



June 1, 2012

The Honorable Gregg Harper
Chairman
Joint Committee on Printing
1309 Longworth House Office Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with 44 U.S.C. 3903 and the relevant provisions of the Inspector General Act of 1978, as amended, I am transmitting to Congress the Semiannual Report of the Office of the Inspector General (OIG) for the U.S. Government Printing Office (GPO) covering the 6-month period of October 1, 2011, through March 31, 2012, along with the following information as required by law. This letter meets my statutory obligation to provide comments on the OIG's report and highlights management actions taken on the OIG's recommendations, which may relate to more than one reporting period.

GPO Leadership. In the closing days of the second session of the 111th Congress, the Senate declined to vote on the nomination of William J. Boarman to be Public Printer, and his term as a recess appointee to the position subsequently expired with the end of the session in early January 2012. I was appointed Deputy Public Printer in December 2011. When the position of Public Printer was vacated I assumed the duties of Acting Public Printer, as provided for by law (44 U.S.C. 304).

General Comments. This report is the first prepared under the direction of Inspector General Michael A. Raponi, who was hired in November 2011, and I am impressed with the improvements it represents. It provides a ready reference to key statistical information on the work of the OIG, realigns the Management Challenges section to issue areas affecting the achievement of GPO's strategic vision, and provides reasonable assessment of the integrity and efficiency of GPO programs and operations in discussing the results of OIG audits and investigations during the reporting period.

I was particularly interested in the OIG's discussion of the affect of long-term workers' compensation liability under the Federal Employees Compensation Act (FECA) on GPO's financial management, an issue previously unaddressed. Since FY 1996, annual estimates of this liability contributed significantly to the outcomes reported in GPO's annual financial statements, accounting for approximately 45% of the financial losses reported in FY 1995-2004 period, and in two cases—FY 2000 and FY 2009—turning what were reported operating gains into financial losses. The OIG report notes that



application of the current accounting treatment of actuarial long-term workers' compensation liabilities at GPO "conflicts with the legislative intent of [T]itle 44 of the [U.S. Code]...to match GPO's costs and revenues through rates and prices charged customers. Recognizing this unfunded actuarial estimated cost, as an operating expense, without any matching revenues, can cause an imbalance in GPO's revolving fund not intended by legislation establishing this self-sustaining revolving fund for GPO's operations" (p. 6).

I was also interested to see the OIG report's discussion of improving GPO's Print Procurement Program through working with executive branch agencies to prevent the loss of documents for the Federal Depository Library Program and prevent potentially higher printing costs due to inefficient Federal agency printing plants. This is a longstanding interest of GPO's that previously has not been addressed effectively. Recently, the Chairman of the Joint Committee on Printing signaled Congress's interest in addressing this problem by requesting the Government Accountability Office (GAO) to "audit the total number of internal printing plants, the total amount of in-plant work produced, and the print procurement practices of all Federal departments and agencies" (The Honorable Gregg Harper, Chairman, Joint Committee on Printing, letter dated April 24, 2012, to Mr. Gene Dodaro, Comptroller General of the United States). The work of GPO's OIG in this area could supplement and assist the GAO's important project.

Current and Prior Period Outstanding Recommendations. As required by law, this section summarizes management's actions to address OIG recommendations still outstanding from the current and previous reporting periods. The OIG's report provides a useful organization of its discussion of audits and investigations under five specific OIG strategic goals regarding transforming GPO into a digital platform, operational and financial management, print procurement programs, program and operational integrity, and stewardship over official publications.

The OIG report references amounts of funds that could be put to better use and other monetary impact as the result of audit and management implication reports that were issued during the reporting period. One of these was Audit Report No. 12-08, *Maintaining Effective Control Over Employee Overtime* (March 20, 2012). The OIG report notes that GPO overtime costs fell approximately 33% from FY 10 to FY 11 and commends GPO on this accomplishment. At the same time, the audit pointed out the long-standing management practice of approving overtime while certifying payroll at the end of each pay period rather than before the work is performed, a process which—while ensuring the flexibility to meet congressional and other essential requirements as they arise—has not complied with the letter of the GPO directive governing overtime regarding prior management approval. Citing the fact that GPO paid without prior management approval \$741,794 for overtime in the first quarter of FY 12, the OIG audit report extrapolated from that data to estimate that GPO may have paid at least \$2,967,176 in overtime pay under the same conditions in FY 11 (and, presumably, an amount that was 33% higher, or \$3,946,344, in FY 10). The audit report recommends that the



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directive governing overtime be modified and that a process be established for monitoring compliance. As the OIG report notes, management generally agreed with the recommendations.

During the reporting period the OIG closed four investigations of printing procurement vendors who falsified from FY 06 to FY 12 approximately 79 invoices and shipping documents totaling \$405,691. Debarment actions were taken against the vendors who were involved. The investigations resulted in a Management Implication Report, *Vendor Invoice Processing: Printing Management Implication Report No. 12-01 (March 15, 2012)*, that disclosed vulnerability with the verification of shipments that had allowed vendors to be paid without fulfilling contract terms. The report was issued for informational purposes and recommended working with commercial carriers to determine if an online verification process would reduce this vulnerability. Management will address that concept.

Finally, during the reporting period the OIG issued the results of its audit of certain time and attendance and payroll administration in Audit Report 12-01, *Selected Aspects of GPO Time and Attendance and Payroll Administration* (November 16, 2011). As the OIG report notes, the audit disclosed that management should strengthen controls related to requesting and approving leave without pay (LWOP), detecting instances of employees exceeding bi-weekly pay limitations, and advancing annual leave, revealing that there were 340 violations of pay limitations in FY 2009 and 2010 resulting in overpayments of \$372,717. Management agreed with 6 of the 11 recommendations made by this audit and will provide additional information to clarify those with which it disagreed.

During the reporting period, management worked to close out 55 OIG recommendations, and since then has closed out 10 of 58 remaining open recommendations. I deeply appreciate the efforts of the OIG's audits and investigative staffs to ensure the integrity and efficiency of GPO programs and operations, safeguard taxpayer assets in those programs, and investigate and bring to justice those who abuse the public's trust.

Statistical Tables. Statistical tables as required by law are enclosed.

If you need additional information with respect to this report, please do not hesitate to contact Mr. Andrew M. Sherman, GPO's Congressional Relations Officer, on 202-512-1991, or by e-mail at asherman@gpo.gov.

Sincerely,

DAVITA VANCE-COOKS
Acting Public Printer

Enclosures



cc: The Honorable Charles E. Schumer, Vice Chairman
The Honorable Dan Lungren
The Honorable Aaron Schock
The Honorable Robert A. Brady
The Honorable Charles A. Gonzalez
The Honorable Patty Murray
The Honorable Tom Udall
The Honorable Lamar Alexander
The Honorable Saxby Chambliss

ENCLOSURE I

OIG REPORTS ISSUED DURING THE REPORTING PERIOD WITH QUESTIONED COSTS, FUNDS PUT TO BETTER USE, AND OTHER MONETARY IMPACT

<u>Report Number</u>	<u>Number of Recommendations</u>	<u>Questioned Costs</u>	<u>Funds Put to Better Use</u>	<u>Other Monetary Impact</u>
12-10	8	0	0	0
12-11	4	0	0	0
12-02	5	0	0	0
12-07	8	0	0	0
12-01	0	0	0	\$405,691 ¹
12-08	2	0	\$2,967,176	0
12-01	11	0	\$372,717	0 ²
12-03	11	0	0	0
12-04	10	0	0	0
12-05	0	0	0	0
--	6	0	0	0 ³

¹ Management Implication Report

² Audit report

³ FDsys IV&V Training Material and User Documentation Analysis Report

ENCLOSURE II

**OIG REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER
USE AND OTHER MONETARY IMPACT**

	<u>Number of Reports</u>	<u>Funds Put to Better Use and Other Monetary Impact</u>
A. Reports for which no management decisions were made by the beginning of the reporting period	0	0
B. Reports issued during reporting period	3	
Audit Report No. 12-01		\$ 372,717
Audit Report No. 12-08		2,967,176
Management Implication Report No. 12-01		405,691
Subtotals	<u>3</u>	<u>\$3,745,584</u>
C. Reports for which a management decision was made during the report period		
Dollar value of recommendations not agreed to by management		\$3,372,867 ⁴
Dollar value of recommendations agreed to by management		\$372,717
D. Reports for which no management decision was made by the end of the reporting period	0	0
E. Reports for which no management decision Was made within six months of issuance	0	0

⁴ Management generally agreed with the recommendations in Report No. 12-08, issued March 30, 2012, but did not reach a decision on implementing them before the end of the reporting period on March 31. Of the 11 recommendations made in Audit Report No. 12-01, management agreed with 6, and will provide the OIG with additional information to clarify those with which it disagreed.