

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

---

**Agency Response to the  
Office of the Inspector General's  
Semiannual Report to Congress  
April 1, 2014 - September 30, 2014**

*A New Day for the Civil Service*



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
DECEMBER 2014

## Message from the Director

---

I am pleased to respond to the United States Office of Personnel Management's (OPM) Office of the Inspector General (OIG) Semiannual Report to Congress for April 1, 2014, to September 30, 2014. In accordance with Section 5 of Public Law 95-452, as amended, we are transmitting our Agency Response, including the legally required statistical tables, to Congress.

OPM and the OIG have forged a strong partnership as we work together to provide quality and effective programs in support of our mission. We appreciate the efforts of the OIG to develop the findings and recommendations covered in this report. These findings and recommendations help us make decisions and take the actions needed to implement improvements to our processes and programs. OPM took important steps during this reporting period to recover disallowed costs and resolve non-monetary OIG audit findings that strengthen the stewardship of our programs and improve our overall efficiency and effectiveness.

### **Accomplishments**

As we continue to strengthen our programs, OPM remains focused on its mission – to recruit, retain, and honor a world-class workforce to serve the American people. From resume to retirement, we provide the tools and processes that applicants, Federal employees, retirees, and their families need to succeed and to access their benefits. We accomplish this mission by supporting agencies with personnel services and policy leadership.

To better deliver this mission, I have made it a priority during my first year as Director of OPM to strengthen our internal operations. I am pleased to report the progress we have made in several key areas.

- We launched an agency-wide Lean Six Sigma initiative to improve the quality and timeliness of OPM programs in 2014. We trained OPM leadership, established a governing board, and piloted two projects. In the next two years, OPM will expand this initiative by developing a cadre of certified Lean Six Sigma practitioners and initiating agency-wide projects.



- We were recently awarded a grade of “A+” by the Small Business Administration on its Small Business Procurement Scorecard. The scorecard measures the extent to which Federal agencies reach small business and socio-economic contracting goals, provide accurate and transparent contracting data, and report agency-specific progress.
- We have been restructuring our Office of the Chief Information Officer to better align with the OPM Strategic Information Technology Plan, strengthen our IT security team, and ensure we have a sufficient number of IT program managers to support our internal and external customers.
- We remain committed to the accurate and timely processing of retirement claims. Because of the hard work of our employees, we made significant improvements to our retirement processing efforts over the past six months. In May 2014, OPM started reporting the percentage of claims processed within 60 days. As of September 2014, 78.8 percent of new retirement claims were processed in 60 days or less. Our goal is to process 90 percent of claims within that time frame.
- Recognizing that we always need to prioritize the allocation of our funding to make sure mandatory and critical functions are covered regardless of resource levels, we developed a new process and models to set our budgets. Staff from across the agency is engaged as a team to define and rank funding priorities and to link funding decisions to our Strategic Plan.

In addition to strengthening our common services, I want to highlight the progress we have made on a number of important initiatives over the past six months.

### *People and Culture*

OPM is working on a comprehensive, data-driven initiative designed to transform the way the Federal government connects to job-seekers, fulfills our mission to recruit a talented and diverse workforce, and to strengthen employee engagement.

We are also working to enhance the Senior Executive Service (SES) while supporting the emergence of a new generation of Federal leaders, with such initiatives as an enhanced onboarding process, a Situational Mentoring Program, Federal Coaching Network, and enhanced leadership course offerings for SES leaders.

As part of our recruitment efforts, we are helping agencies across government untie the knots in their ability to attract, recruit, and retain the best talent. We are enhancing the Pathways Program and increasing our use of social media to attract millennial job-seekers. OPM is working with agencies across government to identify barriers in the system that agencies may view as inhibitions in their pursuit to recruit and hire a workforce that reflects the broad diversity of the American public.

This fall, OPM delivered a record 20,000 individualized reports of the results of the Federal Employment Viewpoint Survey to agencies across government. OPM developed a new web-based employee engagement interactive tool called UnlockTalent.gov, which is helping managers and senior executives develop their employee engagement strategies.

OPM's HR University (HRU) reached a milestone with \$100 million in cost-savings government-wide. HRU is a creative way to offer training to our employees that is affordable and meets our goal of providing more training and educational opportunities to Federal employees.

### *Healthcare & Benefits*

OPM has been expanding the Federal Employees Health Benefits Program (FEHBP) and other related benefits to more employees and their families. On November 17, 2014, OPM enhanced the FEHBP to include certain temporary, seasonal, and intermittent employees. These newly eligible employees will receive the same government contribution as full-time permanent employees.

Moreover, OPM's Multi-State Plan program, established by the Affordable Care Act, has made a difference in the lives of nearly 370,000 people who have chosen this option in the health law's Marketplace.

For 2015, OPM has added a second health insurer, and expanded the program into five additional states, for a total of 36, including the District of Columbia.

### *Combined Federal Campaign*

OPM increased employee options for Combined Federal Campaign (CFC) contributions. On April 17, 2014, we published the final rule that amended the CFC program. The new regulation provides Federal employees more choice, convenience, and confidence, as well as a more cost-effective system. The changes create more opportunities for giving and authorize the development of a new Disaster Relief Program, which is designed to make sure that those in need receive help when they need it most.

For the 2014 campaign, OPM has launched Universal Giving, which allows Federal employees and military personnel the option to donate to more than 24,000 participating

charities throughout the United States and overseas. Each of these 22,000 organizations meets CFC eligibility requirements and public accountability standards.

### *OPM Strategic Information Technology Plan*

In March 2014, we released the OPM Strategic Information Technology (IT) Plan, a framework for the entirety of the human resources (HR) lifecycle. In subsequent months we have made significant progress implementing the plan including realignment of staff, reinvigoration of governance mechanisms, investment in cybersecurity assets, and acquisition planning for procurement of an enterprise case management solution.

During the summer of 2014, OPM worked with private industry to explore the broad capabilities that enterprise case management tools can provide to enable IT modernization in retirement and background investigations IT systems. We have also made significant progress in developing and documenting standards and processes for the HR lifecycle IT framework. In addition, we are analyzing data from a variety of OPM systems and sources to enable us to paint a picture of the diversity within the Federal workforce and applicant pool. Analyzing this data will help us identify opportunities to increase diversity and inclusion in the Federal workforce.

### *Phased Retirement*

On August 8, 2014, OPM issued the final regulations to implement Phased Retirement. Phased Retirement is a human resources tool that allows a full-time employee to work a part-time schedule while beginning to draw a partial annuity. Phased retirees will spend 20 percent of their time in mentoring activities to share decades of knowledge and experience with their colleagues. This unique and innovative alternative to traditional retirement offers agencies and managers another tool to promote employee engagement and supplement other workforce planning initiatives, including succession planning.

### *Background Investigations*

We continue to work with the OIG and other partners to maintain high standards for background investigations. We prioritize quality and data integrity, and we continue to strive for process improvements.

During the reporting period, OPM continued working with the Performance Accountability Council to implement the President's 120-Day Suitability and Security Process Review recommendations.

We received formal comments on standards for the quality assessment of background investigations from executive branch agencies and have begun to finalize these standards.

In addition, as we launched revised Fiscal Year (FY) 2015 Federal Investigative Standards, we executed new agreements for additional records exchanges to support quality adjudications.

Finally, the program has demonstrated resilience in the face of several challenges including realignment of fieldwork contractor support, resulting in a temporary reduction in overall workforce capacity. While the temporary reduction in capacity is expected to impact timeliness metrics, OPM has remained committed to maintaining the highest standards of quality in the investigative products we provide to our customers.

### **Conclusion**

As we continue to make progress on our mission to support agencies with the personnel services and policy leadership they need to maintain and build our world-class Federal workforce, this OIG report helps us identify opportunities where we can improve and strengthen our programs. I sincerely want to thank the Inspector General and the OIG staff for continuing to provide an independent review of OPM's activities and for helping us better serve the American people.

Sincerely,



Katherine Archuleta  
Director

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

---

December 2014

## Table of Contents

---

Message from the Director .....	i
Accomplishments.....	i
Conclusion .....	v
Office of Personnel Management (OPM) Agency Response to the Office of the Inspector General’s Semiannual Report to Congress .....	vi
Introduction .....	1
Health Insurance Carrier Audits.....	1
Information Systems Audits.....	2
Internal Audits .....	3
Special Audits .....	4
Enforcement Activities .....	4
Table 1A.....	6
Reports with Disallowed Costs for Insurance Programs.....	6
Table 1B.....	7
Reports with Disallowed Costs for All Other Audit Entities .....	7
Table 2.....	8
Action Taken on Audits with Recommendations for Better Use of Funds.....	8
Tables 3.....	9
Reports without Monetary Findings.....	9
Table 4.....	10
Summary of Reports More than 6 Months Old Pending Final Action .....	10
Table 5.....	15
Status of Audits Issued during Reporting Period Highlighted in the Office of the Inspector General’s Semiannual Report.....	15

## **Introduction**

OPM prioritizes completing corrective actions to resolve open audit issues. The Internal Oversight and Compliance (IOC) office in Merit System Accountability and Compliance, and the contracting offices and Audit Resolution (AR) branch in Healthcare and Insurance (HI), are charged with managing OPM's audit tracking and recommendation closure processes to ensure timely action. We have found that strong partnerships between IOC, AR, our contracting offices, OPM program offices, insurance carriers, and other stakeholders are key to addressing identified operational weaknesses and improving the performance of OPM programs.

With respect to the types of audits highlighted in the OIG's Semiannual Report for this period, we believe we have developed thoughtful and substantive corrective actions that address the concerns noted. The following sections describe our status to date and some of the challenges we face.

## **Health Insurance Carrier Audits**

The OIG conducts audits of Federal Employee Health Benefit Program (FEHBP) insurance carriers to ensure they are meeting their contractual obligations to OPM. Monetary and non-monetary findings may result from these types of audits. The goal is to ensure FEHBP carriers have strong internal controls in place. Our contracting officers provide effective oversight and administration of the FEHBP.

OPM is strongly committed to its stewardship and administration of the FEHBP and other programs. This includes resolving audit findings via recovery of funds, early identification and prevention, strengthening internal controls, and ensuring health carriers have appropriate systems in place to safely and securely handle FEHBP and other data.

During this reporting period, we continued our emphasis on recovering disallowed costs and overpayments and closing audit recommendations, including those that were generated prior to this reporting period. OPM's Healthcare and Insurance results<sup>1</sup> are as follows:

- Closed 17 audits
- Closed 48 monetary recommendations
- Closed 73 non-monetary recommendations
- Recovered \$27.5 million and allowed \$5.3 million in disallowed costs

---

<sup>1</sup> Results include health insurance carrier, insurance carrier information system, and special audits.



OPM's Healthcare and Insurance significantly improved the number of closed audits, number of recommendations, and amount of recovered funds over the prior reporting period.

## **Information Systems Audits**

The OIG exercises independent oversight of OPM's information technology and security program. This includes annual audits of major IT systems to ensure sufficient controls are in place to protect system operations and the privacy of individuals, as well as to ensure 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 insurance carriers.

### *Internal Information Systems Audits*

OPM maintains the Services Online system, a web-based self-service information system for annuitants and survivor annuitants. During its audit of Services Online, the OIG detected no instances of non-compliance with major Federal Information Security Management Act (FISMA) categories and determined all tested security controls were adequately implemented. As a result, the final report, issued on April 3, 2014, contained no findings or recommendations. Furthermore, the OIG states that the strong security controls detected during this audit are evidence of the effectiveness of OPM's centralized IT security structure.

Despite the strong security controls detected during the Services Online audit, the OIG also notes that approximately two-thirds of OPM's 47 major IT systems did not have a designated Information System Security Officer (ISSO) as of the end of the reporting period. We are pleased to report we have recently closed this gap. As of November 2014, we have filled 11 ISSO positions within the Office of the Chief Information Officer (OCIO). Now that the ISSOs are on board, over 95 percent of all major OPM systems have been transitioned from OPM program offices to ISSO security management, further centralizing the OPM IT security structure. OPM's Chief Information Officer had created ISSO positions to facilitate a centralized approach to managing the security of OPM's various information systems.

The Investigations, Tracking, Assigning and Expediting (iTRAX) application, one of OPM's critical IT applications, supports the delivery of Federal Investigative Services (FIS) investigative products and services. The OIG issued its iTRAX audit final report on April 3, 2014. While the OIG did not detect any instances of non-compliance with major FISMA categories, the OIG identified several instances where FIS could improve the application security controls. Since the issuance of that report, we have taken corrective

actions to address these weaknesses and three of the four recommendations have been closed.

The Development Test Production General Support System (DTP) is an OPM support system designed as a separate technical environment from OPM's Local Area Network/Wide Area Network (LAN/WAN) production environment. While DTP hosts the testing and development of applications, the LAN/WAN hosts production applications. The OIG issued its audit of the information security controls of DTP on June 6, 2014. The OIG found that OPM maintains multiple technical environments which lack adequate segregation. OPM is resolving the weaknesses noted in the audit. We intend to reclassify the development test elements of DTP as LAN/WAN subsystems. Additionally, we will remediate the DTP security weaknesses identified in prior security assessments and this audit report. ISSOs, who are assigned to 95percent of all major OPM systems, will ensure security controls are in place and managed per FISMA and OPM policy.

### *Insurance Carrier Information Systems Audits*

During the reporting period, the OIG issued two audits on the claims processing applications used by Blue Shield of California and National Association of Letter Carriers to adjudicate FEHBP claims. The OIG identified system and process weaknesses and areas for improvement in access control, network security, configuration management, and claims adjudication. Corrective actions have been initiated, and we are closely monitoring resolution.

### **Internal Audits**

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

The OIG conducted a performance audit of OPM's FY 2013 Improper Payments Reporting for compliance with the Improper Payments Elimination and Recovery Act (IPERA). The OIG found that OPM was in compliance with IPERA for FY 2013 improper payments reporting. However, the OIG identified an area of improvement concerning OPM's internal controls over improper payments reporting. To close the recommendation associated with this audit, OPM is exploring ways to improve its quality controls and update its work instruction.

## **Special Audits**

The OIG conducts special audits of other OPM-managed Federal employee benefit programs, including tribal enrollments into the FEHBP, as well as audits of the Combined Federal Campaign (CFC).

The OIG notes its concern that OIG auditors consistently identify similar weaknesses in local CFC campaigns from audit to audit. The new CFC regulations, impacting the 2016 campaign period and beyond, address these issues identified by the OIG. In addition to providing Federal employees more choice and convenience with regards to the CFC, the new regulations will ensure that a larger percentage of Federal employee donations go towards their intended purposes. For those reasons, the OIG has expressed support for the new CFC regulations. In future audits, as these new regulations take effect, we expect to see improvements in control weaknesses that have traditionally been associated with the CFC.

Due to concerns raised by an independent auditor, OPM requested that the OIG conduct an audit of the 2005 through 2012 CFCs administered by the Metropolitan Arts Partnership during the reporting period. The OIG identified over \$2 million in unallowable administrative expenses charged to the CFC. Due to these findings, the OIG strongly suggested to OPM that the Metropolitan Arts Partnership not be considered as the Principal Combined Fund Organization (PCFO) for future campaigns. OPM is in full agreement with this suggestion. In fact, OPM had already taken action to replace the Metropolitan Arts Partnership as the PCFO prior to the OIG conducting this audit, based on concerns raised by the independent auditor's report. Additionally, we note that with the implementation of the new regulations in 2016, there will no longer be PCFOs.

In Healthcare and Insurance, special audits may be conducted on the operations or administrative oversight of the Federal Employees' Group Life Insurance (FEGLI), Federal Flexible Spending Account, Federal Employees Dental and Vision Insurance Program (FEDVIP), Flexible Spending Accounts for Federal Employees (FSAFEDS) programs, and tribal enrollments into the FEHBP.

During this reporting period, the OIG issued an audit report of the FEGLI program. The audit identified unallowable charges and one area for program improvement. The contractor returned all funds to the FEGLI program and has addressed the areas identified for program improvement. This audit is closed.

## **Enforcement Activities**

The OIG conducts criminal investigations to examine potential fraud against 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 OPM's benefit and Revolving Fund programs. OPM does not tolerate fraud. 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 ensure allegations of employee misconduct and contractor fraud are prosecuted to the fullest extent of the law.



Table 1A

**Reports with Disallowed Costs for Insurance Programs<sup>2</sup>**

**April 1 to September 30, 2014**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Disallowed Costs (in thousands)</b>	<b>Recoveries or Adjustments (in thousands)</b>
A. Reports for which final action not taken by beginning of reporting period	21	\$21,150	
B. Reports on which management decisions made during the period	10	\$33,129	
C. Reports for which final action taken during period:	12	\$32,827	
1. Recoveries and Adjustments			
a. Collections and offsets			\$27,531
b. Property			\$0
c. Other (adjustments)			\$5,296
2. Write-offs	0		\$0
D. Reports pending final action at end of period	19	\$21,452	

---

<sup>2</sup> 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, 2014**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Disallowed Costs</b>
A. Reports for which final action not taken by beginning of reporting period	4	\$39,117
B. Reports on which management decisions made during the period	1	\$2,011,529
C. Reports for which final action taken during period:	3	\$6,162
1. Recoveries and adjustments		\$6,162
2. Write-offs (allowed questioned costs)		
D. Reports pending final action at end of period	2	\$2,044,484

Table 2

**Action Taken on Audits with Recommendations for Better Use of Funds  
April 1 to September 30, 2014**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Better Use of Funds (in thousands)</b>
A. Reports for which final action not taken by beginning of reporting period	0	N/A
B. Reports on which management decisions made during period	0	N/A
C. Reports for which final action taken during period:	0	N/A
a) Recommendations completed	0	N/A
b) Recommendations on which management concluded should not or could not be implemented or completed	0	N/A
D. Reports pending final action at end of period	0	N/A

## Tables 3

---

### Reports without Monetary Findings

April 1 to September 30, 2014

<b>Subject</b>	<b>Number of Reports</b>
1. Reports for which final action not taken by beginning of reporting period	30
2. Reports for which final action taken during period:	6
a. Health Insurance Carrier Audits	3
b. Internal Information Systems Audits	3
c. Internal Audits	0
d. Healthcare & Insurance Special Audits	0
e. CFC Special Audits	0
3. Reports without monetary findings issued by OIG during period	12
4. Reports without monetary findings pending final action at end of period	36



Table 4

### Summary of Reports More than 6 Months Old Pending Final Action as of September 30, 2014

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
4A-CF-00-05-028	Administration of the Prompt Payment Act	April 16, 2007	\$0	N/A	11 of 12 recommendations are closed. To close the remaining recommendation, OPM is documenting internal controls to ensure invoices are properly processed.
4A-CI-00-08-022	Federal Information Security Management Act for Fiscal Year 2008	September 23, 2008	\$0	N/A	17 of 19 recommendations are closed. OPM's OCIO is coordinating agency-wide testing to resolve remaining open recommendations.
4A-CF-00-08-025	OPM's Fiscal Year 2008 Consolidated Financial Statement	November 14, 2008	\$0	N/A	5 of 6 recommendations are closed. To close the remaining recommendation, OPM continues to improve the OPM Information Security Program.
4A-CI-00-09-031	Federal Information Security Management Act for Fiscal Year 2009	November 5, 2009	\$0	N/A	28 of 30 recommendations are closed. (The open recommendations are duplicate recommendations originally on 4A-CI-00-08-022.) OPM's OCIO is coordinating agency-wide testing to resolve remaining open recommendations.
4A-CF-00-09-037	OPM's Fiscal Year 2009 Consolidated Financial Statement	November 13, 2009	\$0	N/A	4 of 5 recommendations are closed. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendation, OPM continues to improve the OPM Information Security Program.
4A-IS-00-09-060	Quality Assurance Process Over Background Investigations	June 22, 2010	\$0	N/A	17 of 18 recommendations are closed. During the reporting period, OPM had prepared and submitted evidence to the OIG to close the remaining recommendation, but the OIG determined further work was required by OPM. OPM continues these efforts and will communicate further with the OIG to resolve this issue.
4A-CF-00-10-015	OPM's Fiscal Year 2010 Consolidated Financial Statement	November 10, 2010	\$0	N/A	4 of 7 total recommendations are closed. (The open recommendations pertain to the open recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendations, OPM continues to improve the OPM Information Security Program.

4A-CI-00-10-019	Federal Information Security Management Act for FY 2010	November 10, 2010	\$0	N/A	38 of 41 recommendations are closed. (2 of the open recommendations are duplicate recommendations originally on 4A-CF-00-08-025.) OPM is resolving remaining open recommendations, but additional work is required and additional agency-testing must be scheduled. OPM has recently hired additional ISSOs, who have improved the system oversight needed to complete the testing.
4A-CF-00-10-043	Payroll Debt Management Process for Active and Separated Employees	March 4, 2011	\$32,955	\$32,955	7 of 8 recommendations are closed. To close the remaining recommendation, OPM's CFO has finalized procedures and is providing documentation showing the debts owed have been paid in full or written off.
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	September 14, 2011	\$0	N/A	11 of 14 recommendations are closed. To close the remaining recommendations, OPM's Retirement Services has established a data working group. The working group is developing procedures and implementing reviews to detect fraud and data anomalies.
4A-CI-00-11-009	Federal Information Security Management Act for Fiscal Year 2011	November 9, 2011	\$0	N/A	23 of 29 recommendations are closed. (3 of the open recommendations are duplicate recommendations.) OPM is resolving remaining open recommendations, but additional work is required and additional agency-testing must be scheduled. OPM has recently hired additional ISSOs, who have improved the system oversight needed to complete the testing.
4A-CF-00-11-050	OPM's Fiscal Year 2011 Consolidated Financial Statement	November 14, 2011	\$0	N/A	6 of 7 recommendations are closed. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendation, OPM continues to improve the OPM Information Security Program.
1A-99-00-11-022	Global Duplicate Claim Payments for BlueCross and BlueShield Plans	January 11, 2012	\$6,342,749	\$881,767	2 of 3 recommendations are closed. To close the remaining recommendation, OPM continues to work with the carrier to recover disallowed costs and evaluate claims contested by the carrier.
4A-RI-00-12-034	Insecure Password Reset Process on Agency-owned Information Systems	February 7, 2012	\$0	N/A	2 of 3 recommendations are closed. To close the remaining recommendation, OPM increased the complexity of eOPF password requirements and is planning to improve the password reset process in the next system release.
4A-CF-00-09-014	OPM's Interagency Agreement Process	March 28, 2012	\$0	N/A	6 of 8 recommendations are closed. To close the remaining recommendations, OPM is improving its interagency agreement process.

1A-99-00-12-001	Global Omnibus Budget Reconciliation Act of 1993 Claims for BlueCross and BlueShield Plans	July 16, 2012	\$731,215	\$0	5 of 6 recommendations are closed. All questioned funds have been recovered or allowed. OPM continues to work with the carrier to implement corrective actions and close the remaining procedural recommendation.
4A-OP-00-12-013	Information Technology Security Controls of OPM's Audit Report and Receivables Tracking System	July 16, 2012	\$0	N/A	9 of 24 recommendations are closed—6 of which were closed during the reporting period. OPM is coordinating with OPM's OIG (co-owner of the system) to resolve remaining open recommendations and clarify the system's FIPS 199 category.
4A-CF-00-11-067	Administration of the Prompt Payment Act at OPM	September 13, 2012	\$0	N/A	6 of 12 recommendations are closed. (One of the open recommendations on this audit is a duplicate recommendation originally on 4A-CF-00-05-028). To close the remaining recommendations, OPM is documenting internal controls to ensure invoices are properly processed. OPM is also developing a report to verify and validate prompt pay calculations.
4A-CI-00-12-016	Federal Information Security Management Act for FY 2012	November 5, 2012	\$0	N/A	10 of 18 recommendations are closed. (6 of the open recommendation are duplicate recommendations.) OPM has analyzed the recommendations and developed a remediation plan and timeline to complete resolution and compliance. OPM's OCIO is working with dedicated ISSOs for the network infrastructure and the corresponding program offices to document evidence for closure for each of these findings.
4A-CF-00-12-039	OPM's Fiscal Year 2012 Consolidated Financial Statement	November 15, 2012	\$0	N/A	2 of 3 recommendations are closed. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendation, we continue to improve the OPM Information Security Program.
1D-80-00-12-045	Information Systems General and Application Controls at EmblemHealth	December 10, 2012	\$0	N/A	10 of 12 recommendations are closed. Efforts continue to mitigate information system control weaknesses (e.g., funding, system modifications, implementation, and new software testing).
1K-RS-00-12-031	OPM's Voice over the Internet Protocol Phone System Interagency Agreement with the District of Columbia	December 12, 2012	\$0	N/A	1 of 2 recommendations is closed. To close the remaining recommendation, OPM established and is implementing a new invoice review process.

1A-10-67-12-004	BlueShield of California	January 10, 2013	\$221,174	\$0	11 of 13 recommendations are closed. All questioned funds have been recovered. OPM continues to work with the carrier to implement corrective actions and close the remaining procedural recommendations.
1A-99-00-12-055	Global Assistant Surgeon Claim Overpayments for BlueCross and BlueShield Plans	February 21, 2013	\$1,137,440	\$372,305	2 of 3 recommendations are closed. (The last of the 2 procedural recommendations was closed after the reporting period.) To close the remaining financial recommendation, OPM continues to recover remaining disallowed costs and evaluate claims contested by the carrier.
1A-99-00-12-029	Global Coordination of Benefits for BlueCross and BlueShield	March 20, 2013	\$4,690,639	\$0	3 of 7 recommendations are closed. OPM has recovered or allowed all questioned funds. To close the remaining procedural recommendation, OPM continues to work with the carrier to implement corrective actions and strengthen internal controls.
4A-CF-00-12-066	Assessing the Relevance and Reliability of the U.S. Office of Personnel Management's Performance Information	April 1, 2013	\$0	N/A	4 of 5 recommendations are closed. To close the remaining recommendation, OPM established policy, procedural, and methodological controls for a new performance measurement and is now reporting that new measure.
1A-10-32-12-062	BlueCross BlueShield of Michigan	July 19, 2013	\$250,961	\$0	7 of 11 recommendations are closed. All questioned funds have been recovered. OPM continues to work with the carrier to implement corrective actions and close the remaining procedural recommendations.
1A-99-00-13-004	Global Continuous Stay Claims for BlueCross and BlueShield Plans	August 20, 2013	\$9,713,652	\$2,825,430	1 of 6 recommendations is closed. OPM continues to recover disallowed costs, evaluate claims contested by the carrier, and implement corrective actions to strengthen internal controls and close the remaining recommendations.
1A-10-00-13-012	Information Systems General and Application Controls at WellPoint, Inc.	September 10, 2013	\$0	N/A	6 of 10 recommendations are closed. Efforts continue to mitigate information system control weaknesses (e.g., funding, system modifications, implementation, and new software testing).
1A-10-41-12-050	Florida Blue	September 10, 2013	\$1,768,338	\$0	7 of 13 recommendations are closed. OPM has recovered or allowed all questioned funds. OPM continues its efforts to evaluate claims contested by the carrier and implement corrective actions to strengthen internal controls and close the remaining recommendations.
4A-CI-00-13-036	U.S. Office of Personnel Management's Common Security	October 10, 2013	\$0	N/A	3 of 4 recommendations are closed. To close the remaining recommendation, OPM's OCIO is updating and will publish its Common Security Controls Collection and will



	Control Collection				complete collection testing.
1H-01-00-12-072	BlueCross and BlueShield's Retail Pharmacy Member Eligibility in 2006, 2007, and 2011	November 8, 2013	\$2,305,973	\$2,276,782	0 of 11 recommendations are closed. OPM's Healthcare and Insurance is working closely with the carrier and OPM stakeholders to develop corrective actions and resolve outstanding audit issues.
4A-CI-00-13-021	Federal Information Security Management Act for FY 2013	November 21, 2013	\$0	N/A	6 of 16 recommendations are closed. (8 of the open recommendation are duplicate recommendations.) OPM has analyzed the recommendations and developed a remediation plan and timeline to complete resolution and compliance. OPM's OCIO is working with dedicated ISSOs for the network infrastructure and the corresponding program offices to document evidence for closure for each of these findings.
1A-99-00-13-003	Global Claims where Amounts Paid Exceeded Covered Charges for BlueCross and BlueShield Plans	November 22, 2013	\$4,077,968	\$0	5 of 6 recommendations are closed—3 of which closed after the reporting period on October 20, 2014. OPM has recovered or allowed all questioned funds. Corrective actions have been initiated and resolution is being closely monitored.
1A-99-00-13-032	Global Coordination of Benefits for BlueCross and BlueShield Plans	November 22, 2013	\$7,797,641	\$483,599	2 of 7 recommendations are closed. Corrective actions and/or recoveries have been initiated and resolution is being closely monitored.
4A-CF-00-13-034	OPM's Fiscal Year 2013 Consolidated Financial Statement	December 13, 2013	\$0	N/A	0 of 1 recommendation is closed. No material weaknesses were reported. We continue to improve the OPM Information Security Program. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.)
1B-32-00-13-017	National Association of Letter Carriers Health Benefit Plan	December 23, 2013	\$204,222	\$0	4 of 12 recommendations are closed. OPM has recovered all questioned funds. Corrective actions have been initiated and resolution is being closely monitored.
1A-10-17-13-026	Information Systems General and Application Controls at Health Care Service Corporation	January 28, 2014	\$0	N/A	4 of 12 recommendations are closed. Efforts continue to mitigate information system control weaknesses through appropriate corrective actions.
1A-10-17-13-019	Health Care Service Corporation	March 28, 2014	\$14,413,248	\$1,636,523	7 of 8 recommendations are closed. OPM continues to recover disallowed costs.

Table 5

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

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1C-MK-00-13-052	Blue Choice	5/7/2014	\$2,143,534	\$0	OPM recovered all questioned amounts. The audit closed on May 28, 2014.
1A-10-13-14-003	Highmark Inc.	8/22/2014	\$8,672	\$0	In progress. 6 of 7 recommendations are closed. OPM has recovered or allowed all questioned amounts. OPM continues efforts to close the remaining procedural recommendation.
1D-FX-00-14-001	Health Alliance HMO	5/5/2014	\$0	N/A	The final report contained no questioned charges or recommendations. This audit is closed.
4A-RI-00-14-018	Information Technology Security Controls for OPM's Services Online System	4/3/2014	\$0	N/A	The final report contained no findings or recommendations. OIG detected no instances of non-compliance with major FISMA requirements reviewed. This audit is closed.
4A-IS-00-14-017	Information Technology Security Controls for OPM's Investigations, Tracking, Assigning and Expediting System	4/3/2014	\$0	N/A	In progress. 3 of 4 recommendations are closed. Resolution of the remaining recommendation is on schedule.
1B-32-00-13-037	Information System General and Application Controls at the National Association of Letter Carriers Health Benefit Plan	5/6/2014	\$0	N/A	In progress. OPM's Healthcare & Insurance (HI) has initiated corrective actions and is closely monitoring resolution.
4A-CI-00-14-015	Information Technology Security Controls for OPM's Development Test Production General Support System	6/6/2014	\$0	N/A	0 of 6 recommendations are closed. OPM is resolving weaknesses noted in the audit.
1A-10-67-14-006	Information System General and Application Controls at BlueShield of California	7/9/2014	\$0	N/A	In progress. OPM's HI has initiated corrective actions and is closely monitoring resolution.
4A-RI-00-14-036	Information Technology Security Controls for OPM's BENEFEDS and Federal Long Term Care Insurance Program Information Systems	8/19/2014	\$0	N/A	In progress. OPM's HI has initiated corrective actions and is closely monitoring resolution.

1A-99-00-143-046	Supplemental Global Audit on Non-Covered Ambulance Claims for BlueCross and BlueShield Plans	4/7/2014	\$1,423,823	\$950,996	In progress. Corrective actions and recoveries have been initiated and OPM's HI is closely monitoring resolution.
1A-10-14-13-058	Claims Audit at BlueCross BlueShield of Tennessee	6/6/2014	\$3,618,301	\$3,384,157	In progress. Corrective actions and recoveries have been initiated and OPM's HI is closely monitoring resolution.
1A-99-00-13-061	Global Audit of Duplicate Claim Payments for BlueCross and BlueShield Plans	8/19/2014	\$7,878,473	\$0	In progress. OPM has recovered or allowed all questioned costs. Corrective actions have been initiated and OPM's HI is closely monitoring resolution.
4A-CF-00-14-009	OPM's Fiscal Year 2013 Improper Payments Reporting	4/10/2014	\$0	N/A	In progress. To close the recommendation, OPM is exploring ways to improve its quality controls and update its work instruction.
4A-IS-00-13-062	Federal Investigative Services' Case Review Process Over Background Investigations	6/4/2014	\$0	N/A	0 of 6 recommendations are closed. OPM is resolving weaknesses noted in the audit and is preparing evidence to submit to the OIG for closure review.
2A-II-00-13-065	Federal Employees' Group Life Insurance Program as Administered by the Metropolitan Life Insurance Company	7/9/2014	\$1,210,293	\$0	OPM recovered all questioned amounts. The audit closed on September 9, 2014.
3A-CF-00-13-051	2005 through 2012 Combined Federal Campaigns as Administered by the Metropolitan Arts Partnership	7/10/2014	\$2,011,529	\$0	In progress. 5 of 10 recommendations are closed, as of December 2014. Resolution of the remaining recommendations is on schedule. In addition, OPM had taken action to replace the PCFO prior to the OIG conducting this audit.



UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
Merit System Accountability and Compliance  
1900 E Street, NW  
Washington, DC 20415