



May 31, 2011

The Honorable Charles E. Schumer
Chairman
Joint Committee on Printing
318 Russell Senate 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, the Inspector General (IG) of the Government Printing Office (GPO), is required to furnish me with his semiannual report summarizing the activities of GPO's Office of the Inspector General (OIG) during the period October 1, 2010, through March 31, 2011. I am then required to transmit this report to the appropriate committees or subcommittees of the Congress within thirty days after I receive it, together with any comments and other information as required by law. Notwithstanding the fact that the enclosed semiannual report has already been transmitted to certain congressional staff without the other information required by law, this letter meets my statutory obligation to provide comments on this semiannual report and highlights management actions taken on the OIG's recommendations, which may relate to more than one reporting period.

General Comments. I took office in early January 2011. The IG who prepared the attached semiannual report resigned effective May 7. In his place I have appointed an interim IG to serve while a search for a new IG is conducted. The issues covered in the enclosed semiannual report are of concern to me, and comments are included below on the report's discussion of management issues and the status of open recommendations. Before proceeding, however, I want to provide an overview of conditions as I found them when I arrived at GPO and the initial actions taken to address them, as well other general comments on this semiannual report.

Status of GPO. As I stated in a hearing conducted May 11, 2011, before the Subcommittee on Oversight of the House Administration Committee, when I arrived at GPO I found an agency where overhead costs had increased by 50% in the past 5 years. This should be a concern to Congress, because today approximately 33 cents of every dollar spent on congressional printing must go to cover GPO overhead costs, including costs for buildings, security, and all general and administrative agency expenses, as well as the cost of GPO's OIG. I found a GPO organization that was top heavy with senior-level managers, some of whom spent what was in my opinion an excessive amount of time on travel, including non-essential travel overseas, as well as excessive spending in other discretionary accounts. I found essential GPO information technology systems, such as the development of the Federal Digital System (FDsys) and Oracle, dependent



upon the support of expensive Government contractors. I also found an unresolved problem of unrecovered payments owed to GPO by Federal agencies, known as chargebacks.

Spending Reductions Implemented. This pattern of excessive spending and unrecovered funds was unsustainable. In response, we cut GPO's appropriations request for FY 2012 by more than \$5 million from what was originally submitted to the Office of Management and Budget late last year, and then worked with the House and Senate appropriations committees to resolve our funding for FY 2011 at about \$135.1 million, a significant reduction from the continuing level of \$147.4 million earlier this year and the \$166.6 million originally requested by GPO a year ago. We cut GPO's annual spending plan for FY 2011 as previously submitted to the Joint Committee on Printing by \$15 million. We reduced the number of senior-level managers. We implemented controls on hiring, travel (especially non-essential travel overseas), and related discretionary accounts to stem the flow of spending in these areas. We created a task force of Finance and Customer Services personnel to deal with chargebacks and recover outstanding payments from Federal agencies. We realigned GPO's organization so the Chief Financial Officer reports directly to me rather than through subordinate officers. Because I viewed these vacant positions to be critical to GPO's future, we appointed a new Chief Information Officer and new Chief Technology Officer to oversee GPO's information technology operations and FDsys. At the same time, we are looking for opportunities to reduce GPO's expensive dependency on contractor operations of essential agency functions. We have surveyed GPO's buildings and identified additional space we can make available for the use of other Government agencies, which will help GPO cover its costs.

Service Improvement Actions. With reduced funding, GPO must strive to do more with less in all areas of our operations, and our continued use of technology is a key to that objective. We issued a strategic plan developed and endorsed by GPO's senior managers that emphasizes the importance of customer service. Because the citizenry is one of our most important customers, we inaugurated a Facebook page for GPO, implemented a new project to make Federal court opinions publicly available online, and expanded our partnership with Google Books, which is our entry into the e-book market, to include Federal consumer-oriented information made available by the GSA. With the Library of Congress, we are working on the digitization of historical issues of the *Congressional Record* and are collaborating on new Web interface for the *Constitution Annotated*, as approved by the Joint Committee on Printing. We have also signaled support for pending legislation to provide public access through FDsys to Federal agency reports filed with Congress. We are pursuing additional revenue opportunities, particularly in the field of secure credentialing. We want to expand utilization of our printing procurement capability by Federal agencies to improve savings on Government printing for taxpayers, and have had preliminary discussions with the private sector on how best to accomplish that. In the Federal Depository Library Program, we are working with the Depository Library Council to the Public Printer and the community to reach consensus on how to



bring more flexibility to the Program while ensuring that it is sustainable and more robust in the 21st Century.

GPO's Technology Record and Congressional Printing. The semiannual report includes a message commenting on the digital revolution and the need for “real-time access to information in a usable, searchable, and sustainable electronic format.” This is a widely-held and longstanding objective of GPO and the varied communities we serve: Congress, Federal agencies, the courts, and the public. The characterization of the development of FDsys as a “first step” is mistaken, however. FDsys is in fact the enhanced successor technology to free online public access to information produced by all three branches of the Federal Government provided by GPO since 1994, which itself descended from GPO's embrace of computerized production technologies dating back more than a generation. Since that time, GPO's use of electronic production and other information technologies has resulted in significant and lasting cost reductions in providing products and services to Congress and Federal agencies, yielding productivity improvements that have exponentially expanded public access to Government information while decreasing GPO's workforce to its lowest level in more than a century. These are achievements worthy of Congress' recognition.

GPO is well aware that Congress' need for printing is changing; indeed, it has been the online technologies and the online databases of congressional information prepared by GPO and used by both GPO and the Library of Congress that have helped make Congress' transition from printing possible over the past several years. We also are well aware of legislation that has been introduced in this Congress affecting congressional and other printing. However, it is important to recognize that GPO prints only in response to congressional orders and has no authority to refuse to fulfill those orders. We recently launched a comprehensive online survey of congressional offices about their need for printed products from GPO, including the *Congressional Record* and Office of Federal Register products, the first time in memory that any such survey has been undertaken. We recognize that GPO can operate more efficiently in support of Congress. But as I told both the House Administration Committee's Subcommittee on Oversight and the House Legislative Branch Appropriations Subcommittee, we must beware of the false economy of opting for a system that relies instead on expensive printing off office printers, which may result if legislation proposed to reduce printing bills and the *Congressional Record* is enacted.

Opportunities for Savings in Federal Printing. I was disappointed to see that the semiannual report neglects to mention additional opportunities for achieving savings in Federal printing, which GPO by law is charged with producing. Data published by the Office of Management and Budget as part of the FY 2012 budget shows \$1.371 billion in direct obligations for printing and reproduction for the Federal Government for FY 2010. Excluding GPO's component of \$104 million for congressional work and printing for our Superintendent of Documents, this leaves nearly \$1.3 billion of direct printing obligations



for the rest of the Government. GPO's procurement revenue last year was about \$500 million, or about 40% of these direct obligations, leaving a balance of about \$800 million that did not come through GPO. This most likely represents work produced in-house by Federal agencies. That is a significant volume of printing that, if opened up to GPO's highly competitive and cost-effective printing procurement program—where costs could be reduced by as much as 50% compared with agency plants—could represent an additional savings of up to \$400 million for taxpayers annually. GPO currently has more than 16,000 vendors registered to do business with us and we annually award contracts to 2,500-3,500 firms. To handle the additional volume of work flowing through the procurement program, more private sector jobs would be needed, helping our Nation's economic recovery. As long as the Government continues to order printing, GPO's printing procurement program offers the most cost-effective way of achieving it. With the annual Federal printing bill projected to be in excess of \$1 billion in the next fiscal year, a concerted effort to control these costs must be made. In addition to the cost savings, when agencies procure their printing through GPO, the titles are cataloged in our Catalog of Government Publications and are made available in either digital or tangible form to Federal depository libraries, thereby making them easily accessible to the public. GPO's OIG can contribute to this effort by working to educate other Federal OIGs about the requirements of Title 44, U.S.C., and the savings that can be generated by improved compliance with the law on the part of Federal agencies. I look forward to seeing this issue addressed in future semiannual reports.

I. Management Challenges. These comprise program areas determined by the OIG to be critical for GPO to address.

1. Customer Service: As the semiannual report notes, GPO has established customer service as its primary strategic goal. GPO has also evaluated legislation that has been introduced in the House and Senate concerning congressional printing. Unaddressed by the legislation is how to reconcile the incremental costs of production by GPO, at rates ranging from 5.5 cents per page down to 1.3 cents per page, as compared with printing out online documents on office laser printers, at costs of up to 6.7 cents per pages. If congressional printing continues to be required, whether for immediate or archival needs, it makes more sense to choose the most economical means of producing it—through GPO's systems—rather than transferring this added expense to congressional offices or to the public.

Regarding the longstanding problem of chargebacks, GPO has established a multi-disciplinary task force to work on and reduce the existing volume of chargebacks, re-engineer internal GPO processes and implement computer system changes so that many of the GPO caused chargebacks will be eliminated, and meet with the customer agencies that are the major sources of customer-caused chargebacks. In a period of serious funding constraints for GPO, it is imperative that this problem be brought under control. Although the OIG cannot participate



in this task force, GPO management would welcome contributions by the OIG in the overall effort to address and reduce the problem of chargebacks. The last in-depth OIG review of the matter appears to have been in 2004.

2. *Human Capital Operations and Management:* Concerning GPO's delegated competitive examining (DE) operations, the new Human Capital (HC) Manager of Talent Acquisition has an extensive background in the DE hiring process. She has recruited several DE-certified senior staff members. She currently ensures efficient and compliant DE operations, provides experienced and consistent guidance for her staff regarding DE processes, and will only allow DE-certified specialists to perform DE work. She has reviewed the critical onboarding process for new hires to resolve any remaining problems. HC will continue to conduct annual DE self-audits and HC managers are committed to addressing all audit findings to ensure a fully compliant program.

With respect to the OIG payroll audit, the high number of employees on leave without pay (LWOP) over the past 2 fiscal years is indeed remarkable, particularly in view of the increase in overtime payments. GPO's Finance and IT organizations have provided the OIG with numerous reports on overtime, LWOP, and Absent Without Leave (AWOL) use in order for them to conduct this audit, and GPO management awaits the final report, which apparently was initiated last summer.

3. *Federal Digital System:* Following my arrival at GPO, I was briefed on the Federal Digital System (FDsys). The background on how this system came to be and how FDsys got to where it is now is instructive.

In the early 2000s, the limitations of GPO's first online public access system, *GPO Access*—which had been developed with no new funding, but instead financed through savings resulting from reductions in printing—had become readily apparent. The system relied on a dated search and retrieval system called WAIS (Wide Area Information System) with limited capabilities, a fact acknowledged in GPO's appropriations requests for fiscal years 2003 and 2004, when funds were requested to upgrade the system. *GPO Access* was also unable to function as a platform for other digital ingest, storage, production, and dissemination capabilities. As a remedy, in 2004 then-GPO management proposed the development of a new system, eventually named the Federal Digital System or FDsys, to “organize, manage, and output authenticated content for any use or purpose and to preserve the content independent of specific hardware or software so that it can be migrated forward and preserved for the benefit of future generations,” according to the 2004 GPO *Strategic Vision*. It would be designed to house “all known Federal Government documents within the scope of the Federal Depository Library Program, whether printed or born digital.” These



would be “cataloged and authenticated and then entered into a system according to GPO metadata and document creation standards,” to be available later for “Web searching and Internet viewing, downloading and printing, and as document masters for conventional and on-demand printing, or other digital requirements.” The system was to be developed in three stages, or releases, with Release 1 equivalent to a replacement of *GPO Access* with new search and retrieval capabilities and other enhancements. Release 1 of FDsys went live in early 2009. Once all of the databases were migrated and upgraded from *GPO Access* to FDsys, *GPO Access* was slated for shut down.

In my view, the previous GPO management plan for FDsys was unrealistic in view of the nature of the task and the methodology used to implement it compared with originally targeted costs and schedule. Originally slated to cost \$29 million to develop in its entirety, the cost to date to develop Release 1—essentially constituting the replacement of *GPO Access*, but with significantly new capabilities—has been \$45 million, according to the semiannual report. Part of this cost—approximately \$11 million—was incurred in the unforeseen difficulty of migrating databases from *GPO Access* to FDsys, a process that took much longer than originally planned, resulting in project delays. According to previous GPO management, part of the problem was in early misdirection of the project, which resulted in the loss of an estimated \$8 to \$10 million. (There may yet have been other factors, as the OIG’s ongoing audit of the FDsys Master Integrator Contract may disclose). The development of the project was placed substantially in the hands of expensive Government contractors, which also led to increased costs. With tightening budget constraints and ever-growing public expectations for access to digital Government information, GPO cannot afford to continue on this path.

The good news is that the foundational components of Release 1—content submission, content management and preservation, and content access and delivery—are in place. The system debuted to generally positive reviews, as the semiannual report notes. While there are program tracking reports that are still open, I am told the bulk of those remaining are related to data and data quality, not critical system issues. Additionally, FDsys has enabled new initiatives such as the Federal Register 2.0 Web site and support for the Administration’s data.gov, and it will be the site for public access to digitized historical documents, a new interface for the *Constitution Annotated*, and potentially for the collection of Federal agency reports filed with Congress. GPO continues to work on the issues of permanence and preservation of electronic records (to date, only paper and microfiche have been shown to be trustworthy media for document permanence), and we plan to have an independent external TRAC (for Trusted Repositories Audit and Certification) audit of FDsys. Fewer than five repositories



have qualified to be TRAC certified to date, and FDsys would be the first in the Federal Government.

GPO management is evaluating the future direction of FDsys development activities to maximize the value of the limited dollars available for this project as a result of the reduction of appropriated funds to GPO's revolving fund in the final FY 2011 appropriations act. Under current system plans, an additional \$11.2 million will be needed to deliver currently known features and requirements. An additional \$3 million will be needed for technology refresh (hardware and software), and the annual costs to operate the system are estimated at \$2.5 million. These spending plans will be depend on available funds, which we are making efforts to assure to the extent possible. Due to recent management actions, FDsys will be under budget for FY 2011, and we are looking for opportunities to reduce GPO dependence on Government contractors for the operation of this essential function. Concerning the duplication of effort in maintaining FDsys and *GPO Access*, it is true that running systems in parallel represents additional costs. However, these additional costs are justified as a risk mitigation exercise until we are assured that all content has been successfully migrated from GPO Access to FDsys. The current target for the transition is late 2011.

Finally, FDsys is under new management with the recent appointment of a new Chief Technology Officer, who will work with both GPO's newly-appointed Chief Information Officer and the new Superintendent of Documents to ensure that the future development and operation of FDsys is consistent with the needs and expectations of Congress, Federal agencies, and Government information users, within the limits of available funding.

(4) *Information Technology Security Management:* As noted in the semiannual report, the OIG closed open audit recommendations from the previous Federal Information Security Management Act (FISMA) assessments in this period. Areas of focus for the remainder of FY 2011 include patching of desktop systems, completing a contingency plan for Information Technology and Services (IT&S) systems, completing Privacy Impact Assessments for remaining key systems, and implementing a tracking system for accreditation of major systems. As noted above, GPO's Information Technology and Services is under the direction of a new Chief Information Officer, and we expect to close additional OIG audit recommendations relating to GPO's IT systems in the next reporting period.

(5) *Acquisitions and Printing Procurement:* The independent assessment of GPO's Acquisition Services recommended by the OIG last year was not conducted by previous GPO management. Current management is planning to conduct an assessment. Management is evaluating the relevant OMB Circular



and supporting Government Accountability Office framework in determining the scope of the assessment.

Regarding contract management, Customer Services has issued a revised Printing Procurement Regulation, tightened the rules regarding the GPO Contract Review Board oversight, and is continuing to have contracting personnel certified through training in accordance with Federal Acquisition Institute standards. GPO's Acquisition Service has instituted a review process for contract files and utilizes the Contract Review Board process prior to making an award for any procurement greater than \$100,000. The Director of Acquisition is currently revising outdated internal controls. Acquisition staff have met the mandatory training for level certification and continue to provide training to contracting staff to keep abreast of changes pertaining to processes, regulations, and laws. A refresher course in utilizing Oracle was recently conducted and a quarterly training session will be continued to keep staff up to date with changes.

(6) *Continuity of Operations (COOP)*: GPO has included COOP in its Strategic Plan for FY 2011-15, and is working to implement actions that address the risks and problems with COOP identified by the OIG. In addition, the agency is working with Congress and other Federal entities to establish the appropriate procedures to be followed in the event of an emergency affecting GPO operations.

(7) *Internal Controls*: Among the internal controls implemented recently are actions to control travel, including non-essential travel to overseas destinations; personal services contracts; non-essential hiring, and related discretionary accounts.

Concerning laptop computers, the equipment used by GPO personnel involved in the manufacture and issuance of U.S. passports was accounted for by GPO, subsequent to publication of the OIG report, and therefore there was no potential for the inadvertent exposure of any GPO data related to that process. GPO is taking actions to improve procedures, accountability, and awareness on this topic, including an update to the property management directive which will lead to more effective procedures. Additionally, a hands-on inventory and reconciliation activity for all agency laptops is nearing completion.

In the area of IT general and application controls, there were OIG audit recommendations that were successfully closed from the previous KPMG audit. Efforts on remaining recommendations continue. Many of these remaining recommendations require significant resources to be expended by GPO and are focused on accreditation documentation for legacy agency systems that were implemented decades ago, and which have operated successfully for that period. GPO is assessing, from an integrated risk management and business perspective,



these open audit recommendations and plans to produce a closure plan for these IT general and application control items.

(8) *Protection of Sensitive Information:* During the semiannual reporting period, GPO established an agency-wide baseline of privacy data in accordance with GPO Directive 825.41, and a Privacy Incident Response Team (PIRT) procedure, which includes establishment of a Privacy Incident Response Team (consisting of members from across various offices and disciplines of the agency, including the General Counsel's office, IT&S and others).

(9) *Financial Management and Performance:* As noted above, GPO has established a project to reduce volume of chargebacks. GPO will also evaluate the provisions of the Improper Payments Elimination Improvement Act of 2010 for their applicability to GPO's operations and programs.

(10) *Sustainable Environmental Stewardship:* GPO has an extensive record of implementing environmental measures in its operations, including the use of recycled paper (initial efforts date to 1972, with use of 100% recycled postconsumer waste newsprint for the *Congressional Record* first occurring from 1991-97 and resuming in 2009); the use of vegetable oil-based inks in accordance with legislation enacted in 1994 with GPO's support; projects to improve energy efficiency, including the installation of energy-saving air chillers and lighting in the early 2000s; and other environmental measures such as the ongoing work to complete the installation of a new roof that is energy efficient, continuing reductions in volatile organic compound emissions and hazardous waste usage, and related actions. GPO has implemented monitoring measures to more effectively gauge the use of steam supplied by the Architect of the Capitol, which comprises the single largest annual utility expense for our buildings. Other measures are underway or are planned, consistent with their proven contribution to energy efficiency or other sustainability improvements, and within the limitations of available funds.

II. Audits and Inspections. During the reporting period, the OIG issued 6 new audit and assessment reports, including the annual financial statement audit report, with recommendations to help improve operational performance:

- Government Printing Office's Ethics Program (Audit Report 11-01, December 16, 2010). This audit of GPO's ethics program did not identify specific instances of ethics violations or noncompliance, but did find that GPO could improve its ethics program to be more consistent with Federal Government best practices, some involving documentation practices and others based on the findings of an employee survey on GPO's ethical climate at the time. The report made recommendations to improve the program; management generally



concurring with them and has planned corrective actions that are considered by the OIG to be responsive.

- Control and Accountability of Laptop Computers (Audit Report 11-02, December 6, 2010). This was an audit of the control and accountability of laptop computers at GPO. The audit disclosed that because of lapses in property control and accountability for laptops GPO management could not account for between 150 and 213 laptops, according to a statistical sample of laptops issued between 2005 and 2009. As noted above, the equipment used by GPO personnel involved in the manufacture and issuance of U.S. passports was accounted for by GPO, subsequent to publication of the OIG report, and therefore there was no potential for the inadvertent exposure of any GPO data related to that process. The report made recommendations to improve the accountability for laptops and management concurred with them.
- Federal Digital System (FDsys) Independent Verification and Validation – Thirteenth Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 11-03, December 15, 2010). This assessment continued the ongoing independent verification and validation (IV&V) evaluation associated with the development of FDsys. The evaluation provides quarterly observations and recommendations on the FDsys program's technical, schedule, and cost risks, as well as related issues. This IV&V did not identify any new technical, cost, or schedule risks, but discusses issues and concerns associated with the remaining efforts to implement Release 1 and shut down *GPO Access*.
- Financial Statement Audit (Audit Report 11-04, December 21, 2010). As the semiannual report notes, GPO's independent financial auditor issued an unqualified opinion on GPO's FY 2010 financial statements. However, the auditor identified three significant deficiencies, which it did not consider to be material weaknesses: controls over special journal entries, control over human resource data, and IT general and application controls.
- Federal Digital System (FDsys) Independent Verification and Validation – Fourteenth Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 11-05, March 29, 2011). As in the thirteenth quarter report, this assessment did not identify any new technical, cost, or schedule risks. It identified several tasks yet to be completed before the shut down of *GPO Access*.
- Secure Card Personalization System Information Technology Security Controls (Audit Report 11-06, March 31, 2011). This report evaluated GPO's Secure Card Personalization System (SECAPS) to determine if adequate controls are in place to protect Personally Identifiable Information. The resulting sensitive report identified opportunities to strengthen these controls. Management



concurred with the recommendations and has either taken or proposed responsive corrective actions.

Prior Period Outstanding Recommendations. As required by law, this section summarizes management's actions to address OIG recommendations still outstanding from previous reporting periods. A number of recommendations were closed during the semiannual reporting period.

- Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – Fourth Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 09-01, November 4, 2008). One recommendation remains open.
- Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – Fifth Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 09-03, December 24, 2008). One recommendation remains open.
- Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – Sixth Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 09-07, March 20, 2009). Two recommendations remain open.
- Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – Seventh Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 09-12, September 30, 2009). Nine recommendations remain open.
- Federal Digital System (FDsys) Independent Verification and Validation (IV&V) – Ninth Quarter Report on Risk Management, Issues, and Traceability (Assessment Report 10-01, December 2, 2009). Two recommendations remain open.
- GPO's Compliance with the Federal Information Security Management Act (Assessment Report 10-03, January 12, 2010). As the OIG report states, management continues to work with the OIG to implement corrective actions on the remaining 13 open recommendations.

III. Investigations. During the reporting period, the OIG performed investigative work on external cases involving procurement fraud and other violations, and internal cases involving employee misconduct, time and attendance fraud, theft, false statements, unauthorized use of property, and other matters, as detailed in the semiannual report. In some cases this work resulted in debarments of contractors and in others in proposals for GPO internal corrective action of employees. GPO management has taken corrective



The Honorable Charles E. Schumer – Page 12

actions and will respond formally to the OIG's recommendations in the management implication reports concerning supervisory controls in Plant Operations and management of GPO surplus property.

IV. 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,

A handwritten signature in cursive script that reads 'William J. Boorman'.

WILLIAM J. BOARMAN
Public Printer

Enclosures

cc: The Honorable Robert Brady, Vice Chairman
The Honorable Dan Lungren
The Honorable Patty Murray
The Honorable Tom Udall
The Honorable Saxby Chambliss
The Honorable Michael Capuano
The Honorable Susan A. Davis
The Honorable Kevin McCarthy

ENCLOSURE I

STATISTICAL TABLE FOR SECTION 5(b)(2) – DISALLOWED COSTS

		<u>Number of</u> <u>Audit Reports</u>	<u>Disallowed Costs</u>	
			<u>Questioned</u>	<u>Unsupported</u>
A.	Audit reports for which final action ¹ had not been taken by the commencement of the reporting period	0	0	0
	Audit reports issued during the period with potential disallowed costs	0	0	0
	Total Costs	0	0	0
B.	Audit reports on which management decisions ² were made during the reporting period			
	(i.) Dollar value of disallowed costs	0	0	0
	(ii.) Dollar value of allowed costs	0	0	0
C.	Audit reports for which final action was taken during the period, including:			
	(i.) Dollar value of disallowed costs that were recovered by management through offsets against other contractor invoices or nonpayment	0	0	0
	(ii.) Dollar value of disallowed costs that were written off by management	0	0	0
D.	Audit reports for which no final action has been taken by the end of the reporting period	0	0	0

¹ As defined by law, the term “final action” means the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report, and in the event that the management concludes no action is necessary, final action occurs when a management decision has been made.

² As defined by law, the term “management decision” means the evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

ENCLOSURE II

STATISTICAL TABLE FOR SECTION 5(b)(3) – FUNDS PUT TO BETTER USE AGREED TO IN A MANAGEMENT DECISION

	<u>Number of Audit Reports</u>	<u>Dollar Value of Recommendations</u>
A. Audit reports for which final action ³ had not been taken by the commencement of the reporting period	0	0
Audit reports for which final action had not been taken for new reports issued during the reporting period with potential funds put to better use	0	0
B. Audit reports on which management decisions ⁴ were made during the reporting period	0	0
C. Audit reports for which final action was taken during the reporting, including:		
(i.) Dollar value of recommendations that were actually completed	0	0
(ii.) Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed	0	0
D. Audit reports for which no final action has been taken by the end of the reporting period	0	0

³ Same definition as in Enclosure I.

⁴ Same definition as in Enclosure I.