

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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

October 1, 2018 to March 30, 2019



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## Message from the Acting Director

I am pleased to again present the OPM Office of Inspector General's Semiannual Report (October 2018 – March 2019) to Congress and proud to highlight our combined efforts. Thank you to all those that enabled OIG to deliver on their work to ensure transparency and accountability across OPM and Governmentwide.

I continue to have the honor to serve Federal agencies and the American people as Acting Director for the U.S. Office of Personnel Management (OPM). In this report, OPM's Office of the Inspector General (OIG) provides a critical view of the important mission of our agency, and I welcome the chance to highlight our successes as well as to respond to how we are adapting to meet our challenges. I have invested the majority of my time since coming to OPM seeking solutions to intractable challenges that affect the stability and sustainability of OPM's mission.

Even in the face of these obstacles, OPM has advanced efforts such as expanded hiring flexibility for agencies to meet critical IT, cyber, and STEM needs; established a pilot program for an alternative pay system for economists, a high-demand occupation with hiring and retention challenges; and negotiated the lowest Federal Employees Health Benefits Program premium increase since 1996. OPM has still been getting things done while working on the needed transformation to secure the ability to accomplish change in the future.

The Civil Service Reform Act of 1978 reformed the Civil Service Commission by establishing the Merit Systems Protection Board, the Office of Special Counsel, the Federal Labor Relations Authority and OPM. As enacted, OPM was given the primary responsibility on behalf of the President to manage the Federal workforce. Over the last 40 years, well-intentioned but overzealous laws and regulations have multiplied, tying the Federal personnel system into bureaucratic knots. During the same period, failure to continuously invest and update operational, organizational, and technological capabilities to meet modern work requirements has resulted in a personnel system that cannot meet the needs of today's workforce. The status quo structure and resourcing of OPM is neither financially sustainable nor operationally stable and is at risk of failing to adequately provide services to its many customers. OPM has operated for too long with outdated technology and inefficient structures to deliver services to the 2.1 million members of the Federal workforce.

This outdated system is not sustainable, and the time for structural change is now. The National Defense Authorization Act of 2018 and subsequent Executive Order issued in April 2019 required the transfer of the National Background Investigations Bureau (NBIB) from OPM to the Department of Defense (DoD). With NBIB making up over half of OPM's total funding and personnel, this decision further put at risk OPM's ability to operate and maintain systems that support the Federal workforce. We are working with all stakeholders, including the Office of Inspector General, to find a more effective and efficient way for the Administration to deliver on its promise to better serve the needs of the American people. The Fiscal Year 2020 President's Budget included the

Administration's proposed reorganization of OPM and is primarily driven by the three desired outcomes of: Stability, Sustainability, and Service.

The reorganization of OPM and General Services Administration (GSA) will integrate the services both agencies provide, reduce duplication and empower the workforce to shift to higher value work. The vision is not designed to reduce the size of the workforce. By enacting this reform, our estimates are that the synergies per year from improved contracting and facilities management could eventually result in annual savings between \$11 and \$37 million. Stability will be achieved by aligning the aging IT infrastructure and mission with the expertise and modern IT capabilities at GSA, the highest-scored FITARA agency in the Federal Government. By addressing structural vulnerabilities, shoring up diagnosed weaknesses, and building on collective strengths, this merger will allow OPM to spend resources more effectively to achieve a more agile, modern and sustainable HR system. Without this much needed reform, OPM employees face the impossible task of delivering 21<sup>st</sup> century HR service with 20<sup>th</sup> century tools and technology. Together, OPM and GSA will be able to create better, more integrated solutions as agencies modernize buildings, contracts, and personnel to meet today's workforce needs.

OPM OIG's central role in advancing the mission of our agency remains critically important as we pursue better ways to effectively and efficiently deliver sustainable human resource policies and services to our Federal workforce and annuitants. I welcome their involvement to monitor our progress as we make these changes and remain committed to working with the OIG as stewards of the American people and our workforce.



Margaret M. Weichert  
Acting Director

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

May 2019

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## Introduction

Addressing 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 our audit resolution offices, program offices, the Office of the Inspector General (OIG), insurance carriers, and other stakeholders are key to strengthening operational weaknesses and improving the performance of OPM programs.

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

## AUDIT ACTIVITIES

### *Health Insurance Carrier Audits*

On an ongoing basis, the OIG audits Federal Employees Health Benefit (FEHB) Program carriers and the Multi-State Plan (MSP) issuer, 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 officers and audit resolution and compliance officials. HI's contracting officers exercise broad oversight and administration of the FEHB and MSP programs to ensure carriers provide comprehensive benefits that offer choice and value while demonstrating strong internal controls.

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

- Closed or resolved<sup>1</sup> 26 audits,
- Closed or resolved 121 monetary and nonmonetary recommendations, and
- Recovered \$5.7 million in questioned costs and allowed \$1.3 million.

We remain strongly committed to our stewardship and administration of the benefit programs. We work hard to resolve audit findings, recover funds, identify and strengthen internal control weaknesses, establish corrective actions, and ensure health carriers have appropriate systems in place to safely and securely handle data.

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<sup>1</sup> Per OMB A-50, the term *resolved* means the audit organization and agency management or contracting officials agree on action to be taken on reported findings.

## *Accomplishments*

In addition to health carrier audit resolution activity, we improved the effectiveness of the benefit programs and the audit resolution process by doing the following:

- Enrolled 1.37 million former TRICARE-eligible beneficiaries into the Federal Employees Dental and Vision Insurance Program (FEDVIP), effective January 1, 2019, in partnership with the Department of Defense, BENEFEDS, and FEDVIP carriers. This marked the largest expansion of the program since its inception in 2007. The enrollment process was closely monitored and went smoothly with 95 percent of new enrollees expressing satisfaction with the enrollment process.
- Negotiated the lowest FEHB premium increase since 1996 and offered 18 new health plan options in 2019.
- Fully implemented the Plan Performance Assessment, which uses quantifiable measures to examine key aspects of contract performance linked to health plan profit and adjustment factors. The assessment establishes a consistent, more objective assessment system and provides for more objective performance standards to improve quality and promote efficiency in the FEHB.
- Continued efforts to combat opioid misuse in the FEHB and FEDVIP population by detailing expectations for FEHB and FEDVIP carriers with regard to the prevention and treatment of and recovery from opioid misuse, and by highlighting FEHB carrier innovations in this area.
- Improved the BENEFEDS user experience by enhancing the Interactive Voice Response system and the Contact Us web page based on user feedback and analytics, which resulted in a 45 percent decrease in email traffic.
- Held the annual FEHB carrier conference, attended by 351 FEHB Carrier and OPM participants, and the annual FEDVIP carrier meeting for dental and vision contractors, BENEFEDS contractors, and OPM personnel.
- Continued planning for an FEHB Central Enrollment Program (CEP)<sup>2</sup> to enhance program integrity and reduce payment errors related to late notification of enrollment changes.

## *Community-Rated Plans*

On March 7, 2019, the OIG issued an audit report of the FEHB Program operations at Presbyterian Health Plan of Albuquerque, New Mexico. The OIG questioned the 2015 Medical Loss Ratio (MLR) calculations resulting in an MLR penalty underpayment of \$530,688, and an additional \$30,017 of lost investment income on the unpaid penalty

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<sup>2</sup> OPM envisions the Central Enrollment Program (CEP) would be the authoritative source for program-wide FEHB enrollment and enrollment changes, housing all enrollees and family members. Enrollment changes would be communicated to carriers in or near real-time.

calculated through December 31, 2018, for a total of \$560,705. In all, the OIG issued 16 recommendations. During the next period, we will continue to work with the plan to recover the questioned charges and implement corrective actions to close any open recommendations.

On February 6, 2019, the OIG issued an audit report of the FEHB Program operations at Group Health Cooperative (GHC), now called Kaiser Foundation Health Plan of Washington. The OIG questioned the 2014 and 2015 MLR credits resulting in a total MLR credit reduction of \$2,432,230 and an understated MLR credit of \$14,727,560 for 2016. The OIG issued 10 recommendations. In the next period, we will continue to work with the plan to adjust the carryover credit and implement corrective actions to close any open recommendations.

On October 9, 2018, the OIG issued an audit report of the FEHB Program operations at UnitedHealthcare of California. The OIG questioned the 2013 MLR credit resulting in an overstated credit of \$993,650 and a total understated MLR credit of \$7,197,691 for 2014 and 2015. Since issuance of the report, we adjusted the MLR credit and closed all nine of OIG's recommendations. The audit closed on February 28, 2019.

### *Experienced-Rated Plans*

In its January 17, 2019, audit report of the FEHB operations at Independence BlueCross, the OIG questioned \$451,584 in health benefit charges, administrative expenses, cash management activities, and lost investment income, and made four recommendations. During the period, the entire \$451,584 was recovered and all four recommendations were closed. The audit closed on January 22, 2019.

On March 1, 2019, the OIG issued an audit report of the FEHB Program operations at Group BlueCross BlueShield of Western New York in Buffalo, New York, for contract year 2014 through September 30, 2017. The OIG questioned \$896,931 in health benefit refunds and recoveries, administrative expense charges, cash management activities, and lost investment income. During the period, the entire \$896,931 was recovered and all 16 of OIG's recommendations were closed. The audit closed on March 6, 2019.

### *Information Systems Audits*

The OIG exercises independent oversight of OPM's Information Technology (IT) and security program. This includes annual audits of major IT systems to review whether sufficient controls are in place to protect the integrity of systems, services, and data and to protect the privacy of individuals. 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 Systems Audits*

On October 30, 2018, the OIG issued the final report for its Fiscal Year (FY) 2018 Federal Information Security Modernization Act (FISMA) audit. 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.

Furthermore, the OIG identified continuing concerns about OPM's IT security governance program as well as its security assessment and authorization process. The OIG also issued 52 recommendations of which 39 carried over from the prior year's FISMA report. Of these 52 recommendations, OPM has concurred with 24 and has respectfully partially concurred with 12 recommendations, as of the end of the reporting period. One recommendation closed as of issuance of the final report.

Since issuance of the report, OPM has been planning and taking corrective actions to close these recommendations and address the underlying issues. For example, subsequent to the last issuance of the semiannual IG report, OPM has moved the privacy portfolio, which includes the Freedom of Information Act (FOIA), records, and other compliance management responsibilities, out of the Office of the Chief Information Officer and placed it directly under the Office of the Director to draw attention to the criticality of data protection and privacy policies and procedures within OPM. Additionally, OPM is planning to discuss in further detail with the OIG those recommendations with which OPM partially concurs or does not concur in order to determine the best approach to resolution of those recommendations. OPM looks forward to productive and ongoing conversations with the OIG.

### *Insurance Carrier Information Systems Audits*

During the reporting period, the OIG issued six 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 10, 2018, the OIG issued an audit report of the information systems general and application controls at HealthNet of California, a subsidiary of Centene Corporation. The OIG made seven recommendations applicable to weaknesses in access controls, network security, configuration management, and claims adjudication. During the period, we closed two and resolved one recommendation. In the next period, we will continue to work with the plan to implement corrective actions and close the remaining open recommendations.

## ***Internal Audits***

The OIG conducts internal audits to improve the efficiency and effectiveness of OPM operations and to identify weaknesses, risks, and vulnerabilities associated with our internal controls.

Under the OIG's oversight, Grant Thornton conducted an audit of OPM's consolidated financial statements as of September 30, 2018, and for the fiscal year then ended. The OIG issued its final report on November 14, 2018. Grant Thornton found that our consolidated and program financial statements were presented fairly and were, in all material respects, in conformity with generally accepted U.S. accounting principles. Grant Thornton found a material weakness in the OPM information systems control environment, which also constituted noncompliance with Federal financial management systems requirements. OPM concurred with 23 recommendations issued as a result of this audit. In response to Grant Thornton's findings and recommendations, we prepared and are actively engaged in implementing corrective actions.

During the period, Grant Thornton also conducted an audit of OPM's FY18 closing package financial statements. On November 14, 2018, Grant Thornton reported that OPM's closing package financial statements were presented fairly, in all material respects. FY18 represents 19 consecutive years for which OPM has achieved an unmodified audit opinion on its financial statements.

## ***Special Audits***

The OIG also conducts special audits on insurance 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 Program. The OIG also conducts audits of the Combined Federal Campaign (CFC).

On December 10, 2018, the OIG issued an audit report of the FEHB Program pharmacy operations at Triple-S Salud as administered by MC-21 Corporation. The audit covered contract years 2012 through 2015. The OIG questioned \$679,616 in health benefit charges and made three recommendations. We allowed \$168,839 in questioned charges. During the next period, we will continue to work with the plan to evaluate the support provided in response to questioned costs, make recoveries, and implement corrective actions to close the open recommendations.

## **EVALUATION 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 December 21, 2018, the OEI issued the final report for its evaluation of OPM's preservation of electronic records, which identified concerns with OPM's Records Management Program, including OPM lacking a permanent Records Officer to oversee various functions of the Records Management Program, not updating its records schedules to be media neutral, and not issuing policies on the use of Government-issued smartphones. OEI issued three recommendations. OPM has been planning and taking corrective actions to close all three recommendations and address the underlying issues since issuance of the report.

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**Table 1A****Reports with Disallowed Costs for Insurance Programs<sup>3</sup>  
October 1, 2018, to March 31, 2019**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Disallowed Costs</b>	<b>Recoveries or Adjustments</b>
Reports for which final action was not taken by the beginning of the period	17	\$38,299,827	
Reports on which management decisions were made during the period	4	\$12,701,777	
Reports for which final action was taken during the period:	14	\$6,790,754	
1. Recoveries and Adjustments			
a. Collections and offsets			\$5,691,968
b. Property			
c. Other (adjustments)			\$1,098,786
2. Write-offs			
Reports pending final action at end of the period	7	\$44,210,851	

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**Table 1B****Reports with Disallowed Costs for All Other Audit Entities  
October 1, 2018, to March 31, 2019**

<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Disallowed Costs</b>
Reports for which final action was not taken by the beginning of the period	0	N/A
Reports on which management decisions were made during the period		
Reports for which final action was taken during the period:		
1. Recoveries and adjustments		
2. Write-offs (allowed questioned costs)		
Reports pending final action at end of the period	0	N/A

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<sup>3</sup>This table reflects activity across audit reports with financial recommendations only.

**Table 2****Resolution of Questioned Costs in Final Reports for Insurance Programs  
October 1, 2018, to March 31, 2019**

<b>Subject</b>	<b>Questioned Costs</b>
A. Beginning balance of open reports	\$111,325,2524
1. Value of reports for which final action was not taken by the beginning of the reporting period	\$73,025,424
2. Value of reports outstanding at the beginning of the period	\$38,299,828
B. Value of reports issued during the period	\$3,075,997
C. Value of reports on which management decisions were made during the period	\$12,592,209
D. Value of reports for which final action was taken during the period:	\$6,849,351
1. Allow – No Determination Made	\$168,165
2. Recoveries	\$5,691,968
3. Allowance after Determination Made	\$1,098,786
4. Other Adjustments	(\$109,568)
Value of reports pending final action at end of period (A+B-D(1,2,3))	\$107,551,898

<sup>4</sup> Updated to reflect alignment in reporting.

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**Table 3****Actions Taken on Audits with Recommendations for Better Use of Funds October 1, 2018, to March 31, 2019**

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<b>Subject</b>	<b>Number of Audit Reports</b>	<b>Better Use of Funds</b>
Reports for which final action was not taken by the beginning of the period	1	\$108,880,417
Reports on which management decisions were made during the period		
Reports for which final action was taken during the period:		
a) Recommendations completed		
b) Recommendations 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  
October 1, 2018, to March 31, 2019**

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<b>Subject</b>	<b>Number of Reports</b>
Reports for which final action was not taken by the beginning of the period	59
Reports for which final action was taken during the period:	11
a. Health Insurance Carrier Audit Reports	5
b. Information Systems Audit Reports	2
c. Internal Audit Reports	4
d. Special Audit Reports	
Reports without monetary findings issued by OIG during the period	14
Reports without monetary findings pending final action at end of the period	62

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**Table 5****Summary of Reports More than 6 Months Old Pending Final Action as of March 31, 2019**

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-CI-00-08-022	Federal Information Security Management Act for FY08	9/23/08			17 of 19 recommendations are closed. To address one of the two remaining open recommendations, OPM expects to complete security control testing throughout FY19 and plans to update the OIG on progress on a monthly basis throughout the rest of the fiscal year. However, completion of actions to close the other open recommendation have been delayed due to resource limitations and actions needed on higher-priority cybersecurity tasks.
4A-CF-00-08-025	OPM's FY08 Consolidated Financial Statements	11/14/08			5 of 6 recommendations are closed. The remaining recommendation requires further work with the financial auditor to better define evidence needed for closure.
4A-CI-00-09-031	Federal Information Security Management Act for FY09	11/05/09			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 FY09 Consolidated Financial Statements	11/13/09			4 of 5 recommendations are closed. The remaining recommendation was carried over from the FY09 financial statement audit.
4A-CF-00-10-015	OPM's FY10 Consolidated Financial Statements	11/10/10			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 be done to define evidence for closure.
4A-CI-00-10-019	Federal Information Security Management Act for FY10	11/10/10			39 of 41 recommendations are closed. The two open recommendations were carried over from the FY08 FISMA audit.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitants	9/14/11			11 of 14 recommendations are closed. OPM plans to submit closure evidence to the OIG by the end of FY19 for the three remaining recommendations.
4A-CI-00-11-009	Federal Information Security Management Act for FY11	11/09/11			26 of 29 recommendations are closed. Two of the three open recommendations were carried over from the FY08 FISMA audit. Corrective actions regarding the remaining recommendation were completed during the period. OPM expects to provide closure evidence to the OIG during the next period.
4A-CF-00-11-050	OPM's FY11 Consolidated Financial Statements	11/14/11			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 FY12	11/05/12			14 of 18 recommendations are closed. Three recommendations were carried over from prior FISMA audits. During the period, OPM completed some but not all corrective actions to assist with fully meeting OMB M-11-11.
4A-CF-00-12-039	OPM's FY12 Consolidated Financial Statements	11/15/12			2 of 3 recommendations are closed. The remaining recommendation was carried over from the 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	12/12/12			1 of 2 recommendations is closed. OIG is evaluating the evidence to close the remaining recommendation.
4A-CI-00-13-021	Federal Information Security Management Act for FY13	11/21/13			11 of 16 recommendations are closed. Four of the open recommendations carried over from the prior year FISMA audit. OPM is assessing potential solutions to enforce its systems development lifecycle policy.
4A-CF-00-13-034	OPM's FY13 Consolidated Financial Statements	12/13/13			0 of 1 recommendation is closed. The recommendation was carried over from the FY08 financial statement audit.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-CI-00-14-015	Information Technology Security Controls of OPM's Development Test Production General Support System FY14	6/06/14			4 of 6 recommendations are closed. During the period, OPM continued to assess additional approaches to close the open recommendations.
4A-CF-00-14-039	OPM's FY14 Consolidated Financial Statements	11/10/14			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 FY14	11/12/14			14 of 29 recommendations are closed. Most of the open recommendations were carried over from the prior year FISMA audit. One new recommendation requires discussion with OIG.
4K-RS-00-14-076	The Review of OPM's Compliance with the Freedom of Information Act	3/23/15			1 of 3 recommendations is closed. OPM is working to gather evidence for closure of the remaining recommendations.
4A-RS-00-13-033	Assessing the Internal Controls over the OPM's Retirement Services' Retirement Eligibility and Services Office	04/13/15			6 of 7 recommendations are closed. Based on OIG feedback, OPM is gathering additional closure evidence to submit to the OIG for the remaining recommendation.
4A-CI-00-15-055	Flash Audit Alert – OPM's Infrastructure Improvement	06/17/15			1 of 2 recommendations is closed. OPM expects the OIG to support closure of the remaining open recommendation after the mainframe analysis of alternatives and application modernization plans are completed. While the alternatives analysis is likely to be completed by the end of FY19, the application modernization plans are expected to be a multiyear effort.
4A-RI-00-15-019	Information Technology Security Controls of OPM's Annuitant Health Benefits Open Season System	06/29/15			3 of 7 recommendations are closed. OPM will gather additional evidence for closure of the remaining recommendations.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-RI-00-16-014	Management Alert of Serious Concerns Related to OPM's Procurement Process for Benefit Programs	10/14/15			3 of 4 recommendations are closed. OPM submitted evidence for closure for the last remaining recommendation and continues to take corrective actions to strengthen its overall contract management planning processes.
4A-CI-00-15-011	Federal Information Security Modernization Act for FY15	11/10/15			11 of 27 recommendations are closed. The open recommendations were carried over from the prior year FISMA audit.
4A-CF-00-15-027	OPM's FY15 Consolidated Financial Statements	11/13/15			0 of 5 recommendations are closed. Corrective actions are in progress; however, significant work is required to address all the findings that led to the recommendations. In addition, OPM needs to work with the financial auditor to better define evidence needed for closure.
1A-10-17-14-037	Health Care Service Corporation	11/19/15	\$35,761,169	\$25,855,620	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.
4A-CF-00-16-026	OPM's FY15 Improper Payments Reporting	05/11/16			5 of 6 recommendations are closed. The remaining recommendation was carried over as part of the upcoming FY18 improper payment reporting audit. Corrective actions are in progress.
4A-CI-00-16-037	Second Interim Status Report on OPM's Infrastructure Improvement Project - Major IT Business Case	05/18/16			0 of 2 recommendations are closed. OPM expects to close one of the recommendations during the next period. Closure of the second recommendation requires an assessment of OPM applications and is a multi-year effort.
4A-CA-00-15-041	OPM's Office of Procurement Operations' Contract Management Process	07/08/16			0 of 6 recommendations are closed. Corrective actions are in progress. OPM continues to finalize all policies and procedures. OPM plans to submit closure evidence for three recommendations to OIG during the next reporting period.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
1C-L4-00-16-013	HMO Health Ohio	09/23/16	\$3,701,138	\$3,701,138	0 of 2 recommendations are closed. OPM is working closely with stakeholders to resolve questioned costs, make recoveries, and implement corrective actions to close the open recommendations.
4K-RS-00-16-023	OPM's Retirement Services' Customer Service Function	09/28/16			1 of 3 recommendations is closed. Based on OIG feedback, OPM has taken corrective actions and is resubmitting evidence to support closure of the remaining recommendations.
4A-CI-00-16-061	Web Application Security Review	10/13/16			0 of 4 recommendations are closed. During the prior period, OPM issued a revised policy for configuring web applications. However, actions to complete the remaining corrective actions were delayed due to other priorities.
4A-CI-00-16-039	Federal Information Security Modernization Act for FY16	11/09/16			5 of 26 recommendations are closed. Open recommendations were carried over from the prior year FISMA audit. To address the remaining recommendations, OPM's OCIO is (1) working with the Department of Homeland Security Continuous Diagnostics and Mitigation program to continue to improve its system inventory, (2) increasing ISSO resources, and (3) planning a PO&AM sprint for the next period.
1A-10-33-15-009	Blue Cross and Blue Shield of North Carolina	11/10/16	\$814,387	\$0	2 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 legal review.
4A-CF-00-16-030	OPM's FY16 Consolidated Financial Statements	11/14/16			4 of 19 recommendations are closed. Corrective actions are in progress; however, significant work is required to address all the findings that led to the recommendations. In addition, OPM needs to work with the financial auditor to better define evidence needed for closure.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
4A-RS-00-16-035	Information Security Controls of OPM's Federal Annuity Claims Expert System	11/21/16			8 of 13 recommendations are closed. During the period, OPM completed corrective actions for 2 recommendations. OPM expects to complete remaining corrective actions in FY19.
4A-CF-00-17-012	OPM's FY16 Improper Payments Reporting	05/11/17			9 of 10 recommendations are closed. The remaining recommendation was carried over as part of the upcoming FY18 Improper Payments Reporting Final Report. Corrective actions are in progress.
4A-CI-00-17-014	OPM's Security Assessment and Authorization Methodology	06/20/17			0 of 4 recommendations are closed. During the period, OPM completed corrective actions for one of the open recommendations and expects to provide evidence to support its closure during the next period. OPM is completing corrective actions for the remaining recommendations.
4A-OO-00-16-046	OPM's Purchase Card Program	07/07/17			2 of 12 recommendations were closed during this reporting period. Corrective actions are in progress. For the remaining 10 recommendations, OPM plans to submit closure evidence to OIG during the next reporting period.
4A-CF-00-17-043	Information Technology Security Controls of OPM's Consolidated Business Information System	09/29/17			2 of 7 recommendations are closed. Corrective actions are in progress. OPM plans to submit closure evidence for the remaining recommendations to OIG during the next reporting period.
4A-CF-00-17-044	Information Technology Security Controls of OPM's Federal Financial System	09/29/17			2 of 9 recommendations were closed during this reporting period. Corrective actions are in progress. OPM continues to develop evidence needed for closure.
4A-CI-00-17-030	Information Technology Security Controls of OPM's SharePoint Implementation	09/29/17			0 of 8 recommendations are closed. OPM is completing corrective actions.

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
1H-01-00-16-044	Mail Handlers Benefit Plan's Pharmacy Operations as Administered by CaremarkPCS Health, L.L.C. for Contract Years 2012 through 2014	10/02/17	\$1,562,397	702,018	2 of 3 recommendations are closed. To close the remaining open recommendation, OPM is working closely with stakeholders to evaluate the support provided in response to questioned costs, make recoveries, and implement corrective actions.
4A-CI-00-17-020	Federal Information Security Modernization Act Audit FY17	10/27/17			1 of 39 recommendations is closed. 21 recommendations carried over from 2016. One recommendation closed during the period. OPM is making progress on additional actions. During the period, OPM assessed its cybersecurity workforce; began analyzing its identity, credential, and access management program; and established a new policy for updating and maintaining credentials for its scanning accounts. As a result, OPM expects some recommendations will close during the next period.
4A-CF-00-17-033	OPM's Data Submission and Compliance with the Digital Accountability and Transparency Act	11/09/17			0 of 3 recommendations are closed. Corrective actions are in progress. OPM continues to develop evidence needed for closure.
4A-CF-00-17-028	OPM's FY17 Consolidated Financial Statements	11/13/17			0 of 18 recommendations are closed. 4 recommendations were carried over from the prior financial statement audit. Corrective actions are in progress; however, significant work is required to address all the findings that led to the recommendations. OPM expects several recommendations will close during the next period.
4A-CF-00-15-049	OPM's Travel Card Program	01/16/18			1 of 21 recommendations closed during this reporting period. Corrective actions are in progress. OPM continues to develop evidence needed for closure.

4A-CI-00-18-022	Management Advisory Report - OPM's FY17 IT Modernization Expenditure Plan	02/15/18			0 of 4 recommendations are closed. The timeline to implement corrective actions to ensure the appropriate level of control over the IT acquisition process across all of OPM is dependent on a reassessment of priorities.
1A-99-00-16-021	Global Veterans Affairs Claims for Blue Cross and Blue Shield Plans	02/28/18	\$13,631,198	\$10,286,354	0 of 5 recommendations are closed. To close the open recommendations, OPM is evaluating the legal basis of the questioned costs and working closely with stakeholders to evaluate the support provided in response to questioned costs, make recoveries, and implement corrective actions.
4K-RS-00-17-039	OPM's Retirement Services' Imaging Operations	03/14/18			2 of 3 recommendations are closed. OPM is gathering additional evidence for closure of the remaining recommendation.
4A-MO-00-18-004	Information Technology Security Controls of OPM's Combined Federal Campaign System	03/29/18			3 of 5 recommendations are closed; two of them closed during this reporting period. Corrective actions are in progress. OPM plans to submit closure evidence to OIG for one recommendation during the next reporting period.
4A-CF-00-16-055	OPM's Common Services	03/29/18			0 of 5 recommendations are closed. Corrective actions are in progress. OPM plans to submit closure evidence to OIG for three recommendations during the next reporting period.
4A-CF-00-18-012	OPM's FY17 Improper Payments Reporting	05/10/18			1 of 2 recommendations closed during this reporting period. The remaining recommendation was carried over as part of the upcoming FY18 improper payment reporting audit. Corrective actions are in progress.
4A-HR-00-18-013	Information Technology Security Controls of OPM's USA Staffing System	05/10/18			0 of 4 recommendations were closed by the end of March. Corrective actions continued during this period; feedback on evidence was addressed. We expect to submit evidence for closure early in the next reporting period and expect closure to follow soon thereafter.

4A-CI-00-18-044	OPM's FY18 IT Modernization Expenditure Plan	06/20/18			0 of 2 recommendations are closed. The plan to address these recommendations is still being developed.
4A-PP-00-18-011	Information Technology Security Controls of OPM's Health Claims Data Warehouse	06/25/18			10 of 12 recommendations were closed this period. OPM plans to submit closure evidence during FY19 for the remaining 2 recommendations.
4A-CF-00-17-050	OPM's Personnel Security Adjudications Process	08/20/18			7 of 8 recommendations were closed during this reporting period. OPM plans to submit closure evidence for the remaining recommendation to OIG during the next reporting period.
1A-99-00-17-048	Global Audit of Claims-to-Enrollment Match for Blue Cross and Blue Shield Plans	08/28/18	\$7,347,355	\$ 3,665,721	6 of 7 recommendations are resolved. OPM is working closely with stakeholders to evaluate the support provided in response to questioned costs, make recoveries, and implement corrective actions to close the remaining open recommendation.

**Table 6****Status of Audits Issued during Reporting Period as of March 31, 2019**

<b>Report Number</b>	<b>Subject</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Current Receivable</b>	<b>Status</b>
1C-CY-00-17-047	UnitedHealthcare of California	10/09/18			9 of 9 recommendations are closed. The audit is closed.
1H-02-00-18-018	Government Employees Health Association, Inc.'s Drug Manufacturer Rebates as Administered by Express Scripts, Inc. for Contract Years 2013 and 2014	10/18/18			No recommendations were issued as a result of this audit. The audit is closed.
1C-75-00-17-040	Humana Health Plan, Inc.	11/01/18			5 of 5 recommendations are closed. The audit is closed.
1H-05-00-17-017	Triple-S Salud's Federal Employees Health Benefits Program Pharmacy Operations as Administered by MC-21 Corporation for Contract Years 2012 through 2015	12/10/18	\$ 674	\$0	0 of 3 recommendations are closed. OPM is working with the carrier to close the open recommendations.
1A-10-55-18-010	Independence Blue Cross	01/17/19	\$451,584	\$0	4 of 4 recommendations are closed. The audit is closed.
1A-10-78-18-028	Blue Cross Blue Shield of Minnesota	01/24/19			No recommendations were issued as a result of this audit. The audit is closed.
1A-10-41-18-008	Florida Blue	01/29/19	\$443,669	\$0	6 of 6 recommendations are closed. The audit is closed.
1C-54-00-18-015	Group Health Cooperative	02/06/19			0 of 10 recommendations are closed. OPM is working with the carrier to close the open recommendations.
1A-10-12-18-016	Blue Cross Blue Shield of Western New York	03/01/19	\$896,931	\$0	16 of 16 recommendations are closed. The audit is closed.

1C-P2-00-18-014	Presbyterian Health Plan	03/07/19	\$560,705	\$0	0 of 16 recommendations are closed. OPM is working closely with stakeholders to evaluate the support provided in response to questioned costs, make recoveries, and implement corrective actions to close the open recommendations.
1H-01-00-18-020	Blue Cross Blue Shield Association's Federal Employee Program Service Benefit Plan's Federal Employees Health Benefits Program Pharmacy Operations as Administered by CVS Health for Contract Years 2014 - 2016	03/26/19	\$43,492	\$0	0 of 5 recommendations are closed. OPM is working closely with stakeholders to evaluate the support provided in response to questioned costs, make recoveries, and implement corrective actions to close the open recommendations.
4A-CF-00-18-024	OPM's FY18 Consolidated Financial Statements	11/15/18			0 of 23 recommendations are closed. In response to the recommendations, OPM is preparing and is actively engaged in implementing a corrective action plan.
4A-CF-00-18-025	OPM's Fiscal Year 2018 Closing Package Financial Statements	11/15/18			No recommendations were issued as a result of this audit. The audit is closed.
4A-CI-00-18-038	Federal Information Security Modernization Act Audit FY18	10/30/18			1 of 52 recommendations is closed. 39 recommendations were carried over from prior year FISMA audits. While corrective actions are underway, OPM needs to further discuss its management decisions with the OIG regarding a number of the open recommendations.
1C-MH-00-18-003	Information Systems General and Application Controls at Humana Health Plan, Inc.	11/19/18			4 of 7 recommendations are closed. 1 of 7 recommendations is resolved. OPM is working with the carrier to address information system control weaknesses related to network security and configuration management through the use of work plans and appropriate corrective actions.

1C-LB-00-18-007	Information Systems General and Application Controls at Health Net of California	12/10/18	2 of 7 recommendations are closed. 1 of 7 recommendations is resolved. 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.
1C-UX-00-18-019	Information Systems General and Application Controls at Medical Mutual of Ohio	01/24/19	1 of 12 recommendations is closed. 1 is resolved. 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-31-00-18-033	Information Systems General and Application Controls at Government Employee Health Association	03/01/19	1 of 13 recommendations is closed. OPM is working with the carrier to address information system control weaknesses related to security management, network security, configuration management, and claims adjudication through the use of work plans and appropriate corrective actions.
1C-8W-00-18-036	Information Systems General and Application Controls at University of Pittsburgh Medical Center Health Plan	03/01/19	0 of 5 recommendations are closed. OPM is working with the carrier to address information system control weaknesses related to network security, and configuration management through the use of work plans and appropriate corrective actions.

1C-LE-00-18-034	Information Systems General and Application Controls at Priority Health Plan	03/05/19	0 of 10 recommendations are closed. OPM is working with the carrier to address network security and configuration management through the use of work plans and appropriate corrective actions.
4K-CI-00-18-009	Evaluation of OPM's Preservation of Electronic Records	12/21/18	0 of 3 recommendations are closed. OPM is revising its corrective plan to address the open recommendations and expects at least one of them to close by the end of the next reporting period.



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