# Agency Response to the Office of the Inspector General's Semiannual Report to Congress

## April 1 to September 30, 2016

# Message from the Acting Director

I am pleased to respond to the United States Office of Personnel Management's (OPM) Office of Inspector General's (OIG) Semiannual Report to Congress for April 1, 2016 to September 30, 2016. In accordance with Section 5 of Public Law 95-452, as amended, we are transmitting our Agency Response to Congress, including the statutorily required statistical tables.

I want to thank OIG for their recommendations. Resolving audit issues continues to be an agency priority and this response details the corrective actions that OPM has taken to address the OIG's audit and enforcement activities during the reporting period. OPM continues to value our strong partnership with OIG as we work together to better serve the American people and make OPM the best it can be.

As the OIG report noted, background investigations are important work and one of OPM's top priorities. We continue to devote a significant share of our work force and resources to modernizing and strengthening how the federal government conducts background investigations. Earlier this year, OPM assembled a transition team to work closely with Federal Investigative Services (FIS) and our interagency partners to stand up the National Background Investigations Bureau (NBIB), a government-wide service provider focused on providing effective, efficient, and secure background investigations. On September 29th, the President signed an executive order setting forth the roles and responsibilities for this new entity within OPM. Key aspects of NBIB include:

- *Enhanced Information Technology (IT) security through partnership with the Department of Defense (DOD)*. NBIB will leverage DOD's expertise and innovative technologies to best protect sensitive information against continually evolving threats to our nation's cybersecurity. NBIB has also consolidated a talented staff with national security experts in key areas like acquisition and privacy.

- *Increased capacity and new tools to reduce the backlog of cases and improve the background investigations process*. Working with our interagency partners, NBIB will streamline its business processes and embrace tools that enhance automation and improve information sharing across the government. This will improve the timeliness and reduce the cost of background investigations.

- *Establishment of a dedicated Customer Engagement unit focused on customer service*. NBIB will embed interagency representation from key stakeholder agencies, as well as local law enforcement, and establish an Interagency Customer Service Advisory Board (ICSAB) to advise the NBIB Director. This stakeholder input and feedback will help NBIB evolve and innovate as it remains focused on excellence in customer service.

The establishment of the NBIB supports the Administration's work to protect American citizens and our nation's most sensitive information and facilities. OPM is proud to play the leading role in this critical effort and will continue to work closely with the new NBIB Director, Charles Phalen, and our interagency partners to modernize and strengthen the way we conduct background investigations.

In addition to establishing NBIB, OPM continues to take the steps needed to enhance our cybersecurity posture and protect our information systems from ever-evolving threats. For instance, between April 1 and September 30, 2016, OPM issued eleven Authorizations to Operate (ATO) decisions for its systems. Since the end of the reporting period, OPM has issued ten more ATO decisions. There are also six systems in the assessment or post-assessment phases of the security authorization process. OPM makes these decisions in accordance with a risk-based framework designed to analyze the implementation of OPM IT security controls. OPM plans to have current ATOs for all systems by December 31, 2016.

As OPM continues to lean forward and evolve in a constantly changing cyber environment, we have maintained our commitment to our core mission to recruit, retain, and honor a world-class workforce to serve the American people. These efforts are critical to advancing the People and Culture pillar of the President's Management Agenda (PMA), which focuses on supporting an engaged, innovative, diverse, and productive federal workforce. Among OPM's accomplishments during the last reporting period, the agency has:

- *Supported the Administration's Cybersecurity National Action Plan (CNAP).* By releasing the first-ever Federal Cybersecurity Workforce Strategy, OPM has expanded the pipeline of cybersecurity professionals in federal service and identified ways to retain and invest in our cyber experts already in public service. The Workforce Strategy takes short-term actions and details a long-term strategy that expands cybersecurity education and training across the nation.

- *Implemented user-friendly updates to USAJOBS.gov.* These updates include new mobile access to the website, an improved application process, a new help center, and a web analytics tool to meet user needs and measure the effectiveness of the website. Each year, over 11 million users search roughly 40 thousand jobs, resulting in more than 22 million applications. OPM is committed to connecting our nation's best talent to public service.

- *Proposed a rule to "ban the box" for federal employment.* This would give formerly incarcerated people a chance to compete for federal employment on the merits of their qualifications. The rule delays the point at which federal agencies inquire about an applicant's criminal record and credit history, supporting the

Administration's dedication to reintegrating into the workforce those who have served their time and paid their debt to society.

- *Developed a hiring toolkit and conducted a Pathways Program study.* We expect these efforts to further modernize and transform how we recruit and hire new talent into federal service. Seated within our Hiring Excellence Campaign (HEC), which was launched earlier this year, these improvements will enable agencies to attract highly qualified and diverse talent through engaged, empowered, and informed hiring managers.

- *Advanced our commitment to a more diverse and inclusive federal workforce.* We conducted a Diversity and Inclusion Collaboration and Innovation Summit that served as a forum to bring together individuals from across government in order to tackle the most difficult challenges to creating a more diverse, inclusive, and engaged federal workforce. In October, I was pleased to report to the President that we had exceeded his goal of hiring 100,000 people with disabilities into federal service. In addition, we added over 71,000 veterans to federal service in fiscal year 2015, including more than 31,000 disabled veteran new hires. These are only a few of many successes as OPM is committed to strengthening the workforce through diverse perspectives.

- *Increased employee engagement through the Federal Employee Viewpoint Survey (FEVS).* We analyzed and released (FEVS) results showing that, for the second year, federal employees are more satisfied with their jobs and feel more engaged in their workplaces. OPM continues to work closely with agencies to tailor individual recommendations based on the feedback obtained through FEVS. OPM also provides the FEVS results on UnlockTalent.gov to enable data driven decisions and design initiatives that will improve overall employee engagement and satisfaction.

- *Focused on strengthening our Senior Executive Service (SES).* OPM provided joint guidance, with the Office of Management and Budget, for FY 2017 performance awards for SES members and Senior Level (SL) and Senior Professional and Scientific (ST) employees. As required by Executive Order 13714, OPM advised agencies to allocate awards made under the new recommended limit to be able to reward and retain more top performers. OPM is also working with agencies with 20 or more SES positions on plans to increase the number of SES members who are rotating to improve talent development, mission delivery and collaboration.

- *Remained committed to providing retirement benefits despite staffing challenges.* OPM's Retirement Services (RS) staff provides benefits to approximately 2.6

million annuitants, survivors, and family members. At its peak in staffing in FY 2013, RS had 949 employees and an annuitant to customer service representative ratio of approximately 17,000:1. Today, RS has less employees, 863, and is working hard to keep up with a 19,000:1 annuitant to customer service representative ratio. Providing RS with additional financial resources to hire more staff and implement IT solutions will be critical to their future operations as an additional 2.7 million Federal employees will one day become beneficiaries.

- *Continued dedication to ensuring that federal employees, retirees, and their families understand their health benefits and plan options.* Through the Federal Employees Health Benefits (FEHB) program, OPM covers over 8.2 million people across the country and provides them with the resources needed to make informed decisions when comparing 245 health plan options, 15 of which are available nationwide. Through the OPM website and a Federal Benefits Open House, OPM is committed to making the process of choosing one's health plan as clear and easy as possible.

These efforts are just some of OPM's many contributions to the federal government and the American people. We are proud of our progress and are committed to accelerating our efforts. As the Deputy Inspector General noted, OPM faces significant and unique challenges both in the background investigations process and in our programs. We look forward to continuing our work with the OIG, Congress, and interagency colleagues in support of our mission.

I thank the OIG for continuing to provide an independent review of OPM's activities and helping us to better serve the American people.

Sincerely,

Beth F. Cobert
Acting Director

## Office of Personnel Management (OPM) Agency Response to the Office of the Inspector General's Semiannual Report to Congress

## December 2016

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## Introduction

Resolving audit issues is a top agency priority. At OPM, the Merit System Accountability and Compliance office and the Healthcare and Insurance program jointly manage the agency's audit resolution process to facilitate timely and appropriate action. We find that strong partnerships and effective communication between OPM's audit resolution groups, program offices, Office of the Inspector General (OIG), insurance carriers, and other stakeholders are key to addressing operational weaknesses and improving the performance of OPM programs.

With respect to the audits highlighted in the OIG's Semiannual Report for this period, we have implemented substantive corrective actions to address noted concerns. The following sections describe the status of the audits highlighted in the OIG's report.

## Health Insurance Carrier Audits

The OIG continually audits Federal Employees Health Benefit (FEHB) carriers and Multi-State Plan (MSP) issuers to ensure they meet their contractual obligations to OPM. These audits may result in monetary and non-monetary findings. We resolve health carrier audit findings by identifying and preventing control weaknesses, strengthening internal controls, recovering funds, and establishing corrective action plans.

During this reporting period, our resolution of FEHB audit findings yielded impressive results. We closed 131 recommendations and recovered disallowed costs, while continuing to address complex issues with broad implications. Healthcare and Insurance[1] (HI) audit activity results are as follows:

- Closed 22 audits
- Closed 35 monetary recommendations
- Closed 96 non-monetary recommendations
- Recovered $16.4 million and allowed $3.2 million in disallowed costs

During the period, we took several steps to improve the effectiveness of the FEHB audit resolution process:

- We provided training to one of our largest carriers on the *Carrier Letter 2016-15 Instructions for Following the 180-day Timeline with Audit Resolution, Preparing Supporting Documentation for Audit Resolution Review and Completing Work Plans*. The training addressed the importance of timely audit resolution, per OMB Circular A-50, and preparing audit resolution documentation for OPM review. The training provided

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[1] Results include health insurance carrier, insurance carrier information system, and special audits.

an opportunity for plan representatives to ask questions and gain valuable feedback from OPM regarding some of the toughest issues in the audit resolution process.

- In collaboration with the OIG, we held multiple meetings with carrier representatives to answer questions on information system audit findings. This resulted in a better understanding of what OPM expects carriers to do to protect the confidentiality, integrity, and availability of FEHB data that is processed and maintained in the carriers' information technology environments.

- We collaborated with the OIG and one of our largest carriers to address and close ten information system audit findings related to claims system payments.

- We reviewed March 2016 Fraud Waste and Abuse reports submitted by carriers to help ensure the reports were accurate and complete. We are collaborating with the OIG and the carriers to update definitions and consolidate and clarify the reporting requirements. We will issue an updated Fraud Waste and Abuse carrier letter in FY 2017 to support complete, transparent, and accurate reporting by carriers in compliance with requirements.

## Information Systems Audits

The OIG exercises independent oversight of OPM's information technology (IT) and security program. This includes annual audits of major IT systems to determine whether sufficient controls are in place to protect system operations and the privacy of individual users, and to verify that systems operate as intended. There are two types of information systems that are audited by the OIG – those systems supporting internal OPM operations and those supporting external insurance carriers.

### Internal Information Systems Audits

On May 18, 2016, the OIG issued a second interim status report on the OPM infrastructure improvement project to document actions taken since the OIG's last interim status report, on September 3, 2015. The most recent report addresses actions taken as they apply to the concerns outlined in the initial June 17, 2015 flash audit report.

We generally concurred with the two recommendations in this report. In our response to the OIG draft report, we outlined our continuing efforts and next steps in addressing these recommendations. During the period, we completed a mandatory analysis of alternatives for mitigating, migrating, or modernizing legacy applications and infrastructure. We also estimated projected lifecycle costs and completed other project management activities. As we continue to implement these and other improvements, we will share these results with the OIG.

Also during this period, the OIG conducted an audit of information security and general and application controls at CACI International, Inc., a service contractor for OPM's National Background Investigations Bureau (NBIB). The OIG issued this audit on July 21, 2016. The OIG found that CACI security controls are compliant. However, the OIG noted areas for improvement in network security, configuration management, and in the segregation of duties. We concurred with the six OIG recommendations. OPM is actively engaged with CACI to close them. During the reporting period, evidence was submitted to OIG for closure review.

## Insurance Carrier Information Systems Audits

During the reporting period, the OIG issued four insurance carrier information systems audits. Through these audits, the OIG evaluated controls over the privacy and integrity of FEHB data processed and maintained in the carriers' information technology environments. All four audits included recommendations to implement or enhance systems and process controls. OPM's HI program worked with carriers to close two of the information systems audits issued during this period. We continue to work closely with carriers to close recommendations associated with our insurance carrier information system audits. We do this by monitoring corrective actions to mitigate internal control weaknesses.

The OIG issued audits of the information system and application controls of WellMark Blue Cross-Blue Shield (BCBS) plan on June 17, 2016 and Anthem BCBS on August 15, 2016.  The OIG identified opportunities to strengthen various protective applications, and we have worked closely with the carriers to address those findings.

## Internal Audits

The OIG conducts internal audits to improve the efficiency and effectiveness of OPM operations and to identify internal control weaknesses, risks, and vulnerabilities.

On May 11, 2016, the OIG issued its FY 2015 improper payments report. The OIG determined that OPM's did not comply with the Improper Payments Elimination and Recovery Improvement Act (IPERIA) requirements in two areas. Specifically, the OIG identified weaknesses in the risk assessment process and the categorization of the root causes for improper payments estimates were not in compliance with the FY 2015 Improper Payments Elimination and Recovery Improvement Act (IPERIA) requirements. We concurred with the OIG that weaknesses in our risk assessment process constitute non-compliance with the IPERIA risk assessment criteria. We also agreed we can improve our method of categorizing the root causes of our improper payments and that weaknesses in our risk assessment process make us non-compliant with the IPERIA risk assessment criteria. However, we disagreed with the OIG's conclusion that we did not meet the improper payments estimates criteria and that our root cause categorization method constitutes non-compliance with the respective criteria. To address the OIG's recommendations, we will make the necessary improvements, particularly to our risk assessment process.

In addition, the OIG conducted an audit of OPM's Federal Investigative Services' Adjudication Group. In its report issued on June 17, 2016, the OIG noted that the Adjudications Group was in compliance with various requirements. Specifically, the OIG noted that the Adjudications Group was properly following adjudication procedures, had adequate oversight and training controls in place, and was in compliance with the Intelligence Reform and Terrorism Prevention Act of 2004 timeliness standards. The OIG issued no recommendations in relation to this audit and the audit is now closed.

On July 8, 2016, the OIG released a report associated with its audit of OPM's Office of Procurement Operations' contract management process. In the report, the OIG concluded that OPM needs to strengthen internal controls in its contract management operations, processes for reporting contract dollar amounts in its information system*s*, and the contract closeout process. Overall, OPM agreed with the six recommendations and is undertaking efforts to address these weaknesses.

## Special Audits

The OIG also conducts special audits on health carrier operations, the administrative oversight of the Federal Employees' Group Life Insurance (FEGLI), Federal Dental and Vision Insurance Program (FEDVIP), Federal Long Term Care Insurance Program (FLTCIP), Flexible Spending Accounts for Federal Employees (FSAFEDS) programs, and tribal enrollments in the FEHB.

On July 19, 2016, the OIG issued an audit of the FEHB program pharmacy operations, as administered by Blue Shield of California Access + HMO for contract years 2011 through 2013. The OIG identified unallowable charges and deficiencies and noted opportunities for program improvements in membership eligibility and annual accounting statements reporting. As of September 30, 2016, we had closed two of the four recommendations. During the next period, we expect to recover the remaining questioned costs and address all remaining weaknesses.

In addition, on September 28, 2016, the OIG issued an audit of the American Postal Workers Union's (APWU) Pharmacy Operations. The OIG recommended that the plan and its pharmacy operations strengthen procedures and controls related to the billing of administrative fees, pharmacy claim payments, performance guarantee reporting, and payment of penalties. We are working with the plan to resolve the findings and return questioned costs to OPM.

On August 10, 2016, the OIG issued an audit of FEGLI, administered by Metropolitan Life Insurance Company (MetLife), in which questioned costs were identified. We recovered the questioned costs and sufficiently addressed all remaining weaknesses. Accordingly, this audit has been closed.

Lastly, the OIG issued an audit of OPM's administration of the FEDVIP on June 3, 2016. In this audit, the OIG reviewed OPM's administration of the program from 2010 through 2013 and

identified three findings related to administrative expenses, the FEDVIP Trust Fund, and program operations. To address these findings, several OPM program offices are collaborating to strengthen procedures, clarify roles related to the oversight of FEDVIP, and provide support for certain questioned charges. Further, OPM has instituted controls to evaluate the fund balance and administrative loading. As a result, one recommendation was closed within the reporting period. We are continuing to work with internal stakeholders to address the remaining recommendations

## Enforcement Activities

The OIG conducts criminal investigations to examine potential fraud within OPM's benefit programs. The OIG also investigates OPM employee and contractor misconduct, including fraud within the personnel security and suitability program administered by OPM.

The OIG highlights a number of instances of fraud in our benefit and Revolving Fund programs. We work hard to prevent fraud through a robust integrity assurance program, multiple levels of review, and workforce education and training. We work hand-in-hand with the OIG to see that allegations of employee misconduct and contractor fraud are quickly investigated and dealt with appropriately.

On April 29, 2016, the OIG issued an advisory report containing recommendations arising from an OIG investigation of alleged USAJOBS procurement violations occurring in or around 2012. The OIG recommended ensuring good communication between the contract and program offices when determining fair opportunity for potential contractors to compete; requiring training for program officials and managers who have input, involvement, or influence in the selection of contractors or contract vehicles; and bringing the OIG's findings to the attention of the OPM Competition Advocate.

Ensuring that fair opportunity is considered and affirmatively recognized in accordance with the Federal Acquisition Regulation (FAR) and OPM policies and procedures is a high priority of the OPM Office of Procurement Operations (OPO) and Competition Advocate. Since the time of the events detailed with the OIG's report, OPM has emphasized this particular area in guidance communicated OPM-wide. We agreed with the OIG recommendations and are taking corrective actions in addition to ones already underway to address these findings

## Debarment Initiative Update

In March 2013, OPM formally established a Suspension and Debarment program to help protect the integrity of OPM and other federal programs by considering the debarment of OPM contractors and employees who have violated the terms of their contract or employment. During the reporting period, we continued to issue suspension, notices of proposed debarment, and debarment letters to protect the integrity of federal programs.

We thank the OIG for its commitment to continue developing and referring cases to OPM in order to protect the integrity of OPM and other federal programs.

## Evaluations and Inspections Activities

The OIG's Office of Evaluations and Inspections (OEI) provides a new, alternative method for conducting reviews of OPM programs and operations. OEI quickly analyzes OPM concerns or issues that need immediate attention through a variety of review methods and evaluation techniques. In this reporting cycle, the OIG issued one evaluation.

OIG issued its final report on OPM's Retirement Service's Customer Service Function on September 28, 2016. The report included three recommendations focused on improving the customer service experience by annuitant callers. Specifically, the OIG recommends OPM draft policies and procedures for legal administrative specialists to retrieve voice messages regularly and return calls within a specified timeframe; allocate additional resources to address the backlog of written correspondences; and develop a plan of action to reduce the specialist to customer ratio which will improve access to RS customer service via the toll-free number. We greatly value excellent customer service and have already begun to develop procedures and processes to resolve these findings. Moving forward, we will implement corrective action plans to resolve the OIG's recommendations.

## Table 1A

## Reports with Disallowed Costs for Insurance Programs[2]
## April 1 to September 30, 2016

| Subject | Number of Audit Reports | Disallowed Costs (in thousands) | Recoveries or Adjustments (in thousands) |
|---|---|---|---|
| Reports for which final action not taken by beginning of reporting period | 18 | $114,211 | |
| Reports on which management decisions made during the period | 8 | $15,592 | |
| Reports for which final action taken during period: | 13 | $19,664 | |
| 1. Recoveries and Adjustments | | | $19,664 |
| a. Collections and offsets | | | $16,435 |
| b. Property | | | |
| c. Other (adjustments) | | | $ 3,229 |
| 2. Write-offs | | | |
| Reports pending final action at end of period | 13 | $110,139 | |

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[2] This table reflects activity across audit reports with financial recommendations only.

## Table 1B

### Reports with Disallowed Costs for All Other Audit Entities
### April 1 to September 30, 2016

| Subject | Number of Audit Reports | Disallowed Costs |
|---|---|---|
| Reports for which final action not taken by beginning of reporting period | 4 | |
| Reports on which management decisions made during the period | 2 | $42,542 |
| Reports for which final action taken during period: | | |
|    1.  Recoveries and adjustments | 1 | $794 |
|    2.  Write-offs (allowed questioned costs) | | |
| Reports pending final action at end of period | 4 | $41,748 |

## Table 2

### Action Taken on Audits with Recommendations for Better Use of Funds
### April 1 to September 30, 2016

| Subject | Number of Audit Reports | Better Use of Funds |
|---|---|---|
| Reports for which final action not taken by beginning of reporting period | | |
| Reports on which management decisions made during period | | |
| Reports for which final action taken during period: | | |
|   a)  Recommendations completed | | |
|   b)  Recommendations on which management concluded should not or could not be implemented or completed | | |
| Reports pending final action at end of period | 1 | $108,880,417 |

## Table 3

**Reports without Monetary Findings
April 1 to October 30, 2016**

| Subject | Number of Reports |
|---|:---:|
| Reports for which final action not taken by beginning of reporting period | 56 |
| Reports for which final action taken during period: | 13 |
|     a.  Health Insurance Carrier Audits | 1 |
|     b.  Information Systems Audits | 8 |
|     c.  Internal Audits | 2 |
|     d.  Special Audits | 2 |
| Reports without monetary findings issued by OIG during period | 9 |
| Reports without monetary findings pending final action at end of period | 52 |

Table 4

**Summary of Reports More than 6 Months Old Pending Final Action as of September 30, 2016**

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| 4A-CI-00-08-022 | Federal Information Security Management Act (FISMA) for Fiscal Year 2008 | September 23, 2008 | | | 17 of 19 recommendations are closed. To close the remaining recommendations, OPM is hiring information system security officers to support annual contingency planning and security control testing for all information systems. This is being done in accordance with OPM continuous monitoring policies and procedures. |
| 4A-CF-00-08-025 | OPM's Fiscal Year 2008 Consolidated Financial Statement | November 14, 2008 | | | 5 of 6 recommendations are closed. OPM is actively working to resolve the open recommendation. |
| 4A-CI-00-09-031 | Federal Information Security Management Act (FISMA) for Fiscal Year 2009 | November 5, 2009 | | | 28 of 30 recommendations are closed. To close the remaining recommendations, OPM is hiring information system security officers to support annual contingency planning and security control testing for all information systems. This is being done in accordance with OPM continuous monitoring policies and procedures. |
| 4A-CF-00-09-037 | OPM's Fiscal Year 2009 Consolidated Financial Statement | November 13, 2009 | | | 4 of 5 recommendations are closed. OPM is actively working to resolve the open recommendation. |
| 4A-CF-00-10-015 | OPM's Fiscal Year 2010 Consolidated Financial Statement | November 10, 2010 | | | 4 of 7 recommendations are closed. OPM is actively working to resolve the open recommendations. For example, OPM will |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| | | | | | implement a new automated tool to support OPM's cybersecurity documentation requirements to address the open recommendations. |
| 4A-CI-00-10-019 | Federal Information Security Management Act (FISMA) for Fiscal Year 2010 | November 10, 2010 | | | 39 of 41 recommendations are closed. To close the remaining recommendations, OPM is hiring information system security officers to support annual contingency plan and security control testing for all information systems, in accordance with OPM continuous monitoring policies and procedures. |
| 1K-RS-00-11-068 | Stopping Improper Payments to Deceased Annuitants | September 14, 2011 | | | 11 of 14 recommendations are closed. To close the remaining recommendations, OPM is evaluating internal controls and evaluating alternatives to correct a deficiency. |
| 4A-CI-00-11-009 | Federal Information Security Management Act (FISMA) for Fiscal Year 2011 | November 9, 2011 | | | 26 of 29 recommendations are closed. To close the recommendation to develop a risk executive function, the OPM Risk Management Council continues to implement enterprise risk management at OPM. |
| 4A-CF-00-11-050 | OPM's Fiscal Year 2011 Consolidated Financial Statement | November 14, 2011 | | | 6 of 7 recommendations are closed. OPM is actively working to resolve the open recommendation. For example, OPM will implement a new automated tool to support OPM's cybersecurity documentation requirements to address the open recommendation. |
| 4A-OP-00-12-013 | Information Technology | July 16, 2012 | | | 19 of 24 recommendations are closed. During the |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| | Security Controls of OPM's Audit Report and Receivables Tracking System | | | | period, OPM closed 5 recommendations, resolved several POA&M items, drafted a system audit policy, and scheduled system changes. In addition, work continued to test the security controls of the system. |
| 4A-CF-00-11-067 | Administration of the Prompt Payment Act at OPM | September 13, 2012 | | | 11 of 12 recommendations are closed. During the period, OPM closed 4 recommendations and gathered evidence to close the last recommendation. |
| 4A-CI-00-12-016 | Federal Information Security Management Act (FISMA) for Fiscal Year 2012 | November 5, 2012 | | | 14 of 18 recommendations are closed. In addition to the corrective actions cited in FISMA 2011, OPM is implementing enterprise identity and access management to manage access to OPM systems. OPM is also making progress to fully implement multi-factor authentication at the application level. |
| 4A-CF-00-12-039 | OPM's Fiscal Year 2012 Consolidated Financial Statement | November 15, 2012 | | | 2 of 3 recommendations are closed. OPM is actively working to resolve the open recommendation. For example, OPM will implement a new automated tool to support OPM's cybersecurity documentation requirements to address the open recommendation. |
| 1K-RS-00-12-031 | OPM's Voice over the Internet Protocol Phone System Interagency Agreement | December 12, 2012 | | | 1 of 2 recommendations is closed. During the period, OPM gathered evidence showing implementation of a new process to support closure of the recommendation. |
| 1H-01-00-12-072 | BlueCross and BlueShield's Retail | November 8, 2013 | $2,305,973 | $2,254,067 | 1 of 11 total recommendations is closed. |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| | Pharmacy Member Eligibility in 2006, 2007, and 2011 | | | | OPM is working to resolve several issues raised in this audit. |
| 4A-CI-00-13-021 | Federal Information Security Management Act for Fiscal Year 2013 | November 21, 2013 | | | 11 of 16 recommendations are closed. In addition to the corrective actions cited in FISMA 2012, OPM implemented a process for monitoring major investments during the development life cycle (SDLC). During FY 2017, OPM is working with a General Service Administration (GSA) 18F team to implement SDLC processes for non-major investments. |
| 4A-CF-00-13-034 | OPM's Fiscal Year 2013 Consolidated Financial Statement | December 13, 2013 | | | 0 of 1 recommendation is closed. OPM is actively working to resolve the open recommendation. For example, OPM will implement a new automated tool to support OPM's cybersecurity documentation requirements to address the open recommendation. |
| 4A-CF-00-14-009 | OPM's Fiscal Year 2013 Improper Payments Reporting for Compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010 | April 10, 2014 | | | 0 of 1 recommendation is closed. The OIG is evaluating evidence to close the recommendation during the course of its FY16 IPERA review. |
| 1B-32-00-13-037 | Information Systems General and Application Controls at the National Association of Letter Carriers | May 6, 2014 | | | 40 of 41 recommendations are closed. OPM is working with the carrier to address information system control weaknesses. |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| | Health Benefit Plan | | | | |
| 1A-10-15-13-058 | BlueCross BlueShield of Tennessee | June 6, 2014 | | | 15 of 16 recommendations are closed. OPM is working with the carrier to implement corrective actions to strengthen internal controls. |
| 4A-CI-00-14-015 | Information Technology Security Controls of OPM's Development Test Production General Support System Fiscal Year 2014 | June 6, 2014 | | | 1 of 6 recommendations is closed. OPM obtained an Authorization to Operate for the system during the reporting period. To close the remaining recommendations, OPM will migrate the system to the LAN/WAN, verify separation of duties, implement continuous monitoring, and gather documents showing evidence of other changes. |
| 4A-CI-00-14-028 | Status of Cloud Computing Environments within OPM | July 9, 2014 | | | 1 of 3 recommendations is closed. During the period, OPM closed 1 recommendation. To close the remaining recommendations, OPM is finalizing updated cloud computing and security authorization policies. |
| Not applicable | Review of FIS Background Investigation Process | August 15, 2014 | | | 0 of 3 recommendations are closed. OPM is obtaining clarification from the OIG on these recommendations. |
| 4A-RI-00-14-036 | Information Technology Security Controls of OPM's BENEFEDS and Federal Long Term Care Insurance Program Information Systems Fiscal Year 2014 | August 19, 2014 | | | 8 of 10 recommendations are closed. To close the remaining recommendations, OPM is completing installation of standardized security configuration settings on all OPM servers and is conducting audits of the settings. |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| 4A-CF-00-14-039 | OPM's Fiscal Year 2014 Consolidated Financial Statement | November 10, 2014 | | | 1 of 4 recommendations is closed. OPM is actively working to resolve the open recommendations. For example, OPM will implement a new automated tool to support OPM's cybersecurity documentation requirements to address the open recommendations. |
| 4A-CI-00-14-016 | Federal Information Security Management Act (FISMA) for Fiscal Year 2014 | November 12, 2014 | | | 13 of 29 recommendations are closed. During the period, OPM closed 1 recommendation. In addition to the corrective actions cited in FISMA 2013, OPM is updating performance plans and has completed new system authorizations, baseline configurations, and created POA&Ms to track vulnerabilities identified during system scans. |
| 4A-CI-00-14-064 | Information Technology Security Controls OPM's Dashboard Management Reporting System | January 14, 2015 | | | 1 of 4 recommendations is closed. OPM preparing a policy and procedure to mitigate a finding and gathering evidence to support closure of the recommendations. |
| 3A-CF-00-14-049 | The 2011 and 2012 Long Island Combined Federal Campaigns | February 11, 2015 | | | 16 of 18 recommendations are closed. During the period, OPM closed 14 recommendations and worked with the campaign committee and administrators to monitor additional corrective actions. |
| 3A-CF-00-14-048 | The 2011 and 2012 Northern Lights Combined Federal Campaigns | March 23, 2015 | | | 27 of 29 recommendations are closed. During the period, OPM closed 10 recommendations and worked with the campaign committee and |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| | | | | | administrators to monitor additional corrective actions. |
| 4K-RS-00-14-076 | The Review of OPM's Compliance with the Freedom of Information Act (FOIA) | March 23, 2015 | | | 1 of 3 recommendations is closed. OPM's OCIO is requesting funding to implement an automated process to resolve the remaining recommendations. |
| 1B-43-00-14-029 | Information Systems General and Application Controls and Administrative Expenses at the Panama Canal Area Benefit Plan and its Claims Administrator, AXA Assistance | April 2, 2015 | | | 7 of 12 recommendations are closed. OPM is working with the carrier to address information systems control weaknesses through the use of work plans and appropriate corrective actions. |
| 4A-RS-00-13-033 | Controls over Retirement Eligibility and Services | April 13, 2015 | $41,748.00 | $0 | 4 of 7 recommendations are closed. During the period, OPM closed 3 recommendations. To close the remaining recommendations, OPM is finalizing a timeline for deployment of its FERS Earning Match Tool and employing appropriate controls over the disability earnings process survey. |
| 4A-CF-00-15-025 | Fiscal Year 2014 Improper Payments Reporting | May 15, 2015 | | | 2 of 4 recommendations are closed. During the period, OPM closed 2 recommendations. The OIG will evaluate evidence submitted by OPM to close the remaining recommendations during its FY 2016 IPERA review. |
| 4A-HR-00-13-055 | Human Resources Solutions' Pricing Methodologies | June 2, 2015 | | | 0 of 5 recommendations are closed. OPM is allocating resources to complete document and |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
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| | | | | | knowledge management initiatives to close the recommendations. |
| 4A-CI-00-15-055 | Flash Audit Alert – OPM's Infrastructure Improvement Project | June 17, 2015 | | | 1 of 2 recommendations is closed. To close the remaining recommendation, OPM developed an analysis of alternatives to supplement its OMB 300 business case. During the next period, OPM will submit evidence to OIG to close this recommendation. |
| 1A-99-00-14-069 | BlueCross BlueShield Association's Fraud Information Management System | July 14, 2015 | | | 2 of 3 recommendations are closed. OPM is working closely with the carrier to update its internal procedures and with stakeholders to clarify reporting requirements on the fraud, waste, and abuse annual report. |
| 1A-99-00-14-046 | Global Coordination of Benefits for BlueCross and BlueShield Plans | July 29, 2015 | $7,434,591 | $4,848,530 | 3 of 5 recommendations are closed. OPM is working closely with the carrier and stakeholders to recover questioned costs and to address the unique issues raised in this audit. |
| 4A-HR-00-15-018 | Information Technology Security Controls of OPM's USA Performance System | July 20, 2015 | | | 0 of 1 recommendation is closed. To close this recommendation, OPM is finalizing the system privacy impact assessment. |
| 4A-RI-00-15-019 | Information Technology Security Controls for OPM's Annuitant Health Benefits Open Season System | July 29, 2015 | | | 1 of 7 recommendations is closed. OPM revised its corrective action plan and is hiring additional information system security officers to support this system. |
| 4A-HR-00-15-015 | Information Technology Security Controls of OPM's GP | July 31, 2015 | | | 9 of 12 recommendations are closed. During the period, OPM closed 1 recommendation. OPM is |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
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| | Plateau Baseline 6 Learning Management System | | | | creating additional and updating existing POA&Ms, finalizing a privacy impact assessment, and using continuous monitoring to scan and assess controls to close the remaining recommendations. |
| 1C-QA-00-14-045 | Independent Health | August 12, 2015 | $9,496,680 | $9,347,212 | 1 of 3 recommendations is closed. OPM is working closely with stakeholders to research the findings, recover questioned costs and identify corrective actions to close the open recommendations. |
| 1C-E3-00-15-020 | Information Systems General and Application Controls at Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. | August 28, 2015 | | | 6 of 8 recommendations are closed. OPM is working with the carrier to address information system control weaknesses through the use of work plans and appropriate corrective actions. |
| 1C-51-00-14-066 | Health Insurance Plan of Greater New York | August 31, 2015 | $17,191,178 | $17,191,178 | 1 of 3 recommendations is closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the open recommendations. |
| 1C-22-00-14-071 | Aetna HealthFund | August 31, 2015 | $20,016,333 | $0 | 0 of 2 recommendations is closed. This audit contains a new type of finding. The finding type requires additional research, internal and external stakeholder collaboration, and full evaluation of potential impacts across several years and plans and prospective changes in OPM's guidance to |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
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| | | | | | carriers. OPM is committed to closing audit recommendations through fully informed decisions. |
| 4A-RI-00-16-014 | Management Alert – Serious Concerns Related to OPM's Procurement Process for Benefit Programs | October 14, 2015 | | | 0 of 4 recommendations are closed. OPM competitively awarded the FSAFEDS and FLTCIP contracts. OPM continues to evaluate the impact of potential corrective actions on the benefit programs. |
| 4A-CI-00-15-011 | FISMA FY 2015 | November 10, 2015 | | | 9 of 27 recommendations are closed. During the period, OPM closed 2 recommendations. In addition to the corrective actions for recommendations cited in FISMA 2014, OPM will implement new software lifecycle practices across the agency and migrate any applications and operating platforms from unsupported to supported platforms. |
| 4A-CF-00-15-027 | OPM's FY 2015 Consolidated Financial Statements | November 13, 2015 | | | 0 of 5 recommendations are closed. OPM is actively working to resolve the open recommendations. For example, OPM will implement a new automated tool to support OPM's cybersecurity documentation requirements to address the open recommendations. |
| 1A-10-17-14-037 | Health Care Service Corporation Claims | November 19, 2015 | $35,761,169 | $34,896,254 | 12 of 16 recommendations are closed. OPM is evaluating evidence provided in support of questioned costs and implementing corrective actions to close the remaining recommendations. |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
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| 4K-RS-00-16-024 | Special Review of OPM's Award of a Credit Monitoring and Identify Theft Services Contract to Winvale Group and its Subcontractor, CSidentity | December 2, 2015 | | | 0 of 2 recommendations are closed. To close these recommendations, OPM is implementing new policies and continues to coordinate internally to complete the corrective actions. |
| 4A-IS-00-15-034 | ISG&AC @ KeyPoint Government Solutions | December 9, 2015 | | | 13 of 17 recommendations are closed. During the period, OPM closed 13 recommendations. OPM is actively working with KeyPoint to close the remaining recommendations. |
| 1A-99-00-15-008 | Global Claims-to-Enrollment Match for BlueCross and BlueShield Plans | January 21, 2016 | $13,258,298 | $7,458,037 | 0 of 8 recommendations are closed. OPM is recovering remaining disallowed costs, evaluating claims contested by the carrier, and implementing corrective actions to address enrollment discrepancies, ineligible member issues, recovery protocols, and system edits. |
| 1C-3A-00-15-012 | Information Systems General and Application Controls at AultCare Health Plan | January 21, 2016 | | | 10 of 16 recommendations are closed. OPM is working with the carrier to address information systems control weaknesses related to access controls, network security, and configuration management through the use of work plans and appropriate corrective actions. |
| 1C-76-00-15-021 | Information Systems General and Application Controls at Union Health Service, Inc. | February 16, 2016 | | | 14 of 25 recommendations are closed. OPM is working with the carrier to address information system control weaknesses related to security management, |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
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| | | | | | access controls, network security, contingency planning, configuration management, and application controls through the use of work plans and appropriate corrective actions. |
| 1C-WD-00-15-039 | Dean Health Plan | March 28, 2016 | $0 | $537,762 | 2 of 3 recommendations are closed. This audit contains a new type of finding. The finding type requires additional research, internal and external stakeholder collaboration, and full evaluation of potential impacts across several years and plans and prospective changes in OPM's guidance to carriers. OPM is committed to closing audit recommendations through fully informed decisions. |
| 4K-RS-00-15-050 | OPM's Oversight of the Federal Workers' Compensation Program | March 29, 2016 | | | 0 of 5 recommendations are closed. During the period, OPM finalized a corrective action plan that included the establishment of a quality review system, monitoring of FECA cases, provisions for requesting case information from DOL, and implementation of a process to provide each organization with cost information. OPM submitted evidence to OIG to close four of the recommendations. In addition, OPM is working with the OIG to develop procedures to refer any FECA cases suspected of fraud. |
| 1C-JP-00- | MD-Individual | February | $11,363,178 | $11,363,178 | 2 of 3 recommendations |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status |
|---|---|---|---|---|---|
| 15-035 | Practice Association, Inc. | 26, 2016 | | | are closed. OPM's Healthcare and Insurance office is reviewing the audit findings that led to the questioned costs. |

## Table 5

### Status of Audits Issued during Reporting Period Highlighted in the Office of the Inspector General's Semiannual Report[3]

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status[4] |
|---|---|---|---|---|---|
| 1C-2U-00-15-030 | Aetna Open Access – Athens and Atlanta | May 10, 2016 | | | 1 of 2 recommendations is closed. This audit contains a new type of finding. The finding type requires additional research, internal and external stakeholder collaboration, and full evaluation of potential impacts across several years and plans and prospective changes in OPM's guidance to carriers. OPM is committed to closing audit recommendations through fully informed decisions. |
| 1C-JR-00-15-046 | Aetna Open Access – Northern New Jersey | July 15, 2016 | | | 2 of 3 recommendations are closed. OPM is working closely with the carrier and OPM stakeholders to address identified issues to close the remaining recommendation. |
| 1M-0D-00-16-001 | BlueCross BlueShield of Texas | September 28, 2016 | | | 1 of 14 recommendations is closed. As of the end of the reporting period, OPM is reviewing the final report and transmitting it to the carrier. During the next period, the carrier will implement corrective actions to close the open recommendations. |

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[3] Audits are listed in the order in which they appear in the OIG's Semiannual Report to Congress.

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status[4] |
|---|---|---|---|---|---|
| 1D-80-00-15-044 | Group Health Incorporated | June 13, 2016 | $4,082,158 | $0 | OPM recovered all disallowed costs and procedural corrective actions are in progress. The audit closed on July 29, 2016. |
| 4A-CI-00-16-037 | Second Interim Status Report on OPM's Infrastructure Improvement Project – Major IT Business Case | May 18, 2016 | | | 0 of 2 recommendations are closed. During the period, OPM completed an analysis of alternatives and other corrective actions. |
| 1A-10-09-15-043 | BlueCross BlueShield of Alabama | June 8, 2016 | $24,332 | $0 | OPM closed all recommendations and recovered all disallowed costs. This audit was closed on July 29, 2016. |
| 1A-99-00-15-047 | Audit of Global Omnibus Budget Reconciliation Act of 1990 Claims for BlueCross and BlueShield Plans | June 17, 2016 | $9,937,273 | $2,565,509 | 3 of 5 recommendations are closed. OPM is working closely with the carrier and OPM stakeholders to recover questioned costs, implement system edits and updates, and close recommendations. |
| 1A-10-31-15-058 | Information System General and Application Controls at Wellmark Inc. BlueCross BlueShield | June 17, 2016 | | | OPM closed all recommendations. This audit was closed on August 23, 2016. |
| 6A-0A-00-16-004 | Information Systems General and Application Controls at CACI International, Inc. | July 21, 2016 | | | 0 of 6 recommendations are closed. During the reporting period, OPM implemented corrective actions and submitted evidence to OIG to close these recommendations. |
| 1A-10-62-16-003 | Information Systems General and Application Controls at Anthem BlueCross BlueShield | August 15, 2016 | | | 0 of 3 recommendations are closed. OPM is working with the carrier to implement corrective actions and close recommendations. |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status[4] |
|---|---|---|---|---|---|
| 1A-10-11-15-056 | BlueCross BlueShield of Massachusetts | August 15, 2016 | $83,805 | $51,642 | 2 of 5 recommendations are closed. OPM is working closely with the carrier and OPM stakeholders to recover questioned costs, implement corrective actions, and close recommendations. |
| 4A-CF-00-16-026 | OPM's FY 2015 Improper Payments Reporting | May 11, 2016 | | | 0 of 6 recommendations are closed. To close these recommendations, OPM is implementing corrective actions. |
| 4A-IS-00-15-054 | Audit of OPM's Federal Investigative Services' Adjudications Group | June 17, 2016 | | | No recommendations were issued as a result of this audit. The audit is closed. |
| 4A-CA-00-15-041 | Audit of the OPM's Office of Procurement Operations' Contract Management Process | July 8, 2016 | | | 0 of 6 recommendations are closed. To close these recommendations, OPM is implementing corrective actions, including a review of the de-obligation and closeout processes. |
| 4J-0L-00-15-038 | OPM's Administration of the Federal Employees Dental and Vision Insurance Program for FYs 2010 through 2013 | June 3, 2016 | $127,229 | $0 | 1 of 7 recommendations is closed. OPM is reviewing the audit findings that led to the questioned costs to make determinations on questioned costs for the remaining monetary recommendation. |
| 1H-03-00-15-045 | Federal Employees Health Benefits Program Pharmacy Operations as Administered by Blue Shield of California Access+ HMO | July 19, 2016 | $12,748 | $0 | 2 of 4 recommendations are closed. OPM is working closely with the carrier and OPM stakeholders to address identified issues and close the remaining recommendations. |
| 2A-II-00-16-016 | Federal Employees' Group Life Insurance Programs Administered by Metropolitan Life | August 10, 2016 | $72,000 | $0 | OPM closed all recommendations and recovered all disallowed costs. This audit was closed on September 19, |

| Report Number | Subject | Date Issued | Disallowed Costs | Current Receivable | Status[4] |
|---|---|---|---|---|---|
| | Insurance Company for FYs 2013 and 2014 | | | | 2016. |
| 1H-04-00-15-053 | American Postal Workers Union Health Plan's Pharmacy Operations as Administered by Express Scripts Holding Company for Contract Years 2012 through 2014 | September 28, 2016 | $146,801 | $146,801 | 0 of 13 recommendations are closed. OPM is working closely with the carrier and OPM stakeholders to recover questioned costs, implement corrective actions, and close these recommendations. |
| 4K-RS-00-16-023 | OPM's Retirement Service's Customer Service Function | September 28, 2016 | | | 0 of 3 recommendations are closed. OPM is finalizing a corrective action plan to address these recommendations, which will focus on improving the response time, reducing the backlog, and improving the overall customer service experience. |
| 1-12-00464 | Recommendations Issued after Investigation Found Violations of Federal Acquisition Regulations | April 29, 2016 | | | 0 of 3 recommendations are closed. OPM finalized a corrective action plan to address these recommendations. OPM is gathering evidence to submit to the OIG to close these recommendations. |

**U.S. Office of Personnel Management**

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