

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

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

April 1, 2019 to September 30, 2019



MESSAGE FROM THE OPM DIRECTOR

It is an honor to serve as the 12th Director of the U.S. Office of Personnel Management and to advance OPM's mission on behalf of Federal agencies and the American people.

In my position, I am fortunate to work with those who have dedicated their careers to serving a purpose greater than themselves, including those civil servants within OPM's Office of Inspector General (OIG).

I've had the benefit of working with the OIG over the years on IT issues and recognize the OIG's key role in risk assessment and promoting accountability, integrity, and transparency within OPM.

Each year, areas of improvement outlined by the OIG provide essential guidance for OPM to improve the way the agency delivers core services to customers and stakeholders.

Modernizing OPM's IT is a top priority for me, and I look forward to empowering OPM's OCIO to address this critical challenge. Already, I am encouraged by what I have seen from OCIO leadership. I believe their operations and strategic vision will put OPM on a path to success in our future modernization efforts.

I am confident that recommendations made by the OIG in this report will give OPM insight to pursue a vision for modernization that will bolster OPM's mission critical programs, enable OPM to improve efficiency and effectiveness in agency operations, and strengthen OPM's ability to serve the federal workforce and the American people in the future.



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Director, U.S. Office of Personnel Management

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

November 2019

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Table 1A**Actions Taken on Reports with Disallowed Costs for Insurance Programs¹
April 1, 2019 to September 30, 2019**

Subject	Number of Audit Reports	Disallowed Costs	Recoveries or Adjustments
Reports for which final action not taken by beginning of reporting period	7	\$44,210,851	-
Reports on which management decisions made during the period	4	\$6,105,734	-
Reports for which final action taken during period:	6	\$11,956,008	-
1. Recoveries and Adjustments	-	-	-
a. Collections and offsets	-	-	\$6,765,361
b. Property	-	-	-
c. Other (adjustments)	-	-	\$5,190,647
2. Write-offs	-	-	-
Reports pending final action at end of period	5	\$38,360,577	-

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

Table 1B**Actions Taken on Reports with Questioned Costs for All Other Audit Entities
April 1, 2019 to September 30, 2019**

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

Table 3**Actions Taken on Audits with Recommendations for Better Use of Funds
April 1, 2019 to September 30, 2019**

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**Actions Taken on Reports without Monetary Findings
April 1, 2019 to September 30, 2019**

Subject	Number of Reports
Reports for which final action not taken by beginning of reporting period	62
Reports for which final action ² taken during period:	6
a. Health Insurance Carrier Audit Reports	2
b. Information Systems Audit Reports	3
c. Internal Audit Reports	1
d. Special Audit Reports	-
Reports without monetary findings issued by OIG during period	7
Reports without monetary findings pending final action at end of period	66

² In addition to reports for which final action was taken during the period, additional reports were resolved during the reporting period.

Table 5**Summary of Reports More than 12 Months Old Pending Final Action as of September 30, 2019**

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-08-022	Federal Information Security Management Act for Fiscal Year 2008	9/23/2008	-	-	17 of 19 recommendations are closed. To address one of the two remaining recommendations, OPM plans to complete security control testing and provide status updates to OIG on a periodic basis during FY20. However, actions to close the other open recommendation have been delayed due to resource limitations and reallocation of resources to higher-priority cybersecurity tasks.
4A-CF-00-08-025	The U.S. Office of Personnel Management's Fiscal Year 2008 Consolidated Financial Statements	11/14/2008	-	-	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 Fiscal Year 2009	11/5/2009	-	-	28 of 30 recommendations are closed. The two open recommendations carried over from the FY08 FISMA audit.
4A-CF-00-09-037	The U.S. Office of Personnel Management's Fiscal Year 2009 Consolidated Financial Statements	11/13/2009	-	-	4 of 5 recommendations are closed. The remaining recommendation carried over from the FY09 financial statement audit.
4A-CF-00-10-015	The U.S. Office of Personnel Management's Fiscal Year 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 three recommendations in this report, but the scope remains the same. Further work needs to be done to define evidence for closure.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-10-019	Federal Information Security Management Act for Fiscal Year 2010	11/10/2010	-	-	39 of 41 recommendations are closed. The two open recommendations carried over from the FY08 FISMA audit.
1K-RS-00-11-068	Stopping Improper Payments to Deceased Annuitant	9/14/2011	-	-	12 of 14 recommendations are closed. Based on OIG feedback, OPM has taken corrective actions and is resubmitting evidence to support closure of the remaining two recommendations.
4A-CI-00-11-009	Federal Information Security Management Act for Fiscal Year 2011	11/9/2011	-	-	27 of 29 recommendations are closed. During the period, one recommendation closed. The two remaining open recommendations carried over from the FY08 FISMA audit.
4A-CF-00-11-050	The U.S. Office of Personnel Management's Fiscal Year 2011 Consolidated Financial Statements	11/14/2011	-	-	6 of 7 recommendations are closed. The remaining recommendation carried over from the FY08 financial statement audit.
4A-CI-00-12-016	Federal Information Security Management Act for Fiscal Year 2012	11/5/2012	-	-	15 of 18 recommendations are closed. During the period, one recommendation was closed. Two of the three remaining recommendations carried over from prior FISMA audits. To close the remaining recommendation, OPM needs to revisit its plans to fully meet the intent of OMB Memorandum M-19-17 that superseded M-11-11.
4A-CF-00-12-039	The U.S. Office of Personnel Management's Fiscal Year 2012 Consolidated Financial Statements	11/15/2012	-	-	2 of 3 recommendations are closed. The remaining recommendation carried over from the FY08 financial statement audit.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CI-00-13-021	Federal Information Security Management Act for Fiscal Year 2013	11/21/2013	-	-	12 of 16 recommendations are closed. During the period, one recommendation closed. Three of the open recommendations carried over from the prior year FISMA audit. OPM continues to assess potential solutions to enforce its systems development lifecycle policy.
4A-CF-00-13-034	The U.S. Office of Personnel Management's Fiscal Year 2013 Consolidated Financial Statements	12/13/2013	-	-	0 of 1 recommendation is closed. The recommendation was carried over from the FY08 financial statement audit.
4A-CI-00-14-015	Information Technology Security Controls of the U.S. Office of Personnel Management's Development Test Production General Support System	6/6/2014	-	-	4 of 6 recommendations are closed. Additional work is needed to assess additional approaches to close the open recommendations.
4A-CF-00-14-039	The U.S. Office of Personnel Management's Fiscal Year 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 Fiscal Year 2014	11/12/2014	-	-	15 of 29 recommendations are closed. During the period, one recommendation closed. Four of the recommendations carried over from the prior year FISMA audit. Work to address remaining recommendations had been delayed to focus on other priorities.
4K-RS-00-14-076	The Review of the U.S. Office of Personnel Management's Compliance with the Freedom of Information Act	3/23/2015	-	-	1 of 3 recommendations is closed. OPM has assigned new staff to address the recommendations.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-RS-00-13-033	Assessing the Internal Controls over the U.S. Office of Personnel Management's Retirement Services' Retirement Eligibility and Services Office	4/13/2015	-	-	6 of 7 recommendations are closed. Based on OIG feedback, OPM is resubmitting evidence to support closure of the remaining recommendation.
4A-CI-00-15-055	Flash Audit Alert – the U.S. Office of Personnel Management's Infrastructure Improvement	6/17/2015	-	-	1 of 2 recommendations is closed. OPM expects the OIG to close 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 in FY20, the application modernization plans are expected to be a multiyear effort.
4A-RI-00-15-019	Information Technology Security Controls of the U.S. Office of Personnel Management's Annuitant Health Benefits Open Season System	7/29/2015	-	-	5 of 7 recommendations are closed. Based on OIG feedback, OPM has taken corrective actions and is resubmitting evidence to support closure of the remaining two recommendations.
4A-RI-00-16-014	Management Alert of Serious Concerns Related to OPM's Procurement Process for Benefit Program	10/14/2015	-	-	3 of 4 recommendations are closed. OPM submitted closure evidence for the 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 Fiscal Year 2015	11/10/2015	-	-	12 of 27 recommendations are closed. The open recommendations carried over from the prior year FISMA audit.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CF-00-15-027	The U.S. Office of Personnel Management's Fiscal Year 2015 Consolidated Financial Statements	11/13/2015	-	-	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	11/19/2015	\$35,761,169	\$24,721,545	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 review.
4A-CF-00-16-026	The U.S. Office of Personnel Management's Fiscal Year 2015 Improper Payments Reporting	5/11/2016	-	-	5 of 6 recommendations are closed. The remaining recommendation carried over as part of the recently issued FY19 improper payments audit. Corrective actions are in progress.
4A-CI-00-16-037	Second Interim Status Report on the U.S. Office of Personnel Management's Infrastructure Improvement Project - Major IT Business Case	5/18/2016	-	-	0 of 2 recommendations are closed. OPM expects to close one of the recommendations during the next reporting period. Closure of the second recommendation requires an assessment of OPM applications and is a multi-year effort.
4A-CA-00-15-041	The U.S. Office of Personnel Management's Office of Procurement Operations' Contract Management Process	7/8/2016	-	-	1 of 6 recommendations is closed. During the period, one recommendation closed. Corrective actions are in progress. OPM plans to submit closure evidence for all the remaining recommendations during the next reporting period.
1C-L4-00-16-013	HMO Health Ohio	9/23/2016	\$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.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4K-RS-00-16-023	The U.S. Office of Personnel Management's Retirement Services' Customer Service Function	9/28/2016	-	-	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 two recommendations.
4A-CI-00-16-061	Web Application Security Review	10/13/2016	-	-	0 of 4 recommendations are closed. During the next period, OPM plans to focus efforts on corrective actions which had been delayed due to other priorities.
4A-CI-00-16-039	Federal Information Security Modernization Act for Fiscal Year 2016	11/9/2016	-	-	6 of 26 recommendations are closed. During the period, one recommendation closed. Open recommendations carried over from the prior year FISMA audit. To address the remaining recommendations, OCIO took steps to provide sufficient Information System Security Officer (ISSO) support, including the newly established ISSO service model.
1A-10-33-15-009	Blue Cross and Blue Shield of North Carolina	11/10/2016	\$995,996	\$0	3 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 review.
4A-CF-00-16-030	The U.S. Office of Personnel Management's Fiscal Year 2016 Consolidated Financial Statements	11/14/2016	-	-	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.
4A-RS-00-16-035	Information Security Controls of the U.S. Office of Personnel Managements Federal Annuity Claims Expert System	11/21/2016	-	-	11 of 13 recommendations are closed. Based on OIG feedback, OPM has taken corrective actions and is resubmitting evidence to support closure of the remaining two recommendations.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CF-00-17-012	The U.S. Office of Personnel Management's Fiscal Year 2016 Improper Payments Reporting	5/11/2017	-	-	9 of 10 recommendations are closed. The remaining recommendation was carried over as part of the recent issued FY19 improper payment reporting audit. Corrective actions are in progress.
4A-CI-00-17-014	The U.S. Office of Personnel Management's Security Assessment and Authorization Methodology	6/20/2017	-	-	0 of 4 recommendations are closed. Since the recommendations were issued, OPM re-defined the boundaries of its LAN/WAN. As a result, additional actions are now required to address the recommendations.
4A-OO-00-16-046	The U.S. Office of Personnel Management's Purchase Card Program	7/7/2017	-	-	10 of 12 recommendations are closed. During the period, eight recommendations were closed. More work is required to complete the corrective actions for the remaining recommendations.
4A-CF-00-17-044	Information Technology Security Controls of the U.S. Office of Personnel Management's Federal Financial System	9/29/2017	-	-	7 of 9 recommendations are closed. During the reporting period, five recommendations closed. OPM plans to submit closure evidence for all the remaining recommendations during the next reporting period.
4A-CI-00-17-030	Information Technology Security Controls of the U.S. Office of Personnel Management's SharePoint Implementation	9/29/2017	-	-	0 of 8 recommendations are closed. OPM is completing corrective actions, yet actions were delayed to focus on other priorities.
4A-CI-00-17-020	Federal Information Security Modernization Act Audit Fiscal Year 2017	10/27/2017	-	-	3 of 39 recommendations are closed. During the reporting period, two recommendations closed. Actions to address the recommendations were impacted by resource constraints. To address this, OPM established a new ISSO service model to providing sufficient ISSO support.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CF-00-17-028	The U.S. Office of Personnel Management's Fiscal Year 2017 Consolidated Financial Statements	11/13/2017	-	-	0 of 18 recommendations are closed. Four 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 some recommendations to close during the next period.
4A-CF-00-15-049	The U.S. Office of Personnel Management's Travel Card Program	01/16/2018	-	-	2 of 21 recommendations are closed. During the period, one recommendation closed. More work is required to complete the corrective actions. OPM hopes to close at least four recommendations during the next reporting period.
4A-CI-00-18-022	Management Advisory Report - the U.S. Office of Personnel Management's Fiscal Year 2017 IT Modernization Expenditure Plan	02/15/2018	-	-	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	02/28/2018	\$13,631,198	\$9,937,894	0 of 5 recommendations are closed. To close the open recommendations, OPM is evaluating 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	The U.S. Office of Personnel Management's Retirement Services' Imaging Operations	03/14/2018	-	-	2 of 3 recommendations are closed. Based on OIG feedback, OPM has taken corrective actions and is resubmitting evidence to support closure of the remaining recommendation.
4A-CF-00-16-055	The U.S. Office of Personnel Management's Common Services	03/29/2018	-	-	0 of 5 recommendations are closed. OPM will assess work priorities to address the recommendations in the next reporting period.

Report Number	Subject	Date Issued	Disallowed Costs	Current Receivable	Status
4A-CF-00-18-012	The U.S. Office of Personnel Management's Fiscal Year 2017 Improper Payments Reporting	05/10/2018	-	-	1 of 2 recommendations is closed. The remaining recommendation was carried over as part of the FY19 improper payment reporting audit. Corrective actions are in progress.
4A-HR-00-18-013	Information Technology Security Controls of the U.S. Office of Personnel Management's USA Staffing System	05/10/2018	-	-	2 of 4 recommendations were closed during the reporting period. OPM expects to submit additional closure evidence to OIG during the next reporting period.
4A-CI-00-18-044	U.S. Office of Personnel Management's Fiscal Year 2018 IT Modernization Expenditure Plan	06/20/2018	-	-	0 of 2 recommendations are closed. OPM's OCIO is assigning personnel to address these open recommendations.
4A-PP-00-18-011	Information Technology Security Controls of the U.S. Office of Personnel Management's Health Claims Data Warehouse	06/25/2018	-	-	10 of 12 recommendations are closed. Based on OIG feedback, OPM has taken corrective actions and is resubmitting evidence to support closure of the remaining two recommendations.



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