



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

Final Audit Report

**AUDIT OF THE U.S. OFFICE OF PERSONNEL
MANAGEMENT'S OVERSIGHT OF THE
ID EXPERTS CREDIT MONITORING AND
IDENTITY THEFT SERVICES CONTRACT**

**Report Number 4A-OO-00-18-006
October 11, 2019**

EXECUTIVE SUMMARY

Audit of the U.S. Office of Personnel Management's Oversight of the ID Experts Credit Monitoring and Identity Theft Services Contract

Report No. 4A-OO-00-18-006

October 11, 2019

Why Did We Conduct the Audit?

The objectives of our audit were to determine if (1) the Contracting Officer's Representative (COR) is monitoring the contractor's performance in accordance with the Federal Acquisition Regulation and U.S. Office of Personnel Management's (OPM) policies and procedures and (2) Identity Theft Guard Solutions, LLC, conducting business as ID Experts, and its sub-contractor, Experian, are performing their duties and responsibilities in accordance with contract requirements.

What Did We Audit?

The Office of the Inspector General completed a performance audit of OPM's oversight of the ID Experts contract and evaluated the contractor and sub-contractor's compliance with contract requirements. Our audit was conducted from June 20, 2018, through May 21, 2019, at OPM headquarters located in Washington, D.C.; ID Experts located in Portland, Oregon; and Experian located in Austin, Texas.



Michael R. Esser
Assistant Inspector General for Audits

What Did We Find?

We determined that ID Experts and Experian are performing their duties and responsibilities in accordance with contract requirements. However, we identified one area in which OPM should improve its controls over contract oversight.

The COR did not perform all duties as outlined by OPM's policies and procedures for monitoring the ID Experts contract. Specifically:

- Records (e.g., Memoranda for Record) covering all meetings or discussions between the COR and the contractor were not prepared and maintained.
- The COR did not conduct any site visits to the contractor's facility to check the contractor's performance.
- The COR did not document reviews of the performance reports submitted by the contractor. In addition, the COR did not request supporting documentation to validate the data reported in the contractor's reports.

ABBREVIATIONS

COR
OPM

Contracting Officer Representative
U.S. Office of Personnel Management

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
ABBREVIATIONS	ii
I. BACKGROUND	1
II. OBJECTIVES, SCOPE, AND METHODOLOGY	8
III. AUDIT FINDING AND RECOMMENDATIONS	12
COR Oversight Requirements Were Not Met	12
APPENDIX I OPM’s response to the draft report, dated August 21, 2019.	
REPORT FRAUD, WASTE, AND MISMANAGEMENT	

I. BACKGROUND

This final audit report details the findings, conclusions, and recommendations resulting from our performance audit of the U.S. Office of Personnel Management's (OPM) Oversight of the ID Experts Credit Monitoring and Identity Theft Services Contract. The audit was performed by OPM's Office of the Inspector General, as authorized by the Inspector General Act of 1978, as amended.

In fiscal year 2015, OPM experienced two separate cyber-attacks, affecting personnel records and background investigation records. Personally identifiable information (e.g., full name, birth date, home address, and social security number) of current, former, and prospective Federal government employees, contractors, and others was stolen in the cyber-attacks on OPM systems.

Personnel Records Incident

OPM discovered that the personal data of 4.2 million current and former Federal government employees had been stolen. To mitigate the risk of fraud and identity theft using the stolen personal data, OPM's Office of the Chief Information Officer determined that credit monitoring and identity theft services were needed to protect the affected individuals. OPM awarded a contract to Identity Theft Guard Solutions, LLC, conducting business as ID Experts, on October 28, 2016, who subcontracted with CSIdentity (who later merged with Experian), to provide credit monitoring services and identity theft protection for the affected individuals. This contract expired on December 31, 2018.

Background Investigation Records Incident

OPM also discovered that 21.5 million background investigation records of current, former, and prospective Federal employees and contractors had been stolen. All but approximately 600,000 individuals who were impacted by the personnel records incident were also impacted by the background investigation incident. Again, on September 1, 2015, to mitigate the risk of fraud and identity theft, OPM utilized the Department of the Navy to award a contract to ID Experts to provide identity theft protection services for the affected individuals and their minor dependents. ID Experts also subcontracted with Experian to provide credit monitoring services and identity theft protection for the affected individuals. On March 15, 2016, the Department of the Navy transferred the binding agreement to OPM to perform administrative responsibilities (e.g., making contractor payments and ensuring the contractor was meeting contractual terms and conditions). This contract also expired on December 31, 2018.

New Contract Award

On December 21, 2018, OPM awarded ID Experts a contract that expires on June 30, 2024, for the identity protection services for those individuals whose personal information was stolen in the personnel records and background investigations records incidents.

Contractor Responsibilities

ID Experts is responsible for providing various services to individuals affected by the personnel records and background investigation records incidents. The services, which were included in the two original contracts ending on December 31, 2018, include the same services offered in the current contract ending on June 30, 2024. Once an impacted individual enrolls in MyIDCare Services, ID Experts provides the following:

- Identity Support Services
 - a. Credit Report Access – Upon enrollment in and activation of MyIDCare Credit Monitoring services, the enrolled individuals can immediately view their Tri-Bureau Credit Report (Credit Report from the three credit bureaus - Experian, Equifax and TransUnion) via the MyIDCare¹ portal.
 - b. Credit Monitoring Services – MyIDCare Tri-Bureau Credit Monitoring monitors activity, around-the-clock, for changes to enrolled individual’s credit files with the three credit bureaus. The monitoring service looks for changes that could affect the individual’s credit score or signal that their identity may have been compromised.
 - c. Identity Monitoring Services – Not all cases of compromised credit or identity begin with credit file activity. Many times, stolen personally identifiable information is trafficked and sold on the “dark web” prior to a full identity or credit theft occurring. Therefore, identity monitoring services also includes monitoring of the “dark web” and monitoring of databases that track criminal records, arrest records, bookings, court records, payday loans, bank accounts, sex offender lists, change of addresses, and social security number traces.

¹ The MyIDCare portal is a website created by ID Experts designed for those affected under the OPM cyber incidents.

- Identity Theft Insurance Claims – For scenarios where impacted individuals incur out of pocket expenses associated with the effort of identity restoration or are unable to recover lost funds through the restoration process, ID Experts contracted with insurance provider Allianz to process and pay identity theft insurance claims created by Experian.
- Identity Restoration Services – If an individual’s identity or information is stolen, they have access to Identity Theft Restoration Specialists and licensed Fraud Investigators, if needed. Identity restoration services include, but are not limited to, counseling, investigating, and resolving identity theft issues.
- Special Requests, Issues, or Inquiries provided by the Government – Live agents in the call center direct special requests and issues that fall outside of standard procedures to the call center supervisors in real-time using a special request tracker. The call center supervisor immediately provides escalations² to the project manager to ensure correct response and mitigation of recurring issues.

Contractor Performance Deliverables

ID Experts is contractually required to provide various reports that track its performance to the Contracting Officer’s Representative (COR)³. The table summarizes the deliverables for the two previous contracts and current contract:

Report and Service Descriptions ⁴	Report Due Dates
<p><u>Executive Summary:</u> ID Experts must provide a report to OPM that shows the status of work completed.</p>	<ul style="list-style-type: none"> • Daily until the end of January 2017. • Weekly in February and March 2017. • Monthly through the remainder of the contract, which ends June 30, 2024.

² ID Experts refers to Special Requests, Issues and Inquiries as escalations.

³The Contracting Officer’s Representative is an individual, including a Contracting Officer’s Technical Representative, designated and authorized in writing by the Contracting Officer to perform specific technical or administrative functions.

⁴ The contracts outline specific attributes, which we will not disclose in this report, that ID Experts must provide as part of their reporting.

Report and Service Descriptions ⁴	Report Due Dates
<p><u>Website Services:</u> ID Experts must establish and operate a dedicated, branded website for impacted individuals to access all services and provide a report. The website services must:</p> <ul style="list-style-type: none"> • be available 99.99% of the time and • use multi-factor authentication methods. 	<ul style="list-style-type: none"> • Daily until the end of January 2017. • Weekly in February and March 2017. • Monthly through the remainder of the contract, which ends June 30, 2024.
<p><u>Call Center Services:</u> ID Experts must establish and operate a call center and provide a report. The call center must:</p> <ul style="list-style-type: none"> • be located in the United States; • provide services in English and Spanish; • operate for 12 hours a day Monday through Saturday; • be available 100% of the time; and • have wait times that do not exceed 15 minutes, with an average of 10 minutes. 	<ul style="list-style-type: none"> • Daily until the end of January 2017. • Weekly in February and March 2017. • Monthly through the remainder of the contract, which ends June 30, 2024.

COR Responsibilities

Section 1.604 of the Federal Acquisition Regulation outlines requirements of the COR which state that the COR assists in the technical monitoring or administration of a contract. The COR must maintain a file for each contract and it must include:

- a copy of the Contracting Officer's Letter of Designation and other documents describing the COR's duties and responsibilities;
- a copy of the contract administration functions delegated to a contract administration office which may not be delegated to the COR; and
- documentation of COR actions taken in accordance with the delegation of authority.

In addition, OPM's Contracting Policy 1.604, *Designation of Contracting Officer's Representative Form*, requires the COR to:

- Monitor the Contractor's day-to-day performance to assure compliance with the technical requirements of the contract. This includes providing the Contractor with technical direction. Such direction is to remain within the scope of the contract as written.
- Review and approve progress reports, technical reports, and all other materials provided by the Contractor as required by the contract. In addition, notify the Contracting Officer if the reports or other items submitted will be rejected and state the basis for rejection.
- Complete a Contractor Performance Assessment Report via the Contractor Performance Assessment Reporting System, if required by FAR Part 42.15.
- Review the invoices submitted by the Contractor to verify the products/services invoiced were received and accepted by the government. Additionally, the COR must verify that the charges are being applied to the applicable contract line item number and reject inappropriate or inaccurate charges.
- Keep detailed records of the Contractor's performance, and if not satisfactory, or if problems are anticipated, notify the Contracting Officer in writing as to the cause and recommend a course of action from a technical standpoint.
- Provide the Contracting Officer with copies of all correspondence between the COR and the Contractor.
- Prepare a Memoranda for Record covering all meetings or discussions between the COR and the Contractor and forward copies to the Contracting Officer.
- Advise the Contractor that in the event changes are required, a written request indicating the effect the change will have on the contract terms and conditions must be submitted to the Contracting Officer. The COR will be required to review the proposed change and

advise the Contracting Officer as to whether the proposed change should be incorporated into this contract.

- Assure that changes in work under a contract are not implemented before written authorization is provided, or the Contracting Officer issues a contract modification.
- Recommend in writing, to the Contracting Officer, any changes in the contract required by the Government, with detailed justification for the proposed change.
- Furnish technical advice to the Contracting Officer, as required, relative to such items as subcontracts, overtime, travel to general-purpose meetings, etc.
- Make site visits to the contractor's facility, when appropriate, to check contractor performance to include the following:
 - a. Actual performance versus scheduled and reported performance. Inform Contracting Officer of any adverse conditions noted.
 - b. Changes in technical performance, which may affect financial status, personnel or labor difficulties, over-extension of facilities, etc.
 - c. Verification that the employees charged to the contract are actually performing work under the contract. Also, the COR should evaluate whether the number of personnel assigned are in fact necessary to fulfill contract requirements.
- At completion of the contract, advise the Contracting Officer of the following:
 - a. All products/services required to be furnished or performed under the contract have been technically accepted.
 - b. Disposition of all Government-furnished property or materials.
 - c. Any other outstanding technical issues.
- Ensure the Contractor is fully aware that the contract does not cover charges for any items which are not specifically provided for in the contract. In addition, “the contractor is to be cautioned that if he provides services/supplies during the performance of the contract which are not specifically set forth as priced items in the contract, regardless of who requests them (including the COR), payment will NOT be made for them under this contract.”

PREVIOUS OFFICE OF THE INSPECTOR GENERAL REPORTS

On December 2, 2015, the Office of the Inspector General issued a report on OPM's Award of a Credit Monitoring and Identity Theft Services Contract to Winvale Group LLC, and its subcontractor, CSIIdentity, Report No. 4K-RS-00-16-024. Based on our analysis, we determined that the Contracting Officer failed to comply with the Federal Acquisition Regulation requirements and OPM's policies and procedures in awarding the contract. We issued two recommendations to the Office of Procurement Operations, which are closed.

In addition, on February 28, 2018, the Office of the Inspector General issued a report on OPM's Award of a Credit Monitoring and Identity Theft Services Contract to Identity Theft Guard Solutions, LLC, Report No. 4A-OO-00-17-035. Based on our analysis, we determined that the Office of Procurement Operations maintained an incomplete contract file, and failed to comply with the Federal Acquisition Regulation requirements and OPM's policies and procedures in awarding the ID Experts contract. We also determined that the Office of Procurement Operations needed to strengthen their review controls over the procurement process. We issued two recommendations to the Office of Procurement Operations, which are closed.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

The objectives of our audit were to determine if (1) the COR is monitoring the contractor's performance in accordance with the FAR and OPM's policies and procedures and (2) ID Experts, and its sub-contractor, Experian, are performing their duties and responsibilities in accordance with contract requirements.

The recommendations included in this final report address these objectives.

SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards as established by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of our audit covered the COR's oversight over the ID Experts contracts that were awarded for the background investigations records breach, on September 1, 2015, and the personnel records breach, on October 28, 2016. Our scope also included work performed by ID Experts and Experian over the aforementioned contracts, as well as the current contract, awarded on December 21, 2018. Our audit universe consisted of:

Audit Area	Scope	Background Investigations Records Breach Contract Universe	Personnel Records Breach Contract Universe
Performance Reporting	March 1, 2016 – June 30, 2018	28 Reports	14 Reports
Invoicing	May 1, 2016 – June 30, 2018	28	20
Identity Theft Insurance Claims	October 1, 2017 – December 31, 2018	16	1

Audit Area	Scope	Background Investigations Records Breach Contract Universe	Personnel Records Breach Contract Universe
Special Requests, Issues and Inquiries (Escalations)	January 1, 2018 – December 31, 2018	30	3
Performance Reporting	November 1, 2018 – February 28, 2019	4	4

We performed our audit from June 20, 2018, through May 21, 2019, at OPM headquarters located in Washington, D.C., ID Experts’ office located in Portland, Oregon and Experian’s office located in Austin, Texas.

To accomplish the audit objectives noted above, we:

- held meetings with the COR and Contracting Officer to gain an understanding of how the FAR and OPM responsibilities are being met;
- held meetings with ID Experts and Experian representatives to gain an understanding of how contract requirements are executed;
- reviewed Office of Procurement Operations documents related to COR responsibilities, in accordance with FAR Section 1.604;
- reviewed and analyzed the COR’s contract file, which included the contracting officer’s letter of designation, contract administration functions, and documentation of COR actions taken to ensure compliance with the FAR and OPM’s policies and procedures;
- sampled and tested ID Experts’ performance reports to determine if the COR is monitoring, reviewing and approving performance reports for website and call center services;
- sampled and tested ID Experts’ invoices and vouchers to determine if selected invoices were properly approved; and

- sampled and tested ID Experts and Experian’s restoration requests, issuance of identity theft insurance claims, and special requests, issues, and inquiries to ensure compliance with the contract requirements.

In planning our work and gaining an understanding of the internal controls over contract oversight, ID Experts, and Experian, we considered, but did not rely on, OPM’s internal control structure to the extent necessary to develop our audit procedures. These procedures were mainly substantive in nature. We gained an understanding of management procedures and controls to the extent necessary to achieve our audit objectives. The purpose of our audit was not to provide an opinion on internal controls, but merely to evaluate controls over the contract oversight for the ID Experts contracts.

Our audit included such tests and analysis of contract oversight, including policies and procedures and the ID Experts’ contract file; ID Experts’ and Experian’s performance reports, invoices, and other applicable information, as we considered necessary under the circumstances.

In conducting the audit, we relied to varying degrees on computer-generated data. To assess the reliability of computer-processed data obtained from the MyIDCare portal, we looked for obvious errors in accuracy and completeness. We determined that the data was sufficiently reliable for achieving our audit objectives. We did not evaluate the effectiveness of the general application controls over computer-processed performance data.

We used stratified random sampling to select samples for testing, utilizing Microsoft Excel, in order to accomplish our audit objectives. Our sampling methodology consisted of selecting:

- 9 out of 28 performance reports and 7 out of 14 performance reports for the background investigations record breach contract and personnel records breach contract, respectively, to determine if the COR was monitoring, reviewing, and approving performance reports for website and call center services;
- 9 out of 28 invoices and 9 out of 20 invoices for the background investigations record breach contract and personnel records breach contract, respectively, to determine if selected invoices were properly approved;
- 9 out of 16 identity theft insurance claims for the background investigations record breach contract and the only claim for the personnel records breach contract, to determine if the contractor submitted identity theft insurance claims appropriately;

- 1 out of 30 escalations and 1 out of 3 escalations for the background investigations record breach contract and personnel records breach contract, respectively, to determine if special requests, issues, or inquiries were tracked appropriately; and
- 1 out of 4 performance reports from both the background investigations record breach contract and personnel records breach contract, to determine if the contractor is processing restorations appropriately.

The results of our review indicated that ID Experts and Experian complied with all requirements outlined in the contracts. However, OPM should strengthen controls over contract oversight. We did not select statistically based samples during our review; consequently, we did not project the results from our samples to the populations.

III. AUDIT FINDING AND RECOMMENDATIONS

We determined that ID Experts and Experian are performing their duties and responsibilities in accordance with contract requirements. However, we identified one area, detailed below, in which OPM should improve its controls over contract oversight.

COR Oversight Requirements Were Not Met

The COR did not perform all duties required by OPM's *Designation of Contracting Officer's Representative Form*. While reviewing the contract file and supporting documentation, we identified the following instances of non-compliance:

- The COR did not prepare “Memoranda for Record” for meetings or discussions between the COR and ID Experts. The COR stated that minutes were not prepared and maintained because both the COR and Contracting Officer attended all meetings held with the contractor.
- The COR did not conduct any site visits to the contractor's facility to check the contractor's performance. The Contracting Officer and COR's position was that site visits are not required and since the contractor is not located in the Washington D.C. area, no site visits were performed. Additionally, the Contracting Officer stated that OPM's Office of the Chief Information Officer had made visits to the contractor to review their system and the contractor visited the COR and Contracting Officer's office in Washington, D.C.; therefore, there was no need for the COR to do a site visit to the contractor's facility. While the *Designation of Contracting Officer's Representative Form* states that site visits are needed when appropriate, the COR never made an initial site visit to determine if and when site visits would be appropriate. The Office of the Chief Information Officer visit and the contractor's visit to OPM should not be used as a substitution for the COR to fulfill the requirements for conducting a site visit. The COR, at a minimum, should have made an initial visit to assess performance and used that visit as a baseline to determine when and if other visits were needed.
- The COR did not document reviews of the performance reports submitted by ID Experts. The COR stated that the reviews are only documented through discrepancy reports when there is an exception. However, OPM did not provide any discrepancy reports. Without documentation of the COR's reviews, we cannot verify that

contractor reports were reviewed and approved by the COR, including any noted exceptions or follow-up.

Also, the COR did not request supporting documentation to validate the data reported by ID Experts in the performance reports. Picture 1, *Excerpt from Monthly Call Center Performance Report – April 2018*, is a sample of reported data that ID Experts sends to the COR.

Picture 1: *Excerpt from Monthly Call Center Performance Report – April 2018*

Services	Apr-1	Apr-2	Apr-3	Apr-4	Apr-5	Apr-6	Apr-7
	Sun	Mon	Tue	Wed	Thus	Fri	Sat
Operational Status	N/A	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Call Center calls	0	128	142	112	90	97	64
Number of calls abandoned/dropped	0	0	2	0	3	0	0
Call center enrollments	0	0	0	0	0	0	0
Average wait time (h:mm:ss)	0:00:00	0:00:36	0:01:02	0:00:04	0:00:41	0:00:23	0:00:08
Maximum wait time (h:mm:ss)	0:00:00	0:07:26	0:07:54	0:00:08	0:11:10	0:04:10	0:02:29
Average call length time (h:mm:ss)	0:00:00	0:05:53	0:07:02	0:06:39	0:06:09	0:07:02	0:05:53
Inquiries submitted through the OPM website to the Verification Center	0	4	11	7	1	5	3

The figures represented in the report above are hard coded (no formulas or links to other documents) and are not supplemented with supporting documentation. Therefore, any numbers could have been typed into the report. While we were able to validate a sample of reported data as part of our audit, the COR’s failure to validate all or a sample of performance reports on a routine basis may lead to inaccurate performance data being reported to OPM.

OPM's Contracting Policy 1.604, *Designation of Contracting Officer's Representative Form*, Duty #7, requires the COR to "Prepare Memoranda for Record covering all meetings or discussions between the COR and the Contractor and forward copies to [the Contracting Officer]. It is critically important to keep [the Contracting Officer] informed on the context of all communications with the Contractor to prevent possible misunderstandings or situations that could affect contract terms or conditions and become the basis of future claims against the Government."

Furthermore, Duty #12 requires the COR to "Make site visits when appropriate, to the contractor's facility and check contractor performance to include the following:

- a. Actual performance versus scheduled and reported performance. Inform the Contracting Officer of any adverse conditions noted.
- b. Changes in technical performance, which may affect financial status, personnel or labor difficulties, over extension of facilities, etc.
- c. Verify that the employees charged to the contract are actually performing work under the contract. For example, if the Contractor claims that ten persons are assigned to the contract on a full time basis, there should be a determination that ten individuals are performing work under this contract. Also, the COR should evaluate whether the number of personnel assigned are in fact necessary to fulfill contract requirements."

In addition, Duty #2 requires the COR to "Review and approve progress reports, technical reports, and all other materials provided by the Contractor as called for by the contract. Notify the Contracting Officer if said reports or other items submitted are to be rejected and state basis for rejection."

The U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government, Principle 10 – Design Control Activities*, states, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

Furthermore, *Principle 10* also states, “Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. ‘Transactions’ tends to be associated with financial processes (e.g., payables transactions), while ‘activities’ is more generally applied to operational or compliance processes. For the purposes of this standard, ‘transactions’ covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.”

Failing to keep records of all meetings and discussions between OPM and the contractor can lead to possible misunderstandings or situations that could affect contract terms or conditions and become the basis of future claims against OPM. Furthermore, no validation of the data received in conjunction with no site visits increases the chances that a contractor may not be performing work as required by the contract.

Recommendation 1

We recommend that the COR prepare and maintain “Memoranda for Records” covering all meetings or discussions between the COR and the contractor.

OPM’s Response

OPM concurs with this recommendation, and states, “The COR is currently preparing and maintaining Memoranda for Record covering all subsequent meetings or discussions between the COR and the contractor.” Additionally, OPM states, “The COR designation letter may be revised in the future to clarify which meetings or discussions require a Memoranda for Record.”

Recommendation 2

We recommend that OPM implement controls to ensure that the COR conducts site visits, when appropriate, to the contractor and subcontractor’s facilities to review contractor performance. Controls should include maintenance of documentation showing the results of the site visits and/or rationale as to why site visits are not warranted.

OPM's Response (to Draft Recommendation)

OPM partially concurs with this recommendation, and states “We agree that the COR should determine whether site visits are appropriate for this type of contract and, if they are, decide how frequently such visits should occur and maintain documentations showing the results of any site visits. The COR will prepare a site visit determination and visit schedule (if visits are appropriate for this contract) for the Contracting Officer’s review and approval within 60 days of the date of this response.”

OIG Comment:

We have marginally revised our recommendation based on OPM’s response to our draft report. We would like to emphasize that if site visits are determined not to be appropriate, the COR should maintain documentation to support the analysis conducted and conclusion(s) reached as to why visits are not needed.

Recommendation 3

We recommend that OPM implement controls to ensure that the COR validates information included in the contractor’s reports submitted to OPM. Controls should include maintenance of documentation supporting the COR’s validation of the information, to include but not be limited to, the supporting documentation, exceptions, and follow-up questions with the contractor.

OPM's Response

OPM does not concur with this recommendation, and states, “We do not concur. We do not agree that controls are needed to ensure the COR validates information in the contractor’s reports because validation of information is beyond the scope of the COR designation letter and the scope of the contract. The COR designation letter requires the COR only to ‘review and approve’ materials provided by the contractor ‘as called for by the contract.’ The COR designation letter does not require the COR to request supporting documentation to substantiate or confirm the data reported by ID Experts in reports Moreover, the contract does not require the contractor to deliver the supporting documentation for data in reports Additional controls are not needed to help ensure something that is not required by the COR designation letter or the contract.”

OIG Comment:

In response to recommendation 3, OPM states that having the COR validate the information on the contractor's reports is not needed because "validation of information is beyond the scope of the COR designation letter and the scope of the contract," and that "the contract does not require the contractor to deliver the supporting documentation for data in reports." We believe that the current contract contains provisions that allow OPM to request additional information. Section 5.6.1, Establish and Operate Call Center states, "The Government may audit call logs and recorded calls at any time." Therefore, the COR should be able to request any additional documents that are needed to validate call performance included on the contractor's reports. Additionally, Section 5.2, Project Management Services states, "ID Experts has demonstrated the ability to produce high quality deliverables, be responsive to OPM needs and requests, maintain rigorous internal audit functions and proactively communicate and address issues as they arise."

OPM should not approve documents without a review of materials, provided by the contractor, verifying the validity of the information contained in the reports. The intent of the COR's review and approval should be to ensure the data reported in the contractor's reports are valid and reliable; however, during our audit we did not see any indication that the COR checked the reliability of the data.

Recommendation 4

We recommend that OPM revise the *Designation of Contracting Officer's Representation Form* for the credit monitoring and identity theft services contract to ensure the COR reviews supporting documentation to confirm that data in the contractor's reports are complete and accurate.

Recommendation 5

We recommend that OPM modify the contract for the next option year, or include in any future contracts, a requirement for contractors to provide supporting documentation, as requested, for reports/deliverables submitted to OPM.

OIG Comment:

We have added recommendations 4 and 5 based on OPM's response to our draft report. OPM should respond to our additional recommendations during the audit resolution process.

Recommendation 6

We recommend that OPM implement controls to ensure that the COR reviewed and approved all reports and materials provided by the contractor. Controls should include maintenance of documentation supporting the COR's review and approval.

OPM's Response

OPM does not concur with this recommendation, and states "the COR did and does document the review and approval of reports and materials provided by the contractor."

OIG Comment

OPM has not provided documentation to support its position that the COR documents the review and approval of reports, particularly performance reports provided by the contractor. For example, the COR's *Discrepancy Reports* did not show support of review and approval of performance reports; instead the reports indicated issues that had been identified by the contractor. In addition, the *Executive Dashboard* reports did not contain any annotations, signatures, or review comments which would support that the COR reviewed and approved the documents.


APPENDIX 1

August 21, 2019

MEMORANDUM FOR


CHIEF, INTERNAL AUDITS GROUP OFFICE OF THE
INSPECTOR GENERAL

FROM:

Nicole Evans  Digitally signed by NICOLE EVANS
'Date: 2019.08.22 11:29:00 -04'00'
Senior Procurement Executive and
Acting Director, Office of Procurement Operation

Subject:

Audit of the U.S. Office of Personnel Management's Oversight of
the ID Experts Credit Monitoring and Identity Theft Services
Contract, Report Number 4A-OO-18-006

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General (OIG) draft report, Audit of the U.S. Office of Personnel Management's Oversight of the ID Experts Credit Monitoring and Identity Theft Services Contract, Report Number 4A-OO-18-006, dated July 24, 2019.

Responses to your recommendations including planned corrective actions, as appropriate, are provided below.

Recommendation 1: We recommend that the COR prepare and maintain Memoranda for Records covering all meetings or discussions between the COR and the contractor.

Management Response: We concur. The COR is currently preparing and maintaining Memoranda for Record covering all subsequent meetings or discussions between the COR and the contractor. <Deleted by OIG, not relevant to the final report> The COR designation letter may be revised in the future to clarify which meetings or discussions require a Memorandum for Record.

Recommendation 2: We recommend that OPM implement controls to ensure that the COR conducts routine site visits to the contractor and subcontractor's facilities to check on contractor performance. Controls should include maintenance of documentation showing the results of the site visits and/or rationale as to why site visits are not warranted.

Report No. 4A-OO-00-18-006

<Deleted by OIG, not relevant to the final report>

Management Response: Partially concur. We agree that the COR should determine whether site visits are appropriate for this type of contract and, if they are, decide how frequently such visits should occur and maintain documentations showing the results of any site visits. The COR will prepare a site visit determination and visit schedule (if visits are appropriate for this contract) for the Contracting Officer's review and approval within 60 days of the date of this response. <Deleted by OIG, not relevant to the final report>

Recommendation 3: We recommend that OPM implement controls to ensure that the COR validates information included in the contractor's reports submitted to OPM. Controls should include maintenance of documentation supporting the COR's validation of the information, to include but not limited to, the supporting documentation, exceptions, and follow-up questions with the contractor.

Management Response: We do not concur. We do not agree that controls are needed to ensure the COR validates information in the contractor's reports because validation of information is beyond the scope of the COR designation letter and the scope of the contract. The COR designation letter requires the COR only to "review and approve" materials provided by the contractor "as called for by the contract." The COR designation letter does not require the COR to request supporting documentation to substantiate or confirm the data reported by ID Experts in reports. Moreover, the contract does not require the contractor to deliver the supporting documentation for data in reports. Additional controls are not needed to help ensure something that is not required by the COR designation letter or the contract.

Recommendation 4: We recommend that OPM implement controls to ensure all reports and materials provided by the contractor are reviewed, validated, and approved by the COR. Controls should include maintenance of documentation supporting the COR's review and approval.

Management Response: We do not concur. We do not agree that controls are needed to ensure all reports and materials provided by the contractor are validated by the COR because validation is beyond the scope of the COR designation letter and the scope of the contract. The COR designation letter requires the COR only to "review and approve" materials provided by the contractor "as called for by the contract." The COR designation letter does not require the COR to request supporting documentation to substantiate or confirm the information in ID Experts' reports and materials. Moreover, the contract does not require the contractor to deliver the supporting documentation for reports and other materials.

Additional controls are not needed to help ensure something that is not required by the COR designation letter or the contract. Further, the COR did and does document the review and approval of reports and materials provided by the contractor. <Deleted by OIG, not relevant to the final report>

<Deleted by OIG, not relevant to the final report>

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