

U.S. GOVERNMENT PRINTING OFFICE | OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

April 1, 2014 – September 30, 2014

About the Government Printing 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., has 22 full-time positions 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 Public Printer 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>

To access other OIG reports, visit: <http://www.gpo.gov/oig/>.

A Message from the Inspector General

I am pleased to provide this Semiannual Report to Congress, which highlights the most significant activities and accomplishments of the U.S. Government Printing Office (GPO) Office of Inspector General (OIG), for the 6-month period ending September 30, 2014. Our audits and investigations continue to assess the effectiveness, efficiency, economy, and integrity of GPO's programs and operations.

During this reporting period, we issued seven audit and other reports which, among other things, identified \$17.2 million in funds put to better use, questioned costs relating to GPO programs, and other related monetary impacts. We also made 14 recommendations for program improvement.

Our investigative work yielded 1 conviction, 1 settlement agreement, 2 contractors ordered to pay \$45,862 in restitution, referral of 33 businesses/individuals to GPO for suspension and/or debarment consideration, and issuance of 6 investigative-related reports.

This report contains just some examples of the exceptional work our professional and dedicated OIG staff accomplished throughout this reporting period. I want to express my gratitude to them for their significant achievements during this report period.

Our accomplishments are the direct result of the dedicated work of OIG's professional staff that demonstrates our commitment to ensuring the efficiency and effectiveness of the GPO programs and operations. Our success is due, in large part, to the continued support and interest of the Public Printer and senior managers as well as interested Committees and Members of Congress.

MICHAEL A. RAPONI
Inspector General

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Selected Statistics

Investigations

Investigative cost-efficiencies, restitutions, fines, and penalties	\$45,862
Complaints opened	34
Complaints closed	47
Investigative cases opened	11
Investigative cases referred for prosecution	4
Investigative cases referred for administrative/civil action	3
Investigative cases closed	7
Suspension and/or Debarment Referrals	33
Suspensions	5
Debarments	4
Subpoena issued	5
Referrals to GPO Management	6

Audits and Inspections

Audits and other reports issued	7
Questioned costs, funds put to better use, and other monetary impact	\$17.2 million
Number of Recommendations Made	14

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 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: GPO revised its policy in order to strengthen its strategic planning and reporting performance efforts. GPO continues to strengthen its strategic planning to reflect best practices to include building on lessons it has learned in setting goals and reporting

performance, emphasizing priority-setting, cross-organizational collaboration to achieve shared goals, and the use and analysis of goals and measurement to improve outcomes.

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 that will support the installation of new ePassport production lines. Although at one time passports were no more than conventionally printed documents, today the documents incorporate electronic devices (including chips and antennae array) upon which important information such as biometric identification data are maintained. Use of such data and 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 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 FDsys 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 reported continued progress in updating its workforce plan to better support transformation by adopting a strategic view of human capital management and by having human resources officials work collaboratively with GPO managers. GPO incorporated into its training program participant input and placed emphasis on individual development plans.

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 FDLP.

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 its planning and development of the Next Generation FDsys. GPO is modernizing the FDsys platform, modernizing and consolidating data centers, along with moving email into the cloud. GPO is addressing human capital skill sets associated with information technology architecture.

Challenge 4: Securing IT Systems and Protecting Related Information Assets

Overview: GPO systems contain vital information central to the GPO mission and to 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.

During this reporting period, OIG completed several audits of GPO that identified vulnerabilities in IT infrastructure.

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 continues to modernize its information technology systems, update software, and respond to incidents and take action to mitigate risks.

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 FDLP as well as preventing potential higher printing cost as a result of inefficient printing by Executive Office agencies.

GPO's Progress: GPO continues to make progress on its national bibliographic records inventory plan.

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 has worked to ensure that case files are complete. They are also working on aggressive case management and the development of written procedures to ensure monitoring adheres to FECA requirements.

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.

Federal Public Key Infrastructure Compliance Report and WebTrust for Certification Authority

GPO operates as a Certification Authority (CA) known as the GPO Public Key Infrastructure (PKI) Certification Authority (GPO-CA) in Washington, D.C. PKI is a set of hardware, software, policies, and procedures needed to create, manage, distribute, use, store, and revoke digital certificates. In cryptography, CA is an entity that issues digital certificates. A digital certificate or identity certificate is an electronic document that uses a digital signature to bind a public key with an identity—information such as the name of a person or an organization, address, and so forth. The certificate can be used to verify that a public key belongs to an individual.

GPO implemented GPO-CA in support of meeting customer expectations regarding electronic information dissemination and eGovernment, both of which require digital certification that documents within GPO's domain are authentic and official. PKI facilitates trusted electronic business transactions for Federal organizations and non-Federal entities.

GPO's PKI is cross-certified with the Federal Bridge Certificate Authority (FBCA). FBCA certification requires that GPO PKI undergo an annual independent compliance assessment. To satisfy that requirement, OIG contracted with Ernst & Young LLP (E&Y) to conduct an annual WebTrust examination. The review represents an evaluation of whether GPO's assertions related to the adequacy and effectiveness of controls over GPO-CA operations are fairly stated based on underlying principles and evaluation criteria.

E&Y's opinion for the period July 1, 2013, through June 30, 2014, was that the GPO Principal Certification Authority Certificate Practices Statement conformed in all material respects to GPO-CA and the Federal PKI common policies, and GPO fairly stated management's assertion in all material respects based on the American Institute of Certified Public Accountants Trust Services Criteria for Certification Authorities.

Recommendations: The report did not contain any recommendations. (*Federal PKI Compliance Report, Report No. 14-19, September 12, 2014, and WebTrust for Certification Authority, Report No. 14-20, September 12, 2014*)

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.

Review of Prompt Payment of Invoices on Hold

In response to a complaint alleging that six GPO vendors were not paid timely, which could have resulted in a loss of early payment discounts, OIG initiated a review to evaluate the steps GPO took to promptly pay invoices on hold and whether those steps were effective in achieving early payment discounts. The complaint alleged that the 6 vendors were not paid timely for 19 invoices for purchases made between May 2012 and April 2013. Invoices were for a variety of items such as printing machine equipment parts that facilitate cutting paper and distribution of ink as well as book binding materials and janitorial supplies. The invoice amounts totaled \$30,392. To address the allegation, we broadened our review to include an analysis of invoices on hold as of March 12, 2014.

GPO established controls designed to prevent improper payments when mismatches occur with an invoice, the quantity received, and/or the amount of a purchase order. As of March 12, 2014, GPO's Invoices on Hold Report included 498 invoices totaling approximately \$5.3 million and placed on hold for a variety of reasons. Generally, GPO's accounting system—Oracle GPO Business Information System (GBIS)—automatically placed holds on the invoices. Of the 498 invoices, 421 (84.5 percent) were on hold because the quantity billed exceeded the quantity received, 53 (10.6 percent) because the total invoice distribution did not equal the invoice amount, 48 (9.6 percent) were the result of the quantity billed exceeded the quantity ordered, 37 (7.4 percent) because the quantity billed exceeded the quantity accepted, and 4 (.8 percent) were on hold based on an issue with the purchase order. Some invoices had multiple hold types.

GPO's goal is to pay valid and complete invoices within 30 days after receipt, or sooner, if a prompt payment discount was offered with the bid that exceeds the Department of the Treasury's borrowing rate. Of the 498 invoices on hold, 292 invoices totaling approximately \$2.2 million were on hold longer than 30 days. Of those invoices, 131 invoices totaling \$830,947 were on hold in excess of 90 days. We attributed that to insufficient detail within procedures needed to timely process invoices on hold. For example, procedures do not provide sufficient detail for monitoring and releasing holds that will ensure prompt payment and discounts are realized. As a result, if a 2-percent discount was offered and taken, GPO could have realized as much as \$45,572 in discounts. OIG did not calculate this value based on an individual review of invoices not paid within 30 days.

Recommendation: OIG recommended that the Chief Financial Officer (CFO) enhance standard operating procedures to include a detailed process that monitors the timeliness for processing invoices on hold. Management concurred with the recommendation and

has planned corrective actions. (*Review of Prompt Payment of Invoices on Hold*, Report No. 14-21, September 23, 2014).

Audit of Claim for Payment (Jacket Number 376-179)

In response to concerns expressed by Customer Services in November 2013, OIG evaluated a claim for payment submitted by a contractor, Jacket Number 376-179. (At GPO, jackets are sometimes referred to as work orders and contracts.)

In April 2013, GPO terminated Jacket Number 376-179 for the convenience of the Government. In May 2013, the contractor submitted a claim in the amount of \$383,430. The claim was for materials (including items such as paper), labor, settlement expenses (press hold time), settlement with subcontractors, and storage. A review of the claim disclosed that \$345,139 of claimed costs was not supported with sufficient documentation and in one instance the expenditure was not authorized. The questioned and unauthorized costs consisted of \$9,255 for ink expenditures, \$221,287 in common material costs, \$8,394 for labor costs, \$86,878 in settlement costs, and \$19,325 for storage costs.

Recommendations: OIG recommended that the Contracting Officer (CO) verify the accuracy of the amount of questioned costs, the factual circumstances giving rise to the cost, and the legal basis for disallowing the cost. After considering relevant facts, the CO would render a final decision. Management concurred with the recommendation and has planned corrective actions. (*Audit of Claim for Payment (Jacket Number 376-179)*, Report No. 14-12, April 22, 2014).

Print Procurement Programs

OIG Strategic Goal 3:

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

Controlled Quality Corporation and Owner Settle with the U.S. Government

In May 2014, former GPO contractor and now defunct Controlled Quality Corporation (CQC) and its owner entered into a Settlement Agreement with the U.S. Government. The Agreement resolved a dispute concerning investigative findings indicating that CQC violated the *GPO Print Procurement Regulation* by subcontracting presswork without appropriate approval and submitted false statements or claims, or both, to GPO to hide the violations and facilitate fraudulent activities. The Agreement stipulates that they must repay the Government \$25,000 and voluntarily submit to debarment as a GPO contractor, subcontractor, or contractor's representative until full payment is made or for 3 years from the date of the Agreement, whichever is longer. (*Case No. 10-0019-I*).

Two Florida Businesses Engaged in Unauthorized Subcontracting and More

In May 2014, OIG referred two Florida-based contractors, including three company officers, to GPO for suspension and/or debarment based on investigative findings indicating the companies violated the *GPO Print Procurement Regulation* restriction on subcontracting the predominant print function. One of the companies made material misrepresentations on its GPO contractor registration documentation concerning in-house equipment and production capabilities. Both companies have been doing business with GPO for nearly 3 years. Final disposition regarding the proposed suspension and/or debarment is pending. (*Case No. 14-0012-I*).

Contractor Found Guilty and Sentenced for Felony Fraud and Uttering

In September 2014, the owner and operator of Jenpak Packaging, Inc., was found guilty and sentenced in the Superior Court for the District of Columbia for one count each for Felony Fraud and Uttering. The court case resulted from an investigation and subsequent plea agreement regarding fraud committed against GPO by the owner through Jenpak Packaging, Inc. Pursuant to a May 2014 indictment and September 2014 plea agreement, the owner pled guilty to Felony Fraud and Uttering and was sentenced to pay restitution to GPO in the amount of \$20,862, complete 200 hours of community service, and serve 9 months confinement (suspended) and 36 months of supervised probation. In addition, in September 2014, GPO proposed debarment of the owner, Jenpak Packaging, Inc., and an affiliated company based on the owner's sentencing and a previous GPO decision in July 2014 to suspend all three parties from doing business with GPO because of owner's May 2014 indictment. Final disposition regarding the proposed debarment is pending. (*Case No. 12-0006-I*).

Goodway Graphics, Inc. and Owner Debarred for Unauthorized Subcontracting

In September 2014, GPO debarred Goodway Graphics, Inc. and its owner as GPO contractors, subcontractors, or contractor's representatives for the period beginning

September 23, 2014, and ending August 22, 2017. The debarment followed a July 2014 suspension of both based on an investigation referred to GPO in March 2014 that showed the company violated the *GPO Print Procurement Regulation* by subcontracting presswork without appropriate approval related to 67 contracts valued at more than \$166,000. The owner failed to disclose to GPO that the company was experiencing severe financial hardship and attempted to hide that fact from multiple GPO contracting officials. Goodway Graphics, Inc. is a Virginia-based company that had been doing business with GPO for more than 40 years. (*Case No. 14-0011-I*).

Maryland Companies Violated GPO Print Procurement Regulation

In September 2014, OIG referred three Maryland companies to GPO for suspension and/or debarment after an investigation revealed 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. Of the three companies, two fraudulently sought and obtained payment from GPO by submitting duplicate invoices for a single print job. Final disposition regarding the proposed suspension and/or debarment is pending. (*Case No. 14-0003-I*).

Utah Company Violated the Buy America Act and More

In September 2014, OIG referred a Utah-based contractor for suspension and/or debarment after an investigation revealed the company knowingly violated the *Buy America Act*, subcontracted the predominant production function, and substituted materials related to a GPO contract valued at nearly \$80,000. Final disposition regarding the proposed suspension and/or debarment is pending. (*Case No. 14-0023-I*).

Other Investigative Matters

- In March 2014, OIG referred an employee of a contractor to GPO for suspension and/or debarment based on investigative findings indicating the individual attempted to coerce a GPO contracting official. GPO provided information to the contractor. (*Case No. 14-0013-I*).
- In April 2014, OIG referred a Pennsylvania-based contractor and three of its affiliates to GPO for suspension and/or debarment after an investigation revealed the company violated the *GPO Print Procurement Regulation* by subcontracting presswork without appropriate approval. In July 2014, GPO declined to take suspension and/or debarment action. (*Case No. 10-0026-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.

Acquisition of U.S. Passport eCovers

OIG conducted an audit in response to complaints alleging, in general, that GPO structured and/or steered acquisition of U.S. passport eCovers in favor of one incumbent contractor—Infineon Technologies North America Corporation (Infineon). A key element of the complaint alleged that GPO mandated use of an electronic passport chip operating system (OS) that was available to only Infineon, thereby restricting competition. A second key element of the complaint alleged that GPO ignored a known security weakness associated with the Infineon-manufactured integrated circuit (IC), allowing Infineon to compete for the contract award.

To address the allegation, we evaluated the steps GPO took in procuring the U.S. passport eCovers. We also reviewed key factors GPO considered regarding the OS and IC specifications required in the solicitation.

We did not substantiate the allegation that GPO structured and/or steered the acquisition process in favor of one incumbent contractor—Infineon. The audit disclosed that the IC operating system designated in the contract solicitation was the operating system required by GPO's customer agency—the Department of State—for a number of reasons, all of which were vetted by the appropriate GPO and Department of State officials and clearly and fully documented in the GPO contract file. We reviewed documents and were told that the Infineon IC currently used in U.S. passports was not compromised. The assertion was based on relevant knowledge and available information. In addition, GPO has manufactured millions of passports using the IC and was unaware of any known security-related issues. No indication existed that GPO ordered excess quantities and/or paid Infineon excessive amounts compared to a competitor Gemalto. The current contract award provides that GPO determine the quantity of eCovers required and then issue a Request for Quotes (RFQ) to both Gemalto and Infineon. The contractors must then provide quotes at or below their original proposed prices. Those contractors would then, at GPO's discretion, be awarded a pre-determined percentage of the order (from 0 to 100 percent), with a higher percentage being awarded to the contractor quoting the lowest price. GPO reserved the right to alter the split during the life of the contract.

While the audit did not substantiate the allegation, we did, however, note that GPO did not always follow its own requirements defined in the *Materials Management Acquisition Regulation (MMAR)*, the eCover Acquisition Plan, and GPO internal control requirements in administering the contract.

As a result, GPO left itself open to questioning the difference in cost between bid prices of the offeror that failed testing and the highest bidder deemed technically acceptable but also failed testing. The difference totaled approximately \$15.7 million.

Recommendations: We recommended that the Director of Acquisition Services: (1) ensure COs are engaged in the acquisition process by monitoring key activities that will ensure they follow GPO policy, (2) ensure key procurement steps, decisions, and deviations are fully documented and reviewed, (3) ensure that the roles and responsibilities for the members on large complex acquisitions are clearly defined and monitored, and (4) provide training that ensures CO proficiency of technology used to manufacture eCovers. Management concurred with the recommendations. (*Acquisition of U.S. Passport eCovers, Report No. 14-14, August 1, 2014*).

Accountability of U.S. Blank ePassport Books

OIG conducted a review to determine the steps GPO took for ensuring accountability over blank ePassport books throughout various stages of the production process. To accomplish the objective, we selected one supplier of eCovers and traced and analyzed all of the eCovers GPO received (2,496,558) from October 1, 2012, through April 29, 2013, from receipt through production and acceptance of blank ePassport books by the Department of State. We reviewed invoices and electronic manifests (e-manifests) that the supplier provided as well as delivery documents signed by officials at the Department of State. We also conducted a physical count of blank books and compared our count to various GPO records.

We reported that GPO developed a framework and an electronic process for tracking and maintaining accountability over blank ePassport books beginning with receipt of an eCover from the supplier through four production lines and ending with issuance of a blank ePassport book to the Department of State. We also reported on several key areas that could benefit from management's attention.

Recommendation: We made five program recommendations. Management concurred with the recommendations. (*Accountability of U.S. Blank ePassport Books, Report No. 14-18, September 29, 2014*).

Blank Government Identification Card Stock Recovered

OIG received information regarding missing blank card stock used to produce secure credentials. While our investigation found no direct evidence of a theft or other criminal violations, we noted GPO business processes were not always followed and in some instances GPO policy and/or procedures should be reviewed to ensure security procedures are sufficient. The card stock was recovered and OIG made a number of recommendations that would enhance GPO's accountability processes and procedures related to the card stock and its supply and delivery chains. (*Case No. 14-0015-I*).

Allegations of Employee Misconduct

OIG investigated a complaint asserting that a GPO employee misused his Government position to steer a contract when he inappropriately excluded one offeror from consideration in favor of an incumbent contractor. Our investigation found no direct evidence that the employee structured and/or steered the acquisition in favor of an incumbent contractor or personally benefited from the award. However, our investigation did reveal two areas of concern for which we referred for management's attention. (*Case No. 14-0028-C*).

Stewardship Over Official Publications

OIG 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.

Information Technology Professional Services: Integrated Library System

GPO provides services to depositories and enables public access to Federal publications, in part, through its Integrated Library System (ILS).

OIG conducted a review of GPO's oversight of the ILS technical products as administered by its support contractor, Progressive Technology Federal Systems, Inc. (PTFS), to identify any major instances of potential duplication and overlap of support services and if any existed, identify which controls should be strengthened to mitigate the condition.

Our audit revealed additional management attention is required to ensure Agency needs are met. For example, we noted that contractor responsibilities were not always clear. In addition, management did not perform a lease-versus-purchase analysis for hosting services and hardware to determine the appropriate acquisition method. Further, GPO did not have documentation validating that expenditures were based on the best value to the Government.

We believe the conditions existed because of the need to fully align the "as-is" and "to-be" views of ILS with GPO's enterprise architecture. Alignment should include strengthening oversight of the acquisition process as it relates to the service contract. Also, the relationship between those responsible for enterprise architecture, contacting, and program management did not clearly address key areas of authority and responsibility for interrelated issues.

Without strengthening its oversight, management did not ensure that Agency needs were met and funds were spent in the most efficient and effective manner. In Fiscal Year (FY) 2012, GPO spent approximately \$222,000 for maintenance services and \$144,000 for hosting services, while in FY 2013, the Agency spent approximately \$221,000 and \$149,000 respectfully. During FY 2014, the report asserts that the Agency could pay approximately \$229,000 for maintenance and \$154,000 for hosting services. Cumulatively, during the last 3 years, GPO paid approximately \$672,000 for software maintenance and approximately \$447,000 for hosting services.

Recommendations: We recommended that the Chief Information Officer work with the Director of Acquisition Services and strengthen controls over ILS contractor-provided services by (1) updating the statement of work to define requirements in clear, concise language, identifying specific work to be accomplished and results achieved, (2) perform a lease-versus-purchase analysis for hosting services to identify the best value to GPO, and (3) perform an analysis to ensure current maintenance costs in support of ILS are reasonable. Management concurred with the recommendation and has planned corrective actions. (*Information Technology Professional Services—Integrated Library System, Report No. 14-16, September 26, 2014*).

Abbreviations and Acronyms

CA	Certification Authority
CAP	Corrective Action Plan
CFO	Chief Financial Officer
CO	Contracting Officer
CQC	Controlled Quality Corporation
E&Y	Ernst & Young LLP
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBCA	Federal Bridge Certificate Authority
FDLP	Federal Depository Library Program
FDsys	Federal Digital System
FECA	Federal Employees' Compensation Act
FISMA	Federal Information Security Management Act
FY	Fiscal Year
GBIS	GPO's Business Information System
GPO	Government Printing Office
IC	Integrated Circuit
IG	Inspector General
ILS	Integrated Library System
IT	Information Technology
JCP	Joint Committee on Printing
MMAR	Materials Management Acquisition Regulation
OIG	Office of Inspector General
OWCP	Office of Workers' Compensation
PKI	Public Key Infrastructure
PTFS	Progressive Technology Federal Systems, Inc.
RFQ	Request for Quotes
SID	Security and Intelligence Documents

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	19
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	23
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	7-14
Section 5(a)(7)	Summary of Significant Reports	All
Section 5(a)(8)	Statistical Tables on Management Decisions on Questioned Costs	21
Section 5(a)(9)	Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	21
Section 5(a)(10)	Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	19
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	24

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 (\$)
Transforming GPO into a Digital Platform				
Federal PKI Compliance Report, Report No. 14-19, September 12, 2014	0			
Webtrust for Certification Authority, Report 14-20, September 12, 2014	0			
Operational and Financial Management				
Review of Prompt Payment of Invoices on Hold, Report No. 14-21, September 23, 2014	1		\$45,572	
Audit of Claim for Payment (Jacket Number 376-179), Report No. 14-12, April 22, 2014	1	\$345,139		
Program and Operational Integrity				
Accountability of U.S. Blank ePassport Books, Report No. 14-18, September 29, 2014	5			
Acquisition of U.S. Passport eCovers, Report No. 14-14, August 1, 2014	4			\$15.7 million
Stewardship over Official Publications				
Information Technology Professional Services Integrated Library System, Report No. 14-16, September 26, 2014	3			\$1.1 million

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	0
Nov. 16, 2011	Final Report on Audit of Selected Aspects of GPO Time and Attendance and Payroll Administration	12-01	2	\$372,717
Dec. 16, 2011	Independent Auditor's Report—U.S. GPO FY 2011	12-02	3	0
Feb. 14, 2012	Final Report FY 2011 Management Advisory Comments	12-07	1	0
Mar. 30, 2012	Maintaining Effective Control Over Employee Overtime	12-08	1	0
Mar. 1, 2012	Consolidated Financial Statement Audit GPO Business Information System (GBIS)	12-10	3	0
Jun. 8, 2012	Audit of Computer Security: Handling a Denial of Service Incident	12-13	1	0
Sep. 28, 2012	Audit of Controls over GPO's Fleet Credit Card Program	12-18	1	\$4,751
Sep. 21, 2012	Independent Audit of Harris Corporation	12-24	1	\$1,178,814
Jan. 15, 2013	Management Oversight of FECA Operations	13-01	1	\$267,162
Mar. 27, 2013	GPO Faces Challenges with Current and Former Employees Indebtedness	13-02	1	\$245,104

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 (\$)
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 Exists to Reduce Costs Associated with Oracle Software Licensing	13-06	1	\$885,240
Feb. 12, 2013	Notification of Findings and Recommendations Related to the General and Application Controls Testing FY 2012—Audit of GPO's Consolidated Financial Statements	13-07	2	0
Feb. 12, 2013	FY 2012—Audit of GPO's Consolidated Financial Statements	13-08	2	0
Feb. 27, 2013	Independent Auditor's Report—FY 2012 Financial Statements	13-09	3	\$24.4 million (financial accounting)
Mar. 29, 2013	Management Advisory Comments—IT Controls Supporting the Financial Statements	13-11	3	0
Sept. 18, 2013	PPPS Compliance with FISMA as it Relates to Continuous Monitoring	13-17	1	0

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:	4	
Audit of Claim for Payment (Jacket Number 376-179), Report No. 14-12, April 22, 2014		\$345,139
Acquisition of U.S. Passport eCovers, Report No. 14-14, August 1, 2014		\$15.7 million
Information Technology Professional Services—Integrated Library System, Report No. 14-16, September 26, 2014		\$1.1 million
Review of Prompt Payment of Invoices on Hold, Report No. 14-21, September 23, 2014		\$45,572
Subtotal	4	\$17.2 million
Reports for which a management decision was made during reporting period		\$17.2 million
1. Dollar value of recommendations not agreed to by management		
2. Dollar value of recommendations agreed to by management		
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

Investigations Case Summary		
Item	Quantity	
Total New Hotline/Other Allegations Received during Reporting Period	34	
Preliminary Investigations (Complaints) Closed	47	
Complaint Referrals to Other Agencies	7	
Complaint Referrals to Office of Audits and Inspections	3	
Investigations Opened by Office of Investigations during Reporting Period	11	
Investigations Open at Beginning of Reporting Period	40	
Investigations Closed during Reporting Period	7	
Investigations Open at End of Reporting Period	44	
Referrals to GPO Management (Complaints and Investigations for corrective action or information purposes)	6	
Current Open Investigations		
	Number	Percent
Procurement/Contract Fraud	25	57.0
Employee Misconduct	6	14.0
Workers' Compensation Fraud	1	2.0
Information Technology/Computer Crimes	2	4.5
Proactive Initiatives	8	18.0
Other Investigations	2	4.5
Total	44	100

Appendix G

Investigations Productivity Summary	
Item	Quantity
Investigative cost-efficiencies, restitutions, recoveries, fines, and penalties	\$45,862
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Arrests	1
Presentations to Prosecuting Authorities	6
Criminal Acceptances	1
Criminal Declinations	6
Indictments	1
Convictions	1
Guilty Pleas/Deferred Prosecution Agreements	1
Probation (months)	36
Jail Time (days)	270
Criminal Fines, Fees, Recovery, and/or Restitution	\$20,862
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Presentations for Civil Action	1
Civil Acceptances	3
Civil Declinations	0
Civil Settlements	1
Civil Fines, Fees, Recovery, and/or Restitution	\$25,000
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Referrals to GPO Management for Possible Corrective Action and/or Information Purposes	6
Employee Corrective Action	1
Agency/Process Corrective Action	2
Business/Individual Referrals to GPO Suspending and Debarring Official (SDO) for Suspension and/or Debarment	33
Suspensions	5
Debarment	4
Other SDO Response/Action	2

Appendix H

Peer Review Reporting

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. There are three outstanding recommendations in which we are addressing through the development of a corrective action plan. A copy of the report can be viewed at <http://www.gpo.gov/oig/au-intro.htm>

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.

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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