

Office of Inspector General
U.S. Government Accountability Office

SEMIANNUAL REPORT

April 1, 2014 –
September 30, 2014



Serving the Congress and the Nation



Memorandum

Date: October 29, 2014

To: Comptroller General Gene L. Dodarc

From: Inspector General Adam R. Trzeciak

A handwritten signature in black ink, appearing to read 'A. R. Trzeciak', is written over the printed name of the sender.

Subject: *Semiannual Report—April 1, 2014, through September 30, 2014*

I am submitting this report in accordance with Section 5 of the Government Accountability Office Act of 2008 (GAO Act).¹ The report summarizes the activities of the Office of Inspector General (OIG) for the second reporting period of fiscal year 2014.

The act requires that you transmit the report to Congress within 30 days after receipt. Your transmittal should also include any comments you consider appropriate.

During this reporting period, OIG issued two audits and continued or began fieldwork on three additional audits and evaluations. OIG processed 122 hotline complaints, which generally did not involve GAO's programs and operations. OIG also closed seven investigations and opened seven new investigations. I continued to brief new GAO employees on the audit and investigative functions of GAO's OIG. In addition, OIG staff remained active in the OIG community through participation on Council of Inspectors General on Integrity and Efficiency committees and working groups. Details of these activities and other OIG accomplishments are provided in the accompanying report.

I appreciate management's support and thank GAO's Executive Committee, managers, and staff for their cooperation during our reviews. OIG's team of dedicated professionals remains committed to helping GAO improve the services it provides for American taxpayers. The accomplishments reported in the attachments below are the direct result of their efforts.

Attachments

¹31 U.S.C. § 705 (2012).

INTRODUCTION

THE UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

GAO is the audit, evaluation, and investigative arm of the Congress. It supports congressional oversight by (1) auditing agency operations to determine whether federal funds are being spent efficiently and effectively; (2) investigating allegations of illegal and improper activities; (3) reporting on how well government programs and policies are meeting their objectives; (4) performing policy analyses and outlining options for congressional consideration; and (5) issuing legal decisions and opinions, such as bid protest rulings and reports on agency rules.

THE OFFICE OF INSPECTOR GENERAL

Established as a statutory office by the GAO Act, GAO's Office of Inspector General (OIG) independently conducts audits, evaluations, and other reviews of GAO programs and operations and makes recommendations to promote economy, efficiency, and effectiveness in GAO. OIG also investigates allegations of fraud, waste, and abuse in GAO's programs and operations, including the possible violation of any law or regulation.

ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

AUDITS AND EVALUATIONS

During the reporting period, OIG issued two audit reports that evaluated (1) the effectiveness of controls over GAO's undercover investigation funds and (2) the extent to which GAO has effectively managed its Federal Employees' Compensation Act program to ensure that it pays only valid claims and employees are returned to work when able. (See attachment II for report summaries). We continued to perform fieldwork assessing GAO purchase card controls and evaluating GAO's privacy program, and completed follow-up work pertaining to open recommendations made in prior OIG reports (see the GAO Actions on Outstanding Recommendations section below for the status of unimplemented recommendations). We also began an audit of GAO's implementation of Law Enforcement Availability Pay (LEAP).

COMPLAINTS AND INVESTIGATIONS

The OIG's hotline is our primary source of complaints or information for identifying suspected fraud and other problems, abuses, and deficiencies relating to the administration of GAO's programs and operations. As shown in table 1, we processed 122 hotline complaints during this 6-month reporting period.

Table 1: Summary of OIG Hotline Complaint Activities, April 1, 2014, through September 30, 2014

Hotline complaints open at the start of the reporting period	12
New hotline complaints received this reporting period	110
Total hotline complaints	122
Complaints closed (referred to other GAO offices)	3
Complaints closed (referred to FraudNet ^a)	6
Complaints closed (insufficient information/no basis)	63
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices)	48
Complaints closed (converted to investigations)	0
Total hotline complaints open at the end of the reporting period	2

Source: OIG.

^aFraudNet is a government-wide hotline operated by GAO staff that receives complaints of fraud, waste, and abuse of federal funds spent by other federal agencies.

Table 1 identifies 63 complaints that were closed due to insufficient information or no basis for the OIG to open an investigation. These complaints generally did not involve GAO programs and operations. We report them here because, in our efforts to provide every complainant a response, the OIG spends considerable time evaluating the issues contained in a complaint. In these instances, the complaint either (1) lacked sufficient merit to warrant direct OIG referral to another federal or state organization, or (2) lacked actionable information.

As shown in table 2, there were 20 open investigations during this reporting period. At the end of the reporting period, 13 investigations remained open.

Table 2: Summary of OIG Investigations, April 1, 2014, through September 30, 2014

Investigations open at the start of the reporting period	13
New investigations initiated this reporting period	7
Total investigations	20
Investigations closed this reporting period	7
Total investigations open at the end of the reporting period	13

Source: OIG.

During this period, we closed an investigation regarding an allegation that a senior executive was engaged in time and attendance fraud. Our investigation found that the employee did not accurately record work hours. Specifically, the employee engaged in personal business during official duty hours, violated the terms of their telework agreement, was absent without leave, and falsified time and attendance reports. We referred the matter to agency management for administrative action during the prior reporting period. In this reporting period, GAO management imposed a 25-day suspension on the employee.

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

OTHER ACTIVITIES

ACTIVITIES WITHIN GAO

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

During the reporting period, OIG processed six Freedom of Information Act requests which we addressed in accordance with procedures set forth in 4 C.F.R. Part 81.

ACTIVITIES WITHIN THE INSPECTOR GENERAL COMMUNITY

OIG participated in the Council of Inspectors General on Integrity and Efficiency (CIGIE), a council of federal inspectors general that promotes collaboration on integrity, economy, and efficiency issues that transcend individual agencies. The Inspector General (IG), Assistant IGs, or staff regularly participated in monthly CIGIE meetings, quarterly Legislative Branch Inspectors General meetings, and periodic meetings with other OIGs designed to address issues common to smaller OIGs. The Assistant Inspector General for Audits participated in quarterly Federal Audit Executive Council meetings. The Assistant Inspector General for Investigations (AIGI) participated in quarterly CIGIE Investigations Committee and AIGI Committee meetings. The IG Counsel participated in monthly Council of Counsels to Inspectors General meetings.

AUDIT PEER REVIEW ACTIVITIES

Government Auditing Standards require that each organization performing audits in accordance with these standards must have an external peer review. The objectives of a peer review are to determine whether an effective quality control system has been established in the office and if policies, procedures, and applicable government auditing standards are followed. Peer reviews must be performed at least once every 3 years by reviewers independent of the audit organization being reviewed. OIG is scheduled for a peer review in fiscal year 2015.

ACTIVITIES WITHIN THE UNITED STATES COMMISSION ON CIVIL RIGHTS

The Consolidated and Further Continuing Appropriations Act of 2012² designated the Inspector General of the Government Accountability Office to serve as the Inspector General of the U.S. Commission on Civil Rights (Commission). The Inspector General’s statutory authority over the Commission ended September 30, 2014.³

GAO ACTIONS ON UNIMPLEMENTED OIG AUDIT RECOMMENDATIONS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. Table 3 presents the September 30, 2014 status of actions planned and taken by GAO in response to recommendations that were open during the last semiannual reporting period.

Table 3: Status of Agency Actions on OIG Report Recommendations That Were Open During the Last Semiannual Reporting Period

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
<i>Human Capital: Opportunities Exist to Strengthen Controls over Recruitment, Relocation, and Retention Incentives, OIG-12-5 (Aug. 28, 2012)</i>	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.	Recommendation closed GAO issued its <i>Human Capital Strategic Plan 2013-2015</i> in July 2013. The updated plan identified the use of incentives to recruit and retain staff with critical skills as initiatives intended to support the agency’s recruitment and hiring goals. In September 2014, GAO completed efforts to develop a plan for how it intends to measure the effectiveness of recruitment and retention incentives in supporting human capital goals and objectives.
<i>Security Clearances: Actions Needed to Strengthen Controls over Top Secret Security Clearance Requirements, OIG-13-3 (Sept. 27, 2013)</i>	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.	Recommendation closed GAO has established consistent criteria and a process for evaluating a position’s need for a security clearance. Specifically, GAO developed and implemented a standard form that is intended to document unit heads’ (1) assessment using consistent criteria of whether a given position requires access to classified information and (2) detailed justifications explaining an employee’s need for a security clearance.

²Pub. L. No. 112-55, 125 Stat. 552, 628 (Nov. 18, 2011).

³Pub. L. No. 113-76, 128 Stat. 5 (Jan. 17, 2014).

Attachment I

OIG reports	Recommendations	Status of actions planned and taken by GAO in response to the recommendations
	Establish procedures to ensure that decisions to grant top secret security clearances are grounded in written justifications.	Recommendation open GAO is in the final phase of updating and revising its personnel security program policy and procedures to provide consistent criteria and a process for evaluating and documenting a position's need for a security clearance. GAO expects to issue its revised policy and procedures by the end of calendar year 2014.

Source: OIG.

Summary of OIG Reports and GAO Actions
Reports Issued April 1, 2014, through September 30, 2014

FINANCIAL MANAGEMENT: Additional Actions Needed to Ensure Accountability over Undercover Funds, [OIG-14-1, \(May 27, 2014\)](#).

Findings: In fiscal year 2012, GAO's Forensic Audits and Investigative Services (FAIS) used two primary methods to access funds to support its undercover activities: a credit union checking account and undercover charge cards. OIG found no evidence of fraud or waste regarding undercover funds, but did identify areas for improvement in financial management controls. Controls were ineffective in preventing and identifying the use of appropriated funds for which the period of availability had expired. As a result, we found that FAIS investigative staff improperly used \$3,966.25 and retained \$7,160.34 in expired fiscal year 2011 funds in fiscal years 2012 and 2013. In addition, we identified other conditions that increased the risk for fraud, waste, and mismanagement of FAIS undercover funds, such as undercover purchases occurring prior to requisite management approval and omissions in policies and procedures for ensuring accountability over undercover funds. During our audit, GAO made accounting adjustments to remedy appropriations law violations and implemented procedures to mitigate future risk, including periodic reviews of controls over FAIS transactions.

Recommendations and GAO Actions: This report recommended that the Comptroller General complete efforts to update and implement policies and procedures applicable to safeguarding undercover investigation funds and ensuring compliance with appropriations law, and to train FAIS staff on those policies and procedures.. The report also recommended that GAO update GAO Order 0010.1, *Government Accountability Office (GAO) Orders, Operational Directives, and Manuals*, to identify FAIS as the office primarily responsible for forensic audit and investigative policies and procedures related to GAO engagements to help ensure that these documents are updated, as needed. GAO concurred with our recommendations and has taken action or has initiated actions during the reporting period to address them.

FEDERAL EMPLOYEES' COMPENSATION ACT: Internal Control Weaknesses Limit Effective Case Management and Program Oversight, [OIG-14-2, \(September 30, 2014\)](#).

Findings: GAO has not effectively managed its FECA program to ensure that it pays only valid claims for continuation of benefits, and employees are returned to work when able. Information documenting eligibility of employees receiving benefits is generally outdated and not maintained. In addition, efforts to identify employees for reemployment and to pursue options to return them to suitable work are limited. Third-party cases are not monitored to minimize GAO's workers' compensation program costs. Furthermore, policy intended to prevent, identify, and report potential fraud for investigation lacks specific fraud-prevention controls and is outdated.

Recommendations and GAO Actions: OIG recommended that the Comptroller General direct the Chief Human Capital Officer to develop and implement operational procedures that include specific case documentation procedures to be followed by HCO case management specialists; clearly defined procedures that establish a framework and delineate responsibilities within GAO for identifying candidates for reemployment and developing reemployment strategies that foster improved return-to-work outcomes; and policy and procedures addressing the responsibilities of GAO employees and management in identifying and reporting potential third-party liability claims. To help reduce the risk of and identify potential fraud within GAO's program, OIG recommended establishing specific workers' compensation fraud-prevention controls. In addition, OIG recommended updating the existing workers' compensation policy to reflect current GAO policy requiring all GAO officers and employees to promptly notify the GAO OIG concerning the possible existence of FECA program fraud, waste, and abuse. GAO agreed with OIG's recommendations. Actions taken in response to the recommendations are expected to be reported to OIG within 60 days of the report issuance date.

Reporting Fraud, Waste, and Abuse in GAO's Internal Operations

To report fraud and other serious problems, abuses, and deficiencies relating to GAO programs and operations, do one of the following. (You may do so anonymously.)

- Call toll-free (866) 680-7963 to speak with a hotline specialist, available 24 hours a day, 7 days a week.
- Online at: <https://OIG.alertline.com>.

Obtaining Copies of OIG Reports and Testimony

To obtain copies of OIG reports and testimony, go to GAO's website: www.gao.gov/about/workforce/ig.html or call (202) 512-5748.

