UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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

October 1, 2014 - March 31, 2015

A New Day for the Civil Service

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
May 2015

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 October 1, 2014 to March 31, 2015. 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 continues to value our strong partnership with the OIG. The OIG provides us with timely, quality, and practical recommendations to help us improve our program operations and support our mission. OPM takes pride in addressing OIG findings and recommendations in a prompt manner in order to improve our processes and programs. We took a number of 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.

In this report, the IG is raising concerns about cybersecurity and the need to protect the personal information of Federal employees, annuitants, and job applicants. At OPM, we take cybercrime seriously. We are investing heavily in new tools that reduce reliance on resources that no longer meet our security needs. This approach ensures that security is addressed at all phases of system design and deployment.

In response to recent intrusions and unauthorized attempts to acquire Federal data, we have taken a proactive approach to combating emerging and ever-changing cyber threats. For example, we recently established additional protections that bring OPM into compliance with some of the newest metric requirements listed in the Office of Management and Budget (OMB) CyberStat report.

OPM's Chief Information Officer (CIO) has also increased security by deploying state-of-the-art workstation protections, which scan in real time to detect malware, intrusions, and unusual behavior. We are also leveraging the latest software to automate responses and significantly reduce the reaction time of the 24-hour staff.

Accomplishments

OPM remains focused on its mission – to recruit, retain, and honor a world-class workforce to serve the American people. In recognition of our mission, the President selected OPM to take a leading role with the "People and Culture" portion of his Management Agenda. This pillar of the agenda strives to ensure an engaged, innovative, and productive Federal workforce. Below, we describe a number of actions we have

initiated to support this effort as well as a number of other accomplishments that are key to our mission.

People and Culture

In early March, OPM launched our Recruitment, Engagement, Diversity, and Inclusion (REDI) Roadmap that supports the President's Management Agenda. REDI is driven by three concepts: decisions are based on data; digital tools are used to attract and engage a model workforce; and customer service and stakeholder partnerships are at the heart of everything we do. Some key features of the roadmap are listed below.

- We launched the USAJOBS® Next Generation initiative to improve job seekers' experience when applying for Federal positions. During the reporting period, two significant USAJOBS® releases were launched: one to establish a data warehouse for reporting and analytics, and a second to improve customer service interactions with job seekers. The data warehouse will serve as the foundation for visualizations that will provide job seekers, HR professionals, and Hiring Managers with the data they need to make informed decisions.

- We are expanding the use of Unlocktalent.gov, an interactive data tool that helps agencies analyze the Federal Employee Viewpoint Survey. This dashboard has more than 9,600 users, including each member of the Senior Executive Service (SES).

- We have taken some specific actions to enhance the Pathways Program. First, we held our first Pathways Training Day. As a result of this session, we formed five cross-agency workgroups focused on Applicant Data, a Pathways Hiring Toolkit, HR Training, a Pathways Handbook and a series of one-pagers capturing Pathways hiring flexibilities. Also, we are now holding Pathways Office Hours once a month for agency representatives to discuss technical implementation issues, special topics around HR policies affecting students, and agency best practices. In addition, we are leading a cross-agency collaboration with the Partnership for Public Service to address the most pressing Pathways implementation issues. Finally, Pathways Presidential Management Fellows STEM track has yielded a diverse pool of applicants.

On December 9, 2014, the President honored and thanked senior leaders from America's Federal workforce. During the event, the President outlined three initiatives he is implementing to recognize outstanding service and provide new opportunities for aspiring senior leaders to develop the skills needed to better serve the American public.

These initiatives are: White House Leadership Development Program for Future Senior Career Executives; White House Advisory Group on SES Reform; and the Customer Service Awards Program.

OPM has also focused on the Government's Senior Leaders. Over the past six months, we: launched the SES Situational Mentoring Program; convened an interagency workgroup to develop recommendations on streamlining and improving OPM's SES performance appraisal system certification process; continued to administer a cross-government rotations program for Federal employees; hosted an event to engage multi-sector thought leaders on employee engagement and performance management; piloted an enhanced government-wide SES onboarding program; and launched a government-wide coaching network.

We continue to conduct the Federal Employee Viewpoint Survey (FEVS). During the reporting period, we issued several FEVS reports providing valuable data and new insights on the Federal workforce.

- The data in our report on Women in Federal Service: A Seat at Every Table shows that women make up 34.4 percent of senior executives in the Federal Government, compared to estimates of 14.6 percent in the private sector. Another encouraging trend is that the pay gap is nearly non-existent within the SES, and that women entering the workforce now are more likely to be on a management track than they were a decade ago.

- Our Millennials Report, "Finding Opportunity in Federal Service," shows that millennials make up 16 percent of the Federal workforce, are satisfied with their jobs, and believe government can be a positive force for change.

- In OPM's "Making the Grade: The Story of an Increasingly Well-Educated Federal Workforce," we found that Federal employees are very interested in continuing their education while they build their careers in public service. For example, among employees who started their Federal career with a high school diploma, 86 percent improved their educational status over 10 years.

The Federal Government continues to be a leader in hiring veterans. In fiscal year 2014, the percentage of veteran new hires hit a new high of 33.2 percent, surpassing the previous mark set in fiscal year 2013, when 31 percent of all new Federal civilian hires were veterans.

When it comes to people with disabilities, we are more than halfway toward reaching the President's goal, set by Executive Order in 2010, of hiring 100,000 people with disabilities. In November 2014, we reported that the Federal Government has been hiring people with disabilities at a higher rate than at any time in the past 33 years. Specifically, in fiscal year 2013, 18 percent of new Federal hires were people with disabilities, a 1.9 percent increase over fiscal year 2012. In the first three years since the President set his goal, we have hired 57,491 permanent employees with disabilities.

Healthcare & Benefits

OPM continued to demonstrate its commitment to provide federal employees, annuitants and their families with the best possible coverage options. For the fourth consecutive year, we successfully negotiated the Federal Employees Health Benefits (FEHB) Program's premium rate increases below 4 percent. For 2015, the increase was only 3.2 percent; lower than last year's increase of 3.7 percent. In addition, FEHB recruited five new community-rated health plans for the 2015 plan year and added two new plan options with existing health plans for a FEHB Program total of 257 health plan options.

We are working to develop and implement the FEHB Plan Performance Assessment, an effort to measure and assess carriers through the use of common, objective, and quantifiable performance measures. We have provided carriers with detailed information on its framework and timeline and are engaging stakeholders throughout the process.

In March, we strengthened the reporting requirements for carriers to expeditiously notify OPM of any breach of security in FEHB enrollee data. We also reiterated the contractual obligation of Carriers to cooperate with OPM OIG in their evaluation of Carrier's controls over FEHB enrollee data.

OPM's tribal outreach initiative has successfully resulted in a significant increase in tribal enrollment – from 1,900 in 2012 to 15,680 in 2015. In addition, we issued new guidance increasing flexibility for tribal employer participation.

Enrollment in OPM's Multi-State Plan (MSP) Program, established by the Affordable Care Act, continues to grow and now touches the lives of nearly 410,000 people as of the first quarter of plan year 2015. We are working to expand the availability of MSP options in current and additional states.

Retirement Services

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. At the end of March 2015, the

claims inventory was 20,594, with 81.6 percent of pending claims processed in 60 days or less. Our goal is to adjudicate 90 percent of new cases within 60 days of receipt.

OPM continues to improve workload management and customer service. Enhancements to Services Online have made transactions easier, such as updating emails and / or addresses and accessing 1099R information. Also, we have created two new teams: the CARE team and the Retirement Services (RS) Customer Service Digital Engagement team. The acronym CARE is used to communicate four key values all Retirement Services employees should demonstrate: Compassionate, Accurate, Responsive, and Empowered. The RS Customer Service Digital Engagement initiative's objective is to improve customer service by empowering more retirees and their stakeholders to first answer their questions by using our various digital services. In this way, we are alleviating some of the waiting time customers experience when calling, emailing, or mailing letters. These initiatives support OPM's Strategic Goals and the Compassionate and Responsive areas of the CARE initiative.

OPM Strategic Information Technology Plan

We made progress in implementing OPM's Strategic Information Technology (IT) Plan by issuing a Request for Proposals for an Enterprise Case Management System (ECMS). A robust ECMS will support the OPM enterprise as a whole and provide, in particular, immediate value to two key programs: Retirement Services and Federal Investigative Services.

We are working to bridge current legacy systems to a shared platform using a new infrastructure that promotes enterprise-wide, rational, secure, scalable, and cost effective ways to manage information flows among systems throughout the HR Lifecycle.

Our progress in meeting critical milestones in this effort includes: implementing the first phase of the CIO reorganization plan by creating Associate Chief Information Officer positions; working to realign CIO resources to better implement the Strategic IT Plan; acquiring an industry-leading enterprise architecture tool to be launched in May, 2015 to capture OPM's agency-level enterprise architecture; strengthening IT security by developing security clauses to ensure that OPM IT contractors are given up-to-date guidance, and drafting comprehensive IT security policies for protecting our infrastructure and systems.

Background Investigations

During the reporting period, OPM continued to work with the Performance Accountability Council to realize the objectives of the Security and Suitability Process Review. Along with the Director of National Intelligence, we issued formal Quality

Assessment Standards for background investigations. We are on schedule to implement the revised Federal Investigative Standards, having achieved initial operating capability of the new tier one and tier two investigative products.

With our unwavering commitment to quality at the forefront, we continued to address challenges associated with the realignment of fieldwork contractor support and the resulting reduced investigative capacity that impacted our timeliness. Although OPM satisfied timeliness requirements for FY14 - as it has each year since 2009 - timeliness during the reporting period did reflect the backlogs that occurred because of these challenges.

Conclusion

As OPM continues to make progress on our mission to be a model of employee engagement, diversity and inclusion, workforce development, and a provider of world-class customer service, this OIG report provides us with recommendations on how we can improve and strengthen our programs and processes. I sincerely 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

May 2015

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 vii

Introduction 1

Health Insurance Carrier Audits 1

Information Systems Audits 2

Internal Audits 3

Special Audits 3

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 7

Action Taken on Audits with Recommendations for Better Use of Funds 7

Table 3 8

Reports without Monetary Findings 8

Table 4 9

Summary of Reports More than 6 Months Old Pending Final Action 9

Table 5 16

Status of Audits Issued during Reporting Period Highlighted in the Office of the Inspector General's Semiannual Report 16

Introduction

OPM prioritizes completing corrective actions to resolve open audit issues. The Internal Oversight and Compliance (IOC) office in Merit System Accountability and Compliance, Healthcare and Insurance's (HI) Contracting Offices and the Audit Resolution (AR) branch, are charged with managing OPM's audit tracking and recommendation closure processes to ensure timely action. We have found that strong partnerships among IOC, OIG, HI's contracting offices and AR, 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 have taken 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 Employees Health Benefit (FEHB) Program 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 FEHB Program carriers have strong internal controls in place. Our contracting officers provide effective oversight and administration of the FEHB Program.

OPM is strongly committed to its stewardship and administration of the FEHB Program and other programs. This includes resolving audit findings via recovery of funds, strengthening internal controls, and ensuring health carriers have appropriate systems in place to safely and securely handle FEHB 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[1] are as follows:

- Closed 12 final audit reports
- Closed 29 monetary recommendations
- Closed 43 non-monetary recommendations
- Recovered $14.3 million and allowed $5.4 million[2] in disallowed costs

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[1] Results include health insurance carrier, insurance carrier information system, and special audits.
[2] The majority of this figure represents amounts questioned by the OIG, but subsequently found to be contractually allowable charges.

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

The Federal Information Security Management Act of 2002 (FISMA) requires Federal agencies to provide security planning as part of the life cycle of their information systems. This is a means to protect data and information systems that support federal operations. The OIG conducts annual program security reviews which are a component of FISMA.

In previous reviews, the OIG identified a lack of IT security policies and procedures in addition to the lack of a centralized security management structure needed to enforce IT security policies as a material weakness. Although OPM implemented a plan to restructure the OCIO and hired several information system security officers to manage a centralized OPM IT security structure, the OIG's review found that 11 of the 21 OPM systems due for a security assessment and authorization (Authorization) were not completed on time and are operating without a valid Authorization. Therefore, the OIG upgraded this material weakness to a significant deficiency and made additional recommendations.

OPM has centralized the responsibility for security in the CIO's office by hiring additional professional Information System Security Officers (ISSOs) and phasing out the Designated Security Officers. Each system in the OPM inventory is now supported by an assigned ISSO. Additionally, OPM policies and procedures have been updated to reflect the latest FISMA guidance as documented in the National Institute of Standards and Technology publications. Finally, to address material weaknesses related to system security assessment and authorization, we implemented new documented procedures and replicable processes.

In addition, the OIG reviewed the Dashboard Management Reporting System (DMRS) for compliance with FISMA. DMRS, a web-based application, supports the operations of OPM's Federal Investigative Services (FIS). The OIG recommended improvements to the audit logging requirements. In response, FIS notes that a planned upgrade to the DMRS software will resolve this recommendation. The OIG also determined that routine penetration testing is required on systems with a high security categorization.

Although FIS and the OPM-CIO IT Security and Privacy Office (ITSP) disagreed with the OIG finding, FIS and OPM-CIO ITSP will collaborate and reevaluate the recommendation to determine the true nature of any weakness, possible threat sources, the impact to OPM resources, and the overall risk to agency operations. This updated risk evaluation will be used to determine if a penetration test would be beneficial for this system and in compliance with current OPM information security policies and practices.

Insurance Carrier Information Systems Audits

During the reporting period, the OIG issued two Insurance Carrier Information Systems audit reports, the objectives of which were to evaluate controls over the confidentiality, integrity, and availability of FEHB Program data processed and maintained at the carrier. The final reports identified system and process weaknesses and made recommendations in areas where improvement is needed. We are closely monitoring resolution of these audits and are working to ensure the control weaknesses are appropriately mitigated.

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.

Under the OIG's oversight, KPMG LLP (KPMG), an independent certified public accounting firm contracted by OPM, conducted an audit of OPM's consolidated financial statements as of September 30, 2014 and for the fiscal year (FY) then ended. The review found that OPM is in compliance with U.S. generally accepted accounting principles and there were no findings of any material weaknesses in the internal controls. However, KPMG noted an unresolved significant deficiency in the information systems control environment which was initially identified in FY 2013. Even though OPM made progress in FY 2014 in centralizing security program functions and addressing deficiencies in its security program, KPMG continued to find control weaknesses. OPM agrees with KPMG's findings and recommendations. Also, KPMG audited OPM's Closing Package Financial Statements as of September 30, 2014 and 2013 and reported that OPM presented them fairly. OPM is committed to maintaining financial statements that comply with applicable standards. As previously noted, we continue to make improvements to our information security program.

Special Audits

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

The OIG noted its concern that OIG auditors consistently identify similar weakness in local CFC campaigns from audit to audit. However, the OIG goes on to say it expresses support for the direction the program is going and believes the new CFC rules which take effect for the 2016 campaign will help eliminate many of the recurring findings they have identified.

The OIG findings related to the 2011 and 2012 activity of the Northern Lights Combined Federal Campaign underscore the systemic issues the Office of Combined Federal Campaign (OCFC) is addressing by issuing new regulations. Specifically, we plan to centralize the maintenance of financial records as well as the accounting and distributing of funds.

Although the OIG recommended the merger of the Northern Lights CFC, the OCFC had already taken it a step further. On January 20, 2015, CFC Memorandum 2015-01 was issued. In preparation for implementing the new regulations, OCFC conducted a review of 2012 CFC data submitted by the 151 campaign areas in operation in 2014. As a result, OCFC proposes reducing the number of campaign zones to 40. This consolidation will allow for new leadership on the Local Federal Coordinating Committee (LFCC), enable LFCC members to leverage and combine resources, and allow OCFC to use its resources more effectively to target oversight and disseminate governance training.

In Healthcare and Insurance, special audits may be conducted on the operations or administrative oversight of the Federal Employees' Group Life Insurance (FEGLI), BENEFEDS, Federal Employees Dental and Vision Insurance Program (FEDVIP), Federal Flexible Spending Account Program (FSAFEDS), Federal Long Term Care Insurance Program (FLTCIP), and tribal enrollments into the FEHB Program.

During this reporting period, the OIG issued two Healthcare and Insurance special audit reports. Both audits identified unallowable charges and program improvements. All questioned costs have been recovered and all procedural recommendations have been resolved. These audits are now 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 investigated and, where appropriate, prosecuted to the fullest extent of the law.

Recent OIG health carrier audit reports contained Fraud, Waste, and Abuse (FWA) findings that included recommendations to strengthen FEHB carrier oversight and improve contract compliance. Several audits identified the need for carriers to update FWA program manuals, improve case tracking, increase case referrals to the OIG, allow OIG access to the BlueCross BlueShield Fraud Information Management System (FIMS), and more clearly demonstrate how the carriers' FWA programs benefit the FEHB Program.

As a result, we worked with carriers and the OIG to update and consolidate existing FWA requirements, which were issued December 2014 in CL 2014-29. The updated guidance standardizes definitions, identifies industry standards, and clarifies the minimum activities FEHB Program carriers must take to prevent, detect, investigate, and report FWA. Additionally, we worked with the BlueCross BlueShield Association to allow OIG direct, full, and remote, read-only access to FIMS.

Table 1A

Reports with Disallowed Costs for Insurance Programs[3]
October 1, 2014 to March 31, 2015

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	19	$21,452	
Reports on which management decisions made during the period	10	$9,903	
Reports for which final action taken during period:	8	$19,681	
1. Recoveries and Adjustments			$19,681
a. Collections and offsets			$14,320
b. Property			$0
c. Other (adjustments)			$5,361
2. Write-offs			
Reports pending final action at end of period	21	$11,674	

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

Table 1B

Reports with Disallowed Costs for All Other Audit Entities October 1, 2014 to March 31, 2015

Subject	Number of Audit Reports	Disallowed Costs
Reports for which final action not taken by beginning of reporting period	2	$2,044,484
Reports on which management decisions made during the period	4	$22,730
Reports for which final action taken during period:	1	$32,955
1. Recoveries and adjustments		$7228.32
2. Write-offs (allowed questioned costs)		$25,726.31
Reports pending final action at end of period	5	$2,034,259

Table 2

Action Taken on Audits with Recommendations for Better Use of Funds October 1, 2014 to March 31, 2015

Subject	Number of Audit Reports	Better Use of Funds (in thousands)
No activity during this reporting period.		

Table 3

Reports without Monetary Findings
October 1, 2014 to March 31, 2015

Subject	Number of Reports
Reports for which final action not taken by beginning of reporting period	36
Reports for which final action taken during period:	5
a. Health Insurance Carrier Audits	3
b. Internal Information Systems Audits	1
c. Internal Audits	0
d. Healthcare & Insurance Special Audits	1
e. CFC Special Audits	0
Reports without monetary findings issued by OIG during period	9
Reports without monetary findings pending final action at end of period	40

Table 4

Summary of Reports More than 6 Months Old Pending Final Action as of March 31, 2015

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
4A-CF-00-05-028	Administration of the Prompt Payment Act at OPM	April 16, 2007			11 of 12 total recommendations are closed. OPM provided the Invoice Processing procedure and is working to provide documentation showing internal controls are in place.
4A-CI-00-08-022	Federal Information Security Management Act for Fiscal Year 2008	September 23, 2008			17 of 19 recommendations are closed. To resolve the remaining open recommendations, OPM implemented new processes which the OIG will review in the course of the FY 15 FISMA audit.
4A-CF-00-08-025	OPM's Fiscal Year 2008 Consolidated Financial Statement	November 14, 2008			5 of 6 recommendations are closed. To close the remaining recommendation, OPM developed and implemented new policies and procedures which will be reviewed in the course of the FY 15 audit.
4A-CI-00-09-031	Federal Information Security Management Act for Fiscal Year 2009	November 5, 2009			28 of 30 recommendations are closed. To resolve the remaining open recommendations, OPM implemented new processes which the OIG will review in the course of the FY 15 FISMA audit.
4A-CF-00-09-037	OPM's Fiscal Year 2009 Consolidated Financial Statement	November 13, 2009			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 developed and implemented new policies and procedures which will be reviewed in the course of the FY 15 audit.
4A-IS-00-09-060	Quality Assurance Process Over Background Investigations	June 22, 2010			17 of 18 recommendations are closed. OPM is determining whether to notify OIG of the agency's acceptance of risk for the final recommendation. OPM will communicate further with OIG to ensure the agency's position is clear and supported by evidence.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
4A-CF-00-10-015	OPM's Fiscal Year 2010 Consolidated Financial Statement	November 10, 2010			4 of 7 recommendations are closed. The open recommendations detail the original finding on 4A-CF-00-08-025. To close these recommendations, OPM developed and implemented new policies and procedures which will be reviewed in the course of the FY 15 audit.
4A-CI-00-10-019	Federal Information Security Management Act for FY 2010	November 10, 2010			38 of 41 recommendations are closed. To resolve the remaining open recommendations, OPM implemented new processes which the OIG will review in the course of the FY 15 FISMA audit.
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	September 14, 2011			11 of 14 recommendations are closed. OPM has implemented several corrective actions to close the remaining recommendations and additional work is underway. We are also developing an agency-wide improper payment strategic plan.
4A-CI-00-11-009	Federal Information Security Management Act for Fiscal Year 2011	November 9, 2011			23 of 29 recommendations are closed. To resolve the remaining open recommendations, OPM implemented new processes which the OIG will review in the course of the FY 15 FISMA audit.
4A-CF-00-11-050	OPM's Fiscal Year 2011 Consolidated Financial Statement	November 14, 2011			6 of 7 recommendations are closed. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendations, OPM developed and implemented new policies and procedures which will be reviewed in the course of the FY 15 audit.
4A-RI-00-12-034	Insecure Password Reset Process on Agency-owned Information Systems	February 7, 2012			2 of 3 recommendations are closed. OPM is evaluating other web-based systems that require a new password reset process.
4A-CF-00-09-014	OPM's Interagency Agreement Process	March 28, 2012			6 of 8 recommendations are closed. To resolve this audit, OPM is working on a justification report to show tracking of agreements with the Treasury Account Symbols and other data for all IAAs.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
4A-OP-00-12-013	Information Technology Security Controls of OPM's Audit Report and Receivables Tracking System	July 16, 2012			10 of 24 recommendations are closed. A new release of the ARRTS system is undergoing User Acceptance Testing. ARRTS is being re-characterized as a moderate system per FIPS 199.
4A-CF-00-11-067	Administration of the Prompt Payment Act at OPM	September 13, 2012			6 of 12 recommendations are closed. OPM provided the Invoice Processing procedure, and is now working to show internal controls are in place.
4A-CI-00-12-016	Federal Information Security Management Act for FY 2012	November 5, 2012			10 of 18 recommendations are closed. To resolve the remaining open recommendations, OPM implemented new processes which the OIG will review in the course of the FY 15 FISMA audit.
4A-CF-00-12-039	OPM's Fiscal Year 2012 Consolidated Financial Statement	November 15, 2012			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, OPM developed and implemented new policies and procedures which will be reviewed in the course of the FY 15 audit.
1K-RS-00-12-031	OPM's Voice over the Internet Protocol Phone System Interagency Agreement with the District of Columbia	December 12, 2012			1 of 2 recommendations are closed. OPM is documenting the implementation of the new 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. 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 Plans	March 20, 2013	$4,690,639	$0	3 of 7 recommendations are closed. OPM has recovered or allowed all questioned funds. OPM continues to work with the carrier to implement corrective actions and close the remaining procedural recommendations.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
4A-CF-00-12-066	Assessing the Relevance and Reliability of the U.S. Office of Personnel Management's Performance Information	April 1, 2013			4 of 5 recommendations are closed. OPM is documenting the newly implemented measurements.
1A-10-32-12-062	BlueCross BlueShield of Michigan	July 19, 2013	$250,961	$0	8 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	$0	5 of 6 recommendations are closed. OPM has recovered or allowed all questioned funds. OPM continues to work with the carrier to implement corrective actions and close the remaining procedural recommendation.
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 to work with the carrier to implement corrective actions and close the remaining procedural recommendations.
4A-CI-00-13-036	U.S. Office of Personnel Management's Common Security Control Collection	October 10, 2013			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 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	$2,276,732	0 of 11 recommendations are closed. OPM's Healthcare and Insurance is working diligently and collaboratively to resolve several unique issues raised in this audit.
4A-CI-00-13-021	Federal Information Security Management Act for FY 2013	November 21, 2013			7 of 16 recommendations are closed. To resolve the remaining open recommendations, OPM implemented new processes which the OIG will review in the course of the FY 15 FISMA audit.
1A-99-00-13-032	Global Coordination of Benefits for BlueCross and BlueShield Plans	November 22, 2013	$7,797,641	$257,987	2 of 7 recommendations are closed. OPM continues its efforts to evaluate claims contested by the carrier and implement corrective actions to strengthen internal controls and close the remaining recommendations.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
4A-CF-00-13-034	OPM's Fiscal Year 2013 Consolidated Financial Statement	December 13, 2013			0 of 1 recommendation is closed. No material weaknesses were reported. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendations, OPM developed and implemented new policies and procedures which will be reviewed in the course of the FY 15 audit.
1B-32-00-13-017	National Association of Letter Carriers Health Benefit Plan	December 23, 2013	$204,222	$0	5 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	N/A	N/A	6 of 12 recommendations are closed. OPM is implementing corrective actions to address information system control weaknesses.
4A-IS-00-14-017	Information Technology Security Controls of the U.S. Office of Personnel Management's Investigations, Tracking, Assigning and Expediting System Fiscal Year 2014	April 3, 2014			OPM submitted evidence for closure which was accepted by OIG. This audit is closed.
4A-CF-00-14-009	The U.S. Office of Personnel Management's Fiscal Year 2013 Improper Payments Reporting for Compliance with the Improper Payments Elimination and Recovery Act of 2010	April 10, 2014			0 of 1 recommendation is closed. This recommendation is to follow up on an earlier audit and ensure that new processes are in place.
1A-99-00-13-046	Global Non-Covered Ambulance Claims for BlueCross and BlueShield Plans	April 17, 2014	$1,423,823	$942,985	3 of 4 recommendations are closed. To close the remaining financial recommendation, OPM continues to recover remaining disallowed costs and evaluate claims contested by the carrier.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
1B-32-00-13-037	Information Systems General and Application Controls at the National Association of Letter Carriers Health Benefit Plan	May 6, 2014	N/A	N/A	21 of 41 recommendations are closed. Efforts continue to mitigate information system control weaknesses through appropriate corrective actions.
4A-IS-00-13-062	The Federal Investigative Services' Case Review Process over Background Investigations	June 4, 2014			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.
1A-10-15-13-058	BlueCross BlueShield of Tennessee	June 6, 2014	$3,622,914	$2,614,674	2 of 16 recommendations are closed. 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-00-14-015	Information Technology Security Controls of the U.S. Office of Personnel Management's Development Test Production General Support System Fiscal Year 2014	June 6, 2014			0 of 6 recommendations are closed. To resolve these recommendations, OPM is working to complete an SAA on OPM's LANWAN.
1C-2C-00-13-056	Piedmont Community HealthCare	July 9, 2014	$171,996	$171,996	0 of 2 recommendations are closed. OPM's Healthcare and Insurance is working closely with the carrier and OPM stakeholders to recover questioned costs.
1A-10-67-14-006	Information Systems General and Application Controls at Blue Shield of California	July 9, 2014	N/A	N/A	9 of 16 recommendations are closed. Efforts continue to mitigate information system control weaknesses through appropriate corrective actions.
4A-CI-00-14-028	Status of Cloud Computing Environments within the U.S. Office of Personnel Management	July 9, 2014			0 of 3 recommendations are closed. To resolve these recommendations, OPM is incorporating the FEDRAMP requirements.
3A-CF-00-13-051	The 2005 through 2012 Combined Federal Campaigns as Administered by the Metropolitan Arts Partnership	July 10, 2014			5 of 10 recommendations are closed. OPM is monitoring corrective actions.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
Not Applicable	Review of FIS Background Investigation Process	August 15, 2014			0 of 3 recommendations are closed. OPM is participating in an interagency process to assess the feasibility of information sharing that would address weaknesses noted in this evaluation.
1A-99-00-13-061	Global Duplicate Claim Payments for BlueCross and BlueShield Plans	August 19, 2014	$7,878,473	$2,297,514	0 of 6 recommendations are closed. OPM continues its efforts to evaluate claims contested by the carrier and implement corrective actions to strengthen internal controls and close recommendations.
4A-RI-00-14-036	Information Technology Security Controls of the U.S. Office of Personnel Management's BENEFEDS and Federal Long Term Care Insurance Program Information Systems Fiscal Year 2014	August 19, 2014			2 of 10 recommendations are closed. OPM has initiated corrective actions. Resolution of remaining recommendations is on schedule for completion by the end of FY15.
1A-10-13-14-003	Highmark Inc.	August 22, 2014			6 of 7 recommendations are closed. OPM has recovered all questioned funds. OPM continues to work with the carrier to implement corrective actions and close the remaining procedural recommendation.

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
1H-01-00-14-008	Pricing of Pharmacy Claims as Administered by Caremark	October 6, 2014	$0	$0	This audit closed on October 24, 2014.
4A-CF-00-14-039	The Office of Personnel Management's Fiscal Year 2014 Consolidated Financial Statements	November 10, 2014			No material weaknesses were reported. We continue to improve the OPM Information Security Program.
4A-CI-00-14-016	Federal Information Security Management Act for Fiscal Year 2014 in Washington, D.C.	November 12, 2014			OPM is resolving weaknesses noted in the audit.
4A-CF-00-14-040	The Office of Personnel Management's Fiscal Year 2014 Closing Package Financial Statements	November 17, 2014			No material weaknesses were reported. We continue to improve the OPM Information Security Program.
1A-10-70-14-007	Information Systems General and Application Controls at Premera Blue Cross	November 28, 2014	N/A	N/A	5 of 10 recommendations are closed. Efforts continue to mitigate information system control weaknesses through appropriate corrective actions.
1A-10-55-14-027	Independence Blue Cross	December 2, 2014	$86,594	$47,347	1 of 6 recommendations is closed. OPM's Healthcare and Insurance is working closely with the carrier and OPM stakeholders recover questioned costs and implement corrective actions to strengthen internal controls and close the remaining recommendations.
1G-LT-00-14-025	Federal Long Term Care Insurance Program as Administered by Long Term Care Partners, LLC for Contract Years 2010 through 2012	December 23, 2014	$34,524	$0	OPM recovered all questioned amounts and resolved all recommendations. The audit closed on March 4, 2015.
1A-10-15-14-030	BlueCross BlueShield of Tennessee	December 24, 2014	$5,824,432	$0	7 of 9 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.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-14-064	Information Technology Security Controls of the U.S. Office of Personnel Management's Dashboard Management Reporting System in Washington, D.C.	January 14, 2015			1 of 4 recommendations is closed. Resolution of the remaining recommendations is on schedule for closure in FY 2015.
1A-10-69-14-012	Regence in Portland, Oregon	January 20, 2015	$1,066,072	$0	6 of 8 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-10-49-14-021	Information Systems General and Application Controls at Horizon Blue Cross Blue Shield	February 11, 2015	N/A	N/A	0 of 15 recommendations are closed. Efforts have been initiated to mitigate information system control weaknesses through appropriate corrective actions.
1C-U4-00-14-038	The Health Plan of the Upper Ohio Valley, Inc.	February 20, 2015	$2,144,107	$2,144,107	1 of 5 recommendations is closed. OPM's Healthcare and Insurance is working closely with the carrier and OPM stakeholders recover questioned costs and implement corrective actions to strengthen internal controls and close the remaining recommendations.
3A-CF-00-14-048	The 2011 and 2012 Northern Lights Combined Federal Campaigns	March 23, 2015			OPM is monitoring corrective actions.

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