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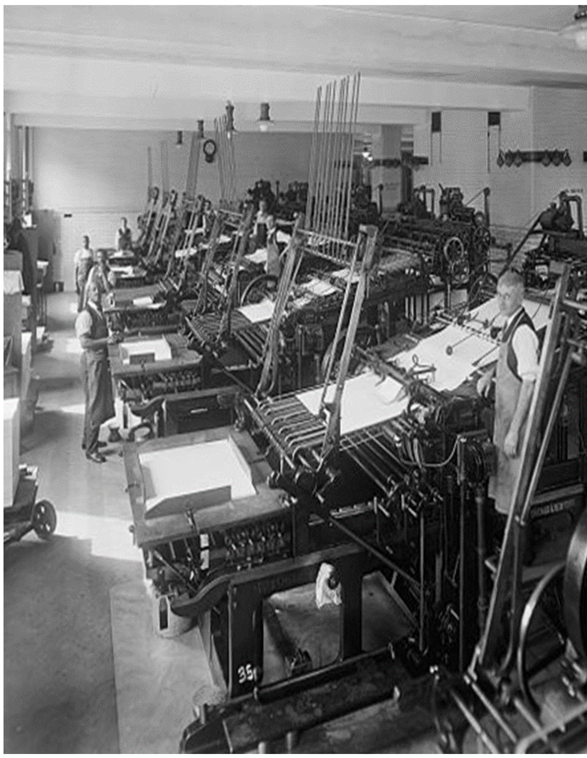
Audit Report

Government Publishing Office Capital Investments


Then…

and Now.

Report Number A-2021-10

August 20, 2021

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Date:
August 20, 2021

To:
Director, U.S. Government Publishing Office

From:
Inspector General, U.S. Government Publishing Office

Subject:
Audit Report: Government Publishing Office Capital Investments (Report Number A-2021-10)

Attached is the subject final report. The U.S. Government Publishing Office (GPO) Office of the Inspector General (OIG) conducted an audit of GPO's Capital Investments.

We reported two findings, one other matter of interest, and six recommendations to improve GPO's evaluation and selection of capital investments and related policies governing capital investments. Management agreed with all recommendations and corrective actions taken and planned should resolve the issues identified in the report.

We appreciate the cooperation provided by your staff. If you have any questions or need additional information, please do not hesitate to contact Lori Lau Dillard, Assistant Inspector General for Audit at (202) 288-4458 or me at (202) 512-0039.

Digitally signed by Michael P. Leary
Date: 2021.08.20 09:34:29 -04'00'

MICHAEL P. LEARY
Inspector General

RESULTS IN BRIEF

What We Did

The OIG Audit Division conducted an audit of the GPO capital investments.

What We Recommend

Our report contains five recommendations to improve GPO's evaluation and selection process of capital investments related to business case data and analysis; post-implementation reviews; ranking and prioritizing business cases; investment committee resources; and documentation and retention of capital investment activities. We also made one recommendation to assess two outdated GPO Directives and update them, as appropriate.

Government Publishing Office Capital Investments

What We Found

Finding 1. Evaluation and Selection of Capital Investments Need Improvements

We identified that GPO's process did not ensure that adequate non-financial or financial details for capital investment proposals were consistently required or reviewed, which inhibited transparent and objective assessment. We also identified that GPO did not require Business Units to perform post-implementation reviews of capital investments to determine whether investments were completed on schedule, came within budget, and provided the intended benefits. Further, GPO did not clearly define prioritization and ranking factors for business cases received from the Business Unit.

Finding 2. Aligning Capital Investments with Strategic Goals

GPO incorporated best practices from the Government Performance and Results Modernization Act of 2010 in its policy to ensure the agency's operations, investments, priorities, and resources are in support of GPO's mission, vision, and strategic goals. However, we were not able to evaluate whether the 17 capital investment projects we reviewed met the agency's strategic goals because management has not yet completed the acquisition and operation phases for these projects. Therefore, we are not making a recommendation at this time but may initiate future reviews in this area.

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INTRODUCTION

Objective

This report presents the results of our self-initiated audit of the Government Publishing Office's (GPO) capital investments (Project Number A-2020-001). Our objectives were to determine whether GPO's capital investment process reflects sound business practices in selecting capital investments to fund, and whether investments meet GPO's strategic goals. We addressed these objectives by assessing GPO's policies on capital investments and strategic planning. We researched capital decision-making practices with selected Federal agencies and compared them to GPO's practices. The selected Federal agencies we reviewed adopted the Office of Management and Budget (OMB) *Capital Programming Guide*. OMB's guide provides direction to Federal agencies on planning, budgeting, acquisition, and management of capital assets. See Appendix A for additional information about this audit.

Background

Capital investments include assets such as structures, equipment, and information technology (including software) which are used by GPO and have an estimated useful life of two or more years. Capital assets may be acquired in different ways: through purchase, construction, or manufacture. They include not only the assets as initially acquired but also additions, improvements, modifications, and replacements outside of ordinary repairs and maintenance.

In September 2014, GPO updated its policy calling for management to maintain a formal process for conducting, documenting, communicating, monitoring, and evaluating agency strategic planning activities. The policy directs management to ensure a concerted agency-wide effort towards the attainment of strategic goals and objectives by fostering uniformity of purpose and consistency in decision making.[1]

In May 2019, GPO established the Strategic Investment Planning Committee (Committee) and issued a policy governing the Committee's organization and functions. According to the policy, the Committee is responsible for providing effective capital asset programming using long-range planning and a disciplined, integrated budget process to achieve agency performance goals in a cost-effective manner. The Committee is also responsible for prioritizing and assessing the risks associated with capital investment proposals before recommending them to the GPO Director (Director) for approval.[2]

The Committee's capital investment review process begins concurrent with the annual agency-wide budget process. During the annual budget process, each Business Unit

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[1] GPO Directive 1100.1B, *Strategic Planning and Performance Reporting Within the Government Printing Office*, September 19, 2014.

[2] GPO Directive 810.3C, *Organization and Functions of the Strategic Investment Planning Committee,* May 9, 2019.

presents and submits documentation to the Committee to support their proposals for capital investments for the upcoming fiscal year and a preliminary investment plan for four additional years out. The Committee, consisting of 13 voting members, evaluates capital investment proposals and recommends them to the Director for approval. We noted that the Chief of Staff[3] is not part of the Committee construct. However, part of the Chief of Staff's responsibility is to develop, implement, monitor, evaluate, and communicate the agency's strategic initiatives.

1. Chief Financial Officer (Chairperson)
2. Chief Acquisitions Officer
3. Chief Human Capital Officer
4. Chief Information Officer
5. Chief Security Officer
6. Chief Technology Officer
7. Managing Director, Customer Services
8. Managing Director, Official Journals of Government
9. Managing Director, Library Services & Content Management
10. Managing Director, Plant Operations
11. Managing Director, Publications and Information Sales
12. Managing Director, Security and Intelligent Documents
13. Superintendent of Documents

In accordance with the requirements of the Joint Committee on Printing[4] (JCP) resolution,[5] the GPO Director submits an annual spend plan, with capital investments, to the JCP for approval. Until recently, and in conformance with the JCP resolution, only those capital investments greater than $50,000 approved by the Director require JCP approval. In June 2021, JCP raised this limit to $250,000 in *Joint Committee Resolution 117-01*. The Director stated in each annual spend plan letter to the JPC Chairperson, that capital investments in the annual spending plan have been reviewed and designated as necessary by the Committee to support the agency's strategic initiatives. These capital investments are funded through either Congressional appropriations or GPO's Business Operations Revolving Fund[6] (Revolving Fund). See Figure 1 and Appendix C for the GPO Capital Investment Approval Process.

Figure 1. Capital Investment Approval Process

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[3] The Chief Technology Officer, a member of the Committee, also serves as the current acting Chief of Staff.
[4] 44 U.S.C. § 101 established the JCP to oversee the operations of GPO. The JCP is composed of five members of the Committee on Rules and Administration of the Senate and five members of the Committee on House Administration of the House of Representatives.
[5] JCP Resolution, April 9, 1987.
[6] The Revolving Fund is a business-like fund authorized by 44 U.S.C. § 309, without fiscal year limitations.

From fiscal years (FY) 2016 to 2020, the JCP approved approximately $212.4 million in capital investments, as shown in Table 1 below. Of the $212.4 million approved, approximately $125 million (59 percent) has been, or is programmed to be, funded through GPO's Revolving Fund. The remaining $87 million (41 percent) was funded through direct Congressional appropriations or appropriation transfers.[7]

Table 1. JCP Approved Capital Investments, FYs 2016 – 2020

	FY2016	FY2017	FY2018	FY2019	FY2020	Total
Equipment	$ 5,210,000	$ 1,450,000	$ 13,661,400	$ 5,974,000	$ 712,000	$ 27,007,400
Information Technology	8,917,000	21,487,000	29,026,600	20,582,200	34,655,000	114,648,000
Facilities	10,917,000	22,130,000	25,370,000	11,394,100	933,000	70,763,900
Total	**$25,044,000**	**$ 45,067,000**	**$ 68,058,000**	**$ 37,950,300**	**$ 36,300,000**	**$212,419,300**

Source: JCP approved annual spend plans

AUDIT RESULTS

Finding 1. Evaluation and Selection of Capital Investments Need Improvement

Opportunities exist to improve GPO's evaluation and selection of capital investments. Specifically, we compared GPO's process with selected Federal agencies'[8] decision-making practices and found that GPO could improve in the following two areas: 1) development of capital investment business cases and 2) ranking and prioritizing capital investments. Table 2 below illustrates selected Federal agencies' decision-making practices in comparison to GPO's practices.

[7] Appropriation revenues are recorded when a liability is incurred for purposes permitted by the appropriations act and program legislation. Unexpended appropriation balances are generally canceled after 5 years, unless authorized for transfer by Appropriations Committees.

[8] Government Accountability Office's (GAO) guide to leading practices in capital decision-making; OMB's *Capital Programming Guide*; General Services Administration's guide to capital planning and investment; and the U.S. Postal Service's capital investment practices.

Table 2. Capital Investment Evaluation and Selection Practices

	At Selected Federal Agencies	At GPO
Business Case Development	▪ Develop investment decision packages with supporting analysis to include organizational needs, project resource estimates, schedules project costs, return-on-investment (ROI), and risks.	▪ Investment proposals did not place the justification and documentation for investments in a strategic context, clearly showing how the investment is linked to strategic goals. (see Appendix E).
	▪ Provide detailed qualitative and quantitative information and back-up documents to enable informed decisions.	▪ Lacked adequate qualitative (non-financial) and quantitative (financial) information to include a complete cost-benefit analysis with full life-cycle cost, estimates, ROI, schedules, alternatives, and risks to enable the most informed decisions. (see Appendix E).
	▪ Identify and select the best alternatives by conducting analysis of cost, benefit, and schedule estimates for each potential alternative and provide the basis on which decisions are made.	▪ Lacked an analysis of various capital asset alternatives to increase the likelihood that the best and most cost-effective option is selected.
	▪ Require increased documentation and greater analytical rigor if proposed investment replaces or changes a vital operational system.	▪ Lacked risk analysis and plans for mitigating the risk for potential changes in the assumptions that could modify the potential benefits of the investment.
Rank and Prioritize	▪ Have a defined process for ranking and selecting projects based on pre-established criteria and a relative ranking of proposals.	▪ Lacked pre-established criteria and relative ranking of proposals.

Source: OIG Analysis

We recognize that GPO has flexibility in how they establish and implement capital investment policies. However, enterprise governance can provide a structured process to support capital investment decisions while promoting accountability, due diligence, and the efficient and economic delivery of services. When an organization does not maintain effective governance over its capital investments, negative results can occur, such as investments that do not align with the organization's mission, goals, or objectives; systems that do not satisfy stakeholder needs; and projects that do not meet cost, schedule, or performance expectations.

Evaluation and Selection of Business Cases

According to selected Federal agencies' practices, having a decision-framework supported by proper financial, technical, and risk analyses is critical to making effective investment decisions. Business cases provide a valuable tool to enable decision-makers to analyze and assess the investment proposal. As shown in Appendix D, GPO created the *Strategic Investment Planning Committee Justification for Capital Expenditure* form (business case) with 11 fields[9] for Business Units to document their capital investment proposals. According to committee representatives, the business case template was developed to add structure and to have Business Units "think through" their investments.

Our analysis of selected Federal agencies showed that business cases should have detail and analysis to be effective. Model business cases have a broad range of detailed analyses, including a complete cost-benefit analysis with full life-cycle cost estimates, ROI, schedules, alternatives, and risks. These enable approving authorities to make an informed decision regarding the use of funds. Model business cases are supported by detailed economic and financial analysis, including back-up documentation such as projected cash flow, major assumptions, project schedule, and potential alternatives with analysis of cost, benefit, and schedule estimates for each alternative considered. Business cases justify the investment in a strategic context to clearly show how the investment is linked to strategic goals. If the proposed investment replaces or changes a vital operational system, more back-up documentation and greater analytical rigor may be required.

Although Business Units used the business case template (see Appendix D) for their capital investment proposals, the information in their business cases lacked adequate non-financial (qualitative) and financial (quantitative) details and analysis. Moreover, the level-of-detail and types of information varied between the Business Units.

- 12 of 17 business cases (71 percent) totaling over $8.7 million lacked qualitative and quantitative data to justify the investment.
- 11 of 17 business cases (65 percent) totaling over $8.9 million lacked qualitative and quantitative impact/ROI information.

The business case template has two narrative fields, "justification" and "operating cost impact/ROI", where more information could be provided to allow for a more thorough objective analysis and review by the Committee.

We analyzed the 17 FY 2020 capital investment business cases submitted to the Committee and found that 12 business cases (71 percent) totaling over $8.7 million lacked qualitative and quantitative data in the "justification" field and 11 business cases (65 percent) totaling over $8.9 million lacked a cost impact/ROI analysis in the "operating cost impact/ROI" field. Below are examples of what three Business Units included in the "justification" field:

1) For a $1.4 million investment, the Business Unit documented in their business case's "justification" field "*No financial justification. This is a normal replacement for aging equipment*". In the "description" field, the Business Unit elaborated that a commercial vendor recommended a replacement for a 10-year old equipment.

[9] The 11 fields are: 1) Business Unit; 2) Project; 3) Fiscal Year Cost; 4) JCP Table and Item Number; 5) Description; 6) Strategic Goal(s) Supported; 7) Justification; 8) Alternatives Considered; 9) Operating Cost Impact/ROI; 10) Priority; and 11) Risk.

According to the July 8, 2019 Committee meeting minutes, the Business Unit requested $1.4 million from the Revolving Fund to replace a 10-year old technology that was at its end-of-life for the Washington, DC security card operations.

2) For a $500,000 investment, another Business Unit explained in their business case's "justification" field, "*Required vehicle to establish contracts, facilitate the exchange of performance data, and streamline the settlement of funds between Federal agencies after June 30, 2021*." The Business Unit noted in the "description" field that this investment was needed to upgrade certain GPO systems to comply with the Treasury Department's mandate to implement a government-wide shared platform, Government Invoicing (G-Invoicing).

   According to Committee representatives, the Department of Treasury Bureau of the Fiscal Service, as authorized by 31 U.S.C. §§ 3512(b) and 3513, is mandating that all Federal entities adopt the Fiscal Service G-Invoicing system by October 1, 2022. Also, GPO published in its *FY 2021 Annual Performance Plan and FY 2019 Performance Report* that the G-Invoicing project is a Federal Government-wide effort to establish inter-agency agreements in order to simplify buy/sell activities, and recognize appropriate accounts payable and receivable transactions between agencies.

3) For a $180,000 investment, the Business Unit documented in their business case's "justification" field, *"No financial justification. Good tool to work on projects to attract potential customers."* According to the business case's "description" field, this investment will be used to purchase a machine for material testing, prototypes, and small series production.

   This proposal was included in the July 18, 2019, Committee meeting minutes. The Business Unit requested funds for a laboratory lamination press for the Washington, DC, security card operations.

Similar to the "justification" field having limited detail and information, the "operating cost impact/ROI" field lacked detail and analysis. For example, in the $1.4 million business case mentioned above, the investment proposal simply stated "*N/A*" in the "operating cost impact/ROI" field. In another investment for $300,000, the Business Unit included only a vague description in the "operating cost impact/ROI field", stating that "*Return on investment will accrue over term of use*."

In the examples above, the capital investment business cases were limited in additional qualitative financial data and quantitative risk, return-on-investment, and other pertinent information that could improve decision making. In order to find out more about these business cases we requested additional documentation and information about each investment. However, the Committee did not retain additional information . Therefore, we could not assess the reasonableness of the business cases prepared by Business Units. See Appendix D for information documented in each business case's justification" and "operating cost /ROI" fields for the 17 FY 2020 capital investment proposals as discussed below.

According to Committee representatives, the Committee does not mandate specific information such as ROI to be included in business cases because "ROI is a good exercise" but it "doesn't lead anywhere." The Committee representatives informed us that in some cases ROI is not needed, and provided an example that, if the proposal was for equipment necessary for congressional work, then the proposal is a "no-brainer", and the Committee does not need to ask for the ROI. The Committee representatives added that investments that address health and safety issues or meet regulatory requirements do not need the Committee's approval. The Committee relies on Business Units for their expertise and will request more information during the annual Committee meetings if necessary.

Through our interviews with Committee representatives, we learned that Business Units are responsible for monitoring whether their capital investments are performing as intended, not the Committee. The Committee's role is to "secure funding and to coordinate the approval of the investments with the JCP." The Committee representatives asserted the Committee does not have the staff resources to monitor whether all projects are meeting their intended goals nor does it independently validate the information provided by Business Units on their business cases.

Based on the Committee representatives' assertion that Business Units are responsible for monitoring their capital investment performance, we selected an approved $10 million investment for print press equipment to follow-up with the Business Unit Manager to obtain an understanding on the business case development and performance tracking processes. According to the Business Unit Manager, the capital investment implemented provided labor savings, waste savings, maintenance savings, and reduced environmental impact. For another capital investment, the same Business Unit Manager stated that he believed the implemented capital investment met the ROI. For both capital investments, the Business Unit Manager had not yet performed an analysis to validate his ROI assertions. We requested, but the Business Unit Manager could not provide any documentation to support ROI projections were developed for these two capital investments.

Successful implementation of a capital investment is oftentimes determined by whether the investment was completed on schedule, on budget, and provided the intended benefits. However, the first step is to provide decision makers with good information about cost estimates, risks, scope, and alternatives considered before committing substantial resources to it. Therefore, without details, analysis, and supporting documentation, GPO is hindered in making the most informed investment decision and determining whether capital investments meet their intended objectives. This is true also for mandatory capital investment projects aimed at addressing regulatory and/or health and safety requirements because these projects may have benefits that could be expressed in financial terms or quantified in other ways and also alternatives that could meet the same intent.

Ranking and Prioritizing Business Cases

According to selected Federal agencies' practices, organizations should also utilize a ranking system to prioritize investments. Rankings are used to evaluate and select among competing projects to ensure resources are strategically used. Selections should be based on pre-established criteria. Organizations also use rankings to develop capital plans to guide implementation of goals and to establish priorities over the long-term.

GPO policy requires prioritization of investment recommendations and provides the following factors for consideration:

- Does the investment support the agency's mission?
- Is the investment efficient and cost-effective?
- Is the investment in the best interest of the Government and/or is it required for health and safety?

The Committee process does not clearly define the relative importance of each factor. Moreover, when we analyzed the 17 FY 2020 business cases we found in 14 (82 percent) of them, the Business Units self-rated their capital investments as either medium or high risk; and, in all 17 proposals, Business Units rated their capital investments as medium or high priority. There was no indication how the risk or priority was determined.

The Committee does not independently prioritize and rank investment proposals. Instead, it requests that Business Units rate and provide their own priority and risk on the business case. The Committee representatives added that if funds are available, the Committee will send all investment proposals to the Director, who will review the priorities and risks for decision. However, we found no evidence whether the ranking is comparatively evaluated at either the Committee or Director's level. The Committee representatives further explained that not all investment proposals are submitted to the JCP for approval. However, all investment proposals will go from the Committee to the Director.

We confirmed that not all of the 17 FY 2020 investment proposals were submitted to the JCP for approval. For one proposal, the Business Unit requested $5.1 million and noted "*substantial risks*" to the unit's operation should the project fail to move forward. We did not see evidence of the Committee's evaluation or discussion for approving or rejecting the Business Unit's $5.1 million proposal in Committee meeting minutes. However, we have identified $4.8 million[10] was previously approved by the Director and JCP to fund this project. In a subsequent email exchange with Committee representatives on July 13, 2021, we were informed that the Committee had approved to defer the Business Unit's request to future years because the $5.1 million funding for this project was not needed at the time. The second proposal did not require JCP approval because it was below the $50,000 threshold.

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[10] The JCP approved $1.4 million and $3.4 million in the GPO FYs 2019 and 2018 annual spend plan, respectively.

According to Committee representatives, GPO had funding generated from operations for the Committee to approve all capital investments; therefore, ranking for funding allotment was seen as unnecessary. We recognized that until FY 2020[11] GPO posted an annual profit on its operations. However, due to the negative impacts of the recent global pandemic, GPO requested an increase in its FY 2022 budget appropriation for the first time since FY 2010. Although GPO may have had available funding in the past to approve all investment proposals without ranking, the future is unknown. Without having clearly defined rankings it is difficult for GPO to objectively evaluate and prioritize competing investment proposals. Also, assessing investment risk is one of the primary responsibilities for the Committee but, without detail and analysis on business cases, the Committee cannot adequately evaluate and review investment proposals for investment risk.

We recognize that not all capital investments may require the same level of review and risk assessment. In fact, according to selected Federal agencies' practices, a stratified capital process involving more or less detail and review based on the size or strategic importance of proposed investments may be appropriate. We also recognize that qualitative evaluation considerations - such as explicit regulatory requirements, considerations of business strategy, or unquantifiable benefits or costs - may override quantitative criteria in deciding on the final ranking of projects. However, at a minimum, GPO should have well documented review and approval thresholds and clearly disseminated and established them across the agency.

Recommendations for the Director:

Recommendation 1: Require agency-wide capital investment business cases to include increased qualitative (non-financial) and quantitative (financial) data and analysis - including but not limited to the agency's needs, project resource estimates, schedules, costs, return-on-investment, alternatives, and risks - that are more in line with Federal agencies' practices identified in this report. These business cases should also include supporting back-up documentation to justify the investment and its cost impacts and benefits.

Recommendation 2: Develop and implement procedures for the performance of post-implementation benefit assessments by Business Units to determine actual investment benefits achieved compared to estimated benefits and report the assessment results to the Strategic Investment Planning Committee.

Recommendation 3: Develop and implement, within the Strategic Investment Planning Committee's process, a rating system with pre-established rating criteria for ranking and prioritizing capital investment business cases received from Business Units.

Recommendation 4: Develop and implement a plan to build the capability of the Strategic Investment Planning Committee to independently review and validate qualitative and quantitative data in capital investment proposals received from Business Units.

[11] GPO reported a loss of $14.3 million in its FY 2020 Annual Report.

Recommendation 5: Require the Strategic Investment Planning Committee to define the retention period and implement procedures for document retention for all capital investment-related activities.

Finding 2. Aligning Capital Investments with Strategic Goals

GPO policy[12] requires management to ensure a concerted agency-wide effort towards the attainment of strategic goals and objectives by fostering uniformity of purpose and consistency in decision making. According to management, GPO incorporated best practices from the Government Performance and Results Modernization Act of 2010 in its policy to ensure the organization's operations, investments, priorities, and resources are in support of GPO's mission, vision, and strategic goals. In addition, the policy identifies the Chief of Staff and Goal Leaders are responsible for carry out the policy. Specifically, the policy states:

- Chief of Staff Office is responsible for:

  - Assigning Goal Leaders to each GPO performance goal and holds Goal Leaders accountable for tracking progress and submitting plan and performance information in a timely manner.
  - Ensuring the development, publication, and public availability of GPO strategic planning and performance documentation. This includes GPO's five-year Strategic Plan, Annual Performance Plan, and Annual Performance Report.
  - Conducting strategic planning and performance review meetings with the Business Operations Committee.
  - Communicating agency goals and objectives internally to GPO personnel.
  - Reviewing GPO's strategic planning, performance planning, tracking, and reporting processes to decrease duplication of effort and increase agency accountability, results, and cost-effectiveness.
  - Monitoring implementation of strategic and performance plans for consistency with agency goals and objectives.

- Each Goal Leader is responsible for:

  - Providing additional information on performance goals, including any historical information available; proposed target, timeframe, and milestones for completion; resources necessary to achieve those goals; and any external or internal factors that will impact progress toward reaching the target.
  - Tracking progress toward reaching the goal target and ensuring performance information is documented and available.
  - Submitting information for preparation of planning and performance documentation in a timely manner.

[12] GPO Directive 1100.1B, *Strategic Planning and Performance Reporting Within the Government Printing Office,* September 19, 2014.

- Reviewing performance information on a regular basis in order to recommend opportunities to improve results, enhance efficiency, increase productivity, and reduce waste.

On April 7, 2021, GPO issued the *FY 2022 Annual Performance Plan (APP) FY 2020 and Annual Performance Report (APR)* to provide an overview of the agency's five goals and 17 strategies to achieve those goals. The *FY 2022 APP and FY 2020 APR* also identified 13 priority programs and the actions taken and planned for each program to meet the agency's goals by utilizing those strategies. We found 9 of the 17 FY 2020 capital investments were identified as priority programs in this report. However, we were not able to evaluate whether the 17 capital investment projects we reviewed met the agency's strategic goals because management has not yet completed the acquisition and operation phases for these projects. Therefore, we are not making a recommendation at this time but may initiate future reviews in this area.

OTHER MATTER OF INTEREST

The current policy, GPO Directive 1100.1B, governing strategic planning and performance reporting was instituted by the former GPO Director and this policy has not been updated since September 2014.[13] According to GPO Directive 001.1C, *GPO Directive System*, dated April 5, 2016, all active GPO Directives shall be reviewed for applicability by the directive's originating office at least once every two years. However, Directive 001.1C itself expired in March 2018 and has not been updated as of the issuance of this audit report. The OIG previously reported 86 percent of GPO Directives were more than 2 years old, and 74 percent of the Directives were more than 5 years old.[14]

Recommendation for the Director, GPO:

Recommendation 6: Assess GPO Directives 1100.1B and 001.1C to ensure policies and procedures are current and relevant, and update them as appropriate.

[13] GPO Directive 1100.1B, *Strategic Planning and Performance Reporting Within the Government Printing Office*, September 19, 2014.
[14] GPO OIG Report No. 20-08, *Review of U.S. Government Publishing Office (GPO) Directives System*, June 8, 2020.

MANAGEMENT'S COMMENTS

Management agreed with all recommendations presented in the report. See Appendix G for management's comments in their entirety

Regarding recommendation 1, management drafted a Standard Operating Procedure (SOP) to emphasize qualitative and quantitative data and analysis in capital investment business cases. Management stated the agency has begun using the draft SOP and plans to implement the final SOP in November 2021.

Target implementation date: November 30, 2021.

Regarding recommendation 2, management stated the draft SOP has requirements for business units to perform interim and final implementation assessment and report results to the Strategic Investment Planning Committee. Management added that the draft SOP includes requirements to monitor major project implementation schedules and assess actual project results compared to planned.

Target implementation date: November 30, 2021.

Regarding recommendation 3, management stated they have clarified capital investment ranking criteria. Management stated the draft SOP includes the ranking criteria and requires prioritization of all capital investment business cases.

Target implementation date: November 30, 2021.

Regarding recommendation 4, management stated the draft SOP includes a process for the Strategic Investment Planning Committee to request detailed reviews of capital investment business cases. Management added that the review may consider the project risk, impact of agency mission, scale of investment, length of project implementation and other factors.

Target implementation date: November 30, 2021.

Regarding recommendation 5, management plans to establish an online site to provide the organization access to capital investment related activities. Management stated they will define the retention period for capital investment documents.

Target implementation date: November 30, 2021.

Regarding recommendation 6, management plans to review Directives 1100.1B and 001.1C and update them as necessary to ensure they are current.

Target implementation date: December 31, 2021.

EVALUATION OF MANAGEMENT'S COMMENTS

The OIG considers management's comments responsive to recommendations 1 through 6 and corrective actions taken and planned should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed until the OIG provides written confirmation that the recommendations can be closed.

APPENDICES

Appendix A. Objective, Scope and Methodology

Our objectives were to determine whether the GPO capital investment process reflect sound business practices in selecting capital investments to fund, and whether the approved capital investments meet GPO's strategic goals. The scope of the project included reviewing capital investments approved by the JCP from FY 2016 to FY 2020, which totaled $212.4 million. Because the Strategic Investment Planning Committee was formed in May 2019, we focused on the process on selecting capital investments to fund for the 17 FY 2020 business cases. We also assessed the strategic planning and performance reporting of capital investments. We excluded from our review those capital investments that were approved and fully reimbursed by the Department of State in support of passport production and a one-time capital investment request by the Inspector General to avoid the appearance of conflict of interest.

To accomplish our objectives, we:

- Reviewed applicable GPO policies and procedures, including annual budget formulation guidance.
- Reviewed applicable laws and regulations.
- Researched selected Federal agencies' capital decision-making practices.
- Examined documentation of organization-wide capital investments including the Committee's 5-year capital investment plans.
- Reviewed the annual JPC spending plans.
- Reviewed GPO's 5-year strategic plan.
- Reviewed GPO's annual performance plan and performance reports.
- Interviewed key GPO representatives in the Committee and Business Units.

We conducted this performance audit from March 2020 through August 2021,[15] in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on June 4 and July 28, 2021 and included their comments where appropriate

Computer-Generated Data

We did not rely on any computer-generated data in conducting our audit.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objectives of this audit within the last five years.

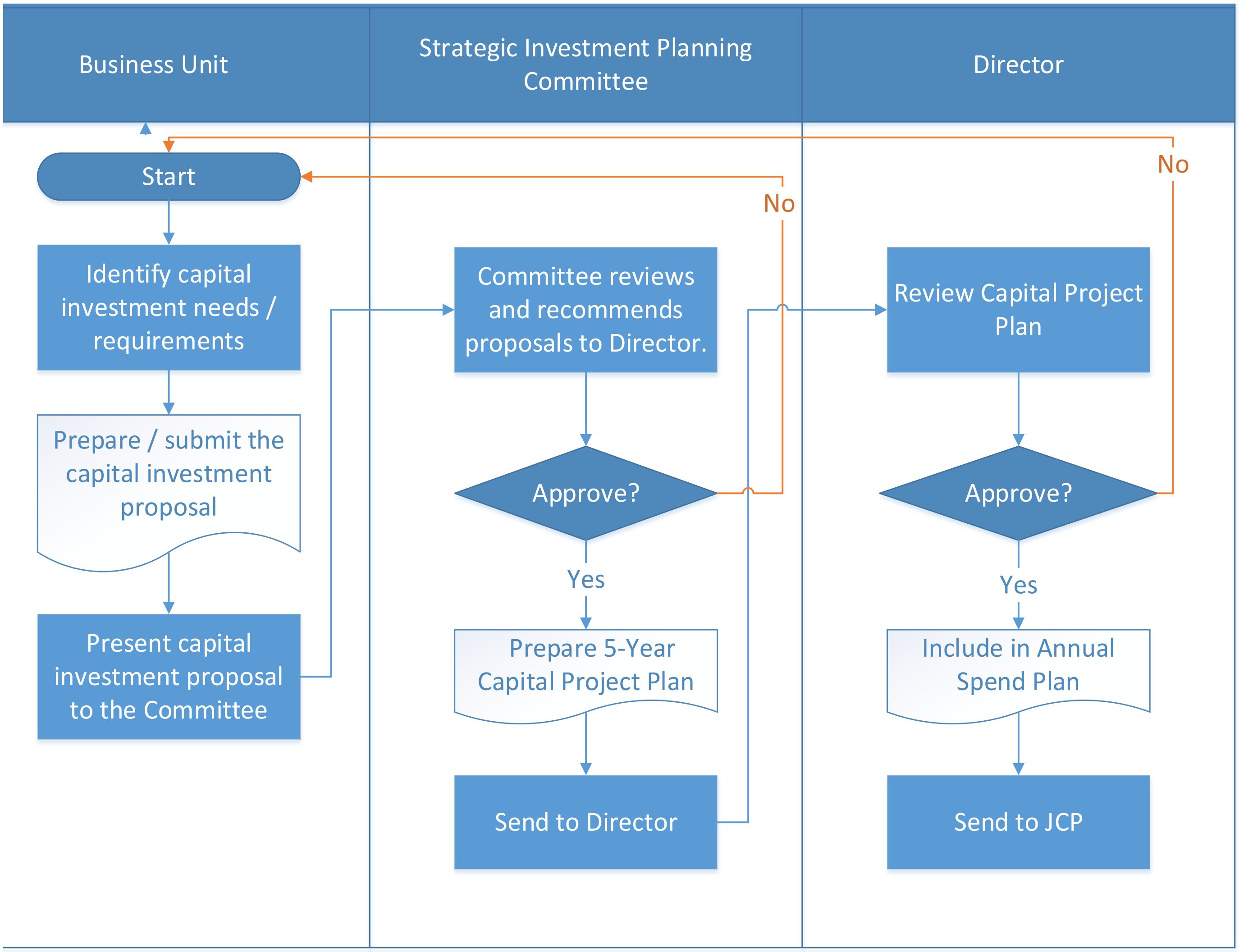
[15] This project was suspended from March through October 2020 due to higher competing audit priorities.

Appendix B. Table of Recommendations

	Recommendation	Management Response	Status	Return on Investment
	Director, GPO			
1.	Require agency-wide capital investment business cases to include increased qualitative (non-financial) and quantitative (financial) data and analysis - including but not limited to the agency's needs, project resource estimates, schedules, costs, return-on-investment, alternatives, and risks - that are more in line with Federal agencies' practices identified in this report. These business cases should also include supporting back-up documentation to justify the investment and its cost impacts and benefits.	Concur. Target Implementation Date (TID) November 30, 2021.	Open	Nonmonetary – Initiate best business practices and provide analysis and data to decision makers. *A sound business case that has qualitative (non-financial) and quantitative (financial) data provides a valuable tool to enable decision-makers to objectively analyze and assess information at the time of the investment proposal.*
2.	Develop and implement procedures for the performance of post-implementation benefit assessments by Business Units to determine actual investment benefits achieved compared to estimated benefits and report the assessment results to the Strategic Investment Planning Committee.	Concur. TID November 30, 2021.	Open	Nonmonetary – Initiate best business practices and provide analysis and data to decision makers. *The successful implementation of a capital investment is oftentimes determined by whether the investment was completed on schedule, on budget, and provided the intended benefits.*
3.	Develop and implement, within the Strategic Investment Planning Committee's process, a rating system with pre-established rating criteria for ranking and prioritizing capital investment business cases received from Business Units.	Concur. TID November 30, 2021.	Open	Nonmonetary – Initiate best business practices and improve management controls. *A ranking system to prioritize investments. is used to evaluate and select among competing projects to ensure resources are strategically used. Organizations also use rankings to develop capital plans to guide implementation of goals and to establish priorities over the long term*.
4.	Develop and implement a plan to build the capability of the Strategic Investment Planning Committee to independently review and validate qualitative and quantitative data in capital investment proposals received from Business Units.	Concur. TID November 30, 2021.	Open	Nonmonetary – Initiate best business practices and provide analysis and data to decision makers. *An objective independent assessment of the data and information in business cases and supporting documentation by individuals outside of Business Units for reasonableness demonstrates effective governance.*

	Recommendation	Management Response	Status	Return on Investment
	Director, GPO			
5.	Require the Strategic Investment Planning Committee to define the retention period and implement procedures for document retention for all capital investment-related activities.	Concur. TID November 30, 2021.	Open	Nonmonetary – Initiate best business practices and improve systems and processes. *This supports GPO's mission by establishing specific requirements under which capital investment records are: effectively and efficiently managed throughout their lifecycle; preserved in accordance with the applicable statutory, and regulatory requirements; and accessible by authorized GPO staff, contractors, and public, as appropriate.*
6.	Assess GPO Directives 1100.1B and 001.1C to ensure policies and procedures are current and relevant, and update them as appropriate.	Concur. TID December 31, 2021.	Open	Nonmonetary – Improve management controls and improve systems and processes. *Performing periodic reviews of existing policies and procedures are necessary to ensure completeness and accuracy of content and that instructions align current systems, processes, and structures.*

Appendix C. Capital Investment Approval Process



Appendix D: Capital Investment Business Case Template

Strategic Investment Planning Committee
Justification for FY 2020 Capital Expenditure

1. Business Unit:
2. Project:
3. FY 2020 Cost:
4. Table and Item Number:
5. Description:
6. Strategic Goal(s) Supported:
7. Justification:
8. Alternatives Considered:
9. Operating Cost Impact/ROI:
10. Priority:
11. Risk:

Attach additional information, as needed.

Instructions:

1. **Business Unit:** Identify Business Unit requesting the project.
2. **Project/Program:** The identifying name of the proposed project.
3. **FY 2020 Cost:** Indicate the total projected cost for FY 2020 to be required by the project. Capital expenditures for future years should be included in the SIPC Five-Year Capital Investment Plan.
4. **Table and Item Number:** Finance will provide a Table and Item Number, using the following categories: Table 1, Equipment; Table 2, Information Technology; Table 3, Facilities; or Table 4, Passports(approved by DOS).
5. **Description:** Explain what the project is. Avoid the use of technical jargon.
6. **Strategic Goal(s) Supported:** Indicate the strategic goal(s) supported from the GPO Strategic Plan: GPO Strategic Plans
7. **Justification:** Provide analysis and justification for the project. Consider customer demands, legal/regulatory requirements, health and safety, obsolescence, waste reduction, environmental impacts,efficiency and effectiveness.
8. **Alternatives Considered:** Indicate the major competing options considered, including any market research, and why the proposed project was chosen.
9. **Operating Cost Impact/ROI:** Indicate the impact on GPO operating costs when the project becomes operational. Significant savings, cost avoidances, or revenue over the life-cycle of the project may result in a return on investment that can be analyzed using the ROI Form designed for that purpose.
10. **Priority:** Indicate High, Medium, or Low. This is an assessment and ranking of the merits of the projectfor immediate funding, as opposed to deferral to a later year, in light of competing demands for limited capital investment funds and realistic execution schedules.
11. **Risk:** Indicate High, Medium, or Low. This is a forward-looking assessment considering the full spectrum of significant risks associated with the project. This includes risks to achieving performance goalsand objectives, information security, technical, development, cost, schedule, etc., and responses required to mitigate those risks, including management practices and internal control efforts.

1

Appendix E. Investment Justification and Operating Impact/ Return on Investment

		Information Contained in Fiscal Year 2020 Business Case Forms	
Proposal	**Amount Requested**	**Item 7. Investment Justification**	**Item 9. Operating Impact / ROI**
1	$5,134,000	*"Contract to be awarded August 2019. Funds spent to date- $100,000 (IAA with GSA 18F). $5,000,000 previously approved. Additional funds needed for the 5-year contract now that actual prices have been submitted."*	*"This system will be the gateway for all GPO revenue business units for order entry. It will increase efficiency and reduce redundancy. GPO will be able to collect their revenue faster."*
2	$4,400,000	*"GPO's govinfo system provides free access to official publications from all three branches of the Federal Government. In addition to a public website, govinfo includes a content management system and an ISO-certified preservation repository. Priorities for FY20 include developing new features to support stakeholder needs and adding new content to govinfo collections."*	*"In FY18, GPO provided access to over 2.5 million titles online from GPO servers and links to other agencies and institutions, and govinfo averaged 31 million document retrievals per month."*
3	$1,400,000	*"No financial justification. This is a normal replacement for aging equipment."*	*"N/A"*
4	$1,304,000	*"GPO's govinfo Production and COOP infrastructure needs to be refreshed in FY20 including storage tiers for content shelves and high performance shelves; blade servers, frames, and memory to support increased capacity for virtualization; and capacity for cloud backups leading to an increased presence in the cloud. FY20 Highlights: Storage Growth, Virtual Infrastructure Capacity, Cloud Infrastructure."*	*"In FY18, GPO provided access to over 2.5 million titles online from GPO servers and links to other agencies and institutions, and govinfo averaged 31 million document retrievals per month."*
5	$825,000	*"GPO currently relies on a number of systems (iMaint, Probe and Oracle) to manage and monitor engineering and facilities work. The current version of the iMaint software is outdated and no longer supported. In addition, iMaint is not integrated with the legacy PROBE system and GPO's Oracle systems, which limits FM's ability to track and monitor labor hours. Therefore, iMaint does not meet today's GPO maintenance management needs. As a result, FM is required to operate using a number of legacy systems that do interface with other systems or Oracle. This requires FM to use a number of manual systems to schedule, monitor and report financial expenditures on all work performed by our craft shops. In addition, after attempting to upgrade the current legacy systems software packages to the latest version, the costs associated with the*	*"Failure to purchase an automation system will result in the continuing failure to management the work order process and limit our ability to properly track and report on financial expenditures throughout the agency."*

		Information Contained in Fiscal Year 2020 Business Case Forms	
Proposal	**Amount Requested**	**Item 7. Investment Justification**	**Item 9. Operating Impact / ROI**
		upgrade were equivalent to or greater than the costs associated with purchasing new software. Thus, a new solution is needed in order to support today's emerging Facilities Management's (FM) and GPO's facilities management requirements."	
6	$500,000	*"Required vehicle to establish contracts, facilitate the exchange of performance data, and streamline the settlement of funds between Federal agencies after June 30, 2021."*	*"This initial funding authorization is required to implement changes to GPO systems and interfaces with G-invoicing to satisfy this new Treasury requirement. In return, GPO should experience a decrease in IPAC chargebacks. It is likely that at some point the staff resources saved in chargeback resolution process will be needed for front-end customer assistance. These resources should then decrease over time, as agencies adapt to G-Invoicing processes. Any return on investment will depend on the success of GPO and customers to adapt to this new requirement and the level of automation that can be achieved. These cannot be estimated at this time."*
7	$428,812	*No data reported on the SIPC Justification form.*	*"The office expansion will not generate revenue or reduce operating cost. However, the expansion is needed to make room for a mix of contracted resources and GPO employees required to complete software development activities and sustain the system."*
8	411,000	*"The carpet has become a safety hazard and extreme eyesore. Tape has attempted to be used to tape down corners of carpet that continues to lift up causing tripping hazards and obstacles under chairs in working cubicles. In addition, as a Customer Service BU, itis an eyesore when our Federal Customers come in to see us. Various methods were used to seehow to replace the carpet. It was determined that the only way to replace the carpet was to remove the raised flooring. This impacts existing walls and doors. In addition, some of the walls are decaying and falling apart, despite attempts to patch them up. Therefore it is necessary to gut the existing room and upgrade the entire space. necessary to gut the existing room and upgrade the entire space."*	*"Fixing the floor will avoid workers comp should an employee trip and fall causing injury. Renovating the space will upgrade the electrical and air systems improving the quality of life for the business unit for years to come. This is a revenue generating work space that invites Federal Customers into the environment to review their projects."*

		Information Contained in Fiscal Year 2020 Business Case Forms	
Proposal	**Amount Requested**	**Item 7. Investment Justification**	**Item 9. Operating Impact / ROI**
9	$308,000	*"Customers are increasingly requesting installation of wireless locks since maintaining master keys to open all locks place a risk on sensitive/critical assets if a master key is lost. Wireless locks has greatly reduced vulnerabilities and liabilities to the agency. Locks are controlled through the use of a badge and can easily be disable."*	*"There is a cost to eliminating the mastered keying process but alternatives are being included such as: i. Eliminating mastered keying ii. Use a lock design that is not vulnerable iii. Use a lock system which is difficult to procure keys iv. Use a non-keyed lock for access control."*
10	$300,000	*"Enhancements are to increase automation and improve customer service to customer agencies."*	*"Return on investment will accrue over term of use."*
11	$283,000	*"No financial justification. Replacement required for NGP."*	*"N/A"*
12	$250,000	*"The applications will be migrated off of old technology and will share data on the back-end; making the application more efficient and transparent."*	*"The applications will be migrated off of old technology and will share data on the back-end; making the application more efficient and transparent. Supervisors will save time by doing some HC functions all electronically, such as WIGls."*
13	$180,000	*"No financial justification. Good tool to work on projects to attract potential customers."*	*"N/A"*
14	$113,000	*"No financial justification. Replacement required for NGP."*	*"N/A"*
15	$50,000	*"No financial justification. Replacement required for NGP."*	*"N/A"*
16	$50,000	*"No financial justification. Replacement required for NGP."*	*"N/A"*
17	$38,000	*"Staff will not be able to perform job/work without a forklift."*	*"ROI will be a 100 percent, because Pueblo Distribution Center is 100 percent reimbursable."*

Appendix F. Abbreviations

APP	Annual Performance Plan
APR	Annual Performance Report
FY	Fiscal Year
G-Invoicing	Government Invoicing
GPO	Government Publishing Office
JCP	Joint Committee on Printing
N/A	Not Applicable
ROI	Return-on-Investment
U.S.C.	United States Code

Appendix G. Management's Comments

HUGH NATHANIAL HALPERN
Director

GPO

MEMORANDUM

Date: August 13, 2021

To: Inspector General

From: Director, GPO

Subject: Response to OIG Draft Audit Report "GPO Capital Investments," Project Number A-2020-001

This is in response to your request for comments and target implementation dates for recommendations in the Draft Audit Report "GPO Capital Investments," Project Number A-2020-001.

Recommendation 1

Require agency-wide capital investment business cases to include increased qualitative (non-financial) and quantitative (financial) data and analysis — including but not limited to the agency's needs, project resource estimates, schedules, costs, return-on-investment, alternatives, and risks — that are more in line with Federal agencies' practices identified in this report. These business cases should also include supporting back-up documentation to justify the investment and its cost impacts and benefits.

GPO concurs with this recommendation.

GPO drafted a Standard Operating Procedure (SOP) to emphasize qualitative and quantitative data and analysis and implemented it with this year's Strategic Investment Planning Committee (SIPC) business case proposals and documentation. GPO targets the implementation completion of this task as November 30, 2021, when the draft SOP will be issued in final form.

Recommendation 2

Develop and implement procedures for the performance of post-implementation benefit assessments by Business Units to determine actual investment benefits achieved compared to estimated benefits and report the assessment results to the Strategic Investment Planning Committee

GPO concurs with this recommendation.

GPO drafted the aforementioned SOP that requires the performance of interim and final implementation assessment reporting. The SOP includes regular monitoring of major project implementation schedules and assessment of project results compared to plans. As stated above, GPO targets implementation completion as November 30, 2021.

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Recommendation 3

Develop and implement, within the Strategic Investment Planning Committee's process, a rating system with pre-established rating criteria for ranking and prioritizing capital investment business cases received from Business Units.

GPO concurs with this recommendation.

GPO recently clarified criteria and is requiring the prioritization of all projects at the conclusion of this year's SIPC meetings. The draft SOP, mentioned above, includes the criteria and requires prioritization of all capital investment business cases. As stated above, GPO targets implementation completion as November 30, 2021.

Recommendation 4

Develop and implement a plan to build the capability of the Strategic Investment Planning Committee to independently review and validate qualitative and quantitative data in capital investment proposals received from Business Units.

GPO concurs with this recommendation.

The draft SOP includes a process for the SIPC to request detailed reviews of project proposals. The review may consider the project risk, impact of agency mission, scale of investment, length of project implementation and other factors. The targeted implementation completion date is November 30, 2021.

Recommendation 5

Require the Strategic Investment Planning Committee to define the retention period and implement procedures for document retention for all capital investment-related activities.

GPO concurs with this recommendation.

GPO plans to establish an online site providing access to capital investment related activities with a defined retention period. GPO targets the implementation completion date as November 30, 2021.

Recommendation 6

Assess GPO Directives 1100.1B and 001.1C to ensure policies and procedures are current and relevant, and update them as appropriate.

GPO concurs with this recommendation.

GPO will review Directives 1100.1B and 001.1C and update them as necessary to ensure they are current. GPO targets completion of this task as December 31, 2021.

If you have further questions about this matter, please contact Mr. Ric Davis, Acting Chief of Staff, at rdavis@gpo.gov, if there are any questions regarding this information.

Digitally signed by Hugh N Halpern
Date: 2021.08.13 09:39:17 -04'00'

HUGH NATHANIAL HALPERN
Director, U.S. Government Publishing Office

cc:
Deputy Director
Acting Chief of Staff

Appendix H. Report Distribution

Director
Deputy Director
Chief of Staff, Acting
Chief Financial Officer