

Office of Inspector General  
U.S. Government Accountability Office

# SEMIANNUAL REPORT

April 1, 2015 –  
September 30, 2015

Accessible Version

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*Serving the Congress and the Nation*





# Memorandum

**Date:** October 23, 2015

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

**From:** Inspector General Adam R. Trzeciak

**Subject:** Semiannual Report—April 1, 2015, through September 30, 2015

I am submitting this report in accordance with Section 5 of the Government Accountability Office Act of 2008.<sup>1</sup> The report summarizes the activities of the Office of Inspector General (OIG) for the second 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, we issued two audit reports, continued fieldwork on two additional audits, and started fieldwork on one audit. We also closed 12 investigations and opened 8 new investigations. In addition, we processed 114 hotline complaints, which generally did not involve GAO's programs and operations. Further, 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.

In addition to our oversight work, our audit program underwent its first peer review. We received a "pass" without a letter of comment. The peer review was conducted by the National Endowment for the Arts OIG.

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

Attachment I

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<sup>1</sup>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**

During the reporting period, we issued two audit reports on (1) the effectiveness of GAO's purchase card program controls, and (2) compliance with certain requirements of the Law Enforcement Availability Pay Act. (See attachment II for a summary of these reports.) In addition, we continued fieldwork on our audits of the student loan repayment program and information security consistent with the requirements in the Federal Information Security Management Act of 2002. We also began a GAO contract management audit.

### **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 114 hotline complaints during this 6-month reporting period.

**Table 1: Summary of OIG Hotline Complaint Activities, April 1, 2015, through September 30, 2015**

Hotline complaints open at the start of the reporting period	1
New hotline complaints received this reporting period	113
<b>Total hotline complaints</b>	<b>114</b>
Complaints closed (referred to other GAO offices)	4
Complaints closed (referred to FraudNet <sup>a</sup> )	1
Complaints closed (insufficient information/no basis)	47
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices <sup>b</sup> )	38
Complaints closed (converted to investigations)	4

Source: OIG.

<sup>a</sup>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.

<sup>b</sup>FraudNet was provided copies of each referral made outside of GAO.

Table 1 identifies 47 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 27 open investigations during this reporting period. At the end of the reporting period, 15 investigations remained open.

**Table 2: Summary of OIG Investigations, April 1, 2015, through September 30, 2015**

Investigations open at the start of the reporting period	19
New investigations initiated this reporting period	8
<b>Total investigations</b>	<b>27</b>
Investigations closed this reporting period	12
<b>Total investigations open at the end of the reporting period</b>	<b>15</b>

Source: OIG.

We closed an investigation regarding an allegation that improper worker’s compensation payments were made after the death of the beneficiary. This matter was referred by our Office of Audit pursuant to its work on the report *FEDERAL EMPLOYEES’ COMPENSATION ACT: Internal Control Weaknesses Limit Effective Case Management and Program Oversight* (OIG-14-2). The audit work identified that compensation payments continued to be paid on behalf of the beneficiary, even though the beneficiary had passed away. Our investigation determined that the funds were still available in the account of the beneficiary’s estate, and facilitated the return of nearly \$6,608 to the U.S. Department of Labor.

We closed an investigation regarding an allegation that a probationary employee was engaged in time and attendance fraud. Specifically, our investigation found that the employee fraudulently claimed to have worked at least 62 hours for which no work was conducted. These fraudulent claims occurred on 27 separate days over three months. We referred the matter to agency management for administrative action. GAO management recommended termination of the employee. However, the employee resigned prior to the termination being effective.

During this reporting period, five GAO employees and the spouse of another employee were indicted for: Theft–Scheme over \$1,000; Public Assistance–False Application; and Fraud–Welfare. 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 us. Our investigation developed evidence that some of these individuals submitted fraudulent applications resulting in their children receiving free or reduced-price school meals.

We closed the remaining investigations after determining that the allegations could not be substantiated.

## **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 closed that access request and another that was opened during the prior reporting period.

### **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 quarterly CIGIE Investigations Committee and Assistant Inspectors General for Investigations Committee meetings. The Inspector General Counsel participated in monthly CIGIE Legislation Committee meetings and Council of Counsels to Inspectors General meetings.

### **audit peer review activities**

During this semiannual period, we passed our first 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. *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. We received a rating of pass. A copy of the final peer review report is posted on our website <http://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 September 30, 2015 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>Security Clearances: Actions Needed to Strengthen Controls over Top Secret Security Clearance Requirements</i>, <a href="#">OIG-13-3</a> (Sept. 27, 2013)</p>	<p>Establish procedures to ensure that decisions to grant top secret security clearances are grounded in written justifications.</p>	<p><b>Recommendation closed</b></p> <p>Actions taken by GAO to update its personnel security program policy and implement Standard Operating Procedures (SOP) 300-04 to support its policy, meet the intent of our recommendation. Specifically, these documents require that security clearances be grounded in written justifications and define GAO's process for acquiring top secret security clearances and the documentation required to support such decisions.</p>
<p><i>Financial Management: Additional Actions Needed to Ensure Accountability Over Undercover Funds</i>, <a href="#">OIG-14-1</a> (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><b>Recommendation open</b></p> <p>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, <i>Forensic Audits and Special Investigations</i>, which outlines GAO's overall investigative policy. Issuance of the updated order and detailed procedures are expected to occur 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><b>Recommendation open</b></p> <p>FAIS trained its investigative staff on the undercover operations policy in August and September 2014. Training on the detailed procedures intended to support the policy is expected to occur after FAIS issues the procedures in fiscal year 2016.</p>

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
	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><b>Recommendation open</b></p> <p>Due to uncertainties regarding whether GAO's effort to update and issue GAO Order 0010.1, will identify FAIS as responsible for updating investigative policies and procedures, FAIS has revised GAO Order 0130.1.5, <i>Forensic Audits and Special Investigations</i>, to articulate its responsibility for ensuring that its investigative policies and procedures are established and updated, as needed. FAIS expects to issue its order in fiscal year 2016.</p>
<p><i>FEDERAL EMPLOYEES' COMPENSATION ACT: Internal Control Weaknesses Limit Effective Case Management and Program Oversight, <a href="#">OIG-14-2</a> (September 30, 2014)</i></p>	Develop and implement operational procedures that include specific case documentation procedures to be followed by Human Capital Office (HCO) case management specialist to ensure case files are complete.	<p><b>Recommendation closed</b></p> <p>Actions taken by GAO to develop and implement HCO SOP 309 meet the intent of our recommendation. Specifically, this document contains detailed guidance regarding GAO's Federal Employees' Compensation Act (FECA) case management procedures, including documentation requirements to support performance.</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><b>Recommendation closed</b></p> <p>Actions taken by GAO to develop and implement HCO SOP 309 meet the intent of our recommendation. Specifically, the procedures describe, in sufficient detail, the employment strategies that GAO may undertake to identify potential rehabilitation or reemployment candidates and return these employees to work.</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><b>Recommendation closed</b></p> <p>Actions taken by GAO to develop and implement HCO SOP 309 meet the intent of our recommendation. The procedures provide detailed FECA case management guidance and procedures, including oversight procedures and roles and responsibilities for ensuring that GAO is reimbursed, as appropriate, through third-party liability recoveries.</p>

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
	<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><b>Recommendation closed</b></p> <p>Actions taken by GAO to develop and implement HCO SOP 309, meet the intent of our recommendation. Specifically, this document provides procedural and process guidance pertaining to the review of FECA cases for potential fraud. The SOP specifies the type of documentation required to support the review, as well as requirements and procedures for prompt referral of suspected fraud and abuse claims to our office.</p>
	<p>Update the existing workers' compensation policy to reflect current GAO policy requiring all GAO officers and employees to promptly notify our office concerning the possible existence of FECA program fraud, waste, and abuse as outlined in GAO Order 1130.1, <i>Handling Information That May Indicate Criminal Misconduct or Serious Wrongdoing in Federal Programs or Operations</i>.</p>	<p><b>Recommendation closed</b></p> <p>GAO updated to its FECA policy to require all GAO officers and employees to promptly notify us of possible instances of FECA program fraud, waste, and abuse, as outlined in GAO Order 1130.1.</p>
<p><i>GAO's Privacy Program: Opportunities Exist to Further Protect Personally Identifiable Information (PII)</i>, <a href="#">OIG-15-1</a> (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><b>Recommendation open</b></p> <p>GAO has undertaken efforts to develop a strategy to reduce the use of Social Security numbers in its information systems. The planned completion date for implementing the strategy is December 31, 2015.</p>
	<p>Coordinate with system owners to ensure that record retention policies and Privacy Impact Assessment (PIA) documents are accurate, valid, and followed (i.e., PII data are archived or deleted based on business requirements).</p>	<p><b>Recommendation closed</b></p> <p>GAO coordinated with owners of the systems we sampled and, as a result, has deleted Applied Research and Methods Data Facility records eligible for deletion. Records for other systems in our sample had not exceeded the documented retention period or were deemed subject to an administrative or litigation hold.</p> <p>GAO has documented its acceptance of risks associated with its lack of adherence to National Institute of Standards and Technology (NIST) PIA requirements until an internal risk assessment of other GAO systems is made to identify and address gaps in privacy compliance from these best practices.</p>



OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
	Develop and post comprehensive privacy notices for the Integrated Electronic Security System, Competency Based Performance System, Training Registration Resource System, and WebTA.	<p><b>Recommendation closed</b></p> <p>GAO has developed and posted comprehensive privacy notices for the four systems identified in our report that lacked a privacy notice on the system's log-in page or as part of its warning banner.</p>
	Review PIAs provided by vendors/agencies of outsourced systems for each item required in the current GAO PIA template and develop a plan to obtain additional information or assurance(s) for any gaps identified.	<p><b>Recommendation closed</b></p> <p>GAO developed and approved a confidentiality clause that describes GAO privacy requirements for third-party agreements and contracts going forward.</p>
	Validate the privacy office's inventory of systems identified as collecting, using, maintaining, or sharing PII and meet with representatives from each GAO team to ensure the list is complete.	<p><b>Recommendation closed</b></p> <p>GAO developed and implemented a methodology for validating the privacy office's inventory of systems identified as collecting, using, maintaining, or sharing PII.</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><b>Recommendation open</b></p> <p>GAO plans to perform a risk assessment of the GAO privacy program to identify and address gaps in privacy compliance from NIST best practices. The planned completion date for the risk assessment is December 31, 2015.</p>
	Update GAO Order 0910.1, <i>GAO Security Program</i> , and GAO Directive 0910.1-05, <i>Industrial Security Program Requirements for GAO Contractors</i> , to require the Office of Security and Emergency Management to perform background checks for all contractors handling GAO PII or obtain similar assurance, such as using cleared contractors.	<p><b>Recommendation closed</b></p> <p>GAO has assigned Contracting Officer's Representatives responsibility for requesting background checks for all contractors handling GAO PII. To document adherence to this management directive, GAO has agreed to add a field to the Procurement Request Information System to document whether a background check is needed for a specific contractor.</p>

Source: OIG.

## Attachment II

### Summary of OIG Reports and GAO Actions Reports Issued April 1, 2015, through September 30, 2015

#### **FINANCIAL MANAGEMENT: Actions Needed to Strengthen GAO's Purchase Card Program Controls, [OIG-15-2](#), (May 3, 2015)**

*Findings:* GAO implemented policy and procedures that generally address key requirements of applicable laws and regulations. Further, GAO maintained adequate documentation to support purchases made. However, opportunities exist to enhance controls. Specifically, we found that GAO's

- policy and procedures contained gaps in key areas, such as risk management; program evaluation, and needs determination that diminish program effectiveness and efficiency.
- process for monitoring and tracking purchase card training was not effective in ensuring the proficiency and competency of program participants; and
- execution of key controls, such as approvals and funds verification, was not substantiated by transaction documentation.

Improvements in GAO's purchase card program could enhance its ability to efficiently and effectively prevent, identify, and address compliance issues. In response to our work, GAO initiated efforts to strengthen its purchase card policy and procedural guidance and monitoring of program compliance.

*Recommendations and GAO Actions:* We recommended that the Comptroller General (CG) direct the Acquisition Management Director to (1) revise and issue GAO's purchase card policy (GAO Order 0312.1) to incorporate key requirements related to risk management, program evaluation, needs determinations, and performance evaluation and feedback, and (2) revise or develop, and implement, as needed, GAO's purchase card procedural guidance to address these modifications to the policy. We also recommended that GAO develop, document, and implement a process to efficiently identify and monitor compliance with purchase card training requirements, and strengthen refresher training by emphasizing existing or newly implemented policy and procedures intended to identify, prevent, and detect deficiencies found through monitoring and other assessment activities. Following our report, GAO completed actions that addressed the intent of our recommendations.

**PREMIUM PAY: Weak Controls Resulted in Noncompliance with the Law Enforcement Availability Pay Act, [OIG-15-3](#) (September 16, 2015)**

*Findings:* Availability pay is a type of premium pay that is paid to criminal investigators required to perform, or be available to perform, investigative activities outside of normal business hours based on the needs of the agency. We found that GAO's Forensic Audits and Investigative Service (FAIS) did not have effective policy and procedures to ensure compliance with Law Enforcement Availability Pay (LEAP) Act requirements. Procedures designed to support annual certifications and to ensure that its criminal investigators meet the substantial hours requirement were discontinued or did not exist. As a result, FAIS lacked assurance that unscheduled duty hours were sufficient and certifications were made in compliance with legal and regulatory requirements.

*Recommendations and GAO Actions:* GAO agreed with our findings and stated that it had implemented all corrective actions we suggested and will support annual certifications for LEAP when time and attendance system enhancements are finalized. We believe that once the enhancements are in place, GAO will have adequately addressed our findings. Therefore, we made no recommendations.

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## 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: <https://OIG.alertline.com>.

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

