



Office of the
Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

November 15, 2024

Report No. 2024-IAG-017

Memorandum for the Honorable Robert H. Shriver
Acting Director

From: The Honorable Krista A. Boyd
Inspector General

A handwritten signature in blue ink that reads "Krista A. Boyd".

**Subject: Audit of the U.S. Office of Personnel Management's
Fiscal Year 2024 Consolidated Financial Statements**

This memorandum transmits KPMG LLP's (KPMG) report on its financial statement audit of the U.S. Office of Personnel Management's (OPM) consolidated financial statements. These comprise the consolidated balance sheet as of September 30, 2024, and the related consolidated statement of net costs, and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements. KPMG's report also covers the financial statements of the OPM's Retirement, Health Benefits, and Life Insurance Programs, which comprise the balance sheets as of September 30, 2024, and the related statements of net costs, and changes in net position, and statements of budgetary resources for the years then ended, presented in the accompanying consolidating and combining financial statements, and the related notes to the financial statements. Lastly, we discuss the results of the Office of the Inspector General's (OIG) oversight of the audit and review of those reports.

Report on the Audit of the Financial Statements

The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576) requires OPM's Inspector General or an independent external auditor, as determined by

the Inspector General, to audit the agency's financial statements in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. We contracted with the independent certified public accounting firm KPMG to audit OPM's consolidated financial statements as of September 30, 2024. The contract requires that the audit be performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

KPMG's audit report includes opinions on the consolidated financial statements and the individual statements for the three benefit programs. In addition, KPMG reported on internal control over financial reporting and compliance and other matters. The results of KPMG's audit included the following:

- The consolidated financial statements present fairly, in all material respects, the financial position of the OPM as of September 30, 2024, and its net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.
- The financial statements present fairly, in all material respects, the financial position of the Retirement Program, Health Benefits Program, and Life Insurance Program as of September 30, 2024, and their respective net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.
- KPMG's report did not identify any material weaknesses.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

- KPMG's report identified one significant deficiency in OPM's internal control:
 - Improvements Needed in Controls over Information Technology

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- The results of KPMG’s tests of OPM’s compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996*, disclosed no instances in which the OPM’s financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

OIG Evaluation of KPMG’s Audit Performance

In connection with the audit contract, we reviewed KPMG’s report and related documentation and made inquiries of its representatives regarding the audit. To fulfill our audit responsibilities under the CFO Act for ensuring the quality of the audit work performed, we conducted a review of KPMG’s audit of OPM’s Fiscal Year 2024 Consolidated Financial Statements in accordance with GAS. Specifically, we:

- provided oversight, technical advice, and liaison to KPMG auditors;
- ensured that audits and audit reports were completed timely and in accordance with the requirements of Generally Accepted Government Auditing Standards (GAGAS), OMB Bulletin 24-02, and other applicable professional auditing standards;
- documented oversight activities and monitored audit status;
- reviewed responses to audit reports per OMB Circular No. A-50, Audit Follow-up;
- coordinated issuance of the audit report; and
- performed other procedures we deemed necessary.

Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on OPM’s financial statements or internal controls or on whether OPM’s financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996 or conclusions on compliance with laws and regulations. KPMG is responsible for the attached auditor’s report dated November 14, 2024, and the conclusions expressed in the report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with GAGAS.

In accordance with the OMB Circular A-50 and Public Law 103-355, all audit findings must be resolved within six months of the date of this report. The OMB Circular also

requires that agency management officials provide a timely response to the final audit report indicating whether they agree or disagree with the audit findings and recommendations. When management is in agreement, the response should include planned corrective actions and target dates for achieving them. If management disagrees, the response must include the basis in fact, law or regulation for the disagreement.

To help ensure that the timeliness requirement for resolution is achieved, we ask that the CFO coordinate with the OPM audit follow-up office, Internal Oversight and Compliance (IOC), to provide their initial responses to us within 90 days from the date of this memorandum. IOC should be copied on all final report responses. Subsequent resolution activity for all audit findings should also be coordinated with IOC. The CFO should provide periodic reports through IOC to us, no less frequently than each March and September, detailing the status of corrective actions, including documentation to support this activity, until all findings have been resolved.

In closing, we would like to thank OPM's financial management staff for their professionalism during KPMG's audit and our oversight of the financial statement audit this year.

If you have any questions about KPMG's audit or our oversight, please contact me, at 606-1200, or you may have a member of your staff contact Michael R. Esser, Assistant Inspector General for Audits, at 606-2143.

Attachment

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