

PENSION BENEFIT GUARANTY CORPORATION

**SEMIANNUAL REPORT
TO THE CONGRESS**



OFFICE OF INSPECTOR GENERAL

OCTOBER 1, 2001 - MARCH 31, 2002



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

Office of Inspector General

April 30, 2002

The Honorable Elaine L. Chao
Chairman, PBGC Board of Directors

It is my pleasure to submit this twenty-sixth Semiannual Report to the Congress – the last report I will issue as PBGC Inspector General before I retire from federal service. This report summarizes the major activities and accomplishments of the Pension Benefit Guaranty Corporation (PBGC or Corporation) Office of Inspector General (OIG) for the six-month period ending March 31, 2002. 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 seven (7) reports in the audit area, including the audit of PBGC's 2001 financial statements, and two agreed-upon procedures reports for the United States Treasury to support the federal government's consolidated financial statements.

In the investigative area, we opened nineteen (19) and closed fifteen (15) investigations. Of the investigations we closed this period, several involved federal and contract employees who misused the Internet by accessing sexually-explicit sites from PBGC computers. Three of our closed cases involved pension fraud. WE also closed a long-standing proactive case involving PBGC's issuance of checks to participants after their death. As a result of this case, PBGC has strengthened its procedures, some pension fraud cases have been prosecuted, and we have developed an on-going dialogue with PBGC staff.

To accomplish our work, I seek to maintain productive professional working relationships with PBGC's Executive Director, managers, employees, and the Congress. In the next few months, I plan to retire from Federal Service. My thirteen-year tenure as PBGC's Inspector General afforded opportunities for personal and professional growth, and to invest in better Government. My departure leaves the OIG with a legacy where integrity and quality are valued and practiced. Although I embark on another journey, the OIG stands committed to assist PBGC in meeting its important challenges.

Sincerely,

A handwritten signature in cursive script that reads "Wayne Robert Poll".

Wayne Robert Poll
Inspector General

Enclosure

EXECUTIVE SUMMARY

This is the twenty-sixth 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, 2001 through March 31, 2002. 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 seven (7) reports, including:

- *FY 2001 Financial Statement Audit (see page 2);*
- *Two reports that support the U.S. Treasury's preparation of United States Government consolidated financial statements:*
 1. *Agreed-upon Procedures to Review PBGC's FACTS transmission (see page 3); and*
 2. *Agreed-upon Procedures for CFO Representations and Intragovernmental Activity and Balances (see page 3).*

In the investigative area, we opened nineteen (19) new investigative cases during the reporting period and closed fifteen (15) cases. Among the most significant cases closed this period we found:

- *A participant falsely stated that he had not received a lump sum benefit payment (see page 10);*
- *A participant attempted to fraudulently waive his spouse's entitlement to a benefit, but the form was invalid, resulting in the spouse getting a benefit (see page 10); and*
- *Employees and contractors misused Corporate resources by accessing sexually explicit sites on the Internet; OIG recommended PBGC install filtering software (see pages 10 and 11).*

We also closed a long-standing proactive case dealing with the systemic issue of continuing pension benefit payments to participants after their death. We worked with agency personnel to review the large backlog of overpayments to deceased participants and examine its processes. This resulted in changes in procedures and referrals of cases to the OIG for investigation. We now have an on-going dialogue with PBGC employees who deal with recovering pension payments issued after a participant's death, consult on potential problems and clarification of procedures, and receive referrals for investigation and possible prosecution.

During the period, we reviewed regulations relating to a change in the Appeals Board's review procedures, and participated in several initiatives to improve PBGC.

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INTRODUCTION

THE PENSION BENEFIT GUARANTY CORPORATION

The Pension Benefit Guaranty Corporation (PBGC or Corporation) 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 44 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 268,600 participants receiving benefit payments from PBGC. Additionally, in its fiscal year 2001 financial statement, the PBGC reported that it has assets of about \$22.6 billion and liabilities of \$14.7 billion.

THE OFFICE OF INSPECTOR GENERAL

One of the strategic goals of the Office of Inspector General (OIG) is to assist the PBGC in operating more efficiently and effectively by identifying ways to improve PBGC's programs. To accomplish this goal, the OIG conducts agency audits, inspections, and investigations, and makes recommendations to and consults with PBGC management on findings and systemic issues. 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 twelve (12) employees, of which two are investigators. We have been attempting to recruit and hire an EDP auditor.

The Chief Financial Officers Act requires that a government corporation's financial statements be audited by the Inspector General, unless preempted by the General Accounting Office (GAO). The OIG contracted with an Independent Public Accountant (IPA) to perform the audit of the Corporation's FY 2001 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 funding. The OIG has full discretion in establishing audit objectives, plans, and priorities. During this reporting period, the OIG issued seven (7) reports (see TABLE 1) to help PBGC reduce costs and strengthen management controls. Below is a summary of the most significant of those reports. Our audits comply with GAO'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 2001 AND 2000 FINANCIAL STATEMENTS (2002-2/23157-1 and 2002-3/23157-2)

The OIG issued a report with three opinions related to the 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, 2001 and September 30, 2000 (see 2002-3/23157-2). PricewaterhouseCoopers, LLP performed the audit under the direction and general supervision of the OIG.

- An unqualified opinion report was issued on the financial statements which opines that the financial statements fairly present, in all material respects: (1) the financial position of the Single-Employer and Multiemployer Program Funds as of September 30, 2001 and 2000, 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 determined that PBGC had made some progress in addressing control issues previously reported. The reportable condition dealing with the need to improve controls surrounding the Participant Record Information System Management (PRISM) application was removed. However, two reportable conditions from prior semiannual periods remain. PBGC needs to: (1) continue in efforts to integrate its financial management systems and improve its systems development life cycle methodology; and (2) finalize and test its plan for maintaining continuity of operations.

The report on compliance with applicable laws and regulations states that, with respect to items tested, no instance of non-compliance was disclosed.

In addition, the OIG issued a single-page unqualified opinion report that PBGC incorporated into its FY 2001 Annual Report (2002-2/23157-1).

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
(2002-4/23157-3)**

The General Accounting Office (GAO) requested the OIG to perform specific procedures enumerated by the U.S. Treasury related to PBGC's submission of its Federal Agencies Centralized Trial-Balance System (FACTS) transmission, which included the Adjusted Trial Balance for the revolving and trust funds and selected footnote data. These procedures are performed to assist in the preparation of the consolidated United States Government financial statements for the year ended September 30, 2001.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR CFO REPRESENTATIONS FOR FEDERAL
INTRAGOVERNMENTAL ACTIVITY AND BALANCES
(2002-5/23157-4)**

GAO requested the OIG to perform specific procedures enumerated by the U.S. Treasury and related to PBGC's submission of its CFO representations for Federal Intragovernmental Activity and Balances transmission. The agreed-upon procedures were performed to assist with the accounting for and eliminating intragovernmental activity and balances in the preparation of agency and governmentwide financial statements and reports. These procedures are performed to assist in the preparation of the consolidated United States Government financial statements for the year ended September 30, 2001.

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. The OIG has established an audit follow-up system to document management's actions and assure prompt resolution of audit recommendations. Moreover, this OIG system provides for a record of actions taken by PBGC management on OIG and GAO 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 it determines that corrective actions have been completed by the agency.

In our *Semiannual Listing of Audit Recommendations* (OIG Report 2002-1/32103) we reported that there were eighty-one (81) open audit recommendations, of which seventy (70) were outstanding audit recommendations from prior reporting periods. The agency reviewed and reported to the OIG on their actions to address the recommendations. The OIG concurred that management had presented sufficient evidence to close thirty-seven (37) audit recommendations. We reported that forty-four (44) audit recommendations remained open on March 31, 2002 (*Semiannual Report on Follow-up of Audit Recommendations*, OIG Report 2002-8/32104). We continue to meet with departmental officials to discuss the outstanding recommendations and provide guidance on actions necessary to close them.

ACCESS TO INFORMATION

Under the Inspectors General 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 restricted.

PBGC MANAGEMENT - INSPECTOR GENERAL DISAGREEMENTS

Semiannually, the OIG reports on the status of all unresolved audit reports that are more than six months old. These reports include: (1) reason(s) for unresolved reports and a timetable for their resolution; (2) actions taken or proposed on all unresolved reports or recommendations; and (3) age of unresolved recommendations. For this reporting period, there were no unresolved audit reports in which PBGC management decisions are pending.

As reported in a prior period, PBGC has disagreed with a recommendation contained in the *Fiscal Year 1998 Financial Statement - Management Letter* (99-8/23132-3). PBGC management commented on the Report and concurred "with its recommendations except for one item." PBGC disagreed with a recommendation which states that PBGC should "modify existing Insurance Operations Department (IOD) procedures to require retention of source documentation generated as a result of the participant data audits and used to calculate benefit payments and value the PVFB (Present Value of Future Benefits) liability."

The OIG feels strongly that in order for PBGC to adequately manage its program and to ensure the proper calculation of each participant's guaranteed benefit, it is imperative that supporting documentation for all critical data elements be collected and retained. In FY 2000, PBGC sought and received permission from the National Archives and Records Administration to destroy paper copies of source documentation from participants and plan sponsors that is imaged in the Image Processing System (IPS). The OIG has noted its concern about this destruction of paper records.

To reiterate our concern and encourage further PBGC discussion, the OIG had planned to issue a "white paper" report that analyzes the data elements necessary to calculate guaranteed benefits and, thus, would require supporting source documentation. Our plans changed, however, when we got further into a review we are conducting at the request of the United States Senate's Special Committee on Aging and Committee on Small Business (Committees). The Committees asked us to determine the accuracy of benefit determinations that PBGC issues to participants. This review includes:

- identifying the critical data elements necessary to calculate participants' benefits accurately;
- examining source documentation that supports these critical data elements of a benefit calculation; and
- recalculating the benefits of a statistically valid sample of participants.

When our review is completed, we will issue a draft report to PBGC management for comment. This report will discuss the need to identify, acquire and retain source documentation for critical data elements. We will continue to work with PBGC management to resolve this disagreement.

TABLE 1
INSPECTOR GENERAL ISSUED REPORTS
For The Six-month Period Ending
MARCH 31, 2002

REPORT NUMBER	REPORT TITLE	DATE ISSUED	DOLLAR VALUE OF QUESTIONED COSTS	DOLLAR VALUE OF BETTER USED FUNDS	DOLLAR VALUE OF UNSUPPORTED COSTS
Audits					
2002-2/ 23157-1	Audit of Pension Benefit Corporation Fiscal Years 2001 and 2000 Financial Statements (Single Page Report)	1/24/02	-0-	-0-	-0-
2002-3/ 23157-2	Audit of Pension Benefit Corporation Fiscal Years 2001 and 2000 Financial Statements	3/29/02	-0-	-0-	-0-
Evaluations					
2002-1/ 32103	Semiannual Listing of Audit Recommendations	1/31/02	-0-	-0-	-0-
2002-4/ 23157-3	Independent Accountant's Report on Applying Agreed Upon Procedures For FACTS Data	3/4/2002			
2002-5/ 23157-4	Independent Accountant's Report on Applying Agreed Upon Procedures For CFO Representations for Federal Intragovernmental Activity and Balances	3/4/02	-0-	-0-	-0-
2002-7/ 23161	Peer Review of the Office of Inspector General of the Legal Services Corporation	3/18/02	-0-	-0-	-0-
2002-8/ 32104	Semiannual Report on Follow-up of Audit Recommendations	3/31/02	-0-	-0-	-0-

TABLE 2 *

**REPORTS ISSUED WITH QUESTIONED COSTS
For The Six-month Period Ending
MARCH 31, 2002**

	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, 2002

	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-
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, or whether it can be referred to the agency for review and corrective action. Allegations designated as priority, *e.g.*, those involving criminal violations and sensitive administrative matters, receive immediate attention. 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, our limited investigative staff causes an inability to investigate allegations timely, which is unacceptable to us.

ACTIVITY THIS PERIOD

The OIG received nineteen (19) complaints or allegations, and closed fifteen (15) investigative cases during the reporting period. As of March 31, 2002, forty-nine (49) cases remain open (see Table 4 for investigative program statistics).

OIG HOTLINE

The OIG operates a separate "1-800" hotline telephone number and a Hotline 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, 2001 through March 31, 2002, we received a total of eleven (11) Hotline inquiries. Eight of the eleven contacts were first-time inquiries relating to pension benefit questions, which were referred to the agency for action. The OIG provided customer assistance to three (3) individuals who contacted our Hotline. We did not open any cases from our Hotline contacts this period.

SIGNIFICANT INVESTIGATIONS

PENSION FRAUD CASES

During this period, we closed three cases that raised issues of fraud relating to pension plans and benefits. One of our investigations found that a participant had falsely represented to PBGC that he had not received a lump-sum pension benefit. In another case, we investigated whether a pension plan participant had forged his wife's signature on the form that waives the spouse's right to retirement benefits. As a result of the OIG's noting significant omissions on the spousal waiver form, PBGC officials decided the waiver was invalid and the surviving spouse is receiving a benefit. In the third case, we worked with the Office of the General Counsel to locate an individual who had embezzled funds from the pension plan for which he was trustee.

ABUSE OF PBGC ELECTRONIC RESOURCES

We closed several cases this period involving misuse of the Internet and e-mail. In one case, PBGC contractors were accessing and distributing pornography using PBGC's electronic resources, including e-mail, the Internet, and photocopy machines. The investigation uncovered eleven (11) contract employees engaging in this misconduct. The contractor management was responsive to the investigation, and terminated their employment. In another case, we referred multiple Nigerian mail fraud e-mails to the Secret Service Task Force dealing with this issue.

In addition, we closed a proactive case involving systemic misuse and abuse of PBGC's Internet access. PBGC employees and contractors have Internet access from their desktop computers. Over several years, the OIG had conducted spot checks of Internet sites accessed from PBGC computers, and notified management that pornographic and other sexual-content sites were being accessed from PBGC computers during and after business hours. We recommended that PBGC take proactive steps to limit abuse/misuse of the Internet. In response, PBGC issued a more explicit Electronic Communications Policy. After we discovered the eleven contract employees that were regularly accessing and distributing pornography, we recommended that PBGC install filtering software at its Internet gateway to prohibit access to sites that contain sexual material. In July 2001, PBGC installed the filtering software and has continuously operated it since its installation.

TRACKING DECEASED PARTICIPANTS

We closed another long-standing proactive case this period dealing with the systemic issue of continuing pension benefit payments to participants after their death. This case was opened when we discovered that PBGC did not have a good way to accurately and timely identify a participant's date of death; it was dependent on third-party notification. This sometimes resulted in monthly benefit checks issued to participants for years after they died. Even when PBGC discovered that "dead men were cashing checks," PBGC was not referring these cases to the OIG for an investigation of who was perpetrating the fraud. We worked with agency officials to review the large backlog of overpayments to deceased participants and examine its processes. The focus on this issue resulted in PBGC drafting new procedures, including obtaining timely death matching with the Social Security Administration, more consistent issuance of repayment demand letters, and a requirement to refer matters to the OIG for investigation and possible prosecution. Through our investigations from these referrals, we have obtained some voluntary agreements to repay; others we have

successfully prosecuted and obtained a restitution order. A number of cases, however, were closed without prosecution, though the fraud occurred. For example, some cases were too old to obtain evidence to determine who had perpetrated the fraud. Others involved cases of no prosecutorial merit, e.g., an elderly spouse who cashed the checks after the participant died.

Because of this proactive case, we developed an on-going dialogue with PBGC employees who deal with recovering pension payments issued after a participant's death, consult on potential problems and clarification of procedures, and receive referrals for investigation and possible prosecution.

TABLE 4
STATISTICAL TABLES OF INVESTIGATIONS
For The Six-month Period Ending
MARCH 31, 2002

CASE LOAD	
Pending beginning of period	45
Opened this period**	20
Closed this period	15
Pending end of period ***	50

WRONGDOING ALLEGED (CASES OPENED)	
Fraud, Waste & Abuse	7
Wrongdoing	4
Improprieties Relating to Pension Benefits	8
Proactive	1

RESULTS OF CASES CLOSED	
Allegation disproved or not substantiated	2
Referred to other law enforcement agency	1
Worked with agency to develop corrective actions	5
Fraudulent waiver of spousal pension benefits	1
Theft/Perpetrator Unidentified	2
Contractor Employees Disciplined (11 employees removed)	2
Administrative Closing	2

HOTLINE AND MAIL INQUIRIES	
Received this period	11
First time caller referrals to agency	6
Mail referrals to agency	2
OIG Customer Assistance	3
Cases opened	0

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

*** Thirty-five of the fifty investigative cases that are open are from prior reporting periods.

OTHER OFFICE OF INSPECTOR GENERAL 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, the agency circulated regulations that would permit one Appeals Board member to decide "routine appeals." This was an amendment of the regulation that required 3-member panel decisions. We provided written comments on two issues, the definition of "routine appeals" and the fact that PBGC was going to issue this change as a final rule, thereby precluding public comment. We also met with the Office of the General Counsel to discuss these concerns. PBGC issued proposed regulations for public comment in March.

OIG AND AGENCY CONSULTATION

The OIG engaged in several activities this period that included coordination and consultation with agency officials to improve agency operations.

- The Inspector General is serving as a resource to PBGC's Accuracy of Benefits Team.
- We continue to participate in a PBGC multi-departmental team that addresses financial management systems integration.
- The Inspector General is serving as a resource to PBGC's Government Paperwork Elimination Task Force.
- The Deputy Inspector General continues to participate actively in a mentoring alumni group that encourages continued growth after participation in PBGC's Mentoring Program. The Deputy IG's participation includes a working group that is developing an electronic Yellow Pages to serve as a locator and a knowledge-sharing tool for PBGC employees. During this period, the working group planned and conducted eight focus groups to get feedback on the design and content of the Yellow Pages.

***LIAISON WITH THE UNITED STATES
GENERAL ACCOUNTING OFFICE***

The OIG maintains close liaison with GAO. During the reporting period, GAO initiated a study of the PBGC's premium rate structure and the premium compliance program.

PEER REVIEW

As a member of the Executive Council on Integrity and Efficiency, the OIG was requested to perform a peer review of another agency's Office of Inspector General. The objectives of this peer review were to determine whether the organization's: (1) quality control system for audits was adequate, in place, and operating effectively; (2) established policies, procedures, and applicable auditing standards were being followed in its audit work.

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.	13
Section 5 (a) (1)	Significant problems, abuses, and deficiencies.	2 - 3, 10
Section 5 (a) (2)	Recommendations with respect to significant problems, abuses, and deficiencies.	2 - 3, 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.	None
Section 5 (a) (5)	Summary of instances where information was refused.	4
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 - 3, 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 14640
Washington, D.C. 20044-4640**