

Office of Inspector General
U.S. Government Accountability Office

SEMIANNUAL REPORT

October 1, 2014 –
March 31, 2015



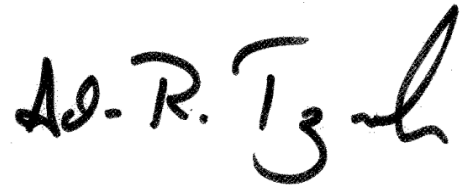
Serving the Congress and the Nation

Memorandum

Date: April 22, 2015

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak



Subject: *Semiannual Report—October 1, 2014, through March 31, 2015*

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 Inspector General (OIG) for the first reporting period of fiscal year 2015.

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, OIG issued one evaluation report, provided one audit report to GAO for comment, and continued or began fieldwork on two audits and one evaluation engagement. OIG closed 8 investigations and opened 14 new investigations. OIG also processed 116 hotline complaints, which generally did not involve GAO's programs and operations. In addition, OIG staff remained active in the GAO and OIG communities through IG briefings to new GAO employees on the OIG's audit and investigative functions and participation 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.

I appreciate management's support and thank GAO's Executive Committee, managers, and staff for their cooperation during our reviews. OIG's 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).

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 GAO Act, 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. OIG also investigates allegations of fraud, waste, and abuse in GAO's programs and operations, including the possible violation of any law or regulation.

ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

AUDITS AND EVALUATIONS

During the reporting period, OIG issued an evaluation report assessing the extent to which GAO's privacy program protects personally identifiable information under the authority and control of GAO. (See attachment II for a summary of the report) In addition, the OIG provided a draft of its audit report on GAO's purchase card program to GAO for agency comment. The OIG continued its audit of GAO's implementation of Law Enforcement Availability Pay (LEAP) and began an audit of GAO's student loan repayment program and an evaluation of GAO's compliance with Federal Information Security Management Act (FISMA) requirements.

COMPLAINTS AND INVESTIGATIONS

The OIG's 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 116 hotline complaints during this 6-month reporting period.

Table 1: Summary of OIG Hotline Complaint Activities, October 1, 2014, through March 31, 2015

Hotline complaints open at the start of the reporting period	2
New hotline complaints received this reporting period	114
Total hotline complaints	116
Complaints closed (referred to other GAO offices)	5
Complaints closed (referred to FraudNet ^a)	1
Complaints closed (insufficient information/no basis)	57
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices)	49
Complaints closed (converted to investigations)	3
Total hotline complaints open at the end of the reporting period	1

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.

Table 1 identifies 57 complaints that were closed due to insufficient information or no basis for the OIG 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, the OIG spends considerable time evaluating the issues contained in a complaint.

As shown in table 2, there were 27 open investigations during this reporting period. At the end of the reporting period, 19 investigations remained open.

Table 2: Summary of OIG Investigations, October 1, 2014, through March 31, 2015

Investigations open at the start of the reporting period	13
New investigations initiated this reporting period	14
Total investigations	27
Investigations closed this reporting period	8
Total investigations open at the end of the reporting period	19

Source: OIG.

We closed an investigation of an executive assistant engaged in time and attendance fraud. Our investigation found that the employee did not accurately record work hours. Specifically, the investigation revealed that on 39 workdays, during the period October 1, 2012, through June 7, 2013, the employee committed a “major deviation” from the employee’s work schedule by leaving one hour or more earlier than the employee’s scheduled end of duty time. Additionally, the employee was absent without leave (AWOL) on 5 days for the same period. The estimated loss to GAO for the unsubstantiated work hours claimed by the employee is \$4,858. In this reporting period, GAO management imposed a 3-day suspension on the employee.

We closed an investigation of an assistant director (AD) engaged in time and attendance fraud. The results of the investigation show that the AD did not accurately record work hours for the period July 2, 2012, through August 21, 2013. On multiple occasions, the AD deviated from the approved work schedule, violated approved telework agreements, departed work early by taking lunch breaks at the end of an 8 hour work day, violated the basic work requirement of working between 6 a.m. and 7 p.m., was absent without leave (AWOL), and falsified time and attendance reports by inflating the number of hours worked. During this reporting period, and in lieu of a proposed adverse action, the AD agreed to retire on or before June 26, 2015.

We closed the remaining investigations after OIG investigative staff determined that the allegations could not be substantiated.

OTHER ACTIVITIES

ACTIVITIES WITHIN GAO

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

During the reporting period, OIG received five Freedom of Information Act requests which we addressed in accordance with procedures set forth in 4 C.F.R. part 81. One of the five FOIA requests received during this reporting period remains open, pending further OIG action. In addition, the Inspector General granted one appeal that was filed with the OIG during this reporting period.

ACTIVITIES WITHIN THE INSPECTOR GENERAL COMMUNITY

OIG participated in the Council of Inspectors General on Integrity and Efficiency (CIGIE), a council of federal inspectors general that promotes collaboration on integrity, economy, and efficiency issues that transcend individual agencies. The IG, Assistant IGs, or staff 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 quarterly CIGIE Investigations Committee and AIGI Committee meetings. The IG Counsel participated in monthly 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 must 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 must be performed at least once every 3 years by reviewers independent of the audit organization being reviewed. OIG is scheduled for a peer review in fiscal year 2015.

GAO ACTIONS ON UNIMPLEMENTED 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, 2015 status of actions planned and taken 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>Security Clearances: Actions Needed to Strengthen Controls over Top Secret Security Clearance Requirements, OIG-13-3 (Sept. 27, 2013)</i></p>	<p>Establish procedures to ensure that decisions to grant top secret security clearances are grounded in written justifications</p>	<p>Recommendation open GAO has drafted an update to its personnel security program policy, which is in the final phase of review prior to issuance. No timeframe has been established for completion of the internal review, and issuance of the updated policy and corresponding procedures.</p>
<p><i>Financial Management: Additional Actions Needed to Ensure Accountability Over Undercover Funds, OIG-14-1 (May 27, 2014)</i></p>	<p>Expediently complete efforts to update and implement 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 GAO issued its undercover operations policy in July 2014 and is in the process of finalizing detailed procedures to support the policy and ensure accountability over undercover funds. FAIS also updated GAO Order 0130.1.5, Forensic Audits and Special Investigations, which outlines GAO’s overall investigative policy. Final issuance of the updated policies and procedures is expected by the end of fiscal year 2015.</p>

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
	<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>FAIS trained its investigative staff on the undercover operations policy in August and September 2014. In addition, FAIS trained its senior managers on its draft procedures and intends to train its remaining investigative staff after the procedures are finalized, which is expected to occur by the end of fiscal year 2015.</p>
	<p>Update GAO Order 0010.1, Government Accountability Office (GAO) Orders, Operational Directives, and Manuals (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 open</p> <p>GAO Order 0010.1, Government Accountability Office (GAO) Orders, Operational Directives, and Manuals, which is intended to streamline and clarify responsibilities for updating operational orders, is in the final phase of review prior to issuance. The order is expected to be finalized and issued by the end of fiscal year 2015. In addition, GAO is in the process of updating its intranet to designate a point of contact for orders related to FAIS. The FAIS point of contact also participates in quarterly meetings with GAO's Orders Coordinator.</p>
<p><i>FEDERAL EMPLOYEES' COMPENSATION ACT: Internal Control Weaknesses Limit Effective Case Management and Program Oversight, OIG-14-2, (September 30, 2014)</i></p>	<p>Develop and implement operational procedures that include specific case documentation procedures to be followed by HCO case management specialist to ensure case files are complete.</p>	<p>Recommendation open</p> <p>GAO has taken an important first step toward implementing our recommendation by developing standard operating procedures (SOP) for its FECA program. However, further progress toward development and implementation of clearly defined operational procedures that address the recommendation's intent is needed.</p>
	<p>Develop and implement clearly defined procedures that establish a framework and delineate responsibilities within GAO for identifying candidates for re-employment and developing re-employment strategies that foster improved return to work outcomes.</p>	<p>Recommendation open</p> <p>GAO has taken an important first step toward implementing our recommendation by developing SOPs for its FECA program. However, further progress toward development and implementation of clearly defined operational procedures that address the recommendation's intent is needed.</p>

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
	<p>Develop and implement policy and procedures addressing the responsibilities of GAO employees and management in identifying and reporting potential third-party liability claims, and the case management and oversight responsibilities of HCO to help ensure GAO is reimbursed from recoveries.</p>	<p>Recommendation open</p> <p>GAO has taken an important first step toward implementing our recommendation by developing SOPs for its FECA program. However, further progress toward development and implementation of clearly defined operational procedures that address the recommendation's intent is needed.</p>
	<p>To help reduce the risk of and identify potential fraud within GAO's program, establish specific workers' compensation fraud-prevention controls to help reduce the risk of and identify potential fraud within GAO's program.</p>	<p>Recommendation open</p> <p>GAO has taken an important first step toward implementing our recommendation by developing SOPs for its FECA program. However, further progress toward development and implementation of clearly defined operational procedures that address the recommendation's intent is needed.</p>
	<p>Update the existing workers' compensation policy to reflect current GAO policy requiring all GAO officers and employees to promptly notify the GAO OIG concerning the possible existence of FECA program fraud, waste, and abuse as outlined in GAO Order 1130.1.</p>	<p>Recommendation open</p> <p>GAO has drafted an update to its FECA policy to require all GAO officers and employees to promptly notify the OIG of possible instances of FECA program fraud, waste, and abuse, as outlined in GAO order 1130.1. The draft is under review by HCO leadership. Final issuance of the updated FECA policy will follow completion of GAO's internal review and approval process.</p>

Source: OIG.

**Summary of OIG Reports and GAO Actions
Reports Issued October 1, 2014, through March 31, 2015**

GAO'S PRIVACY PROGRAM: Opportunities Exist to Further Protect Personally Identifiable Information (PII), [OIG-15-1](#), (March 30, 2015)

Findings: GAO has established a privacy program and is providing privacy awareness training to GAO staff and contractors. Our review identified opportunities to further protect PII from unauthorized access, use, or disclosure that could seriously harm individuals and the agency. For example, we identified GAO systems that unnecessarily collected Social Security Numbers and other systems that stored PII for periods beyond GAO's records retention schedule. Minimizing the collection and retention of PII are key practices for reducing privacy risks. We also identified a gap in GAO's background check procedures that resulted in access to confidential and sensitive PII by contractor personnel without background checks. Weak procedural safeguards do not mitigate the risk that the interests of a contractor may diverge from GAO's interests. In addition, we identified privacy documentation and notifications that were outdated or incomplete. Without documentation and notifications regarding PII, individuals may not be adequately informed regarding GAO's need to collect PII and its responsibility for protecting it. Finally, we determined that GAO's inventory of systems handling PII was incomplete, which diminishes GAO's ability to protect PII since it cannot protect what it doesn't know exists.

Recommendations and GAO Actions: OIG recommended that the Comptroller General (CG) direct the Chief Agency Privacy Officer to: minimize the use and retention of PII in GAO systems, notify individuals how and why their PII was collected and shared, identify and address gaps in privacy documentation for outsourced systems, and update the privacy office's inventory of systems handling PII. We also recommended that the CG direct the Chief Administrative Officer to update GAO security policies and procedures to require background checks for all contractors handling confidential or sensitive GAO data. GAO agreed with our recommendations and has taken or planned actions to address them. For example among the actions identified in its written response to our report, GAO stated that its Privacy Office will coordinate with appropriate stakeholders to limit the use of social security numbers in IT systems, as deemed necessary to comply with GAO's records policy. GAO also stated that it intends to execute a strategic approach to identify and maintain an authoritative inventory of PII data/information usage within official GAO systems.

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.
- 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 website: www.gao.gov/about/workforce/ig.html or call (202) 512-5748.

