



November 30, 2007

The Honorable Robert A. Brady
Chairman
Joint Committee on Printing
1309 Longworth House Office Building
Washington, DC 20515

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 the 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 April 1 through September 30, 2007, 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.

General Comments

As provided for by law, this section offers my general comments on the OIG's semiannual report and operations.

- I. Management Challenges.** The Inspector General has identified ten challenges facing GPO's management: strategic planning, management of human capital, improved financial management, continuity of operations, internal controls, security and intelligent documents, supporting congressional printing, information technology and systems management, customer service, and acquisitions. These are program and operational areas that are either undergoing significant change or require continuing attention. Progress was made in several of these areas during the reporting period and additional work continues. In my view, the organizational and technological transformation that GPO began implementing in 2003 remains critical to the future of GPO. This effort must continue if GPO is to carry out its mission effectively in the 21st century.

- II. Audits and Inspections.** During the reporting period, the OIG issued 5 new audit and assessment reports, with recommendations to help improve operational performance:

- *Report on GPO Oracle Release 2 Project – Review of Statement of Work* (May 9, 2007). This assessment concerned a draft Statement of Work (SOW) that was prepared by GPO to obtain the services of a project integrator for the Oracle Release 2 project. The assessment concluded that the SOW needed additional detail to ensure successful performance by the integrator. OIG comments and recommendations to strengthen the SOW were provided to management and the GPO Oracle project team. Management has implemented the IV&V recommendations submitted to the Oracle Release 2 project team concerning the SOW. The strengthened SOW was included in the RFP that was submitted to vendors for quotes. A copy of the finalized SOW was also sent to the OIG contractor.
- *Report on WebTrust Assessment of GPO Certification Authority – Attestation Report* (September 17, 2007). This report was based on an attestation report issued by an OIG contractor. The contractor concluded that the assertions of management regarding GPO's Certification Authority – which supports the cross certification of GPO's Public Key Infrastructure (PKI) with the Federal Bridge Certificate Authority – are fairly stated for the period August 1, 2006, to June 30, 2007. GPO management agrees with this report and there are no actions for follow-up.
- *Report on Audit of Revised Settlement Proposal* (September 19, 2007). This report resulted from an OIG audit of a settlement proposal submitted by a GPO printing contractor following termination of the contract for the convenience of the Government. The OIG audit questioned the contractor's claim in its entirety. The audit report, which was advisory in nature, was submitted to the GPO contracting officer for use in negotiating a settlement or issuing a unilateral determination regarding the contractor's proposal. The GPO contracting officer is using the audit report to reach a settlement with the vendor.
- *Report on GPO's Compliance with the Federal Information Security Management Act (FISMA)* (September 27, 2007). This assessment resulted from a review of the design and effectiveness of the controls over GPO's information security program, policies, and practices based on the requirements of FISMA. Although FISMA does not apply to GPO statutorily as a legislative branch agency, GPO believes it should be FISMA-compliant due to the range of information technology and related services we provide to

executive branch agencies. The report concluded that although GPO has taken steps to ensure that its policies and programs are consistent with FISMA requirements, additional progress is needed to comply fully, and contained 11 recommendations. GPO management agrees with the recommendations contained in the report. Two of the recommendations have been implemented. The remaining recommendations are in the process of business planning/assessment or implementation. All assessments or implementation actions are planned for completion by March 31, 2008, and are generally on schedule at this time.

- *Report on Perimeter Security Assessment of a GPO Building* (September 28, 2007). This assessment resulted from a physical security review of GPO's building 4 warehouse conducted by the Federal Protective Service (FPS). The report identified existing countermeasures at the facility as well as credible threats to the building, and rated each threat as to potential impact of loss and vulnerability. The report contained 12 recommendations to enhance security for the building. GPO management concurs with the report recommendations; 2 remain open and are targeted for completion in 2008.

Financial Statement Audit. GPO is required by law to obtain an independent annual audit of its financial statements. During the reporting period this audit was conducted by KPMG LLP, under a multiyear contract for the OIG provided oversight and coordination with GPO management. As of September 30, 2007, GPO was providing KPMG with schedules, sample support, and regular status meetings in order to prepare the final financial statements and footnotes, with the KPMG audit opinion, by the target deadline of November 15, 2007. (Since then, the target deadline was met and GPO received an unqualified, or clean, audit opinion.)

Other OIG Audits and Inspections. These included a review of GPO's plans for the establishment of a remote secure facility for passport production, and oversight of a contract for the independent verification and validation of the development and implementation of GPO's Future Digital System (Fdsys). These audits and inspections have assisted GPO management in carrying out these important projects. The OIG also implemented TeamMate audit software to improve the efficiency of its audit process.

Prior Period Outstanding Recommendations As required by law, this section summarizes management's planned action to address remaining OIG recommendations still outstanding from previous reporting periods.

- *Blank Passport Product Integrity and Security (Inspection Report AI-0502, March 31, 2005)*. Management concurs with the recommendations and continues to implement actions that will correct the conditions. During the reporting period, 2 of the 4 remaining open recommendations were closed. Management is taking action to close the remaining 2 recommendations.
- *GPO Network Vulnerability Assessment (Assessment Report 06-02, March 28, 2006)*. Management concurred with the four recommendations issued in this report, and has closed 2 of them. Management is working with the OIG to implement steps that will close the remaining 2 open recommendations.
- *GPO Oracle Program Stakeholder Analysis (Assessment Report 06-03, March 31, 2006)*. Management closed 4 of the 12 remaining recommendations during the reporting period, and anticipates progress in closing the remaining recommendations during the next reporting period.
- *Report on Early Oracle Implementation: Independent Verification and Validation (Assessment Report 07-01, November 20, 2006)*. Management concurred with each of the report's 21 recommendations and has undertaken actions to implement them.
- *Inspection of GPO's Continuity of Operations Plan (Report No. 06-04, dated March 31, 2006)*. GPO concurred with the report's eighteen recommendations, all of which focused on the requirement to establish a viable COOP Plan. In response to the recommendations, GPO developed a comprehensive COOP Plan based on the FEMA template. GPO's plan was subsequently circulated, revised, and approved. The OIG considers twelve of the recommendations still open. GPO is working with the OIG to attain closure of the open recommendations and, in fact, has taken actions that it considers to have closed eleven additional recommendations since the end of the reporting period.

III. Investigations. During the reporting period, investigative work performed by the OIG resulted in recommendations to improve the security of passport production, a conviction in a case involving a

workers' compensation fraud, various corrective actions for employee misconduct, other actions to combat procurement fraud, and related matters. These activities demonstrated the value of OIG investigators in protecting GPO from waste, fraud, and abuse.

Regarding the OIG's Management Implications Reports (MIR) regarding the security of passport production, management has concurred with all recommendations in the MIR on visitor access policy. For the MIR on the shipping and storage procedures of the security material used to create passports, GPO management had the report at the close of the reporting period and was evaluating the recommendations with a view to taking all necessary steps to ensure the security of shipping and storing these materials.

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, Director of Congressional Relations, on 202-512-1991, or by e-mail at asherman@gpo.gov.

Sincerely,



ROBERT C. TAPELLA
Public Printer

Enclosures

cc: The Honorable Diane Feinstein, Vice Chairman
The Honorable Robert Bennett, Ranking Minority Member
The Honorable Michael E. Capuano
The Honorable Susan A. Davis
The Honorable Vernon J. Ehlers
The Honorable Kevin McCarthy
The Honorable Daniel K. Inouye
The Honorable Patty Murray
The Honorable Saxby Chambliss

ENCLOSURE I

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

	<u>Number of 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	1	347,247	240,687
Total Costs	1	347,247	240,687
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.