

May 25, 2016

The Honorable Gregg Harper
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 Congress the Semiannual Report of the Office of the Inspector General (OIG) for the U.S. Government Publishing Office (GPO) covering the 6-month period of October 1, 2015, through March 31, 2016, 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. The OIG continues to provide valuable assistance to management in ensuring the integrity and efficiency of GPO programs and operations, safeguarding taxpayer investments in those programs, and investigating anyone allegedly abusing GPO programs. As in previous reports, the Management Challenges identified by the OIG correspond to the strategic direction that GPO is following.

Committee on Oversight and Government Reform Hearing. On October 21, 2015, I appeared before the House Oversight and Government Reform Committee to testify about how GPO's Security and Intelligent Documents (SID) business unit provides Federal agencies with a secure manufacturing resource for the production of secure credentials. My testimony, which is available on http://www.gpo.gov/pdfs/congressional/testimony/2015_Vance-Cooks_Committee.pdf, rebutted claims by some private sector companies that GPO has no role to play in producing secure credentials for Federal agencies. GPO's Inspector General also testified at this hearing; his testimony is available at <https://www.gpo.gov/pdfs/ig/audits/16-02.pdf>.

GPO has produced U.S. Passports for the State Department since the 1920's, giving us extensive experience in the important field of secure credentials. More than a decade ago we engineered the development of the ePassport, which contains multiple physical and digital security features. Since then, GPO has produced more than 100 million ePassports in use by the American public today.

Based on this experience, in 2007 the Joint Committee on Printing (JCP) approved our request to establish a capability to produce secure credentials, such as border crossing cards, for Federal agencies that were asking us for these solutions. In 2012, the JCP approved our request to establish a continuity of operations (COOP) capability for secure credentials at our Secure Production Facility in Stennis, MS.

Through October 2015, GPO had produced more than nine million secure credential cards across 15 different secure credential product lines. Among these products are the Trusted Traveler Family of border crossing cards – NEXUS, SENTRI, FAST, and Global Entry – for the Department of Homeland Security, which are used by frequent travelers across the U.S. borders. GPO produces a Border Crossing Card that is issued by the State Department for authorized travel across the Mexican border. In addition to other products, GPO produced secure law enforcement credentials for the U.S. Capitol Police that were used in the 2009 and 2013 Presidential inaugurations and is currently at work on credentials to be issued for the 2017 inauguration, at the direction of the Joint Congressional Committee on Inaugural Ceremonies.

The work GPO does in this field is well-known among Federal agencies that need these products, and has been validated by both the Government Accountability Office in a study requested by then-Joint Committee on Printing Chairman Charles E. Schumer (<http://www.gao.gov/products/GAO-15-326R>), and the National Academy of Public Administration (<http://www.napawash.org/2013/1437-rebooting-the-government-printing-office.html>) in a study mandated by Congress in the conference report on Pub. L. 112-74, the Consolidated Appropriations Act for FY 2012. Our secure credentials program is overseen by our legislative congressional oversight and appropriations committees.

As I have reported previously, a unique feature of our secure credential services to Federal agencies is that all of our secure credential activities are overseen by our OIG, with whom GPO management works “closely...to maintain a long-standing record of excellence in delivering a world-class service to our Nation” (Michael A. Raponi, GPO IG, to the Honorable Darrell Issa, Chairman, House Government Oversight and Reform Committee, June 28, 2013). Oversight by the OIG of this program is open and transparent, and it helps GPO to strengthen and improve its processes to the benefit of our secure credentials users and taxpayers alike.

Change in Management Challenges. The OIG reports on management challenges facing the agency. In this report, the OIG has removed the management challenge associated with GPO’s Workers’ Compensation Programs, based on (1) demonstrated strong leadership commitment to addressing the issue; (2) ability to address the problem; (3) plan for how corrective measures will be implemented; (4) program to monitor the corrective action; and (5) demonstrated progress in the implementation of the corrective measures. The OIG notes that “In Fiscal Year (FY) 2015, GPO demonstrated a strong leadership commitment and the ability to address financial uncertainty when it posted a strong financial performance result. In FY 2016, GPO continues its approach to addressing financial uncertainty.” GPO’s Annual Report for FY 2015 is available at https://www.gpo.gov/pdfs/congressional/archives/2015_AnnualReport.pdf.

OIG Audit Reports - Current and Prior Period Outstanding Recommendations. During the reporting period, the OIG issued 9 audit reports addressing different GPO programs and activities, with \$10.4 million in monetary impacts, and containing a total of 102 program improvement recommendations.

Three of the reports produced during this period addressed cybersecurity at the GPO, as this issue has achieved prominence in the wake of successful cyberattacks on Federal agencies. The OIG conducted penetration testing of GPO's ePassport system and the agency's secure card personalization systems for the Transportation Workers Identification Credential (TWIC) and the Trusted Traveler Program (TTP) cards. These tests disclosed opportunities for strengthening access and configuration management controls, and management agreed to all of the recommendations of these reports.

The OIG reviewed the development of software for GPO's Composition System Replacement Project, which will support congressional as well as key executive branch documents produced in GPO's plant. The assessment disclosed that the development team made strides in meeting the overall goal but that improvements could be made with accountability, streamlining the process and its documentation, increasing transparency, and reducing certain risks. Management agreed to all recommendations in this report.

GPOs' financial audit for FY 2015 was concluded during the reporting period. In the words of the independent auditor, who was contracted for by the OIG, "the consolidated financial statements present fairly, in all material respects, the financial position of the GPO as of September 30, 2015, and 2014, and the results of its operations and controls for the years then ended in accordance with U.S. general accepted accounting principles." The auditor's report did not contain any recommendations. However, in connection with the audit the OIG assessed IT controls related to GPO's financial statements. This assessment indicated deficiencies in the areas of access controls, segregation of duties, and contingency planning. Management agreed with the accompanying recommendations. Additionally, the OIG issued a management letter reporting findings not included in the financial audit report related to: (1) untimely recording of fixed assets disposals and lack of adequate supporting documentation; (2) lack of Contract Review Board; (3) inadequate controls over financial reporting; (4) inadequate review of personnel action forms; (4) misclassification of inventory; and (5) customer's billing process for goods and services provided needs improvement. Management agreed to the six recommendations to improve internal controls or other operating efficiencies associated with financial accounting.

The OIG performed a follow up audit of paper specifications contained in one-time sealed bid printing procurements. The audit disclosed that contracting language for some contracts was not consistent with Joint Committee on Printing paper specifications, and recommended that GPO develop and implement procedures for following or authorizing deviations from established paper specification requirements. Management concurred with the recommendation.

The OIG assessed the steps GPO takes in procuring end sheets used in Passport production. The audit found that while GPO has an established framework for obtaining goods and services, since FY 2012 GPO has purchased or transferred approximately \$5 million to the Bureau of Engraving and Printing for end pages without an executive interagency agreement. The OIG recommended that GPO finalize and execute a documented agreement with the BEP for the acquisition of the end sheets, and management concurred.

During the reporting period GPO management closed out 45 recommendations. There were 115 recommendations open as of April 1, 2016, including 23 on which corrective action has not been completed in more than one year.

OIG Investigations. The OIG concluded five investigations during the reporting period. The OIG investigated the publication of the social security numbers of military service members in registers for the Army, Navy, Air Force, and Coast Guard produced between 1970 and 1976 and distributed to Federal depository libraries in print and microform. The OIG concluded there were no violations of the Privacy Act of 1974 because the registers were published prior to when the protections established by the Act took effect. However, GPO's Library Services and Content Management staff subsequently notified all Federal depository libraries to remove and destroy all publications of these registers.

The OIG conducted investigations of three printing procurement contractors, respectively, for not using the required sheet-fed presses for five contracts; for the discovery of an illegal drug, drug paraphernalia, and a weapon on the contractor's premises; and for falsely certifying bids as domestic end products when the products were foreign-sourced. The OIG identified a total of \$480,025 in monetary impacts associated with investigative cost efficiencies, restitutions, penalties, and funds put to better use. All three contractors were referred for suspension and/or debarment. The OIG also investigated allegations of employee misconduct, in one case for misuse of a Government position, and in another for misuse of Government computers. The cases were referred to management.

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

As always, 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.

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If you need additional information with respect to this report, please do not hesitate to contact Mr. Andrew M. Sherman, GPO's Chief of Staff, on 202-512-1100, or by e-mail at asherman@gpo.gov.

Sincerely,

A handwritten signature in cursive script that reads "Davita Vance-Cooks".

DAVITA VANCE-COOKS
Director
U.S. Government Publishing Office

Enclosures

cc: The Honorable Roy Blunt, Vice Chairman, JCP
The Honorable Candice Miller
The Honorable Rodney Davis
The Honorable Robert Brady
The Honorable Juan Vargas
The Honorable Pat Roberts
The Honorable John Boozman
The Honorable Charles Schumer, Ranking Member, JCP
The Honorable Tom Udall

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>
16-03	0	0	0	0
16-04	6	\$988,970	0	\$2,333,553
16-05	3	0	0	0
16-06	2	\$1,321,161	0	0
16-07	31	0	0	0
16-08	15	0	0	0
16-09	15	0	0	0
16-10	1	\$5,038,506	0	0
16-11	29	0	0	\$742,952

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:	9	
Audit Report No. 16-03		0
Audit Report No. 16-04		\$3,322,523
Audit Report No. 16-05		0
Audit Report No. 16-06		\$1,321,161
0 Audit Report No. 16-07		0
Audit Report No. 16-08		0
Audit Report No. 16-09		0
Audit Report No. 16-10		\$5,038,506
Audit Report No. 16-11		0
Audit Report No. 16-12		\$742,952
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		0
Reports for which management decision was made by the end of the reporting period	9	0
Reports for which no management decision was made within 6 months of issuance	0	0