DAVITA VANCE-COOKS
Acting Public Printer

May 31, 2013

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, 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 October 1, 2012, through March 31, 2013, 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 continue to be pleased with the performance of the OIG. The Management Challenges identified by the OIG correspond to the strategic direction that GPO is following. In this report, the OIG has added a new challenge as the result of the uncertainty to which the impact of sequestration and future budgetary caps on Federal agencies will result in reduced orders for printing and related information products to GPO.

I am also pleased to report that the agency improved internal controls to the extent that OIG has removed the significant deficiency identified in the Audit of GPO's Consolidated Financial Statement. The OIG's report references the issuance during the reporting period of a review of GPO undertaken by the National Academy of Public Administration at the request of Congress.

Once again, I appreciate the OIG's 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. For FY 2012, an operating gain of $5.2 million was reduced by a workers' compensation liability adjustment to $2.9 million.

As the OIG report notes, the 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. 6).

Current and Prior Period Outstanding Recommendations. During the reporting period, the OIG issued 12 audit and other reports addressing different GPO programs and activities. The most prominent of these was associated with the completion of our annual financial statements, which resulted in an "unqualified," or clean, opinion for the agency.

Other reports addressed the effectiveness of IT controls supporting GPO's financial processing environment and over financial reporting; the process GPO followed when accepting risks associated with major legacy and minor applications; follow-on work of Enterprise Architecture associated with Oracle licenses; key aspects of FECA operations related to returning claimants to work; oversight of current and former employee indebtedness; and effectiveness of monitoring as it relates to continuous monitoring for GPO's Federal Digital System (FDsys) and whether GPO has an effective vulnerability scanning process for its networks and databases including a corrective action process for known vulnerabilities. Several 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.

Together, the reports identified funds put to better use in the amount of $1.4 million (primarily as the result of recommendations related to the costs associated with Oracle software licensing, in additional to recommendations concerning employee indebtedness and oversight of FECA programs) and other monetary impact related to financial accounting totaling $24.4 million (resulting from the correction of a year-end entry in accounts payable). Throughout, management generally concurred with the recommendations resulting from these reports and developed plans/initiated actions that were considered responsive.

Additionally, the OIG's investigative work led to $2,204 in restitution, 6 debarments, 4 referrals to management for potential administrative action, and one personnel action. 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 14 OIG recommendations. There are currently 101 open recommendations that GPO management continues working on implementing, including the 34 recommendations on which corrective action has not been completed for over one year. Management is also negotiating with the OIG on 6 unresolved recommendations resulting from audit report 12-01.

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

DAVITA VANCE-COOKS
Acting Public Printer

Enclosures

cc: The Honorable Gregg Harper, Vice Chairman
The Honorable Tom Udall
The Honorable Mark Warner
The Honorable Pat Roberts
The Honorable Saxby Chambliss
The Honorable Candice Miller
The Honorable Richard Nugent
The Honorable Robert Brady
The Honorable Zoe Lofgren

ENCLOSURE I

AUDIT REPORTS ISSUED DURING THE REPORTING PERIOD WITH QUESTIONED COSTS, FUNDS PUT TO BETTER USE, AND OTHER MONETARY IMPACT

Report Number	Number of Recommendations	Questioned Costs ($)	Funds Put to Better Use ($)	Other Monetary Impact ($)
13-11	6	0	0	0
13-09	11	0	0	$24,400,000[1]
13-10	3	0	0	19,694[2]
13-05	5	0	0	0
13-02	3	0	$245,104[3]	0
13-06	3	0	885,240[4]	0
13-01	3	0	267,162[5]	0
13-03	7	0	0	0

[1] Independent Auditor's Report on the US Government Printing Office's FY 2012 Consolidated Financial Statements

[2] Management Advisory Comments Identified in an Audit of the Consolidated Financial Statement for the Year Ended September 30, 2012

[3] GPO Faces Challenges with Current and Former Employee Indebtedness

[4] Opportunities Exist to Reduce Costs Associated with Oracle Software Licensing

[5] Management Oversight: Federal Employees' Compensation Act Operations

ENCLOSURE II

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

	Number of Reports	Funds Put to Better Use and Other Monetary Impact
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. 13-02		$ 245,105
Audit Report No. 13-01		267,162
Audit Report No. 13-06		885,240
Audit Report No. 13-09		24,400,000
Audit Report No. 13-10		19,694
Subtotals	5	$25,817,201
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		$25,817,201
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