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Memorandum

Date: October 23, 2017

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak

Subject: Semiannual Report to Congress—April 1, 2017, through September 30, 2017

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 second reporting period of fiscal year 2017. 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 continued fieldwork on four audits and started fieldwork on another audit. We also closed five investigations and opened five new investigations. In addition, we processed 49 hotline complaints, which generally did not involve GAO's programs and operations. We remained active in the GAO and OIG communities by briefing new GAO employees on our audit and investigative missions, and participating in Council of Inspectors General on Integrity and Efficiency (CIGIE) committees and working groups. Details of these activities and other OIG accomplishments are provided in the accompanying report.

Finally, the total number of subscribers to the OIG e-mail update list (those who are notified when an OIG report is issued) increased 20 percent over the prior reporting period (from 2,218 to 2,665 subscribers). 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. To further increase public access to and transparency of our work, OIG began posting its audit, evaluation, and semiannual reports to Oversight.gov (<https://www.oversight.gov>) in September 2017. Oversight.gov is a publicly accessible, text-searchable website containing the latest public reports from contributing federal Inspectors General who are members of CIGIE.

I thank GAO's Executive Committee, managers, and staff for their cooperation and support in fulfilling our mission. My team of dedicated professionals remains committed to helping GAO improve its operations. The accomplishments reported in the attachments below are the result of their efforts.

Attachment

Attachment I

¹ 31 U.S.C. § 705 (2012).

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

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. GAO concurred with all OIG recommendations and provided agency comments on all reports issued during the reporting period within 60 days following issuance.

Table 1 provides summary statistics regarding unimplemented OIG recommendations as of September 30, 2017.

Table 1: Fiscal Year Summary Statistics Related to Unimplemented OIG Recommendations as of September 30, 2017

Fiscal Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations
2016	1	1
2017	2	2
Total	3	3

Source: OIG assessment as of September 30, 2017.

None of the unimplemented OIG recommendations identified here are expected to achieve specific cost savings. However, financial savings could result from improving oversight, monitoring, and other control activities as specified in the recommendations. For example, our audit of GAO personal property found that GAO's use of ad hoc methods for identifying and tracking personal property acquired with a

purchase card leaves the agency vulnerable to incurring unnecessary costs and property loss or misuse.²

OIG Reports, Status of Current Period Recommendations, and Other Work

We issued no audit or evaluation reports within the reporting period. During the reporting period, we continued audits to assess GAO information security controls and practices, debt waiver policies and procedures, DATA Act compliance, and GAO’s use of law enforcement availability pay. In addition, we started an audit to assess GAO contract close-out controls.

Copies of OIG reports are available on our website at www.gao.gov/about/workforce/ig.html and at <https://www.oversight.gov>.

Status of Prior Period Unimplemented OIG Audit Recommendations

At the end of the prior reporting period (March 31, 2017), there were a total of six unimplemented recommendations from three audits.³

During the current period, GAO completed actions that addressed the intent of three of the six recommendations and has efforts under way to address the remaining three recommendations.

Table 2 summarizes the status of actions GAO took or planned in response to unimplemented recommendations as of the end of the current semiannual reporting period (September 30, 2017).

Table 2: Status of Agency Actions on Unimplemented OIG Recommendations, as of September 30, 2017

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
<i>Information Security: Review of GAO’s Program and Practices for Fiscal Years 2014 and 2015, OIG-16-2</i> (March 28, 2016)	Discontinue the use of the Windows XP operating system and remove any related software that was retained specifically for use with Windows XP.	Recommendation closed GAO retired the last workstation using the outdated Windows XP operating system in April 2017. A system scan performed by GAO on July 7, 2017, did not identify any devices running Windows XP.
	Identify and prioritize all mission-essential information systems and components critical to supporting the organization’s mission/business processes for inclusion in a comprehensive contingency planning strategy.	Recommendation closed GAO identified mission-essential functions and established the recovery criticality and priority for associated information systems and components. GAO then compared its contingency requirements with current capabilities and developed a comprehensive contingency planning strategy for sustaining operations within defined parameters.

²OIG, *Property Management: Opportunities Exist to Improve Personal Property Accountability and Visibility*, OIG-17-4 (March 9, 2017).

³OIG, *Semiannual Report—April 1, 2016, through September 30, 2016* OIG-17-2SP (October 19, 2016).

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
	<p>Establish fully operational equipment and capacity to increase the disaster recovery capabilities at the Alternate Computing Facility (ACF) and the ability to quickly take over system operations for all mission-essential information systems and components after loss of the GAO headquarters facility.</p>	<p>Recommendation open</p> <p>Over the past six months, GAO made progress in determining and documenting its requirements for contingency operations. GAO expects to update and complete its draft contingency plan in November 2017 and conduct a failover test to demonstrate the functionality of that plan in the second quarter of fiscal year 2018.</p>
<p><i>Reservist Differential Pay: Policies and Procedures are Needed to Prevent or Detect Errors and Overpayments</i>, OIG-17-2 (December 15, 2016)</p>	<p>Develop and implement policies to ensure compliance with all applicable provisions of the reservist differential law</p> <p>Develop and implement procedures for implementing GAO's reservist differential pay policy. Such procedures should establish internal controls, including steps for determining eligibility for differential pay, computing and verifying the accuracy of differential payment amounts due, reviewing and approving payments, and maintaining information relevant to differential pay determinations.</p>	<p>Recommendation open</p> <p>GAO has drafted reservist differential pay policy to address, among other issues, the eligibility, calculation, and waiver findings identified in our report. GAO expects to complete its efforts to finalize and implement policy in fiscal year 2018.</p> <p>Recommendation closed</p> <p>GAO has updated its standard operating procedures for implementing provisions of the reservist differential law and is in the process of updating its policy for ensuring compliance.</p>
<p><i>Property Management: Opportunities Exist to Improve Personal Property Accountability and Visibility</i>, OIG-17-4 (March 9, 2017)</p>	<p>Complete efforts to identify and assess ad hoc mechanisms used within GAO to track personal property to determine how GAO's central accountability database can be used to provide accountability over this property consistent with GAO policy, program needs, and privacy considerations.</p>	<p>Recommendation open</p> <p>GAO is in the process of finalizing its assessment of ad hoc mechanisms (e.g., spreadsheets) used to track personal property outside of the agency's central tracking database (Asset Manager). Additional assets were added to Asset Manager as a result of this effort. GAO expects to complete its assessment and related updates to Asset Manager in 2018.</p>

Source: OIG assessment as of September 30, 2017.

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 3, we processed 49 hotline complaints during this 6-month reporting period.

Table 3 Summary of OIG Hotline Complaint Activity, April 1, 2017, through September 30, 2017

Hotline complaints open at the start of the reporting period	0
New hotline complaints received this reporting period	49
Total hotline complaints	49
Complaints closed (referred to other GAO offices)	3
Complaints closed (referred to FraudNet ^a)	2
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices ^b)	38
Complaints converted to investigations	3
Total hotline complaints open at the end of the reporting period	3

Source: OIG hotline summary statistics as of September 30, 2017.

^aFraudNet is a government-wide hotline operated by GAO staff in FAIS 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.

In addition to the 49 hotline complaints shown in Table 3, we received another 75 complaints that we 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.

As shown in table 4, there were 15 open investigations during this reporting period. At the end of the reporting period, 10 investigations remained open. The OIG issued two Reports of Investigation and referred three matters for criminal prosecution.

Table 4: Summary of OIG Investigations, April 1, 2017, through September 30, 2017

Investigations open at the start of the reporting period	10
New investigations initiated this reporting period	5
Total investigations	15
Investigations closed this reporting period	5
Total investigations open at the end of the reporting period	10
Total investigative reports issued during reporting period^a	2
Referred to Department of Justice	3
Referred to state/local prosecutor	0
Total referrals for criminal prosecution	3
Total indictments/information obtained during reporting period	1

Source: OIG investigative activity statistics as of September 30, 2017.

^a For reporting purposes, we identify the same investigative report issued to multiple recipients (e.g., a prosecutor and GAO management) as a single report.

Prior Period Update

In previous reporting periods, we reported on our referral to agency management of an investigation regarding an allegation that a probationary employee was engaged in time and attendance fraud. The employee falsely claimed approximately 260 hours totaling about \$14,850, not including benefits. The U.S. attorney declined criminal prosecution and we referred the matter to GAO management for administrative consideration. During this reporting period, agency management provided counseling to the employee.

Current Period Activity

On May 31, 2017, following a referral from our office, the U.S. Attorney's Office, Washington, DC, charged a GAO employee with one count of conspiracy to commit wire fraud. Our investigation was predicated on information derived from an OIG audit of the GAO Purchase Card Program. The subject employee was issued a GAO purchase card. Subsequently, the OIG identified that the employee made personal purchases with the GAO-issued purchase card. Additionally, the employee subcontracted with a government contractor that provided goods and services to GAO. The OIG investigation found that the GAO employee asked the contractor to falsely represent, to a mortgage company, that the GAO employee's daughter was employed by the contractor. The contractor agreed to help the GAO employee. The GAO employee, the daughter, and the contractor knowingly made numerous false representations to the mortgage company. On July 19, 2017, the OIG referred the matter to agency management for administrative consideration. GAO management issued a decision to place the employee on unpaid, indefinite suspension. However, the employee retired prior to the suspension. We are conducting this on-going investigation jointly with the Federal Bureau of Investigation.

The OIG referred another matter to management for administrative consideration after the U.S. Attorney's Office declined to criminally prosecute. The investigation resulted from allegations that a GAO Assistant Director (AD) falsified travel vouchers by claiming reimbursement for expenses not incurred. The total amount of money fraudulently obtained was at least \$1,134. The AD admitted to "systematically" submitting false claims for taxi fares not incurred and made six payments for \$1,367 which the AD identified as "possible travel errors" related to the falsified travel vouchers. Agency management is reviewing the matter for any appropriate administrative action(s).

We also referred an ongoing investigation to the U.S. Attorney's Office, Washington, DC, related to time and attendance fraud by a GAO employee. Our investigation was predicated on a hotline complaint to the OIG alleging that the employee arrives late for work and routinely leaves early. Our investigation identified that on numerous occasions the employee fraudulently claimed "Work Time," for the period January 23, 2017, through March 31, 2017. Routinely throughout the period of investigation, the employee falsified time and attendance reports to claim a greater number of hours of "Work Time" than actually worked. We will be referring this matter to GAO management for consideration of any appropriate administrative action(s).

We closed an investigation of a senior GAO employee for an allegation of special treatment of select staff members. Our investigation did not substantiate the allegation.

We closed the remaining investigations after determining that we could not substantiate the allegations.

OTHER ACTIVITIES

Congressional Matters

We responded to an OIG community-wide request by the Chairman and Ranking Member of the Senate Committee on Homeland Security and Governmental Affairs for information regarding the impact of mandatory reporting requirements on IG operations.

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 with GAO senior staff, the external financial statement auditor, and the GAO Audit Advisory Committee. OIG staff also met with program participants from Ukraine as part of a U.S. Agency for International Development-sponsored program to advance democratic and free-market principles. The OIG discussed our investigative role within GAO.

During the current reporting period we received and processed one access request under GAO's access regulation, 4 C.F.R. Part 81.

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 (AIGI) participated in monthly CIGIE Investigations Committee meetings, quarterly AIGI meetings, and in various investigative working groups. The Counsel to the Inspector General participated in monthly CIGIE Legislation Committee meetings and Council of Counsels to Inspectors General meetings. The IG presented welcoming remarks at a CIGIE-sponsored orientation session for new OIG employees and spoke to participants in a U.S. State Department international leadership program about the roles and responsibilities of Inspectors General.

In addition, we responded to several requests from OIGs for support in developing internal operating policies and procedures. To further increase public access to and transparency of our work, we began posting our audit, evaluation, and semiannual reports to Oversight.gov (<https://www.oversight.gov>) in September 2017. Oversight.gov is a publicly accessible, text-searchable website containing the latest public reports from contributing Federal Inspectors General who are CIGIE members.

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.

Our most recent audit peer review was conducted by the National Endowment for the Arts OIG for the year ending March 31, 2015. We received a rating of "pass." We will receive our next peer review in 2018. A copy of our peer review report is posted on our website at www.gao.gov/about/workforce/ig.html.