

Office of the Inspector General
U.S. Government Accountability Office

SEMIANNUAL REPORT

April 1, 2012 –
September 30, 2012



Serving the Congress and the Nation

Memorandum

Date: November 7, 2012

To: Comptroller General Gene L. Dodaro

From: Inspector General Frances Garcia



I am submitting this report in accordance with Section 5 of the Government Accountability Office Act of 2008 (GAO Act).¹ The report summarizes the activities of the Office of the Inspector General (OIG) for the second reporting period of fiscal year 2012.

The act requires that you transmit the report to Congress within 30 days after receipt. Your transmittal should also include any comments you consider appropriate.

I appreciate management's support and want to thank GAO's Executive Committee, managers, and staff for their cooperation during our reviews. The OIG's team of dedicated professionals remains committed to helping GAO improve the services it provides for American taxpayers. The accomplishments reported in this letter are the direct result of their efforts.

cc: Patricia A. Dalton, Chief Operating Officer, GAO
Lynn H. Gibson, General Counsel, GAO
David M. Fisher, Chief Administrative Officer/Chief Financial Officer, GAO
GAO's Audit Advisory Committee

¹31 U.S.C. § 705 (2012).

INTRODUCTION

THE UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

The GAO is the audit, evaluation, and investigative arm of the Congress. It supports congressional oversight by (1) auditing agency operations to determine whether federal funds are being spent efficiently and effectively; (2) investigating allegations of illegal and improper activities; (3) reporting on how well government programs and policies are meeting their objectives; (4) performing policy analyses and outlining options for congressional consideration; and (5) issuing legal decisions and opinions, such as bid protest rulings and reports on agency rules.

THE OFFICE OF INSPECTOR GENERAL

Established as a statutory office by the GAO Act of 2008,² GAO's OIG independently conducts audits, evaluations, and other reviews of GAO programs and operations and makes recommendations to promote the agency's economy, efficiency, and effectiveness. The OIG also investigates allegations of potential fraud, waste, mismanagement, or other serious problems in GAO's operations including the possible violation of any law or regulation.

²31 U.S.C. § 705 (2012).

ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

AUDITS

During this reporting period, we issued two audit reports. The first was an assessment of the extent to which GAO had developed the policies and procedures necessary to ensure that GAO staff appointed as contracting officer representatives are trained and certified.³ The second report analyzed whether GAO's Human Capital Office had established effective controls and oversight mechanisms to ensure that its recruitment, relocation, and retention incentives were consistent with GAO policy and the use of these incentives aligned with the agency's human capital strategic plan.⁴ A summary of these reports and GAO actions to address our recommendations is attached to this memorandum.

In addition, we initiated an audit to assess the extent to which GAO has implemented an effective process for reviewing and validating security clearance requirements and are in the process of finalizing our work plan for fiscal year 2013.

INVESTIGATIONS

The OIG's hotline continues to be our primary source of complaints or information for identifying suspected fraud and other serious problems, abuses, and deficiencies relating to the administration of GAO's programs and operations.⁵ As shown in table 1, we processed a total of 212 hotline complaints during this 6-month reporting period. Of those, 18 complaints led to full investigations.

³GAO, Office of the Inspector General, *Procurement: Actions Needed to Enhance Training and Certification Requirements for Contracting Officer Representatives*, OIG-12-3 (Washington, D.C.: Apr. 11, 2012).

⁴GAO, Office of the Inspector General, *Human Capital: Opportunities Exist to Strengthen Controls over Recruitment, Relocation, and Retention Incentives*, OIG-12-5 (Washington, D.C.: Aug. 28, 2012).

⁵OIG has a toll-free hotline number that is staffed by a contractor 24 hrs a day, 7 days a week. The toll-free number is (866) 680-7963.

Table 1: Summary of OIG Hotline Complaint Activities, April 1, 2012, through September 30, 2012

Hotline complaints open at the start of the reporting period	22
New hotline complaints received this reporting period	190
Total hotline complaints	212
Disposition of hotline complaints received:	
Complaints closed (referred to other GAO offices)	4
Complaints closed (referred to FraudNet ^a)	18
Complaints closed (insufficient information/no basis)	112
Complaints closed (no jurisdiction and referred to appropriate agency OIG or other law enforcement officers)	54
Complaints closed (converted to full investigations)	18
Complaints closed (converted to Freedom of Information Act (FOIA) requests)	3
Total hotline complaints open at the end of the reporting period	3

Source: OIG.

^aFraudNet is a governmentwide hotline operated by GAO staff that receives complaints of fraud, waste, and abuse of federal funds spent by other federal agencies.

As shown in table 2, we had 22 open investigations during this reporting period. At the end of the reporting period, 17 investigations remained open, two of which are joint investigations with other federal law enforcement agencies.

Table 2: Summary of OIG Investigations, April 1, 2012, through September 30, 2012

Investigations open at the start of the reporting period	6
New investigations initiated this reporting period	16 ^a
Total investigations	22
Disposition of investigations received:	
Investigations closed (referred to other GAO offices or closed due to insufficient information/no basis)	5
Total investigations open at the end of the reporting period	17

Source: OIG.

^aFour hotline complaints of similar nature were combined into two investigations.

One investigation performed by our office involved a GAO employee who filed false claims for reimbursement for official travel. During the course of the investigation, the employee admitted submitting travel vouchers during a 3-year period that contained false claims. As a result of our investigative findings, this matter was referred to the GAO Human Capital Office for consideration of administrative action. GAO has initiated efforts to recover funds related to these false claims, and the employee was suspended for a period of 60 days without pay.

GAO ACTIONS ON RECOMMENDATIONS MADE IN PRIOR OIG REPORTS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. During the semiannual reporting period, we tracked the overall status of all reports and recommendations issued by the OIG, and actions planned and taken by GAO in response to OIG recommendations. GAO completed or continued actions to respond to 10 recommendations in four previous OIG reports. For the purposes of this report, a recommendation is considered open when an action (1) has not been taken but may be taken, (2) is in the planning stage, or (3) has been taken on only part of the recommendation. In addition, a recommendation is considered implemented and closed when action has been taken that essentially meets the recommendation's intent. Table 3 provides a brief summary of the recommendations.

Table 3: Agency Actions on Recommendations Made in Prior OIG Reports, April 1, 2012, through September 30, 2012

OIG audit and other reports	Recommendation	Status of actions planned and taken by GAO in response to the recommendation
<i>Information Security: Evaluation of GAO's Information Security Program and Practices for Fiscal Year 2009, OIG-10-3 (Jan. 4, 2010)</i>	1-2. Continue efforts to implement additional requirements for the agency's privacy program.	Recommendations open GAO plans to implement additional requirements after a privacy rule and order are finalized.
Matter for management consideration regarding Tiny Findings Inc. (Mar. 24, 2011)	3. Consider the desirability and feasibility of expanding oversight of Tiny Findings Inc. in a manner similar to the oversight provided by the General Services Administration for child-care facilities in other federal office buildings.	Recommendation open GAO continues efforts to finalize the memorandum of agreement between the agency and its on-site childcare facility (Tiny Findings) regarding its childcare operations. GAO's Tiny Findings Board has also initiated actions to explore obtaining accreditation by the National Association for the Education of Young Children (NAEYC).

OIG audit and other reports	Recommendation	Status of actions planned and taken by GAO in response to the recommendation
Internal controls regarding telework, official duty station, and transit benefits (Jul. 18, 2011)	4-6. Improve monitoring of the telework program.	Recommendations open GAO developed and implemented a telework communications strategy to explain and/or remind staff of the telework policy and available program resources. Communication limitations between two databases currently inhibit progress on an automated approach for obtaining and analyzing the data needed to monitor telework for consistency and compliance with approved telework agreements.
<i>Information Security: Evaluation of GAO's Program and Practices for Fiscal Year 2011, OIG-12-2 (Mar. 30, 2012)</i>	7. Establish a comprehensive governance structure and organization-wide risk management strategy for the security of GAO's information systems.	Recommendation closed GAO has taken action to integrate an enterprise risk management program into its Information Technology Investment Committee governance and oversight process.
	8. Develop and implement procedures for capturing data that accurately reflect agency compliance with security training requirements as of the end of each fiscal year.	Recommendation closed GAO has updated its procedures for managing and tracking annual security awareness training and role based training to accurately report training compliance.
	9. Enhance accountability for, and management of, GAO's information security weakness remediation process.	Recommendation open GAO continues efforts to establish monitoring procedures that enhance accountability for, and management of, GAO's information security weakness remediation process.
	10. Provide senior management with adequate information to consider and prioritize building out the capabilities of the agency's Alternate Computing Facility (ACF).	Recommendation closed GAO senior management has been briefed on the current ACF capabilities and a strategy for contingency operations at that site.

Source: OIG.

OTHER ACTIVITIES

In addition to our audit and investigative activities, we have continued our efforts to strengthen our quality control system by taking actions that respond to recommendations resulting from our internal inspection and review. For example, the OIG provided training to its staff on its quality control framework of policies and procedures related to generally accepted government auditing standards and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) quality standards for inspectors general and inspection and evaluations. Further, we updated our strategic plan, which discusses our vision, mission, goals, and performance measures that will guide our work for the next 4 years.⁶ We also updated our OIG manual for investigations to help ensure compliance with applicable CIGIE quality standards for investigations, and have initiated efforts to implement an automated case management system for investigative records and evidence management.

Further, the OIG received and processed Freedom of Information Act (FOIA) requests, which we addressed in accordance with procedures set forth in 4 C.F.R. Part 81. In addition, the OIG recommended that senior GAO executives be advised to contact the IG whenever a GAO employee is implicated in the findings of GAO audit or investigative work. The OIG also recommended revisions to GAO's Forensic Audits and Investigative Services (FAIS) procedures regarding reporting information potentially implicating a possible violation of law, rule, or regulation by a GAO employee.⁷ GAO agreed with our recommendations and has actions under way to update its procedures. In September 2012, the OIG Assistant Inspector General for Investigations briefed GAO management and reiterated that managers are required to contact the IG whenever a GAO employee is implicated in findings of GAO audit or investigatory work.

During the reporting period, the OIG was also involved in a number of outreach and liaison activities, including an integrity awareness briefing to GAO executives and directors, oversight of the United States Commission on Civil Rights,⁸ and active participation in the community of federal inspectors general.

⁶OIG, *Strategic Plan: Serving the Congress and the Nation 2013-2017*, OIG-12-1SP (Washington, D.C.: August 2012).

⁷Memorandum, "IG Request for Change in FAIS Procedures," July 19, 2012, Inspector General Frances Garcia to the Executive Committee.

⁸In November 2011, Congress designated the GAO IG to hold the position of IG for the United States Commission on Civil Rights (the Commission) and directed that the personnel of GAO's OIG be utilized to perform the duties of the IG for the Commission.

Summary of OIG Reports and GAO Actions Reports Issued April 1, 2012, through September 30, 2012

Procurement: Actions Needed to Enhance Training and Certification Requirements for Contracting Officer Representatives, OIG-12-3 (Washington, D.C.: Apr. 11, 2012)

Findings: Contracting Officer Representatives assist Contracting Officers in the proper procurement and administration of contracts and play a key role in ensuring that contractors abide by the contracts. The Office of the Inspector General assessed the extent to which GAO has developed the policies and programs necessary to ensure that GAO staff appointed as Contracting Officer Representatives are trained and certified. Although GAO's current policy encourages, but does not require, certification training and continuous learning for Contracting Officer Representatives, the agency has efforts under way to expeditiously revise training and certification requirements based on the executive branch's risk-based certification program. This risk-based program has varying requirements for training, experience, and continuous learning for Contracting Officer Representatives in civilian agencies, depending upon the types of contracts being managed. To strengthen contract oversight, GAO has plans to require Contracting Officer Representatives take training this year. In addition, GAO executives have assigned a senior manager to further expedite the development of its revised policy. However, GAO lacks a comprehensive plan that includes time frames, availability of training resources, and a method to track and monitor when staff complete training. Until the revised program is fully implemented, GAO is at risk that some Contracting Officer Representatives may not have the right skills and training to oversee contractors.

Recommendations and GAO actions: This report recommended that the Comptroller General ensure that GAO develop and implement an action plan that contains milestones for revising its policy and processes for training and certifying Contracting Officer Representatives and addresses unresolved issues identified in our report. GAO concurred and by September 28, 2012, had taken actions that fully addressed our recommendation.

Findings: GAO policy authorizes the use of recruitment, relocation, and retention incentives either to encourage individuals to accept a position that would otherwise be hard to fill or to retain an essential employee with unusually high or unique qualifications who is likely to leave the agency without a monetary incentive to stay. For calendar years 2009 through 2011, GAO used this authority for recruitment and retention purposes and made incentive payments of more than \$1.8 million. Our audit of the internal controls and oversight for the incentive payment award process identified opportunities to strengthen controls, including the need to maintain appropriate supporting documentation; provide additional guidance to human capital staff to ensure proper, timely, and accurate execution and recording of administrative actions; and provide effective monitoring and oversight. In addition, we identified an opportunity for GAO to help ensure that incentive payments support agency recruitment and retention goals by establishing a clear agency-wide strategy and results-oriented performance measures for these payments.

Recommendations and GAO actions: This report recommended that the Comptroller General direct the Chief Human Capital Officer to take the following seven actions: (1) update GAO's recruitment, relocation, and retention incentive policy contained in GAO Order 2575.1 to strengthen justification factors for the continuation of retention incentive payments by requiring a timeline or strategy for eliminating, as appropriate, the need for future payments, and include a requirement for periodically reporting to GAO management and executives on the agency's use of these incentives; (2) consider development and use of a standard form to aid in documenting incentive-related actions and maintaining documentation needed to support reconstruction of actions taken; (3) develop and implement detailed procedures for ensuring compliance with recruitment and relocation requirements provided in GAO Order 2575.1; (4) revise retention procedures to address any inconsistencies with GAO Order 2575.1 and to ensure the completeness of the detailed procedures in support of compliance; (5) establish an integrated process and procedures to identify and terminate, in a timely manner, recruitment, relocation, or retention incentives based on the occurrence of conditions for termination as defined by GAO Order 2575.1; (6) establish a process to ensure that each retention incentive is reviewed at least annually to determine whether it should be retained, reduced, or terminated, and if it is to be continued or reduced, to verify that a succession plan or recruitment strategy is in place, as appropriate, to eliminate the need for the incentive in the future; and (7) incorporate the use of recruitment, relocation, and retention incentives into GAO's strategic human capital planning to specify a plan for their use, the results GAO expects to achieve, and the measures that will be used to assess their effectiveness. In addition, to help management monitor and evaluate the effectiveness of controls related to recruitment, relocation, and retention incentives, we recommend that the Comptroller General direct the Chief Administrative Officer to include recruitment, relocation, and retention incentives, as appropriate, in periodic internal management reviews of internal controls (A-123 reviews) to help ensure that control activities—such as documentation maintenance and transaction execution and recording controls—are functioning properly.

GAO concurred with these recommendations. Actions taken in response to the recommendations are expected to be reported to the OIG within 60 days of the report issuance date.

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- Call toll-free (866) 680-7963 to speak with a hotline specialist, available 24 hours a day, 7 days a week.
- Online at: <https://OIG.alertline.com>.

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

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