



May 30, 2007

The Honorable Robert A. Brady
Chairman
Joint Committee on Printing
1309 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

In accordance with 44 U.S.C. 3903 and the relevant provisions of the Inspector General Act of 1978, as amended, I am transmitting to the Congress the Semiannual Report of the Office of the Inspector General (OIG) for the U.S. Government Printing Office (GPO), covering the 6 month period of October 1, 2006 through March 31, 2007, along with the following information as required by law. This letter meets my statutory obligation to provide comments on the OIG's report and highlights management actions taken on the OIG's recommendations, which may relate to more than one reporting period.

During this reporting period, Bruce R. James resigned from his position as Public Printer following a four-year tenure. By operation of 44 U.S.C. 304, as Deputy Public Printer I am serving as Acting Public Printer pending the nomination and confirmation of a new Public Printer (on May 24, 2007, the President nominated Robert C. Tapella, GPO's current Chief of Staff, to be Public Printer). In addition, during this period GPO's General Counsel, Anthony Zagami, retired from Government service. He was replaced by Gregory Brower, GPO's previous Inspector General (IG). J. Anthony Ogden, Deputy Inspector General, was named as acting IG (and on May 23, 2007, was appointed permanent IG). In addition, the Superintendent of Documents, Judy Russell, retired in March 2007. Richard G. Davis is serving as Director, Library Services & Content Management/Acting Superintendent of Documents. In my view, the selection of a new Superintendent of Documents should appropriately be made by the next Public Printer.

General Comments

As provided for by law, this section offers my general comments on the OIG's semiannual report and operations.

- I. Management Challenges.** The Inspector General identified ten challenges facing GPO’s management. We agree that all of the areas highlighted reflect areas that are either undergoing significant change or are, by nature, dynamic and require continuing attention. Progress has been made on many of these items in the reporting period and additional work on these items continues on a daily basis. While we will maintain our focus on each of these challenges, we note that one or more may be overtaken or subsumed by new challenges undertaken by the next Public Printer. The thorough organizational and technological transformation that we have begun implementing during the last three years remains critical to the future of GPO. This effort must continue if the agency is to maintain its ability to provide public access to Government information through the 21st century. The necessary pieces have been put in place for the next generation of GPO employees. Recruitment and training in the required skills is well underway. New systems are being acquired or developed, the most critical of which, known by the placeholder name “Future Digital System” (FDsys), will preserve and provide permanent public access to Federal Government information.

I do not take exception to any of the ten challenges offered by the IG, since all of them are vital to GPO’s continuing transformation and to the completion of our Continuity of Operations Plan (COOP). GPO cannot afford to reverse its course – the completion of the transformation now underway is critical to providing the Nation with a 21st century digital platform for providing a broad new range of choices in the delivery of published Government information.

- II. Audits and Inspections.** During the reporting period, the OIG issued five new audit and assessment reports, including two sensitive reports, with recommendations to help improve operational performance. Management has concurred with all of these recommendations and will be addressing each one in the ensuing semiannual reporting period.
- The first report, an assessment (sensitive), *Report on Early Oracle Implementation: Independent Verification and Validation (IV&V)*, provided recommendations that GPO strengthen controls and mitigate risks associated with vulnerabilities identified during IV&V activities on two early Oracle implementation projects conducted by an OIG contractor. GPO concurred with each of the recommendations and proposed responsive steps to mitigate the vulnerabilities.

- The second report, an assessment (sensitive), *Report on WebTrust Assessment of GPO Certification Authority – Attestation Report*, is based on an attestation report issued by an OIG contractor, and expresses the opinion that the assertions of GPO management regarding its Certification Authority – which supports the cross certification of GPO’s PKI with the Federal Bridge Certificate Authority – are fairly stated. GPO concurs in this finding.
- The third report, an assessment, *Report on GPO PKI Certification Practices Statement Compliance with the Federal Common Policy Framework*, provides the findings of an OIG contractor who examined GPO’s Certificate Practices

Statement (required of organizations seeking accreditation as a provider of managed PKI services), and determined that the Statement complied, in all material respects, with the Government’s X.509 Certificate Policy for the Common Policy Framework, as required by the Federal Identity Credentialing Committee. GPO concurs in this finding.

- The fourth report, *Follow-On Report on GPO Purchase Card Program*, found that management and supervisory controls over GPO purchase card cardholders should be strengthened. The audit found evidence of unauthorized use of GPO purchase cards, inadequate record-keeping, erroneous payment of State and local sales taxes, inappropriately large purchases, and inconsistent review of monthly statements. The report recommends GPO strengthen management and supervisory controls over purchase card use, and insure that cards are used in compliance with applicable laws and regulations. GPO concurs with the recommendations and will implement the requisite policies and procedures to respond to them.
- The fifth report, *Report on Peer-to-Peer File Sharing*, indicates that an audit found a file sharing protocol residing within the GPO network domain and that such file sharing software can present a security risk to GPO’s network. The report recommends that GPO strengthen controls over the use of peer-to-peer file sharing on the GPO network. GPO concurs with the recommendation and has proposed the appropriate responsive measures.

GPO is required to obtain an independent annual audit of its financial statements. The audit firm contracted for this purpose issued an unqualified opinion on GPO's financial statements for FY 2006, stating the statements were presented fairly and in conformance with generally accepted accounting principles. The audit report indicated, however, that controls involving the billing process should be strengthened, that certain reconciliation controls should be strengthened, that controls over recording and reporting environmental liabilities should be improved, and that general controls for Information Technology should be improved. GPO concurs with these recommendations and has planned or initiated actions to address them.

III. Investigations. The investigative work performed by the OIG to protect against waste, fraud, and abuse merits recognition, as a case involving theft of office supplies was successfully prosecuted and convictions were obtained. Other accomplishments, such as the investigations that led to recovery of fraudulent workers' compensations claims, corrective action against an employee for personal use of an agency vehicle, and pending DOJ prosecution of a contractor alleged to have made false claims, are clear evidence of the value of the OIG's investigative team in protecting the public funds entrusted to the GPO.

Prior Period Outstanding Recommendations

As required by law, this section summarizes management's planned action to address remaining OIG's recommendations still outstanding from previous reporting periods.

Blank Passport Product Integrity and Security (Report No. AI-0502, dated March 31, 2005)

GPO generally concurs with the recommendations and has made continuous adjustments to its operations in order to address them. During the reporting period, four of the eight remaining open recommendations were closed. GPO is taking action to close the remaining four recommendations.

GPO Network Vulnerability Assessment (Report No. 06-02, dated March 28, 2006)

GPO concurred with the four recommendations issued in this report, and has closed one of the them. GPO is working with the OIG to implement steps that will close the remaining three open recommendations.

**GPO Oracle Program Stakeholder Analysis (Report No. 06-03,
dated March 31, 2006)**

GPO concurred with the report's thirteen recommendations and closed one of them with the hiring of an Oracle Program Manager in March 2007. Implementation of responsive action on the remaining twelve recommendations is now taking place under the direction of the Oracle Program Manager. GPO anticipates substantial progress in closing these recommendations during the current reporting period.

**Inspection of GPO's Continuity of Operations Plan
(Report No. 06-04, dated March 31, 2006)**

GPO concurred with the report's eighteen recommendations, all of which focused on the requirement to establish a viable COOP Plan. In response to the recommendations, GPO developed a comprehensive COOP Plan based on the FEMA template. GPO's plan was subsequently circulated, revised, and approved. The OIG considers twelve of the recommendations still open. GPO is working with the OIG to attain closure of the open recommendations and, in fact, has taken actions that it considers to have closed eleven additional recommendations since the end of the reporting period.

Statistical Tables

Statistical tables as required by law are enclosed.

If you need additional information with respect to this report, please do not hesitate to contact Mr. Andrew M. Sherman, Director of Congressional Relations, on 202-512-1991, or by e-mail at asherman@gpo.gov.

Sincerely,



WILLIAM H. TURRI
Acting Public Printer

Enclosures

cc: The Honorable Diane Feinstein, Vice Chairman
The Honorable Robert Bennett, Ranking Minority Member
The Honorable Mike Capuano
The Honorable Vernon Ehlers
The Honorable Kevin McCarthy
The Honorable Daniel K. Inouye
The Honorable Patty Murray
The Honorable Saxby Chambliss

ENCLOSURE I

STATISTICAL TABLE FOR SECTION 5(b)(2) – DISALLOWED COSTS

		<u>Number of</u> <u>Audit Reports</u>	<u>Disallowed Costs</u>	
			<u>Questioned</u>	<u>Unsupported</u>
A.	Audit reports for which final action ¹ had not been taken by the commencement of the reporting period	0	0	0
	Audit reports issued during the period with potential disallowed costs	0	0	0
	Total Costs	0	0	0
B.	Audit reports on which management decisions ² were made during the reporting period			
	(i.) Dollar value of disallowed costs	0	0	0
	(ii.) Dollar value of allowed costs	1	112,927	63,935
C.	Audit reports for which final action was taken during the period, including:			
	(i.) Dollar value of disallowed costs that were recovered by management through offsets against other contractor invoices or nonpayment	0	0	0
	(ii.) Dollar value of disallowed costs that were written off by management	0	0	0
D.	Audit reports for which no final action has been taken by the end of the reporting period	0	0	0

¹ As defined by law, the term “final action” means the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report, and in the event that the management concludes no action is necessary, final action occurs when a management decision has been made.

² As defined by law, the term “management decision” means the evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

ENCLOSURE II

STATISTICAL TABLE FOR SECTION 5(b)(3) – FUNDS PUT TO BETTER USE AGREED TO IN A MANAGEMENT DECISION

	<u>Number of Audit Reports</u>	<u>Dollar Value of Recommendations</u>
A. Audit reports for which final action ³ had not been taken by the commencement of the reporting period	0	0
Audit reports for which final action had not been taken for new reports issued during the reporting period with potential funds put to better use	0	0
B. Audit reports on which management decisions ⁴ were made during the reporting period	0	0
C. Audit reports for which final action was taken during the reporting, including:		
(i.) Dollar value of recommendations that were actually completed	0	0
(ii.) Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed	0	0
D. Audit reports for which no final action has been taken by the end of the reporting period	0	0

³ Same definition as in Enclosure I.

⁴ Same definition as in Enclosure I.