

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

**SEMIANNUAL REPORT TO THE CONGRESS**

**REPORTING PERIOD  
APRIL 1, 2001 – SEPTEMBER 30, 2001**

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# INTRODUCTION

## A. THE GOVERNMENT PRINTING OFFICE

For more than a century, GPO's mission under the public printing and documents statutes of Title 44, U.S. Code, has been to fulfill the needs of the Federal Government for information products and to distribute those products to the public.

Formerly, GPO's mission was accomplished through the production and procurement of traditional printing technologies. However, a generation ago GPO began migrating its processes to electronic technologies, and in 1993 Congress amended Title 44 with the GPO Electronic Information Access Enhancement Act (P.L. 103-40), which requires GPO to disseminate Government information products online. This Act is the basis of GPO Access, the GPO Internet information service.

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

- X GPO provides print and electronic information products and services to Congress and Federal agencies through in-plant processes and the purchase of information products from the private sector. For Congress, GPO maintains a capability to fully support the information products needs of the legislative process, working in close cooperation with leadership offices, committees, Members, and staffs in each Chamber.
- X GPO disseminates Government information to the public in print and electronic formats through a low-priced sales program and a reimbursable program, and to Federal depository libraries nationwide where the information may be used by the public free of charge. GPO catalogs and indexes Government information products so they can be identified and retrieved by users.
- X GPO also disseminates a massive volume of information online via the Internet with GPO Access. Recent data show that more than 26 million documents are retrieved by the public every month using this system. GPO strongly supports the increased dissemination of Government information in electronic formats, and GPO Access is one of the leading Federal sites on the Internet. The GPO home page, at [www.access.gpo.gov](http://www.access.gpo.gov), provides free public access to more than 70 Federal databases from all three branches of the Government, a growing number of agency Government Information Locator Service (GILS) sites, and associated locator and Pathway aids.

During this reporting period, GPO management made changes in its sales program to address the decline in book sales nationwide. Four of GPO's 24 bookstores were closed due to significantly reduced sales resulting primarily from the public's increased ability to access Government publications free of charge over the Internet, including the more than 200,000 Government titles

currently available on GPO's own web site, *GPO Access* ([www.gpo.gov](http://www.gpo.gov)). In July 2001, GPO closed its San Francisco bookstore and its Washington DC bookstore at McPherson Square. In August 2001, GPO closed its Boston bookstore, and in September 2001, closed its Philadelphia bookstore. Other bookstore closings are under consideration.

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

As of September 23, 2001, GPO has a workforce of 3010 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 20 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 \$227 million in revenue during Fiscal Year 2000.

## **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 October 31, 2001, the OIG consisted of 25 employees on-board: 13 auditors, 7 investigators, 2 secretaries, the Inspector General, and 2 information systems support personnel. The OIG budget for FY 2002 has not yet been established by the agency because the current appropriation bill for the Legislative Branch is pending in Congress.

## **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 four fraud-related matters. Of that number:

- 3 fraud investigations were initiated; and
- 1 telephone call did not warrant any action.

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

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

<b>Workload Analysis</b>	<b>Number of Cases</b>
Beginning Case Workload – 04/01/01	26
Add: New Cases Opened	23
Less: Cases Closed	22
Ending Case Workload – 09/30/01	27

The OI opened 23 investigative cases during this reporting period in response to new complaints or allegations. The 22 cases closed during the reporting period consisted of 14 cases from prior periods and 8 cases from the current reporting period. The 27 open investigative cases include 15 cases from the current period and 12 cases from prior reporting periods. Three administrative subpoenas were issued for documents. There was no instance of noncompliance with a subpoena.

## B. Investigative Accomplishments

The OI is providing significant assistance and support to the FBI in the investigations into the September 11, 2001, terrorist attacks on the Pentagon and World Trade Centers. A total of six Special Agents, in shifts of three agents at a time, spent four days at the Pentagon crime scene during September assisting in processing the site for evidence. Similarly, six Special Agents have been assisting the FBI in its investigations in the New York City area. Three agents at a time have been spending ten-day rotating shifts in New York City. It is anticipated that this assistance will no longer be needed beyond October, 2001.

In addition, the OI is assisting the GPO's Superintendent of Documents in comparing the FBI Watch List with GPO files of individuals who purchased documents and publications. Any similarities are being provided back to the FBI for their use in the analysis of the attacks.

## **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 three active investigations involving alleged WCP fraud. All three are from prior reporting periods.

Two prior and two 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 two active procurement fraud cases from the current reporting period. Two previous reporting period fraud cases are pending prosecutive action by an U.S. Attorney's Office.

Two previous and three current reporting period fraud cases referred to the Office of General Counsel (OGC) for any necessary action it deemed appropriate, and are pending final disposition.

The OI closed five contract fraud investigations, all of which were from prior reporting periods, and one was from the current reporting period.

### **3. Employee Misconduct**

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

The OI currently has a total of eleven active misconduct investigations. Three are from prior reporting periods and eight are from the current reporting period.

Two prior reporting period misconduct investigation had been referred for GPO administrative action and are pending.

During the reporting period, seven employee misconduct investigations were closed. Of that number, five were from prior reporting periods and two were 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 GPO's Personnel Security Specialist. One current and one prior reporting period cases remain open.

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

The OI also closed six other miscellaneous cases; two from prior reporting periods 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 four investigations to USAO's and/or SAO's for criminal prosecution during this reporting period. Prosecution was declined in all four of these cases. Declinations were also received in three other matters that had been presented in previous reporting periods.

Two investigations are presently at USAO's for final action by those offices. Both are contract fraud cases.

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 are five investigations currently pending in the OGC for possible action. All five are contract fraud related investigations.

### **- Labor and Employee Relations Service:**

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

## **E. Investigative Case Dispositions**

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

### **1. Pending Matters**

- The U.S. Attorney's Office, Greenbelt, MD, declined criminal prosecution of a prior 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. Civil action is still pending.
- In a prior reporting period case still pending in the District of Columbia, a GPO Region 3 contractor is facing civil penalties under the False Claims Act for presenting false or fraudulent claims to the United States for payment. This matter involved illegally subcontracting the predominant production function of at least 100 GPO contracts.
- A prior reporting period investigation into the alleged submission of false claims/statements by a GPO Region 3 contractor presented to the USAO, Norfolk, VA, was declined for criminal and civil prosecution. The matter was also forwarded to the OGC and is currently pending debarment action
- A prior reporting period investigation into the alleged misuse of a government vehicle and Time and Attendance fraud was declined for prosecution by the US Attorney's Office. The case was referred to the LERS for action and is pending.
- A current reporting period investigation into the alleged illegal subcontracting by a Region 3 contractor was referred to the OGC for action.

- A currently period investigation of a GPO Region 2 contractor for alleged contract fraud was declined by the USAO, Newark, NJ. The matter was referred to the OGC for action.
- A prior reporting period investigation of a GPO employee regarding Social Security Benefit Fraud was referred to the Director LERS for action. The matter was previously declined for prosecution by the USAO, Boston, MA.
- An investigation from a prior reporting period of alleged misuse of a government telephone and time and attendance fraud by a GPO employee was referred to the Director, LERS for action.
- A current reporting period investigation of a Region 4 contractor regarding the alleged submission of false claims/statements to GPO was referred to the OGC for action.
- A current reporting period investigation into alleged false statements in a contract, was referred to the OGC for action.

## **2. Closed Matters**

- A prior reporting period investigation into the alleged brokering of contracts, submitting false claims and statements by a GPO Region 3 contractor resulted in the matter being referred to the Office of General Counsel, and the company being debarred from doing business with GPO. GPO suffered a loss in the amount of \$765.40.
- 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 still pending action in the office of the Director, Labor and Employee Relations Service (LERS). No action was taken, and the matter was closed.
- A previous reporting period investigation concerning the alleged submission of false claims/statements by a GPO Region 6 contractor resulted in the issuance of a Letter of Warning.
- A prior reporting period investigation into prescription fraud and employee misconduct was declined for prosecution by the USAO, District of Columbia. The matter was referred to the Director, LERS, and consequently the employee was placed on a Last Chance Agreement for a period of two years.
- Prior reporting period investigations of two GPO employees for alleged worker's compensation program fraud and employee misconduct resulted in one employee resigning his position and the other retiring from federal service.

- A current investigation of a GPO Region 3 contractor regarding the alleged submission of false claims/statements was referred to the OGC, and consequently, the president and the company have been debarred from doing business with GPO.
- A current reporting period investigation of a GPO employee for misconduct resulted in the employee receiving a verbal warning.

## Productivity Statistics for the Office of Investigations

<b>A. Investigations Initiated</b>	<b>23</b>	
<b>B. Cases Closed</b>	<b>22</b>	
<b>C. Arrests</b>	<b>0</b>	
<b>D. Cases Presented to U.S. Attorneys/State's Attorney</b>	<b>4</b>	
<i><b>Criminal</b></i>	4	
Criminal Declinations (plus 3 from previous periods)	7	
<i><b>Civil</b></i>	0	
Civil Declinations	<b>0</b>	
<b>E. Criminal/Civil Matters:</b>		
Convictions	<b>0</b>	
Guilty Pleas	<b>0</b>	
Acquittals	<b>0</b>	
Jail Time (days)	<b>0</b>	
Suspended Time (days)	<b>0</b>	
Probation (days)	<b>0</b>	
Public Service (hours)	<b>0</b>	
Recoveries	<b>\$0</b>	
Restitutions	<b>\$0</b>	
Fines	<b>\$0</b>	
Cost Savings	<b>\$0</b>	
<b>F. Total Administrative Referrals</b>		
<b>9</b>		
<b>Contractor</b>	<b>Referrals</b>	6
	Suspensions	<b>0</b>
	Debarments	<b>4</b>
	Contract Terminations	<b>0</b>
	Warned/Other Actions	<b>3</b>
<b>Employee</b>	<b>Referrals</b>	3
	Suspensions	<b>0</b>
	Terminations	<b>0</b>
	Warned/Other Actions	<b>2</b>
<b>G. Other Law Enforcement Agency Referrals</b>		
<b>1</b>		

## OFFICE OF AUDITS

### A. Summary of Audit Activity

During the reporting period ending September 30, 2001, the Office of Audits (OA) conducted the following audits and audit-related activities:

1. Issued an audit report on Improving Controls over GPO's Travel Program.
2. Issued an audit report on Improving Controls over Processing Purchase Requests for Non-Stock items and Services Online by MMS General Procurement Division.
3. Reported on the Internal Control Review of the Paper and Specialized Procurement and Sales Division.
4. Issued audit reports on the Philadelphia, Pittsburgh and Cleveland Bookstores.
5. Issued a report on the Audit of Large One-Time Procurements.
6. Reported quarterly to the House and Senate Committees on Appropriations on the promptness of GPO's payments to the District of Columbia Water and Sewer Authority.
7. Issued a report on the Follow-up Audit of the Worker's Compensation Program.
8. Completed a Quality and Assurance Review of one OA audit.
9. Provided continued 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 a Supervisory Auditor 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 eight audit reports to GPO officials during the six-month reporting period ending September 30, 2001. In addition, fieldwork was conducted on six audits.

#### Financial Audits

The OA issued financial audit reports on the Cleveland, Philadelphia, and Pittsburgh bookstores.

## **Performance Audits**

The OA issued reports on:

- Improving the controls over GPO's travel program.
- Improving the controls over Processing Purchase Requests for Non-Stock items and Services Online by the Materials Management Service's General Procurement Division.
- The internal control review of the Paper and Specialized Procurement and Sales Division.
- The Audit of large one-time procurements.
- The Follow-up Audit of the Workers Compensation Program.

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

- Improving the controls over managing GPO owned and leased vehicles.
- Phase two of following-up on the implementation of prior OIG recommendations from two previous audit reports on improving the managing of the GPO Workers' Compensation Program.
- Improving the controls over the procuring of supplies, services, and materials using commercial credit cards.
- Improving the controls over productive time reporting in the Electronic Photocomposition Division.

## **Contract Audits**

There were no contract audit reports issued during this reporting period. Fieldwork has been initiated on two contract claims.

## **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. There was no formal support activity to report during this period.

## Significant Audit Reports

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

- (1) REPORT ON IMPROVING THE CONTROLS OVER PROCESSING PURCHASE REQUESTS FOR NON-STOCK ITEMS AND SERVICES ONLINE BY MMS GENERAL PROCUREMENT DIVISION (Report Number 01-06)

The OA evaluated the controls and processing procedures for acquiring non-stock items and services on-line by the Material Management Service (MMS), General Procurement Division. The result was three recommendations to improve internal controls, which were agreed to and implemented by management, over the acquisition of non-stock and services for GPO.

- (2) REPORT ON THE AUDIT OF LARGE ONE-TIME PROCUREMENTS (Report Number 01-09)

The OA conducted a performance audit to determine the adequacy, efficiency, and effectiveness of management controls over large one-time procurements within the Central Office of GPO. The audit verified that in general large one-time procurements were properly awarded and administrated and bid practices were in compliance with regulations and administrated in an efficient manner.

The audit made ten recommendations affecting eight areas within the Contracts Branch and Bid Section of the Printing Procurement Department. Overall, management agreed with the recommendations and is taking actions to implement the recommendations.

- (3) REPORT ON THE FOLLOW-UP AUDIT OF THE WORKERS' COMPENSATION PROGRAM (Report Number 01-10)

The objective of this audit was to determine if GPO had implemented the 27 recommendations made in two previous reports on the Workers' Compensation Program (Report on the Government Printing Office Workers' Compensation Program (Revised), report number 95-03, issued in August, 1995, and Workers' Compensation Program: Audit of Controls That Monitor Compensation Recipients to Minimize Benefits Costs, report number 98-01, issued in October 1997.

We found that seven of the recommendations were fully implemented, 16 partially, and five had not been implemented. We noted significant overall improvement in several areas of administration of the program since the previous audits. A lack of documentation for policies and procedures is a major factor preventing full implementation of many of the outstanding recommendations. For example, the governing GPO Instruction has been under revision for more than five years.

This report resulted in seven additional recommendations to further improve the program. A follow-on report will address several control issues encountered during the course of this audit.

## **C. DC WASA Quarterly Reports to Congress**

Pursuant to Public Law 106-54 two quarterly reports analyzing the promptness of GPO's payment for water and sewer services were issued during this reporting period. GPO's payments are made via Treasury's Online Payment and Collection System (OPAC) and are based on estimates compiled by DC WASA and/or Treasury. As such, payments are automatic when billing is initiated by the billing agency. The OIG met with GPO and WASA officials during this period to review these estimates and analyze the accuracy of the charges to GPO. Further analysis is ongoing and will be reported to Congress in future quarterly reports.

## **D. Work-In-Process**

The OA is continuing work on the following audits:

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

## **E. Advice and Assistance**

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) 2001 Financial Statement Audit**

The OA provided support for the audit of the GPO's 2001 financial statements. Under 44 U.S.C. 309, an annual financial statement audit has been required beginning with GPO's FY 1997 financial statements. KPMG LLP will conduct this audit under a multi-year

contract for which the Office of Audits will function as the Contracting Officer's Technical Representative (COTR). In addition to serving as COTR, the OIG provides administrative support and coordination with GPO management for the KPMG auditors. This is the first audit to be performed under a new contract (discussed below).

## **(2) New Financial Statement Audit Contract**

Work was completed and a new contract let for annual audits of GPO's financial statements during this reporting period. OA worked with the Materials Management Service to contract for annual audits of GPO's annual financial statements for the next five years (Fiscal Years 2001 through 2005). The multiyear contract is renewable annually at GPO's option.

## **(3) Review of the Status of the Integrated Processing System (IPS)**

During this reporting period the OIG conducted a review of the status of the Integrated Processing System (IPS). IPS is a software package that has been under development for a number of years which is designed to replace 15 major stand-alone information systems which currently support the operations of the Documents Sales Service of the Superintendent of Documents. The OIG review used as a point of departure a GPO Policy and Coordination Staff report titled "Assessment of the Integrated Processing System" dated August 3, 2000.

The OIG found that most of the issues and concerns raised in the Assessment have to a great extent been mitigated. Issues that remained were found to be management issues that could be addressed within the Superintendent of Documents organization. We interviewed and reviewed the records of the contractors supplying the IPS software and support services (Northrop Grumman, Renaissance Software and Veratex Interactive) and found no indications nonperformance.

The Superintendent of Documents was briefed on the OIG findings in early September 2001. Given the 13-year history of this project, the clear need to replace the existing legacy systems, and the significant dollars invested to date, the OIG recommended to the Superintendent of Documents that the project go forward. The OIG further recommended stronger collaboration and support from the Production Department and (for network services) and the Office of Information Resources.

## **(4) Review of the FMS Workflow Imaging System**

The OIG conducted a review of the internal controls for the Financial Management System (FMS) Workflow Data Storage System (Workflow System), and its interaction with the Voucher Processing and Payment System (VOPPS). The Workflow System combines imaging and data storage to process scanned or faxed vouchers/invoices against the VOPPS; and is designed to allow all vendors to fax completed vouchers directly into the system for payments.

The OIG found that security weaknesses in the current system configuration leaves the system vulnerable to unauthorized access to imaged records on the FMS network and potential access to the greater GPO network.

The OIG also examined the general and specific payment processing controls and found them to be adequate and in some instances strengthened by the introduction of an imaging system.

The OIG reviewed a "Network Services Report" pertaining to this system that was provided by the GPO Network Security Officer. The report identified a significant number of risks that were rated as a high level risk to the GPO network. Consequently, the OIG recommended that the Comptroller delay placing the system in production until the security issues are resolved.

## **F. Outstanding Audit Recommendations**

GPO management officials have not completely implemented all of the significant recommendations contained in eight audit reports issued during this and 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.

#### **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);

## MANAGEMENT ACTION

On October 16, 2001, the Director, Office of Administrative Support, responded to Recommendation Numbers 9813-01 and 9813-02:

“Even though an attempt to implement this policy was unacceptable to the Joint Council of Unions several years ago, we are currently “redeveloping” a draft Instruction that outlines the policy for collecting parking fees for temporary parking permits. We will again submit the draft to the JCU for their comments/concurrence.”

## **(2) 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 Comptroller should ensure that the Comptroller's 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,
- 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 October 19, 2001, the Comptroller responded to our inquiry on the status of the above recommendations with a voluminous memorandum summarizing past actions taken and ongoing initiatives on the over-arching issues of property management at GPO. The Comptroller stated that management review comments were incorporated in the updated version of GPO Instruction 810.11, GPO Property Management Program that will be finalized this year. When it is finalized, it should support the comptroller's implementation of recommendation numbers 0002-01, 0002-02, 0002-07, and 0002-08. For recommendation numbers 0002-03, 0002-04, and 0002-05, the Comptroller stated that a property-training course will be developed for property custodians.

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

#### **FINDING**

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

#### **RECOMMENDATIONS**

The Director, Office of Equal Employment Opportunity, should:

- Develop and implement written internal controls to ensure the timely assignment of formal complaints to contract investigators (0004-01); and

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

## **MANAGEMENT ACTION**

The Director has not responded on the status of the two open recommendations.

### **(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 written instructions for thoroughly researching and resolving future inventory variances of finished inks, raw materials, and adhesives (0005-03);
- Ensure that an assessment is performed on the feasibility of using any of the 78 inactive, unreported properties with inventory balances in the future and to document those properties (0005-11);
- Develop and implement instructions to track the amount of sealed cans of returned inks received (0005-13);
- Develop and implement instructions to document the number of pounds of returned inks (0005-14);
- Consider transferring the actual operations and controls over GSS inventory of inks, raw materials, adhesives, and rollers to Materials Management Service (0005-16);
- Should update the 1986 study to determine whether it is still reasonable and cost effective for GPO to make the best possible ink at minimal cost in satisfying the demand of both Production and customer agencies (0005-17); and,

- Coordinate with Materials Management Service to review the policy on variances to ensure the allowance for variances are consistent for all Graphics Supplies Section's raw materials contracted and ordered (0005-23).

## **MANAGEMENT ACTION**

On October 19, 2001, Manager, Quality Control and Technical Department, responded that, while the seven recommendations remain open, the Chief, Quality Systems Division (Who assumed responsibility for the Graphics Supplies Section) is in the process of addressing each of these recommendations. His preliminary assessment is that it will take at least six months to successfully implement them all.

## **(5) REPORT ON THE MAY 1998 ELECTRONIC SYSTEMS DEVELOPMENT DIVISION'S INTERNAL CONTROLS (Report Number 00-07, issued June 21, 2000)**

### **FINDING**

The May 1998 Internal Control Review as submitted by the Electronic Systems Development Division (ESDD), while accurate, was incomplete and did not fully meet the requirements of GPO Instruction 825.18A *Internal Control* Program. The review also revealed that GPO managers have not been provided adequate instructions and/or training on conducting internal control reviews. The OA made eight recommendations that 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.

### **RECOMMENDATIONS**

- The Production Manager, Production Department, should ensure that the Manager, Electronic Systems Development Division, takes appropriate steps to:
- Obtain GPO identification numbers and tags and attached them to all leased equipment in Congressional offices and other government agencies (0007-2);
- Contact the Office of Comptroller indicating the names of databases that contain the leased equipment for ESDD and how they can be accessed (0007-03);
- Examine the 29 unreported items found in the Congressional offices and include the items in ESDD's in-house inventory system, as well as the Comptroller's General Ledger and Property Section's property inventory listing (0007-04);
- Locate the 10 items of leased equipment that could not be accounted for in the Congressional offices (0007-05);

- Apply for background investigations on key internal personnel holding information technology (IT) related positions that reflect accurate sensitivity levels and clearance requirements now and reevaluate the need for such clearance when the GPO Instruction has been issued and a policy has been established (0007-06):
- Include a statement in future internal control reviews that all sensitive positions have been reviewed to ensure meeting the current time requirements as required by Paragraph 7.d.(1) of GPO Instruction 825.2 *Personnel Security Program* (0007-07); and
- Report all open recommendations from prior audits and the status of each recommendation in future internal control reviews (0007-08).

## **MANAGEMENT ACTION**

The Production Manager has not responded on the status of the eight open recommendations.

### **(6) REPORT ON THE BILLING VOUCHERS SUBMITTED FOR PROGRAM 3402-S (BLUE ANGELS' PROMOTIONAL MATERIALS (Report Number 00-10, issued September 28, 2000))**

#### **FINDING**

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

However, the customer agency and the representative have not provided any documentation or issued a complaint on the questionable payments made to the contractor. Instead, the customer agency representative expressed that the customer agency was "very satisfied" with the contractor's performance. As a result, there was no supporting evidence for GPO to recover the questionable payments of \$13,571 that was made to the contractor.

The customer agency representative's actions also showed that the officials and staff from the Printing Procurement Department and the Office of Comptroller need to strengthen their internal controls over administering future direct-deal print orders which are signed-off by the customer agency representative. The Printing Procurement Department needs to implement more internal controls to ensure enforcement of GPO Publications 305.1, 305.3, 310.2, and the specifications in term contracts on modifications and quantity changes made by the customer agency representatives.

#### **RECOMMENDATIONS**

The Manager, Printing Procurement Department, should:

- Ensure that all Printing Procurement Department's Contracting Officers notify future customer agency representative about the requirements of Section IV., paragraph 3.a. of GPO Publication 305.1 and paragraph 1 of the Contract Clauses of GPO Publication 310.2 on reporting modifications in direct-deal term contract print orders through the award letter (0010-02); and
- Ensure that a policy is written and implemented that specifies the PAYMENT clause to use in printing and binding contracts that authorizes the customer agency representative and/or the Comptroller to examine and certify approval over the contractor's billings on direct-deal print orders (0010-10):

The Comptroller should coordinate with the Manager, Printing Procurement Department to ensure that future variances in contractor's vouchers for direct-deal signoff print orders are defined and incorporated in the Commercial Examination Section's written desk procedures for the voucher examiner and the printing specialist/assistant (0010-09).

### **MANAGEMENT ACTION**

On March 23, 2001, the Manager, Printing Procurement Department, responded that for Recommendation Number 0010-02, templates are being developed by the System Support Section to include the recommended notification to agency representatives in all Central Office and Regional Office transmittal letters. The anticipated completion date was May 1, 2001. For Recommendation Number 0010-10, the anticipated completion date was also May 1, 2001. The OIG has not been informed of any further management action on these recommendations.

On March 13, 2001, the Comptroller responded to Recommendation Number 0010-09 that desk procedures would be rewritten after the implementation of the new workflow process for examining and certifying vouchers. On October 18, 2001, the Comptroller advised: "As we stated in our response on March 13, 2001, we are notifying the Printing Procurement Offices of all variances by sending them a weekly variance report."

No information was received from the Comptroller regarding the implementation of Recommendation 0010-09.

### **(7) REPORT ON IMPROVING THE CONTROLS OVER GPO's TRAVEL PROGRAM (Report Number 01-05, issued June 12, 2001)**

#### **FINDING**

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

## RECOMMENDATIONS

The Director, Administrative Support should support the use of Government credit cards by:

- Not authorizing travel advances for employees with Government credit cards (activated and not activated) and requiring the use of credit cards for all cash advances to these employees (0105-01);
- Discontinuing the annual \$1,200 travel advances for SuDocs Librarians (0105-02);
- Updating GPO Publication 815.15B *Travel Regulations* dated July 1989 with the current General Services Administration's guidelines and GPO Notices on travel advances for GPO employees with a Government credit card (0105-03);
- Reminding GPO employees of the maximum allowance for travel expenses to and from the airport (0105-09);
- Establishing stronger management controls to ensure that future reviews of the monthly *Individual Account Activity Review* reports are performed and effectively communicated within the appropriate offices of Administrative Support in a timely manner (0105-11); and,
- Coordinating with the Comptroller's Chief, General Examination and Support Section in order to arrive at a workable solution in receiving a monthly report on all GPO employees on official Government travel (0105-12).

The Comptroller should ensure that the Chief, General Examination and Support Section:

- Has included in Chapter 1-14a of GPO Publication 815.1B, a specific timeframe for the timely liquidation of outstanding travel advances (0105-04);
- Establishes written standard operating procedures regarding the monitoring and collecting of outstanding travel advances that are consistent with GPO Publication 815.1B (0105-05); and,
- Redesigns the *Travel Advance Subsidiary Record* to include travel dates so that it can be an effective tool to monitor the timely submission of travel vouchers on outstanding travel advances (0105-06).

## MANAGEMENT ACTION

The Director, Office of Administrative Support disagreed with some of our recommendations, but in his initial response to our report indicated that most of the recommendations were being implemented. Recommendation 0105-09 was implemented

by GPO Instruction 815.1B, CH-29, issued on October 4, 2001. We have not received a response to our most recent inquiry on subsequent progress.

The Comptroller has implemented three recommendations since issuance of the report and has made significant progress on the rest. He continues to disagree with recommendation 0105-06 above because GPO averages only 10 travel advances per month, most of which are collected within 30 days.

## **(8) 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 2000 financial statements will be a part of the FY 2001 financial statement audit.

## **OTHER INSPECTOR GENERAL ACTIVITIES**

### **A. Comments on GPO Instructions and Assistance to Management**

The Inspector General commented on a draft GPO Instruction on an automated systems security program, and on a draft GPO Instruction on the nomination and appointment of GPO Contracting Officers.

The Inspector General continued to work with three other GPO offices as a member of a screening committee to review sexual harassment allegations and to coordinate the agency's response, including determining what, if any, immediate action needs to be taken to minimize the harm and to protect the complainant, witnesses, and evidence. During this reporting period, the Committee requested that the Inspector General conduct a preliminary investigation into an allegation of sexual harassment within the GPO Police. The Inspector General interviewed the complainant, and conducted six additional interviews. The results of the preliminary investigation were reported to the Committee, and the matter is now pending in the GPO Office of Equal Employment Opportunity.

The Inspector General continued to participate in activities of the President's Executive Council on Integrity and Efficiency (ECIE), including attending monthly meetings held at the White House Conference Center in Washington DC. On May 29 and 30, 2001, the Inspector General attended the PCIE/ECIE Joint Retreat at the National Conservation Training Center, Fish and Wildlife Service, U. S. Department of the Interior, in Shepherdstown, West Virginia.

### **B. Legislation and Congressional Requests**

In February 2001 a Congressman requested that the Inspector General review the conduct of a GPO procurement for services worth several million dollars. On May 31, 2001, the Inspector General reported to the Congressman on the results of that review. In his report, the Inspector

General also made findings and recommendations to the Director of GPO's Material Management Service (MMS) to improve the procurement process at GPO. Among the recommendations were that:

- GPO should issue a comprehensive instruction similar to GPO's Printing Procurement Regulation, to cover procurements by the Materials Management Service.
- Evaluation criteria should be better explained to contracting specialists to give them better guidelines for comparing competing bids. Points awarded should be meaningful, and for every element rated, the contracting specialist should document the reasons for awarding points.
- GPO should provide the option for protesters to have a review of their protests independent of the contracting authority. To accomplish this, GPO should consider having bid protests resolved by the GPO Administrative Law Judge.

The Inspector General also identified other improvements to strengthen the procurement process: the Materials Management Service should attempt to become more customer friendly and effective in communicating with bidders and prospective bidders; contracting officers should only handle cases within the limits of their warrants; and efforts should be made to provide regular training for contracting officers, including a training requirement linked to the contracting officers' warrants.

The Director, Materials Management Service (MMS), advised the Inspector General in a memorandum dated August 31, 2001, of the steps being taken in response to the Inspector General's recommendations. These steps included adopting portions of the Printing Procurement Instructions for MMS personnel to follow when conducting negotiated procurements, and beginning to work with the Printing Procurement Department to develop MMS procurement Instructions. The Director also advised that he has developed an Acquisition Career Management Program to ensure a professional contracting workforce, and has begun to post contract solicitations on the GPO Internet Web site. MMS also implemented procedures for tracking correspondence.

The Inspector General received a September 24, 2001, letter from Senator Grassley, the Ranking Member of the Senate Finance Committee, requesting certain information concerning the agency's SmartPay credit card program. The Inspector General's response to Senator Grassley will be included in the next Semiannual Report.

During this reporting period the Inspector General also assisted the GPO Office of Congressional and Public Affairs in responding to a Congressional inquiry concerning an OIG investigation into employee misconduct in a GPO Regional Printing Procurement Office.

### A. Statistical Table on Audit Reports with Questioned Costs

Description	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	1	\$123,895	\$24,653
B. Which were issued during the reporting period	0	0	0
C. Subtotals (A+B)	1	\$123,895	\$24,653
D. For which a management decision was made during the reporting period	1		
1. Dollar value of disallowed costs		\$88,305	0
2. Dollar value of allowed costs		\$35,590	\$24,653
E. For which no management decision has been made by the end of the reporting period	0	0	0
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**

<b>Description</b>	<b>Number of Reports</b>	<b>Funds Put To Better Use</b>
A. For which no management decision has been made by the commencement of the reporting period	1	\$675,000
B. Which were issued during the reporting period	0	0
Subtotals (A+B)	1	\$675,000
C. For which a management decision was made during the reporting period	0	
1. Dollar value of recommendations that were agreed to by management	0	0
2. Dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	1	\$675,000
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
Totals: 0	0	0

B. Other Audit Reports:	Funds Put to Better Use
1. Report on Improving the Controls over GPO's Travel Program (Report Number 01-05, issued 06/12/01)	0
2. Report on Improving the Controls over Processing Purchase Requests for Non-Stock Items and Services Online by MMS General Procurement Division (Report Number 01-06, issued 05/14/01)	0
3. Report on the Internal Control Review of the Paper & Specialized Procurement and Sales Division (Report Number 01-07, issued 06/19/01)	0
4. Report on the Audit of the Philadelphia Bookstore (Report Number 01-08, issued 09/10/01)	0
5. Report on the Audit of Large One-Time Procurements (Report Number 01-09, issued 09/20/01)	0
6. Report on the Follow-Up Audit of the Workers Compensations Program (Report Number 01-10, issued 09/21/01)	0
7. Report on the Audit of the Pittsburgh Bookstore (Report Number 01-11, issued 09/27/01)	0
8. Report on the Audit of the Cleveland Bookstore (Report Number 01-12, issued 09/27/01)	0
<b>Total</b>	0

## 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	24
5(a)(1)	Significant problems, abuses, and deficiencies	6-10
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	6-10
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	6-7
5(a)(5)	Summary of instances where information was refused	None
5(a)(6)	List of audit reports	28
5(a)(7)	Summary of significant reports	13
5(a)(8)	Statistical table with questioned costs	26
5(a)(9)	Statistical table with recommendations that funds be put to better use	27
5(a)(10)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	16-22
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