

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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

October 1, 2013 - March 31, 2014

Director's Semiannual Report to the Congress

a New Day for Federal Service



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
JUNE 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 October 1, 2013, to March 31, 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 have worked together to ensure that this agency is providing quality and effective programs in support of our mission. We appreciate the efforts of the OIG to develop the findings and recommendations this report addresses. These findings and recommendations will help us make decisions and take the actions needed to implement improvements of our processes and programs. OPM took important steps this reporting period to recover disallowed costs and resolve non-monetary OIG audit findings that strengthen the stewardship of our programs and make other improvements.

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, including staffing tools, guidance on labor-management relations, and programs to improve workforce performance. To that end, OPM has undertaken many important initiatives to enhance the services we provide. In reviewing our efforts and accomplishments over the past six months, I am proud of the progress we have made to address operational concerns, as well as the results we have achieved on a number of these critical initiatives.

Background Investigations

We continued to work with our OIG and other partners to improve the background investigation process through the continuous review and evaluation of our processes and operations. We have worked closely with the U.S. Department of Justice on its civil case against USIS. In addition to removing USIS employees from the contract, we implemented a number of improvements to our contracting oversight and operations to strengthen the process.

Of note, on February 6, 2014, we announced a change to our multi-layered review process. Effective February 24, only Federal employees conduct the final quality review before investigative products are sent to agencies for their adjudication. The decision to federalize the review process serves as an internal quality control that prevents any contractor from performing the final quality review of its own work.

OPM is fully engaged in the effort to implement the recommendations of the President's 120-Day Suitability and Security Process Review, including the expedited implementation of the Federal Investigative Standards.

Finally, we remain grateful that the SCORE Act provides our OIG with an additional source of funding to conduct audits and investigations of our background investigation programs.

Retirement Processing

OPM is dedicated to the accurate and timely processing of Federal retirement claims and we continued to take steps to reduce the inventory of retirement claims. As of May, 2014, the inventory had 14,551, claims, compared to 26,210 in May 2013, and 49,473 in May 2012.

We also worked with agencies to ensure the claims we receive are complete. Between September 2013 and March 2014, 82 percent of claims received were complete. We continued to work with agency benefits officers and chief human capital officers (CHCOs), since that partnership is fundamental to improving the accuracy and completeness of incoming claims. Starting July 2014, OPM will report a new performance metric with a goal to process 90 percent of our cases in 60 days or less.

In FY 2014 we will procure and begin configuration of a case management system and online retirement application as we continue to transition from a paper-based process to a fully automated one in accordance with OPM's FY 2014-FY2018 Strategic Plan. We will strive to achieve and maintain the highest standards of customer service for Federal retirees and their families.

Combined Federal Campaign

Participation in the CFC campaigns across the country is just one more way that Federal employees throughout the nation and the world make a difference. In April 2014, OPM released new Combined Federal Campaign (CFC) regulations impacting the 2016 campaign period and beyond. The new regulations will ensure that more of the money that Federal employees pledge will go directly to the charities and causes the donations are designed to assist. New employees will be able to begin contributing sooner and an

online donation process will make pledging more convenient. These new regulations will not only provide Federal employees with more choice and convenience, they will result in a more cost-effective system. We are pleased that our OIG supports the final regulations.

The regulations were developed to implement recommendations from a federal advisory committee called the CFC-50 Commission, which explored various ways the program could be reformed to ensure its continued success. The proposed rule was published in the Federal Register on April 8, 2013, and the 60-day public comment period ended on June 7, 2013. OPM received more than 1,000 comments, which we took into consideration when making revisions to the proposed rule. We continue to collaborate with our charity partners to implement provisions of the new regulations. The final rule reflects a need to make the CFC program more transparent, accountable, and efficient.

Strategic IT Plan

On March 11, 2014, we released the OPM Strategic Information Technology (IT) Plan, a framework for a set of IT standards that supports the entirety of the human resource (HR) lifecycle. This framework enables shared data and performance outcomes across the HR lifecycle, while allowing Shared Service Centers (SSCs) and agencies to adopt IT tools and technologies to meet their needs.

This investment in IT will have a major impact on a number of critical OPM functions. For example, OPM has been using agile development methods described in the strategic plan to rebuild our government-wide talent acquisition system (USA Staffing®). An agile approach allows for shorter development increments and more rapid responses to customer requirements and feedback. The transformation of USA Staffing®, as well as USAJOBS®, improves assessment capability, increases system capacity, improves usability for all user groups, and expands metrics. Additionally, over the long term, the strategic plan will also help to guide the transformation of retirement processing into a more automated process, further reducing the retirement claims inventory while improving the adjudication process.

People & Culture

OPM has made it a priority to strengthen the recruitment, hiring, and retention of a diverse Federal workforce that reflects the population we serve, including our veterans, transitioning military service members, and people with disabilities. We are developing additional enhancements to improve the Federal hiring process. OPM is collaborating with Federal stakeholders to improve hiring outcomes in the short term by identifying and addressing "knots" within agency processes and to determine whether an OPM policy can be streamlined in a way that would help "untie those knots." All of these efforts

support progress on the People and Culture pillar of the President Obama's Second Term Management Agenda to spread practices of excellence in the Federal Government.

OPM is committed to working with its partners to modernize recruitment across government, further develop leadership and training and ensure we are able to attract and retain the country's best and brightest. This includes measures to refine and improve the way in which we use data to better measure progress and ensure accountability.

OPM's government-wide leadership role on the President's Veterans Employment Initiative resulted in the Executive Branch hiring the highest percentage of military veterans since the mid-1970s. The percentage of veteran new hires increased in FY 2013. Of the 162,839 new employees hired in FY 2013, 50,502 were veterans, equaling 31 percent of total new hires. FedsHireVets.gov and its associated social media sites continue to be the one-stop resource for Federal employment information for veterans who are looking to enter the Federal civilian workforce.

In December 2013, we announced that in FY 2012 people with disabilities were hired at a higher percentage than at any point in the past 32 years. In addition, people with targeted disabilities were hired at a higher percentage than at any time in the past 17 years. This success also led to more people with disabilities serving in the Federal government than at any time in the past 32 years.

Affordable Care Act

OPM's Multi-State Plan program, set out in the Affordable Care Act, has made a difference in the lives of nearly 300,000 people who have chosen this option in the health law's Marketplace. In this first year of the program, consumers in 30 states and the District of Columbia had a Multi-State Plan option as part of their health coverage choices. OPM worked to ensure that program options offer comprehensive benefits with strong consumer protections. With the program in place, uninsured Americans now have even more choices for affordable coverage.

The Affordable Care Act has also helped strengthen the Federal Employees Health Benefit Program (FEHBP) by keeping premium growth less than 4 percent for 3 consecutive years, the first time in 20 years. In addition, 325,000 children of Federal employees have taken advantage of a provision that allows individuals to stay on their parents' plan until age 26. The Affordable Care Act has also opened the FEHBP to employees of tribes, tribal organizations, and urban Indian organizations.

Self-Plus-One

President Obama included a provision to offer self-plus-one health coverage in the FEHBP in his fiscal 2014 budget proposal passed by Congress in December 2013. During the 2015 Federal Benefits Open Season, Federal employees will be able to sign up for self-plus-one coverage. This new enrollment type will be effective on January 1, 2016.

Senior Executive Service Performance Appraisal System

In the past sixth months, OPM continued to promote the new Senior Executive Service (SES) performance appraisal system. As of March 31, 2014, 90 percent of Federal agencies with OPM-approved appraisal systems have implemented the new performance appraisal system and an additional 6 percent of agencies have committed to implementing the system by the end of FY 2014.

The system was designed through interagency collaboration, in an open and inclusive process, and reflects a diversity of stakeholder concerns, perspectives, and expertise. The system has enabled agencies to save costs, eliminate the duplication of effort, and partner to develop and acquire support technologies. Moreover, with the new system, performance ratings are more consistent, equitable, and transferable across agencies.

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 OIG staff for continuing to provide an independent review of OPM 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

June 2014

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Introduction

Completing corrective actions to resolve open audit issues is a priority at OPM. 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, 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 and our contracting officers provide effective oversight and administration of the FEHBP.

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. Healthcare and Insurance results¹ are as follows:

- Closed 3 audits
- Closed 15 monetary recommendations
- Closed 27 non-monetary recommendations
- Recovered \$16.9 million and allowed \$0.5 million in questioned costs

In 2013, OPM began using the Medical Loss Ratio (MLR) for non-traditional community rated plans. This replaced examining Similarly Sized Subscriber Groups (SSSGs) to determine competitive rates. The MLR methodology uses a ratio of incurred claims and other medically beneficial expenses to earned premiums over a specific period, as opposed to the detailed examination of SSSG rates, benefits, discounts, and premiums.

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

As audit findings for community rated plans shift from SSSG to MLR, the newer methodology may simplify the process and make it easier to implement, document, and audit, although some new resolution challenges are anticipated.

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 OIG reports that OPM progress in centralizing its IT security structure has slowed due to resource limitations and that the decentralized structure remains a material weakness. By the end of FY13, the OIG states OPM's centralized information system security office (ISSO) structure was only partially implemented.

We are very much aware of this delay and are striving to resolve this as soon as possible. As of January 2014, four ISSO positions within the Office of the Chief Information Officer (CIO) have been filled and an additional six have been approved by executive management. Recruitment and onboarding of these ISSOs is a top priority. When the additional ISSOs come on board, a majority of OPM systems will be transitioned from OPM program offices to the ISSOs, significantly improving the security of OPM systems. The ISSOs will be centralized in the CIO and will report to the chief information security officer.

Additionally, the OPM IT Security Plan describes a more centralized IT governance structure with a top-down leadership strategy and decisions supported by bottom-up innovation and partnership from the program offices.

OPM maintains the OPM Common Security Controls Collection (CSCC) to share resources across OPM security professionals and management to reduce duplicative efforts in the information system security control testing process. The OIG's Audit of the U.S. Office of Personnel Management's Common Security Controls Collection, dated October 10, 2013, found that system information security controls were inappropriately omitted from testing by application owners. Since the issuance of that report, we have taken corrective actions to address these weaknesses and 1 of the 4 recommendations has been closed. For example, we have added the controls labeled as common that were omitted from testing to the OPM Continuous Monitoring Plan. We are also updating and

publishing the Common Security Controls Collection and are planning for controls testing.

Insurance Carrier Information Systems Audits

During the reporting period, the OIG issued an audit on the claims processing applications used by Health Care Service Corporation to adjudicate FEHBP claims. The OIG identified minor system and process weaknesses and areas for improvement in network security. 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.

For instance, KPMG Financial Statement Audits found no material weaknesses, but found significant deficiencies in our information system controls. KPMG identified that weaknesses persist in our processes for identifying, documenting, and monitoring information system security controls. We are aware of these deficiencies and have made many improvements to the OPM Information Security Program. For example, Security Authorizations Packages are now completed in a consistent manner per National Institute of Standards and Technology (NIST) guidelines and OPM security policies. Plans of Action & Milestones (POA&Ms) are also accurately managed in automated systems. Additionally, an Initial Verification and Validation (IV&V) contractor was retained in September 2013 to validate selected security authorization package and POA&M controls for accuracy and policy compliance. We will continue to address remaining information system control deficiencies.

Special Audits

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

During this reporting period, the OIG issued three audit reports of local Combined Federal Campaigns (CFCs). The OIG notes its concern that OIG auditors consistently identify similar weaknesses in local campaigns from audit to audit. For those reasons, the OIG supports the new CFC regulations impacting the 2016 campaign period and beyond, released in April 2014. As discussed by our Director in her opening message, the new regulations amend the CFC by providing federal employees more choice, convenience, and a more cost-effective system. OPM is pleased that the OIG supports the final

regulations. In future audits, we expect to see improvements in the weaknesses that have traditionally been associated with the CFC.

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 (FLTCIP), Federal Employees Dental and Vision Insurance Program (FEDVIP), Flexible Spending Accounts for Federal Employees (FSAFEDS) programs, and tribal enrollments into the FEHBP.

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.

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.

On page 60 of the OIG's Semiannual Report, the OIG includes three "administrative" offsets as "investigative recoveries." We note that FIS actively worked on these three cases. After OIG investigation, the OIG determined that administrative action by FIS for these three cases was more appropriate than criminal or civil prosecution by the U.S. Department of Justice.

Debarment Initiative

The OIG provides an update on the OPM Suspension and Debarment program, which became effective in March 2013 and helps us protect the integrity of OPM and other federal programs. OPM case reviews may result in the debarment of contract companies and/or prohibiting specific individuals from being employed by, or doing business with, OPM as well as other federal agencies.

During the reporting period, the OIG made 5 referrals to OPM for a total of 27 since March 2013. As of the end of the reporting period, OPM has issued 8 final debarments

from these 27 referrals. Of the remaining 19 referrals, OPM's suspension and debarment official has issued 12 proposed debarments and the remaining 7 are under review by the OPM Suspension and Debarment Committee.

To date, all cases referred by the OIG for debarment action have been former OPM Federal Investigative Service (FIS) employees and contractors whom FIS had identified and referred to the OIG for investigation. We will continue to refer cases to the OIG for further investigation and we appreciate the OIG's continued efforts to develop cases to protect the integrity of OPM and other federal agencies.

Table 1A

Reports with Disallowed Costs for Insurance Programs²

October 1, 2013, to March 31, 2014

Subject	Number of Audit Reports	Disallowed Costs (in thousands)	Recoveries or Adjustments (in thousands)
A. Reports for which final action not taken by beginning of reporting period	10	\$16,676	
B. Reports on which management decisions made during the period	10	\$21,938	
C. Reports for which final action taken during period:	5	\$17,425	
1. Recoveries and Adjustments			
a. Collections and offsets	5		\$16,880
b. Property	0		\$0
c. Other (adjustments)	0		\$545
2. Write-offs	0		\$0
D. Reports pending final action at end of period	15	\$21,189	

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

Table 1B

Reports with Disallowed Costs for All Other Audit Entities

October 1, 2013, to March 31, 2014

Subject	Number of Audit Reports	Disallowed Costs
A. Reports for which final action not taken by beginning of reporting period	1	\$32,955
B. Reports on which management decisions made during the period	3	\$6,162
C. Reports for which final action taken during period:	0	0
1. Recoveries and adjustments	N/A	N/A
2. Write-offs (allowed questioned costs)	N/A	N/A
D. Reports pending final action at end of period	4	\$32,955

Table 2

**Action Taken on Audits with Recommendations for Better Use of Funds
October 1, 2013, to March 31, 2014**

Subject	Number of Audit Reports	Better Use of Funds (in thousands)
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

Subject	Number of Reports
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	0
b. Internal Information System Audits	4
c. Internal Audits	1
d. Healthcare & Insurance Special Audits	1
e. CFC Special Audits	0
3. Reports without monetary findings issued by OIG during period	4
4. Reports without monetary findings pending final action at end of period	28

Table 4

Summary of Reports More than 6 Months Old Pending Final Action as of March 31, 2014

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	\$0	N/A	10 of 12 recommendations are closed. OPM is preparing evidence to submit to the OIG for closure review of remaining 2 recommendations.
4A-CI-00-08-022	Federal Information Security Management Act for Fiscal Year 2008	September 23, 2008	\$0	N/A	16 of 19 recommendations are closed. OPM's CIO is coordinating agency-wide testing to resolve remaining 3 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, we continue 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	27 of 30 recommendations are closed. OPM's CIO is coordinating agency-wide testing to resolve remaining 3 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, we continue 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. OPM is preparing evidence to submit to the OIG for closure review of the remaining open recommendation.
4A-CF-00-10-015	OPM's Fiscal Year 2010 Consolidated Financial Statement	November 10, 2010	\$0	N/A	4 of 7 recommendations are closed. (The open recommendations pertain to the open recommendation originally on 4A-CF-00-08-025.) To close the remaining recommendations, we continue 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	37 of 41 recommendations are closed. OPM has hired 4 ISSOs. Funding limitations make it challenging to hire additional ISSOs, but recruitment and onboarding of these ISSOs is a top priority
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. OPM finalized procedures and CFO is researching \$32,955 of debts owed.
4A-CI-00-11-016	Information Technology Security Controls for OPM's Enterprise Server Infrastructure General Support System	May 16, 2011	\$0	N/A	2 of 3 recommendations are closed. To close remaining recommendation, OPM issued a contract for disaster recovery services, but testing has not yet been scheduled.

1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	September 14, 2011	\$0	N/A	10 of 14 recommendations are closed. OPM's CFO is preparing evidence to submit to the OIG for closure review of one of the remaining open recommendations. OPM working group is resolving remaining recommendations.
4A-CI-00-11-009	Federal Information Security Management Act for Fiscal Year 2011	November 9, 2011	\$0	N/A	22 of 29 recommendations are closed. OPM is resolving remaining open recommendations, but additional work is required and agency-testing must be scheduled.
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, we continue to improve the OPM Information Security Program.
1A-99-00-11-022	Global Duplicate Claim Payments for BlueCross and BlueShield Plans in Washington	January 11, 2012	\$6,342,749	\$1,399,318	2 of 3 recommendations are closed. Efforts continue to recover disallowed costs, evaluate claims contested by the carrier, and implement corrective actions to strengthen internal controls.
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. OPM has completed a number of tasks to resolve the remaining open recommendation. OPM is deploying and testing new software versions and has scheduled a password reset demonstration with the OIG.
1B-31-00-10-038	Government Employees Health Association, Inc. in Lee's Summit, Missouri	March 12, 2012	\$1,240,984	\$220,632	This audit is closed. All outstanding audit issues were fully resolved on 5/23/2014.
4A-CF-00-09-014	OPM's Interagency Agreement Process	March 28, 2012	\$0	N/A	2 of 8 recommendations are closed. To resolve remaining recommendations, OPM modified financial procedures and work instructions and submitted evidence to the OIG for closure review.
1A-99-00-12-001	Global Omnibus Budget Reconciliation Act of 1993 Claims for BlueCross and BlueShield Plans in Washington, D.C.	July 16, 2012	\$731,215	\$0	5 of 6 recommendations are closed. All questioned funds have been recovered or allowed. Efforts continue 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	3 of 24 recommendations are closed. OPM is coordinating with the OIG to resolve remaining open recommendations and clarify system ownership. System updates and compatibility testing were completed.
1B-31-00-11-066	Information Systems General and Application Controls at Government Employees Health Association, Inc. in Lee's Summit, Missouri	August 09, 2012	\$0	N/A	This audit is closed. All outstanding audit issues were fully resolved on 6/5/2014.

4A-CF-00-11-067	Administration of the Prompt Payment Act at OPM	September 13, 2012	\$2,329	\$0	5 of 12 recommendations are closed. OPM's CFO is completing tasks and developing procedures to resolve remaining open recommendations.
4A-CI-00-12-016	Federal Information Security Management Act for FY 2012	November 5, 2012	\$0	N/A	9 of 18 recommendations are closed. To resolve remaining recommendations, OPM must significantly modify an existing system.
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 Emblem Health in New York, New York	December 10, 2012	\$0	\$0	8 of 12 recommendations are closed. Efforts continue to mitigate information system control weaknesses (e.g., funding, system modifications, implementation, and testing of new software).
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. OPM provided partial evidence to OIG for closure review on remaining open recommendation. OPM established new process and is implementing it.
1A-10-67-12-004	BlueShield of California in San Francisco, California	January 10, 2013	\$221,174	\$0	8 of 13 recommendations are closed. All questioned funds have been recovered or allowed. Efforts continue 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	\$520,300	2 of 3 recommendations are closed. The final procedural finding was closed after the reporting period ended, leaving one recommendation open. Efforts continue to recover remaining disallowed costs and evaluate claims contested by the carrier.
1C-22-00-12-065	Information Systems General and Application Controls at Aetna Inc. in Hartford, Connecticut	March 18, 2013	\$0	N/A	This audit is closed. All outstanding audit issues were fully resolved on 5/1/2014.
1A-99-00-12-029	Global Coordination of Benefits for BlueCross and BlueShield Plans in Washington, D.C.	March 20, 2013	\$4,690,639	\$439,579	6 of 7 recommendations are closed. Efforts continue to recover disallowed costs, evaluate claims contested by the carrier, and implement corrective actions to strengthen internal controls and close remaining procedural recommendation.
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. OPM's Retirement Services (RS) is implementing a new measure and work is expected to be completed in August 2014.
1A-10-32-12-062	BlueCross BlueShield of Michigan in Detroit, Michigan	July 19, 2013	\$250,961	\$0	6 of 11 recommendations are closed. All questioned funds have been recovered or allowed. Efforts continue to implement corrective actions and close the remaining procedural recommendations.

1A-10-15-13-002	Information Systems General and Application Controls at BlueCross BlueShield of Tennessee in Chattanooga, Tennessee	August 06, 2013	\$0	N/A	6 of 8 recommendations are closed. Efforts continue to mitigate information system control weaknesses (e.g., funding, system modifications, implementation, and testing of new software).
1A-99-00-13-004	Global Continuous Stay Claims for BlueCross and BlueShield Plans in Washington, D.C.	August 20, 2013	\$9,713,652	\$3,049,140	All 6 recommendations are open. Efforts continue to recover disallowed costs, evaluate claims contested by the carrier, and implement corrective actions to strengthen internal controls and close recommendations.
1A-10-00-13-012	Information Systems General and Application Controls at WellPoint, Inc. in Roanoke, Virginia	September 10, 2013	\$0	N/A	4 of 10 recommendations are closed. Efforts continue to mitigate information system control weaknesses (e.g., funding, system modifications, implementation and testing of new software).
1A-10-41-12-050	Florida Blue in Jacksonville, Florida	September 10, 2013	\$1,768,338	\$1,384,355	3 of 13 recommendations are closed. Efforts continue to recover disallowed costs, evaluate claims contested by the carrier, and implement corrective actions to strengthen internal controls and close recommendations.
1C-P2-00-13-015	Presbyterian Health Plan in Albuquerque, New Mexico	September 26, 2013	\$1,933,916	\$1,509,773	1 of 3 recommendations is closed. Efforts continue to evaluate carrier support and recover disallowed costs.
1C-WJ-00-13-007	Group Health Cooperative of South Central Wisconsin in Madison, Wisconsin	September 26, 2013	\$1,981,487	\$1,537,517	3 of 6 recommendations are closed. Efforts continue to evaluate carrier support, recover disallowed costs, and implement corrective actions to strengthen internal controls.

Table 5

Status of the 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-Q1-00-13-011	Lovelace Health Plan	October 10, 2013	\$603,105	\$0	This audit is closed. All outstanding audit issues were fully resolved on 4/3/2014.
1A-10-85-14-011	CareFirst BCBS Supplemental Audit	March 14, 2014	\$1,865,111	\$1,865,111	Audit resolution is in progress. Corrective actions and/or recoveries have been initiated and resolution is closely monitored.
1A-99-00-13-003	Global Claims – APG	November 22, 2013	\$4,422,397	\$885,633	Audit resolution is in progress. Corrective actions and/or recoveries have been initiated and resolution is closely monitored.
1A-10-56-13-047	BlueCross BlueShield of Arizona	February 25, 2014	\$1,909,278	\$1,909,278	Audit resolution is in progress. Corrective actions and/or recoveries have been initiated and resolution is closely monitored.
1A-10-17-13-019	Health Care Service Corporation	March 28, 2014	\$14,413,248	\$1,636,523	Audit resolution is in progress. Corrective actions and/or recoveries have been initiated and resolution is closely monitored.
1H-01-00-12-072	BlueCross BlueShield Association’s Retail Prescription Drug	November 8, 2013	\$1,122,144	\$1,106,466	OPM’s Healthcare and Insurance is working closely with the carrier and OPM stakeholders to develop corrective actions and resolve outstanding audit issues.
1A-99-00-13-032	Global Coordination of Benefits for BlueCross and BlueShield Plans	November 22, 2013	\$7,797,641	\$1,022,511	Audit resolution is in progress. Corrective actions and/or recoveries have been initiated and resolution is closely monitored.
1B-32-00-13-017	National Association of Letter Carriers	December 30, 2013	\$204,222	\$0	Audit resolution is in progress. Corrective actions have been initiated and resolution is closely monitored.
1A-10-17-13-026	Information Systems General and Applications Control at Health Care Service Corporation	January 28, 2014	\$0	N/A	Audit resolution is in progress. Corrective actions have been initiated and resolution is closely monitored.
4A-IS-00-13-036	Audit of the U.S. Office of Personnel Management’s Common Security Controls Collection	October 10, 2013	\$0	N/A	1 of 4 total recommendations is closed. Audit resolution is in progress. OPM’s CIO is updating the Common Security Controls Collection (CSCC) and will publish the CSCC and complete controls testing.
4A-CI-00-13-021	Federal Information Security Management Act Audit FY 2013	November 21, 2013	\$0	N/A	2 of 16 recommendations are closed. OPM is analyzing the recommendations and developing a plan and timeline to

					complete resolution and compliance. OPM's CIO is working with DSOs and system owners to document evidence for closure review.
4A-CF-00-13-034	OPM's Fiscal Year 2013 Consolidated Financial Statements	December 11, 2013	\$0	N/A	No material weaknesses are reported. We continue to improve the OPM Information Security Program. (The open recommendation is a duplicate recommendation originally on 4A-CF-00-08-025.)
4A-CF-00-13-035	OPM's FY 2013 Closing Package Financial Statements	December 16, 2013	\$0	N/A	The audit is closed. KPMG reported that OPM's closing package financial statements are presented fairly, in all material respects.



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