

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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

October 1, 2016 to March 31, 2017



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## Message from the Acting Director

I am pleased to respond to the United States Office of Personnel Management's (OPM) Office of Inspector General's (OIG) Semiannual Report to Congress for October 1, 2016, to March 31, 2017. In accordance with Section 5 of Public Law 95-452, as amended, we are transmitting our Agency Response to Congress, including the statutorily required statistical tables.

I want to thank OIG for their recommendations. Resolving audit issues continues to be an agency priority and this response details the corrective actions that OPM has taken to address the OIG's audit and enforcement activities during the reporting period. OPM continues to value our strong partnership with OIG as we work together to better serve the American people.

As the OPM OIG report noted, under 42 U.S.C. § 1320a-7b, the Federal Employees Health Benefits (FEHB) program continues to be excluded from the Anti-Kickback Statute. We agree with the Acting Inspector General's view that FEHB exclusion from the Anti-Kickback creates problems.

The OIG has been forced to close kickback cases involving claims of medically unnecessary services due to this loophole. That is not optimal. We are committed to working with our OIG and Congress to amend this provision and better serve our Federal employees and the American taxpayer.

Over the past six months, OPM has continued to carry out its mission to recruit, retain, and honor a world-class workforce to serve the American people. In addition to directing human resources and employee management services, administering retirement benefits, managing healthcare and insurance programs, overseeing merit-based and inclusive hiring into the civil service, and providing a secure employment process, OPM has played a critical role in improving the Government's effectiveness, efficiency, cybersecurity, and accountability. Among OPM's accomplishments during the last reporting period, the agency has:

*Established the National Background Investigations Bureau (NBIB) to modernize and strengthen how the Federal Government conducts background investigations.* Since October 1, 2016, NBIB has fostered and preserved a strong partnership with the Department of Defense during the initial build of the National Background Investigation System (NBIS) information technology (IT) system while continuing to secure legacy networks and background investigation systems. The organization has also increased the capacity of federal and contract investigators to work the large investigation inventory and established a Law Enforcement Liaison Office to improve partnerships and communications with state and local law enforcement organizations nationwide. Additionally, NBIB launched a Joint Duty Program, beginning with the Intelligence Community, to embed diverse Executive Branch-wide expertise into the organization.

*Begun implementing forward-leaning strategies to grow our Nation's cybersecurity workforce.* To create a long-term cybersecurity advantage for the Federal Government, OPM is helping to

build a cybersecurity workforce pipeline to recruit, hire, develop, and retain our Nation's best cybersecurity talent into Federal service. By the end of the first quarter of Fiscal Year (FY) 2017, the Federal Government had exceeded its goal of hiring 6,500 cybersecurity and IT professionals by more than 15% (7,519 hires). Among other strategies, we have established the Cybersecurity HR Cadre to facilitate a model cybersecurity end-to-end hiring process and launched [www.cybercareers.gov](http://www.cybercareers.gov), a comprehensive website of tools, resources, and information for job seekers, managers, employees, academics, and students.

*Continued to focus on IT modernization and data center consolidation.* During this reporting period, for example, OPM closed three data center facilities and relocated that equipment to the two main data centers. OPM will continue this data center migration and anticipates having all data centers consolidated to two main data centers by the end of FY 2018, pending availability of funding and resources. OPM also published its Strategic Plan in furtherance of the Data Center Optimization Initiative. OPM's continued efforts to modernize will focus on improving security and risk management for IT operations and improving services to internal and external OPM customers. This will be accomplished by focusing on expansion of cybersecurity capabilities, improving core operations and maintenance through network management and infrastructure refresh, and investing in quality assurance, enterprise architecture, and governance.

*Played an essential role in helping agencies begin developing workforce-reshaping plans to meet Administration directives.* OPM has provided and will continue to provide technical assistance and strategic guidance, as well as human capital products and services related to workforce planning and maximizing employee performance, to support agencies in implementing the requirements of OMB Memo M-17-22 "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce." As part of these efforts, OPM is supporting agency HR staff and leadership by providing informational and training sessions on a variety of key workforce reshaping topics, and, in our first two training sessions, we had more than 1,000 agency participants.

*Leveraged public and private partnerships to bring human capital innovation to the Federal Government.* Through collaboration between OPM and the General Services Administration (GSA), the Human Capital and Training Solution (HCaTS) contract is part of the strategic, government-wide movement to "buy-as-one" through category management. This is an important first step in optimizing human capital spending. HCaTS cuts costs and improves efficiency by providing agencies streamlined access to proven, pre-selected contractors in the areas of training and development, human capital, and organizational performance services. The solution leverages OPM expertise in the areas of human capital management and GSA prowess in acquisition, allowing Federal agencies to focus on their unique challenges. In January 2017, the Office of Management and Budget (OMB) and the Category Management Leadership Council awarded HCaTS with a best-in-class contract designation. HCaTS is a first-of-its-kind partnership between Federal agencies and the private sector developed with input from OMB, the Chief Human Capital Officers Council (CHCOC), Small Business Administration (SBA), the Category Management Leadership Council (CMLC), the Professional Services Council (PSC) and the Coalition for Government Procurement (CGP).

*Played an integral role in achieving a U.S. Supreme Court decision that lowers premiums.* In a unanimous decision, the U.S. Supreme Court held that the FEHB Act preempts state law with regard to reimbursement and subrogation clauses in FEHB plans' contracts with OPM. This allows FEHB carriers to be reimbursed for health benefit payments when another party is determined to be financially liable for the FEHB covered enrollee's injuries or illnesses and related healthcare costs. The Court found that the FEHB Act preempted state subrogation laws and was entitled to be enforced in accordance with the Supremacy Clause. In 2014 alone, FEHB carriers recouped \$126 million in subrogation savings and more of these recoupments will lower premiums for the Federal Government and FEHB plan enrollees. OPM's Office of General Counsel assisted the Solicitor General to represent the United States' interests in this matter

These efforts are just some of OPM's many contributions to the Federal Government and the American people. We are proud of our progress and are committed to improving the Government's effectiveness, efficiency, cybersecurity, and accountability.

I want to thank the OIG for continuing to provide an independent review of OPM's activities. We look forward to continuing our work with the OIG, Congress, and interagency colleagues in order to carry out our mission and better serve the American people.

Sincerely,

A handwritten signature in black ink that reads "Kathleen M. McGettigan". The signature is written in a cursive, flowing style.

Kathleen M. McGettigan  
Acting Director

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

**May 2017**

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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 foster 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.

## **AUDIT ACTIVITIES**

### *Health Insurance Carrier Audits*

On an ongoing basis, the OIG audits Federal Employees Health Benefit (FEHB) carriers and Multi-State Plan (MSP) issuers to assess compliance with their contractual obligations to OPM. These audits may result in monetary and non-monetary findings which are resolved by Healthcare and Insurance (HI) contracting officials and our Audit Resolution branch. Our contracting officers provide broad oversight and administration of the FEHB and MSP programs so that carriers can provide comprehensive benefits while demonstrating strong internal controls.

We are strongly committed to our stewardship and administration of the FEHB, MSP, and other benefit programs. We resolve audit findings, recover funds, and establish corrective actions. We also identify and mitigate control weaknesses and strengthen internal controls.

During this reporting period, we made significant progress resolving healthcare audit findings. We closed 111 recommendations, recovered \$3.29 million in disallowed costs, and continued to address complex audit findings that have broad implications. Our HI audit results for the reporting period are as follows:

- Closed 13 audits;
- Closed 28 monetary recommendations;
- Closed 83 non-monetary recommendations; and
- Recovered \$3.29 million and allowed \$14.02 million in disallowed costs.

In addition, we took several steps to improve the effectiveness of the FEHB audit resolution process.

- In partnership with the OIG, we incorporated recommendation resolution terminology in alignment with OMB Circular A-50.
- We made significant progress toward resolving medical loss ratio (MLR) audits, which, in several cases, includes developing prospective guidance to carriers and updating internal procedures. To accomplish this, we worked extensively with the OIG, Office of the Actuary, and external stakeholders such as the U.S. Department of Health and Human Services.
- In November 2016, we issued a draft carrier letter to clarify and update FEHB Fraud, Waste, and Abuse (FWA) requirements. We also provided an overview of the 2016 FWA reports and the updated guidance at the quarterly OIG-sponsored FEHB Task Force meeting to which all carriers were invited.
- In March 2017, we collaborated with the OIG to present an audit resolution panel at the annual America's Health Insurance Plans/FEHBP Carrier Conference, attended by more than 200 carrier representatives.

The OIG Semiannual Report highlighted seven health insurance carrier audits and reviews. An overview and status of those reports follows:

### *Community-Rated Plans*

On December 8, 2016, the OIG issued a Management Alert regarding the Multi-State Plan (MSP) program. The OIG highlighted some of the challenges facing the MSP program, including a reduction in the number of MSP options offered. The OIG noted that OPM is doing its best to attract issuers to the MSP program and recommended that OPM continue to pursue new issuers, work with current issuers who have been successful, and clarify the meaning of “Multi-State Plan” for consumers. OPM continues these actions and expects closure of these recommendations during the next period.

On January 31, 2017, the OIG issued an audit report of the Aetna Open Access – Capitol Region. The OIG reviewed the Plan’s Medical Loss Ratio (MLR) filing for contract year 2013, questioning the Plan’s handling of its tax allocation methodology and the impact on the FEHB. The OIG also verified whether the Plan developed the FEHB premium rates using complete, accurate, and current data. We are continuing to work with the Plan and internal stakeholders to address the open recommendations.

On February 22, 2017, the OIG issued an audit report of the FEHB program operations at Qualchoice. The OIG questioned \$301,910 of defective pricing in contract years 2011 and 2012 and lost investment income, and made three procedural recommendations. We recovered all questioned costs, closed one of the procedural recommendations, and began

working with Qualchoice to verify implementation of the final procedural recommendations.

On February 24, 2017, the OIG issued an audit report of Health Net of California, Inc. – Southern Region. The OIG evaluated MLR requirements established by OPM for contract years 2012 and 2013. The OIG identified that the Plan did not apply the correct allocation methodology and added unallowable fees to the calculation of the tax expense. In addition, the Plan included unallowable medical and pharmacy claims to the calculation of the incurred claims. We are working with the Plan to resolve the recommendations and return questioned costs to OPM.

On March 13, 2017, the OIG issued an audit report of HMO Missouri, Inc., covering health benefit refunds and recoveries from 2012 through June 2015. The OIG questioned \$442,760 in health benefit refunds and recoveries, administrative expenses, excess letter of credit account drawdowns, and lost investment income. Since issuance of the report, the Plan returned all questioned amounts to the FEHB program. We are working with the Plan to address the remaining procedural recommendation.

### *Experienced Rate Plans*

On January 31, 2017, the OIG issued an audit report of the FEHB operations of 24 BlueCross and/or BlueShield (BCBS) plans, focusing on aging health benefit refunds, fraud recoveries, and medical drug rebates to the FEHB program as of June 30, 2015. The OIG issued its final report on January 31, 2017, questioning \$208,659 in aging health benefit refunds, fraud recoveries, medical drug rebates, and lost investment income for nine BCBS plans. The OIG also identified a procedural finding regarding corporate funds held in the dedicated Federal Employee Program investment account by a BCBS plan. The BlueCross BlueShield Association and sampled plans agreed with all of the questioned amounts as well as the procedural findings. The plans returned all questioned amounts and lost investment income. In the next period, we will continue to work with BCBS to address the remaining procedural finding.

On March 27, 2017, the OIG issued an audit report of the FEHB program operations at BlueCross BlueShield of Massachusetts. The audit covered miscellaneous health benefit payment credits and administrative expenses from 2011 through 2015. In addition, the OIG reviewed the Plan's cash management activities and practices related to FEHB program funds from 2011 through 2015, as well as the Plan's fraud and abuse program from 2015 through 2016. The OIG questioned \$111,434 in administrative expense overcharges and lost investment income, and identified a procedural finding regarding the Plan's fraud and abuse program. The Plan has returned all of the questioned administrative expense overcharges and lost investment income. During the next period, we will continue to work with the Plan to address the remaining procedural finding.

## *Information System Audits*

The OIG exercises independent oversight of OPM's information technology (IT) and security program. This includes annual audits of major IT systems to determine whether sufficient controls are in place to protect the privacy of individuals' information and activity.

On October 13, 2016, the OIG issued the final report for the Web Application Security Review. We updated a policy to include additional requirements for the secure configuration of applications, including web applications that addressed the findings and recommendations. We also updated procedures for authorization of information systems, including web applications.

On November 9, 2016, the OIG issued the final report for the Federal Information Security Modernization Act (FISMA) audit. OPM has since taken corrective action to address the findings and recommendations. Through January 2017, OPM continued its efforts to evaluate the security of OPM information systems and authorize its systems to operate, consistent with law and policy. These continued efforts address OPM's highest priority recommendation provided in the report. Since January 2017, all major IT systems have a current Authorization to Operate (ATO). In addition, OPM continued hiring actions for additional information system security officers, issued updated policies and procedures, updated the roles and responsibilities for management of the security authorization process, and continued configuration of a new system for maintaining the inventory of major FISMA systems.

During the next reporting period, we will continue to work closely with the OIG as we address the information system and security recommendations.

With respect to the information system audits focused on the insurance carrier information systems, we continue to work with carriers on these audits. We do this by monitoring and tracking corrective actions taken to mitigate internal control weaknesses.

During the reporting period, the OIG issued four insurance carrier information system audits. Through these audits, the OIG evaluated controls over the privacy and integrity of FEHB data processed and maintained in the carrier IT environments. For all four audits, the OIG included recommendations to implement or enhance systems and process controls.

On October 13, 2016, the OIG issued an audit report of the Global Coordination of Benefits for BlueCross BlueShield (BCBS) Plans. The OIG reviewed the plans to ensure compliance with contract provisions relative to coordination of benefits with Medicare. We are working with the association to resolve the recommendations and collect questioned costs.

On November 10, 2016, the OIG issued an audit report of claim payments made by BlueCross BlueShield of North Carolina. The OIG found the Plan made unreasonable and unallowable claim payments to Veterans Affairs and Indian Health Service providers. In addition, the OIG found the Plan made erroneous payments for hospice services and incorrectly paid claims as a primary issuer. We are carefully reviewing this complex finding and are working with all stakeholders to address it and return appropriate questioned costs to OPM.

On January 24, 2017, the OIG issued an audit report of the Information Systems General and Application Controls at UnitedHealthcare (UHC). The OIG identified two weaknesses in network security and configuration management. As of the end of the reporting period, the Plan reported to OPM that it is resolving these weaknesses.

On January 24, 2017, the OIG issued an audit report on the Information Systems General and Application Controls at BlueShield of California. The OIG focused on applications used to adjudicate FEHB program claims for BlueShield of California members as well as the systems and processes supporting these applications. We are working with the Plan to resolve the identified recommendations.

### *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, Grant Thornton conducted an audit of OPM's consolidated financial statements as of September 30, 2016, and for the fiscal year (FY) then ended. Grant Thornton found that our consolidated and program financial statements were presented fairly and were, in all material respects, in conformity with U.S. generally accepted accounting principles. However, Grant Thornton found one material weakness in our information systems control environment and a significant deficiency in our annual internal assessments of internal controls over financial reporting. In response to Grant Thornton's findings and recommendation, we prepared and are actively engaged in implementing a corrective action plan.

During the period, Grant Thornton also conducted an audit of OPM's FY 2016 closing package financial statements. On November 15, 2016, Grant Thornton reported that OPM's closing package financial statements were presented fairly, in all material respects. FY16 represents 17 consecutive years for which OPM has achieved an unmodified audit opinion on its financial statements.

### *Special Audits*

The OIG also conducts special audits on health carrier operations, OPM's administrative oversight of the Federal Employees' Group Life Insurance (FEGLI), the Federal Employees Dental and Vision Insurance Program (FEDVIP), the Federal Long Term Care Insurance Program (FLTCIP), Flexible Spending Accounts for Federal Employees (FSAFEDS), and tribal enrollments into the FEHB.

On December 21, 2016, the OIG issued an audit report on FEDVIP operations, as administered by United Concordia Dental for contract years 2011 through 2013. The OIG identified opportunities to improve United Concordia's FEDVIP annual accounting statement calculations and procedures, fraud and abuse program operations and documentation, and customer service performance guarantees. The OIG also identified an opportunity for OPM to modify the FEDVIP rate proposal model to ensure more accurate rates. In response, we updated our FEDVIP rate instructions and worked with United Concordia to verify that appropriate corrective action was taken. Accordingly, this audit was closed on March 30, 2017.

### *Combined Federal Campaign*

The OIG also conducts audits of the Combined Federal Campaign (CFC). On January 24, 2017, the OIG issued an audit report on the Combined Federal Campaign of the National Capital Area for Contract Years 2013 through 2015. In response, we concurred with both recommendations and requested corrective action documentation from the local campaign. We expect to close these recommendations within the next six months.

## **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 highlighted some instances of fraud in OPM's benefit and Revolving Fund programs.

We do not tolerate fraud. In fact, 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.

## **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.

The OIG did not issue any evaluation and inspection reports during this period.

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**Table 1A****Reports with Disallowed Costs for Insurance Programs<sup>1</sup>  
October 1, 2016 to March 31, 2017**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Disallowed Costs</b>	<b>Recoveries or Adjustments</b>
Reports for which final action not taken by beginning of reporting period	13	\$110,139,742	
Reports on which management decisions made during the period	9	\$6,819,931	
Reports for which final action taken during period:	4	\$17,311,593	
1. Recoveries and Adjustments			\$17,311,593
a. Collections and offsets			\$3,290,738
b. Property			-
c. Other (adjustments)			\$14,020,855
2. Write-offs			-
Reports pending final action at end of period	18	\$99,647,080	

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<sup>1</sup>This table reflects activity across audit reports with financial recommendations only.

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**Table 1B****Reports with Disallowed Costs for All Other Audit Entities  
October 1, 2016 to March 31, 2017**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Disallowed Costs</b>	<b>Recoveries &amp; Adjustments</b>
Reports for which final action not taken by beginning of reporting period	2	-	
Reports on which management decisions made during the period	0	\$7,724	
Reports for which final action taken during period:			
1. Recoveries and adjustments			\$7,724
2. Write-offs (allowed questioned costs)			
Reports pending final action at end of period	2		

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**Table 2****Action Taken on Audits with Recommendations for Better Use of Funds  
October 1, 2016 to March 31, 2017**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Better Use of Funds</b>
Reports for which final action not taken by beginning of reporting period	1	\$108,880,417
Reports on which management decisions made during period	1	\$23,300,000 <sup>2</sup>
Reports for which final action taken during period:		
a) Recommendations completed	1	\$23,300,000
b) Recommendations on which management concluded should not or could not be implemented or completed		
Reports pending final action at end of period	1	\$108,880,417

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<sup>2</sup> Please note that in the original version, this footnote was misplaced. This mistake has been addressed and the footnote has been moved. This number was included in the OIG SAR Appendix II, "FINAL REPORTS ISSUED WITH RECOMMENDATIONS FOR BETTER USE OF FUNDS"; however, it did not appear as a recommendation that funds be put to better use in the final audit report. This amount represents the value attributed to the Plan's use of a completion factor that led to an inflated rate proposal. OPM has updated Plan guidance to prevent this from recurring.

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**Table 3****Reports without Monetary Findings  
October 1, 2016 to March 31, 2017**

<b>Subject</b>	<b>Number of Reports</b>
Reports for which final action not taken by beginning of reporting period	52
Reports for which final action taken during period:	13
a. Insurance Audit Reports	3
b. Internal Audit Reports	2
c. Combined Federal Campaign	-
d. Information Systems Audit Reports	7
e. Special Review Reports	1
f. Evaluation Reports	-
Reports without monetary findings issued by OIG during period	21
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, 2017**

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-CI-00-08-022	Federal Information Security Management Act for FY 2008	09/23/2008			17 of 19 recommendations are closed. OPM is working with OIG to address these two older IT-security related recommendations.
4A-CI-00-08-025	OPM's FY 2008 Consolidated Financial Statements	11/14/2008			5 of 6 recommendations are closed. OPM is working with OIG to identify actions to close the remaining recommendation.
4A-CI-00-09-031	Federal Information Security Management Act for FY 2009	11/5/2009			28 of 30 recommendations are closed. The two open recommendations from the prior year FISMA audit carried over to this year and OPM continues to work with OIG to address them
4A-CF-00-10-015	OPM's FY 2010 Consolidated Financial Statements	11/10/2010			4 of 7 recommendations are closed. To close the remaining recommendations, OPM is implementing an automated tool to support cybersecurity documentation requirements.
4A-CI-00-10-019	Federal Information Security Management Act for FY 2010	11/10/2010			39 of 41 recommendations are closed. The two open recommendations from the prior year FISMA audit carried over to this year and OPM continues to work with OIG to address these recommendations.
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	9/14/2011			11 of 14 recommendations are closed. OPM is discussing with OIG appropriate measures to address the remaining three recommendations.
4A-CI-00-11-009	Federal Information Security Management Act for FY 2011	11/9/2011			26 of 29 recommendations are closed. The two open recommendations from the prior year FISMA audit carried over to this year. Additionally, as OPM works to further establish its

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
					enterprise risk management program, OPM will be able to address the remaining recommendation.
4A-CF-00-11-050	OPM's FY 2011 Consolidated Financial Statements	11/14/2011			6 of 7 recommendations are closed. OPM is working with OIG to identify actions to close the remaining recommendation.
4A-OP-00-12-013	Information Technology Security Controls of OPM's Audit Report and Receivables Tracking System	7/16/2012			19 of 24 recommendations are closed. OPM is internally assessing appropriate next steps before moving towards closing the remaining recommendations.
4A-CI-00-12-016	Federal Information Security Management Act for FY 2012	11/5/2012			14 of 18 recommendations are closed. Three recommendations from the FY11 FISMA audit carried over into this year. Additionally, OPM is continuing to assess multi-factor authentication for OPM's applications to address the fourth recommendation.
4A-CF-00-12-039	OPM's FY 2012 Consolidated Financial Statements	11/15/2012			2 of 3 recommendations are closed. OPM is working with OIG to identify actions to close the remaining recommendation.
1K-RS-00-12-031	OPM's Voice over the Internet Protocol Phone System Interagency Agreement with the District of Columbia	12/12/2012			1 of 2 recommendations is closed. OPM is assessing OIG feedback to determine appropriate documentation to close the remaining recommendation.
1H-01-00-12-072	BlueCross and BlueShield's Retail Pharmacy Member Eligibility in 2006, 2007, and 2011	11/8/2013	\$2,305,973	2,254,067	3 of 11 recommendations are closed. OPM is resolving several issues related to this audit.
4A-CI-00-13-021	Federal Information Security Management Act for FY 2013	11/21/2013			11 of 16 recommendations are closed. The four open recommendations from the prior year FISMA carried over to this year. In addition, with respect to the fifth recommendation, OPM is reviewing and revising its SDLC policy.
4A-CF-00-14-034	OPM's FY 2013 Consolidated Financial Statements	12/13/2013			0 of 1 recommendation is closed. OPM is working with

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
					OIG to identify actions to close the recommendation.
4A-CF-00-14-009	OPM's FY 2013 Improper Payments Reporting for Compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010	4/10/2014			0 of 1 recommendation is closed. During the period, OPM improved oversight controls over improper payment data included in the AFR. Based on feedback from OIG, OPM will complete additional work to close the open recommendation, which will be evaluated during OIG's FY17 IPERA review.
4A-CI-00-14-015	Information Technology Security Controls of the OPM's Development Test Production General Support System FY 2014	6/6/2014			1 of 6 recommendations is closed. OPM plans to submit closure evidence for 3 of the open recommendations by the end of the next reporting period. Work is proceeding on corrective actions that will address the remaining 2 recommendations.
4A-CI-00-14-028	Status of Cloud Computing Environments within the OPM	7/9/2014			1 of 3 recommendations is closed. As of the end of the reporting period, OPM was reviewing closure evidence for the remaining 2 recommendations. These recommendations were closed after the end of the reporting period.
Not Applicable	Review of FIS Background Investigation Process	8/15/2014			0 of 3 recommendations are closed. OPM assessed that the requirements to fully implement the recommendations exceed OPM authority. Further discussions with OIG are required to close the recommendations.
4A-RI-00-14-036	Information Technology Security Controls of OPM's BENEFEDS and Federal Long Term Care Insurance Program Information Systems FY 2014	8/19/2014			8 of 10 recommendations are closed. OPM has taken corrective actions to close the 2 open recommendations. As of the end of the reporting period, OIG was reviewing evidence for closure.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-CF-00-14-039	OPM's FY 2014 Consolidated Financial Statements	11/10/2014			1 of 4 recommendations is closed. OPM is working with OIG to identify actions to close the remaining recommendations.
4A-CI-00-14-016	Federal Information Security Management Act for FY 2014	11/12/2014			13 of 29 recommendations are closed. The five open recommendations from the prior year FISMA audit carried over to this year. In addition, since January 2017, all major IT systems have a current Authorization to Operate, which OPM believes addresses a recommendation from the audit.
4A-CI-00-14-064	Information Technology Security Controls of the OPM's Dashboard Management Reporting System	1/14/2015			2 of 4 recommendations are closed. OPM completed actions to address the remaining 2 recommendations, which were closed after the end of the period.
3A-CF-00-14-049	The 2011 and 2012 Long Island Combined Federal Campaigns	2/11/2015			5 of 18 recommendations are closed. During the reporting period, OPM closed 3 recommendations. During the next period, OPM expects to receive documentation from the campaign addressing the open recommendations.
3A-CF-00-14-048	The 2011 and 2012 Northern Lights Combined Federal Campaigns	3/23/2015			28 of 29 recommendations are closed. During the period, OPM closed 1 recommendation. OPM continues to work with the campaign and expects to close the remaining recommendation during the next period.
4K-RS-00-14-076	The Review of OPM's Compliance with the Freedom of Information Act	3/23/2015			1 of 3 recommendations is closed. OPM is considering recent updates in DOJ guidance to determine and implement actions to close the open recommendations.
4A-RS-00-13-033	Assessing the Internal Controls over OPM's Retirement Services' Retirement	4/13/2015			6 of 7 recommendations are closed. OPM is assessing evidence needed to close the remaining recommendation.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
	Eligibility and Services Office				
4A-CF-00-15-025	OPM's FY 2014 Improper Payments Reporting for Compliance with the Improper Payments Elimination and Recovery Act of 2010	5/15/2015			2 of 4 recommendations are closed. OPM improved its oversight controls over improper payment data included in the AFR. Based on feedback from OIG, additional work is needed to close the remaining two recommendations, which will be evaluated during OIG's FY17 IPERA review.
4A-HR-00-13-055	The Human Resources Solutions' Pricing Methodologies	6/2/2015			0 of 5 recommendations are closed. OPM acquired and allocated resources to revise its policies and procedures to close the recommendations. OPM expects corrective actions to progress in the next period.
4A-CI-00-15-055	Flash Audit Alert— OPM's Infrastructure Improvement	6/17/2015			1 of 2 recommendations is closed. For the open recommendation, OPM submitted evidence to OIG that it completed an OMB 300 business case and an analysis of alternatives. OPM is discussing follow-on activities with the OIG to close the recommendation.
4A-HR-00-15-018	Information Technology Security Controls of OPM's USA Performance System	7/20/2015			0 of 1 recommendation is closed. OPM is revising its approach to completing privacy impact assessments (PIAs). OPM will implement actions to close the recommendation once PIA guidance is finalized.
1A-99-00-14-046	Global Coordination of Benefits for BlueCross and BlueShield Plans	7/29/2015	\$7,434,591	\$4,698,639	3 of 5 recommendations are closed. OPM is working closely with the carrier and stakeholders to address the unique issues raised in this audit.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-RI-00-15-019	Information Technology Security Controls of OPM's Annuitant Health Benefits Open Season System	7/29/2015			1 of 7 recommendations is closed. OPM is reviewing and updating its corrective action plan to address the recommendations.
4A-HR-00-15-015	Information Technology Security Controls of OPM's GP Plateau Baseline 6 Learning Management System	7/31/2015			9 of 12 recommendations are closed. OPM continues to take corrective actions that will address these recommendations. OPM expects to close two more recommendations in the next reporting period.
1C-QA-00-14-045	Independent Health Plan	8/12/2015	\$9,496,680	\$9,347,212	1 of 3 recommendations is closed. OPM is working closely with stakeholders to research findings and recover questioned costs 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.	8/28/2015			6 of 8 recommendations are closed. OPM is working with the carrier to address information access control weaknesses.
1C-51-00-14-066	Health Insurance Plan of Greater New York	8/31/2015	\$17,191,178	\$17,191,178	1 of 3 recommendations is closed. OPM is working with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the open recommendations.
1C-22-00-14-071	Aetna Health Fund Insurance Plan of Greater New York	8/31/2015	\$20,016,333	\$20,016,333	1 of 2 recommendations is closed. This complex audit finding requires additional review, including an assessment of existing OPM guidance and a further analysis of questioned costs.
4A-RI-00-16-014	Management Alert of Serious Concerns Related to OPM's Procurement Process for Benefit Programs	10/14/2015			1 of 4 recommendations is closed. OPM is strengthening its contract management processes, leading to closure of the recommendations.
4A-CI-00-15-011	Federal Information Security Modernization Act of FY 2015	11/10/2015			10 of 27 recommendations are closed. The 16 open recommendations from the prior year carried over to this year. OPM is considering the new recommendation in its

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					review and revision to its system development lifecycle policy
4A-CF-00-15-027	OPM's FY 2015 Consolidated Financial Statements	11/13/2015			0 of 5 recommendations are closed. OPM is working with the OIG to identify actions to close the remaining IT recommendations. OPM addressed findings and is conducting a full entity level assessment to close the open financial recommendation.
1A-10-17-14-037	Health Care Service Corporation	11/19/2015	\$35,761,169	\$34,896,254	12 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	The OIG's Special Review of OPM's Award of a Credit Monitoring and Identify Theft Services Contract to Winvale Group LLC, and its subcontractor, CSIdentity	12/2/2015			0 of 2 recommendations are closed. OPM continues to update and implement complex procurement policies and procedures that will support closure of these recommendations.
1A-99-00-15-008	Global Claims-to-Enrollment Match for BlueCross and BlueShield Plans in Washington, D.C.	1/21/2016	\$13,258,298	\$6,125,255	0 of 8 recommendations are closed. OPM is evaluating claims contested by the carrier, recovering costs, and implementing corrective actions to address enrollment discrepancies, ineligible member issues, recovery protocols, and system edits.
1C-3A-00-15-012	Information Systems General and Application Controls at AultCare Health Plan	1/21/2016			14 of 16 recommendations are closed. OPM is working with the carrier to address information system control weaknesses related to network security.
1C-76-00-15-021	Information Systems General and Application Controls at Union Health Service, Inc.	2/16/2016			21 of 25 recommendations are closed. OPM is working with the carrier to address information system control weaknesses related to network security,

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					contingency planning, and configuration management.
4K-RS-00-15-050	The Evaluation of OPM's Oversight of the Federal Workers' Compensation Program	3/29/2016			4 of 5 recommendations are closed. When OPM receives documentation from OIG, OPM will be able to complete corrective actions to close the remaining recommendation.
I-12-00464	Investigation of Improper Contracting Practices	4/29/2016			0 of 3 recommendations are closed. During the period, OPM submitted evidence to OIG and expects closure in the next period.
1C-2U-00-15-030	Aetna Open Access—Athens and Atlanta	5/10/2016	\$0	\$0	1 of 2 recommendations is closed. This complex audit finding requires additional review, including an assessment of existing OPM guidance and a further analysis of questioned costs.
1C-HA-00-15-033	Coventry Health Care of Kansas, Inc.	5/10/2016	\$0	\$0	This complex audit finding requires additional review, including an assessment of existing OPM guidance and a further analysis of questioned costs.
4A-CF-00-16-026	OPM's FY 2015 Improper Payments Reporting	5/11/2016			1 of 6 recommendations is closed. During the period, OPM improved its oversight controls over improper payment data included in the AFR. Based on feedback from OIG, additional work is needed to close the remaining recommendations.
4A-CI-00-16-037	Second Interim Status Report on OPM's Infrastructure Improvement Project—Major IT Business Case	5/18/2016			0 of 2 recommendations are closed. OPM has taken corrective action that it believes will satisfy the OIG recommendations. OPM is gathering evidence and discussing follow-on activities with the OIG for recommendation closure.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
1A-99-00-15-047	Global Omnibus Budget Reconciliation Act of 1990 Claims for BlueCross and BlueShield Plans	6/17/2016	\$10,792,073	\$1,411,302	2 of 5 recommendations are closed. OPM is working with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the open recommendations.
4A-CA-00-15-041	OPM's Office of Procurement Operations' Contract Management Process	7/8/2016			0 of 6 recommendations are closed. During the period, OPM continued to revise policies and procedures to address the recommendations. OPM expects to finalize these policies and procedures during the next period.
1C-JR-00-15-046	Aetna Open Access—Northern New Jersey	7/15/2016			2 of 3 recommendations are closed. This complex audit finding requires additional review, including an assessment of existing OPM guidance.
1C-L4-00-16-013	HMO Health Ohio	9/23/2016	\$3,483,988	\$3,483,988	0 of 2 recommendations are closed. OPM is working closely with stakeholders to resolve questioned costs and make recoveries to close the open recommendations.
1H-04-00-15-053	American Postal Workers Union Health Plan's Pharmacy Operations as Administered by Express Scripts Holding Company for Contract Years 2012 through 2014	9/28/2016	\$146,801	\$26,741	5 of 13 recommendations are closed. OPM is working with stakeholders to evaluate support provided in response to questioned costs, recover funds, and implement corrective actions to close the open recommendations.
1D-89-00-16-011	Information Systems General and Application Controls at Triple-S Salud, Inc.	9/28/2016			11 of 13 recommendations are closed. For the remaining two recommendations, OPM is working with the carrier to address configuration management weaknesses.
4K-RS-00-16-023	OPM's Retirement Services' Customer Service Function	9/28/2016			0 of 3 recommendations are closed. OPM has taken corrective actions and is gathering evidence to submit to OIG to support closure of these recommendations.

**Table 5****Status of Audits Issued during Reporting Period, as Noted in the Office of the Inspector General's Semiannual Report**

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-CI-00-16-061	Web Application Security Review	10/13/2016			0 of 4 total recommendations are closed. OPM is drafting revised policies for configuration of web applications and updating related procedures, which OPM believes will satisfy at least one of the recommendations. OPM will need to determine additional actions to address the remaining recommendations.
1A-99-00-15-060	Audit of Global Coordination of Benefits for BlueCross and BlueShield Plans	10/13/2016	\$193,4927	\$0	0 of 3 recommendations are closed. Management action is pending on the full questioned costs while OPM implements corrective action to close the recommendations.
4A-CI-00-16-039	Federal Information Security Modernization Act of FY 2016	11/09/2016			0 of 26 recommendations are closed. The 17 open recommendations from the prior year FISMA audit carried over to this year. OPM is reviewing actions taken in preparation to close out three of the recommendations in the next reporting period. A corrective action plan is in place and progress is being monitored for the remaining recommendations.
4A-CF-00-16-030	OPM's FY 2016 Consolidated Financial Statements	11/14/2016			0 of 19 recommendations are closed. OPM is implementing corrective actions.
4A-CF-00-16-031	OPM's FY 2016 Closing Package Financial Statements	11/16/2016			No recommendations were issued as a result of this audit. The audit is closed.
4A-RS-00-16-035	Information Technology Security Controls of OPM's Federal Annuity Claims Expert System	11/21/2016			2 of 13 recommendations are closed. OPM provided evidence to OIG to support closure of one recommendation.
4A-HI-00-17-013	Management Alert – Status of the Multi-State Plan Program	12/ 8/2016			0 of 3 recommendations are closed. OPM will discuss recommendation closure with the OIG during the next reporting period.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
3A-CF-00-16-036	The Combined Federal Campaign of the National Capital Area for the 2013 through 2015 Campaign Periods	1/24/2017			0 of 2 recommendations are closed. OPM received corrective action documentation from the local campaign. OPM expects to close these recommendations during the next period.
1C-JP-00-16-032	Information Systems General and Application Controls at UnitedHealthcare	1/24/2017			0 of 2 recommendations are closed. OPM is working with the carrier to address network security and configuration management weaknesses through the use of work plans and appropriate corrective actions.
1A-10-67-16-040	Information Systems General and Application Controls at BlueShield of California	1/24/2017			0 of 4 recommendations are closed. OPM is working with the carrier to address network security and configuration management weaknesses through the use of work plans and appropriate corrective action.
1A-99-00-16-010	BlueCross BlueShield - Aging Refunds, Fraud Recoveries, and Medical Drug Rebates	1/31/2017	\$208,659	\$0	9 of 10 recommendations are closed. OPM has recovered all disallowed costs. OPM is working with the carrier to implement corrective actions to strengthen internal controls.
1C-JN-00-16-019	Aetna Open Access - Capitol Region	1/31/2017	\$0	\$0	0 of 5 recommendations are closed. This complex audit finding requires additional review, including an assessment of existing OPM guidance and a further analysis of questioned costs.
4A-CF-00-16-038	Management Advisory Report – Digital Accountability and Transparency Act Readiness Review	2/16/2017			0 of 2 recommendations are closed. OPM finalized a corrective action plan to address the recommendations.
1C-MH-00-16-052	Humana Health Plan, Inc.	2/22/2017			No recommendations were issued as a result of this audit. The audit is closed.
1C-DH-00-16-025	QualChoice	2/22/2017	\$301,910	\$0	4 of 6 recommendations are closed. During the period, OPM recovered all disallowed costs. OPM is working with the carrier to implement corrective actions and close the remaining recommendations.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
1C-LP-00-16-022	Health Net of California, Inc. - Southern Region	2/24/2017	\$137,197	\$137,197	2 of 6 recommendations are closed. OPM is working with stakeholders to evaluate support provided in response to questioned costs. OPM is also working to recover funds and implement corrective actions to close the open recommendations.
1A-10-11-16-027	BlueCross BlueShield of Massachusetts	1/31/2017	\$117,886	\$0	7 of 9 recommendations are closed. During the period, OPM recovered all disallowed costs. OPM is working with the carrier to implement corrective actions.
1C-LB-00-16-015	Health Net of California, Inc. - Northern Region	2/27/2017	\$47,528	\$47,528	2 of 6 recommendations are closed. OPM and stakeholders are evaluating support provided in response to questioned costs. OPM is also recovering funds and implementing corrective actions to close the open recommendations.
1D-9G-00-16-008	HMO Missouri, Inc.	3/13/2017	\$442,760	\$0	5 of 6 recommendations are closed. During the period, OPM recovered all disallowed costs. OPM is working with the carrier to implement corrective actions to strengthen internal controls.
1A-10-11-16-027	BlueCross BlueShield of Massachusetts	3/27/2017	\$117,886	\$0	2 of 7 recommendations are closed. During the period, OPM recovered all disallowed costs. OPM is working with the carrier to implement corrective actions to strengthen internal controls.
1A-10-58-16-047	Information Systems General and Application Controls at Regence BlueCross BlueShield of Oregon	3/27/2017			0 of 3 recommendations are closed. OPM is working with the carrier to address access controls and network security weaknesses through the use of work plans and appropriate corrective actions.



**U.S. Office of Personnel Management**

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