

Office of Inspector General
U.S. Government Accountability Office

SEMIANNUAL REPORT October 1, 2015 – March 31, 2016

Accessible Version



Serving the Congress and the Nation

Memorandum

Date: April 12, 2016

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak



Subject: **Semiannual Report—October 1, 2015, through March 31, 2016**

I am submitting this report in accordance with Section 5 of the Government Accountability Office Act of 2008.¹ The report summarizes the activities of the Office of Inspector General (OIG) for the first reporting period of fiscal year 2016. 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.

During this reporting period, we issued two audit reports, continued fieldwork on one audit, and started fieldwork on two additional audits. We also closed 2 investigations and opened 2 new investigations. In addition, we processed 144 hotline complaints, which generally did not involve GAO's programs and operations. We issued our [Strategic Plan for Fiscal Years 2016-2020](#), which identifies the vision, goals, objectives, and strategies for our activities, under the authority of the GAO Act of 2008, to promote efficiency, effectiveness, and integrity in GAO programs and operations. We remained active in the GAO and OIG communities by briefing new GAO employees on our audit and investigative missions and by participating on Council of Inspectors General on Integrity and Efficiency committees and working groups. Details of these activities and other OIG accomplishments are provided in the accompanying report.

Finally, interest in OIG products appears to be increasing. The total number of subscribers to the OIG e-mail update list (those who receive OIG reports when issued) increased 337% in the 2 months since GAO implemented the GovDelivery e-mail subscription management service (from 117 subscribers to 511 subscribers as of April 2016). For the first time, the IG list is included in the listing of available updates on GAO's GovDelivery subscription page where people view it either when subscribing for the first time or managing their existing subscriptions.

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

Attachments

¹31 U.S.C. § 705 (2012).

Attachment I

INTRODUCTION

THE UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

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 Government Accountability Office Act of 2008, GAO's Office of Inspector General (OIG) independently conducts audits, evaluations, and other reviews of GAO programs and operations and makes recommendations to promote economy, efficiency, and effectiveness in GAO. We also investigate allegations of fraud, waste, and abuse in GAO's programs and operations, including the possible violation of law or regulation.

ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

AUDITS AND EVALUATIONS

During the reporting period, we issued two audit reports on (1) the effectiveness of GAO's student loan repayment debt collection controls, and (2) GAO's voluntary compliance with the Federal Information Security Management Act of 2002 and other federal security requirements. (See attachment II for a summary of these reports.) In addition, we continued our audit of GAO's contract management program, and began two audits to assess the effectiveness of controls over purchase card transactions involving accountable property and GAO debt collection.

COMPLAINTS AND INVESTIGATIONS

The OIG hotline is our primary source of complaints or information for identifying suspected fraud and other problems, abuses, and deficiencies relating to the administration of GAO's programs and operations. As shown in table 1, we processed 144 hotline complaints during this 6-month reporting period.

Table 1: Summary of OIG Hotline Complaint Activities, October 1, 2015, through March 31, 2016

Hotline complaints open at the start of the reporting period	20
New hotline complaints received this reporting period	131
Total hotline complaints	151
Complaints closed (referred to other GAO offices)	4
Complaints closed (referred to FraudNet ^a)	1
Complaints closed (insufficient information/no basis)	82
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices ^b)	57
Complaints closed (converted to investigations)	0
Total hotline complaints open at the end of the reporting period	7

Source: OIG.

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

^bFraudNet was provided a copy of each referral made outside of GAO.

Table 1 identifies 82 complaints that were closed due to insufficient information or no basis for us to open an investigation. These complaints generally did not involve GAO programs and operations, and lacked either (1) sufficient merit to warrant direct OIG referral to another federal or state organization, or (2) actionable information. We report them here because, in our efforts to provide every complainant a response, we spend considerable time evaluating the issues contained in a complaint.

As shown in table 2, there were 17 open investigations during this reporting period. At the end of the reporting period, 15 investigations remained open.

Table 2: Summary of OIG Investigations, October 1, 2015, through March 31, 2016

Investigations open at the start of the reporting period	15
New investigations initiated this reporting period	2
Total investigations	17
Investigations closed this reporting period	2
Total investigations open at the end of the reporting period	15

Source: OIG.

We closed an investigation regarding an allegation that an analyst violated the agency telework policy. Our investigation found that the employee was, in fact, in compliance with the telework policy.

We closed an investigation regarding an allegation that a former analyst had a conflict of interest prior to resigning from GAO. Our investigation corroborated the allegation that the employee worked for a contracting company while continuing work for GAO. However, the services provided by the employee to GAO were not related to the outside employment.

We reported during the previous reporting period that five GAO employees and the spouse of another employee were indicted. During this reporting period, a sixth GAO employee was indicted and the previous indictment of her husband was dismissed. All of the defendants were convicted or entered guilty pleas and some have been sentenced. This investigation was the result of an allegation received from GAO. Between 2012 and 2014, GAO conducted a congressionally-mandated study of the United States Department of Agriculture's School Meals Program. GAO identified current or former GAO employees that appeared to be ineligible to participate in the program and referred them to the OIG. Our investigation developed evidence that some of these individuals submitted fraudulent applications resulting in their children receiving free or reduced-price school meals. The individual investigative results are:

- A shared services assistant pleaded guilty to felony theft. She was given probation before judgment, three years of unsupervised probation, 100 hours of community service and ordered to pay \$781 in restitution;
- An engagement and administrative operations assistant was found guilty, by a jury, of felony theft, welfare fraud, and related charges. She was given a ten year suspended sentence, twelve weekends of incarceration, five years of supervised probation, 100 hours of community service and ordered to pay \$3,217 in restitution;
- An engagement and administrative operations assistant was found guilty, following a bench trial, of felony theft, welfare fraud and related charges. She was given a suspended sentence of three-and-a-half years, three years of probation and ordered to pay \$2,146 in restitution;

- An executive assistant was indicted and pleaded guilty to making a false statement on a public assistance application. She was given a suspended sentence of three years, three years of probation, 50 hours of community service and ordered to pay \$1,737 in restitution;
- An engagement and administrative operations assistant pleaded guilty to making a false statement on a public assistance application. Her sentencing is scheduled for April 8, 2016; and
- A management analyst and former Prince George's County Board of Education member, was found guilty, by a jury, of felony theft, filing a false public assistance application, welfare fraud and related charges for stealing more than \$1,700 in free lunches between 2010 and 2015. Her sentencing is scheduled for April 28, 2016.

All six of these individuals, and an information technology analyst for whom prosecution was declined, were referred to agency management for administrative consideration. The management referrals are pending final actions.

OTHER ACTIVITIES

Activities within GAO

The Inspector General discusses the duties, responsibilities, and authorities of the OIG with participants in GAO's biweekly new employee orientation program. In addition, OIG leadership attends meetings of GAO senior staff, the external financial statement auditor, and the GAO audit advisory committee.

During the current reporting period we received one access request under GAO's access regulation, 4 C.F.R. Part 81. We released responsive documents within the required 20 day time frame and closed the matter.

Activities within the Inspector General Community

We participated in the Council of Inspectors General on Integrity and Efficiency (CIGIE), a council of federal inspectors general that promotes collaboration on issues of economy, efficiency and effectiveness that transcend individual agencies. OIG leadership regularly participated in monthly CIGIE meetings, quarterly Legislative Branch Inspectors General meetings, and periodic meetings with other OIGs designed to address issues common to smaller OIGs. The Assistant Inspector General for Investigations participated in monthly CIGIE Investigations Committee and quarterly Assistant Inspectors General for Investigations Committee meetings. The Counsel to the Inspector General participated in monthly CIGIE Legislation Committee meetings and Council of Counsels to Inspectors General meetings.

Audit peer review activities

Government Auditing Standards require that each organization performing audits in accordance with these standards have an external peer review. The objectives of a peer review are to determine whether an effective quality control system has been established in the office and if policies, procedures, and applicable government auditing standards are followed. Peer reviews of OIGs must be performed at least once every 3 years by reviewers independent of the audit organization being reviewed. The reviews are conducted in accordance with guidelines established by CIGIE. Audit organizations can receive a rating of pass; pass with deficiencies; or fail.

During this reporting period, we received a rating of pass on an external peer review for the year ending March 31, 2015. The review was conducted by the National Endowment for the Arts, OIG, which opined that our system of quality control was suitably designed and operating effectively to provide reasonable assurance that our audits complied with applicable professional standards in all material aspects. We will receive our next peer

review in 2018. A copy of our peer review report is posted on our website www.gao.gov/about/workforce/ig.html.

GAO ACTIONS ON OIG AUDIT RECOMMENDATIONS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. Table 3 presents the March 31, 2016 status of actions taken and planned by GAO in response to recommendations that were open during the last semiannual reporting period.

Table 3: Status of Agency Actions on OIG Report Recommendations That Were Open During the Last Semiannual Reporting Period

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
<p><i>Financial Management: Additional Actions Needed to Ensure Accountability Over Undercover Funds, OIG-14-1</i> (May 27, 2014)</p>	<p>Expediently complete efforts to update and implement Forensic Audits and Investigative Service (FAIS) policies and procedures to ensure accountability of undercover funds and compliance with federal appropriations law. These policies and procedures should clearly document FAIS controls related to undercover funds, including methods available to obtain funds, approvals required, reporting requirements regarding the use of and status of funds, and oversight and monitoring activities for ensuring compliance.</p>	<p>Recommendation open</p> <p>GAO is in the final phase of review of the detailed procedures it drafted to support implementation of its investigative policy regarding undercover funds. FAIS expects to issue the detailed procedures in fiscal year 2016.</p>
	<p>Provide FAIS investigators and others, as appropriate, training on the updated FAIS policies and procedures regarding accountability of undercover funds, including individual roles and responsibilities related to oversight and monitoring and control activities, for ensuring compliance with GAO and FAIS policies and appropriations law.</p>	<p>Recommendation open</p> <p>Training on the detailed procedures intended to support the policy is expected to occur after FAIS issues the procedures. FAIS expects to issue the detailed procedures in fiscal year 2016.</p>
	<p>Update GAO Order 0010.1, <i>Government Accountability Office (GAO) Orders, Operational Directives, and Manuals</i> (July 1, 2013) to identify FAIS as the office of primary responsibility for forensic audit and investigative policies and procedures related to GAO's engagements to help ensure these documents are updated, as needed.</p>	<p>Recommendation closed</p> <p>Actions taken by GAO meet the intent of our recommendation. Specifically, GAO included language in GAO Order 130.1.5, Forensic Audits and Investigative Service, which is visible outside FAIS-its investigative team. This action effectively articulates that FAIS is the office primarily responsible for forensic audit and investigation policy and procedures.</p>

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
<p><i>GAO's Privacy Program: Opportunities Exist to Further Protect Personally Identifiable Information (PII)</i>, OIG-15-1 (March 30, 2015)</p>	<p>Coordinate with system owners to develop and implement a set of unique employee identifiers that are not Social Security numbers for use in internal GAO systems.</p>	<p>Recommendation closed</p> <p>GAO developed a strategy to reduce the use of Social Security numbers in its information systems. For example, GAO updated the Training Registration Resource System to use GAO network names to identify users rather the Social Security numbers GAO.</p>
	<p>Conduct an internal risk assessment of GAO systems to identify and address gaps in privacy compliance from best practices, such as NIST Special Publication 800-53, revision 4 and NIST Special Publication 800-122.</p>	<p>Recommendation closed</p> <p>GAO performed a risk assessment of its privacy program to identify areas of improvement in the program and to identify gaps in privacy compliance based on GAO's Privacy Program policy and best practice recommendations from several sources, including NIST.</p>

Source: OIG.

Attachment II

Summary of OIG Reports and GAO Actions Reports Issued October 1, 2015, through March 31, 2016

DEBT COLLECTION: Improved Controls are Needed to Identify and Collect Student Loan Repayment Debt, [OIG-16-1](#) (March 1, 2016)

Objective: This report assessed the extent to which GAO identified and collected student loan repayment (SLR) debts from former employees who did not fulfill their 3-year service agreements.

Findings: GAO did not ensure that it collects SLR benefits paid on behalf of employees with unfulfilled service agreements. Specifically, GAO did not have an effective process to identify separating SLR benefit recipients with unfulfilled service agreements. While GAO relied on exit clearance policies and procedures, they were ineffective in identifying SLR benefit recipients with unfulfilled SLR program service agreements and in resolving outstanding SLR debt prior to separation. When SLR debts were identified, GAO did not have written procedures for initiating and carrying out the establishment and collection of SLR debts owed the agency. Because of weaknesses in each of these areas, years of unpaid SLR debts estimated at \$874,000 were not identified or collected at the time of our review. For others that were collected, some were collected for incorrect amounts.

Recommendations and GAO Actions: We recommended that GAO take the following four actions to improve controls over SLR debt collections: (1) establish a method to maintain relevant, reliable, and timely information relating to (a) whether separating SLR benefit recipients completed all current service agreements and (b) determining the total amount of SLR debts subject to repayment by benefit recipients; (2) update and reissue the existing exit clearance policy to clearly document responsibility for notification to the SLR program designated clearance coordinator of separating employees; (3) clearly establish and document roles and responsibilities for initiating bills to collect SLR debts and monitoring their collection; and (4) establish, document, and implement SLR debt collection procedures to address how to (a) initiate and carry out the SLR debt collection process and (b) accurately establish SLR debts and effectively monitor the debt collection status. GAO agreed with our recommendations and has taken or initiated efforts to address them.

INFORMATION SECURITY: Review of GAO's Program and Practices for Fiscal Years 2014 and 2015, [OIG-16-2](#) (March 28, 2016)

Objective: This report assessed GAO's compliance with Federal Information Security Management Act of 2002 (FISMA) requirements.

Findings: FISMA requires federal agencies to develop, document, and implement an agency-wide information security program to provide security for the information and systems that support their operations and assets, including those provided or managed by another agency or contractor. GAO is not obligated by law to comply with FISMA or executive branch information security policies, but has adopted them to help protect its information. Our work found that GAO has established an overall information security program that is generally consistent with the requirements of FISMA, OMB guidance, and standards and guidance issued by the National Institute of Standards and Technology. In addition, GAO has taken important steps to improve its security posture in response to recent federal cyber incidents. Our report identifies key areas, such as configuration management, contingency planning, and risk management, where additional steps could be

taken in to more fully comply with federal information security requirements and to strengthen GAO's information security framework consistent with best practices. Due to the sensitive nature of our findings, a full report on the results of our audit was prepared for internal GAO use only.

Recommendations and GAO Actions: We made six recommendations to the Comptroller General to further strengthen GAO's information security program. We recommended that GAO take action to mitigate identified configuration management weaknesses, enhance its contingency planning to ensure its alternative computing facility has the ability to quickly take over system operations for all mission-essential information systems and components in the event of a disruption, and strengthen its framework for identifying and managing risk at an enterprise level. GAO agreed with our recommendations and described actions planned to mitigate the control risks identified in our work.

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

To report fraud and other serious problems, abuses, and deficiencies relating to GAO programs and 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.
- Contact the OIG online at: www.OIG.alertline.com.

Obtaining Copies of OIG Reports and Testimony

To obtain copies of OIG reports and testimony, go to GAO's website: www.gao.gov/about/workforce/ig.html or call (202) 512-5748.

