



Office of Inspector General
U.S. Government Accountability Office

SEMIANNUAL REPORT TO CONGRESS

October 1, 2016, through March 31, 2017



April 21, 2017
OIG-17-3SP



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Office of Inspector General

United States Government Accountability Office

Memorandum

Date: April 21, 2017

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak *Ad-R. Trz*

Subject: Semiannual Report to Congress—October 1, 2016, through March 31, 2017

I am submitting this report in accordance with Section 5 of the Government Accountability Office Act of 2008.¹ The report summarizes the activities of the Office of Inspector General (OIG) for the first reporting period of fiscal year 2017. 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 four audit reports, continued fieldwork on one audit, started fieldwork on three additional audits, and issued our biennial work plan. We also closed seven investigations and opened eight new investigations. In addition, we processed 137 hotline complaints, which generally did not involve GAO's programs and operations. We remained active in the GAO and OIG communities by briefing new GAO employees on our audit and investigative missions, and participating on Council of Inspectors General on Integrity and Efficiency committees and working groups. OIG staff also briefed participants in a government-sponsored exchange program with Ukraine on the investigative role of the OIG within GAO. Details of these activities and other OIG accomplishments are provided in the accompanying report.

Finally, interest in our products continues to increase. The total number of subscribers to the OIG e-mail update list (those who receive reports when issued) increased 78% over the prior reporting period (from 1,249 to 2,218 subscribers). The IG list is included in the listing of available updates on GAO's GovDelivery subscription page where people view it either when subscribing for the first time or managing their existing subscriptions.

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

Attachment

¹ 31 U.S.C. § 705 (2012).

INTRODUCTION

THE UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

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

THE OFFICE OF INSPECTOR GENERAL

Established as a statutory office by the Government Accountability Office Act of 2008, GAO's Office of Inspector General (OIG) independently conducts audits, evaluations, and other reviews of GAO programs and operations and makes recommendations to promote economy, efficiency, and effectiveness in GAO. We also investigate allegations of fraud, waste, and abuse in GAO's programs and operations, including the possible violation of law or regulation.

ACTIVITIES OF THE OFFICE OF INSPECTOR GENERAL

AUDITS AND EVALUATIONS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the agency. GAO concurred with all OIG recommendations and provided agency comments on all reports issued during the reporting period within 60-days following issuance.

Table 1 provides summary statistics regarding unimplemented OIG recommendations as of March 2017.

Table 1: Fiscal Year Summary Statistics Related to Unimplemented OIG Recommendations as of March 31, 2017

Fiscal Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations
2016	1	3
2017	2	3
Total	3	6

Source: OIG assessment as of March 31, 2017.

None of the unimplemented OIG recommendations made during the current and prior reporting periods identified in this report specify cost savings. However, financial savings could result from the improved oversight, monitoring, and other control activities specified. For example, our audit of GAO reservist differential payments found that GAO’s lack of procedures for determining entitlement led to calculation errors and an improper payment. Ultimately, GAO waived a portion of the debt owed to it resulting from the improper payment and established a bill for the remaining debt (about \$96,000) using the agency’s normal debt collection procedures. In response to our report,² GAO has corrective actions underway to strengthen its reservist differential payment controls. To continue our review of GAO employee payment and collection processes, we began an audit of the controls over the debt waiver process.

OIG Reports, Status of Current Period Recommendations, and Other Work

We issued four audit and no evaluation reports during the reporting period. Two of the four audit reports (OIG-17-1 and OIG-17-3) contained no recommendations, either because controls were found to be effective or corrective actions were completed prior to issuance of our report. The remaining two audit reports (OIG-17-2 and OIG-17-4) contained a total of three recommendations. GAO agreed with and initiated corrective actions, during the reporting period, to address our recommendations. See attachment II for a summary of each of audit report issued during the current reporting period. Copies of these and other OIG reports are available on our website at www.gao.gov/about/workforce/ig.html.

Table 2 identifies each report issued during the period, its objective, and the number and status of recommendations made, as of March 31, 2017.

²Reservist Differential Pay: Policies and Procedures are Needed to Prevent or Detect Errors and Overpayments, OIG-17-2 (December 15, 2016).

Table 2: OIG Audit Reports Issued, October 1, 2016, through March 31, 2017

OIG Reports	Audit Objective	Number of Recommendations	Status of Recommendations
<i>Information Security: Controls for Removing Sensitive Data from Select Media Devices Prior to Disposal Were Effective, OIG-17-1</i> (November 2, 2016)	To assess GAO’s compliance with its policies and procedures regarding media sanitization, and to determine whether laptops and BlackBerry devices ready for disposal were appropriately sanitized.	0	Not applicable – controls were effective.
<i>Reservist Differential Pay: Policies and Procedures are Needed to Prevent or Detect Errors and Overpayments, OIG-17-2</i> (December 15, 2016)	To assess the extent to which GAO had established effective controls to prevent or detect reservist differential errors and overpayments and collect any resulting debt.	2	Open / unimplemented
<i>DATA Act: GAO’s Implementation Plan Evolves to Include Strategy and Risks Present Beyond Initial Reporting Deadline, OIG-17-3</i> (December 20, 2016)	To assess whether GAO’s efforts and readiness to report financial and payment data were consistent with the DATA Act’s implementation guidance and requirements.	0	Not applicable – GAO completed corrective actions to address findings prior to report issuance.
<i>Property Management: Opportunities Exist to Improve Personal Property Accountability and Visibility, OIG-17-4</i> (March 9, 2017)	To assess the extent to which GAO maintained efficient and effective accountability over personal property acquired with GAO purchase cards.	1	Open / unimplemented

Source: OIG assessment as of March 31, 2017.

During the reporting period, we also provided GAO’s executive committee our biennial work plan for fiscal years 2017 and 2018. In addition, we started audits to assess GAO’s debt waiver process, DATA Act compliance, and use of criminal investigators entitled to law enforcement availability pay. We continued our audit to assess GAO information security controls.

Status of Prior Period Unimplemented OIG Audit Recommendations

At the end of the prior reporting period, ending September 30, 2016, there were two audit reports with a total of eight unimplemented recommendations. Two of the eight recommendations concerned the need for standard operating procedures and training to effectively implement GAO policy for ensuring accountability over undercover funds. During the current period, GAO’s Forensic Audits and Investigative Service (FAIS) completed actions that addressed the intent of these recommendations, and are now closed. Six recommendations pertained to GAO’s information security program. During the current reporting period, GAO completed actions that addressed the intent of three of the recommendations, and are closed. GAO is continuing efforts to address the remaining three recommendations.

Table 3 summarizes the March 31, 2017 status of actions taken or planned by GAO in response to unimplemented recommendations as of the end of the prior semiannual reporting period.³

Table 3: Status of Agency Actions on Unimplemented OIG Recommendations, as of March 31, 2017

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
<p><i>Financial Management: Additional Actions Needed to Ensure Accountability Over Undercover Funds</i>, OIG-14-1 (May 27, 2014)</p>	<p>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 and status of funds, and oversight and monitoring activities for ensuring compliance.</p>	<p>Recommendation closed</p> <p>GAO issued its undercover operations policy in July 2014. According to GAO management, the agency reached an oral agreement in March 2017 with its employee union regarding FAIS's procedures for ensuring accountability over investigative funds. According to GAO management, no further changes are anticipated and the union is expected to provide its written agreement to the procedures. Based on management's assertion regarding the agreement, GAO will implement the procedures within a relatively short period of time.</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>Recommendation closed</p> <p>FAIS trained its investigative staff on the undercover operations policy in August and September 2014. Training on the detailed procedures developed for ensuring accountability over undercover funds is expected to occur following receipt of GAO's employee union's written agreement with the procedures. According to GAO management, the agency reached an oral agreement with the union regarding the procedures in March 2017.</p>
<p><i>Information Security: Review of GAO's Program and Practices for Fiscal Years 2014 and 2015</i>, OIG-16-2 (March 28, 2016)</p>	<p>Discontinue the use of the Windows XP operating system and remove any related software that was retained specifically for use with Windows XP.</p>	<p>Recommendation open</p> <p>GAO is in the final phase of replacing all workstations utilizing the outdated Windows XP operating system. It expects to complete its update efforts by the end of June 2017.</p>

³OIG, *Semiannual Report—April 1, 2016, through September 30, 2016* [OIG-17-2SP](#) (October 19, 2016).

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
	<p>Finalize hardening guidelines or update their approval status, as appropriate, for 12 network component types identified in our report.</p> <p>Identify and prioritize all mission-essential information systems and components critical to supporting the organization's mission/business processes for inclusion in a comprehensive contingency planning strategy.</p> <p>Establish fully operational equipment and capacity to increase the disaster recovery capabilities at the Alternate Computing Facility (ACF) and the ability to quickly take over system operations for all mission-essential information systems and components after loss of the GAO headquarters facility.</p> <p>Determine and document GAO's risk management strategy for information security at an enterprise level, to include the following key elements:</p> <ul style="list-style-type: none"> • the types and extent of risk mitigation measures the organization plans to employ to address identified risks, • the level of risk the organization plans to accept (i.e., risk tolerance), and • the degree and type of oversight the organization plans to use to ensure that the risk management strategy is effectively carried out. 	<p>Recommendation closed</p> <p>Of the 12 hardening guidelines identified in our report, GAO updated 9 and retired 3 of the network component types. These actions meet the intent of our recommendation.</p> <p>Recommendation open</p> <p>GAO identified mission essential functions and established the recovery criticality and priority for associated information systems and components. GAO intends to compare its contingency requirements with current capabilities to develop a comprehensive contingency planning strategy and implementation plan. GAO expects to complete this effort by the end of April 2017.</p> <p>Recommendation open</p> <p>GAO is determining and documenting its requirements for contingency operations. GAO expects to complete this work by December 2017.</p> <p>Recommendation closed</p> <p>GAO's Executive Committee approved an <i>Enterprise Risk Management Program</i> document highlighting its strategy, policies, and procedures for identifying and managing the opportunities, challenges, and risks the agency faces. These actions meet the intent of our recommendation.</p>

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
	Develop and maintain a single, comprehensive inventory of all organization-operated and third-party systems and trusted network connections for use in supporting risk management and multiple informational needs and purposes including, among others, FISMA and privacy assessments.	<p>Recommendation closed</p> <p>GAO compiled a technology inventory from multiple sources within the agency to create a single, comprehensive inventory of all organization-operated and third-party systems and trusted network connections. These actions meet the intent of our recommendation.</p>

Source: OIG assessment as of March 31, 2017.

COMPLAINTS AND INVESTIGATIONS

The OIG hotline is our primary source of complaints and 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 4, we processed 137 hotline complaints during this 6-month reporting period.

Table 4: Summary of OIG Hotline Complaint Activities, October 1, 2016, through March 31, 2017

Hotline complaints open at the start of the reporting period	2
New hotline complaints received this reporting period	135
Total hotline complaints	137
Complaints closed (referred to other GAO offices)	1
Complaints closed (referred to FraudNet ^a)	2
Complaints closed (insufficient information/no basis)	102
Complaints closed (no jurisdiction and referred by the GAO/OIG to appropriate agency OIG or other law enforcement offices ^b)	28
Complaints converted to investigations	4
Total hotline complaints open at the end of the reporting period	0

Source: OIG hotline summary statistics as of March 31, 2017.

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

^bFraudNet was provided a copy of each referral made outside of GAO.

Table 4 identifies 102 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 or 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 5, there were 17 open investigations during this reporting period. At the end of the reporting period, 10 investigations remained open.

Table 5: Summary of OIG Investigations, October 1, 2016, through March 31, 2017	
Investigations open at the start of the reporting period	9
New investigations initiated this reporting period	8
Total investigations	17
Investigations closed this reporting period	7
Total investigations open at the end of the reporting period	10
Total investigative reports issued during reporting period	0
Referred to Department of Justice	1
Referred to state/local prosecutor	0
Total referrals for criminal prosecution	1
Total indictments/information obtained during reporting period	0

Source: OIG investigative activity statistics as of March 31, 2017.

We closed an investigation of a former employee’s adult son for fraud related to the Federal Employees’ Compensation Act (FECA) and medical insurance payments. The investigation originated with a referral from GAO OIG’s Office of Audits during its work on GAO’s management of the FECA Program (see OIG-14-2). A former GAO employee began receiving FECA compensation benefits in 1979 after a work related injury and remained on GAO’s disability rolls until the employee’s death. Our investigation substantiated that the adult son of the deceased former employee improperly received over \$50,733 in FECA disbursements and \$13,445 in insurance funds, totaling \$64,178, after his parent had passed away. The defendant entered a guilty plea to one count each of *Theft of Government Funds*, in violation of Title 18 USC 641; and *Obstruction of Mail*, in violation of Title 18 USC 1701. His sentencing was deferred two years to allow him to make full restitution of \$64,178.

We closed an investigation of a senior government employee for failing to disclose spousal business interests and income on required financial disclosure forms. This investigation was predicated on a referral from another Office of Inspector General. Our investigation identified the employee failed to disclose spousal income on their 2008, 2009, 2010 and 2012 financial disclosures. We referred our findings to agency management for administrative consideration. GAO gave the employee a Letter of Counseling. We did not refer this investigation to the Department of Justice.

We closed an investigation of a senior government employee for an allegation of nepotism. Our investigation did not substantiate the allegation.

We closed an investigation of an employee for, among other allegations, violating GAO policy regarding the performance of outside employment activities during work hours and use of agency resources. Our investigation substantiated the allegation. However, the employee’s activity was limited to only a few instances. During the subject interview, the employee was advised of the policy and instructed to refrain

from conducting outside business activities on agency time and on proper use of agency resources. The additional allegations were not substantiated.

We closed an investigation of an assistant director for requesting a fellow employee to translate a document, written in a foreign language. The translator was unaware the document was not work related and translated the document. The assistant director acknowledged asking another employee to translate the document for a minor child's school project but believed the employee knew it was a personal favor. The assistant director had never before asked for a similar favor and agreed to refrain from making similar requests in the future.

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

We closed the remaining investigations after determining that we could not substantiate the allegations. These investigations did not involve senior government employees.

OTHER ACTIVITIES

Congressional Matters

We responded to an OIG-wide request by the Chairman of the Senate Homeland Security and Governmental Affairs Committee and the Chairman of the Senate Judiciary Committee for information on outstanding investigations, audits and evaluations, and any specific instances where the OIG's host agency refused to provide, delayed, or restricted access to information. In our November 2016 written response, we provided the requested information and reported that there had been no access problems within GAO

In January 2017, we provided a written response to a request from the House Committee on Oversight and Government Reform for information regarding the sharing of information between Inspectors General and their agencies during investigations into employee misconduct.

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 with GAO senior staff, the external financial statement auditor, and the GAO audit advisory committee. OIG staff also met with program participants from Ukraine as part of a U.S. Agency for International Development-sponsored program to advance democratic and free-market principles. The OIG discussed our investigative role within GAO.

During the current reporting period we received three access requests under GAO's access regulation, 4 C.F.R. Part 81. We responded in accordance with the agency's access regulation and closed the three matters.

Activities within the Inspector General Community

We participated in the Council of Inspectors General on Integrity and Efficiency (CIGIE), a council of federal inspectors general that promotes collaboration on issues of economy, efficiency, and effectiveness that transcend individual agencies. OIG leadership regularly participated in monthly CIGIE meetings, quarterly Legislative Branch Inspectors General meetings, and periodic meetings with other OIGs designed to address issues common to smaller OIGs. The Assistant Inspector General for Investigations (AIGI) participated in monthly CIGIE Investigations Committee meetings, quarterly AIGI meetings and on various investigative working groups. The Counsel to the Inspector General participated in monthly CIGIE Legislation Committee meetings and Council of Counsels to Inspectors General meetings.

Audit Peer Review Activities

Government Auditing Standards require that each organization performing audits in accordance with these standards have an external peer review. The objectives of a peer review are to determine whether an effective quality control system has been established in the office and if policies, procedures, and applicable government auditing standards are followed. Peer reviews of OIGs must be performed at least once every 3 years by reviewers independent of the audit organization being reviewed. The reviews are conducted in accordance with guidelines established by CIGIE. Audit organizations can receive a rating of pass; pass with deficiencies; or fail.

Our most recent audit peer review was conducted by the National Endowment for the Arts OIG for the year ending March 31, 2015. We received a rating of "pass" and the report contained no recommendations. We will receive our next peer review in 2018. A copy of our peer review report is posted on our website at www.gao.gov/about/workforce/ig.html.

**Summary of OIG Reports Issued
October 1, 2016, through March 31, 2017**

INFORMATION SECURITY: Controls for Removing Sensitive Data from Select Media Devices Prior to Disposal Were Effective, [OIG-17-1](#) (November 2, 2016)

Objective: To assess GAO's compliance with its policies and procedures regarding media sanitization, and to determine whether laptops and BlackBerrys ready for disposal were appropriately sanitized.

Findings: We determined that GAO policies and procedures for removal of sensitive data from excessed information technology equipment were effectively designed and implemented.

Recommendation and GAO Action: We made no recommendations for corrective action.

RESERVIST DIFFERENTIAL PAY: Policies and Procedures are Needed to Prevent or Detect Errors and Overpayments, [OIG-17-2](#) (December 15, 2016)

Objective: To identify the extent to which GAO had established effective controls to prevent or detect reservist differential errors and overpayments and to collect any resulting debt.

Findings: GAO had not established policies to help ensure compliance with all applicable provisions of the reservist differential law. Further, when the Human Capital Office (HCO) determined that reservist differentials were due and payable, it lacked written procedures for:

- determining eligibility for differential pay,
- computing the differential payment amounts,
- verifying accuracy of payment computations, and
- reviewing and approving payments before the payments were made.

As a result, reservist differential payments to eligible employees were incorrectly calculated or improperly paid, resulting in errors that were not identified by HCO and debt owed to the agency.

Recommendations and GAO Actions: To prevent or detect reservist differential errors and overpayments, we recommended that the Comptroller General direct the Chief Human Capital Officer, in collaboration with the Office of General Counsel, to develop and implement (1) policies to ensure compliance with all applicable provisions of the reservist differential law and (2) procedures for implementing GAO's reservist differential pay policy. Such procedures should establish internal controls, including steps for determining eligibility for differential pay, computing and verifying the accuracy of differential payment amounts due, reviewing and approving payments, and maintaining

information relevant to differential pay determinations. GAO has actions under way to develop reservist differential payment policies and procedures.

DATA ACT: GAO's Implementation Plan Evolves to Include Strategy and Risk Present beyond Initial Reporting Deadline, [OIG-17-3](#) (December 20, 2016)

Objective: To assess whether GAO's efforts and readiness to report financial and payment information were consistent with the DATA Act's implementation guidance and requirements. Given the current stage of GAO's DATA Act implementation efforts at the time of our review, we limited our assessment to the first four of the eight steps in the Department of the Treasury's (Treasury) *DATA Act Implementation Playbook*.

Findings: GAO developed a DATA Act implementation plan to comply with the Act's reporting requirements. GAO, together with its shared service provider, completed the following steps for complying with the DATA Act's requirements: (1) organizing the DATA Act team, including designating a senior agency official, (2) reviewing the required data elements, (3) performing a data inventory, and (4) designing and strategizing changes to systems and business processes. We found that GAO's success in complying with the DATA Act depends on its shared service provider. In addition, we noted that GAO's June 2016 DATA Act implementation plan (which was in effect at the time of our review) was limited in scope—it described efforts to comply with the Act's requirements only through the first few reporting periods prior to migration to its new shared service provider and system.

Recommendations and GAO Actions: In response to our work, GAO updated its implementation plan in November 2016 to include its long-term approach for complying with the DATA Act. Specifically, GAO acknowledged its decision to migrate to a new shared service provider and integrated financial management and procurement systems in October 2017, and identified steps to mitigate risk to DATA Act compliance related to this migration. Given GAO's timely response to our findings, we made no recommendations for corrective action.

PROPERTY MANAGEMENT: Opportunities Exist to Improve Personal Property Accountability and Visibility, [OIG-17-4](#) (March 9, 2017)

Objective: To assess the extent to which GAO maintained efficient and effective accountability over personal property acquired with GAO purchase cards.

Findings: GAO's policy and procedures allow for flexibility when determining whether personal property will be recorded in GAO's centralized property database (Asset Manager). However, we found that decisions regarding whether property would be recorded in Asset Manager were primarily based on cost and did not fully support operations, including key programs and activities. As a result, some items that GAO used to support key programs, such as telework and reasonable accommodations, were excluded from its property accountability database. Further, offices were relying on ad hoc spreadsheets to identify and track personal property purchased with a purchase card.

Recommendations and GAO Actions: In response to our findings, GAO management immediately issued a memorandum to its property staff emphasizing that in addition to unit cost, GAO program and activity needs should be considered when making accountability determinations. To further strengthen GAO property accountability controls, we recommended that the Managing Director of Infrastructure Operations complete efforts to identify and assess ad hoc tracking mechanisms (e.g., spreadsheets) to determine how GAO's central accountability database can be used to provide accountability over personal property consistent with GAO policy, program needs, and privacy considerations. In its written response to our report, GAO management stated that it planned to initiate efforts to identify the extent that ad hoc tracking mechanisms are in use and to assess whether any changes to its accountability process should be implemented.

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, you can do one of the following (anonymously, if you choose):

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

Obtaining Copies of OIG Reports and Testimonies

To obtain copies of OIG reports and testimonies, go to GAO's website: www.gao.gov/about/workforce/ig.html

