



Office of Inspector General
Pension Benefit Guaranty Corporation

April 22, 2016

VIA EMAIL

The Honorable Jason Chaffetz, Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515-6143

The Honorable Elijah E. Cummings, Ranking Member
U.S. House of Representatives
Ranking Member, Committee on Oversight and Government Reform
2471 Rayburn House Office Building
Washington, DC 20515-6143

Dear Chairman Chaffetz and Ranking Member Cummings:

This letter is in response to your April 6, 2016 request that our office provide to the Committee on Oversight and Government Reform information about our office's open and unimplemented recommendations, non-public OIG reports, and our access to Pension Benefit Guaranty Corporation records.

We are pleased to report PBGC made significant progress this year in closing open recommendations. When we reported last year, PBGC had 183 open recommendations. As of March 31, 2016, there are 100 open recommendations. While this number is still high, it is the smallest number of open recommendations in many years.

Your information requests are bolded and italicized below, followed by our responsive information. The numbering tracks the numbering in your request.

1. ***The current number of recommendations by your office that are open or unimplemented.***

As highlighted above, PBGC has 100 open OIG recommendations as of March 31, 2016.

As part of the financial statement audit, PBGC received its seventh consecutive adverse opinion on internal control. We reported a continuing material weakness related to controls over the present value of future benefit liability, with 12 open recommendations. However, progress made in correcting weaknesses identified in prior financial statement audits resulted in the two

material weaknesses related to IT operations being reclassified as significant deficiencies: (1) planning and management of PBGC's entity-wide IT security program and (2) configuration and management of IT access controls. These IT deficiencies have a total of 9 open recommendations. There was an additional new significant deficiency related to accounting for premium income with 6 open recommendations. Last year we reported that PBGC had 82 open recommendations related to these material weaknesses and significant deficiencies; as of March 31, 2016 there are 27.

2. *The cumulative estimated cost savings associated with the current number of open and unimplemented recommendations.*

Our office has no open recommendations associated with a specific cost savings (i.e., questioned costs or funds to be put to better use). However, we believe that the process improvements identified by our recommendations would ultimately result in significant cost savings within PBGC's operations, through decreased duplication of efforts, documentation of processes and improved controls to provide management with increased assurance that business processes are functioning as designed.

3. *For those recommendations that would result in cost savings if implemented, specify the recommendation, the date the recommendation was made, and an estimate for the cost savings that would be realized if the recommendation were implemented.*

As stated above, we have no open recommendations associated with cost savings.

4. Which three open or unimplemented recommendations does your office consider to be the most important or urgent? For each, identify:

a. The status of the recommendation, including whether agency management has agreed or disagreed with the recommendation and the expected date of implementation; and,

b. The cost savings associated with the recommendation (if applicable).

Since PBGC has a large number of open recommendations, it is difficult to highlight just three. For purposes of this request, our office considers the following three open recommendations most significant. PBGC has agreed with all three recommendations.

The first two recommendations are integral to the material weakness in PBGC's adverse opinion on internal control; corrective action will result in greater assurance that PBGC accurately calculates pension benefits and the liability reported in its financial statements.

- Modernize systems that calculate individuals' pension benefits and value, PBGC's future liability to increase functionality, automate processes, and reduce manual intervention. Issued 11/14/2014; agency expected completion 12/31/2018 (PBGC recently notified us it was developing plans to accelerate this completion date).
- Ensure adequate documentation is maintained, which supports, substantiates, and validates benefit payment calculations by implementing proper monitoring and enforcement measures in compliance with approved policies and procedures. Issued 11/14/2011, agency expected completion 08/31/16.

The third recommendation was one of the reasons for the IT material weakness (Access Controls and Configuration Management) reported in prior years. This weakness was reduced to a significant deficiency in the FY 2015 financial statement audit because of PBGC's partial corrective actions. IT security incidents such as attacks and breaches from internal employees, independent hackers, and organized hackers originating overseas are a grave concern for government and private sector entities. Though PBGC has made progress in strengthening its incident response program, it is critical for PBGC to have effective controls to monitor the contractors performing the security incident monitoring.

- Ensure security incidents are documented, investigated, reported to Federal management, and corrective actions implemented to remediate security vulnerabilities. Issued 3/21/2014, agency expected completion 6/30/2016.

5. A summary of all closed investigations, evaluations, and audits that were not disclosed to the public since March 1, 2015, including the case number, disposition, brief description of the allegation, and the date the investigation was closed.

Audit/Evaluation Reports. With limited exceptions, we post all audit and evaluation reports on our website within three days of issuing the final report to PBGC. We would not provide or post on our website the full text of reports that would disclose specific vulnerabilities that could be exploited. Typically, such reports are IT-related such as our vulnerability assessment and penetration testing report and the template report required by the Office of Management and Budget for compliance with the Federal Information Security Modernization Act (FISMA). We also limit disclosure of those reports within PBGC to those with a need to know.

I note that we do "disclose" that we have conducted the work reported in the few restricted disclosure and other non-public audit/evaluation reports; in lieu of posting full text reports, we post a high-level summary on our website and also summarize each in our Semiannual Reports to Congress.

Attachment 1 is a table summarizing the three reports issued since March 2015 that are not in full text on our website – two IT vulnerability assessment and penetration testing restricted-disclosure reports and one FISMA template report.

Investigative Reports. We do not post any investigative reports on our website due to privacy concerns. To provide necessary information for the agency to consider appropriate corrective actions, the reports contain significant personally-identifiable and other sensitive information. Posting these reports would require significant redactions. However, we do summarize each significant investigation in our Semiannual Reports to Congress, each of which is posted on our website.

Attachment 2 provides a table with the requested data concerning closed investigations.

6. List and describe any instances where the agency refused to provide, or otherwise delayed or restricted your access to, records or other information.

There were no instances where the agency refused to provide or delayed or restricted access to records or information.

In closing, our office will continue in our efforts to increase efficiency, improve PBGC operations, and prevent waste, fraud and abuse. I would be happy to discuss our efforts with you and answer any additional questions at your convenience.

You may also read our reports at our website: <http://oig.pbgc.gov/index.html>. If you have any questions about this response or about any of our OIG work, please contact me at 202 326-4000 extension 3437.

Respectfully submitted,



Robert A. Westbrook

Inspector General

Attachment 1: Summary of Audit/ Evaluation Reports Not in Full Text on Our Website From March 1, 2015 – March 31, 2016

Report Number	Report Title	Issue Date	Summary
EVAL-2015-7/ FA-14-101-6	Fiscal Year 2014 Vulnerability Assessment and Penetration Testing Report	3/30/2015 Restricted Disclosure	This review is conducted annually to find technical weaknesses in PBGC's computer systems that may allow employees/contractors or outsiders to cause harm to and/or impact PBGC's business processes and information.
LTR 2016-4/ FA-15-108-4	FY 2014 FISMA Submission to OMB	11/13/15– template report not posted	Annually, agencies and OIGs must complete and submit answers to a series of template questions about management and oversight an agency's IT program, covering such topics as appropriate policies and procedures, security over data (including access controls, configuration management, effective training, and incident response), and continuous monitoring. The agency head and Inspector General jointly submit the template to OMB, along with an individual letter from each. We post the IG letter. Subsequently, we prepare an annual narrative FISMA report that is publicly available on our website.
EVAL-2016-1/ FA-15-108-1	Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report	12/11/2015 Restricted Disclosure	This review is conducted annually to find technical weaknesses in PBGC's computer systems that may allow employees/contractors or outsiders to cause harm to and/or impact PBGC's business processes and information.

Attachment 2: Summary of Closed Investigations Not Disclosed to Public March 1, 2015 - March 31, 2016

Investigation Number	Disposition	Allegation Summary	Date Closed
15-0017-I	Closed-No OIG Investigation	Other	4/22/2015
14-0019-I	Closed-No Referral	Employee Integrity	6/23/2015
15-0007-I	Closed-No Referral	Employee Integrity	6/23/2015
14-0010-I	Closed-No Referral	Employee Integrity	7/6/2015
14-0022-I	Closed-No Referral	Benefit Theft From Someone Alive	7/6/2015
15-0024-I	Closed-No Referral	Benefit Theft From Someone Deceased	7/13/2015
14-0014-I	Closed-No Referral	Benefit Theft From Someone Alive	7/29/2015
14-0020-I	Closed-No Referral	Employee Integrity	7/29/2015
15-0025-I	Closed-No Referral	Employee Integrity	8/3/2015
08-0023-I	Closed-No Referral	Plan Administration Irregularities	8/4/2015
12-0004-I	Closed-No Referral	Employee Integrity	8/5/2015
12-0009-I	Closed-No Referral	Employee Integrity	8/5/2015
14-0021-I	Closed-No Referral	Benefit Theft From Someone Alive	8/5/2015
14-0023-I	Closed-No Referral	Other	8/5/2015
13-0004-I	Closed-No OIG Investigation	Purchase or Travel Card Fraud	8/5/2015
13-0005-I	Closed-No OIG Investigation	Purchase or Travel Card Fraud	8/5/2015
15-0005-I	Closed-No Referral	Benefit Theft From Someone Alive	8/6/2015
15-0022-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	8/6/2015
13-0006-I	Closed-Criminal Referral, Declined	Plan Administration Irregularities	8/6/2015
15-0006-I	Closed-No Referral	Other	8/6/2015
15-0012-I	Closed-No Referral	Contractor Employee Misconduct	8/6/2015
15-0013-I	Closed-No OIG Investigation	Plan Administration Irregularities	8/6/2015
15-0023-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	8/10/2015
14-0012-I	Closed-No Referral	Plan Administration Irregularities	8/10/2015
15-0004-I	Closed-No Referral	Participant Benefit Irregularities	8/10/2015
13-0001-I	Closed-No Referral	Plan Administration Irregularities	8/10/2015
14-0004-I	Closed-No Referral	Benefit Theft From Someone Alive	8/13/2015
15-0031-I	Closed-No Referral	Procurement Fraud	8/14/2015
14-0018-I	Closed-No Referral	Benefit Theft From Someone Alive	8/17/2015
14-0017-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	8/17/2015
13-0003-I	Closed-No OIG Investigation	Benefit Theft From Someone Alive	8/24/2015

Investigation Number	Disposition	Allegation Summary	Date Closed
15-0020-I	Closed-Criminal Referral, Declined	Benefit Theft From Someone Deceased	8/28/2015
15-0008-I	Closed-No Referral	Employee Integrity	9/2/2015
15-0003-I	Closed-Administrative Referral, No Action Taken	Procurement Fraud	9/3/2015
15-0011-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	9/4/2015
14-0005-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	9/9/2015
14-0006-I	Closed-No Referral	Procurement Fraud	9/10/2015
15-0015-I	Closed-No Referral	Plan Administration Irregularities	9/14/2015
15-0001-I	Closed-No Referral	Participant Benefit Irregularities	9/15/2015
15-0021-I	Closed-Criminal Referral, Declined	Benefit Theft From Someone Deceased	9/16/2015
14-0003-I	Closed-No Referral	Plan Administration Irregularities	9/17/2015
14-0007-I	Closed-No Referral	Procurement Fraud	9/17/2015
14-0009-I	Closed-No Referral	Procurement Fraud	9/17/2015
15-0016-I	Closed-Criminal Referral, Declined	Employee Integrity	9/18/2015
15-0018-I	Closed-No Referral	Other	10/5/2015
15-0042-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	10/5/2015
15-0045-I	Closed-No Referral	Other	10/9/2015
14-0016-I	Closed-No Referral	Employee Integrity	10/9/2015
15-0032-I	Closed-No Referral	Benefit Theft From Someone Deceased	10/28/2015
16-0003-I	Closed-Administrative Referral, No Action Taken	Employee Integrity	12/4/2015
15-0019-I	Closed-Criminal Referral, Declined	Employee Integrity	2/24/2016
16-0004-I	Closed-No Referral	Benefit Theft From Someone Alive	2/24/2016
16-0010-I	Closed-No OIG Investigation	Participant Benefit Irregularities	2/24/2016
16-0007-I	Closed-No Referral	Employee Integrity	3/4/2016
14-0002-I	Closed-No OIG Investigation	Benefit Theft From Someone Deceased	3/23/2016
15-0035-I	Closed-No Referral	Benefit Theft From Someone Deceased	3/23/2016
15-0037-I	Closed-Administrative Referral, No Action Taken	Participant Benefit Irregularities	3/23/2016