



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 4, 2017

OIG-CA-18-009

MEMORANDUM FOR: LEONARD R. OLIJAR, DIRECTOR
BUREAU OF ENGRAVING AND PRINTING

FROM: Sharon Torosian /s/
Director, Manufacturing and Revenue

SUBJECT: Termination Memorandum – Audit of Bureau of Engraving
and Printing Capital Investment Program

In December 2015, we initiated an audit of the Bureau of Engraving and Printing (BEP) Capital Investment Program. Our overall objective was to determine whether BEP's Capital Investment Program ensures that all capital needs are identified and are properly funded. Specifically, we sought to determine how BEP identifies and selects capital investments to ensure that its long-term needs are met.

In light of actions taken by BEP with regards to its Capital Investment Program, we are terminating this audit. First, in June 2015, BEP's Office of Strategic & Project Management (OSPM), created in 2012 for the specific purpose of improving and supporting BEP's project management efforts, issued new formal policies and procedures for all portfolio and project management activities. Those policies and procedures included BEP's capital investment projects with a cost of over \$2 million. Second, as of December 2017, BEP, in collaboration with the Federal Reserve Board (Board), is still developing its long-term capital investment plan for the entire U.S. Currency Program. Given that both actions will require a few years to produce assessable results, we believe that continuing our audit at this time will not significantly enhance BEP's Capital Investment Program.

During our fieldwork we learned that OSPM's formal policies and procedures identified five phases in its project management process. In order to determine whether the new capital investment project management process was followed, we selected for review the five highest dollar projects from fiscal years 2014 through 2016 from BEP's capital investment portfolio received in February 2016.¹ Upon review of the documentation and interviews with BEP officials, we found that none of the projects had completed all five phases. In fact, when we inquired we were

¹ For this selection we chose the highest dollar project from each of BEP's five capital investment portfolios, which include Currency Production, Manufacturing Support, Facilities, Information Systems and Security and Accountability.

told none of the projects not selected had completed the phases either, as most capital projects take several years to complete.

In July of 2016, BEP, after collaborating with the Board, developed a preliminary long-term capital investment plan. The plan, which BEP intended to initiate in fiscal year 2017, remains under development. The plan is expected to schedule the bureau's major equipment acquisitions for the U.S. Currency Program until 2031.

Because BEP introduced a new formal process for implementing capital investment projects in 2015 and its long-term capital investment plan has not been finalized, we believe it is too early to assess BEP's Capital Investment Program. It would be more beneficial to evaluate BEP's Capital Investment Program in a future audit when the procedures and the new capital investment plan can be more meaningfully assessed. Accordingly, we are terminating this audit and will reassess the BEP's Capital Investment Program at a later date. Also, please note that BEP's Capital Investment Program (job code A-BT-16-005) will be removed from our Monthly Status Report.

We appreciate the courtesies and assistance provided by your staff. Should you have any questions, please contact me at (617) 223-8638.

cc: Daniel Hogan, Internal Review Division, Office of Compliance