

United States Office Of Personnel Management

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

October 1, 2017 to March 31, 2018



Message from the Director

I am pleased to respond to the U.S. Office of Personnel Management's (OPM) Office of Inspector General's (OIG) Semiannual Report to Congress for October 1, 2017, to March 31, 2018. OPM continues to value our strong partnership with the OIG, and I want to thank the OIG for its review of our programs and operations, and for our ongoing partnership as we work together to better serve the American people.

In accordance with Section 5 of Public Law 95-452, as amended, we are transmitting our Agency Response and legally required statistical tables to Congress. Additionally, I would like to highlight OPM's major accomplishments for the past six months and our vision and objectives moving forward.

Leading the Federal Workforce

OPM celebrates its 40th anniversary this year, and though we continue to lead the Federal Government's enterprise human resource management, we also recognize the need to modernize and develop a 21st century workforce. This is a big challenge, but big challenges present opportunities for incredible success, and OPM is investing in deep-seated transformation to improve Government services.

Enabling the President's Management Agenda

As the President's Management Agenda (PMA) lays out, the Federal Government must provide:

- Modern information technology (IT) that functions as the backbone of how Government serves the public in ways that meet their expectations and keeps sensitive data and systems secure.
- Data, accountability, and transparency that provides the tools to deliver visibly improved results to the public and hold agencies accountable to taxpayers.
- A modern workforce that builds on the Administration's proposed civil service reforms to empower senior leaders and front-line managers to align staff skills with evolving mission needs.

Workforce Modernization

OPM is committed to carrying out the PMA objectives and is leading the workforce modernization efforts across Government by:

- Transforming hiring, pay, and benefits to attract and retain top talent.
- Revolutionizing human capital IT and data management solutions.
- Facilitating Federal workforce mobility, allowing employees to transfer effortlessly from one agency to another.
- Improving the hiring process, eliminating burdensome policies and procedures, and reducing time to hire.
- Transforming the nature of work, from low-value to high-value labor.

Additionally, OPM has partnered with agencies across the Federal Government to:

- Implement Legislative and Administrative reform
- Increase the human capital function's capacity
- Simplify the hiring process
- Implement M-17-22: Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce

Targeted People Strategies

Modernizing the Federal workforce and implementing targeted people strategies is a critical component to transforming the Government. To that end, OPM has:

- Hosted events and technical training sessions to share workforce reshaping and employee performance management and accountability strategies.
- Issued the quadrennial Federal Workforce Priorities Report, communicating government-wide human capital priorities and recommended approaches to help inform agency strategic and human capital planning.
- Sponsored the Future of Federal Work Symposium to help leaders develop human capital plans.

Engaging the Workforce and Recognizing Employees

Research shows that employee engagement impacts recruitment and retention, that employee recognition programs encourage sustained excellence and productivity, and that both help retain top talent. To engage the workforce and recognize employees, OPM has launched specialized web-based training that demonstrates techniques to better engage employees through continuous, meaningful interactions that in turn improve both employee and organizational performance.

Improved Customer Experience

OPM provides services to many Americans and is dedicated to improving customers' experiences as they interface with the Federal Government. To that end, OPM is investing in improved services in various key areas, such as healthcare and insurance, and IT modernization.

Healthcare and Insurance

OPM acted promptly to address the OIG's Flash Audit Alert and remains committed to supporting OIG audit activities and OIG activities to combat fraud, waste, and abuse. Likewise, OPM is committed to safeguarding member data, and providing high-quality, affordable healthcare to the Federal workforce and annuitants and their covered family members. During this reporting period, OPM:

- Improved the Plan Performance Assessment and increased accountability of Federal Employees Health Benefits (FEHB) insurance carriers to guarantee high-quality care and services for enrollees and their families.

- Supported efforts against the opioid epidemic:
 - On October 5, 2017, OPM and the Office of National Drug Control Policy released the fact sheet *Preventing Opioid Misuse: How Federal Employees Can Make an Impact* to increase employee awareness about the opioid epidemic and promote safe disposal of prescription drugs.
 - OPM also published a best practices newsletter for all FEHB carriers, focusing on acute pain management, non-opioid remedies, and quantity limits on opioids.
 - Additionally, OPM's 2019 FEHB Call Letter, published in January 2018, details how OPM expects FEHB carriers to help prevent opioid misuse, treat opioid addiction, and support recovery. The Call Letter also sets forth OPM's expectations for FEHB carriers to propose effective plan designs that will ensure high-quality, cost-effective health care for FEHB enrollees and their family members.
- Began an initiative to establish an FEHB Central Enrollment Portal and Database to provide an improved and comprehensive enrollment platform that provides a one-stop shop in both a web-based browser and a fully-functioning mobile application.
- Issued a Fraud, Waste and Abuse (FWA) Carrier Letter and presentation to improve carrier understanding, reporting, and compliance with FWA-related contract provisions.
- Partnered with Department of Defense (DoD), BENEFEDS, and Federal Employees Dental and Vision Insurance Program (FEDVIP) carriers to accomplish the first steps in transitioning eligible TRICARE beneficiaries from the TRICARE Retiree Dental Program (TRDP) to FEDVIP.
- Improved BENEFEDS services by providing enhanced mobile capabilities, placing easy-to-use technology at users' fingertips and improving the user experience.

Improved IT Functionality for Public Interface

OPM has also improved cybersecurity measures and leveraged IT modernization to improve the following customer experiences:

- Login.gov - OPM partnered with GSA to implement Login.gov to provide citizens easier access to a wide range of Federal Government services through a single and secure account. OPM deployed this integrated service in USAJOBS which will be extended to other OPM citizen-facing applications.
- USA Performance - OPM's software-as-a-service for automated Federal performance management, expanded significantly, now serving over 13,000 users across 22 agencies and driving modernized, paperless, seamless, and meaningful performance management government-wide.
- Hiring Manager Advisor Prototype - OPM, in partnership with OMB, developed the Hiring Manager Advisor Prototype, an intuitive, Turbo Tax-style digital service that simplifies the hiring process and engages, educates, and empowers hiring managers to achieve better hiring outcomes and increase transparency. The tool is being fully integrated with USA Staffing, supporting over 114,000 hiring managers government-wide.
- USA Staffing Standard Data Interconnections Initiative - As part of this initiative, OPM interconnected all HRIT systems involved in the hiring process, reducing duplicative data

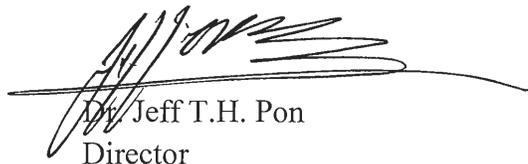
entries, improving data quality, and ultimately reducing time to hire for DoD, DOI, DHS, DOJ, and HHS.

- Vendor's Outreach Day - OPM hosted the first Chief Information Officer's Vendor's Outreach Day, attracting over one hundred vendors to help tackle the Federal Government's IT challenges in new and innovative ways.
- Improved Cybersecurity - In the Cybersecurity arena, OPM is one of only three Chief Financial Officer agencies to have met Intrusion Detection and Prevention, Exfiltration and Enhanced Defenses, and Data Protection criteria, and is one of only two agencies that has maintained 100% Asset Security.

Closing

American civil servants are at the front lines of the most complex challenges facing our Nation. Whether securing our borders, developing cures to life threatening diseases, or sustaining our economic growth and competitiveness, American civil servants are shaping the future of our great Nation every day, and each day, OPM employees deliver passion, dedication, and critical expertise to enhance the lives of these hardworking American civil servants. OPM empowers civil servants, enabling the whole of Government to function effectively and provide critical services to the American people. I am proud of OPM's role, appreciate the need to modernize and develop a 21st century workforce, and am honored to lead OPM's efforts moving forward. I am committed to operating in a spirit of trust and openness, working with the OIG and Congress – on behalf of the Administration - and partnering with other agencies to accomplish our shared objectives and provide better services to the American people. It is time to reimagine, build, and deliver the kinds of services the American people expect and deserve. We can do better, and working together, we *will* do better.

Sincerely,



By Jeff T.H. Pon
Director

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

May 2018

Table of Contents

<i>Introduction</i>	2
<i>AUDIT ACTIVITIES</i>	2
<i>Health Insurance Carrier Audits</i>	2
<i>Information System Audits</i>	4
<i>Internal Audits</i>	5
<i>Special Audits</i>	7
<i>ENFORCEMENT ACTIVITIES</i>	7
<i>EVALUATION AND INSPECTION ACTIVITIES</i>	7
<i>LEGAL AND LEGISLATIVE ACTIVITIES</i>	8
Table 1A.....	9
<i>Reports with Disallowed Costs for Insurance Programs</i>	9
Table 1B.....	10
<i>Reports with Disallowed Costs for All Other Audit Entities</i>	10
Table 2.....	10
<i>Resolution of Questioned Costs in Final Reports for Insurance Programs</i>	10
Table 3.....	11
<i>Action Taken on Audits with Recommendations for Better Use of Funds</i>	11
Table 4.....	12
<i>Reports without Monetary Findings</i>	12
Table 5.....	13
<i>Summary of Reports More than 6 Months Old Pending Final Action</i>	13
Table 6.....	23
<i>Status of Audits Issued during Reporting Period</i>	23

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 help ensure timely and appropriate action. We have found that strong partnerships and effective communication between OPM's audit resolution groups, programs, the Office of the Inspector General (OIG), insurance carriers, and other stakeholders are key to addressing operational weaknesses and improving the performance of OPM programs.

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

Audit Activities

Health Insurance Carrier Audits

During this reporting period, Healthcare and Insurance (HI) underwent a reorganization to strategically rebalance resources based on the current environment and future demands. This included the need to support the growing workload, responsibilities, and expectations for Federal Employee Insurance Operations while realigning the structure and staff to adapt to the smaller footprint of the Multi-State Plan (MSP) Program.

HI audit results for the reporting period are as follows:

- Closed or resolved 21 audits;
- Closed or resolved 127 monetary and nonmonetary recommendations; and,
- Recovered \$30.23 million and allowed \$7.63 million in supported questioned costs.

The OIG remains extremely active in implementing its program of continuous audits of Federal Employees Health Benefit (FEHB) Program carriers and Multi-State Plan (MSP) issuers, with a focus on assessing their compliance with contractual obligations to OPM. These audits may result in monetary and non-monetary findings which are resolved by HI contracting and audit resolution and compliance officials. HI contracting officers exercise broad oversight and administration of the FEHB and MSP programs to help ensure carriers provide comprehensive benefits that offer choice and value while demonstrating strong internal controls. When needed, HI obtains guidance from other stakeholders

We remain strongly committed to our stewardship and administration of the FEHB, MSP, and other benefit programs and work hard to resolve audit findings, recover funds, identify and strengthen internal control weaknesses, establish corrective actions, and help ensure health carriers have appropriate systems in place to safely and securely handle data. For instance, HI partnered with the OIG to provide an overview regarding audit follow-up and other program priorities at the America's Health Insurance Plans annual carrier conference.

Community-Rated Plans

On December 13, 2017, the OIG issued an audit report of the FEHB operations at Health Insurance Plan of New York. The OIG questioned \$1,579,859 for inappropriate health benefit charges to FEHB in contract years 2015 and 2016. The OIG issued three monetary recommendations which closed when the plan returned all questioned costs to the FEHB Program. The audit was closed on January 19, 2018.

On February 28, 2018, the OIG issued an audit report of the FEHB operations at BlueShield of California Access+ HMO. The OIG questioned \$4,908,939 in health benefit refunds and recoveries, administrative expenses, cash management activities, and lost investment income, and made 11 monetary and 5 procedural recommendations. The plan returned \$3,524,912 which closed 8 monetary recommendations. OPM is working with the plan to recover the remaining \$1,384,027 and implement corrective actions for the remaining procedural recommendations.

Experience-Rated Plans

On December 13, 2017, the OIG issued an audit report of the FEHB operations at Aetna Health of Utah, Inc. The audit covered the plan's cash management activities and practices related to FEHB funds from 2014 through March 31, 2017. The OIG questioned \$2,420,230 and made 2 monetary recommendations which were closed when the plan returned all questioned costs to the FEHB Program. The audit was closed on December 20, 2017.

On March 14, 2018, the OIG issued an audit report of the FEHB operations at 20 BlueCross BlueShield (BCBS) plans. The OIG questioned \$6,315,970 in cash management activities and lost investment income for seven plans and made nine monetary and six procedural recommendations. We recovered all questioned costs and closed nine monetary and one procedural recommendation. We are working with the plans to implement corrective actions for the remaining procedural recommendations.

On March 29, 2018, the OIG issued an audit report of the FEHB operations at BlueShield of California. The OIG questioned \$8,059,422 in health benefit refunds and recoveries, medical drug rebates, administrative expenses, cash management activities, and lost investment income. The OIG made 17 monetary and 3 procedural recommendations. We recovered all questioned costs and closed the monetary recommendations. We are working with the plan to finalize corrective actions for the remaining procedural recommendations.

On February 28, 2018, the OIG issued an audit report of the FEHB operations at all BCBS Plans which identified claims made to Veterans Affairs (VA) providers. The OIG found that the plans made \$58,023,161 in unreasonable and unallowable claim payments to VA providers. The OIG made one monetary and four procedural recommendations. We are carefully reviewing this complex audit and are working with all stakeholders to address the findings and return appropriate questioned costs to the FEHB Program.

On March 15, 2018, the OIG issued an audit report of the FEHB Coordination of Benefits operations at all BCBS Plans. The OIG questioned \$6,506,839 in claims payments that were potentially not coordinated with Medicare. The OIG made two monetary and three procedural recommendations. We are carefully reviewing this audit and working with the BCBS Association to close the monetary and procedural recommendations and return appropriately questioned costs to the FEHB Program.

Employee Organization Plans

On January 16, 2018, the OIG issued an audit report of the FEHB operations at Compass Rose Benefits Group. The OIG questioned \$3,480,136 in cash management activities and made one monetary recommendation and two procedural recommendations. We recovered all questioned costs, and closed the monetary recommendation and one procedural recommendation. We are working with the plan to implement corrective actions for the remaining procedural recommendation.

Multi-State Plan (MSP) Program

On January 16, 2018, the OIG issued an audit report of MSP performance compliance at Blue Cross Blue Shield of Alabama for the 2017 benefit year. The OIG questioned the timeliness of Health Insurance Casework System (HICS) processing and three overpayments by members. The OIG made two procedural recommendations. The plan asserted its intent to strengthen procedures and controls for enrollment errors. During the course of the audit, the OIG verified that the plan had begun crediting the affected members. The audit was closed on February 2, 2018.

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 each individual's 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.

Internal Information System Audits

On October 27, 2017, the OIG issued the final report for its Fiscal Year 2017 Federal Information Security Modernization Act Audit (FISMA) audit (4A-CI-00-17-020). The OIG measured OPM's cybersecurity maturity level as "defined," meaning that OPM policies, procedures, and strategy are formalized and documented, though not consistently implemented. The OIG's report establishes a new baseline from which OPM and OIG may continue to develop a mutual understanding of this maturity model and its underlying metrics.

The OIG also found that OPM has made improvements in several information security areas, including in its security assessment, and authorization and incident response programs. However, the OIG identified a continuing significant deficiency in OPM's information security management structure and noted concerns regarding implementation of OIG's FISMA recommendations from prior audits. OPM's ability to address these recommendations depends on resource availability and capability. These resources have been impacted by budgetary uncertainties and the resulting impact on hiring actions. OPM expects that restructuring its Cybersecurity Program will help address these recommendations by improving the program's ability to manage new policies, developing improved quality control mechanisms, and staffing its priorities.

The OIG issued 39 recommendations to OPM of which 21 carried over from the prior year FISMA report. Since issuance of the report, OPM has planned corrective actions to close the recommendations and address the underlying issues. OPM completed corrective action for two of the recommendations and milestones for several others.

Insurance Carrier Information System Audits

During the reporting period, the OIG issued four insurance carrier information systems audits. Through these audits, the OIG evaluated controls over the privacy and integrity of FEHB data processed and maintained in the carrier IT environment including access controls, network security, claims adjudication, configuration management, and contingency planning. The OIG included recommendations to implement or enhance systems and process controls for these audits.

On December 18, 2017, the OIG issued an audit report of the information systems general and application controls at AvMed Health Plan. The OIG made 16 recommendations applicable to weaknesses in access controls, network security, and configuration management. During the period, three recommendations closed. We are working with the plan to close the remaining recommendations.

On February 12, 2018, the OIG issued a flash audit alert which reported that Health Net of California did not comply with documentation requests and would not allow the OIG to conduct vulnerability and configuration management testing initially. As recognized by the Acting Inspector General, once OPM communicated the agency's position, the carrier began cooperating providing requested documentation to the OIG. Based on these positive steps, the OIG rescheduled this audit and anticipates completing scanning activities at that time, which will close the two recommendations from this alert.

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, 2017 and for the fiscal year (FY) then ended. The OIG issued its final report on November 13, 2017. 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 the OPM information systems control environment, which also constituted non-compliance with federal financial management systems requirements. 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 2017 closing package financial statements. On November 13, 2017, Grant Thornton reported that OPM's closing package financial statements were presented fairly, in all material respects. FY17 represents 18 consecutive years for which OPM has achieved an unmodified audit opinion on its financial statements.

On November 9, 2017, the OIG issued a final report entitled, "OPM's Data Submission and Compliance with the Digital Accountability and Transparency Act." The OIG found that the second quarter FY 2017 financial and award data submitted by OPM was complete, timely, accurate, and of adequate quality. The OIG estimated an error rate of 18.9 percent with a 4.33 percent margin of error. However, we note that some of the errors identified by the OIG are attributable to the Data Act Broker where OPM does not have control. OIG estimated OPM's data accuracy error rate to be 1.29 percent with a 1.14 percent margin of error. While OPM met the objectives of the DATA Act, OIG noted opportunities to improve controls with regard to data submission. The OIG issued three recommendations of which OPM concurred with two and partially concurred with the third. In response, OPM is implementing planned corrective actions.

The OIG also audited the OPM's Office of Procurement Operations award of credit monitoring and identity theft services contract to ID Experts to determine whether it was in compliance with the Federal Acquisition Regulations (FAR) and OPM's procurement policies and procedures. The OIG issued its final report on February 28, 2018. The OIG identified non-compliance with regard to the completeness of the control file and also a need to strengthen controls for oversight review. OPM is implementing planned corrective actions in response. While the OIG was conducting this audit, OPM implemented two new policies and trained its acquisition workforce. Since issuance of the report, OPM has also reiterated the importance of compliance with the FAR and procurement policies. OPM plans to continue to provide guidance and is reviewing whether additional controls are needed.

The OIG also conducted a performance audit of OPM's Common Services, issuing its final report on March 29, 2018. The OIG determined that the Office of the Chief Financial Officer's common services methodology is valid and reasonable. However, the OIG identified areas where

OPM could improve its internal controls over Common Services including data entry, supporting documentation, and transparency. The OIG issued five recommendations to OPM. As of the end of the reporting period, OPM was responding to the OIG's final report.

Special Audits

The OIG also conducts special audits on health carrier and pharmacy 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. The OIG also conducts audits of the Combined Federal Campaign (CFC).

On October 2, 2017, the OIG issued an audit report of the Mail Handlers Benefit Plan's pharmacy operations as administered by CaremarkPCS Health, L.L.C. for contract years 2012 through 2014. The OIG questioned \$1,562,397 in pharmacy claims for dependents age 26 or older whose eligibility to participate in the FEHB could not be supported. The OIG made one monetary and two procedural recommendations. We are working with the plan to obtain eligibility documentation for those dependents who are incapable of self-support due to a disability incurred before age 26 and to recover questioned costs for ineligible dependents over age 26 to close the monetary recommendation. We have closed one procedural recommendation and are working with the plan and other stakeholders to finalize corrective actions for the remaining procedural recommendation.

On February 6, 2018, the OIG issued an audit report of the FEDVIP operations administered by Humana Dental for contract years 2014 and 2015 which included the plan's annual accounting statements, claims processing, fraud and abuse program, performance guarantees, and rate proposals. The plan implemented corrective actions to close the 11 recommendations. This audit was closed on February 22, 2018.

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.

Evaluation and Inspection 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.

On March 14, 2018, OIG issued its evaluation report on OPM's retirement imaging operations. The OIG issued three recommendations as a result of the audit. To address these recommendations, OPM is finalizing a Retirement Operations Imaging Operational Plan, conducting an imaging audit, and planning to use the results of the audit to establish performance measures.

Legal and Legislative Activities

On February 5, 2018, OIG issued its report on OPM's Non-Public Decision to Prospectively and Retroactively Re-Appportion Annuity Supplements (L-2018-1). The OIG issued three recommendations. OPM responded to those recommendations and continues to actively litigate the underlying statutory interpretation matter before the MSPB.

Table 1A**Reports with Disallowed Costs for Insurance Programs¹
October 1, 2017 to March 31, 2018**

Subject	Number of Audit Reports	Disallowed Costs	Recoveries or Adjustments
Reports for which final action not taken by beginning of the period	13	\$66,594,204 ²	
Reports on which management decisions made during the period	9	\$28,982,753	
Reports for which final action taken during period:	8	\$37,859,446	
1. Recoveries and Adjustments		\$37,859,446	
a. Collections and offsets			\$30,226,599
b. Property			
c. Other (adjustments)			\$7,632,847
2. Write-offs			
Reports pending final action at end of period	14	\$57,717,511	

¹This table reflects activity across audit reports with financial recommendations only.

²Updated to reflect corrections made after the end of the last reporting period.

Table 1B**Reports with Disallowed Costs for All Other Audit Entities
October 1, 2017 to March 31, 2018**

Subject	Number of Audit Reports	Disallowed Costs
Reports for which final action not taken by beginning of the period	1	\$170,266
Reports on which management decisions made during the period	1	\$170,266
Reports for which final action taken during period:		
1. Recoveries and adjustments	1	\$170,266
2. Write-offs (allowed questioned costs)		
Reports pending final action at end of period	0	0

Table 2**Resolution of Questioned Costs in Final Reports for Insurance Programs
October 1, 2017 to March 31, 2018**

Subject	Questioned Costs
A. Beginning balance of open reports	\$89,171,412 ³
1. Value of reports for which final action not taken by beginning of reporting period	\$22,577,208
2. Value of reports outstanding at the beginning of the reporting period	\$66,594,204
B. Value of reports issued during the reporting period	\$92,856,953
C. Value of reports on which management decisions were made during period	\$28,409,649
D. Value of reports for which final action taken during period:	\$37,286,342
1. Allow – No Determination Made	
2. Recoveries	\$30,226,599
3. Allowance after Determination Made	\$7,632,847
4. Other Adjustments	\$(573,104)
Value of reports pending final action at end of period (A+B-D(1,2,3))	\$144,742,023

³ Updated to reflect alignment in reporting.

Table 3**Action Taken on Audits with Recommendations for Better Use of Funds
October 1, 2017 to March 31, 2018**

Subject	Number of Audit Reports	Better Use of Funds
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

Table 4

Reports without Monetary Findings October 1, 2017 to March 31, 2018

Subject	Number of Reports
Reports for which final action not taken by beginning of reporting period	48 ⁴
Reports for which final action taken during period:	11
a. Health Insurance Carrier Audits	4
b. Information System Audits	4
c. Internal Audits	1
d. Special Audits	
e. Evaluation and Inspections	2
Reports without monetary findings issued by OIG during period	14
Reports without monetary findings pending final action at end of period	51

⁴ Updated to reflect alignment in reporting

Table 5**Summary of Reports More than 6 Months Old Pending Final Action as of March 31, 2018**

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-08-022	Federal Information Security Management Act for Fiscal Year 2008	09/23/2008			17 of 19 recommendations are closed. Remediation of the last 2 open recommendations continues but completion is delayed due to action needed on higher priority cybersecurity tasks.
4A-CI-00-08-025	OPM's FY 2008 Consolidated Financial Statements	11/14/2008			5 of 6 recommendations are closed. The remaining recommendation requires further work with the new financial auditor to better define evidence needed for closure.
4A-CI-00-09-031	Federal Information Security Management Act for Fiscal Year 2009	11/5/2009			28 of 30 recommendations are closed. The two open recommendations were carried over from the FY08 FISMA audit.
4A-CF-00-09-037	OPM's Fiscal Year 2009 Consolidated Financial Statements	11/13/2009			4 of 5 total recommendations are closed. The remaining recommendation was carried over from the FY09 financial statement audit.
4A-CF-00-10-015	OPM's FY 2010 Consolidated Financial Statements	11/10/2010			4 of 7 recommendations are closed. The one remaining recommendation from the FY08 financial statement audit was broken out into 3 recommendations in this report, but the scope remains the same. Further work needs to

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					be done to define evidence for closure.
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 were carried over from the FY08 FISMA audit.
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	9/14/2011			11 of 14 recommendations are closed. Further internal coordination is needed to determine a new path forward to close the remaining recommendations.
4A-CI-00-11-009	Federal Information Security Management Act for FY 2011	11/9/2011			26 of 29 recommendations are closed. 2 of the 3 open recommendations were carried over from the FY08 FISMA audit. The additional open recommendation will be addressed as part of OPM's enterprise risk management program.
4A-CF-00-11-050	OPM's FY 2011 Consolidated Financial Statements	11/14/2011			6 of 7 recommendations are closed. The remaining recommendation was carried over from the FY08 financial statement audit.
4A-CI-00-12-016	Federal Information Security Management Act for FY 2012	11/5/2012			14 of 18 recommendations are closed. Three recommendations were carried over from prior FISMA audits. OPM is assessing potential solutions that would 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. The remaining recommendation was carried over from the

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					FY08 financial statement audit.
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	11/8/2013	\$2,305,973	2,254,067	4 of 11 recommendations are closed. OPM is working to address the unique issues raised in this audit, which are under legal review.
4A-CI-00-12-021	Federal Information Security Management Act for FY 2013	11/21/2013			11 of 16 recommendations are closed. 4 of the open recommendations were carried over from the prior year FISMA audit. OPM is reviewing and revising its SDLC policy. OPM also completed new system authorizations, developed new security configuration baselines, and created new procedures related to vulnerability scanning. These actions should support closure of the open recommendations and will be assessed during the OIG's FY18 FISMA audit.
4A-CF-00-14-034	OPM's FY 2013 Consolidated Financial Statements	12/13/2013			0 of 1 recommendation is closed. The remaining recommendation carried over from the FY08 financial statement audit.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-14-015	Information Technology Security Controls of the OPM's Development Test Production General Support System FY 2014	6/6/2014			4 of 6 recommendations are closed. OPM expects to submit closure evidence for the open recommendations in FY18.
4A-CF-00-14-039	OPM's FY 2014 Consolidated Financial Statements	11/10/2014			1 of 4 recommendations is closed. Corrective actions are in progress; however, significant work is required to address all the findings that led to the recommendations.
4A-CI-00-14-016	Federal Information Security Management Act for FY 2014	11/12/2014			18 of 29 recommendations are closed. The 5 open recommendations were carried over from the prior year FISMA audit.
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. OPM is gathering closure evidence to submit for the remaining recommendation.
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 for 3 of the recommendations during the next reporting period.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-15-055	Flash Audit Alert—OPM 's Infrastructure Improvement	6/17/2015			1 of 2 recommendations is closed. OPM expects the OIG to support closure of the remaining 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 legal review.
4A-RI-00-15-019	Information Technology Security Controls of OPM's Annuitant Health Benefits Open Season System	7/29/2015			3 of 7 recommendations are closed. OPM submitted evidence to OIG for closure review of the remaining recommendations.
4A-HR-00-15-015	Information Technology Security Controls of OPM's GP Plateau Baseline 6 Learning Management System	7/31/2015			11 of 12 recommendations are closed. OPM continues to work on PO&AMs and provide updates to the existing ones. OPM expects to provide OIG with evidence to close the remaining recommendation during the next reporting period.
4A-RI-00-16-014	Management Alert of Serious Concerns Related to OPM's Procurement Process for Benefit Programs	10/14/2015			3 of 4 recommendations are closed. OPM continues to coordinate across programmatic lines and take corrective actions to strengthen its overall contracts management planning processes. OPM expects to submit evidence for closure in late FY18.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-15-011	Federal Information Security Modernization Act for FY 2015	11/10/2015			16 of 27 recommendations are closed. 11 open recommendations were carried over from the prior year FISMA audit.
1A-10-33-15-009	BlueCross and BlueShield of North Carolina	11/10/2016	\$512,306	\$6,532	1 of 6 recommendations is closed. OPM is working closely with the carrier and stakeholders to address the unique issues raised in this audit, which are under legal review.
4A-CF-00-15-027	OPM's FY 2015 Consolidated Financial Statements	11/13/2015			0 of 5 recommendations are closed. A corrective action plan is in place. OPM targets closing some of these recommendations in CY18.
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 working closely with the carrier and other stakeholders to address the unique issues raised in this audit, which are under legal review.
4K-RS-00-16-024	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 other corrective actions. OPM expects to provide evidence to OIG during the next reporting period.
1A-99-00-15-008	Global Claims-to-Enrollment Match for BlueCross and BlueShield Plans	1/21/2016	\$13,258,298	\$5,993,788	5 of 8 recommendations are closed. OPM is evaluating claims contested by the carrier, recovering costs, and implementing corrective actions to address enrollment

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					discrepancies, ineligible member issues, recovery protocols, and system edits.
4A-CF-00-16-026	OPM's FY 2015 Improper Payments Reporting	5/11/2016			5 of 6 recommendations are closed. OPM revised its policies to strengthen oversight controls over improper payments. OPM expects the OIG to evaluate evidence to close the remaining recommendations during its FY19 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 OPM applications 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	\$1,395,901	4 of 5 recommendations are closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, recover funds, and implement corrective actions to close the open recommendation.
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 and addressing system

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					discrepancies. OPM is also working with OIG to better define evidence needed for closure.
1C-L4-00-16-013	HMO Health Ohio	9/23/2016	\$3,591,570	\$3,591,570	0 of 2 recommendations are closed. OPM is working closely with stakeholders to resolve questioned costs and make recoveries 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. Corrective actions have been taken. OPM is gathering evidence to support closure of this recommendation.
1A-99-00-15-060	Global Coordination of Benefits for BlueCross and BlueShield Plans	10/13/2016	\$1,934,927		1 of 3 recommendations is closed. Corrective actions are in progress. OPM is working with the carrier to address the unique issues raised in this audit, which are under legal review.
4A-CI-00-16-061	Web Application Security Review	10/13/2016			0 of 4 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 FY 2016	11/9/2016			5 of 26 recommendations are closed. Open recommendations were carried over from the prior year FISMA audit. In addition, a corrective action plan is in place and progress to implement actions will be assessed by the OIG during its FY18 audit.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1A-10-33-15-009	BlueCross and BlueShield of North Carolina	11/10/2016	\$512,306	\$6,532	1 of 6 recommendations is closed. OPM is working closely with the carrier and stakeholders to address the unique issues raised in this audit, which are under legal review.
4A-CF-00-16-030	OPM's FY 2016 Consolidated Financial Statements	11/14/2016			4 of 18 recommendations are closed. A corrective action plan is in place. OPM targets closing additional recommendations in FY18.
4A-RS-00-16-035	Information Security Controls of OPM's Federal Annuity Claims Expert System	11/21/2016			3 of 13 recommendations are closed. OPM carried out some corrective actions and provided evidence to OIG for closure review. For the remaining recommendations, OPM expects to complete planned corrective actions in FY18.
4A-CF-00-17-012	OPM's FY 2016 Improper Payments Reporting	5/11/2017			9 of 10 recommendations are closed. Corrective actions are in progress for the remaining open recommendation. OPM expects the OIG to evaluate evidence during its FY19 IPERA review.
1A-99-00-16-043	Global Duplicate Claim Payments for BlueCross and BlueShield Plans	6/21/2017	\$5,967,324	\$2,349,831	2 of 3 recommendations are closed. Management action is pending on the full questioned cost while OPM implements corrective actions to close the recommendations.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1C-GA-00-17-010	Information Systems General and Application Controls at MVP Health Care	6/30/2017			14 of 15 recommendations are closed. OPM is working with the carrier to address contingency planning through the use of a work plan and appropriate corrective actions to address the remaining recommendation.
4A-OO-00-16-046	OPM's Purchase Card Program	7/7/2017			0 of 12 recommendations are closed. OPM is finalizing an updated purchase card policy to address these recommendations.
4A-CF-00-17-043	Information Technology Security Controls of OPM's Consolidated Business Information System	9/29/2017			2 of 7 recommendations are closed. Corrective actions are in progress. Work is scheduled for completion in FY18.
4A-CF-00-17-044	Information Technology Security Controls of OPM's Federal Financial System	9/29/2017			0 of 9 recommendations are closed. Corrective actions are in progress. Work is scheduled for completion in FY18.
4A-CI-00-17-030	Information Technology Security Controls of OPM's SharePoint Implementation	9/29/2017			0 of 8 recommendations are closed. OPM has developed corrective actions for the open recommendations and work is progressing. Completion is expected in FY18.

Table 6**Status of Audits Issued during Reporting Period as of March 31, 2018**

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1H-01-00-16-044	Mail Handlers Benefit Plan's Pharmacy Operations as Administered by CaremarkPCS, L.L.C. for Contract Years 2012 through 2014	10/2/2017	\$1,562,397	\$1,358,766	1 of 3 recommendations is closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the remaining open recommendations.
1A-10-70-17-019	Premera Blue Cross	10/2/2017			No recommendations were issued as a result of this audit. The audit is closed.
3A-CF-00-17-024	SoCal CFC for the 2014 and 2015 Campaigns	10/2/2017			No recommendations were issued as a result of this audit. The audit is closed.
3A-CF-00-17-023	CFC of Greater SoCal for the 2014 and 2015 Campaigns	10/12/2017			No recommendations were issued as a result of this audit. The audit is closed.
4A-CI-00-17-020	Federal Information System Management Act for FY 2017	10/27/2017			0 of 39 recommendations are closed. 21 recommendations carried over from 2016. OPM developed planned corrective actions to address the recommendations.

Report Number	Subject	Date Issued	Disallowed Costs		Current Receivable	Status
4A-CF-00-17-033	OPM's Data Submission and Compliance with the Digital Accountability and Transparency Act	11/9/2017				0 of 3 recommendations are closed. OPM developed a corrective action plan to address the recommendations.
4A-CF-00-17-028	OPM's FY 2017 Consolidated Financial Statements	11/13/2017				4 recommendations are carried over from the prior financial statement audit. 11 recommendations are projected to be closed and the remediation of 3 others will be in progress by the end of FY18.
4A-OO-00-17-046	Limited Scope Audit of OPM's Purchase Card Transactions	11/27/2017				No recommendations were issued as a result of this audit. The audit is closed.
1C-51-00-16-057	Federal Employees Health Benefits Program Operations at Health Insurance Plan of New York	12/13/2017	\$1,579,859	\$0		3 of 3 recommendations are closed and all funds were returned to the FEHB program. The audit is closed.
1D-9K-00-17-004	Aetna Health of Utah Inc.	12/13/2017	\$2,420,230	\$0		2 of 2 recommendations are closed and all funds were returned to the FEHB program. The audit is closed.
1A-10-56-17-008	Information Systems General and Application Controls at Blue Cross Blue Shield of Arizona	12/13/2017				12 of 12 recommendations are closed. This audit is closed.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
1C-ML-00-17-027	Information Systems General and Application Controls at AvMed Health Plan	12/18/2017			3 of 16 recommendations are closed. OPM is working with the carrier to address information system control weaknesses related to access controls, network security, and configuration management through the use of work plans and appropriate corrective actions.
1B-42-00-17-006	Compass Rose Benefits Group	01/16/2018	\$3,480,136	\$0	2 of 3 recommendations are closed and all funds were returned to the FEHB program. OPM is finalizing corrective actions to close the open recommendation.
4A-CF-00-15-049	OPM's Travel Card Program	01/16/2018			0 of 21 recommendations are closed. OPM developed a corrective action plan to address the recommendations.
1M-0G-00-17-034	Multi-State Plan Program Operations at BlueCross BlueShield of Alabama	01/16/2018			2 of 2 recommendations are closed. The audit is closed.
1B-47-00-17-018	Information Systems General and Application Controls at American Postal Workers Union Health Plan	01/16/2018			13 of 18 recommendations are closed. OPM is working with the carrier to address information system control

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					weaknesses related to access controls, network security, and configuration management through the use of work plans and appropriate corrective actions.
1J-0J-00-17-016	Federal Employees Dental and Vision Insurance Program Operations as Administered by Humana Dental for Contract Years 2014 and 2015	02/6/2018			11 of 11 recommendations are closed. The audit is closed.
1C-LB-00-18-023	Flash Audit Obstruction by Health Net of California	02/12/2018			0 of 2 recommendations are closed. OIG has scheduled the remaining fieldwork activities for this audit. OPM expects the recommendations will close once the OIG finishes its fieldwork and issues a final report for this audit.
4A-CI-00-18-022	Management Advisory Report OPM's FY 2017 IT Modernization Expenditure Plan	02/15/2018			0 of 4 recommendations are closed. OPM concurred with the recommendations and is developing planned corrective actions.
1A-99-00-16-021	Global Audit of Veterans Affairs Claims for Blue Cross and Blue Shield Plans	02/28/2018			0 of 5 recommendations are closed. OPM is evaluating the legal basis of the questioned costs

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					and working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the 5 open recommendations.
4A-00-00-17-035	OPM's Award of a Credit Monitoring and Identity Theft Services Contract to Identity Theft Guard Solutions, LLC	02/28/2018			0 of 2 recommendations are closed. OPM plans to finalize a corrective action plans to address the recommendations during the next period.
1D-SI-00-17-022	BlueShield of California Access+ HMO	02/28/2018	\$4,908,939	\$1,384,027	8 of 16 recommendations are closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the remaining recommendations.
4K-RS-00-17-039	Evaluation of OPM's Retirement Services' Imaging Operations	03/14/2018			0 of 3 recommendations are closed. OPM is preparing a corrective action plan to address the recommendations.
1A-99-00-17-001	Cash Management Activities for a Sample of BlueCross and/or BlueShield Plans	03/14/2018	\$6,315,970	\$0	10 of 15 recommendations are closed and all funds were returned to the

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
					FEHB program. OPM is finalizing corrective actions to close the open recommendations.
1A-99-00-16-062	Global Coordination of Benefits for Blue Cross and Blue Shield Plans	03/15/2018			0 of 5 recommendations are closed. OPM is working closely with stakeholders to evaluate support provided in response to questioned costs, make recoveries, and implement corrective actions to close the recommendations.
4A-CF-00-16-055	OPM's Common Services	03/29/2018			0 of 5 recommendations are closed. As of the end of the reporting period, OPM was responding to the OIG's final report.
1A-10-67-17-021	Blue Shield of California	03/29/2018	\$8,059,422	\$0	17 of 20 recommendations are closed and all funds were returned to the FEHB program. OPM is finalizing corrective actions to close the open recommendations.



U.S. Office of Personnel Management

Merit System Accountability & Compliance

1900 E Street, NW, Washington, DC 20415

OPM.GOV