SEMIANNUAL REPORT

April 1, 2016 – September 30, 2016

Serving the Congress and the Nation

Memorandum

Date: October 19, 2016

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak

Subject: *Semiannual Report—April 1, 2016, through September 30, 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 second 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 two audits, and started fieldwork on three additional audits. We also closed 11 investigations and opened 5 new investigations. In addition, we processed 143 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, conducting a Peer Review of the Corporation for Public Broadcasting Office of Inspector General, and 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 our products continues to increase. The total number of subscribers to the OIG e-mail update list (those who receive reports when issued) increased 144% over the prior reporting period (from 511 to 1,249 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.

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

Attachments

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[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

We issued two audit reports during the reporting period. The first audit reviewed the extent to which GAO had established an effective control framework to guide its contract management process. The second audit provided specific information on GAO's information security policies and practices governing systems that provide access to personally identifiable information and assessed whether logical access policies and practices over these systems are appropriate and were being followed. See attachment II for a summary of these reports. Copies of these and other reports are also available on our website at www.gao.gov/about/workforce/ig.html.

During the reporting period, we also continued our audits to assess the effectiveness of controls over property obtained through purchase cards and debt collection. In addition, we started audits to (1) assess the effectiveness of GAO media sanitization over laptops and BlackBerry devices; (2) review GAO actions for ensuring compliance with the Digital Accountability and Transparency Act (DATA) Act of 2014; and (3) assess information security controls.

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 143 hotline complaints during this 6-month reporting period.

Table 1: Summary of OIG Hotline Complaint Activities, April 1, 2016, through September 30, 2016

Hotline complaints open at the start of the reporting period	7
New hotline complaints received this reporting period	136
Total hotline complaints	**143**
Complaints closed (referred to other GAO offices)	7
Complaints closed (referred to FraudNet[a])	1
Complaints closed (insufficient information/no basis)	80
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices[b])	51
Complaints closed (converted to investigations)	2
Total hotline complaints open at the end of the reporting period	**2**

Source: OIG.

[a]FraudNet 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.

[b]FraudNet was provided a copy of each referral made outside of GAO.

Table 1 identifies 80 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 allegations and issues contained in a complaint.

As shown in table 2, there were 20 open investigations during this reporting period. At the end of the reporting period, 9 investigations remained open.

Table 2: Summary of OIG Investigations, April 1, 2016, through September 30, 2016

Investigations open at the start of the reporting period	15
New investigations initiated this reporting period	5
Total investigations	**20**
Investigations closed this reporting period	11
Total investigations open at the end of the reporting period	**9**

Source: OIG.

We reported during the previous reporting period that four GAO employees, previously convicted, were sentenced. During the reporting period, two additional GAO employees pled guilty or were convicted and were sentenced:

- An engagement and administrative operations assistant who pled guilty to making a false statement on a public assistance application received a 3 year suspended jail sentence, 3 years of supervised probation, 50 hours of community service, and an order to pay $3,322 in restitution.

- A management analyst, who was a former Prince George's County Board of Education member, received a 10 year suspended jail sentence, 3 years of supervised probation, 100 hours of community service, and an order to pay $346 in restitution. Note: the defendant previously made a partial restitution payment.

The OIG referred all six individuals, and an information technology analyst for whom prosecution was declined, to agency management for administrative consideration. Six employees resigned and one was removed from federal service. With no further criminal/civil/administrative actions pending, we closed the investigations.

During the period, we referred an investigation to agency management for administrative consideration regarding an allegation that a probationary employee was engaged in time and attendance fraud. Specifically, our investigation revealed that during the period, April 24, 2015 to December 9, 2015, the employee fraudulently claimed a full eight hour day for 104 days. However, the employee was late for work, left too early, or both, to have worked the total hours claimed for 93 of these days. The employee falsely claimed approximately 260 hours totaling about $14,850, not including benefits.

In addition, we closed an investigation regarding an allegation that a management analyst conducted unauthorized searches of a third-party database for which GAO subscribes to for official use only. Our investigation identified that the employee did not have a business purpose for performing the queries. GAO terminated the employee from service prior to the completion of our investigation.

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

OTHER ACTIVITIES

CONGRESSIONAL MATTERS

In April 2016, we submitted a letter and responsive information to a request from the House Committee on Oversight and Government Reform for information on outstanding investigations, audits, and evaluations, including instances where the agency refused to provide, or otherwise delayed or restricted our access to, records or other information. In our response, we noted no instances in which GAO refused to provide, or otherwise delayed or restricted our access. In May 2016, we responded to a continuing request from the Senate Committee on Homeland Security and Governmental Affairs and the Committee on the Judiciary for information on outstanding unimplemented recommendations, and reports closed and not disclosed to the public.

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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 two access requests under GAO's access regulation, 4 C.F.R. Part 81. We released responsive documents in accordance with the agency's access regulation and closed both matters.

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 and quarterly AIGI 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.

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 and the report contained no recommendations. 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.

During the reporting period, we conducted an audit peer review of the Corporation for Public Broadcasting (CPB) OIG. Based on our review, the CPB OIG audit organization's system of quality control was suitably designed and complied with to provide it with reasonable assurance of performing and reporting in conformity with applicable professional standards. The CPB OIG received a pass rating. There are no outstanding unimplemented recommendations from the peer review.

GAO ACTIONS ON OIG AUDIT RECOMMENDATIONS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. For example, in response to our recommendation, GAO implemented an integrated Access database to maintain relevant, reliable, and timely information on its student loan repayment recipients. Among other benefits, the database helps GAO monitor billing and collection activities pertaining to its student loan repayment program. These actions effectively strengthen monitoring controls and address the intent of our recommendation. Table 3 presents the status of actions taken and planned by GAO in response to recommendations that were open during the semiannual reporting period ending September 30, 2016.

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 or taken by GAO in response to the recommendations
Financial Management: Additional Actions Needed to Ensure Accountability Over Undercover Funds, OIG-14-1 (May 27, 2014)	Expeditiously 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.	**Recommendation open** FAIS's updated undercover funds policies and procedures remain in the queue for bargaining between GAO and the union. As a result, FAIS has not yet finalized or implemented key procedural guidance related to accountability for undercover funds.
	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.	**Recommendation open** Training is expected to occur after FAIS finalizes and implements its detailed procedures for ensuring accountability for undercover funds.
Debt Collection, Improved Controls are Needed to Identify and Collect Student Loan Repayment Debt, OIG-16-1 (March1, 2016)	Establish a method to maintain relevant, reliable, and timely information relating to (a) whether separating student loan repayment (SLR) benefit recipients completed all current service agreements and (b) determining the total amount of SLR debt subject to repayment by benefit recipients.	**Recommendation closed** GAO has developed an Access database to maintain relevant, reliable, and timely information on recipient and service agreement status. The database enables GAO to monitor and reconcile SLR benefits subject to repayment by separated benefit recipients.

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
	Update and reissue the existing exit clearance policy to clearly document responsibility for notification to the SLR program designated clearance coordinator of separating employees.	**Recommendation closed** GAO has updated and issued the SLR program standard operating procedures (SOP). The SOP includes specific instructions and guidance for initiating bills to document, monitor, and collect outstanding SLR program debts.
	Clearly establish and document roles and responsibilities for initiating bills to collect SLR debts and monitoring their collection.	**Recommendation closed** GAO has updated and issued the SLR program SOP. The SOP includes specific instructions and guidance for initiating bills to document, monitor, and collect outstanding SLR program debts.
	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.	**Recommendation closed** GAO has updated and issued the SLR program SOP. The SOP includes specific instructions and guidance for initiating bills to document, monitor, and collect outstanding SLR program debts.
	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.	**Recommendation closed** GAO has updated and issued the SLR program SOP. The SOP identifies and documents detailed roles and responsibilities for the SLR Program Manager and Indebtedness Coordinator to accurately initiate, establish, and monitor SLR program debt, including quality assurance cross checks for effective and efficient program oversight.
Information Security: Review of GAO's Program and Practices for Fiscal Years 2014 and 2015, OIG-16-2 (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 open** GAO has replaced the majority of workstations utilizing the outdated Windows XP operating system. For the remaining workstations, GAO has blocked access to the internet to limit its risk of a malware attack. GAO expects to replace the remaining workstations by the end of December 2016.
	Finalize hardening guidelines or update their approval status, as appropriate, for 12 network component types identified in our report.	**Recommendation open** Of the 12 hardening guidelines identified in our report, GAO updated 8 and retired 3 of the components. GAO expects to complete the remaining hardening guideline by the end of November 2016.

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
	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 open** GAO is in the process of determining mission/business processes and recovery criticality, as well as identifying resource requirements and recovery priorities. GAO expects to determine and validate mission essential functions and related contingency requirements by the end of September 2017.
	Establish fully operational equipment and capacity to increase the disaster recovery capabilities at the 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.	**Recommendation open** GAO is in the process of determining and documenting its requirements for contingency operations. GAO expects to complete this work by the end of September 2017.
	Determine and document GAO's risk management strategy for information security at an enterprise level, to include the following key elements: a. the types and extent of risk mitigation measures the organization plans to employ to address identified risks, b. the level of risk the organization plans to accept (i.e., risk tolerance), and c. the degree and type of oversight the organization plans to use to ensure that the risk management strategy is effectively carried out.	**Recommendation open** GAO developed a draft Enterprise Risk Management Plan to help identify and manage the opportunities, challenges, and risks the agency faces in achieving its mission, strategic goals and objectives. GAO expects to implement its plan by the end of December 2016.
	Develop and maintain a single, comprehensive inventory of all organization-operated and third-party systems and trusted network connections for using in supporting risk management and multiple informational needs and purpose including, among others, FISMA and privacy assessments.	**Recommendation open** GAO compiled a technology inventory from multiple sources within the agency as a starting point for a single, comprehensive inventory of all organization-operated and third-party systems and trusted network connections. GAO expects to complete this work by the end of March 2017.

Source: OIG.

Summary of OIG Reports and GAO Actions
Reports Issued April 1, 2016, through September 30, 2016

***CONTRACT MANAGEMENT: Improvements Would Strengthen Controls and Reduce Risk,* OIG-16-3 (July 1, 2016)**

Objective: This report assessed the extent to which GAO had established an effective framework of controls to guide its contract management process.

Findings: GAO had established a contract management framework of policy and procedures that is generally consistent with federal acquisition regulations and internal control standards. Our review of electronic and hardcopy files for a nongeneralizable sample of 28 contracts active in fiscal year 2015 found sufficient documentation to substantiate performance of several key controls designed to ensure effective contract management. In addition, the acquisition staff responsible for the administration of the sampled contracts generally complied with GAO's acquisition certification requirements. Our review also identified areas where improved guidance, documentation, and oversight were needed to strengthen controls and reduce risk. For example,

- Documentation to substantiate that key contract management controls—such as acquisition planning and price reviews of contractors' proposals—had been adequately implemented was not maintained in the official contract files for several contracts reviewed.

- Timeframes for completing timely contract closeouts were not specified in GAO policy and procedures, and effective oversight of completed contracts to ensure they were properly closed was lacking. As a result, as of April 2016, GAO had identified 1,183 completed contracts awaiting closeout.

Recommendations and GAO Actions: We made five recommendations for the Comptroller General to direct the Controller/Deputy Chief Financial Officer to implement additional guidance and monitor compliance with key control requirements to address contract closeout backlog and to update acquisition certification policy and procedures. GAO agreed with our recommendations, and took action to address all five recommendations during the reporting period.

***Information on Government Accountability Office Covered Computer Systems Pursuant to the Cybersecurity Act of 2015,* OIG-16-4 (August 3, 2016)**

The Cybersecurity Act of 2015 required Inspectors General to report on federal computer systems that are national security systems or that provide access to personally identifiable information. This report satisfied the requirement for the Government Accountability Office (GAO) Inspector General. Because GAO has no national security systems, our report was specific to GAO computer systems that provide access to personally identifiable information (PII). Our objective was to collect specific information on GAO's information security policies and practices governing systems that provide access to PII and to assess whether logical access policies and practices over these systems are appropriate and were being followed. We did not independently validate the information that GAO provided for this report, except to determine that appropriate logical access standards and guidance were being followed, as required. We made no recommendations to GAO as a result of this audit.

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