



U.S. GOVERNMENT PRINTING OFFICE
OFFICE OF INSPECTOR GENERAL

**MANAGEMENT LETTER COMMENTS
REPORT NUMBER 14-11**

**MANAGEMENT LETTER COMMENTS IDENTIFIED IN
AN AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2013**

March 14, 2014

**Date**

March 14, 2014

To

Public Printer

From

Inspector General

SubjectManagement Letter Comments
Report Number 14-11

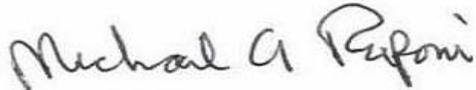
KPMG LLP (KPMG), under contract to the United States Government Printing Office (GPO), Office of Inspector General (OIG), was engaged to audit GPO's consolidated financial statements as of and for the year ended September 30, 2013. In connection with the audit engagement, KPMG also considered GPO's internal controls over financial reporting and compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on the consolidated financial statements. Providing opinions on the effectiveness of GPO's internal control over financial reporting and on compliance with laws, regulations, and contracts was not an objective of the engagement, and accordingly, such opinions were not provided.

However, certain matters were noted during the course of the engagement. This report was prepared to provide information to management that could help in the development of corrective actions for the management letter comments identified in the engagement. These findings and recommendations are presented in this report.

KPMG is responsible for the attached management letter comments and the conclusions expressed in this report. However, in connection with the contract, we reviewed KPMG's management letter comments and related documentation and inquired of its representatives. Our review disclosed no instances where KPMG did not comply, in all material respects, with contract requirements.

Public Printer
Report 14-11
March 14, 2014
Page 2 of 2

If you have any questions or comments about this report, please do not hesitate to contact me at (202) 512-0039.

A handwritten signature in black ink that reads "Michael A. Raponi". The signature is written in a cursive, slightly slanted style.

MICHAEL A. RAPONI
Inspector General

Attachment

cc:

Deputy Public Printer
General Counsel
Chief Financial Officer
Chief of Staff



**UNITED STATES GOVERNMENT PRINTING
OFFICE**

**MANAGEMENT LETTER COMMENTS
IDENTIFIED IN AN AUDIT OF THE
CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED SEPTEMBER 30, 2013**

United States Government Printing Office

Management Letter

For the Year Ended September 30, 2013

Table of Contents

Management Letter	1
Appendix A: Non-Information Technology Findings and Recommendations	A-1
<i>Processing and Maintenance of Human Resources Data (13-NFR-01)</i>	A-1
<i>Annual Leave Discrepancies (13-NFR-02)</i>	A-1
<i>Improper Authorization of Purchase Orders (13-NFR-05)</i>	A-1
<i>Deposit Account Maintenance (13-NFR-06)</i>	A-2
<i>Missing Documentation to Support RF2 P&B Costs (13-NFR-08)</i>	A-2
<i>Improper Authorization for Purchase Requisitions (13-NFR-11)</i>	A-2
<i>Completeness of New Hire Terminations listing (13-NFR-12)</i>	A-2
<i>Untimely Recording of Disposed Assets (13-NFR-13)</i>	A-3
<i>Validity of Accrued Annual Leave Estimate (13-NFR-14)</i>	A-3
Appendix B: Status of Prior Year Findings	B-1



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

March 12, 2014

The Public Printer
United States Government Printing Office
Washington, DC

In planning and performing our audit of the consolidated financial statements of the United States Government Printing Office (GPO), as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered GPO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GPO's internal control. Accordingly, we do not express an opinion on the effectiveness of GPO's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

Appendix A presents the non-information Technology findings and recommendations.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of GPO's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This communication is intended solely for the information and use of the Public Printer, the Joint Committee on Printing, GPO Management, and GPO's Office of Inspector General and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Appendix A – Non- Information Technology Findings and Recommendations

A. Processing and Maintenance of Human Resources Data (13-NFR-01)

During our testwork over payroll, of the 60 personnel files reviewed, we identified 10 personnel files with pay plan discrepancies. In each of these instances even though the GPO payment plan description was not in agreement as described above, the employee's rate of pay reflected on the SF- 50 was in agreement with the rate of pay per the SE&L and the amount being processed by the National Finance Center (NFC) for the pay period tested.

We recommend that GPO improve their internal controls to ensure that: 1) the GPO payment plan information reflected on the SF-50's maintained in employee personnel files are in agreement with NFC records; 2) employee pay plan descriptions provided to NFC agree with employee personnel actions and their personnel file; and 3) the GPO pay plan information written on the SF-52 is entered into the system correctly on the SF-50.

B. Annual Leave Discrepancies (13-NFR-02)

During our fiscal year 2013 testwork over GPO's employee annual leave, we noted that GPO did not reconcile the annual leave balances in WebTA to the balances recorded by NFC and reflected on the employee's Statement of Earning and Leave (SE&L). Specifically, we found that 6 of the 75 annual leave balances recorded in WebTA we tested did not agree to the annual leave balance recorded by NFC on the SE&L. We found the balance per the WebTA was lower than the SE&L for five of the exceptions. We also found that the balance per the WebTA was higher than the SE&L for one of the exceptions. Management corrected the errors once brought to their attention; however the errors would not have been detected or corrected by management's control processes.

We recommend that GPO develop and implement Standard Operating Procedures detailing how to correctly enter leave adjustments in the WebTA system and the NFC main frame, as well as develop and implement policies and procedures for the payroll department personnel to reconcile annual leave balances per WebTA to NFC to ensure proper accrual of hours.

C. Improper Authorization of Purchase Orders (13-NFR-05)

During our testwork over non-commercial printing expenses and capital asset additions totaling approximately \$198.3 million and \$26.1million, respectively, as of September 30, 2013, we noted that 1 of 50 purchase orders sampled was not properly authorized. The GPO acquisitions team could not locate the original signed PO and, therefore, provided an unsigned copy as supporting documentation.

We recommend that GPO follows its procurement policy as it relates to the proper authorization of the purchase orders by the contracting offices and strengthen their controls surrounding the maintenance of supporting documentation.

D. Deposit Account Maintenance (13-NFR-06)

During our interim testwork, we sent deposit confirmations to 15 customers with deposit accounts totaling \$78.9 million. Three of those confirmations were returned to sender for inadequate address information indicating that GPO does not maintain updated contact information for its customers.

We recommend that GPO improve its internal controls and systems of record to ensure that customer information is appropriately updated and maintained with accurate information on hand for every customer.

E. Missing Documentation to Support RF2 P&B Costs (13-NFR-08)

During our fiscal year (FY) 2013 testwork over GPO's Sales of Publications (RF2) inventory printing and binding (P&B) costs of \$5,421,788, we noted for 10 inventory items totaling \$103,720 out of 25 inventory items tested totaling \$184,984 GPO could not provide documentation supporting P&B costs for these items. As a result, we were unable to recalculate and verify that these P&B costs were accurate.

We recommend that GPO develop and implement policies and procedures to ensure that supporting documentation maintained to verify that printing and binding costs are accurate.

F. Improper Authorization for Purchase Requisitions (13-NFR-11)

During our testwork over a sample of 50 purchase requisitions (PR) related to non-commercial printing expenses and capital asset additions we noted that one PR was not properly authorized subsequent to a modification and GPO was unable to provide us with one PR relating to an item approved in FY 2010. We were informed that the PR was archived offsite.

We recommend that GPO follow its procurement policy as it relates to the proper authorization of the purchase requisitions and to properly maintain supporting documentation.

G. Completeness of New Hire Terminations Listing (13-NFR-12)

During our FY 2013 testwork over new hires and terminations, KPMG noted that the FY 2013 new hire and termination listing provided by Human Capital was incomplete and did not include 12 separated employees. After bringing it to their attention, management was able to subsequently identify all 12 of the employees missing from the listing; however the missing

employees would not have been detected or added to the listing by management's control processes.

We recommend GPO develop and implement procedures to reconcile their listing to NFC in order to confirm no employees were excluded from the listing created by Human Capital.

H. Untimely Recording of Disposed Assets (13-NFR-13)

During our testwork of the capital assets disposals for FY 2013, it was noted that some assets were not removed from the general ledger timely after they were disposed of. Specifically, we noted that 10 assets totaling \$305,856 (all with a net book value of \$0) out of 15 assets sampled, totaling \$742,740, were disposed 3 months (or more) prior to being removed from the general ledger. Per further inquiry it was noted the delay is a result of the property accountant in Finance not receiving the *Return to Stores Forms* (the triggering document) timely. The assets were timely removed once the form was received.

We recommend that GPO develop and implement policies and procedures to ensure that the *Return to Stores Forms* are provided timely to the Office of Finance and Administration and disposed assets are timely removed from the general ledger.

I. Validity of Accrued Annual Leave Estimate (13-NFR-14)

During FY 2013 we performed testwork over the accrued annual leave balance. We noted that this adjustment is an estimate based on certain assumptions developed and approved by management. During our review of the calculation, we noted that when GPO developed their accrued annual leave estimate, they did not take into consideration key assumptions which impacted the calculation.

The process owner is unclear of the inputs being used to calculate the estimate. In addition, management did not adequately develop and document the annual leave adjustment indicating the rationale for inputs used and documenting key assumptions used. GPO does not necessarily need to use the first three months of the fiscal year in their estimate, but needs to at least document in their analysis why these months can or should be excluded. Without properly developing and documenting key assumptions when performing an estimate calculation, the annual leave adjustment could be misstated. In addition, without process owners' complete understanding of how the calculation is performed and the inputs being used, there is a greater chance that errors could go undetected or incorrect inputs or assumptions could be used or applied.

We recommend that GPO ensure that their policies are adequately documented to support the calculations performed to record annual leave and that all process owners have a complete understanding of assumptions used to include how the calculation is performed and the inputs used to perform them.

Status of Prior Years' Audit Findings

2012 Number	Comment	Fiscal Year Originated	Comment	Title of Comment Reported in FY 2012	FY 2013 Status of Comment Reported in the FY 2012
12-NFR-01		2009		Improvement of Controls over the Code of Conduct	Closed.
12-NFR-09		2012		Strengthen Controls over the Recording of Fixed Asset Additions	Closed.
12-NFR-17		2012		Strengthen Controls over Deposit Account Maintenance	Open. See 13-NFR-06