

PENSION BENEFIT GUARANTY CORPORATION

**SEMIANNUAL REPORT
TO THE CONGRESS**



OFFICE OF INSPECTOR GENERAL

OCTOBER 1, 1998 - MARCH 31, 1999

Office of Inspector General

April 30, 1999

Alexis Herman
Chairman, PBGC Board of Directors

It is my pleasure to submit this twentieth semiannual report to the Congress. This report summarizes the major activities and accomplishments of the Office of Inspector General (OIG) for the six-month period ending March 31, 1999. Our accomplishments were made possible by the dedicated efforts of a committed and professional staff.

Our work this reporting period has resulted in significant operational benefit to PBGC. Our efforts were directed to increased economy, efficiency, and quality of PBGC's operations and combating actual or potential occurrences of waste, fraud, and misuse of Government funds. My office issued eight (8) reports in the audit area, including the audit of PBGC's financial statements for 1998 and 1997, and three reports concerning PBGC's issuance of initial determination letters that were initiated at the request of Senator Grassley, Chairman of the Senate Special Committee on Aging.

In the investigative area, we opened nineteen (19) and closed nine (9) investigations. Some of the significant investigations we closed this period include the improper assistance of an applicant for employment by the selecting official, and harassing internet e-mail. We also conducted investigative activities for the Department of Justice to assist in evaluating allegations in a qui tam action, and obtaining an indictment of a pension participant who defrauded PBGC. We operate a post office box and "1-800" Hotline which continues to receive calls and mail primarily from pension plan participants. All of these were "first-time" contacts that were referred directly to the agency for customer assistance.

The results achieved by the OIG were enhanced by the support of PBGC's Executive Director, managers, employees, and the Congress. I look forward to continuing the productive professional working relationship as we strive to maintain the highest levels of integrity and quality in the Corporation's programs and operations, and helping PBGC meet its important challenges.

Sincerely,

Wayne Robert Poll
Inspector General

Enclosure

EXECUTIVE SUMMARY

This is the twentieth semiannual report to the Congress summarizing the activities and accomplishments of the Pension Benefit Guaranty Corporation (PBGC) Office of Inspector General (OIG) for the period October 1, 1998 through March 31, 1999. Our efforts were directed toward performing audits, inspections, and evaluations of the Corporation's programs and operations, conducting several large and complex investigations, and providing technical assistance and advice on Corporate programs. In the audit area, we issued eight (8) reports, including an:

- *audit of PBGC's 1998 financial statements, which resulted in unqualified opinions with respect to the financial statements and management's assertion concerning the operation of financial management controls (with three reportable conditions), and a report on PBGC's compliance with laws and regulations (see page 2);*
- *agreed-upon procedures to evaluate PBGC's submission of certain data to the Department of Treasury in preparation for consolidated financial statements of the United States (see page 3);*
- *three reports in response to questions asked by the Senate Special Committee on Aging about PBGC's issuance of initial determination letters:*
 1. *the efficiency and effectiveness of the benefit determination process,*
 2. *the length of time it has taken PBGC to issue IDLs, and*
 3. *the impact of the delays upon participants (see pages 3 and 4).*

In the investigative area, we opened nineteen (19) new investigative cases during the reporting period, and closed nine (9) cases. Two of the cases closed this period involved:

- *improper assistance of an applicant for employment by the selecting official (see page 10); and*
- *harassing internet e-mail (see page 10).*

In addition, we obtained an indictment of a pension plan participant who defrauded PBGC and assisted the Department of Justice (DOJ) by investigating and analyzing certain allegations in a qui tam action in which DOJ later determined not to intervene. We revisited the agency's decision to conduct investigations of an allegation that a waiver of spousal benefits is fraudulent (see page 10). PBGC agreed that when it receives an allegation from a pension plan participant's spouse that he/she had not signed the waiver of benefits form, that allegation will be referred to the OIG for investigation.

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INTRODUCTION

THE PENSION BENEFIT GUARANTY CORPORATION

The Pension Benefit Guaranty Corporation (PBGC) was established under Title IV of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, 5 U.S.C. §§ 1301-1461, as a self-financing, wholly-owned Federal Government Corporation to administer the pension insurance program. ERISA requires that PBGC (1) encourage the continuation and maintenance of voluntary private pension plans; (2) provide for the timely and uninterrupted payment of pension benefits to participants and beneficiaries; and (3) maintain premiums at the lowest level consistent with carrying out PBGC's obligations.

For about 42 million Americans, the PBGC provides assurance that their retirement benefits are safe now and for the future. The PBGC protects the pensions of participants in certain defined benefit pension plans, i.e., plans that promise to pay definitely determinable retirement benefits. Such defined benefit pension plans may be sponsored individually or jointly by employers and by unions. Currently, there are approximately 209,000 participants receiving benefit payments from PBGC. Additionally, in its fiscal year 1998 Financial Statement, the PBGC reported that it has assets of \$18.4 billion and liabilities of \$13 billion.

THE OFFICE OF INSPECTOR GENERAL

One of the strategic goals of the OIG is to assist the PBGC in operating more efficiently and effectively by identifying ways to improve the PBGC's programs. To accomplish this goal, the OIG conducts agency audits, inspections, and investigations, and makes recommendations to PBGC management. In addition, the OIG is required statutorily to inform the agency head of fraud and other serious problems, abuses, and deficiencies relating to the programs and operations administered or financed by the PBGC, recommend corrective action concerning such problems, and report on the progress made in implementing corrective actions.

The OIG staff consists of eleven (11) employees, of which two are investigators. We continue to accomplish our investigative program through the use of contract investigators, though this is limiting because conducting criminal investigations is an inherently governmental function.

The Chief Financial Officers Act (CFO Act) requires that a government corporation's financial statements be audited by the Inspector General, unless preempted by GAO. The OIG contracted for an Independent Public Accountant (IPA) to perform the audit of the Corporation's FY 1998 financial statements.

AUDIT ACTIVITIES

OVERVIEW

The OIG provides independent analyses to management on a full range of PBGC's operations including programs, activities, functions, and funds. The OIG has full discretion in establishing audit objectives, plans, and priorities. During this reporting period, the OIG issued eight (8) reports (see TABLE 1) to help PBGC reduce costs and strengthen management controls. Below is a summary of those reports. Our audits comply with the United States General Accounting Office's *Government Auditing Standards*, while the inspections comply with quality standards for inspections published by the President's Council on Integrity and Efficiency.

AUDITS AND EVALUATIONS

AUDIT OF THE PENSION BENEFIT GUARANTY CORPORATION'S FISCAL YEARS 1998 and 1997 FINANCIAL STATEMENTS (99-6/23132-1) and (99-7/23132-2)

The OIG engaged PricewaterhouseCoopers LLP to conduct an audit of PBGC's financial statements of the Single-Employer Program Fund and the Multiemployer Program Fund for the fiscal years (FY) ended September 30, 1998 and 1997. The audit was performed under the direction and general supervision of the OIG and resulted in three reports:

- An unqualified opinion report on the financial statements, which opines that they present fairly, in all material respects: (1) the financial position of the Single-Employer Program and Multiemployer Program Funds administered by PBGC as of September 30, 1998, and 1997, and (2) the results of their operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.
- The report on internal control notes three reportable conditions. First, PBGC needs to integrate its financial management systems and improve its systems development life cycle methodology. Secondly, PBGC needs to finalize and test its plan for maintaining continuity of operations. Finally, PBGC needs to implement and improve controls surrounding the Participant Records Information Systems Management (PRISM) application, the system PBGC uses to maintain and process pension participant information.
- The report on compliance with applicable laws and regulations indicates that, with respect to items tested, no instances of non-compliance were disclosed.

The OIG issued a report with these three opinions (99-7/23132-2). In addition, the OIG issued a single page report that PBGC incorporated into its FY 1998 Annual Report (99-6/23132-1).

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON
PROCEDURES FOR FACTS DATA
(99-9/23132-4)**

The General Accounting Office (GAO) requested that the OIG perform specific procedures related to the Schedule of Summarized FACTS Data submitted by PBGC to the Department of Treasury (Treasury), which included a department level Adjusted Trial Balance report and selected footnote data. The procedures were performed solely to assist Treasury in the preparation of consolidated financial statements of the United States for the year ended September 30, 1998 and to assist GAO in the audit of those statements.

CONGRESSIONAL REVIEWS

In August of 1997, the Honorable Charles Grassley, Chairman of the Special Committee on Aging of the United States Senate (Committee), asked the OIG to address certain questions regarding Initial Determination Letters (IDLs). Specifically, the Committee was concerned with the amount of time it takes PBGC to issue IDLs. The OIG was asked to conduct a multi-year review of PBGC's IDL process to include the following:

- An evaluation of the efficiency and effectiveness of PBGC's process to issue IDLs;
- The length of time it takes PBGC to issue an IDL;
- The effect of such delays upon individuals awaiting IDLs; and
- The number of appeals filed yearly, the number of appeals pending at the end of each fiscal year and the number of appeals granted in favor of the participant or upholding the PBGC's initial determination.

We reported on the appeals question in our last Semiannual Report to Congress (*Audit Of PBGC's Response To Certain Questions Concerning Appeals Of PBGC Initial Determinations Of Pension Benefits* (98-10/23131)). The following presents our summaries of the three remaining reviews.

**IMPROVEMENTS ARE NEEDED TO ACHIEVE
BETTER EFFICIENCY AND EFFECTIVENESS
IN PBGC'S BENEFIT DETERMINATION PROCESS
(99-2/23128-1)**

An IDL is written notification to participants and others of PBGC's official decision regarding entitlement to, amount and other conditions of a pension benefit. The IDL is generated as a result of the benefit determination process managed by the Insurance Operations Department (IOD). According to IOD's procedures manual, there are several processes that must be completed before the IDLs can be provided to participants. PBGC categorizes these benefit determination processes as: pre-termination, initial trusteeship, audit and valuation. After these processes are completed, PBGC issues the IDLs during the notification process. The final process is case closure.

We reviewed the efficiency and effectiveness of the benefit determination process. We found that PBGC's current process has increased the number of IDL's issued annually. However, we identified opportunities to improve PBGC's benefit determination process in several key areas: (1) developing and

implementing timeliness performance measurements that would link to PBGC's strategic goals and desired performance outcomes; (2) taking reasonable steps to ensure that IDLs have been issued to all participants; (3) strengthening controls to accurately account for IDLs issued; (4) eliminating redundant activities within the benefit determination process; (5) collecting plan records earlier; (6) establishing mandatory training requirements for employees responsible for the benefit determination process; and (7) ensuring that time spent performing the benefit determination processes is accurately captured and recorded.

THE LENGTH OF TIME IT HAS TAKEN PBGC TO ISSUE INITIAL DETERMINATION LETTERS (99-3/23128-2)

We performed a multi-year review of the length of time that it has historically taken PBGC to issue IDLs to participants in terminated plans. We selected a sample of 60 terminated plans from a population of 1,715 plans which had been terminated and trustee by PBGC and for which IDLs had been issued. This sample included approximately 87,000 IDLs.

Using the sample data provided by PBGC, we selected the Date of Trusteeship (DOTR) and the Actuarial Valuation Completion Date (AVCD) to calculate historical average lengths of time taken by PBGC to issue IDLs to participants. The DOTR was selected because PBGC uses this date to calculate and subsequently report the average length of time it takes to issue IDLs to participants. The AVCD date was selected because, at this point in the benefit determination process, the analysis of participant information has been completed and each participant's final benefit amount has been determined.

We compared IDL issuance dates against the DOTR and the AVCD dates and found that 53% of IDLs were issued between four and nine years after DOTR. We also found that 46% of IDLs were issued between two and six years after the AVCD.

Our review also disclosed problems pertaining to participants' IDL data maintained on two PBGC information systems -- PRISM and the Image Processing System (IPS). Specifically, we identified that PRISM contained duplicate, incomplete and erroneous data. We also found that IPS did not contain supporting documentation for all IDLs in our sample.

PENSION PLAN PARTICIPANTS IMPACTED BY DELAYS IN INITIAL DETERMINATION LETTER ISSUANCE (99-1/23128-3)

The objective of this review was to determine the effects on participants due to a delay in the issuance of IDLs. In order to assess the impact on participants, we evaluated certain information maintained by PBGC: 1) videotapes of focus groups conducted by PBGC between 1994 and 1998 composed of participants in terminated plans that PBGC trustee; 2) controlled correspondence received by PBGC from April 1996 through April 1998; and 3) responses to PBGC Customer Service Surveys from 1995 through 1997.

Our review disclosed that there appears to be a gap between PBGC's perception of the impact and the perception of those who are waiting for their IDLs. We asked PBGC management: What is the affect on plan participants of PBGC's

delay in issuing IDLs? Consistently, PBGC focused on the financial impact and emphasized that participants were receiving monthly pension benefits.

Our review disclosed some participants and beneficiaries who reported that the delayed IDLs greatly impacted them. Notwithstanding PBGC's immediate payment of their monthly benefit, they reported other economic harms such as inability to plan their financial future and the requirement to repay overpaid benefit amounts. The participants noted that when the estimated benefit had been incorrectly computed by PBGC in the first instance, then PBGC's delay in issuing the IDL compounded the overpayment. In addition, until the IDL is issued participants receive estimated benefits and have no rights to appeal. They also reported impacts other than financial, such as emotional.

AUDIT FOLLOW-UP AND RESOLUTION

The audit follow-up system at PBGC is integral to effective management and is a shared responsibility of PBGC management and the OIG. PBGC has established an audit follow-up system to document management's actions and assure prompt resolution of both OIG and GAO audit recommendations.

The Office of Management and Budget (OMB) Circular A-50 requires that audit recommendations be resolved within six (6) months of issuance. The OMB guidance provides that audit recommendations are resolved when Agency management and the OIG reach agreement on firm plans of action to correct reported weaknesses. Resolution, however, does not mean an audit recommendation is closed. The OIG closes audit recommendations only when corrective actions have been completed by the Agency.

The OIG issued the *Semiannual Listing of Audit Recommendations* (99-5/32091) which contained eighty-two (82) audit recommendations of which seventy-six (76) were outstanding from the prior reporting period. Of these open audit recommendations, the OIG's *Semiannual Report on Follow-up of Audit Recommendations* (99-10/32092) reported twenty-seven (27) audit recommendations that PBGC reported closed and in which the OIG concurred. Fifty-five (55) audit recommendations remained open on March 31, 1999.

ACCESS TO INFORMATION

Under the Act, the Inspector General is to have unfettered access to all agency records, information, or assistance when engaged in an investigation or audit. Whenever access to requested records, information or assistance is unreasonably refused or not provided, the Inspector General must promptly report the denial to the Agency Head. During this six-month reporting period, the Inspector General's access to information was not unreasonably restricted.

PBGC MANAGEMENT - INSPECTOR GENERAL DISAGREEMENTS

Semiannually, the OIG must report the status of all unresolved audit reports that are more than six months old to the Agency Head. For this reporting period, there were no unresolved audit reports in which PBGC management decisions are pending.

TABLE 1

**INSPECTOR GENERAL ISSUED REPORTS
For The Six-month Period Ending
MARCH 31, 1999**

REPORT NUMBER	REPORT TITLE	DATE ISSUED	DOLLAR VALUE OF QUESTIONED COSTS	DOLLAR VALUE OF BETTER USED FUNDS	DOLLAR VALUE OF UNSUPPORTED COSTS
Audits					
99-2/ 23128-1	Improvements Are Needed To Achieve Better Efficiency And Effectiveness In PBGC's Benefit Determination Process	3/2/99	-0-	-0-	-0-
99-6/ 23132-1	Audit of the Pension Benefit Guaranty Corporation's Fiscal Years 1998 and 1997 Financial Statements (Single Page Report)	3/3/99	-0-	-0-	-0-
99-7/ 23132-2	Audit of the Pension Benefit Guaranty Corporation's Fiscal Years 1998 and 1997 Financial Statements	3/3/99	-0-	-0-	-0-
Evaluations					
99-1/ 23128-3	Pension Plan Participants Impacted By Delays In Initial Determination Letter Issuance	3/2/99	-0-	-0-	-0-
99-3/ 23128-2	The Length of Time It Has Taken PBGC To Issue Initial Determination Letters	3/2/99	-0-	-0-	-0-
99-5/ 32091	Semiannual Listing of Audit Recommendations	1/31/99	-0-	-0-	-0-
99-9/ 23132-4	Independent Accountant's Report On Applying Agreed- Upon Procedures for FACTS Data	3/2/99	-0-	-0-	-0-
99-10/ 32092	Semiannual Report on Follow-up of Audit Recommendations	3/31/99	-0-	-0-	-0-

TABLE 2 *
REPORTS ISSUED WITH QUESTIONED COSTS
For The Six-month Period Ending
MARCH 31, 1999

	NUMBER OF REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS
A. For which no management decision has been made by the commencement of the reporting period	0	-0-	-0-
B. Which were issued during the reporting period	0	-0-	-0-
Subtotal (Add A & B)	0	-0-	-0-
C. For which a management decision was made during the reporting period	0	-0-	-0-
(i) dollar value of disallowed costs	0	-0-	-0-
(ii) dollar value of costs not disallowed	0	-0-	- 0-
D. For which no management decision has been made by the end of the reporting period	0	-0-	-0-
E. Reports for which no management decision was made within six months of issuance	0	-0-	-0-

* This statistical information is required by the Inspector General Act of 1978, as amended.

TABLE 3 *

**REPORTS ISSUED WITH RECOMMENDATIONS
THAT FUNDS BE PUT TO BETTER USE
For The Six-month Period Ending
MARCH 31, 1999**

	NUMBER OF REPORTS	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period	0	-0-
B. Which were issued during the reporting period	0	-0-
Subtotal (Add A & B)	0	-0-
C. For which a management decision was made during the reporting period	0	-0-
(i) dollar value of recommendations that were agreed to by management	0	-0-
-- based on proposed management action	0	-0-
-- based on proposed legislative action	0	-0-
(ii) dollar value of recommendations that were not agreed to by management	0	-0-
D. For which no management decision has been made by the end of the reporting period	0	-0-
E. Reports for which no management decision was made within six months of issuance	0	-0-

* This statistical information is required by the Inspector General Act of 1978, as amended.

INVESTIGATORY ACTIVITIES

OVERVIEW

The Inspector General is authorized to receive and investigate complaints from PBGC employees, the public, and other sources concerning violations of law, rule, or regulation; mismanagement; gross waste of funds; abuse of authority; or a substantial and specific danger to the public health and safety. Individuals may disclose information or make complaints to the Inspector General through the OIG "Hotline." (See announcement on back cover page.) The Inspector General has a policy to protect the legal rights of whistleblowers and complainants. At all times, the Inspector General takes reasonable precautions not to disclose the identity of the complainant without that person's consent.

When we receive an allegation, we review it to determine its sensitivity and need for immediate OIG investigation, whether it has a lower priority, or whether it can be referred to the agency for review and corrective action. Allegations designated as priority receive immediate attention. Generally, these investigations use more time and resources, often requiring a team approach. To meet these challenges, the OIG has undertaken many strategies to responsibly investigate allegations that are brought to us, including hiring former federal investigators as contractors. Even with these additional contract resources, we have had to cease investigation activities and close some cases administratively. Though we have systematically reduced our investigative caseload, we are still faced with the inability to investigate allegations timely, which is unacceptable to us.

ACTIVITY THIS PERIOD

The OIG received 19 complaints or allegations, and closed 9 investigative cases during the reporting period. As of March 31, 1999, 43 cases remain open (see Table 4 for investigative program statistics).

OIG HOTLINE

The OIG operates a separate "1-800" hotline telephone number and a post office box. The Hotline telephone is answered by an investigative staff assistant for a two-hour period, Monday through Friday; at all other times there is a message that provides information about the Hotline service. For the period October 1, 1998 through March 31, 1999, we received a total of 12 Hotline inquiries.

100% of the contacts were first-time inquiries relating to pension benefit questions, which were referred to the agency for action. We did not open any cases from our Hotline contacts this period.

EFFORTS TO REDUCE PENSION FRAUD

The OIG continues to work with agency personnel to identify and prevent instances in which fraud occurs in the payment of pension benefits. During this period, we obtained an indictment of a participant who submitted a fraudulent birth certificate to the agency and received benefits 10 years before he was entitled to receive them. This case is on-going.

AGREEMENT ON FRAUD INVESTIGATION

In our last report, we reported that PBGC had issued a policy, over OIG objections, that agency personnel would conduct investigations of alleged fraudulent waivers of spousal benefits. Under the law, a pension plan participant who is married must be given a joint and survivor benefit unless his spouse consents in writing to waive his/her entitlement to the benefit. During this period, OIG and senior agency management revisited this issue. We agreed that when the agency receives an allegation from a spouse that the waiver of benefits is fraudulent, this matter would be referred to the OIG for investigation.

SIGNIFICANT INVESTIGATIONS

IMPROPER ASSISTANCE TO APPLICANT BY SELECTING OFFICIAL

We received an allegation that a supervisor who was the selecting official for a vacancy had given improper assistance to an applicant for employment. We investigated and found that the supervisor provided assistance to the applicant in drafting the SF-171, requested a federal employee to review the application, made false statements to the OIG, withheld posting of the vacancy announcement until the applicant received civil service results, and took actions causing employees to fear reprisal for participation in the OIG investigation.

HARASSING INTERNET E-MAIL

The OIG received an allegation that a harassing e-mail emanating from PBGC was sent to an employee of an outside organization. We investigated and determined that the e-mail was of a threatening nature and was sent by a PBGC contractor using a personal e-mail account. As a result of our findings, the contract employee is no longer employed at PBGC.

QUI TAM ASSISTANCE TO DOJ

The Department of Justice (DOJ) asked the OIG to provide an investigator to analyze and investigate allegations made by relators in a qui tam action. The investigator worked at the direction of the DOJ attorneys. In March 1999, DOJ declined to intervene and the qui tam action was unsealed.

TABLE 4

**STATISTICAL TABLES OF INVESTIGATIONS
For The Six-month Period Ending
MARCH 31, 1999**

CASE LOAD

Pending beginning of period	33
Opened this period**	20
Closed this period	9
Pending end of period ***	44

WRONGDOING ALLEGED (CASES OPENED)

Fraud, Waste & Abuse	6
Wrong Doing	2
Theft	6
Improprieties Relating to Pension Benefits	5
Proactive	1

RESULTS OF CASES CLOSED

Allegation disproved or not substantiated	2
Referred to agency for corrective action	2
Prosecutions & Civil Settlements	0
Monetary recovery	
Prosecution declined; referred for agency disciplinary action	0
Administrative Closings	5

HOTLINE AND MAIL INQUIRIES

Received this period	12
First time caller referrals to agency	12
Mail referrals to agency	0
OIG Customer Assistance	0
Cases opened	0

** Of the twenty new cases opened this period, none resulted from Hotline and mail inquiries.

*** Thirty-one of the forty-four investigative cases that are open are from prior reporting periods.

OTHER ACTIVITIES

REVIEW OF PROPOSED STATUTORY AND REGULATORY CHANGES

To comply with the IG Act, the OIG Legal Counsel is notified by the Office of the General Counsel when the agency is proposing legislative and regulatory changes. During this period, we reviewed and commented on proposed amendments to regulations relating to safe harbor for premium payers.

CONSULTATION WITH AGENCY

The OIG engaged in several activities this period that included coordination with agency officials to provide technical assistance and advice on PBGC program. Some are:

- The OIG was asked to participate with an agency contractor to train timekeepers and supervisors concerning PBGC's new automated timekeeping system. The Deputy IG and the Lead Criminal Investigator presented a session about prevention and detection of fraud and abuse, how to report suspected fraud, and information about the OIG.
- We are participating on a multi-department team to assess PBGC's compliance with Year 2000 issues.

CONSULTATION WITH CONGRESS

The OIG continues to meet with the Senate Special Committee on Aging and the Senate Small Business Committee to answer questions about agency operations.

LIAISON WITH THE UNITED STATES GENERAL ACCOUNTING OFFICE

There is no on-going work of GAO involving PBGC at this time.

TABLE 5

**CROSS-REFERENCE TO REPORTING
REQUIREMENTS OF THE INSPECTOR GENERAL ACT**

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages in the report where they are addressed.

Inspector General Act Reference	Reporting Requirements	Page
Section 4 (a) (2)	Review of legislation and regulations.	12
Section 5 (a) (1)	Significant problems, abuses, and deficiencies.	2 - 5, 10
Section 5 (a) (2)	Recommendations with respect to significant problems, abuses, and deficiencies.	2 - 5, 10
Section 5 (a) (3)	Prior significant recommendations on which corrective actions has not been completed.	5
Section 5 (a) (4)	Matters referred to prosecutive authorities.	11
Section 5 (a) (5)	Summary of instances where information was refused.	5
Section 5 (a) (6)	List of audit reports by subject matter, showing dollar value of questioned costs and funds put to better use.	6
Section 5 (a) (7)	Summary of each particularly significant report.	2 - 5, 10
Section 5 (a) (8)	Statistical table showing number of reports and dollar value of questioned costs.	7
Section 5 (a) (9)	Statistical table showing number of reports and dollar value of recommendations that funds be put to better use.	8
Section 5 (a) (10)	Summary of each audit issued before this reporting period for which no management decision was made by end of reporting period.	None
Section 5 (a) (11)	Significant revised management decisions.	None
Section 5 (a) (12)	Significant management decisions with which the Inspector General disagrees.	5

GLOSSARY

The following defines the terms used in this report.

Questioned Cost	A cost the OIG has questioned because of an alleged violation of law, regulations, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; such cost is not supported by adequate documentation; or the expenditure of funds for the intended purpose is unnecessary or unreasonable.
Unsupported Cost	A cost the OIG has questioned because of a lack of adequate documentation at time of the audit.
Disallowed Cost	A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.
Funds To Be Put To Better Use	Funds the OIG has identified in an audit recommendation that could be used more efficiently by reducing outlays, deobligating program or operational funds, avoiding unnecessary expenditures, or taking other efficiency measures.
Management Decision	Management's evaluation of audit findings and recommendations and issuance of a final decision concerning management's response to such findings and recommendations.
Final Action	The completion of all management actions -- that are described in a management decision -- with respect to audit findings and recommendations. If management concluded no actions were necessary, final action occurs when a management decision is issued.
Misconduct	Action of employees or contractors that violates law, rules, or regulations for which corrective action is warranted.

IF YOU WANT TO REPORT OR DISCUSS CONFIDENTIALLY ANY INSTANCE OF MISCONDUCT, FRAUD, WASTE, ABUSE, OR MISMANAGEMENT, PLEASE CONTACT THE OFFICE OF INSPECTOR GENERAL.

You can telephone:

The Inspector General's **HOTLINE**

1-800-303-9737

Or you can write:

**Pension Benefit Guaranty Corporation
Office of Inspector General
P.O. Box 34770
Washington, D.C. 20043-4770**