services and Production Department and retain more agency requisitions in-house to maximize manpower efficiently and effectively and achieve full or close to full utilization basis.

The Production Manager, Production Department, agreed with the five recommendations addressed to him and has begun taking corrective action. The Director, Customer Services, agreed with one and has accomplished another of the remaining four recommendations addressed to him. The OA, however, believes that the implementation of the other two recommendations will: (1) improve the internal controls over reviewing potential in-house work for the Production

Department; and (2) allow GPO employees to enter information more efficiently in support of the Office of Information Resources Management's objective to automate manual systems.

The Manager, Printing Procurement Department, was given the opportunity to comment on the audit report, although no recommendations were directed to him. No comments were received from the Printing Procurement Department.

C. Internal Control Review

Public Law 104-316, the General Accounting Office Act of 1996, requires that the Public Printer prepare an annual financial statement meeting the requirements of 31 USC § 3515(b), and that each financial statement be audited in accordance with applicable generally accepted Government auditing standards.

In response, the Public Printer issued GPO Instruction 825.18A, *Internal Control Program*, in May, 1997, which acknowledged that effective business practice dictates that management is responsible for establishing and maintaining an effective internal control structure. GPO Instruction 825.18A established the framework for an internal control program within GPO, and assigned program responsibilities among the Public Printer, the Deputy Public Printer, the Inspector General, and GPO Department, Service, Staff and Office Heads.

The Instruction assigns to the Inspector General the responsibility for staying abreast of the progress of implementation by management of annual assessments and control reviews, and for consolidating the review results in an annual letter of compliance to the Public Printer.

The Inspector General has issued compliance letters to the Public Printer for Fiscal Years 1998 and 1999. This section of the Semiannual Report will report on the progress by GPO management during this reporting period in implementing the requirements of the internal control program established by GPO Instruction 825.18A.

The first annual review conducted by the Inspector General for FY 1998 indicated that confusion existed among GPO managers on the subject of internal controls. GPO managers appeared to be attempting to run their offices and departments according to sound management principles, and attempting to comply with the spirit of internal controls. However, some did not understand the requirements of the Instruction on the internal control program.

The Inspector General review concluded that one of the causes for such confusion was that GPO management never adopted a standardized and structured approach to conducting vulnerability assessments and internal control reviews as required by paragraph 9(c) of the Instruction. Without such an approach, managers were left to develop their own methodologies with little background or training in internal controls.

The Inspector General reported the consequences for GPO as described in the KPMG financial statement audit report and management letter for FY 1997. With respect to internal controls over

financial reporting, GPO did very well in the report of the KPMG financial audit. GPO managers responsible for financial reporting have financial backgrounds and are familiar with internal control concepts.

However, internal controls in the EDP area were deemed deficient and KPMG provided detailed recommendations for improving those controls. KPMG also noted that GPO is not complying with its own internal control instruction and recommended that GPO review its internal control policy program for relevance and provide formal training in conducting vulnerability assessments and internal control reviews. KPMG also noted that if GPO cannot assert that internal control reviews are performed in accordance with prescribed policies and procedures, it can ultimately affect the financial statement auditors' opinion on GPO's internal controls.

The Inspector General concluded that GPO managers appeared willing and ready to insure that they have good internal controls within their areas of responsibility. However, the great disparity among the internal controls and internal control reviews then in place indicated the need for uniformity and training in this area. Uniformity is anticipated by the GPO Instruction in paragraph 9(c), which requires the adoption of a standardized and structured approach to conducting vulnerability assessments and internal control reviews. Training in internal controls is available.

Therefore, the Inspector General recommended in his FY 1998 compliance letter, dated October 30, 1998, that the Public Printer:

1. Adopt a standardized and structured approach to conducting vulnerability assessments and internal control reviews, as required by GPO Instruction 825.18A paragraph 9(c).
2. Consider providing formal training for Department, Service, Staff, and Office heads for developing and monitoring internal controls.

The Inspector General's annual compliance review for FY 1999 found that neither of the recommendations were acted upon, and as a consequence, the conditions noted in the FY 1998 compliance letter remained in FY 1999. Many GPO managers continued to be confused on the subject of internal controls and did not understand the requirements of the current GPO Instruction. The quality and format of internal control reviews varied greatly among the various Departments, Services and Offices, and reflected the need for a standardized and structured approach for conducting the reviews as required by the GPO Instruction.

In January 1999 KPMG issued a Notification of Finding and Recommendation concerning GPO's internal controls. KPMG recommended that GPO review its internal control policy program for relevance and provide formal training in conducting vulnerability assessments and internal control reviews. On January 11, 2000, KPMG again issued a Notification of Finding and Recommendation concerning GPO's internal controls. KPMG noted that its previous recommendations have not been fully addressed or implemented, and repeated those recommendations for the FY 1999 financial statement audit. KPMG also made a new recommendation that GPO adopt the new GAO internal control standards and incorporate them in GPO Instruction 825.18A.

The Inspector General concluded that the 1997 GPO Instruction on Internal Controls still had not been fully implemented. In the annual compliance letter for FY 1999, dated February 2, 2000, the Inspector General again recommended that the Public Printer:

1. Adopt a standardized and structured approach to conducting vulnerability assessments and internal control reviews, as required by paragraph 9(c) of GPO Instruction 825.18A; and,
2. Provide formal training for Department, Office, Service, and Staff heads for developing and monitoring internal controls.

In addition, because no action had been taken on the recommendations of the previous compliance letter, the Inspector General further recommended that:

3. The responsibility for implementing the Internal Control Instruction be assigned to the Director, Office of Planning, who is familiar with internal control requirements and methodology, and who drafted GPO Instruction 825.18A when he was the Acting Inspector General. The Director, Office of Planning, should be tasked with implementing the Instruction, including accomplishing recommendation number 1, above. He should also evaluate the need for formal training as set forth in recommendation number 2, above, and address and implement the recommendations of KPMG concerning GPO's internal controls.

By the end of this reporting period, no action had been taken to implement these Inspector General's recommendations. The Inspector General disagrees with management's decision not to implement the GPO Internal Control Program Instruction.

D. Work-In-Process

The OA has undertaken the following seven audits:

1. **Audit of GPO's Garage Operations** – on improving the controls in performing preventive maintenance and repairs to GPO vehicles. Audit fieldwork has been completed and the draft audit report is being prepared for an exit conference with management.
2. **Audit of On-Line Purchase Requests of Nonstock Items and Services through Materials Management Procurement and Controls System** – on improving the controls over on-line purchase requests of nonstock items and services. Audit fieldwork has been completed and a draft audit report has been prepared for an exit conference with management.
3. **Audit of the Paper and Specialized Procurement and Sales Division's Internal Control Reviews** - on improving future internal control reviews prepared by the Paper and Specialized Procurement and Sales Division. Audit fieldwork has been

completed and the draft audit report is being prepared for an exit conference with management.

4. **Audit of GPO's Travel and Reimbursement Program** – on improving the controls, procedures, and accountability over travel claims and reimbursement. Audit fieldwork is completed and the draft audit report is being prepared for an exit conference with management.
5. **Audit of a Contractor's Settlement Proposal** – on evaluating whether the contractor's amounts proposed were allowable, reasonable, and allocable under the Printing Procurement Department's contract. Audit fieldwork has been completed on the second part of the contractor's settlement proposal and an audit report is being prepared for management.
6. **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. Audit fieldwork is continuing.
7. **Follow-up Audit on the GPO Workers' Compensation Program (Report Numbers 95-03 and 98-01)** – determining whether the implementation of prior OIG recommendations from Audit Report Numbers 95-03 and 98-01 were made on improving the managing of the GPO Workers' Compensation Program.

E. Advice and Assistance

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

(1) GPO Internal Control Program

The OA monitors the progress of GPO's efforts to implement and maintain an Internal Control Program under GPO Instruction 825.18A titled *Internal Control Program*. In August 2000, the IG requested that GPO managers submit the results of their FY 2000 internal control reviews to the OIG. The OIG is assessing these internal control reviews and will report the results of the review to the Public Printer in the Inspector General's annual letter of compliance as required by the Instruction. As of the date of this report, not all FY 2000 internal control reviews had been submitted to the OIG by GPO managers.

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

(2) Financial Statement Audit

The OA is providing support for ongoing audits of the GPO's 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 audits are being conducted by KPMG LLP 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 provided administrative support and coordination with GPO management for the KPMG auditors.

Interim work for the audit of the Fiscal Year 2000 Financial Statements was begun in May. The audit is scheduled to be completed in March 2001. This is the last audit to be performed under the current contract. If GPO is to maintain the current schedule for timely financial statement audits, the entire competitive process for a new auditing contract must be accomplished during the next reporting period. The Public Printer has not indicated what role, if any, the OIG will have in that process.

(3) Mellon Bank Lock Box

In response to a request by the Deputy Public Printer, the OA has initiated a review of controls over the Lock Box at the Mellon Bank in Pittsburgh, Pa. A non-audit report has been prepared for issuance in the next reporting period.

F. Outstanding Audit Recommendations

GPO management officials have not completely implemented all of the significant recommendations contained in five 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) REPORT ON THE INTERNAL CONTROLS ADMINISTRATIVE SERVICES GROUP AND PROTECTIVE SERVICES GROUP HAVE OVER GPO'S PAY PARKING PROGRAM (Report Number 98-13, issued September 30, 1998)

FINDING

Permanent parking members of the Program pay \$2 a day to park. However, nonmembers and visitors did not pay to park using over 10,000 temporary parking permits (daily, weekly, monthly, and annual basis) issued in Fiscal Year 1997. Had these nonmembers and visitors paid the once considered charge of \$3 a day, the Program would have recovered an estimated \$65,000 in Fiscal Year 1997.

In addition, GPO's parking fee policy was inconsistent in the Washington, D.C. area. The Printing Procurement Department pays \$24,632 annually to provide 31 parking spaces free to GPO's Rapid Response Center employees and visitors at the Navy Yard. However, at the Central Office GPO employees pay \$520 to park annually to offset the lease costs of GPO's parking lots.

RECOMMENDATIONS

The Chief, Administrative Services Group, should:

- Develop and implement a written policy for the method of collecting parking fees for temporary parking permits of nonmembers of the Program and employees belonging to carpools and vanpools of members in the Program (9813-01);
- Charge nonmembers of the Program a daily parking rate to recover costs for issuing temporary parking permits and maintaining parking spaces (9813-02);
- Collect parking fees from Rapid Response Center employees to offset all or some of the annual costs of \$24,632 for 31 parking spaces that are rented from General Services Administration (9813-27);
- Develop and implement procedures to: (1) subtract payroll parking deductions from Rapid Response Center employees, (2) record the receipts to the General Ledger and the Revolving Fund account, and (3) credit the revenue to the Printing Procurement Department's cost center, (9813-28); and,
- Consider collecting parking fees from all GPO employees employed outside of Washington, D.C. to offset all or some of the annual costs that GPO pays for rented parking spaces (9813-29).

MANAGEMENT ACTION

On September 29, 2000, the Director, Office of Administrative Support, responded to Recommendation Numbers 9813-01 and 9813-02:

“Due to insufficient staffing and other projects that have taken precedence over this initiative, it is still not possible to assign an analyst the task of ‘redeveloping’ a policy for collecting parking fees for temporary parking permits that was unacceptable to the Joint Council of Unions several years ago. We may pursue this project when the workload permits.”

For Recommendation Numbers 9813-27, 9813-28, and 9813-29, the Director replied:

“We have no plans to implement these recommendations.”

We note that six months ago the Director explained his failure to implement these recommendations as due to insufficient staffing. At that time, he advised that he would assign this project to an analyst “when feasible.” The Director's current response appears to represent a change in policy without further explanation.

(2) REPORT ON THE MANAGEMENT CONTROL PROGRAM WITHIN THE OFFICE OF INFORMATION RESOURCES MANAGEMENT (OIRM) (Report Number 99-09, issued September 29, 1999)

FINDING

OIRM's internal control self-assessment program is incomplete because OIRM lacked an integrated framework of generally accepted information technology control objectives for guidance in implementing its internal control program.

OIRM did not completely identify and self-assess its control objectives because it lacked such a framework. OIRM lacked an up-to-date, detailed definition and explanation of applicable internal control objectives and techniques, as well as detailed guidance and support for assessing them. They also lacked the human resources for which OIRM should be responsible.

The use of Control Objectives For Information Technology and Related Technology (Cobit), or a similar comprehensive framework, can assist OIRM, as well as GPO, in further developing and maintaining an effective system of control over information and its related technology.

RECOMMENDATIONS

The Director, OIRM should:

- Adopt a comprehensive control framework for conducting internal control assessments of information technology such as is delineated in the second edition of CoBiT or a similar accepted framework (9909-01); and,
- Update the "OIRM Management Control Review Guide" and perform internal control assessments of the information systems controls delineated herein that have not yet been evaluated (9909-02).

MANAGEMENT ACTION

The Director, Office of Information Resources Management, has implemented open Recommendation 9909-02. However, with respect to Recommendation 9909-01, the Director advised that: "OIRM does not have the staffing necessary to adopt the non-mandatory CoBiT. . . OIRM will continue to follow the management controls adopted several years ago from GAO's format that were modified to accommodate OIRM."

However, the OIG notes that the GAO format the Director mentions was prepared in the 1980's and needs to be updated for the 21st Century. Also, the OIG recommendation was not to adopt CoBiT, but to adopt an internal control framework *such* as CoBiT.

(3) REPORT ON STRENGTHENING THE CONTROLS OVER GPO'S PROPERTY MANAGEMENT SYSTEM (Report Number 00-02, issued February 17, 2000)

FINDING

GPO Instruction 810.11A *Property Management Program* has not been updated since April 16, 1981. As a result, the Instruction does not completely reflect the current operating procedures, controls, and responsibilities of GPO offices. This would include maintaining adequate documentation on accountable property and the timely reporting of lost, missing, and stolen properties to the appropriate offices.

For instance, the Comptroller did not maintain a complete records system for both capitalized and non-capitalized property as required by the Instruction. Instead, the Comptroller concentrated on maintaining a records system for capitalized property only. As a result, the property custodians could not always use the records system as a management tool to account for the property assigned to their cost codes.

RECOMMENDATIONS

The Property Management Officer (Comptroller) should:

- Update GPO policy on the Property Management Program to reflect the current operating procedures, controls, and responsibilities of GPO offices, as required by Standard 4 of GPO Instruction 825.18A (0002-01);
- Develop and implement internal controls to provide safeguards in protecting assets against loss and ensuring accountability by having a separation of duties within the individual offices when necessary adjustments are made to property listings in the property systems, as required by Standards 2, 4, and 5 of GPO Instruction 825.18A (0002-02);
- Ensure that all property custodians are aware of the importance of maintaining documentation on all future deletions of inventory from property systems, as required by GPO Instruction 805.7B and Standard 7 of GPO Instruction 825.18A (0002-07); and,
- Ensure that all property custodians are aware of the importance of reporting all suspected lost, missing, and stolen properties timely to the appropriate GPO offices, as required by GPO Instruction 810.11A (0002-08).

The Production Department's Production Manager, the Superintendent of Documents, the Printing Procurement Department's Manager, and the Comptroller should:

- Ensure that property custodians verify and account for all inventory and take necessary action to correct all deficiencies on the property systems, as required by GPO Instruction

810.11A (0002-03);

- Ensure the same GPO identification (ID) number assigned and attached on the property items matches the ID number on the property systems (0002-04); and,
- Ensure the property custodians maintain copies of GPO Form 2051 *Return to Stores* on the transfer of future surplus property, as implied by paragraph 7 of GPO Instruction 805.7B and annotated on the form itself (0002-05).

MANAGEMENT ACTION

On September 28, 2000, the Comptroller responded to Recommendation Numbers 0002-01, 0002-02, 0002-07, and 0002-08:

“In-Process: Incorporated management review comments in draft GPO Instruction 810.11B, dated 4/5/00. Issuance will be coordinated with implementation of a new property management system.”

For Recommendations Numbered 0002-03, 0002-04, and 0002-05, the Comptroller did not provide any information on the status of the three open recommendations. However, the Production Department’s Production Manager, the Superintendent of Documents, and the Printing Procurement Department’s Manager have all taken the necessary corrective action in response to the audit recommendations.

The OIG notes that the Comptroller’s efforts to revise the GPO Instruction on property management have been ongoing since at least September 1999, when a draft instruction was circulated for management comment. Apparently a draft instruction was prepared in April 2000, but has not been issued by the date of this report in October, 2000. During the extended period the Comptroller is taking to implement a new property management system, he has not taken action to implement the OIG recommendations to correct the deficiencies in the current system.

(4) 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 a written instruction on the issuing and receiving of inventories of finished inks, raw materials, and adhesives using GPO Form 3200 *MMPCS Inventory Control Documents* (0005-01); and,
- 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).

MANAGEMENT ACTION

On September 26, 2000, the Manager, Quality Control and Technical Department, responded to Recommendation Number 0005-01:

“Draft written instructions have been prepared on the issuing and receiving of inventories of finished inks, raw materials, and adhesives using GPO Form 3200.”

For Recommendation Number 0005-17, the Manager responded:

“There has been no activity to update the 1986 study on efficiency of manufacturing ink in-house.”

(5) FINANCIAL STATEMENT AUDITS

The follow-up on GPO’s actions on recommendations made as a result of the annual financial statement audit (and open recommendations from previous financial statement audits) are an integral part of subsequent financial statement audits. The follow-up of the recommendations made as a result of the audit of GPO’s FY 1999 financial statements will be a part of the FY 2000 financial statement audit.

G. Results of Peer Review of Office of Audits

The Government Auditing Standards issued by the Comptroller General of the United States require that Offices of Inspectors General have an external quality control review of their audit offices at least once every three years. The review must be conducted by an organization not affiliated with the organization being reviewed. (Standards 3.33 – 3.35)

Accordingly, the Inspector General requested that the Inspector General of the Library of Congress (LOC) conduct such a peer review of the GPO OIG during FY 2000. The LOC OIG was chosen to conduct the review because its audit office is similar in size to that of the GPO OIG, and because both the LOC and GPO are Legislative Branch agencies.

The Inspector General, Library of Congress, issued an opinion on August 10, 2000, that the system of quality control for the audit function of the GPO Inspector General was designed in accordance with the quality standards established by the President's Council on Integrity and Efficiency, and was being complied with to provide the IG with reasonable assurance of conforming with professional standards in the conduct of its audits. The opinion also noted the possibility of an external impairment issue in that the GPO Inspector General is not the sole approval authority for the training and travel of OIG employees.

A copy of the LOC Inspector General's opinion letter reporting the results of the peer review is included as an appendix to this semiannual report.

OTHER INSPECTOR GENERAL ACTIVITIES

A. Reports to the Joint Committee on Printing

During this reporting period, the Inspector General issued two reports to the Joint Committee on Printing of the U.S. Congress. On April 28, 2000, a report on the review of the delivery process for blank passports was issued, and on September 26, 2000, a report was issued on the follow-up review of the processing of formal EEO complaints. Both reviews were conducted at the request of the Chairman of the Joint Committee on Printing.

1. April 28, 2000, Report. The review of the delivery process for blank passports was undertaken in response to a request to the Inspector General from the Chairman and Vice Chairman of the Joint Committee on Printing of the U.S. Congress. The OIG was asked to investigate, assess, and report to the Committee regarding the delivery process for blank passports printed at the GPO and the security of that process.

By way of background, the OIG reported that from 1856 until 1926, passports were produced by the Bureau of Engraving and Printing. In 1926 GPO began printing passports for the U.S. Department of State (DOS). For many years GPO delivered the blank passports directly to the DOS, which made any further redistribution of the passports. However, in the 1990's DOS experimented with having GPO ship blank passports directly to five DOS passport agencies. Then, in 1992 DOS agreed that GPO would ship passports directly to all 13 DOS passport agencies and to the DOS Northeast Processing Center in New York City. Shipments were initially made by way of the U.S. Postal Service until 1996, when the DOS requested that GPO use the Federal Express Corporation (FedEx) as the delivery company for all blank passport shipments.

The OIG review concluded that, with minor exceptions, FedEx has been adequately fulfilling the delivery needs of GPO and DOS with respect to blank passports. Moreover, the OIG found that the security of the service provided by FedEx provides reasonable assurance that the passports will be delivered as shipped. The report included eight recommendations which, if implemented, could provide additional safeguards against the loss of any blank passports during the shipping and delivery process.

2. September 26, 2000, Report. The follow-up review of the processing of formal EEO complaints sought to determine the extent to which GPO management has implemented the recommendations made in OIG audit reports dated June 11, 1999, and March 30, 2000, relating to the operation of the Counseling and Complaints Processing Division (CCPD), Office of Equal Employment Opportunity.

The OIG review found that management had implemented nine of the fourteen recommendations in the two audit reports. Three recommendations were being implemented. No action had yet been taken to implement two recommendations, although management intends to implement both of them.

Claims processing was found to have significantly improved since the OIG audits. The Chief, CCPD, has focused on issuing final agency decisions in cases where Equal Employment Opportunity Commission (EEOC) time limits have been exceeded. Of the 51 formal complaints pending at various stages in the complaints process at the time of the June 11, 1999, audit report, 31 have been resolved. Out of 20 that were pending final agency decisions, 11 final agency decisions have now been issued. An additional 20 of the complaints have been processed by GPO and are now pending hearings before the EEOC.

The OIG reported that of 51 new formal complaints filed with the CCPD since June 11, 1999, one has been closed by final agency decision, and four are pending a hearing at the EEOC. Efforts to improve timeliness have resulted in 30 of these 51 new formal complaints (or 58%) being handled within the prescribed time limits.

The report also found that the EEO program could be further improved by more reliance upon Alternative Dispute Resolution in resolving informal and formal complaints, and recommended that an off-the-shelf case-tracking software package should be obtained from another government agency or procured.

B. Legislation and Congressional Requests

In June 2000 the Inspector General commented on S. 2603, the Senate version of the Legislative Branch Appropriations Act for FY 2001. The bill contained a provision to transfer the GPO and Library of Congress police to the Capitol Police. However, the Inspector General was concerned about an unintended impact of the bill on the operations of the GPO OIG.

The bill would have affected the OIG in two ways. First, the bill contained a definition of "GPO Police Employee," in subsection 310(b)(2)(A), which would have included not only the GPO uniformed police branch, but also the special agents in the Office of Investigations of the GPO Office of Inspector General. The subsection defined "GPO police employee" as an employee designated to serve as a special policeman under section 317 of Title 44, United States Code. Since all of the special agents in the GPO OIG are sworn as special policeman by the Public Printer under 44 U.S.C. § 317, this definition would have transferred all of the OIG special agents to the Capitol Police along with the police officers in the GPO Uniformed Police Branch.

Secondly, section 310 of S. 2603 would have amended 44 U.S.C. § 317 to repeal the Public Printer's authority to appoint special policemen. This amendment would have had the effect of eliminating the law enforcement authority exercised by OIG special agents since the OIG was established by Congress over ten years ago. Before that, GPO had an administratively established OIG with special agents exercising law enforcement authority under 44 U.S.C. § 317.

The Inspector General and the AIGI communicated with and met with representatives of GAO who, at the request of the Senate Appropriations Committee, were conducting a study of the transfer of the GPO Police to the Capitol Police. The Inspector General also communicated with the Assistant Staff Director of the Committee on Appropriations. These efforts were aimed at revising the language of the Bill to exempt the OIG special agents from the transfer to the Capitol Police and to preserve the law enforcement authority under Title 44 U.S.C. In the final version of the Legislative Appropriations Act that emerged from the Conference Committee, the language pertaining to the merger of the police forces was eliminated.

During this reporting period the Inspector General also worked with the Office of Legislative and Public Affairs in responding to Congressional inquiries concerning two OIG audits, both involving the GPO Graphic Supplies Section.

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	2	\$ 389,254	\$ 108,940
C. Subtotals (A+B)	2	\$ 389,254	\$ 108,940
D. For which a management decision was made during the reporting period	1		
1. Dollar value of disallowed costs		\$ 28,153	\$ 9,476
2. Dollar value of allowed costs		\$ 0	\$ 40,332
E. For which no management decision has been made by the end of the reporting period	0	\$ 361,101	\$ 59,132
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	2	\$ 675,205
B. Which were issued during the reporting period	1	\$ 13,000
Subtotals (A+B)	3	\$ 688,205
C. For which a management decision was made during the reporting period	1	\$ 205
1. Dollar value of recommendations that were agreed to by management	1	\$ 205
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	2	\$ 688,000
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
1. Contract Review (Report 00-06, issued 06/26/00)	<i>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.</i>	
2. Contract Review (Report 00-12), issued 09/29/00)		
Totals	\$389,254	\$108,940

B. Other Audit Reports:	Funds Put to Better Use
1. Report on the May 1998 Electronic Systems Development Division's Internal Control Review (Report Number 00-07, issued 06/01/00)	\$ 0
2. Report on the Recording of Depreciation on Accountable Equipment for Cost Code 4700 (Report Number 00-08, issued 06/21/00)	\$ 0
3. Report on the Two-Shift Operations of the Graphic Supplies Section (Report Number 00-09, issued 09/20/00)	\$ 13,000
4. Report on the Billing Vouchers Submitted for Program 3402-S (Report Number 00-10, issued 09/28/00)	\$ 0
5. Report on Improving the Controls over the Processing of Customer Requisitions (Report Number 00-11, issued 09/29/00)	\$ 0
Total	\$ 13,000

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	30
5(a)(1)	Significant problems, abuses, and deficiencies	9-12
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	9-12
5(a)(3)	Significant recommendations included in previous reports on which corrective action has not been completed	None
5(a)(4)	Matters referred to prosecutive authorities	8-9
5(a)(5)	Summary of instances where information was refused	None
5(a)(6)	List of audit reports	34
5(a)(7)	Summary of significant reports	16-19
5(a)(8)	Statistical table with questioned costs	32
5(a)(9)	Statistical table with recommendations that funds be put to better use	33
5(a)(10)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	23-28
5(a)(11)	Significant revised management decisions made during the reporting period	None
5(a)(12)	Management decisions with which the Inspector General is in disagreement	17, 21

APPENDIX

**August 10, 2000, Letter from
Dale C. Williams, Inspector General
Library of Congress**