

Office of Inspector General  
U.S. Government Accountability Office


# SEMIANNUAL REPORT

April 1, 2013 –  
September 30, 2013



*Serving the Congress and the Nation*

## Memorandum

**Date:** November 13, 2013  
**To:** Comptroller General Gene L. Dodaro  
**From:** Inspector General Adam R. Trzeciak   
**Subject:** *Semiannual Report—April 1, 2013, through September 30, 2013*

I am submitting this report in accordance with Section 5 of the Government Accountability Office Act of 2008 (GAO Act).<sup>1</sup> The report summarizes the activities of the Office of Inspector General (OIG) for the second reporting period of fiscal year 2013.

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, the OIG issued one audit report and began work on three audits. The OIG closed nine investigations and opened seven investigations. The OIG also processed 192 hotline complaints, which generally involved other federal and state programs. OIG staff briefed international audit fellows and select GAO employees on our office's audit and investigative functions. Details of these activities and other OIG accomplishments are provided below.

I appreciate management's support and 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 for American taxpayers. The accomplishments reported in this letter are the direct result of their efforts.

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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 GAO Act of 2008,<sup>2</sup> GAO's OIG independently conducts audits, evaluations, and other reviews of GAO programs and operations and makes recommendations to promote the agency's economy, efficiency, and effectiveness. The OIG also investigates allegations of potential fraud, waste, abuse, mismanagement, and other serious problems in GAO's programs and operations including the possible violation of any law or regulation.

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<sup>2</sup>31 U.S.C. § 705 (2012).

# ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

## AUDITS

We issued a report evaluating the extent to which GAO has established effective policies and procedures (controls) to review and validate top secret security clearance requirements. (See the attachment for a report summary.) In addition, we began fieldwork to assess the effectiveness of GAO's controls over its purchase card program. We also initiated audits of GAO's undercover funds and Federal Employees' Compensation Act program.

## COMPLAINTS AND INVESTIGATIONS

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. As shown in table 1, we processed 192 hotline complaints during this 6-month reporting period. Of those, 7 complaints led to OIG investigations.

**Table 1: Summary of OIG Hotline Complaint Activities, April 1, 2013, through September 30, 2013**

Hotline complaints open at the start of the reporting period	7
New hotline complaints received this reporting period	185
<b>Total hotline complaints</b>	<b>192</b>
Complaints closed (referred to other GAO offices)	4
Complaints closed (referred to FraudNet <sup>a</sup> )	23
Complaints closed (insufficient information/no basis)	94
Complaints closed (no jurisdiction and referred to appropriate agency OIG or other law enforcement officers)	31
Complaints closed (converted to investigations)	7
<b>Total hotline complaints open at the end of the reporting period</b>	<b>33</b>

Source: OIG.

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

Table 1 identifies 94 complaints that were closed due to insufficient information or no basis upon which to open an investigation. These complaints generally involved other federal and state programs, not GAO programs and operations. We report them here because typically, the OIG spends considerable time evaluating the issues contained in a complaint in order to redirect the complainant to the appropriate administrative or law enforcement organization with proper jurisdiction over the allegations in the complaint.

As shown in table 2, there were 23 open investigations during this reporting period. At the end of the reporting period, 14 investigations remained open.

**Table 2: Summary of OIG Investigations, April 1, 2013, through September 30, 2013**

Investigations open at the start of the reporting period	16
New investigations initiated this reporting period	7
<b>Total investigations</b>	<b>23</b>
Investigations closed this reporting period	9
<b>Total investigations open at the end of the reporting period</b>	<b>14</b>

Source: OIG.

The nine investigations we closed involved a range of allegations, including unauthorized disclosure of GAO internal documents, timecard irregularities, impersonating GAO employees for personal gain, falsifying hiring documents, and mishandling privacy information. Eight of the nine investigations were closed because the allegations could not be substantiated; we closed the other one, an administrative investigation, when an employee resigned during the investigation.

## OTHER ACTIVITIES

### **ACTIVITIES WITHIN GAO**

The IG discussed the duties, responsibilities, and authorities of federal Inspectors General with participants in GAO's International Auditor Fellowship Program. In addition, the Assistant IG for Investigations (AIGI) conducted an integrity awareness briefing with a mission team to raise the awareness of the IG's authority and role at GAO, the OIG Hotline and its purpose. The IG's Counsel collaborated with GAO's Learning Center to revise the agency's fraud awareness course for agency staff.

The OIG processed five Freedom of Information Act requests, which we addressed in accordance with procedures set forth in 4 C.F.R. Part 81. In addition, we responded to two congressional requests for information on (1) open and unimplemented recommendations and (2) closed investigations, audits, and evaluations that were not publicly disclosed.

### **ACTIVITIES WITHIN THE INSPECTOR GENERAL COMMUNITY**

The 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 and Deputy IG 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 Deputy IG participated in quarterly Deputy IG meetings. The AIGI regularly participated in quarterly CIGIE Investigations Committee and AIGI Committee meetings. The IG Counsel also 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. The OIG has not undergone a peer review but in April 2013 formally requested a peer review of our audit operations.

## **ACTIVITIES WITHIN THE UNITED STATES COMMISSION ON CIVIL RIGHTS**

The Consolidated and Further Continuing Appropriations Act of 2012<sup>3</sup> designated the Inspector General of the Government Accountability Office to serve as the Inspector General of the U.S. Commission on Civil Rights (Commission).<sup>4</sup> The IG reports to the Commission and Congress in a separate semiannual report pursuant to the Inspector General Act of 1978, as amended.

## **GAO ACTIONS ON OIG RECOMMENDATIONS**

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. During the semiannual reporting period, OIG closed two recommendations we made to GAO in prior reporting periods. The status of actions planned and taken by GAO in response to open recommendations is presented in table 3.

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<sup>3</sup>Pub. L. No. 112-55, 125 Stat. 552, 628 (Nov. 18, 2011).

<sup>4</sup>5 U.S.C. app.

**Table 3: Status of Agency Actions on Open Recommendations, as of September 30, 2013**

OIG audit reports	Open recommendations	Status of actions planned and taken by GAO in response to the recommendations
<p><i>Human Capital: Opportunities Exist to Strengthen Controls over Recruitment, Relocation, and Retention Incentives</i>, OIG-12-5 (Aug. 28, 2012)</p>	<p>Incorporate the use of recruitment, relocation, and retention incentives into GAO’s strategic human capital planning to specify a plan for their use, the results GAO expects to achieve, and the measures that will be used to assess their effectiveness.</p>	<p>GAO issued its <i>Human Capital Strategic Plan 2013-2015</i> in July 2013. The strategic plan identified the use of incentives to support the agency’s recruitment and hiring goals. In addition, GAO is developing an action plan that specifies how the agency intends to use incentives to support its recruitment and hiring goals, the results the agency expects to achieve, and the measures that it will use to gauge their effectiveness.</p>
<p><i>Security Clearances: Actions Needed to Strengthen Controls over Top Secret Security Clearance Requirements</i>, OIG-13-3 (Sept. 27, 2013)</p>	<p>Establish and implement detailed procedures that define consistent criteria and processes to ensure that the agency’s position designation and position sensitivity policies are carried out.</p>	<p>Actions taken in response to the recommendations are expected to be reported to the OIG within 60 days of the report issuance date.</p>
	<p>Establish procedures to ensure that decisions to grant top secret security clearances are grounded in written justifications.</p>	

Source: OIG.

## ATTACHMENT

### Summary of OIG Reports and GAO Actions Reports Issued April 1, 2013, through September 30, 2013

*Security Clearances: Actions Needed to Strengthen Controls over Top Secret Security Clearance Requirements, OIG-13-3, (Sept. 27, 2013)*

*Findings:* While GAO has established a policy to review and validate security clearances, it does not provide detailed procedures for designating positions as sensitive (i.e., to require a security clearance). Our work showed that the Director, Office of Security (OS) grants and renews top secret security clearances solely based on security clearance requests from unit heads. OIG found that decisions by the Director, OS to grant or renew top secret clearances in fiscal year 2012 were, for the most part, made without justification to support employees' needs for access to top secret information. Without these controls, GAO has no reasonable assurance that only employees who need access to top secret information are granted top secret clearances.

*Recommendations and GAO Actions:* OIG recommended that the Comptroller General direct the Chief Administrative Officer to oversee the establishment and implementation of detailed procedures that define consistent criteria and processes to ensure that the agency's position designation and position sensitivity policies are carried out. OIG also recommended that GAO establish procedures to ensure that decisions to grant top secret security clearances are grounded in written justifications. Such documentation should include sufficient support to demonstrate each employee's need for access to top secret information. GAO concurred with our recommendations and described actions planned to address them. In written comments to our draft report, GAO stated that the agency has assembled a team of key senior managers to evaluate the agency's current policies and procedures to determine what changes are needed to improve oversight and monitoring of the security clearance issuance and renewal process. Actions taken in response to the recommendations are expected to be reported to the OIG within 60 days of the report issuance date.



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## 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>.

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## 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).

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## Public Affairs

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