

GAO/OIG

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December 2010

# SEMIANNUAL REPORT

April 1, 2010—  
September 30, 2010





# Memorandum

**Date:** December 7, 2010

**To:** Acting Comptroller General Gene L. Dodaro

**From:** Inspector General Frances Garcia *Frances Garcia*

**Subject:** *Semiannual Report—April 1, 2010, through September 30, 2010*

In accordance with Section 5 of the Government Accountability Office Act of 2008 (GAO Act),<sup>1</sup> I am pleased to present my semiannual report for the 6-month period ending September 30, 2010, for your comments and its transmission to the Congress.

During the reporting period, the Office of the Inspector General (OIG) sustained its efforts to finalize and implement the revised OIG order to reflect our statutory role and responsibilities while continuing to conduct audits and investigations. We posted the revised draft OIG order for notice and comment and are in the process of considering and responding to comments we received and to make further changes in the order, as appropriate. In addition, we conducted an internal review of our quality assurance framework and are in the process of taking steps to further strengthen our processes and controls in response to this review. We recognize that other changes may be needed as we finalize our OIG order and complete our transition to the role of a statutory OIG. As a result, we do not anticipate participating in a peer review until we have completed this transition and have conducted and fully addressed any recommendations resulting from at least two additional internal inspections.

In support of our transition to a statutory OIG, we updated our annual work plan based on an audit risk assessment of GAO operations that we prepared, and initiated a survey to further identify key trends and potential risks in GAO's procurement activities and control environment that may warrant an in-depth evaluation. While our engagements are generally focused on areas identified in our work plan, adjustments to our work plan are made, as needed, in an effort to ensure that we are in tune with changing conditions or emerging issues and are able to respond appropriately.

In addition, we continued to participate in the activities of the broader inspector general community, including the Council of the Inspectors General on Integrity and Efficiency and the Legislative Branch Inspectors General quarterly meetings.

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<sup>1</sup>Pub. L. No. 110-323, 122 Stat. 3539 (Sept. 22, 2008).

## Audits and Inspections

During the reporting period, we issued one audit report that evaluated GAO's performance measure for reporting financial benefits for fiscal year 2009, focusing on the reasonableness of the amounts claimed.<sup>2</sup> A summary of this report and GAO actions to address our recommendation are presented in attachment I.

In addition, we supported GAO's annual internal inspection program's review of the agency's financial disclosure and independence functions, and initiated or continued work related to two other engagements, which included a review of the adequacy of GAO's controls to prevent and detect employee misuse of government travel cards and an assessment of the effectiveness of GAO's information security controls, including GAO's voluntary compliance with the Federal Information Security Management Act and other federal information security requirements, as appropriate.

We also responded to congressional inquiries regarding Freedom of Information Act requests, the status of OIG recommendations, and impediments, if any, to OIG's independence in carrying out its oversight activities within GAO. We provided these responses only to the requesters and do not anticipate their public release unless made public by a requester.

## Investigations and Hotline Activities

Regarding our efforts to identify potential fraud, waste, and abuse, the OIG's hotline is our primary source of complaints.<sup>3</sup> The OIG receives hotline complaints through a variety of sources, such as through its toll-free hotline number and e-mail. As shown in table 1, we had a total of 120 complaints, 13 of which were open at the start of this 6-month reporting period.

**Table 1: Summary of OIG Activity, April 1, 2010, through September 30, 2010**

Complaints						
Open at start of period	Received	Referred to FraudNet	Closed, insufficient information/ no basis	Referred to other GAO units	Completed	Open at end of period
13	107	55	40	9	9	7

Source: GAO OIG.

Note: "Complaints" include inquires and allegations received by OIG.

Of the 13 open cases from the prior semiannual report period, we closed 7 after conducting investigations, referred 2 to other GAO units, and 4 remained open at the end of the period. These investigations covered a wide range of matters such as issues related to travel cards, travel voucher claims, time and attendance charges, and documentation supporting a contract proposal. Our investigations into these matters resulted in an employee suspension, recovery of funds, and

<sup>2</sup>GAO, Office of the Inspector General, *Performance Measure: GAO Had a Reasonable Basis for Reporting Its Largest Financial Benefits for Fiscal Year 2009*, [GAO/OIG-10-4](#) (Washington, D.C.: May 21, 2010).

<sup>3</sup>Complaints include inquires and allegations received by OIG.

recommendations to strengthen internal controls in the area of contractor parking and to consider the adoption of suspension and debarment procedures analogous to executive branch agencies.

During the reporting period, we received 107 new complaints through our hotline and other sources. Fifty-five of the 107 complaints concerned matters related to other federal agencies and were referred to GAO's FraudNet—a governmentwide hotline operated by GAO staff that receives complaints of fraud, waste, and abuse of federal funds. Of the remaining 52 complaints received during the reporting period, we

- closed 2 complaints after we completed our investigation related to one complaint and provided assistance to the U.S. Postal Inspection Service on another;
- closed an additional 40 complaints due to insufficient information in the complaint upon which to base an investigation or after the initial evaluation of a complaint determined that there was no basis for action;
- referred 7 complaints that involved a variety of issues, including e-mail scams, employee conduct, and technical issues, to other GAO units for action; and
- continued efforts on the remaining 3 complaints.

#### **Agency Actions on Recommendations Made in Prior OIG Reports**

During this reporting period, GAO continued actions to respond to recommendations intended to strengthen the agency's information security program.<sup>4</sup> Specifically, GAO has internally reported that it has completed its testing of required information security processes and procedures for all agency information systems except for a recently implemented e-mail system; began finalizing a comprehensive security incident response directive; and continued efforts to finalize its privacy rule and order and to implement privacy awareness training for all GAO staff.

Finally, I want to thank GAO's Executive Committee, managers, and staff for their cooperation during our reviews.

Attachment

cc: Cheryl Whitaker, Acting Chief Administrative Officer/Chief Financial Officer, GAO  
Lynn Gibson, Acting General Counsel, GAO  
GAO's Audit Advisory Committee

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<sup>4</sup>GAO, Office of the Inspector General, *Information Security: Evaluation of GAO's Information Security Program and Practices for Fiscal Year 2009*, [GAO/OIG-10-3](#) (Washington, D.C.: Jan. 4, 2010).

## Summary of GAO/OIG Reports and GAO Actions

### Reports Issued April 1, 2010, through September 30, 2010<sup>5</sup>

*Performance Measure: GAO Had a Reasonable Basis for Reporting Its Largest Financial Benefits for Fiscal Year 2009* ([GAO/OIG-10-4](#), May 21, 2010)

*Findings:* Overall, the Office of the Inspector General's (OIG) evaluation of 10 GAO accomplishment reports<sup>6</sup> that claimed financial benefits valued at \$1 billion or more found that GAO had a reasonable basis to claim financial benefits of \$24.95 billion as cited in its fiscal year 2009 *Performance and Accountability Report*.<sup>7</sup> These large dollar value accomplishment reports accounted for 58 percent of GAO's \$43 billion in total financial benefits claimed for fiscal year 2009. Based on our work, GAO decided to delay claiming financial benefits for the 10th accomplishment report until fiscal year 2010 and mission teams made adjustments to 6 of the remaining 9 accomplishment reports reviewed; these actions resulted in GAO decreasing the total financial benefits claimed for these reports from a total of \$26.21 billion to \$24.95 billion. Our audit also identified an opportunity to strengthen GAO's process for reporting financial benefits by incorporating more technical expertise in calculating benefit amounts. In response to our work, in January 2010, GAO announced new procedures for expanding the role of GAO's Center for Economics to assist the mission teams in calculating financial benefits for accomplishment reports if they are reported to be \$500 million or more.

*Recommendation and GAO Actions:* To provide added assurance that GAO's financial benefits performance measure reflects a reasonable estimate of benefits and to provide a more efficient and effective system of internal controls over large dollar value accomplishment reports, we recommended that GAO management further analyze the issues we identified and take appropriate steps to assist mission teams in complying with agency policies to achieve greater reliability in the amount of financial benefits GAO reports. GAO concurred and addressed our recommendation by implementing new procedures to incorporate independent reviews for fiscal year 2010 financial accomplishments of \$100 million or more, and require mission teams to consult with the Center for Economics on the calculation for financial benefits of \$500 million or more.

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<sup>5</sup>In addition to the report cited, we issued our semiannual report for the 6-month period ending March 2010: GAO, Office of the Inspector General, *Semiannual Report: October 1, 2010 through March 31, 2010*, [GAO/OIG-10-5](#) (Washington, D.C.: June. 15, 2010).

<sup>6</sup>Accomplishment reports are used to document the amounts claimed as financial benefits and are linked to specific recommendations or actions taken in response to GAO's work.

<sup>7</sup>[GAO-10-234SP](#).

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## Reporting Fraud, Waste, and Abuse in GAO's Internal Operations

To report fraud, waste, and abuse in GAO's internal operations, do one of the following. (You may do so anonymously.)

- Call toll-free (866) 680-7963 to speak with a hotline specialist, available 24 hours a day, 7 days a week.
- Send an e-mail to [OIGHotline@gao.gov](mailto:OIGHotline@gao.gov).
- Send a fax to the OIG Fraud, Waste, and Abuse Hotline at (202) 512-8361.
- Write to:

GAO Office of Inspector General  
441 G Street NW, Room 1808  
Washington, DC 20548

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## Obtaining Copies of GAO/OIG Reports and Testimony

To obtain copies of OIG reports and testimony, go to GAO's Web site: [www.gao.gov/about/workforce/ig.html](http://www.gao.gov/about/workforce/ig.html).

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## Congressional Relations

Ralph Dawn, Managing Director, [dawnr@gao.gov](mailto:dawnr@gao.gov), (202) 512-4400  
U.S. Government Accountability Office, 441 G Street NW, Room 7125  
Washington, DC 20548

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## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, DC 20548

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