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

October 1, 2015 - March 31, 2016

Message from the Acting Director

I am pleased to respond to the United States Office of Personnel Management's Semi-annual Report to Congress for October 1, 2015, to March 31, 2016. In accordance with the Inspector General Act of 1978, as amended (P.L. 95-452, § 5), we are transmitting our Agency Response to Congress, including the legally required statistical tables.

We would like to recognize the distinguished service of Patrick E. McFarland, who retired this February after 25 years as OPM's Inspector General. His efforts played an important role in improving OPM operations and helped the agency deliver on its critical mission. We also echo the Acting Inspector General in recognition of Mr. McFarland's contributions to the community of Inspectors General and his efforts in support of the National Center for Missing and Exploited Children. We thank Mr. McFarland for his valuable contributions to the agency, the Federal government, and the American people, and look forward to reaffirming a strong partnership between the OIG and the rest of OPM to make OPM the best it can be.

We are pleased to report that OPM has made important advancements on a number of information technology (IT)-related priorities over the past six months. We have worked in partnership with the OIG and our interagency partners to accelerate efforts to strengthen our cybersecurity posture and modernize our IT systems.

We have taken significant steps to upgrade the security of our legacy systems and network perimeter. Last fall, OPM reported to Congress that we had completed the implementation of two factor authentication for 100 percent of users accessing OPM networks; implemented several new cybersecurity tools; and upgraded firewalls. We have continued to make progress during this reporting period. Among other milestones, OPM has:

- Deployed HTTPS web security access protections for all OPM webpages
- Fully implemented DHS's Einstein I, II, and IIIA tools
- Adopted the DHS Continuous Diagnostics and Mitigation (CDM) Program
- Formalized and improved OPM's cybersecurity incident response process

As a result of these efforts, OPM is one of the leaders in all categories in the FY 2015 Cybersecurity Cross Agency Priority (CAP) goals and is becoming a recognizable leader among Federal agencies in meeting or exceeding IT security initiatives.

OPM is proud of our accomplishments to date. However, there is more work to be done to modernize our IT infrastructure. Migrating legacy systems to a modern environment is

critical to manage government costs, support critical program operations, and mitigate security risks. That's why the President's FY2017 budget contained a request for $37 million for OPM to not only continue but accelerate its next steps in the modernization process.

In January, the Administration announced strategic and structural changes to modernize and fundamentally strengthen how the Federal Government performs background investigations through the stand-up of the National Background Investigations Bureau (NBIB). The new NBIB will be a government-wide service provider that will concentrate solely on its mission to provide effective, efficient, and secure background investigations for the Federal Government while adding important capabilities. NBIB will absorb the Federal background investigations operations of OPM's Federal Investigative Services and will be housed within OPM. Among other changes designed to strengthen this critical process, the Department of Defense (DOD) will design, build, and operate IT systems that support NBIB, allowing NBIB to leverage DOD's significant IT national security and cyber security expertise. The NBIB will also receive dedicated staff support in key areas, including acquisition and privacy, and will focus on bringing in additional talent with national security expertise.

OPM has assembled a team from across the government that will develop recommendations for how to implement the transition to NBIB. The transition team is working closely with OPM's Federal Investigative Services to minimize disruption for agencies that rely on OPM to perform background investigations. The goal for the transition team is to have NBIB's initial operating capability established by October 1, 2016. The establishment of the NBIB supports this Administration's work to protect American citizens and our nation's most sensitive information and facilities, and OPM is proud to play a prominent role in this critical effort.

Throughout the response to the cyber incidents and changes to the background investigations process, OPM has maintained a dedication to excellence in customer service and innovative problem-solving as it executes its core mission to recruit, retain, and honor a world-class workforce to serve the American people. These efforts are critical to advancing the People and Culture pillar of the President's Management Agenda (PMA), which focuses on the support of an engaged, innovative, diverse, and productive Federal workforce. Among OPM's accomplishments during the last reporting period, the agency has:

- Launched a nation-wide *Hiring Excellence Campaign* to equip hiring managers and human resources staff with information, tools, and support to strengthen their ability to meet their recruitment and selection needs. We also began implementation of the Executive Order on *Strengthening the Senior Executive*

Service to support efforts to hire the best talent, strengthen development, and improve accountability for the Senior Executive Service (SES).

- Signed up more than 500,000 Federal employees, annuitants, and their families through a new "Self Plus One" option in the Federal Employees Health Benefit Program, which allows an individual participant to cover himself or herself plus one eligible family member.

- Successfully managed the process by which the Federal Government, as an employer, reports on health insurance offered to full time employees in response to the Employer Shared Responsibility section of the Affordable Care Act

- Analyzed data generated from the annual Federal Employee Viewpoint Survey (FEVS) to identify factors that drive employee engagement. We also made FEVS and workforce data available through unlocktalent.gov to support leaders' and managers' employee engagement efforts.

- Improved the quality and reciprocity of the most frequently requested type of background investigations through the implementation of Tier 3 and Tier 3R investigations, in accordance with the Federal Investigative Standards Implementation Plan.

- Enhanced the accuracy of retirement records submitted from agencies by providing education and feedback to agencies. As of March 31, 2016, an average of 89.2 percent of the retirement applications submitted to OPM were complete, an increase from 87.1 at the same point last year.

These efforts are just some of OPM's many contributions to the Federal Government and the American people. We are proud of our progress, but we are dedicated to accelerating our efforts, both in IT and in our programs that deliver on our mission to the Federal workforce. We look forward to continuing to work as partners with the OIG, Congress, and our interagency colleagues in support of this goal.

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

Sincerely,

Beth F. Cobert
Acting Director

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

May 2016

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Introduction

Resolving audit issues is an agency priority. At OPM, the Merit System Accountability and Compliance (MSAC) and the Healthcare and Insurance (HI) programs manage the agency's audit resolution processes to ensure timely and appropriate action. We have found that strong partnerships and effective communication between OPM's audit resolution groups, programs, the Office of the Inspector General (OIG), insurance carriers, and other stakeholders are key to addressing operational weaknesses and improving the performance of OPM programs.

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

Health Insurance Carrier Audits

The OIG continually audits Federal Employees Health Benefit (FEHB) carriers and Multi-State Plan (MSP) issuers to ensure they meet their contractual obligations to OPM. These audits may result in monetary and non-monetary findings which are resolved by Healthcare and Insurance officials, who have been granted contracting authority, and the Audit Resolution branch. HI's contracting officers provide broad oversight and administration of the FEHB and the MSP programs to ensure carriers provide comprehensive benefit offerings that offer choice and value while demonstrating strong internal controls.

OPM is strongly committed to its stewardship and administration of the FEHB, MSP, and other benefit programs. This includes resolving audit findings via recovery of funds, identifying and preventing control weaknesses, strengthening internal controls, establishing corrective actions, and ensuring health carriers have appropriate systems in place to safely and securely handle data.

During the period, our resolution of FEHB and MSP audits yielded impressive results. We closed numerous recommendations and recovered disallowed costs, while continuing to address complex issues with broad implications. Healthcare and Insurance results[1] are as follows:

- Closed 12 audits
- Closed 42 monetary recommendations
- Closed 100 non-monetary recommendations

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

- Recovered $8.4 million and allowed $0.7 million in disallowed costs

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

- We issued carrier letter 2016-05 to help health carriers better understand the audit resolution process. The letter emphasized the importance of timely audit resolution, per OMB Circular A-50. The letter also documented instructions for preparing resolution documentation. In March 2016, HI provided an overview of these new requirements at the annual America's Health Insurance Plans/FEHBP Carrier Conference, attended by more than 200 carrier representatives. With this information, we expect carriers to better support their positions throughout the resolution process.

- We increased the use of work plans to assist carriers in resolving information system audit findings. With this practice, carriers document their plans to remediate findings in an appropriate, responsive, timely, and adequate manner.

- We continued efforts to communicate the new Fraud Waste and Abuse (FWA) reporting requirements, which became effective December 2014. In January 2016, HI provided an overview of the consolidated carrier letter requirements to the OIG-sponsored FEHB Task Force to which all carriers were invited. During the next period, we will evaluate the completeness and accuracy of reporting. We will assess opportunities to increase compliance and address FWA-related audit recommendations.

Information Systems Audits

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

Internal Information Systems Audits

On November 10, 2015, the OIG released its Fiscal Year (FY) 2015 Federal Information Security Modernization Act (FISMA) final report. The OIG noted that over the past several years, the Office of the Chief Information Officer (OCIO) made "noteworthy improvements to OPM's IT security program," including the centralization of OPM's information security management structure. Since issuance of the report, OPM has

continued to enhance its IT security program, and the OIG agreed to close 7 recommendations.

Some of the more significant achievements during the period include:

- On November 20, 2015, the OIG recognized that all OPM employees with significant information security responsibility are taking meaningful and appropriate specialized security training on an annual basis;
- On December 18, 2015, the OIG recognized that our OCIO and program offices who own information systems have incorporated all known security weaknesses into appropriate Plans of Action and Milestones (POA&Ms);
- Notably, as of March 31, 2016, the OIG acknowledged that we had streamlined the OPM system authorization process.

During the next period, we will continue to implement corrective actions in response to the OIG FY15 FISMA recommendations. For instance, we are fully documenting OPM's system inventory to address items noted by the OIG. In doing so, we anticipate being able to quickly resolve several other OIG findings associated with our system inventory.

Also during this period, the OIG conducted an audit of information security and general controls at KeyPoint Government Solutions, a service contractor for OPM's Federal Investigative Services (FIS). KeyPoint Government Solutions operates the Secure Portal, a critical OPM IT system. The OIG issued its audit of the information security and general controls at KeyPoint Government Solutions on December 9, 2015. The OIG found that KeyPoint security controls are compliant. However, the OIG noted areas for improvement in access controls, network security, configuration management, contingency planning, and application controls. We concurred with 16, and partially concurred with 1, of the 17 recommendations made by the OIG. We are actively engaged in closing the recommendations, including by working with KeyPoint to implement corrective actions. We anticipate sending evidence to the OIG to close the 16 of the 17 recommendations during the next period.

During the period, we also worked to resolve open recommendations from prior reporting periods. In addition to staff-level communication, OIG and OPM management meet monthly to share information and discuss open recommendations and challenges in the audit resolution process. Our collaboration with the OIG is especially critical in addressing internal information system audit findings.

Insurance Carrier Information Systems Audits

During the reporting period, the OIG issued four insurance carrier information systems audits. In these audits, the OIG evaluated controls over the confidentiality, integrity, and

availability of FEHB data processed and maintained in the carriers' information technology environments. All four audits included recommendations to implement or enhance system and process controls. The OIG issued its audit of the Special Agents Mutual Benefit Association (SAMBA) plan on October 28, 2015. We worked closely with the carrier to resolve each finding. The audit is now closed.

The OIG issued three other insurance carrier information systems audits during the period. We are working with the audited health carriers to implement, and are closely monitoring corrective actions 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, 2015 and for the fiscal year (FY) then ended. KPMG found that OPM's consolidated and program financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. However, KPMG found one material weakness in our information systems control environment and significant deficiency in our entity level controls over financial management. In response to KPMG's findings, OPM developed and is aggressively implementing corrective actions to address each of KPMG's recommendations.

During the period, KPMG also conducted an audit of OPM's FY 2015 closing package financial statements. On November 16, 2016, KPMG reported that OPM's closing package financial statements were presented fairly, in all material respects. FY 2015 represents 16 consecutive years for which OPM has achieved an unmodified audit opinion on its financial statements.

In addition, the OIG conducted a special review of OPM's award of credit monitoring and identity theft services contract to The Winvale Group. The OIG found five areas of non-compliance with certain Federal Acquisition Regulation (FAR) and OPM policies and procedures in awarding of the contract to Winvale.

Specifically, the OIG found that the statement of work lacked measurable outcomes, adequate market research, including the review and approval of the small business specialist, an independent government cost estimate, and a conclusive determination of Federal Supply Schedule use. The OIG identified that the acquisition plan had not been

appropriately signed in a timely manner and that the Blanket Purchase Agreement (BPA) call exceeded FAR dollar threshold limitations. In addition, the OIG found the associated contract file unreliable. We agreed with four, and partially agreed with one, of the OIG's findings. OPM's position is that the contract file is complete, reliable, and constitutes the official record, although certain elements (i.e., the market research report, acquisition plan, and System for Award Management documentation) were not formally documented in the contract file until after the award was made.

In response to this audit, issued on December 2, 2015, the Office of Procurement Operations (OPO) took immediate action to update contracting policy and procedural guidance to address the OIG's findings. Throughout fiscal year 2015, OPO focused on building its oversight infrastructure and addressing serious staffing gaps. OPO added operational contract specialists, experienced procurement analysts, and cost and pricing analysts. These additions will ensure OPO continues to move progressively towards a well-established, consistent oversight and compliance program.

Special Audits

The OIG also conducts special audits on health carriers operations, the administrative oversight of the Federal Employees' Group Life Insurance (FEGLI), Dental and Vision Insurance Program (FEDVIP), Federal Long Term Care Insurance Program (FLTCIP), Flexible Spending Accounts for Federal Employees (FSAFEDS) programs, and on tribal enrollments into the FEHB. During the reporting period, the OIG issued three special audit reports and one management alert in these areas.

The OIG audited the FEDVIP Aetna Dental, FEDVIP GEHA, and the Tribal Insurance Processing System (TIPS) programs. The OIG identified unallowable TIPS charges. The OIG also recommended program improvements for each of the three audited programs. The FEDVIP GEHA audit has been closed. We are working with internal and external stakeholders to address the remaining FEDVIP Aetna Dental and TIPS recommendations.

The management alert pertained to the procurement of the FSAFEDS and FLTCIP programs with recommendations to promptly rebid these programs. The procurement of the FSAFEDS contract had been complicated by several factors, including changes in regulating authority and required coordination between the FSAFEDS and BENEFEDS programs. While addressing these factors, we had extended the terms of the existing FSAFEDS contract to allow for continuity of operations. Regardless, since issuance of the OIG alert on October 14, 2015, both the FSAFEDS and FLTCIP contracts were competitively rebid and successfully awarded.

Upon issuance of the OIG's alert, we took immediate action to address the performance period of the FSAFEDS contract. We put a bridge contract in place in December 2015 while we competitively awarded the new contract. We made a competitive award in March 2016. Performance is set to commence in September 2016, with an appropriate transition period. We believe these actions fully satisfy the OIG recommendation regarding the FSAFEDS contract.

Additionally, the OIG issued three other recommendations focused on adherence to the FAR, consolidation of contracting functions to include contract administration, and the separation of contracting and program office duties and responsibilities within the benefits programs. Throughout the next period, we continue to collaborate on corrective actions. As OIG reports, HI and the OPM's procurement program meet on a biweekly basis to address the recommendations associated with this alert. As we continue, OPM is committed to addressing these recommendations and making the best decisions for the enrollees and taxpayers.

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 see that allegations of employee misconduct and contractor fraud are investigated and dealt with appropriately.

Debarment Initiative Update

In March 2013, OPM formally established a Suspension and Debarment program to help protect the integrity of OPM and other Federal programs by considering the debarment of OPM contractors and employees who have violated the terms of their contract or employment. During the reporting period, the OIG made 20 suspension and debarment referrals to OPM, for a total of 90 since March 2013. During the reporting period, OPM issued 4 debarments. We thank the OIG for its commitment to continue developing and referring cases to OPM in order to protect the integrity of OPM and other Federal programs.

Evaluations and Inspections Activities

The OIG's Office of Evaluations and Inspections (OEI) provides an alternative method for conducting reviews of OPM programs and operations. OEI quickly analyzes OPM concerns or issues that need immediate attention. In this reporting cycle, the OIG issued two evaluations and inspections.

In the first evaluation, reported on November 17, 2015, the OIG determined that OPM non-career officials were, appropriately, not involved in the FOIA Office's response process between January 1, 2010, and August 16, 2015. The OIG made no recommendations. This evaluation is closed.

In the second evaluation, reported on March 29, 2016, the OIG determined that OPM should improve the maintenance of the Federal Employees' Compensation Act (FECA) case files. We concurred with one, partially concurred with three, and did not concur with one of the five recommendations made by the OIG. We are developing a comprehensive corrective action plan to address the OIG's findings. In the plan, we have identified specific actions and milestones with reasonable timelines.

Table 3

Reports without Monetary Findings
October 1, 2015 to March 31, 2016

Subject	Number of Reports
Reports for which final action not taken by beginning of reporting period	54
Reports for which final action taken during period:	
a. Health Insurance Carrier Audits	5
b. Internal Information Systems Audits	1
c. Internal Audits	6
d. Healthcare & Insurance Special Audits	1
e. CFC Special Audits	
Reports without monetary findings issued by OIG during period	19
Reports without monetary findings pending final action at end of period	60

Table 4

Summary of Reports More than 6 Months Old Pending Final Action as of March 31, 2016

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 recommendations are closed. OPM transmitted closure evidence to the OIG during the reporting period to close the last recommendation.
4A-CI-00-08-022	Federal Information Security Management Act (FISMA) for Fiscal Year 2008	September 23, 2008			17 of 19 recommendations are closed. To close the remaining recommendations, OPM's OCIO is conducting and overseeing security controls and contingency plan testing.
4A-CF-00-08-025	OPM's Fiscal Year 2008 Consolidated Financial Statement	November 14, 2008			5 of 6 recommendations are closed. OPM is preparing evidence for closure of the last recommendation.
4A-CI-00-09-031	Federal Information Security Management Act (FISMA) for Fiscal Year 2009	November 5, 2009			28 of 30 recommendations are closed. To close the remaining recommendations, OPM's OCIO is conducting and overseeing security controls and contingency plan testing
4A-CF-00-09-037	OPM's Fiscal Year 2009 Consolidated Financial Statement	November 13, 2009			4 of 5 recommendations are closed. OPM is preparing evidence for closure of the last recommendation.
4A-CF-00-10-015	OPM's Fiscal Year 2010 Consolidated Financial Statement	November 10, 2010			4 of 7 recommendations are closed. OPM is preparing evidence for closure of the remaining recommendations.
4A-CI-00-10-019	Federal Information Security Management Act (FISMA) for Fiscal Year 2010	November 10, 2010			39 of 41 recommendations are closed. To close the remaining recommendations, OPM's OCIO is conducting and overseeing security controls and contingency plan testing.
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	September 14, 2011			11 of 14 recommendations are closed. OPM is evaluating internal controls and corrective actions, such as the review of returned 1099Rs in 2015, to determine what further steps are needed to close the remaining

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
					recommendations.
4A-CI-00-11-009	Federal Information Security Management Act (FISMA) for Fiscal Year 2011	November 9, 2011			26 of 29 recommendations are closed. In addition to previously noted corrective actions, OPM's Risk Management Council is monitoring NIST SP 800-39 implementation.
4A-CF-00-11-050	OPM's Fiscal Year 2011 Consolidated Financial Statement	November 14, 2011			6 of 7 recommendations are closed. OPM is preparing evidence for closure of the last recommendation.
4A-OP-00-12-013	Information Technology Security Controls of OPM's Audit Report and Receivables Tracking System	July 16, 2012			14 of 24 recommendations are closed. During the period, OPM established biweekly meetings to monitor and assign responsibility for remaining milestones. OPM plans to close the remaining recommendations by the end of FY 2016.
4A-CF-00-11-067	Administration of the Prompt Payment Act at OPM	September 13, 2012			7 of 12 recommendations are closed. During the period, OPM submitted closure evidence for 4 of the recommendations and took actions to close the last recommendation.
4A-CI-00-12-016	Federal Information Security Management Act (FISMA) for Fiscal Year 2012	November 5, 2012			14 of 18 recommendations are closed. In addition to the corrective actions cited in FISMA 2011, OPM conducted a comprehensive threat assessment during the period. Additionally, OPM is considering other alternatives to address the recommendations.
4A-CF-00-12-039	OPM's Fiscal Year 2012 Consolidated Financial Statement	November 15, 2012			2 of 3 recommendations are closed. OPM is preparing evidence for closure of the last recommendation.
1K-RS-00-12-031	OPM's Voice over the Internet Protocol Phone System Interagency Agreement	December 12, 2012			1 of 2 recommendations is closed. To close the last recommendation, OPM implemented a new process during the period.
4A-CF-00-12-066	Assessing the Relevance and Reliability of OPM's Performance Information	April 1, 2013			4 of 5 recommendations are closed. During the period, OPM prepared closure evidence to resolve the last recommendation.
1A-10-	BlueCross	July 19,	$250,961	$0	10 of 11 total recommendations are

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
32-12-062	BlueShield of Michigan	2013			closed. OPM recovered all questioned funds and is working with the carrier to implement corrective actions.
1H-01-00-12-072	BlueCross and BlueShield's Retail Pharmacy Member Eligibility in 2006, 2007, and 2011	November 8, 2013	$2,305,973	$2,254,067	1 of 11 total recommendations is closed. OPM is working to resolve several unique issues raised in this audit.
4A-CI-00-13-021	Federal Information Security Management Act for Fiscal Year 2013	November 21, 2013			11 of 16 recommendations are closed. In addition to the corrective actions recommendations cited in FISMA 2012, OPM developed and implemented a process for monitoring major investments during the development life cycle (SDLC). However, at this time, OPM does not have the resources to monitor non-major investments during the SDLC.
4A-CF-00-13-034	OPM's Fiscal Year 2013 Consolidated Financial Statement	December 13, 2013			0 of 1 recommendation is closed. OPM is preparing evidence for closure of the open recommendation.
1A-10-17-13-026	Information Systems General and Application Controls at Health Care Service Corporation	January 28, 2014			11 of 12 total recommendations are closed. OPM is working with the carrier to address information system control weaknesses.
4A-CF-00-14-009	OPM's Fiscal Year 2013 Improper Payments Reporting for Compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010	April 10, 2014			0 of 1 recommendation is closed. The OIG will evaluate evidence to close the recommendation during the course of its FY16 IPERA review.
1A-99-00-13-046	Global Non-Covered Ambulance Claims for BlueCross and BlueShield Plans	April 17, 2014	$1,423,823	$466,983	3 of 4 recommendations are closed. OPM is recovering remaining disallowed costs and evaluating claims contested by the carrier.
1B-32-00-13-	Information Systems General	May 6, 2014			34 of 41 recommendations are closed. OPM is working with the carrier to

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
037	and Application Controls at the National Association of Letter Carriers Health Benefit Plan				address information system control weaknesses
1A-10-15-13-058	BlueCross BlueShield of Tennessee	June 6, 2014	$3,622,914	$904,048	12 of 16 recommendations are closed. OPM is evaluating claims contested by the carrier and implementing corrective actions to strengthen internal controls.
4A-CI-00-14-015	Information Technology Security Controls of OPM's Development Test Production General Support System Fiscal Year 2014	June 6, 2014			1 of 6 recommendations is closed. During the period, the OPM OCIO made and documented system modifications and completed the system security assessment and authorization.
1A-10-67-14-006	Information Systems General and Application Controls at Blue Shield of California	July 9, 2014			15 of 16 recommendations are closed. OPM is working with the carrier to address information system control weaknesses through the use of work plans and appropriate corrective actions.
4A-CI-00-14-028	Status of Cloud Computing Environments within OPM	July 9, 2014			0 of 3 recommendations are closed. During the period, OPM documented cloud computing contract clauses and updated policies to resolve the recommendations.
Not applicable	Review of FIS Background Investigation Process	August 15, 2014			0 of 3 recommendations are closed. OPM advised the IG that incorporating OIG records into background investigations would require automated access to a consolidated database of IG records, which the OIG community currently does not provide. The Council of Inspectors General on Integrity and Efficiency is studying the feasibility of providing OPM access to IG records. OPM awaits the results of the study before taking further action to resolve these recommendations.
1A-99-00-13-061	Global Duplicate Claim Payments for BlueCross and	August 19, 2014	$7,878,473	$1,297,010	5 of 6 recommendations are closed. OPM is evaluating claims contested by the carrier.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
	BlueShield Plans				
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			8 of 10 recommendations are closed. OPM is developing processes and baselines and tracking POA&Ms to resolve the remaining recommendations.
4A-CF-00-14-039	OPM's Fiscal Year 2014 Consolidated Financial Statement	November 10, 2014			1 of 4 recommendations is closed. OPM is preparing evidence for closure of the remaining recommendations.
4A-CI-00-14-016	Federal Information Security Management Act (FISMA) for Fiscal Year 2014.	November 12, 2014			12 of 29 recommendations are closed. In addition to the corrective actions for recommendations cited in FISMA 2013, OPM is developing processes and baseline configurations, conducting vulnerability scans, tracking POA&Ms, reviewing contingency plans, planning a system authorization "sprint," and documenting system interconnections to resolve the open recommendations.
Not applicable	Management Advisory on Case Number C-14-01328	December 19, 2014			3 of 4 recommendations are closed. OPM is working with a contractor to strengthen evidence to close the last recommendation.
3A-CF-00-14-050	The 2011 and 2012 Chesapeake Bay Area Combined Federal Campaigns of Central Maryland	December 23, 2014			9 of 24 recommendations are closed. OPM is working with the campaign committee and administrators and is monitoring corrective actions.
4A-CI-00-14-064	Information Technology Security Controls OPM's Dashboard Management Reporting System	January 14, 2015			1 of 4 recommendations is closed. OPM implemented corrective actions and is collecting evidence to send to the OIG.
1A-10-49-14-021	Information Systems General and Application	February 11, 2015			12 of 15 recommendations are closed. OPM is working with the carrier to address information system control

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
	Controls at Horizon Blue Cross Blue Shield				weaknesses through appropriate corrective actions.
3A-CF-00-14-049	The 2011 and 2012 Long Island Combined Federal Campaigns	February 11, 2015			2 of 18 recommendations are closed. OPM is working with the campaign committee and administrators and is monitoring corrective actions.
1C-U4-00-14-038	The Health Plan of the Upper Ohio Valley, Inc.	February 20, 2015	$2,144,107	$1,102,882	3 of 5 recommendations are closed. OPM is working closely with the carrier and stakeholders to 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			17 of 29 recommendations are closed. OPM is working with the campaign committee and administrators and. OPM is monitoring corrective actions.
4K-RS-00-14-076	The Review of OPM's Compliance with the Freedom of Information Act (FOIA)	March 23, 2015			1 of 3 recommendations is closed. OPM is completing corrective actions to resolve the remaining recommendations.
1B-43-00-14-029	Information Systems General and Application Controls and Administrative Expenses at the Panama Canal Area Benefit Plan and its Claims Administrator, AXA Assistance	April 2, 2015			5 of 12 recommendations are closed. OPM is working with the carrier to address information system control weaknesses through the use of work plans and appropriate corrective actions.
4A-RS-00-13-033	Controls over Retirement Eligibility and Services	April 13, 2015			1 of 7 recommendations is closed. OPM is collecting improper payments and finalizing new procedures to resolve the open recommendations.
4A-RI-00-15-013	Information Technology Security Controls for OPM's Multi-State Plan Program Portal	May 11, 2015			3 of 4 recommendations are closed. During the period, OPM worked with the web hosting vendor to resolve vulnerabilities.
4A-CF-00-15-025	Fiscal Year 2014 Improper Payments Reporting	May 15, 2015			0 of 4 recommendations are closed. OPM is implementing additional corrective actions which the OIG will evaluate during its Fiscal Year 2016

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
					IPERA review.
1C-54-00-14-061	Information Systems General and Application Controls at Group Health Cooperative and KPS Health Plans	May 19, 2015			16 of 18 recommendations are closed. OPM is working with the carrier to address information system control weaknesses through the use of work plans and appropriate corrective actions.
4A-HR-00-13-055	Human Resources Solutions' Pricing Methodologies	June 2, 2015			0 of 5 recommendations are closed. OPM is monitoring corrective actions.
4A-CI-00-15-055	Flash Audit Alert – OPM's Infrastructure Improvement Project	June 17, 2015			0 of 2 recommendations are closed. During the period, OPM completed corrective actions, such as the submission of an OMB 300 business case.
1A-10-33-14-062	Information Systems General and Application Controls at Blue Cross Blue Shield of North Carolina	June 18, 2015			7 of 8 recommendations are closed. OPM is working with the carrier to address information system control weaknesses through the use of work plans and appropriate corrective actions.
1A-99-00-14-069	BlueCross BlueShield Association's Fraud Information Management System	July 14, 2015			2 of 3 recommendations are closed. OPM is working closely with stakeholders to implement corrective actions to strengthen internal controls and close the remaining recommendations.
1A-99-00-14-046	Global Coordination of Benefits for BlueCross and BlueShield Plans	July 29, 2015	$7,434,591	$5,232,201	3 of 5 recommendations are closed. OPM is working closely with the carrier and stakeholders to recover questioned costs.
4A-HR-00-15-018	Information Technology Security Controls of OPM's USA Performance System	July 20, 2015			0 of 1 recommendation is closed. OPM is updating the system privacy impact assessment.
4A-RI-00-15-019	Information Technology Security Controls for OPM's Annuitant Health Benefits Open Season System	July 29, 2015			1 of 7 recommendations is closed. OPM's Retirement Services and OCIO are identifying resources to execute the corrective action plan to resolve the open recommendations.
4A-HR-00-15-015	Information Technology Security Controls of OPM's GP	July 31, 2015			8 of 12 recommendations are closed. OPM is completing and monitoring corrective actions.

Report Number	Subject	Date Issued	Disallowed Costs	Receivable	Status
	Plateau Baseline 6 Learning Management System				
1C-QA-00-14-045	Independent Health	August 12, 2015	$9,496,680	$9,496,680	1 of 3 recommendations is closed. OPM is working closely with stakeholders to recover questioned costs and implement corrective actions in order to close the open recommendations.
1C-E3-00-15-020	Information Systems General and Application Controls at Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	August 28, 2015			3 of 8 recommendations are closed. OPM is working with the carrier to address information system control weaknesses through the use of work plans and appropriate corrective actions.
1C-51-00-14-066	Health Insurance Plan of Greater New York	August 31, 2015	$17,191,178	$17,191,178	1 of 3 recommendations is closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries as appropriate and implement corrective actions in order to close the open recommendations.
1C-22-11-14-071	Aetna HealthFund	August 31, 2015	$20,016,333	$20,016,333	0 of 2 recommendations are closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries as appropriate and implement corrective actions in order to close the open recommendations.
4A-RS-00-15-014	Special Review of OPM's Quality Assessment of USIS's Background Investigations	September 22, 2015			0 of 1 recommendation is closed. To resolve the recommendation, OPM is developing an automated tool to identify and flag investigations submitted for reinvestigation.

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
4A-RI-00-16-014	Management Alert – Serious Concerns Related to OPM's Procurement Process for Benefit Programs	October 14, 2015			0 of 4 recommendations are closed. Since the alert was issued, the FSAFEDS and FLTCIP contracts have been competitively awarded. OPM continues to coordinate internally to address these recommendations and manage the corrective action plan.
1C-9F-00-15-010	Humana Benefit Plan of Illinois, Inc.	October 28, 2015	$362,995	$176,786	1 of 3 recommendations is closed. OPM is working with the carrier to recover questioned costs, implement corrective actions, and close the remaining recommendations.
1A-10-85-14-053	CareFirst BlueCross BlueShield	October 28, 2015	$657,472	$0	OPM recovered disallowed costs and closed the recommendations by November 5, 2015. The audit is closed.
1B-44-00-14-065	Information System General and Application Controls at Special Agents Mutual Benefit Association	October 28, 2015			OPM has closed all recommendations. This audit was closed March 3, 2016.
4A-CF-00-15-027	OPM's FY 2015 Consolidated Financial Statements	November 13, 2015			0 of 5 recommendations are closed. In response to the findings, OPM developed a plan and is aggressively implementing corrective actions to address each recommendation.
4A-CI-00-15-011	FISMA FY 2015	November 10, 2015			7 of 27 recommendations are closed. OPM continues to implement corrective actions in response to the recommendations.
4A-CF-00-15-028	OPM's FY 2015 Closing Package Financial Statements	November 16, 2015			KPMG reported that OPM's closing package financial statements are presented fairly, in all material respects. The audit is closed.
1A-99-00-14-068	Focused Audit of Pension and Post-Retirement Benefit Costs Sample of BlueCross and BlueShield Plans	November 16, 2015	$119,166	$0	OPM recovered disallowed costs and closed the recommendations by February 16, 2016. The audit is closed.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1L-0A-00-14-074	Tribal Insurance Processing System as Administered by the National Finance Center	November 16, 2015	$17,335	$17,335	2 of 9 recommendations are closed. OPM is working with the National Finance Center to implement corrective actions to close the recommendations.
4K-RS-00-15-059	OPM's Non-Career Officials' Involvement in the Freedom of Information Act Response Process	November 17, 2015			The OIG made no recommendations. This evaluation is closed.
1A-10-17-14-037	Health Care Service Corporation Claims	November 19, 2015	$35,761,169	$35,026,490	6 of 16 recommendations are closed. OPM is evaluating evidence provided in support of questioned costs and implementing corrective actions to close the remaining recommendations.
4K-RS-00-16-024	Special Review of OPM's Award of a Credit Monitoring and Identify Theft Services Contract to Winvale Group and its Subcontractor, CSidentity	December 2, 2015			0 of 2 recommendations are closed. OPM is updating contracting policy and procedural guidance to address the OIG's findings. OPM continues to coordinate internally to manage these and other corrective actions.
4A-IS-00-15-034	ISG&AC @ KeyPoint Government Solutions	December 9, 2015			0 of 17 recommendations are closed. OPM concurred with 16, and partially concurred with 1, of the 17 recommendations. We are actively engaged in closing the recommendations.
1D-VT-00-15-026	KPS Health Plans	February 2, 2016	$2,028,790	$0	7 of 8 recommendations are closed. OPM recovered disallowed costs and continues to work with the carrier to implement corrective actions to close the remaining procedural recommendation.
1M-0C-00-15-052	Blue Cross and Blue Shield of Michigan	February 16, 2016			No material weaknesses were reported. The audit is closed.
1A-10-78-15-040	BlueCross BlueShield of Minnesota	February 16, 2016	$227,123	$0	4 of 6 recommendations are closed. OPM recovered disallowed costs and continues to work with the carrier to implement corrective actions to close the remaining procedural recommendations.
1J-0D-00-15-037	Federal Employees Dental and Vision Insurance Program Operations as Administered by Aetna Dental	February 16, 2016			0 of 4 recommendations are closed. OPM is working with the carrier to implement corrective actions and close recommendations.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1C-JP-00-15-035	MD-Individual Practice Association, Inc.	February 26, 2016	$11,363,178	$11,363,178	2 of 3 recommendations are closed. OPM is working with the carrier to recover questioned costs, implement corrective actions, and close the last recommendations.
1C-WD-00-15-039	Dean Health Plan	March 28, 2016	$537,762	$0	0 of 3 recommendations is closed. OPM is working with the carrier and internal stakeholders to verify questioned costs, take appropriate actions, and close the recommendations.
4K-RS-00-15-050	OPM's Oversight of the Federal Workers' Compensation Program	March 29, 2016			0 of 5 recommendations are closed. We are developing a corrective action plan to address the OIG's findings.