

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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

April 1 to September 30, 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 April 1 to September 30, 2017. We are transmitting our Agency Response and legally required statistical tables to Congress in accordance with Section 5 of Public Law 95-452, as amended.

I want to thank OIG for its review of our programs and operations. Resolving audit issues continues to be an agency priority, and OPM values the ongoing partnership with OIG as we work together to better serve the American people.

Over the past six months, OPM continued to carry out its mission to recruit, retain, and honor a world-class workforce. Accordingly, I would like to highlight some of OPM's key priorities and achievements for this reporting period.

### Addressing Key Priorities

*Continued to focus on curbing improper payments.* As the Acting Inspector General notes, the Federal Employees Health Benefits (FEHB) Program is excluded from the Anti-Kickback Statute under 42 U.S.C. § 1320a-7b, administered by the Department of Health and Human Services. OPM appreciates the Acting Inspector General's view that excluding the FEHB Program from the requirements of the Anti-Kickback statute creates challenges. The OIG has closed kickback cases involving claims of medically unnecessary services due to the present state of the law, and we recognize that is not optimal. OPM is committed to working with the OIG and Congress to responsibly address these challenges – to include reviewing and working with OIG to develop proposed legislation that preserves valuable aspects of the FEHB Act that might otherwise be impinged.

OPM recovers a significant percentage of the reported improper payments. The improper payments rate for OPM's benefit programs is less than one-half of one percent,<sup>1</sup> and although the percentage of improper payments remains very low considering the size and complexity of these programs, OPM is committed to further preventing, reducing, and recovering improper payments. Towards this end, OPM dedicates substantial resources to mitigate, resolve, and recover improper payments. OPM is also working hard to develop new and improved ways to identify and prevent improper payments, and has begun meeting with the OIG's Investigation Group on a regular basis to develop a more collaborative and proactive approach.

### Improving Case Management

*Significantly improved the inventory management of background investigations.* Since its inception, the National Background Investigations Bureau (NBIB) has focused on national security, customer service, and continuous process improvement to satisfy a critical governmentwide need. In its first year, NBIB has streamlined processes, amended internal policies, and reformed formerly manually intensive practices, allowing for a reallocation of resources. In the past six months, NBIB has increased its investigative workforce, resulting in an increased average monthly production for secret and top secret cases. NBIB has also stabilized the current background investigative inventory and continues to identify and implement process improvement initiatives to eliminate the investigative backlog.

*Improved service to federal retirees and their survivors.* Since April, OPM implemented significant operational improvements with respect to its retirement services. OPM has improved its response time to e-mail and written inquiries

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<sup>1</sup> <https://www.opm.gov/about-us/budget-performance/performance/2017-agency-financial-report.pdf>

that require obtaining retirement case files and reduced the backlog of e-mail inquiries. OPM has responded to over 80,000 inquiries for new designation of beneficiaries, changes to mailing and banking addresses, and verification of annuity amount or life insurance coverage, in as little as two to three days. As a result of these improvements, Congressional inquiries and other escalated inquiries due to slow responses have been greatly reduced.

To expand disability claims medical review capacity, OPM established a new business unit and hired and is currently training experienced medical professionals to adjudicate disability retirement claims. This new business unit will increase our current review capacity and begin rendering decisions in January 2018.

## **Reducing Costs**

*Consolidated data centers to improve capabilities and lower costs for the federal government.* During Fiscal Year 2017, OPM significantly reduced its data center footprint, shrinking from nine to five data centers. In June, OPM consolidated the Fort Meade, Maryland, data center with one of the core OPM data centers in Macon, Georgia, and in July, OPM also transitioned the Department of Interior's computing center to Macon, Georgia. These consolidations have improved efficiencies for operations and maintenance; added new, high-end servers that support additional growth; increased analytic capabilities; and avoided costs, with an estimated annual cost avoidance of five million dollars.

*Demonstrated successful stewardship of real estate portfolio.* As a part of the President's Management Agenda (PMA), the Office of Management and Budget (OMB) tracks the performance of agencies in key programmatic areas, including real estate. The OMB PMA benchmarking data for FY17 acknowledged OPM's successful stewardship of its real estate portfolio. Of the 24 Chief Financial Officer Act agencies evaluated, OPM scored second place in two key metrics: space utilization efficiency and leasing costs for office space.

## **Leading a World-class Workforce**

*Provided leadership and support for federal workforce-reshaping strategies to meet Administration directives.* OPM continues to support agencies in implementing OMB Memorandum M-17-22 "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce" requirements. During this reporting period, OPM provided a one-stop-shop website that provides guidance, tools, and resources, and trained over 11,000 federal managers and human resource practitioners on a wide range of workforce restructuring topics.

*Continued recruiting new talent into the federal cybersecurity workforce.* In July, in partnership with the Federal Chief Information Officer (CIO) Council, OPM hosted the second governmentwide Cybersecurity Orientation Program to promote federal cybersecurity training and careers and provide networking opportunities for cybersecurity professionals. OPM also led governmentwide efforts to develop standards for cybersecurity professionals to produce a competence-based and higher-skilled cybersecurity federal workforce. In addition, OPM provided training for students enrolled in cybersecurity programs from 146 Centers of Academic Excellence, 60 of the Scholarships for Service schools, and 116 other colleges and universities with cybersecurity programs to help students successfully apply for federal jobs. OPM also hosted similar training sessions with members of the public.

*Leveraged human capital innovation to improve and expand federal recruitment and hiring.* In June, OPM exercised option year two of a contract to continue supporting recruitment and hiring efforts for Federal agencies, including the Department of Homeland Security's National Protection and Programs Directorate (NPPD). This contract has enabled OPM to review over 12,000 applicants across 120 vacancy announcements. OPM has also engaged contract support to develop and deliver high-quality online assessments via USA Hire. Since federal agencies have increased their use of these assessments, OPM expanded its portfolio in FY17, adding 40 job series, bringing the total online assessment battery

OPM to review over 12,000 applicants across 120 vacancy announcements. OPM has also engaged contract support to develop and deliver high-quality online assessments via USA Hire. Since federal agencies have increased their use of these assessments, OPM expanded its portfolio in FY17, adding 40 job series, bringing the total online assessment battery offerings to 120 job series. The assessments continue to receive high user-friendly ratings from applicants. In addition to the assessments, OPM released a new version of the USA Hire application, offering significant enhancements to support federal HR professionals and improve the application review process.

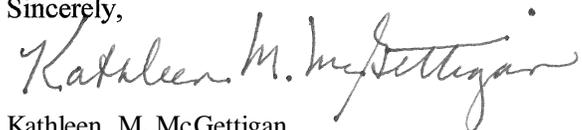
## **Improving Healthcare and Insurance Services**

*Improved carrier service for Federal Employees Health Benefits (FEHB) members.* OPM recently implemented the Plan Performance Assessment with quantifiable measures to evaluate contract performance and impacts to carrier profit margins. OPM works closely with carriers to foster quality improvement. OPM also established a working group between the agency and carriers and provided guidance and recognition to help carriers maximize performance against established benchmarks. Through these efforts, the FEHB carriers improved their average scores for clinical quality, customer service, and resource use. Carriers also made notable progress and scored above the national commercial average on OPM's three high priority measures: timeliness of prenatal care, controlling high blood pressure, and plan all-cause readmissions. Carriers are also performing well on diabetes control, with 61% scoring above the national average. Finally, 38 contracts outpaced their industry peers and demonstrated a substantial improvement in year over year measure scores.

*Increased enrollment of tribal organizations and employees in the FEHB program.* Over the past six months, we have focused on increased enrollment of tribal organizations and employees in the FEHB program. During this period, an additional five tribes, tribal organizations, and Urban Indian Organizations joined the FEHB program, and 2,052 additional tribal employees enrolled in the program. As of September 2017, 96 tribes, tribal organizations, and Urban Indian Organizations participate in the program and 22,498 tribal employees are enrolled.

Our accomplishments these past six months show that we remain solidly committed to our mission. We are proud of our progress and are committed to improving the Government's effectiveness, efficiency, 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,



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**  
**November 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) program offices work closely with other programs and offices to manage the agency's audit resolution processes to provide timely and appropriate action. Some audit issues can be difficult to resolve within the timeframes set by the Office of Management and Budget. In these instances, we ensure that an effective Corrective Action Plan is developed and implemented to set expectations for resolution. We have found that strong partnerships and effective communication between the Office of the Inspector General (OIG) and OPM's audit resolution groups, program offices, 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 progress to date and the current status on the remaining work to resolve the OIG's findings and recommendations.

### AUDIT ACTIVITIES

#### *Health Insurance Carrier Audits*

On an ongoing basis, the OIG audits Federal Employees Health Benefit (FEHB) Program carriers and Multi-State Plan (MSP) Program issuers to evaluate how well they meet 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 HI Audit Resolution branch. Our contracting officers provide broad oversight and administration of the FEHB and MSP programs and our carriers provide comprehensive benefits that offer choice and value 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, identify and prevent control weaknesses, strengthen internal controls, establish corrective actions, and ensure health carriers have appropriate systems in place to safely and securely handle data.

During this reporting period, we remained focused on closing recommendations, recovering questioned costs and addressing complex audit findings that have broad implications.

Our HI audit results for the reporting period are as follows:

- Closed 25 audits;
- Closed or resolved 112 monetary and nonmonetary recommendations, including all health carrier information system recommendations open more than 180 days;
- Recovered \$15.12 million; and
- Allowed \$28.08 million<sup>2</sup> in supported questioned costs and \$17.17 million in unsupported

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<sup>2</sup> This amount includes a downward adjustment of \$47,528 to a Medical Loss Ratio credit.

questioned costs.

In addition, we had several accomplishments across the benefit programs and took concrete steps to improve the effectiveness of the FEHBP and the audit resolution process. These included:

- The FEHB's improper payment rate was 0.05% for Fiscal Year 2017. This low rate was largely due to contested audit findings that were upheld after we found no support for the questioned costs.
- We made significant progress toward resolving medical loss ratio (MLR) audits. In several instances, this involved large questioned costs that led to developing prospective guidance to carriers, updating internal procedures, and working extensively with the OIG, Office of the Actuary, Office of the General Counsel and external stakeholders, including the U.S. Department of Health and Human Services.
- We compiled and analyzed FEHB Fraud, Waste, and Abuse reports from Carriers. The new carrier letter with updated Fraud, Waste, and Abuse requirements is to be released in November 2017. In December 2017, we expect to present the updated requirements at the quarterly OIG-sponsored FEHB Task Force meeting to which all carriers were invited.
- We provided guidance to agencies for changes to Federal Employees' Group Life Insurance (FEGLI). In preparation for FEGLI Open Season coverage changes going into effect in October 2017, OPM issued Benefits Administration Letter 17-202 in August to provide guidance for agencies on implementation and communication of impending changes to their workforce.

The OIG Semiannual Report highlights 11 health insurance carrier audits and reviews. An overview – including a status of those reports follows:

#### *Community-Rated Plans*

On May 3, 2017, the OIG issued an audit report of UPMC Health Plan. The OIG questioned a 2014 Medical Loss Ratio credit carryover of \$68,885 and made five recommendations. The carryover credit has been adjusted and three of the five recommendations have been closed. We are working with UPMC to finalize corrective actions for the final recommendations.

On May 10, 2017, the OIG issued an audit report of the FEHB operations at Union Health Service, Inc. The OIG questioned \$52,620 of defective pricing in the 2013 contract year and lost investment income, and the 2013 Medical Loss Ratio credit which Union Health had understated by \$436,287. The OIG made five recommendations. We recovered all questioned costs and closed all recommendations on June 15, 2017.

#### *Experienced-Rated Plans*

On May 30, 2017, the OIG issued an audit report of Anthem, Inc. The OIG questioned health benefit payments and credits from 2010 through June 30, 2015, and administrative expenses from 2010 through 2014. The OIG reviewed Anthem's cash management activities and practices related to FEHB funds from 2012 through June 30, 2015, and Anthem's Fraud and Abuse Program activities from 2015 through September 30, 2015. We closed 11 of the 15 recommendations the OIG made. We are working closely with Anthem to recover funds and close the remaining four recommendations.

On July 27, 2017, the OIG issued an audit report of BlueCross BlueShield of Rhode Island. The OIG questioned \$466,401 in hospital settlement recoveries, administrative expenses, and lost investment income (LII) and issued eight recommendations. We recovered all questioned costs and closed all recommendations on July 31, 2017.

On September 29, 2017, the OIG issued an audit report of the FEHB operations at Special Agents Mutual Benefit Association (Plan). The OIG questioned \$23,679 in cash management activities and made two recommendations. We expect to recover all questioned costs and are working closely with the Plan to close all recommendations during the next period.

On September 29, 2017, the OIG issued an audit report of HealthPartners (Plan) regarding their compliance with the provisions of the FEHB Act. The OIG determined that the Plan handled FEHB funds in accordance with their contract and applicable laws and regulations concerning cash management in the FEHB. The final report contained no questioned costs or recommendations.

### *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 review whether sufficient controls are in place to protect the privacy of individuals' information and activity. The OIG also verifies that systems operate as intended. There are two types of information systems that are audited by the OIG – systems which support internal OPM operations and systems that support external insurance carriers.

On June 20, 2017, the OIG issued its final report for the Security Assessment and Authorization Methodology audit (4A-CI-00-17-014). We concurred with all four of the OIG recommendations and developed a corrective action plan to address the open recommendations. We also initiated a secondary review of the LAN/WAN authorization.

On September 29, 2017, the OIG issued the final report, entitled, "Information Technology Security Control of OPM's Federal Financial System" (4A-CF-00-17-044), in conjunction with its performance audit of OPM's Federal Financial System. During the next reporting period, we will finalize a corrective plan with aggressive milestones to address the open recommendations.

With respect to the information system audits focused on the insurance carrier information system, we continue to work closely with carriers to close recommendations associated with our insurance carrier information system audits. We do this by monitoring and ensuring corrective actions are taken to mitigate internal control weaknesses.

During the reporting period, the OIG issued three insurance carrier information system audits. Through these audits, the OIG evaluated access controls, network security, configuration management, and contingency planning. All three audits included recommendations to implement or enhance systems and process controls.

On June 5, 2017, the OIG issued an audit report of the Information System General Application and Controls at Dean Health Plan (IC-WD-00-16-059). The OIG identified eight recommendations applicable to weaknesses in access controls, network security, configuration management, and contingency planning related to the information system used by Dean Health Plan to process and store data related to medical encounters and insurance claims for FEHB members. We closed seven recommendations and are working with the Plan to close the remaining recommendation.

On June 21, 2017, the OIG issued an audit report of Global Duplicate Payments for BlueCross and BlueShield Plans (1A-99-00-16-043). The OIG questioned \$5,967,324 in duplicate claim overpayments for contract years 2013 through 2016. The OIG issued three recommendations, which we are addressing. As of the end of the reporting period, the receivable is \$3,820,277. OPM is working with the Plan to finalize corrective actions for the procedural 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.

On May 11, 2017, the OIG issued its Fiscal Year (FY) 2016 Improper Payments Reporting final report (4A-CF-00-17-012). The OIG found that OPM was in compliance with IPERA requirements for FY16. However, the OIG found that OPM was not in compliance with the Do Not Pay Initiative reporting requirements in FY16 with respect to the Improper Payments Elimination and Recovery Improvement Act of 2012. In addition, OIG identified three areas for improvement of OPM's oversight controls over improper payments reporting, including internal control assessments, risk assessments, and improper payment root causes. To address these findings, OPM developed a corrective action plan and has been working diligently to implement each corrective action.

During the period, OIG also conducted an audit of OPM's Purchase Card Program (4A-00-00-16-046). OIG determined that OPM should strengthen controls of its purchase card operations in five areas. OPM's Office of Procurement Operations (OPO) concurred with all recommendations. Since release of the report, OPO established a corrective action plan and is strengthening controls of the agency's purchase card program. OPM is updating its purchase card policy to enhance processes with respect to establishing, suspending, and terminating accounts; cardholder training; certification and card usage; and the documentation and review of transactions. The OIG's recommendations and the corrective actions taken have allowed OPO and its limited resources to continue strengthening its controls over the agency's purchase card program.

### *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 September 29, 2017, the OIG issued an audit report of the Plan's FEDVIP operations at UnitedHealthcare Insurance Company (IJ-0B-00-16-063). The OIG questioned the coordination of

benefits procedures for contract years 2014 and 2015 and made one recommendation. We are working with UnitedHealthcare to finalize its corrective actions for the recommendation.

On September 29, 2017, the OIG issued an audit report of National Association of Letter Carriers Health Benefits Plan's Pharmacy Operations as Administered by Caremark PCS, LLC (1H-01-00-16-045). The OIG questioned \$74,618 in claim payments and issued 10 recommendations pertaining to performance guarantees and fraud and abuse reporting. OPM is working with the Plan to finalize corrective actions for the open recommendations.

## **ENFORCEMENT ACTIVITIES**

The OIG conducts criminal investigations to examine potential fraud against OPM's benefit programs. The OIG also investigates alleged OPM employee and contractor misconduct, including fraud within the personnel security and suitability programs 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 INSPECTION ACTIVITIES**

The OIG's Office of Evaluations and Inspections (OEI) provides an alternative method for conducting reviews of OPM programs and operations.

On April 7, 2017, the OIG issued its report on OPM's Insider Threat Program (4K-CI-00-16-053). The OIG determined the program was in compliance with the policies and standards of the National Insider Threat Policy and Minimum Standards. The OIG also identified areas within the program where corrective actions were needed. Since issuing the report, OPM implemented all of the OIG's recommendations. OPM implemented processes for cleared personnel to meet training requirements and submit employee foreign travel questionnaires in a timely manner upon return from foreign travel. In addition, the performance standards of OPM's Insider Threat senior officials were updated to reflect their insider threat program roles and responsibilities. The evaluation closed on August 9, 2017.

On June 22, 2017, the OIG issued its report on OPM's Conference Spending Reporting (4K-CF-00-17-015). The OIG determined that OPM does not have formalized policies and procedures for reporting its conference spending in accordance with OMB and Consolidated Appropriations Act requirements. The OIG identified specific issues related to OPM's process for reporting on conference spending. The OIG issued one recommendation to OPM in conjunction with this evaluation. To address this recommendation, OPM issued a Financial Policy Directive to strengthen compliance with federal governmentwide guidance on conference spending and ensure that all conference expenses and activities comply with both the Federal Travel Regulation (FTR) and Federal Acquisition Regulation (FAR).

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**Table 1A****Reports with Disallowed Costs for Insurance Programs<sup>3</sup>  
April 1, 2017 to September 30, 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	18	\$ 99,647,080	
Reports on which management decisions made during the period	5	\$ 9,898,966	
Reports for which final action taken during period:	11	\$ 43,204,421	
1. Recoveries and Adjustments			\$ 43,204,421
a. Collections and offsets			\$ 15,120,067
b. Property			\$ 0
c. Other (adjustments)			\$ 28,084,354
2. Write-offs			
Reports pending final action at end of period	12	\$ 66,341,625	

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<sup>3</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  
April 1, 2017 to September 30, 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	3		
Reports on which management decisions made during the period	2		
Reports for which final action taken during period:			
1. Recoveries and adjustments			
2. Write-offs (allowed questioned costs)	2		
Reports pending final action at end of period	1		

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**Table 2****Resolution of Questioned Costs in Final Reports for Insurance Programs  
April 1, 2017 to September 30, 2017**

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<b>Subject</b>	<b>Questioned Cost</b>
<b>A. Beginning balance of open reports</b>	\$139,887,494
1. Value of reports for which final action not taken by beginning of reporting period	\$ 43,524,161
2. Value of reports outstanding at the beginning of the reporting period	\$ 96,363,333
<b>B. Value of reports issued during the reporting period</b>	\$ 9,613,432
<b>C. Value of reports on which management decisions were made during period</b>	\$ 9,898,966
<b>D. Value of reports for which final action taken during period:</b>	\$60,369,995
1. Management Decision to Allow – Unsupported Questioned Costs	\$ 17,166,045
2. Recoveries	\$ 15,120,067
3. Allowance after Determination Made	\$ 28,036,886
4. Other Adjustments	\$ 46,997
<b>Value of reports pending final action at end of period (A+B-D)</b>	\$ 89,130,931

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**Table 3****Action Taken on Audits with Recommendations for Better Use of Funds  
April 1, 2017 to September 30, 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		
Reports for which final action taken during period:		
a) Recommendations completed		
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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**Table 4****Reports without Monetary Findings April 1, 2017 to September 30, 2017**

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<b>Subject</b>	<b>Number of Reports</b>
Reports for which final action not taken by beginning of reporting period	59
Reports for which final action taken during period:	19
a. Health Insurance Carrier Audit Reports	2
b. Information System Audit Reports	13
c. Internal Audit Reports	1
d. Special Audit Reports	3
Reports without monetary findings issued by OIG during period	14
Reports without monetary findings pending final action at end of period	54

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**Table 5****Summary of Reports More than 6 Months Old Pending Final Action as of September 30, 2017**

		<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 (FISMA) for Fiscal Year (FY) 2008	09/23/2008			17 of 19 recommendations are closed. OPM is working with OIG to address the two remaining recommendations.
4A-CI-00-08-025	OPM's FY08 Consolidated Financial Statements	11/14/2008			5 of 6 recommendations are closed. OPM is actively working to resolve the open recommendation, which requires internal coordination.
4A-CI-00-09-031	Federal Information Security Management Act (FISMA) for FY 09	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-00-09-037	OPM's FY09 Consolidated Financial Statements in Washington, D.C.	11/13/2009			4 of 5 total recommendations are closed. OPM is actively working to resolve the open recommendation.
4A-CF-00-10-015	OPM's FY10 Consolidated Financial Statements	11/10/2010			4 of 7 recommendations are closed. OPM is actively working to resolve the open recommendations, which requires internal coordination.
4A-CI-00-10-019	Federal Information Security Management Act for FY10	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. Internal coordination is required to address the remaining recommendations.
4A-CI-00-11-009	Federal Information Security Management Act for FY11	11/9/2011			26 of 29 recommendations are closed. The two open recommendations from the prior year FISMA audit carried over to this year. Through the Enterprise Risk Management process, we plan to address the third recommendation.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-CF-00-11-050	OPM's FY11 Consolidated Financial Statements	11/14/2011			6 of 7 recommendations are closed. OPM is actively working to resolve the open recommendations. Internal coordination is required.
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. During the period, OPM suspended operation of this system. OPM expects the audit recommendations to close during the next period.
4A-CI-00-12-016	Federal Information Security Management Act for FY12	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 assessments related to the fourth recommendation.
4A-CF-00-12-039	OPM's FY12 Consolidated Financial Statements	11/15/2012			2 of 3 recommendations are closed. OPM is actively working to resolve the open recommendations, which requires internal coordination.
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	4 of 11 recommendations are closed. OPM is working to resolve several issues related to this audit.
4A-CI-00-12-021	Federal Information Security Management Act for FY13	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 FY13 Consolidated Financial Statements	12/13/2013			0 of 1 recommendation is closed. OPM is actively working to resolve the open recommendation. Internal coordination is required.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CF-00-14-009	OPM's FY13 Improper Payments Reporting for Compliance with the Improper Payments Elimination and Recovery Act of 2010	4/10/2014			0 of 1 recommendation is closed. OPM revised its policies to strengthen OPM's oversight controls over improper payment data included in the Annual Financial Report. OPM expects OIG to evaluate evidence to close the recommendation in FY18.
4A-CI-00-14-015	Information Technology Security Controls of the OPM's Development Test Production General Support System FY14	6/6/2014			1 of 6 recommendations is closed. OPM expects to submit closure evidence for the open recommendations in early FY18.
4A-CF-00-14-039	OPM's FY14 Consolidated Financial Statements	11/10/2014			1 of 4 recommendations is closed. OPM is actively working to resolve the open recommendations, which requires internal coordination.
4A-CI-00-14-016	Federal Information Security Management Act for FY14	11/12/2014			13 of 29 recommendations are closed. The 5 open recommendations from the prior year FISMA audit carried over to this year. OPM is updating performance plans and has completed new system authorizations and baseline configurations, and created POA&Ms to track any vulnerabilities identified during system scans.
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 Eligibility and Services Office	4/13/2015			6 of 7 recommendations are closed. During the period, OPM worked through coordination issues and expects to provide closure evidence during the next reporting period.
4A-CF-00-15-025	OPM's FY14 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 revised its policies to strengthen OPM's oversight controls over improper payments. OPM expects OIG to evaluate evidence to close the recommendations in FY18.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-HR-00-13-055	The Human Resources Solutions' Pricing Methodologies	6/2/2015			0 of 5 recommendations are closed. OPM continues to revise its policies and procedures and expects to provide OIG with closure evidence during the next period.
4A-CI-00-15-055	Flash Audit Alert— OPM 's Infrastructure Improvement	6/17/2015			1 of 2 recommendations is closed. OPM expects OIG to support closure of the open recommendation after the recommendations from the Second Interim Status report are remediated.
1A-99-00-14-046	Global Coordination of Benefits for BlueCross and BlueShield Plans	7/29/2015	\$7,434,591	\$4,486,775	4 of 5 recommendations are closed. OPM is working closely with the carrier and stakeholders to address the unique issues raised in this audit, which are under formal review.
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. An information system security officer is now assigned to this system and evidence has been submitted to close remaining recommendations.
4A-HR-00-15-015	Information Technology Security Controls of OPM's GP Plateau Baseline 6 Learning Management System	7/31/2015			10 of 12 recommendations are closed. OPM continues to work on PO&AMs and updates to the existing ones. OPM is also finalizing the privacy impact assessment and expects to provide OIG with evidence to close the remaining recommendations during 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 in order to close the open recommendations.
4A-RI-00-16-014	Management Alert of Serious Concerns Related to OPM's Procurement Process for Benefit Programs	10/14/2015			2 of 4 recommendations are closed. OPM continues to coordinate across programmatic lines and take corrective actions to strengthen its overall contracts management planning processes.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-15-011	Federal Information Security Modernization Act of FY15	11/10/2015			10 of 27 recommendations are closed. The 16 open recommendations from the prior year carried over to this year. In addition, OPM continues to implement new software lifecycle practices across the agency and migrate applications and operating platforms to supported platforms.
4A-CF-00-15-027	OPM's FY15 Consolidated Financial Statements	11/13/2015			1 of 5 recommendations is closed. OPM conducted a full entity-level control review in FY 17, which led to closure of the financial recommendation. OPM is actively working to address the open recommendations. Internal coordination is required.
1A-10-17-14-037	Health Care Service Corporation	11/19/2015	\$35,761,169	\$34,896,254	13 of 16 recommendations are closed. OPM is evaluating the legal basis of the questioned costs and implementing corrective actions to close the open 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 internal policies and procedures and complete corrective actions.
1A-99-00-15-008	Global Claims-to-Enrollment Match for BlueCross and BlueShield	1/21/2016	\$13,258,298	\$6,078,938	3 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.
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. We are gathering evidence to support closure of the remaining open recommendation.
4A-CF-00-16-026	OPM's FY15 Improper Payments Reporting	5/11/2016			1 of 6 recommendations is closed. OPM revised its policies to strengthen oversight controls over improper payments. We expect the OIG to evaluate evidence to close the

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					recommendations during its FY18 IPERA review.
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 plans to follow OIG's recommendations with regard to the business case. Recommendation 1 is dependent upon completion of an alternatives analysis and OPM expects to submit closure evidence within 1 to 2 years. Recommendation 2 requires an assessment of every OPM application and is a multi-year effort.
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 closely with stakeholders to evaluate support provided in response to questioned costs and to recover funds and implement corrective actions in order 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. OPM continues to implement correction actions, including finalizing policies and procedures. OPM expects to share evidence with the OIG during the next period.
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 recover funds to close the open recommendations.
4K-RS-00-16-023	OPM's Retirement Services' Customer Service Function	9/28/2016			0 of 3 recommendations are closed. Interagency coordination is required to address the recommendations. OPM will pursue further coordination efforts during the next reporting period.
1A-99-00-15-060	Global Coordination of Benefits for BlueCross and BlueShield	10/13/2016	\$1,934,927	\$0	1 of 3 recommendations is closed. OPM is working closely with the carrier and stakeholders to address the unique issues raised in this audit, which are under formal review.

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4A-CI-00-16-061	Web Application Security Review	10/13/2016			0 of 4 total recommendations are closed. OPM is completing corrective actions, which include drafting revised policies for configuration of web applications and updating related procedures.
4A-CI-00-16-039	Federal Information Security Modernization Act of FY16	11/09/2016			4 of 26 recommendations are closed. The 17 open recommendations from the prior year FISMA audit carried over to this year. In addition, a corrective action plan is in place and progress is being monitored.
1A-10-33-15-009	BlueCross and BlueShield of North Carolina	11/10/2016	\$508,820	\$11,386	0 of 6 recommendations are closed. OPM is working closely with the carrier and stakeholders to address the unique issues raised in this audit, which are under formal review.
4A-CF-00-16-030	OPM's FY16 Consolidated Financial Statements	11/14/2016			0 of 19 recommendations are closed. OPM is actively engaged in implementing a corrective action plan. Internal coordination is required.
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 carried out some corrective actions and provided evidence to OIG for closure review. For the remaining recommendations, OPM planned corrective actions and expects to provide closure evidence to OIG during early FY18.
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 resolve these recommendations within the next six months.
1C-JN-00-16-019	Aetna Open Access – Capitol	1/31/2017	\$0	\$0	3 of 5 recommendations are closed. OPM is working closely with stakeholders to evaluate the questioned costs and close the open recommendations.

**Table 6****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>
4K-CI-00-16-053	Evaluation of the U.S. Office of Personnel Management's Insider Threat Program	4/7/2017			4 of 4 recommendations are closed. The audit is closed.
1M-0F-00-16-058	Multi-State Plan Program Operations at Arkansas Blue Cross Blue Shield	4/14/2017			4 of 4 recommendations are closed. This audit is closed.
1C-8W-00-16-041	UPMC Health Plan	5/3/2017			3 of 5 recommendations are closed. OPM is working with the carrier to implement corrective actions pertaining to the MLR calculations and to prevent claims payments to ineligible dependents.
1C-76-00-16-042	Union Health Service, Inc.	5/10/2017	\$56,890	\$0	5 of 5 recommendations are closed. This audit is closed.
4A-CF-00-17-012	The Office of Personnel Management's Fiscal Year 2016 Improper Payments Reporting	5/11/2017			0 of 10 recommendations are closed. Corrective actions are in progress. We expect the OIG to evaluate evidence during its FY18 IPERA review.
1A-10-18-16-009	Anthem Inc.	5/30/2017	\$3,019,928	\$551,426	11 of 15 recommendations are closed. OPM is working with the carrier to recover funds and close the remaining 4 open recommendations.
1C-WD-00-16-059	Information system General and Application Controls at Dean Health Plan	6/5/2017			7 of 8 recommendations are closed. OPM is working with the carrier to implement corrective actions to strengthen internal controls.
4A-CI-00-17-014	The U.S. Office of Personnel Management's Security Assessment and Authorization Methodology	6/20/2017			0 of 4 recommendations are closed. OPM is completing corrective actions for the recommendations.
1A-99-00-16-043	Global Duplicate Claim Payments for Blue Cross and Blue Shield Plans	6/21/2017	\$5,967,324	\$3,820,277	0 of 3 recommendations are closed. Management action is pending on the full questioned cost while OPM implements corrective actions to close the recommendations.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4K-CF-00-17-015	Evaluation of the U.S. Office of Personnel Management's Conference Spending Reporting	6/22/2017			0 of 1 recommendation are closed. Corrective actions are in progress.
1A-10-60-16-056	BlueCross BlueShield of Rhode Island	6/27/2017	\$466,401	\$0	8 of 8 recommendations are closed. This audit is closed.
1C-GA-00-17-010	Information System General and Application Controls at MVP Health Care	6/30/2017			2 of 15 recommendations are closed. OPM is working with the carrier to implement corrective actions to strengthen internal controls.
4A-OO-00-16-046	The U.S. Office of Personnel Management's Purchase Card Program	7/7/2017			0 of 12 recommendations are closed. Corrective actions are in progress.
1B-47-00-17-003	American Postal Workers Union Health Plan	7/27/2017			No recommendations were issued as a result of this audit. The audit is closed.
1J-OK-00-17-037	Delta Dental's Federal Employees Dental Program's Premium Rate Proposal for 2018	8/15/2017			No recommendations were issued as a result of this audit. The audit is closed.
1J-OE-00-17-036	Federal Employees Dental and Vision Insurance Program Premium Rate Proposal of GEHA Connection Dental Federal for 2018	9/9/2017			No recommendations were issued as a result of this audit. The audit is closed.
1H-01-00-16-045	National Association of Letter Carriers Health Benefit Plan's Pharmacy Operations as Administered by CaremarkPCS Health, LLC, for contract years 2012 through 2014	9/29/2017	\$74,618	\$74,618	0 of 10 recommendations are closed. OPM is working to recover funds and implement corrective actions to close the open recommendations.
1B-44-00-17-002	Special Agents Mutual Benefit Association	9/29/2017	\$23,679	\$0	1 of 2 recommendations is closed. OPM is finalizing corrective actions and will share evidence with the OIG during the next period.
1D-V3-00-17-005	HealthPartners	9/29/2017			No recommendations were issued as a result of this audit. The audit is closed.
1J-OB-00-16-063	Federal Employees Dental and Vision Insurance Program Operations as Administered by	9/29/2017			0 of 1 recommendation are closed. OPM is working with the carrier to implement corrective actions

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
	UnitedHealthcare Insurance Company for Contract Years 2014 and 2015				pertaining to coordination of benefits to close the audit.
4A-CF-00- 17-043	Information Technology Security Controls of the U.S. Office of Personnel Management's Consolidated Business Information System	9/29/2017			2 of 7 recommendations are closed. OPM is completing corrective actions for the recommendations.
4A-CF-00- 17-030	Information Technology Security Controls of the U.S. Office of Personnel Management's SharePoint Implementation	9/29/2017			0 of 8 recommendations are closed. OPM is developing corrective actions for the open recommendations.
4A-CF-00- 17-044	Information Technology Security Controls of the U.S. Office of Personnel Management's Federal Financial System	9/29/2017			0 of 9 recommendations are closed. OPM is completing corrective actions for the recommendations.



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

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