



November 28, 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 April 1 through September 30, 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.

General Comments. I am pleased with the performance of the OIG. The Management Challenges identified by the OIG correspond to the strategic direction that GPO is following. In particular, the OIG's expansion of the challenge of improving the Enterprise Architecture and Infrastructure to support enterprise-wide and FDsys transformation is more fully supportive of GPO's transformation as the Government's digital information platform and provider of secure documents.

As I stated in my comments on the OIG's previous Semiannual Report to Congress, I appreciate the discussion of the affect of long-term workers' compensation liability under the Federal Employees Compensation Act (FECA) on GPO's financial management. 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. 7).



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.

During the reporting period, the OIG issued 5 reports addressing different aspects of GPO's digital programs and services, including an evaluation of GPO's enterprise architecture and its ability to guide and constrain ongoing development and support of our strategic transformation; an assessment of the effectiveness of the Inspectron software application for tracking the production of e-passports; an audit of the actions GPO took in response to a denial of service incident affecting a Web site that GPO hosted; a review of GPO's public key infrastructure certification authority; and an audit of GPO's process for determining the suitability of persons with access to our passport production facilities. All of these reports addressed the ongoing need to assure the accountability and security of key systems associated with GPO's transformation as the Federal Government's digital information platform. I am pleased to see the OIG report's commendation of the management of our PKI certification authority, which is a critical system supporting GPO's digital authentication services and a foundation for our provision of access to the official publications of the Government. The recommendations provided by these reviews have been agreed to by GPO management and will strengthen our continued transformation and strategic direction.

The OIG report references approximately \$1.2 million in questioned costs that resulted from a review by the Defense Contract Audit Agency, with whom the OIG contracted to determine whether nearly \$15 million in direct costs billed by a contractor during the development of FDSys beginning in 2004 were allowable. The OIG has recommended that GPO's Acquisition Services recover these costs, and we will pursue that objective.

The OIG's report discusses an audit of a report of congressional billings, known as the monthly Source Report, undertaken at the request of the Committee on House Administration. The audit focused on reports of billings to the House Committee on Foreign Affairs associated with 24 work orders for hearings occurring from November 2005 through March 2008 as well as 30 similar orders occurring in April and July 2011. The audit determined that of the approximately \$3.45 million in total billings to the Committee on Foreign Affairs for the 5-year period FY 2006-2011, more than 95% of the charges were accurate as reported in the monthly Source Reports. Moreover, the audit did not disclose any improper charges to the Congressional Printing and Binding Appropriation itself. However, during the audit, GPO management informed the OIG, as well as the Committee on House Administration and the Committee on Senate Rules and Administration, that approximately \$2.2 million in pre-press charges for letterheads and envelopes had not been billed to the Congressional Printing and Binding Appropriation



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between May 2009 and May 2012 as required, due to an error in the transfer of billing information to GPO's new Oracle financial system. This matter was also incorporated into the OIG's review and the billing was subsequently made. The OIG audit included recommendations to create a single GPO point of contact for congressional billing questions and for the GPO Chief Financial Officer to implement systems and controls to monitor the accuracy of congressional billings and reports of billings. GPO management has agreed to implement the recommendations. I fully support these measures to ensure the accuracy of GPO's financial reporting systems.

Finally, during the reporting period the OIG reviewed controls over GPO's parking program and reimbursements for tuitions and student loans, resulting in recommendations to improve key aspects of each program to prevent abuse. The OIG also investigated fabricated bills of lading, vendor misrepresentation of print capabilities, violation by an employee of workers' compensation, allegations of workplace violence, and other matters. 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.

During the reporting period, GPO management closed out 16 OIG recommendations, and since then has closed out an additional 12 recommendations. There are currently 93 open recommendations from current and previous OIG reports that GPO management continues working on implementing.

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

**AUDIT 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>
12-13	2	0	0	0
12-22	0	0	0	0
12-23	0	0	0	0
12-09	2	0	0	0
12-19	3	0	0	0
12-16	3	0	2,521,007 ¹	0
12-18	1	0	4,571 ²	0
12-14	5	0	72,810 ³	0
12-15	5	0	27,028 ⁴	0
12-17	5	0	0	0
12-21	0	0	0	0
12-24	1	1,178,814 ⁵	0	0

¹ Operational Enhancements Could Further Improve the Congressional Billing Process

² Audit of Controls over GPO's Fleet Credit Card Program

³ GPO Parking Program: Opportunities Exist to Further Strengthen Controls

⁴ Opportunities Exist for Improved Safeguards over Tuition and Student Loan Reimbursements

⁵ Independent Audit of Harris Corporation-FDsys Master Integrator

ENCLOSURE II

AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE, QUESTIONED COSTS, AND OTHER MONETARY IMPACT

	<u>Number of Reports</u>	<u>Funds Put to Better Use and Other Monetary Impact</u>
Reports for which no management decisions were made by the beginning of the reporting period	0	0
Reports issued during reporting period	5	
Audit Report No. 12-16		\$2,521,007
Audit Report No. 12-14		72,810
Audit Report No. 12-15		27,028
Audit Report No. 12-18		4,751
Audit Report No. 12-24		1,178,814
Subtotals	<u>5</u>	<u>\$3,804,410</u>
Reports for which a management decision was made during the report period		
1. Dollar value of recommendations not agreed to by management		0
2. Dollar value of recommendations agreed to by management		<u>\$3,804,410</u>
Reports for which no management decision was made by the end of the reporting period	0	0
Reports for which no management decision was made within 6 months of issuance	0	0