

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

# SEMIANNUAL REPORT

October 1, 2011 –  
March 31, 2012




*Serving the Congress and the Nation*

# Memorandum

**Date:** May 24, 2012

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

**From:** Inspector General Frances Garcia 

**Subject:** *Semiannual Report—October 1, 2011, through March 31, 2012*

In accordance with Section 5 of the Government Accountability Office Act of 2008 (GAO Act), I am pleased to submit the Office of the Inspector General (OIG) semiannual report for the 6-month period ending March 31, 2012, for your comments and its transmission to the Congress.

During this period, we have continued in our efforts to meet our statutory mandate to promote economy, efficiency, and effectiveness at GAO. For example, the OIG continued to provide reasonable assurance that our 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) standards are suitably designed and operating effectively. Further, the OIG completed an internal inspection of the OIG's system of quality control for the work completed during the fiscal year that ended September 30, 2010. In addition, we completed a review of the closed investigations case files for fiscal years 2010 and 2011 in an effort to determine the level of conformity with the standards adopted in the *Council of the Inspectors General on Integrity and Efficiency Quality Standards for Investigations*.<sup>1</sup> The results of the internal inspection and review concluded that, for the periods indicated, the OIG generally complied with prescribed quality standards for audit, inspection, and investigative work performed during fiscal years 2010 and 2011.

We have continued our efforts to strengthen our quality control system through a number of actions taken or in progress in response to recommendations resulting from the internal inspection and review. Due to the increasing number and nature of complaints, we hired a criminal investigator to fill a new Assistant Inspector General for Investigations (AIGI) position. The AIGI is responsible for overseeing the OIG hotline complaint process and independently planning and conducting investigations of allegations of fraud, abuse, and other deficiencies relating to GAO. In addition, the AIGI is responsible for continuing our efforts to strengthen our system of quality control for investigations. Actions planned and taken by the AIGI regarding OIG hotline and investigative functions include reviewing and revising the policies and procedures manual for investigations to help ensure compliance with applicable CIGIE standards; establishing investigative and case-specific goals,

---

<sup>1</sup>The Quality Standards for Investigations contain three general standards (qualification, independence, and due professional care) and four qualitative standards (planning, execution, reporting, and information management).

objectives, and priorities; and exploring shared services options for implementing an automated case management system for records and evidence management.

## **Activities of the Office of the Inspector General**

### Audits

On March 30, 2012, the OIG reported on GAO's voluntary compliance with the Federal Information Security Management Act of 2002 and other federal security requirements.<sup>2</sup> The Federal Information Security Management Act of 2002 (FISMA) requires that each federal agency in the executive branch establish an agencywide information security management program for the information systems that support the agency's operations and assets. GAO is not obligated by law to comply with FISMA or executive branch information policies but has adopted them to help ensure physical and information system security. Our evaluation showed that GAO has established an overall information security program that is generally consistent with the requirements of FISMA, Office of Management and Budget implementing guidance, and standards and guidance issued by the National Institute of Standards and Technology. However, using FISMA reporting metrics for federal inspectors general, we identified opportunities to improve specific elements of this program that concern

- addressing information security risk from an overall agency perspective through a comprehensive governance structure and organization-wide risk management strategy,
- remediating security weaknesses identified for agency information systems in a timely manner,
- building out GAO's Alternative Computing Facility to fully support the agency's mission-essential functions in the event of an emergency or disaster, and
- developing accurate statistics for employees and contractors completing annual security awareness and role-based training.

We recommended that GAO (1) establish a comprehensive governance structure and organization-wide risk management strategy for the security of its information systems; (2) enhance accountability for, and management of, the agency's information security weakness remediation process; (3) provide senior management with adequate information to consider and prioritize building out the capabilities of the agency's Alternative Computing Facility; and (4) develop and implement procedures for capturing data that accurately reflect agency compliance with security training requirements as of the end of each fiscal year. 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.

In addition, we updated our audit risk assessment of GAO programs and operations to aid in our development of risk-based audit work plan for fiscal year 2012. Based on the risk assessment and our work plan, we have ongoing work involving hiring and retention

---

<sup>2</sup>GAO, Office of the Inspector General, *Information Security: Evaluation of GAO's Program and Practices for Fiscal Year 2011*, [OIG-12-2](#) (Washington, D.C.: Mar. 30, 2012).

incentives and Contracting Officer Representative training.<sup>3</sup> We also participated in the activities of the broader inspector general community, including the CIGIE and the quarterly meetings of the Legislative Branch Inspectors General.<sup>4</sup>

### Investigations

For this reporting period, the OIG received, reviewed, and investigated complaints or information concerning the possible existence of activities constituting a violation of any law, rule, regulation, or mismanagement or gross waste of funds. 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.<sup>5</sup> Of the complaints received, some resulted in the opening of investigations; others were referred to GAO offices, units, or other law enforcement offices for consideration; and some were closed and not accepted for investigation or referral.

As shown in table 1, we had a total of 191 hotline complaints during this 6-month reporting period—189 received during the period and 2 that were open at the start of the period. Eight complaints were closed with a referral to the appropriate GAO office because they involved matters such as personnel or security. Sixty-four complaints were closed with a referral to FraudNet<sup>6</sup> because they involved matters related to the receipt, disbursement, and use of public money outside of GAO. Seventy one were closed due to insufficient factual information that would warrant further investigation; 16 others were closed with a referral to the appropriate agency Office of the Inspector General or law enforcement offices because they concerned matters related to other federal agencies programs, operations, or employees. Regarding the 10 other complaints, we converted them to full investigations. At the end of the reporting period, 22 complaints remained open.

---

<sup>3</sup>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 we are in tune with changing conditions or emerging issues and are able to respond appropriately.

<sup>4</sup>The six legislative branch IGs are (1) the Government Accountability Office, (2) the Architect of the Capitol, (3) the Government Printing Office, (4) the Library of Congress, (5) the Capitol Police, and (6) the House of Representatives.

<sup>5</sup>OIG has a toll-free Hotline number that is staffed by a contractor 24 hours a day, 7 days a week. The toll-free number is (866) 680-7963.

<sup>6</sup>FraudNet is a governmentwide hotline operated by GAO staff that receives complaints of fraud, waste, and abuse of federal funds.

**Table 1: Summary OIG Hotline Complaint Activities, October 1, 2011, through March 31, 2012<sup>a</sup>**

Complaints open at start of this reporting period	2
New complaints received this reporting period	189
<b>Total complaints</b>	<b>191</b>
<b>Disposition of Complaints Received</b>	
Complaints closed (referred to other units within GAO)	8
Complaints closed (referred to FraudNet)	64
Complaints closed (insufficient information/no basis)	71
Complaints closed (no jurisdiction and referred to appropriate agency OIG or other law enforcement offices)	16
Complaints closed (converted to full investigations)	10
<b>Total complaints still open at the end of the reporting period</b>	<b>22</b>

Source: OIG.

<sup>a</sup>Complaints include inquiries and allegations received by the OIG.

As shown in table 2, we had 12 investigations initiated during the reporting period, 2 of which were open at the start of this 6-month reporting period; the remaining 10 were initiated during the report period and included allegations related to possible contract fraud and possible travel and telework policy violations. Six of the investigations were closed due to insufficient factual information or referred to the appropriate GAO office for review and action. At the end of the reporting period, 6 cases remained opened, one of which is a joint investigation being led by the Federal Bureau of Investigation.

**Table 2: Summary of OIG Investigative Activities, October 1, 2011, through March 31, 2012**

Investigations open at the start of this reporting period	2
Investigations initiated during this reporting period	10
<b>Total investigations</b>	<b>12</b>
Investigations closed this reporting period (no basis or referred to other GAO units for review and action)	6
<b>Total investigations open at the end of this reporting period</b>	<b>6</b>

Source: OIG.

## Other Activities

In addition to our audit and investigative activities, the OIG was involved in a number of outreach and liaison activities, including oversight of the Commission on Civil Rights, active participation in the community of federal inspectors general, monitoring GAO's management challenges, and tracking the status of open recommendations to GAO for corrective actions to address identified problems. Following are highlights of these activities.

## OIG Commission on Civil Rights Oversight

During this reporting period, we performed the duties and responsibilities of the IG of the United States Commission on Civil Rights (Commission). The Commission's IG was created by the Consolidated and Further Continuing Appropriations Act of 2012.<sup>7</sup> The duties, responsibilities, and authorities of the Commission's Inspector General are specified in the Inspector General Act of 1978, as amended.<sup>8</sup> The act further designated that the IG of GAO also holds the position of IG of the Commission and directed that personnel of GAO's OIG be utilized to perform the duties of the Inspector General for the Commission. The IG shall conduct audits and investigations relating to programs and operations administered or financed by the Commission and keep the Commissioners and the Congress fully informed concerning fraud or other serious problems, abuses, and deficiencies identified.

## Council of the Inspectors General on Integrity and Efficiency and Legislative Branch Inspectors General

During this 6-month reporting period, the OIG participated in the activities of the broader inspector general community. For example, the OIG served as a member of the Council of the Inspectors General on Integrity and Efficiency (Council), as provided under the Inspector General Reform Act of 2008.<sup>9</sup> As a member, the OIG participated in the plans, programs, and projects of the Council and adhered to professional standards established by the Council. The OIG also participated in the Legislative Branch Inspectors General quarterly meetings.

## Inspector General's View of GAO's Management Challenges

For this reporting period, we completed a review of GAO's assessment of its management challenges before publication of GAO's fiscal year 2011 *Performance and Accountability Report*.<sup>10</sup> The Inspector General cited this assessment in an October 27, 2011, memorandum to the Comptroller General, which was published in GAO's fiscal year 2011 performance report. In our memorandum, we agreed with management's assessment and decision to remove physical security and information security and to retain human capital management as management challenges for fiscal year 2011. The OIG agreed that while improvements have been made in GAO's human capital management, this area continues to present a management challenge for the agency as it strives to maintain an agile and effective workforce. In 2011, GAO identified "engagement efficiency" as a new management challenge in recognition of its need to find ways to improve its efficiency in producing quality work in support of the Congress within a declining resource environment. We concurred with GAO's decision to recognize the importance of these efforts by designating engagement efficiency as a management challenge.

---

<sup>7</sup>Pub. L. No. 122-55. 125 Stat. 552, 628 (Nov. 18, 2011).

<sup>8</sup>Pub. L. No. 95-452, 92 Stat. 1101 (Oct. 12, 1978), codified as amended at 5 U.S.C. App.

<sup>9</sup>5 U.S.C. App. § 11 (b) (1) (I).

<sup>10</sup>GAO, *Performance and Accountability Report—Fiscal Year 2011*, [GAO-12-4SP](#) (Washington, D.C.: Nov. 15, 2011).

## 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. For this reporting period, GAO undertook or continued actions to respond to 15 recommendations in six 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 an 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, October 1, 2011, through March 31, 2012**

<b>OIG audit and other reports</b>	<b>Recommendation</b>	<b>Status of actions planned and taken by GAO in response to the recommendation</b>
Suspension and debarment procedures (Sept. 30, 2010)	1. Consider developing and adopting suspension and debarment procedures.	<b>Recommendation closed</b> GAO implemented the recommendation. A policy statement was published in the <i>Federal Register</i> on February 13, 2012, 77 F.R. 7579-81, effective immediately.
<i>Information Security: Evaluation of GAO's Program and Practices for Fiscal Year 2010, OIG-11-3</i> (Mar. 4, 2011)	2. Incorporate procedures within its annual systems inventory process that require inventory changes to be documented and formally approved by the Chief Information Officer and that system interfaces be identified between GAO systems and those operated by other agencies and contractors.	<b>Recommendation closed</b> GAO implemented the recommendations. GAO established a process to document and formally approve inventory changes.
	3. Identify and pursue additional options for obtaining assurances that certain contractor systems meet federal information security requirements.	<b>Recommendation closed</b> GAO completed a security assessment of certain contractor systems to ensure the systems met federal information security requirements.
	4. Continue efforts to complete and document required information security processes and procedures for all GAO-operated systems.	<b>Recommendation closed</b> GAO completed and documented required information security processes and procedures for all GAO operated systems.
	5. Proceed with plans to establish a security configuration scanning capability for GAO notebook computers and workstations.	<b>Recommendation closed</b> GAO scanned computers for compliance with security configuration.
	6. Incorporate changes to the configuration management process that remediate specific open configuration-related vulnerabilities.	<b>Recommendation closed</b> GAO incorporated changes that addressed specific open configuration-related vulnerabilities.

OIG audit and other reports	Recommendation	Status of actions planned and taken by GAO in response to the recommendation
	7. Ensure that access to annual role-based information security training or its equivalent is provided for all contractor staff required to take this training.	<b>Recommendation closed</b> GAO implemented new mandatory role-based training for all contractors with significant information security responsibilities.
GAO management challenges and performance measures (Oct. 28, 2010)	8. Re-examine management challenges to determine whether (1) significant actions had been taken in the areas of physical security, information security, or human capital to justify removal of any of these management challenges and (2) other risks have emerged that may warrant designation as GAO management challenges.	<b>Recommendation closed</b> GAO implemented the recommendation. GAO's assessment led to a decision to remove physical security and information security and to retain human capital management as management challenges for fiscal year 2011. GAO identified "engagement efficiency" as a new management challenge in recognition of its need to find ways to improve its efficiency in producing quality work in support of the Congress within a declining resource environment.
<i>Information Security: Evaluation of GAO's Information Security Program and Practices for Fiscal Year 2009, <a href="#">OIG-10-3</a> (Jan. 4, 2010)</i>	9-10. Continue efforts to implement additional requirements for the agency's privacy program.	<b>Recommendations open</b> 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)	11. 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.	<b>Recommendation open</b> GAO plans to provide documentation of agreements and new memorandums of agreement. GAO also plans to provide an update on efforts to be accredited by the National Association for the Education of Young Children.
Internal controls regarding telework, official duty station, and transit benefits (July 18, 2011)	12-15. Improve monitoring of the telework program.	<b>Recommendation closed</b> GAO developed and implemented procedures to monitor transit benefits.  <b>Recommendations open</b> GAO developed and implemented a telework communications strategy to explain and/or remind staff of the telework policy and available program resources. On January 31, 2012, GAO published in <i>GAO Notices</i> an announcement of a proposed change regarding its telework order. The period for comments by GAO employees closed on March 2, 2012.

Source: OIG.



I provided GAO with a draft of this report for review and comment. The agency provided technical comments that we incorporated, as appropriate.

I 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 American taxpayers; the accomplishments reported in this letter are the direct results 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

(999818)

---

## 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.
- Online at <https://oig.alertline.com>.

---

## Obtaining Copies of 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).

---

## Congressional Relations

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

---

## 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

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



Please Print on Recycled Paper