



Semiannual Report to Congress  
U.S. Government Publishing Office  
Office of Inspector General

October 1, 2014 – March 31, 2015





## About the Government Publishing Office ...

GPO is the Federal Government's primary resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the U.S. Government in both digital and tangible formats. GPO is responsible for producing and distributing information products and services for all three branches of the Federal Government, including U.S. passports for the Department of State as well as official publications of Congress, the White House, and other Federal agencies. In addition to publication sales, GPO provides for permanent public access to Federal Government information at no charge through GPO's Federal Digital System (FDsys [www.fdsys.gov]) and through partnerships with approximately 1,200 libraries nationwide participating in the Federal Depository Library Program (FDLP).

## And the Office of Inspector General ...

The Office of Inspector General (OIG) helps GPO effectively carry out its responsibilities by promoting economy, efficiency, and effectiveness in the administration of GPO programs and operations, designed to prevent and detect fraud, waste, and abuse in those programs and operations.

The GPO Inspector General (IG) Act of 1988, title II of Public Law 100-504 (October 18, 1988) establishes the responsibilities and duties of the IG. OIG, located in Washington, D.C., is authorized 22 employees and is organized into 2 line elements—the Office of Investigations and the Office of Audits and Inspections. Through audits, evaluations, investigations, inspections, and other reviews, OIG conducts independent and objective reviews of Agency programs and helps keep the Director of GPO and Congress informed of problems or deficiencies relating to administering and operating GPO.

### Online Availability

This report is also available on our Web site: <http://www.gpo.gov/oig/semi-annual.htm>

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# A Message from the Inspector General

This Semiannual Report to Congress covers the 6-month period ending March 31, 2015, and summarizes the most significant accomplishments of the U.S. Government Publishing Office (GPO) Office of Inspector General (OIG).

Our audits and investigations continue to assess the effectiveness, efficiency, economy, and integrity of GPO's programs and operations. Among our recent accomplishments, we have successfully issued nine audit and other reports that resulted in 43 program improvement recommendations, and identified \$17.4 million in monetary impact. Our investigative efforts yielded \$143,399 in cost-efficiencies and restitution, referral of 7 businesses/individuals to GPO for suspension and/or debarment consideration, and issuance of 3 investigative-related reports.

Our activities are described according to our strategic goals, as outlined in the OIG Strategic Plan for Fiscal Years (FYs) 2012 through 2016.

The accomplishments are the result of the dedicated work of OIG's professional staff and their commitment to ensuring the efficiency and effectiveness of GPO programs and operations. Our success is also due, in large part, to the continued support received from GPO's Director and senior managers, as well as interested Committees and Members of the Congress.

**MICHAEL A. RAPONI**  
*Inspector General*



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# Selected Statistics

## **Investigations**

Investigative cost-efficiencies, restitutions, fines, and penalties	\$143,399
Complaints opened	38
Complaints closed	37
Investigative cases opened	13
Investigative cases referred for prosecution	1
Investigative cases referred for administrative/civil action	3
Investigative cases closed	11
Suspension and/or Debarment Referrals	7
Suspensions	0
Debarments	3
Subpoena issued	1
Referrals to GPO Management	3

## **Audits and Inspections**

Audits and other reports issued	9
Questioned costs, funds put to better use, and other monetary impact	\$17.4 million
Number of Recommendations Made	43

# Management Challenges

The Reports Consolidation Act of 2000 requires that OIG identify and report annually on the most serious management challenges the Agency faces. To identify management challenges, we routinely examine past audits, inspections, and investigative work, as well as include in our reports where corrective actions have yet to be taken; assess ongoing audits, inspections, and investigative work to identify significant vulnerabilities; and analyze new programs and activities that could pose significant challenges because of their breadth and complexity. We believe GPO faces the following major challenges:

- Keeping focus on its mission of information dissemination
- Addressing emerging workforce skills
- Improving the enterprise architecture and infrastructure to support enterprise-wide and FDsys transformation
- Securing information technology (IT) systems and protecting related information assets
- Improving print procurement programs
- Managing workers' compensation programs

For each challenge, OIG presents the challenge along with our assessment of GPO's progress in addressing the challenge.

## Changes from Previous Reporting Period

When GPO attains significant progress toward resolving an issue identified as a management challenge, OIG removes the challenge. The following key criteria are considered in whether to remove a management challenge: (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.

No changes were made to the Top Management Challenges from the previous reporting period.

## Challenge 1: Keeping Focus on Its Mission of Information Dissemination

**Overview:** The transformation of GPO has been underway for several years. The trend of producing Government documents through electronic publishing technology and providing the public with Government documents through the Internet has affected all of the programs at GPO and reduced production, procurement, and sales of printed products. Those areas have historically provided GPO with a vital source of revenue.

**Challenge:** Making operational and cultural changes that will keep GPO relevant and efficient while at the same time meeting the needs of its customers.

**GPO's Progress:** Senior management continues to advance GPO's transformation. In September 2014, GPO revised its strategic planning and performance reporting policy to better reflect the information needs of Congress, Federal agencies, and the public. GPO reported it has embraced technological innovations to meet those needs as efficiently and economically as possible.

## **Challenge 2: Addressing Emerging Workforce Skills**

**Overview:** As more Government information goes digital, GPO is likely to be confronted with a gap in workforce skills. GPO of today as well as tomorrow is clearly being defined by digital technology, and digital technology itself has radically changed the way printing is performed.

Another important product for which GPO is responsible is producing blank ePassports for the Department of State. As the next generation ePassport is developed, GPO facilities will need modification and upgrades put into place that will support installation of new ePassports production lines. Although at one time passports were no more than conventionally printed documents, today the documents incorporate electronic devices (chips and antennae array) upon which important information such as biometric identification data are maintained. The data, along with other security features, transformed ePassports into the most secure identification credential.

GPO has also developed a line of secure identification "smart cards" that help support credential requirements of the Department of Homeland Security and other agencies for certain border crossing documents. GPO is working closely with other Federal agencies to offer a wide range of smart card credential products and services in the areas of design, printing, manufacturing, and personalization to meet their requirements.

GPO is exploring new ways for users to interact with FDsys content by providing mobile-optimized access to FDsys and enabling direct interfacing with it through Application Programming Interfaces.

**Challenge:** Developing effective strategies for addressing emerging issues related to potential labor and skills shortages as GPO continues its transformation to a digital-based platform.

**GPO's Progress:** GPO continues to provide leadership attention on the challenges associated with managing employment and training programs to meet the demands for the future workforce. GPO continues to identify workforce skill gaps and core competencies.

## **Challenge 3: Improving the Enterprise Architecture and Infrastructure to Support Enterprise-wide and FDsys Transformation**

**Overview:** GPO relies extensively on computerized information systems and technology to support its transformation. The Government classifies Enterprise Architecture as an information technology (IT) function and defines the term not as the process of examining the enterprise but as the documented results of that examination. Chapter 36, title 44 of the United States Code defines enterprise architecture as a "strategic information base" that defines the mission of an agency and describes the technology and information needed to perform that mission, along with descriptions of how the architecture of the organization should be changed in order to respond to changes in the mission. GPO's FDsys provides

free online access to official information for the three branches of the Federal Government. FDsys includes all of the known Government documents within the scope of GPO's FDLR.

**Challenge:** Existing Enterprise Architecture and IT infrastructure needs to be able to support the changes and increasing demands that GPO anticipates.

**GPO's Progress:** GPO continues to address interdependencies and relationships among its diverse mission and mission-support operations and information needs. GPO reports that it recognizes the enterprise architecture as a basic tenet of organizational transformation and systems modernization.

#### **Challenge 4: Securing IT Systems and Protecting Related Information Assets**

**Overview:** GPO systems contain vital information central to the GPO mission and effective administration of its programs. Providing assurances that IT systems will function reliably while safeguarding information assets—especially in the face of new security threats and IT developments—will challenge Federal agencies for years to come. The GPO goal of using technology for creating and maintaining an open and transparent Government has added to the challenge of keeping information secure.

**Challenge:** Safeguarding information assets is a continuing challenge for Federal agencies, including GPO. Compromise of GPO's data or systems could cause substantial harm to GPO, negatively impact operations, and lead to theft or other fraudulent use of information.

**GPO Progress:** GPO recognizes that managing the security of an organization's information assets is a complex, multifaceted undertaking that is continuing to involve the entire organization.

#### **Challenge 5: Improving Print Procurement Programs**

**Overview:** GPO is the principal agent for almost all Government printing. Title 44 requires that GPO accomplish any printing, binding, and blank-book work for Congress, executive branch offices, the Judiciary—other than the Supreme Court of the United States—and every Executive Office, independent office, and establishment of the Government. The only exceptions include: (1) classes of work that the Joint Committee on Printing (JCP) considers urgent or necessary to be completed elsewhere, (2) printing in field printing plants operated by an Executive Office, independent office, or establishment, and (3) procurement of printing by an Executive Office, independent office, or establishment from allotments for contract field printing, if approved by the JCP.

**Challenge:** GPO's identification of title 44 violations and working with executive branch agencies to prevent a loss of documents for FDLR as well as preventing potential higher printing cost as a result of inefficient printing by Executive Office agencies.

**GPO's Progress:** GPO continues to work to maintain the integrity of the FDLR as well to offer economical printing prices.

#### **Challenge 6: Managing Workers' Compensation Programs**

**Overview:** The Federal Employees' Compensation Act (FECA) Program provides wage-loss compensation and pays medical expenses for covered Federal civilians and certain

other employees who incur work-related occupational injuries or illnesses. It also provides survivor benefits for a covered employee's employment-related death.

The Department of Labor administers the FECA Program and makes decisions regarding eligibility of injured workers to receive workers' compensation benefits. The Department of Labor also provides direct compensation to medical providers, claimants, and beneficiaries. In addition to paying an administrative fee, GPO reimburses the Department for any workers' compensation claims. It also reports that the FECA Program is susceptible to improper payments.

**Challenge:** From a program perspective, GPO remains challenged in identifying the full extent of improper payments in the FECA Program. As highlighted in past OIG audits, GPO is challenged in managing its FECA Program to control costs. The FECA Program at GPO must be responsive and timely to eligible claimants while at the same time ensuring that it makes proper payments. The challenges facing GPO include timely moving of claimants off the periodic rolls when they can return to work or when their eligibility ceases, preventing ineligible recipients from receiving benefits, and preventing fraud by service providers or individuals who receive FECA benefits while working.

**GPO's Progress:** GPO continues to work on its safety programs and work toward strengthening its case management practices.

# Transforming GPO into a Digital Platform

## **OIG Strategic Goal 1:**

GPO is increasingly dependent on IT to efficiently and effectively deliver its programs and provide meaningful and reliable financial reporting. As a result, OIG will assist GPO in meeting its strategic management goals related to transforming itself into a digital information platform and provider of secure documents to satisfy changing customer requirements in the present and in the future.

## **Development of a Secure Credential Production System**

During testing in May 2014, GPO reported that the secure credential production system failed to process data as expected. OIG conducted an audit to identify the steps GPO took to develop the secure credential production system, focusing on whether GPO adequately mitigated risks associated with the System Development Life Cycle (SDLC).

In examining the activities associated with development of the secure credential production system, we found that Security and Intelligent Documents (SID), Information Technology and Systems (IT&S), and Acquisition Services did not coordinate the development project and the following issues came to light.

- GPO project formulation policies were not followed.
- Detailed SDLC procedures were not developed.
- The SDLC framework for managing projects was not followed for 60 percent of the tasks.
- Key development Phases and Gates were not approved prior to transitioning to the next cycle and the production deployment was not approved.
- An Independent Verification and Validation (IV&V) was not performed.

In addition, the Contracting Officer Representative (COR) did not provide monthly reviews of the contractor to the contracting officer, as the COR delegation letter requires.

As a result, GPO did not mitigate key risks associated with development of the secure credential production system, placing at risk an estimated annual revenue of \$3.9 million and resulting in significant production failures as well as causing delays. Also, by not complying with the contracting officer's request for documented monthly contractor reviews, GPO was at a disadvantage to take appropriate recourse against its contractor, leading us to question the \$746,651 for production system support.

**Recommendations:** We recommended that the Managing Director of SID, prior to the start of any future projects: (1) coordinate with the GPO Office of Acquisitions in developing an Acquisition Plan and COR contract files and documentation requirements, (2) coordinate with the GPO Enterprise Architecture Chief and integrate SID project architecture designs and documentation with GPO Enterprise Architecture (EA) Strategy Plan, (3) work with IT&S when defining, implementing,

and/or changing the Change Management (CM) process internal to SID to help ensure consistent establishment and maintenance of system integrity, and (4) ensure that the process is conducted in conformance to GPO IT CM policy.

We recommended the Chief Information Officer (1) ensure that future IT projects for GPO organizations and Business Units are analyzed for adherence to SDLC and EA governance policies, and (2) ensure that GPO Policy 705.28, "Information Technology System Development Life Cycle Policy," dated December 12, 2005, is updated to reflect current operations, including section 10.a, which identifies responsibilities of the Planning and Strategy Board but no longer exists; and incorporates a mechanism for ensuring that any alternative SDLC process employed by any GPO Business Unit meets the intent of GPO Policy 705.28.

We recommended the Director of Acquisition Services coordinate with the appropriate GPO organization and Business Unit sponsors for future projects to ensure that appointed CORs understand their responsibilities for acquisition planning and contract file documentation. (Development of a Secure Credential Production System, Report No. 15-02, March 20, 2015).

### **Controls Over Information Security Management**

In connection with the audit of the GPO's FY 2014 financial statements, an assessment of IT controls was performed because IT systems significantly facilitate GPO's financial processing activities and maintain important financial data. Audit results indicated deficiencies in the design and/or operations of GPO's IT general and application controls in the areas of security management, access controls, segregation of duties, and contingency planning. Those conditions were generally the result of resource constraints and competing priorities at GPO.

Security Management. We noted that a major GPO application — Procurement Information Control System (PICS)—did not have a finalized Certification and Accreditation (C&A) package.

Access Controls. Inadequate access controls diminish the reliability of computerized data and increase the risk of destruction or inappropriate disclosure of information. We noted areas for improvement included the session lock configuration, termination process, and the user account review process.

Segregation of Duties. We noted that GPO did not implement automated controls for enforcing segregation of duties that would prevent conflicting roles from being assigned to a GPO Business Information System (GBIS) user.

Contingency Planning. We noted the General Support System (GSS) contingency plan was not yet finalized, approved, and tested. Losing the capability to process, retrieve, and protect information maintained electronically can significantly affect an agency's ability to accomplish its mission. For that reason, an agency should have (1) procedures in place for protecting information resources and minimize the risk of unplanned interruptions and (2) a plan for recovering critical operations should interruptions occur.

**Recommendations:** We recommended that the Chief Information Officer continue strengthening its IT general and application controls. (Review of Information Technology Controls in Support of the Consolidated Financial Statement Audit for the Year Ended September 30, 2014, Report No. 15-08, March 10, 2015).

# Operational and Financial Management

## **OIG Strategic Goal 2:**

Promote economy, efficiency, and effectiveness in GPO operations by helping GPO managers ensure financial responsibility.

Establishing and maintaining sound financial management is a top priority for GPO because managers need accurate and timely information to make decisions about budget, policy, and operations.

## **Financial Statement Audit**

The OIG contracted with KPMG, LLP, to audit the statements. GPO received an unqualified opinion.

In considering the internal controls over financial reporting, a significant deficiency was identified. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that a reasonable possibility exists that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

The following items are examples of weaknesses noted during the audit:

- The Government accounts receivable balance reported in the FY 2014 "4 Bucket Report," used by GPO to calculate the allowance for doubtful accounts as of September 30, 2014, exceeded the Government accounts receivable balance reported in the general ledger by \$5.6 million. GPO staff did not investigate the difference. Upon review of the report, we noted that it included items, such as Intra-governmental Payment and Collection (IPAC) chargebacks and commercial accounts receivable that should have been excluded. The oversight resulted in an overstatement of the allowance for doubtful accounts by \$948,452 as of September 30, 2014.
- The lag factor schedule used to estimate procured printing year-end accrued expenses contained multiple mathematical errors that resulted in the overstatement of the accrual and expenses by approximately \$891,356, and revenue by approximately \$953,750, for the year ended September 30, 2014. We also noted that the lag factor accrual schedule did not take into account the last 3 months of the year, resulting in an understatement of the accrual and expenses by approximately \$1,576,424, and an understatement of revenue by approximately \$1,686,744, for the year ended September 30, 2014.
- We noted that one out of three transactions tested in the amount of \$60,248 was incorrectly recorded as advanced billing. The project related to this transaction was completed and billed in July 2014. Accordingly, that amount should have been recognized as revenue in FY 2014.

- Our test work over unbilled accounts receivable disclosed for a sample of seven unbilled accounts receivable and revenue transaction were overstated by approximately \$67,979. The above issues occurred as a result of a lack of adequate supervisory review of the reconciliations and detail of account balances as well as related activities. In addition, GPO's policies and procedures did not include specific guidance on the review procedures of the account reconciliations and activities that would guide GPO supervisors during their reviews.

**Recommendations:** We recommended that management continue to improve the controls in place over preparation and review of periodic reconciliations to ensure the reconciliations are adequately prepared and reviewed in a timely manner. We also recommended that management develop and implement more detailed policies and procedures to guide supervisors during their review of the various account balances and related activities to ensure that the consolidated financial statements are properly stated at fiscal year-end. (U.S. Government Publishing Office FY 2014 Independent Auditor's Report, Report No. 15-03, February 5, 2015).

### **Management Advisory Comments**

In conjunction with the financial statement audit, a Management Letter was issued to GPO relaying findings not included in the consolidated financial audit report requiring management's attention toward ensuring a sound overall internal control structure and requiring management's attention.

The Management Letter identified the following five areas with recommendations.

- Processing of Personnel Actions
- Recording of Fixed Assets Disposals
- Authorization of Purchase Requisition
- Accrued Annual Leave Estimate
- Annual Leave Discrepancies

**Recommendations:** We recommended that management (1) develop and implement policies and procedures ensuring that the appropriate process for disposing of capitalized fixed assets is documented and disseminated to employees involved in the process, (2) develop and implement policies and procedures requiring that disposed assets are timely and accurately removed from the general ledger, (3) develop and document detailed procedures over preparation of the accrued annual leave liability estimate, including identification of the assumptions and other inputs used and the sources for such information, (4) develop and implement standard operating procedures detailing how to correctly enter leave adjustments in the webTA system and mainframe of the National Finance Center (NFC), (5) develop and implement policies and procedures for GPO payroll department personnel to consistently reconcile annual leave balances and other payroll information per webTA to NFC that will ensure payroll information, including the number of hours accrued per pay period, is properly recorded in the general ledger and any differences are investigated and resolved timely, and (6) develop and implement procedures requiring that Human Capital personnel comply with GPO's policies and procedures related to review and approval of the Standard Form (SF) 52 (SF-52). Such policies and procedures should include procedures requiring proper segregation of duties are in place and that delegation of authority to review and approve the SF-52s is in writing. (Management Letter Comments—FY 2014 Independent Auditor's Report, Report No. 15-04, February 13, 2015).

# Print Procurement Programs

## **OIG Strategic Goal 3:**

Strengthen GPO's print procurement programs that support other Government entities by providing quality and timely assessments.

### **Audit of Claim for payment (Jacket Number 535-517)**

OIG conducted a review of Jacket Number 535-517 awarded to NPC Inc. (NPC) for printing 2,200,004 coupon pamphlets (including inspection copies) consisting of a top cover, 4 coupon leaves, and a back cover for \$148,528. In August 2012, the contract was terminated for convenience of the Government. NPC submitted a settlement proposal in the amount of \$132,714.47. Our audit objectives were to determine whether the termination for convenience was processed in accordance with GPO's Printing Procurement Regulation (PPR), and assess whether claimed costs incurred were reasonable, allowable, and allocable.

Our audit revealed three key requirements prescribed in GPO's PPR were not followed when GPO terminated for convenience of the Government Jacket Number 535-517. Specifically:

- GPO Form 911, "Settlement Proposal," or similar documentation was not submitted to GPO by NPC nor did GPO ensure it or similar cost element termination documentation was provided to the contractor.
- The contractor did not certify claim data as accurate and complete.
- Documentation was not sufficient and did not support that the claimed costs incurred were reasonable, allowable, and allocable.

OIG questioned claimed costs totaling \$57,600.25 based on lack of cost data, contractor certification, and adequate documentation required in support of the claim. We attribute questioned costs to oversight by all parties.

**Recommendations:** We recommended for future contract terminations for convenience of the Government that the Managing Director of Customer Services ensure the contractor (1) is provided GPO Form 911, "Settlement Proposal," with the notice of termination and ensures execution of GPO Form 911, or similar documentation, (2) provides a certification, including supporting documentation, when submitting any claim in excess of \$50,000, and (3) maintains and provides records, including supporting documentation, demonstrating that any costs claimed were incurred, allocable to the contract, and complied with applicable cost principles. (Audit of Claim for Payment [Jacket Number 535-517], Report No. 15-06, March 20, 2015).

### **Utah Company and its Representatives Violated GPO Contract Terms**

In October 2014, OIG referred a Utah company and its representatives based in Maryland and Pennsylvania to GPO for suspension and/or debarment after an investigation revealed the company violated the GPO contract terms by improperly obtaining 10 GPO contracts requiring production and delivery of more than 90,000 DVDs without having a valid DVD replication license. Additionally, company representatives assisted it with obtaining the 10 contracts with knowledge that the company did not have a valid DVD replication license. Finally, company representatives attempted to influence GPO contracting officials into accepting the produced, yet unlicensed, DVDs. The contracts totaled approximately \$79,000. Final disposition regarding the proposed suspension and/or debarment is pending. (Case No. 13-0003-I).

### **Other Investigative Matters**

- In February 2015, GPO debarred Jenpak Packaging, Inc., its owner, and one affiliated business, Deuces R Wild, as GPO contractors, subcontractors, or contractor's representatives for a period of 3 years from February 18, 2015, until February 14, 2018. The debarment followed a September 2014 felony conviction of the owner in the Superior Court of the District of Columbia after an OIG investigation disclosed that Jenpak Packaging, Inc. illegally received payment for eight GPO contracts totaling more than \$20,000 after the owner knowingly and willfully submitted fraudulent documentation to GPO causing the unlawful payment. GPO suspended all three parties in July 2014 based upon the owner's indictment in May 2014 (Case No. 12-0006-I).
- In January 2015, GPO issued Show Cause letters to two Maryland companies following a September 2014 OIG referral to GPO for suspension and/or debarment. The referral contained OIG investigative findings demonstrating the companies violated the GPO Print Procurement Regulation by engaging in unauthorized subcontracting, defying independent price determination requirements, and failing to notify GPO of a tax lien imposed by the Internal Revenue Service. As of the end of this reporting period, both companies responded and the final disposition regarding the proposed suspension and/or debarment is pending (Case No. 14-0003-I).
- In February 2015, GPO issued Show Cause letters to two Florida companies following a May 2014 OIG referral to GPO for suspension and/or debarment. The referral contained OIG investigative findings demonstrating the companies violated the GPO Print Procurement Regulation restriction on subcontracting the predominant production function. As of the end of this reporting period, both companies responded and the final disposition regarding the proposed suspension and/or debarment is pending (Case No. 14-0012-I).
- In January 2015, GPO issued a Contract Modification to a current printing contract held by an Ohio company after an OIG investigation revealed the company had been routinely overbilling GPO on the current contract and other similar contracts awarded during the previous three-year period. The investigation did not identify any willful intent on behalf of the company to defraud GPO; rather it exposed differing interpretations of how to apply billing rates that caused the overbilling. The modification resulted in GPO recovering \$3,941.60 (Case No. 14-0016-I).

# Program and Operational Integrity

## **Strategic Goal 4**

Reduce improper payments and related vulnerabilities by helping GPO managers reduce payment errors, waste, fraud, and abuse in the major GPO programs and operations while continuing to ensure that programs serve and provide access to their intended parties.

### **Supply chain Risk: U.S. Blank ePassport Book**

OIG conducted an audit to determine the steps GPO took in addressing risks associated with the supply chain for blank ePassport books. Our audit disclosed in general that GPO could further address risk by conducting risk assessments for key components used in the supply chain, ensuring that risk assessments incorporate all assessment components, establishing a protocol for assigning a risk rating, ensuring that subject matter expert qualifications are as prescribed in GPO policy, adhering to the prescribed monitoring frequency when conducting risk assessments, tracking risk assessment recommendations and related actions, and documenting risk mitigation plans for sole-source providers. We attributed the conditions to competing priorities related to the demanding workloads of the officials assigned with the responsibility of risk management.

**Recommendations:** We made eight program recommendations toward reducing risks that may help minimize a threat actor’s ability to potentially exploit vulnerabilities in the supply chain, thus compromising the confidentiality, integrity, or availability of blank ePassport books. (Supply Chain Risk: U.S. Blank ePassport Book, Report No. 15-01, December 22, 2014).

### **Improved Contract Administration Needed for the Acquisition of U.S. Passport Paper (Visa)**

OIG is conducting a series of audits related to ongoing efforts to identify duplication, overlap, and fragmentation—that is, those circumstances in which more than one Business Unit is involved in the same broad area, as well as other cost savings opportunities related to acquisitions. This particular audit focused on acquisition of paper for U.S. Passports (Visa).

We found many key documents demonstrating that required procedures were not followed or missing. Examples of missing documents included a complete and comprehensive GPO-developed Statement of Work (SOW), an acquisition plan, an approved sole-source procurement justification, evidence of availability of funds, a list of sources, and a Government estimate of the contract price. We also noted that GPO did not have guidance in place that would ensure contract files are accounted for and complete.

Acquisition Services could not provide an explanation for the absence of the documents. Missing documentation creates uncertainties, including whether proper contracting procedures were followed and whether the \$4.3 million purchase resulted in the best value to the Government.

**Recommendations:** To ensure the integrity of the procurement process, we recommended that the Chief Administrative Officer (1) provide guidance outlining which documents must be in the contract award files to demonstrate requirements were met, (2) establish a mechanism for ensuring guidance was implemented, and (3) provide guidance for ensuring accountability for contract files both within Acquisition Services and other business units. (Improved Contract Administration Needed for the Acquisition of U.S. Passport Paper (Visa), Report No. 15-09, March 27, 2015).

#### **GPO Mailroom: Controls over Express Package Processing**

After receiving several reports of missing packages, OIG conducted an audit to evaluate the policies, procedures, and activities designed to maintain accountability over express package processing. A review of packages received during August and September 2014 revealed (1) of the 1,088 packages transferred to the mailroom from Central Receiving, 45 (4 percent) could not be accounted for and GPO could not provide the status and/or final disposition of the 45 packages, (2) of the 1,088 packages transferred to the mailroom from Central Receiving, 52 (5 percent) were missing recipient signatures that document receipt of the packages, (3) for the 1,088 packages, no packages were scanned to reflect they left the mailroom and were “en route” for delivery, and that end-of-day reconciliations were not always performed. We also noted that written mailroom procedures need strengthening.

Deficiencies generally stemmed from resource constraints and competing priorities. As a result, GPO lacks reasonable assurance and safeguards for protecting assets against waste, loss, unauthorized use, and misappropriation.

**Recommendations:** We recommended that the Chief Financial Officer (1) establish a process for reconciling packages received in Central Receiving with packages recorded in the mailrooms Arrival<sup>®</sup> Inbound Package Tracking Software, (2) expand upon current written procedures to detail undelivered packages, holding periods, recipient signature requirement, and missing package processing, and (3) ensure staff follow written procedures for ensuring recipient signatures are obtained that document receipt of a package, packages are scanned to reflect they were removed from the mailroom and en route for delivery, and document reconciliations of end-of-day undelivered packages. (GPO Mailroom: Controls over Express Package Processing, Report No. 15-07, March 24, 2015).

#### **Unauthorized Disclosure of Security Services Information**

In March 2015, GPO notified OIG that Security Services revised its handling procedures for sensitive but unclassified information and that one of its contract employees was removed from employment at GPO by the employing company. Those actions resulted from OIG investigative findings indicating that a Security Services contract employee photographed and transmitted images of various Security Services documents to another person not affiliated with GPO without obtaining proper authorization. The contract employee admitted to knowingly violating the requirement to obtain permission first. The employee was removed from employment (Case No. 15-0010-I).

### **Allegations of an Employee Misrepresenting Employment Experience**

OIG investigated a complaint asserting an employee misrepresented information related to prior employment experience. OIG reviewed the accuracy of the employee's employment and specialized experience claimed on the application to the GPO vacancy announcement and found claims of specialized experience were not consistent with a former supervisor's assessment. We referred the results of our investigation to management (Case No. 15-0001-I).

### **Other Investigative Matters**

- In March 2015, a former GPO employee entered into a Plea Agreement that specified, among other things, to plead guilty to one count of violating section 1920, title 18 of the United States Code, False Statements to Obtain Federal Employees' Compensation, no contest to the termination of workers' compensation coverage, and make restitution to the Department of Labor in the amount of \$139,458.12. The Plea Agreement is the result of a joint investigation between the GPO OIG and Department of Labor OIG, which disclosed the former GPO employee fraudulently claimed travel expenses associated with his workers' compensation benefits for doctor visits not made (Case No. 11-0014-I)
  
- In March 2015, GPO notified the OIG that it corrected a former employee's time and attendance record based on information contained in an April 2014 OIG referral concerning unsubstantiated allegations of time and attendance fraud while employed with GPO (Case No. 13-0007-I).

# Stewardship Over Official Publications

**Strategic Goal 5:**

Increase the efficiency and effectiveness with which GPO managers exercise stewardship over official publications from all three branches of the Federal Government.

OIG conducted an independent penetration testing of the GPO's FDsys. The scope of the testing incorporated external and internal penetration testing against the 61 devices such as routers, switches, firewalls, and servers. The objective of the testing was to identify technical vulnerabilities and determine the penetrability of FDsys internal and external network by a skilled attacker.

**Recommendations:** We made six recommendations to strengthen identified vulnerabilities of FDsys. (Information Security: Penetration Testing of GPO's Federal Digital System, Report No. 15-05, February 20, 2015).

# Abbreviations and Acronyms

CIO	Chief Information Officer
COR	Contracting Officer Representative
C&A	Certification and Accreditation
EA	Enterprise Architecture
FDLP	Federal Depository Library Program
FDsys	Federal Digital System
GBIS	GPO Business Information System
GPO	Government Publishing Office
GSS	General Support System
IG	Inspector General
IPAC	Intra-governmental Payment and Collection
IT	Information Technology
IT&S	Information Technology and Systems
IV&V	Independent Validation and Verification
JCP	Joint Committee on Printing
NFC	National Finance Center
OIG	Office of Inspector General
PICS	Procurement Information Control System
PPR	Printing Procurement Regulation
SDLC	System Development Life Cycle
SF	Standard Form
SID	Security and Intelligent Documents
SOW	Statement of Work

# Glossary of Terms

**Finding**

Statement of problem identified during an audit or inspection typically having a condition, cause, and effect.

**Follow-Up**

The process that ensures prompt and responsive action once resolution is reached on an IG recommendation.

**Funds Put To Better Use**

An IG recommendation that funds could be used more efficiently if management took actions to implement and complete the audit or inspection recommendation.

**Management Decision**

An agreement between the IG and management on the actions taken or to be taken to resolve a recommendation. The agreement may include an agreed-upon dollar amount affecting the recommendation and an estimated completion date, unless all corrective action is completed by the time agreement is reached.

**Management Implication Report**

A report to management issued during or at the completion of an investigation identifying systemic problems or advising management of significant issues that require immediate attention.

**Material Weakness**

A significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

**Questioned Cost**

A cost the IG questions because of an alleged violation of a law, regulation, contract, cooperative agreement, or other document governing the expenditure of funds; such cost is not supported by adequate documentation; or the expenditure of funds for the intended purposes was determined by the IG to be unnecessary or unreasonable.

**Recommendation**

Actions needed to correct or eliminate recurrence of the cause of the finding identified by the IG to take advantage of an opportunity.

**Resolved Audit/Inspection**

A report containing recommendations that have all been resolved without exception but not yet implemented.

**Unsupported Costs**

Questioned costs not supported by adequate documentation.

# Appendix A

## Index of Reporting Requirements under the IG Act of 1978

Reporting	Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulation	None
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	All
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	All
Section 5(a)(3)	Prior Significant Recommendations on Which Corrective Action Has Not Been Completed	21
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	24
Section 5(a)(5) and Section 6(b)(2)	Summary of Instances Where Information Was Refused	None
Section 5(a)(6)	List of Audit Reports	7-16
Section 5(a)(7)	Summary of Significant Reports	All
Section 5(a)(8)	Statistical Tables on Management Decisions on Questioned Costs	22
Section 5(a)(9)	Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	22
Section 5(a)(10)	Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	21
Section 5(a)(11)	Description and Explanation of Any Significant Revised Management Decision	None
Section 5(a)(12)	Information on Any Significant Management Decisions with Which the Inspector General Disagrees	None
Section 3(d)	Peer Review	25

## Appendix B

**Final Reports Issued and Grouped by OIG Strategic Goal**

Report Name	Number of Recommendations	Questioned Costs (\$)	Funds Put To Better Use (\$)	Other Monetary Impact (\$)
<b>Transforming GPO into a Digital Platform</b>				
Development of a Secure Credential Production System Report No. 15-02 March 20, 2015	7	\$746,651	\$3.9 million	
Review of Information Technology Controls in support of the Consolidated Financial Statement Audit for the Year Ended Report No. 15-08 September 30, 2014	6			
<b>Operational and Financial Management</b>				
U.S. Government Publishing Office FY 2014 Independent Auditor's Report Report No. 15-03 February 5, 2015	2			\$4.3 million
Management Letter Comments—FY 2014 Independent Auditor's Report Report No. 15-04 February 13, 2015	7			\$4.1 million
<b>Print Procurement</b>				
Audit of Claim for Payment (Jacket Number 535-517) Report No. 15-06 March 20, 2015	1	\$57,600		
<b>Program and Operational Integrity</b>				
Supply Chain Risk: U.S. Blank ePassport Book Report No. 15-01 December 22, 2014	8			
Improved Contract Administration Needed for the Acquisition of U.S. Passport Paper (Visa) Report No. 15-09 March 27, 2015	3	\$4.3 million		
GPO Mailroom Controls Over Express Package Processing Report No. 15-07 March 24, 2015	3			
<b>Stewardship Over Official Publications</b>				
Information Security: Penetration Testing of GPO's FDsys, Report No. 15-05 February 20, 2015	6			

## Appendix C

### Unresolved Audit Recommendations More Than 6 Months Old OIG Negotiating with Agency

Date Issued	Name of Audit	Report Number	Number of Recommendations	Costs (\$)
None				

## Appendix D

### Prior Recommendations on Which Corrective Action Has Not Been Completed in More Than 1-Year

Date Issued	Name of Audit	Report Number	Number of Recommendations	Monetary Impact (\$)
Jan. 12, 2010	GPO Federal Information Security Management Act (FISMA)	10-03	5	\$372,717
Nov. 16, 2011	Final Report on Audit of Selected Aspects of GPO Time and Attendance and Payroll Administration	12-01	1	
Jun. 8, 2012	Audit of Computer Security: handling of a Denial of Service Incident	12-13	1	0
Sep. 21, 2012	Independent Audit of Harris Corporation	12-24	1	\$1,178,814
Sep. 28, 2012	Audit of Controls over GPO's Fleet Credit Card Program	12-18	1	\$4,751
Jan. 15, 2013	Management Oversight of FECA Operations	13-01	1	\$267,162
Feb. 13, 2013	Audit of Computer Security: GPO's Risk Acceptance Process for Major Legacy and Minor Applications	13-05	3	0
Mar. 29, 2013	Opportunities Exist to Reduce Costs Associated with Oracle Software Licensing	13-06	1	\$885,240
Sep. 18, 2013	PPS Compliance With FISMA as it Relates to Continuous Monitoring	13-17	1	\$1,178,814
Nov. 29, 2013	Commercial Printing and Dissemination of Government Information at the National Institutes of Health	14-02	1	\$1,077,000
Dec. 3, 2013	ILS Compliance with FISMA as it Relates to Continuous Monitoring	14-05	3	

### Prior Recommendations on Which Corrective Action Has Not Been Completed in More Than 1-Year (continued)

Date Issued	Name of Audit	Report Number	Number of Recommendations	Monetary Impact (\$)
Mar. 24, 2014	Changes Can Provide GPO Better Information on Establishing Billing Rates for Congressional Hearings (Product Code 83)	14-07	3	\$4,030,600
Mar. 25, 2014	Information Technology Professional Services—Oracle Software	14-08	1	\$2,760,000
Mar. 27, 2014	Information Technology Professional Services	14-10	2	\$250,000

## Appendix E

### Audit Reports with Recommendations That Funds Be Put To Better Use, Questioned Costs, and Other Monetary Impact

Description	Number of Reports	Funds Put to Better Use, Questioned Costs, and Other Monetary Impact (\$)
Reports for which no management decisions were made by beginning of reporting period	0	0
Reports issued during reporting period:	5	
Audit Report—Development of a Secure Credential Production System, Report No. 15-02, March 20, 2015		\$4,646,651
Audit Report—U.S. Government Publishing Office FY 2014 independent Auditor's Report, Report No. 15-03, February 5, 2015		\$4,339,847
Audit Report—Management Letter Comments—FY2014 Independent auditors Report, Report No. 15-04, February 13, 2015		\$4,108.363
Audit Report—Audit of Claim for Payment (Jacket Number 535-517), Report No. 15-06 March 20, 2015		\$57,600
Audit Report—Improved Contract Administration Needed for the Acquisition of U.S. Passport Paper (Visa), Report No. 15-09, March 27, 2015		\$4,300,000

**Audit Reports with Recommendations That Funds Be Put To Better Use, Questioned Costs, and Other Monetary Impact (continued)**

<b>Subtotals</b>	<b>5</b>	<b>\$17,452,461</b>
Reports for which a management decision was made during reporting period		
1. Dollar value of recommendations not agreed to by management	0	0
2. Dollar value of recommendations agreed to by management	5	\$17,452,461
Reports for which no management decision was made by end of reporting period	0	0
Reports for which no management decision was made within 6 months of issuance	0	0

## Appendix F

<b>Investigations Case Summary</b>		<b>Quantity</b>
Total New Hotline/Other Allegations Received during Reporting Period		38
Preliminary Investigations (Complaints) Closed		37
Complaint Referrals to Other Agencies		6
Complaint Referrals to Office of Audits and Inspections		0
Investigations Opened by Office of Investigations during Reporting Period		13
Investigations Open at Beginning of Reporting Period		44
Investigations Closed during Reporting Period		11
Investigations Open at End of Reporting Period		46
Referrals to GPO Management (Complaints and Investigations for corrective action or information purposes)		3
<b>Current Open Investigations</b>		
	<b>Number</b>	<b>Percent</b>
Procurement/Contract Fraud	26	57
Employee Misconduct	8	18
Workers' Compensation Fraud	1	2
Information Technology/Computer Crimes	2	4
Proactive Initiatives	7	15
Other Investigations	2	4
<b>Total</b>	<b>46</b>	<b>100</b>

## Appendix G

<b>Investigations Productivity Summary</b>	
<b>Item</b>	<b>Quantity</b>
Investigative cost-efficiencies, restitutions, recoveries, fines, and penalties	\$143,399.72
Arrests	1
Presentations to Prosecuting Authorities	0
Criminal Acceptances	0
Criminal Declinations	2
Indictments	0
Convictions	0
Guilty Pleas/Deferred Prosecution Agreements	1
Probation (months)	0
Jail Time (days)	0
Criminal Fines, Fees, Recovery, and/or Restitution	\$139,458.12
Presentations for Civil Action	3
Civil Acceptances	2
Civil Declinations	0
Civil Settlements	0
Civil Fines, Fees, Recovery, and/or Restitution	\$0
Referrals to GPO Management for Possible Corrective Action and/or Information Purposes	7
Employee Corrective Action	1
Agency/Process Corrective Action	3
Business/Individual Referrals to GPO Suspending and Debarring Official (SDO) for Suspension and/or Debarment	7
Suspensions	0
Debarment	3
Other SDO Response/Action	11
Referrals for Antitrust/Bankruptcy Action	2
Antitrust/Bankruptcy Acceptances	1

## Appendix H

The following meets the requirement under Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) that IGs include peer review results as an appendix to each semiannual report. Federal audit functions can receive a rating of “pass,” “pass with deficiencies,” or “fail.” Federal investigation functions can receive a rating of “compliant” or “noncompliant.”

### **Peer Review of GPO-OIG Audit Function**

The Nuclear Regulatory Commission OIG reviewed the system of quality control for the audit organization of the GPO OIG, in effect for the year ended September 30, 2013, and issued a final report on May 2, 2014. GPO OIG received a peer review rating of pass with deficiencies. The OIG has addressed the deficiencies and has scheduled a peer review in May 2015.

### **Peer Review of GPO-OIG Investigative Function**

The National Science Foundation OIG conducted the most recent peer review of the investigative function at GPO in March 2011. The OIG received a rating of compliant. A copy of both peer review reports can be viewed at <http://www.gpo.gov/oig/au-intro.htm>.

**Report Fraud, Waste, and Abuse**

Report violations of law, rules, or agency regulations, mismanagement, gross waste of funds, abuse of authority, danger to public health and safety related to GPO contracts, programs, and/or employees.



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