

Office of Inspector General
Pension Benefit Guaranty Corporation

Semiannual Report to Congress

For the Period April 1, 2018 to September 30, 2018



SARC #59

Our Value Framework

Principles

Integrity – Respect – Excellence

Vision

Providing deep knowledge and sensible solutions through independent, positive engagement

Mission

Conduct independent and objective audits and investigations of PBGC programs and operations

Provide leadership to promote efficiency and effectiveness

Prevent and detect fraud and abuse in PBGC programs and operations

Keep the Board and Congress fully and currently informed about problems and deficiencies

Report immediately to the Board whenever the Inspector General becomes aware of any particularly serious or flagrant problems

Report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of federal criminal law

Pillars

People Focused – Process Oriented – Performance Driven

From the Inspector General



Robert A. Westbrooks

The Board of Directors
Pension Benefit Guaranty Corporation

I am pleased to present this Semiannual Report summarizing the activities of our office for the period April 1, 2018 through September 30, 2018.

This year we join our oversight colleagues in celebrating the 40th anniversary of the Inspector General Act. As a community, we have had a significant impact in promoting economy, efficiency, effectiveness, and ethical conduct in government programs and operations. As our office reflects on our achievements at the Corporation, we are aware that technology and societal factors are transforming the business of government. To continue to provide effective oversight in the future, it will not be enough to just keep up. We will need to keep a step ahead. As a result, we are working to strengthen our capacity for long-term sustainable success and influence. We have recruited for new skill sets and are expanding our efforts in contract oversight and data analysis. These efforts will take time to mature. Meanwhile, we continue to apply a forward-looking approach to our work.

Our Assistant Inspector General for Investigations, Conrad Quarles, was recognized by the Council of the Inspectors General on Integrity and Efficiency with an Award for Excellence in Investigations. Mr. Quarles was recognized for his innovative efforts in identifying fraudulent and improper payments to deceased participants using new statutory Computer Matching Act exemption authority. Our most impactful audit-related work this period resulted in issuing a Risk Advisory to strengthen data protection. We are pleased with these results and thank the Board and management for their continued support and cooperation.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert A. Westbrooks". The signature is fluid and cursive.

Robert A. Westbrooks
Inspector General

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Statement Regarding Plain Writing

We strive to follow the Plain Writing Act of 2010. The Act requires that government documents be clear, concise, well-organized, and follow other best practices appropriate to the subject or field and intended audience. The abbreviations we use in this report are listed below.

Abbreviations

BAPD	Benefits Administration and Payment Department
BCV	Benefit Calculation and Valuation
CCRD	Corporate Controls and Reviews Department
C.F.R.	Code of Federal Regulations
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLA	CliftonLarsonAllen, LLP
DOJ	U.S. Department of Justice
ERISA	Employee Retirement Income Security Act of 1974
ERM	Enterprise Risk Management
FDIC	Federal Deposit Insurance Corporation
FHFA	Federal Housing Finance Agency
FISMA	Federal Information Security Modernization Act
FOD	Financial Operations Department
FY	Fiscal Year
GAO	Government Accountability Office
HHS	Department of Health and Human Services
IPA	Independent Public Accounting Firm
IPIA	Improper Payment Information Act
IPVFB	Integrated Present Value of Future Benefits
IT	Information Technology
ITIOD	IT Infrastructure Operations Department
MAP-21	Moving Ahead for Progress in the 21 st Century Act
ME	Multiemployer
MEPD	Multiemployer Program Division
NIST	National Institute of Standards and Technology
OBA	Office of Benefits Administration
OGC	Office of General Counsel
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
PAE	Plan Asset Evaluation
PBGC	Pension Benefit Guaranty Corporation
PD	Procurement Department

PDR	Participant Data Review
PII	Personally Identifiable Information
PMP	Participant Management Program
PRAD	Policy Research and Analysis Department
QAP	Quality Assurance Plan
SARC	Semiannual Report to Congress
SEC	Securities and Exchange Commission
SSA	Social Security Administration
STCD	Standard Terminations Compliance Division
TEP	Technical Evaluation Panel
U.S.C.	United States Code
WSD	Workplace Solutions Department

Executive Summary

During the period April 1, 2018 through September 30, 2018, we:

- Closed 8 audit recommendations and issued 1 new audit recommendation. The total number of open audit recommendations is 66. (Page 17)
- Issued the following reports:
 - **Evaluation of PBGC’s Fiscal Year 2017 Compliance with Improper Payments Elimination and Recovery Act Requirements.** PBGC complied with improper payment requirements and payments to federal employees were not susceptible to significant improper payments. (Page 17)
 - **Review of PBGC’s Customer Service Score Goal-Sharing Award Program.** We found that the goal-sharing award program, however well-intended, has not resulted in a significant and sustained improvement in overall customer satisfaction. (Page 17)
 - **Summary and Analysis of Information Technology Audit Recommendations and the Corporation’s Federal Information Security Modernization Act Performance.** PBGC has made progress in IT security in the past five years. In FISMA performance, PBGC ranks as average among small agencies in one comparison and above average in another. (Page 18)
 - **Risk Advisory-Data Protection Considerations for the Field Support Services Procurement.** During the course of our data protection evaluation, we observed different data protection risk cultures and practices in the contractor-managed offices we visited. Such variations from office-to-office reflect unintended flexibility in current contracts, which can contribute to a permissive risk culture and subject PBGC and participants to increased risk of theft or accidental release of sensitive personal data. (Page 18)
- Continued work on our **Deceased Participants Computer Matching Program.** In February 2017, our Office of Investigations initiated a computer matching program to identify PBGC benefits being paid to deceased participants. To date, we have identified 58 such cases. The Assistant Inspector General for Investigations received a 2018 Excellence in Investigations Award from the Council of the Inspectors General on Integrity and Efficiency for his work on this initiative. (Page 21)

Background

The Pension Benefit Guaranty Corporation

The Employee Retirement Income Security Act of 1974 established the Pension Benefit Guaranty Corporation (PBGC) within the U.S. Department of Labor 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.

PBGC is responsible for protecting the pensions of nearly 40 million American workers in nearly 24,000 private sector defined benefit plans. The Corporation receives no general tax revenues. It manages about \$100 billion in assets financed by insurance premiums from its single-employer and multiemployer pension insurance programs, investment income, and the assets of terminated plans. In 2017, PBGC paid \$5.7 billion in monthly retirement benefits to nearly 840,000 retirees in some 4,800 single-employer plans. It also paid \$141 million in financial assistance to 72 multiemployer plans.¹

PBGC faces significant, long-standing and well-known risks. With the premium base declining as fewer employers offer defined benefit plans, both pension insurance programs face long-term funding challenges; but, the financial condition of the multiemployer program is particularly dire. In 2003, the Government Accountability Office (GAO) designated the single-employer pension insurance program as "high risk," and GAO added the multiemployer pension insurance program to its high-risk list in 2009. At the end of FY 2017, PBGC's net deficit in the combined programs was \$76 billion. PBGC's estimate of the reasonably possible exposure to loss in the single-employer program is \$238 billion; the reasonably possible exposure in the multiemployer program is \$14 billion.

According to the PBGC FY 2017 Projections Report, the multiemployer pension insurance program has a very high likelihood of insolvency during FY 2025 and near certainty of insolvency by the end of FY 2026. However, the 2017 Projections Report shows the Single-Employer program is projected to have a mean present value surplus of \$9.6 billion for 2026 with projected improvements in its deficit continuing to improve throughout the next 8 years.

PBGC's governance structure is comprised of the Board of Directors, their Board Representatives, the Advisory Committee, a Presidentially-appointed and Senate-confirmed Director, and PBGC Executives. PBGC is also subject to Congressional oversight. Other elements of governance include PBGC's system of internal control, its clearly articulated

¹ Unless otherwise cited, the figures contained in this section are derived from PBGC's 2017 Annual Report.

authority under ERISA to act, and PBGC's operational policies and procedures. PBGC governance is complex and requires those who are charged with its oversight to view the Corporation from different perspectives. Oversight by the PBGC Board, PBGC management, and OIG is critical to effective corporate governance.

The Office of Inspector General

The PBGC Office of Inspector General was created under the 1988 amendments to the Inspector General Act of 1978. We provide independent and objective audits, inspections, evaluations, and investigations to help Congress, the Board of Directors, and PBGC protect the pension benefits of American workers.

This year we mark the 40th anniversary of the Inspector General Act and the creation of the original 12 Offices of Inspector General. Since that time, we have been part of a community that has grown to include 73 statutory Inspectors General who collectively oversee the operations of nearly every aspect of the federal government. Every 6 months we provide Congress with a report detailing our independent oversight of PBGC during the reporting period. This report is our 59th semiannual report. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight of PBGC and working with the Council of Inspectors General on Integrity and Efficiency (CIGIE) on important issues that cut across our government.

We are organizationally independent from the Corporation, with the Inspector General reporting to the Board of Directors. Under Public Law 112-141, the Inspector General must attend at least two Board meetings per year “to provide a report on the activities and findings of the Inspector General, including with respect to monitoring and review of the operations of the corporation.”

The OIG executive leadership team consists of the Inspector General, Deputy Inspector General and the Chief Counsel. An Assistant Inspector General for Audits leads our audit staff and an Assistant Inspector General for Investigations leads our investigative staff. An Administrative Officer supports office operations.

Our office operates in compliance with the *Quality Standards for Federal Offices of Inspector General* issued by the Council of the Inspectors General on Integrity and Efficiency. Our audits are performed in compliance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States. Our evaluations and inspections work are performed in compliance with the CIGIE *Quality Standards for Inspection and Evaluation* and investigations are conducted in compliance with the CIGIE *Quality Standards for Investigations*.

We strive to provide deep knowledge and sensible solutions through independent, positive engagement. We focus our available resources on high-risk areas and continuously seek ways to increase value to our stakeholders.

We also actively participate in and support OIG community activities. The Inspector General serves as chair for the Professional Development Committee of the Council of the Inspectors General for Integrity and Efficiency and serves on the CIGIE Executive Council. Our Assistant Inspector General for Audits represents our office on the CIGIE Inspections and Evaluations Committee.

Management and Performance Challenges

Below we have provided the most important management and performance challenges facing PBGC. Our office uses these challenges to drive our research and planning to identify areas of risks in PBGC operations and to decide where to allocate our limited oversight resources.

Information Security

PBGC is dependent on information systems and electronic data to carry out its mission of paying participants on time and in the correct amount and to accurately report essential information to policy makers and other stakeholders. Protecting PBGC networks, systems, and data is a long-standing and continuing management challenge. Access Controls and Configuration Management remains a significant deficiency as reported in the FY 2017 report on internal controls related to the financial statement audit. Management has made some progress in information security. In prior years, IT conditions were reported as material weaknesses resulting in an adverse opinion on internal control, but they were downgraded to significant deficiencies in the FY 2015 internal controls report. Last year, management sufficiently addressed corrective actions regarding entity-wide security program planning and management; this resulted in this area no longer being a reportable condition.

Information security is, unfortunately, a government-wide challenge, and the security of federal cyber assets has been on the Government Accountability Office's High-Risk List since 1997. In 2015, GAO added to its list the protection of the privacy of personally identifiable information (PII). As stated in Office of Management and Budget memorandum M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information*, "The unprecedented volume of PII maintained by the Federal Government today, coupled with the rapidly evolving threat and risk landscape, necessitate that agencies take an aggressive approach to protecting Federal information resources." The data breaches at FDIC and SEC are reminders of the threats, vulnerabilities, and need for vigilance.

Our FY 2017 Federal Information Security Modernization Act audit found that PBGC made progress improving its information security program, completing corrective actions to close 11 of 30 open audit recommendations from prior years. However, weaknesses were observed in risk management, vulnerability and configuration management, identity and access management, information security continuous monitoring, and contingency planning.

We have also separately reported to management our concerns relating to control weaknesses in the MyPBA web application.

Continued focus and efforts are needed to ensure further improvements in PBGC's information security posture so that it can remain agile in the rapidly changing threat environment. The

Corporation also needs to swiftly adopt the latest NIST federal security standards and OMB requirements.

Modernization of PBGC's Key Benefits-Related Information Technology Systems

PBGC relies upon obsolete technology and legacy information systems to perform its essential service of ensuring retirees receive their correct pension amount. In the FY 2017 financial statement audit, we identified the Office of Benefits Administration's (OBA) controls over the present value of future benefit liability as a significant deficiency. Management has made some progress in this area, which was reflected in the condition being downgraded in severity from a material weakness in FY 2015.

The Participant Management Program is the consolidation of the Integrated Present Value of Future Benefits (IPVFB); Benefits Administration, Benefit Calculation and Valuation (BCV); and other related IT systems. Reporting and budgeting for these systems were consolidated to bring all the Office of Benefits Administration systems under one umbrella, as they depend on each other to calculate and pay benefits to participants. The Participant Management Program provides the capability to administer benefits to over 1.5 million current and future payees in PBGC trustee plans and facilitates payments to nearly 900,000 retirees or their beneficiaries, with benefits totaling \$5.7 billion. The IPVFB system calculates the present value of the future liabilities for pension payments to retirees that is reported in PBGC's financial statements. In the FY 2017 annual report, the IPVFB liability decreased from \$113 billion to \$111 billion. The BCV system values benefits at the Date of Plan Termination and provides future retirement calculation.

PBGC continues to modernize its Participant Management Program IT systems, some of which are the subject of a number of open audit recommendations. Planned for the BCV system is a modernization project that will include multiple phases over a six-year period using the agile development methodology.

Transparency of the cost and deliverables of individual projects that make up Participant Management Program modernization remains a concern. Despite the critical nature of these systems and the millions of dollars invested, there is not enough information about each system's project costs in the public domain to provide for meaningful public accountability.

We continue to identify this modernization effort as a top management challenge and will provide oversight in light of the critical nature of the systems, PBGC's history of challenges in integrating its financial management systems, and its reliance on professional services contract support.

During this reporting period, we completed a limited scope review of the acquisition and performance of Spectrum 4. Spectrum is a web-based application that allows the Benefit Payment Division (BPD) to manage customer pension payments and data. BPD's goal was to

use Spectrum 4 to eliminate legacy systems and consolidate payment data from other systems to send payment information to PBGC's payment agency. We found that the deployment of Spectrum 4 resulted in increased errors/variances, which required PBGC to release ten versions in attempts to fix the issues causing the errors. We also found that the deployment of Spectrum 4 resulted in slower day-to-day functioning of the system. This impacted users' ability to complete tasks and frustrated users. The OIG review team identified additional concerns relating to a lack of overall understanding of the needs of the system at the time of solicitation, an increased reliance on contract support as the project progresses, and a lack of transparency of cost and deliverables.

Transparency and Accountability of Professional Services Contracting

PBGC is highly-dependent on contractor staff to conduct its work, which includes providing IT support, developing and assessing internal controls, and calculating and paying pension benefits. OBA has approximately 275 federal employees supported by over 800 contractor staff. OBA's five field offices, which oversee benefit administration activities for terminated defined benefit plans, are staffed with about 270 of the contractor staff. OIT has approximately 120 federal employees supported by roughly 440 contract staff to operate, maintain and secure PBGC's network, systems, and services. This staffing model has raised concerns in the past regarding inherently governmental functions and the technical ability of a sufficient number of federal employees to effectively oversee contract deliverables.

PBGC's workload influx plan in the event of a dramatic increase in plan failures depends on scalable contractor support to perform critical plan asset evaluations (PAEs), participant data reviews (PDRs), actuarial valuations services, and data collection. This plan was sufficiently detailed for our office to recently close an outstanding audit recommendation, but it nevertheless remains untested.

Our office has raised concerns for many years about PBGC management's oversight of professional services contracts. More recently, we reported on management's oversight of expert consultant contracts, weaknesses in controls to prevent conflicts of interest among technical evaluation panel members, concerns over contracts that include closely aligned firm-fixed-price and labor-hour type tasks, and concerns regarding over-reliance on contractors for IT system modernization efforts. We note that the Procurement Department has taken some steps to mitigate this risk. Sufficient and effective oversight is a shared responsibility, though, and this remains a top management challenge. We recently issued a Risk Advisory relating to data protection at contractor-managed facilities to ensure sensitive participant data is appropriately safeguarded.

In Focus

Beyond Audits and Investigations

Our office continuously seeks ways to increase value to our stakeholders. In addition to audit and investigation reports, we use other work products, (e.g., White Papers, Risk Advisories, Risk Assessments, letters to Congress and Board briefings) to provide our stakeholders with deep knowledge about PBGC operations and programs and sensible solutions to problems and deficiencies in those areas.

During the period April 1, 2018 to September 30, 2018, we used the following vehicles to timely communicate ideas, insights, possible solutions and useful information to PBGC management, Congress and the Board:

The Inspector General for the PBGC is responsible for three primary activities under the IG Act: (1) keeping Congress and the agency head informed about problems and deficiencies in PBGC programs and operations; (2) conducting audits and investigations; and (3) providing leadership and recommending policies for activities designed to promote economy, efficiency, and effectiveness and to prevent and detect fraud and abuse. To fulfill this mission, our office is committed to independent, positive engagement with our stakeholders.

- ✓ We issued a White Paper on Detecting Fraud and Improper Payments Involving Deceased Participants to management with best practices and promising approaches to more effectively detect improper payments involving deceased participants and beneficiaries and to reduce the risk of fraud that may occur as a result of such payments.
- ✓ We recently issued to PBGC management a Risk Advisory regarding data protection considerations for procurement of field office support services. Acquisition of these services was approaching a key milestone date. For our suggested data protection ideas to be useful, we needed to get them to the management program office before that date. We would have been unable to do so if we had waited to incorporate them into a full audit report. A Risk Advisory allowed us to timely communicate our suggested corrective actions to the program office.
- ✓ We issued a Purchase Card Risk Assessment after we identified and analyzed risks of illegal, improper or erroneous purchases and payments. Like an Advisory, a Risk Assessment allowed us to provide timely information to PBGC management to reduce risk.

- ✓ We issued a letter to the Joint Select Committee on Solvency of Multiemployer Pension Plans that offered information to help the Committee as it develops solutions to strengthen the retirement security of over 10 million American workers, retirees and their families.
- ✓ As we do each quarter, we briefed PBGC's Board of Directors on our review of the operations of PBGC. We responded to Board member questions and followed-up on their requests for information. In addition to our quarterly briefing, we communicated monthly with Board representatives from the Departments of Labor, Treasury and Commerce to keep them currently informed on PBGC operations and programs.

Monitoring and Review of PBGC Operations and Control Environment

In addition to our responsibilities under the Inspector General Act, the Moving Ahead for Progress in the 21st Century Act (commonly known as “MAP-21”) requires that we provide “monitoring and review of the operations of the Corporation” and report our activities and findings at no less than two Board meetings a year. In practice, we generally attend all of the quarterly Board meetings, and report our observations in both open and executive sessions. In addition, we communicate with the Board Representatives during monthly conference calls and at other times as needed. In order to meet our unique obligation to keep the Board informed, members of our leadership team met regularly (typically monthly) with C-suite leaders to review operations, obtain the status of corrective actions to address open audit recommendations, and receive periodic briefings on significant operational changes or program developments.

Risk Management Activities

Management is responsible for managing operational risks within PBGC programs and operations. Our role is to report risks in a timely manner, provide management with our assessment of the risks, and offer our views on ways to mitigate these risks. OMB’s Circular A-123 calls for agencies and OIGs to establish “a new set of parameters encouraging the free flow of information.”

Our office’s ongoing working relationship with the Office of Benefits Administration (OBA) is noteworthy, inasmuch as it is functioning at an optimal or near optimal level regarding risk management. On a regular basis, emerging risk information is identified and shared between OIG and OBA, critical issues are elevated to the appropriate levels, and risk responses are developed.

Internal Control Committee

The PBGC Internal Control Committee provides corporate oversight and accountability regarding internal controls over PBGC’s operations, reporting, and compliance with laws and regulations. Chaired by the Chief Financial Officer, the Committee includes members from each major area of the agency. The ICC also provides oversight for implementation of the Fraud Prevention and Data Analytics Act of 2015. In addition, our office is a non-voting member of the Committee.

Audits, Evaluations, and Reviews

Summary of Performance

Management Decisions	
Open Recommendations Beginning of Period	73
Opened This Period	1
Closed This Period	8
Open Recommendations End of Period	66
Reports with Open Recommendations End of Period	20

Reviews and Special Reports

Evaluation of PBGC's FY 2017 Compliance with Improper Payments Elimination and Recovery Act Requirements

(EVAL-2018-12, issued April 4, 2018)

<https://oig.pbgc.gov/summaries/PA-18-123.html>

As required by the Improper Payments Information Act (IPIA) of 2002, as amended, we reviewed PBGC's compliance with improper payment requirements. For this FY, PBGC assessed payments to federal employees and determined the payment streams were not susceptible to significant improper payments. We determined that PBGC is compliant with the improper payment requirements.

Review of PBGC's Customer Service Score Goal-Sharing Award Program

(SR-2018-13, issued April 4, 2018)

<https://oig.pbgc.gov/summaries/SR-18-13.html>

We found that the goal-sharing award program, however well-intended, has not resulted in a significant and sustained improvement in overall customer satisfaction. The program is not effectively designed to provide the desired impact on the agency's mission — improved customer satisfaction. Although PBGC has met the goal at least once a year, PBGC has not reviewed the results of the incentive program to determine if the program results in desired sustained improvements. Based on our analysis, we recommended PBGC discontinue the goal-sharing program. PBGC agreed and stopped issuing these awards as of 6/26/2018.

Summary and Analysis of IT Audit Recommendations and the Corporation's Federal Information Security Modernization Act Performance

(SR-2018-14, Issued June 20, 2018)

<https://oig.pbgc.gov/summaries/SR-2018-14.html>

How does PBGC measure up in the area of IT security? This information-only report provides a summary and analysis of PBGC's progress in remediating IT audit recommendations, as well as its FISMA performance in general and its FISMA performance in comparison to other federal agencies. Bottom line: PBGC has made progress in IT security in the past five years. In FISMA performance, PBGC ranks as average among small agencies in one comparison and above average in another.

Risk Advisory-Data Protection Considerations for the Field Office Support Services Procurement

(SR-2018-15, Issued September 11, 2018)

<https://oig.pbgc.gov/pdfs/SR-2018-15.pdf>

During the course of our data protection evaluation, we observed risks that warrant management's attention. Specifically, we observed different data protection risk cultures and practices in the contractor-managed offices we visited. Such variations from office-to-office reflect unintended flexibility in current contracts, which can contribute to a permissive risk culture and subject PBGC and participants to increased risk of theft or accidental release of sensitive personal data. To better safeguard participant data and mitigate the risk of loss, we suggested management promote a more uniform data protection risk culture by strengthening contract language in the pending Field Office Support Services procurement. Involvement of the Corporation's Privacy Officer is paramount in ensuring enforceable and privacy compliant contract language.

On-Going Performance Audits and Related Work

Evaluation of Data Protection

(Project No. PA-18-125, announced February 15, 2018)

<https://oig.pbgc.gov/pdfs/Ann-PA-18-125.pdf>

We are conducting this evaluation to determine if controls relating to data protection are suitably designed and operating effectively at contractor managed facilities.

Evaluation of PBGC's Risk Mitigation and Early Warning Program

(Project No. PA-17-122, announced July 17, 2017)

<https://oig.pbgc.gov/pdfs/EWP-Ann-Ltr-7-20-17.pdf>

We are conducting an evaluation to determine the program's effectiveness in achieving its desired results, and assessing the volume, nature, and causes of plan sponsor complaints concerning the program. This project was suspended following staff departures at the OIG and resumed in Spring 2018.

PBGC's Use of the Women Owned Small Business Federal Set-Aside Program

(Project No. PA-18-130, announced on September 25, 2018)

<https://oig.pbgc.gov/pdfs/Ann-PA-18-130.pdf>

We are conducting an engagement to determine if PBGC properly awarded contracts to small business firms in the Women Owned Small Business set-aside program.

Investigative Activities

Summary of Performance

Criminal Actions	Federal Prosecutors	State or Local Prosecutors
Indictments	0	0
Informations	1	0
Convictions	1	0
Sentencings	2	0

During this reporting period, we focused investigative attention on pension theft and deceased participant fraud issues.

Ohio Man Sentenced for Stealing PBGC Pension Benefits

As part of the Investigative Division’s fraud detection/computer matching initiative, we investigated a Warren, Ohio man for theft of government funds. The investigation determined the defendant fraudulently received approximately \$82,000 in benefits over 14 years from the PBGC. The man pled guilty to one count of theft of government funds and, in May 2018, he was sentenced to 6 months house arrest and ordered to pay restitution of \$82,428. The defendant was also ordered to pay a \$5000 fine and was sentenced to probation for 3 years. We investigated this case jointly with the Social Security Administration Office of the Inspector General.

Washington State Man Sentenced for Computer Intrusion and Wire Fraud

Acting on a complaint sent to the OIG Hotline, we investigated a Washington State man for allegedly submitting suspicious reimbursement filings to the PBGC website. The investigation determined that, between June 2016 and October 2016, the defendant accessed a PBGC website and fraudulently attempted to obtain premium reimbursements totaling \$1.633 million for expenses related to 3 pension plans. The three plans for which the defendant requested reimbursements did not exist, and PBGC detected the fraud before any payments were issued. The defendant pled guilty in U.S. District Court for the Eastern District of New York to 1 count of wire fraud and 1 count of computer intrusion and, in April 2018, the defendant was sentenced to 3 years imprisonment and ordered to pay \$134,000 in restitution. We investigated this case jointly with the Federal Bureau of Investigation.

Ohio Man Pleads Guilty to Stealing PBGC and SSA Benefits

As part of the Investigative Division's fraud detection/computer matching initiative, we investigated a Canton, Ohio man for theft of government funds. The investigation revealed that since his mother's death in December 2015, the defendant continued to collect more than \$29,000 in benefits from SSA and PBGC. On August 1, 2018, the defendant pled guilty to two counts of theft of government property in U.S. District Court for the Northern District of Ohio. We worked this case jointly with the Social Security Administration Office of the Inspector General.

Deceased Participants Program

We continued our efforts under this fraud detection/computer matching initiative. We initiated a computer matching program to identify PBGC benefits being paid to deceased participants. To date, we have identified 58 instances of improper payment or fraud related to deceased participants. A subject was sentenced in one case, and another subject pled guilty to theft of government funds. We have referred 58 cases to the Office of Benefits Administration for termination of benefit payments and/or recoupment.

OIG Hotline Poster Update and Distribution

To promote fraud awareness and to assist in our efforts to combat fraud, waste, and abuse, we revamped our OIG poster with a modern design, updated language, and new contact information. This new poster was placed throughout common areas in PBGC headquarters and distributed electronically to all PBGC employees.



OFFICE OF INSPECTOR GENERAL HOTLINE

**Suspect Fraud, Waste, Abuse,
Or Mismanagement?**

LET'S TALK!



**Workers and Retirees
are Counting on You!**

Call the Hotline at 1-800-303-9737

Or write to:

**Pension Benefit Guaranty Corporation
Office Of Inspector General Hotline
1200 K Street NW, Suite 480
Washington, D.C. 20005
Website: oig.pbgc.gov**

Or e-mail to:

hotline@pbgc.gov

Your report can be made anonymously or in confidence



Senior Government Employee Substantiated Misconduct Investigations

During this reporting period, we did not complete any investigation involving a senior Government employee² where we substantiated an allegation of misconduct. We did, however, investigate a senior Government official during this reporting period for time and attendance fraud. The allegation was unsubstantiated.

Instances of Whistleblower Retaliation

During this reporting period, we did not complete any investigations of whistleblower retaliation.

Congressional Requests

During this reporting period, we did not receive a Congressional request.

Other OIG Statutory Reporting

Access to Information

Section 6(a) of the Inspector General Act grants the Inspector General 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.

We have not been denied access, nor has assistance been unreasonably refused, during this reporting period.

Interference with Independence

During the reporting period, PBGC did not attempt to, or actually interfere with, our independence by creating budget constraints to limit our capabilities. Nor were there any incidents where PBGC resisted our oversight or delayed our access to information, including the justification of the establishment for such action.

² “[A]n officer or employee in the executive branch (including a special Government employee as defined in section 202 of title 18, United States Code) who occupies a position classified at or above GS–15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS–15 of the General Schedule[.]”
5 U.S.C. App. 3, § 5(f)(7).

Outstanding Management Comments and Unimplemented Recommendations

There were no audit, inspection, or evaluation reports issued (1) for which no management comment was returned within 60 days of being provided with the report and (2) for which there were outstanding unimplemented recommendations.

Management Decisions

There were no significant revised management decisions and no management decisions of a material nature with which we did not agree.

Review of Proposed Statutory and Regulatory Changes

Under the IG Act, the OIG is responsible for reviewing PBGC proposed changes to laws and regulations. During this reporting period, we did not review or provide comment on any proposed changes to laws or regulatory actions.

Peer Review

Audit: Generally Accepted Government Auditing Standards require each audit organization to obtain an external review of its system of quality control every three years and make the results publicly available.

During this period, there were no peer reviews of our Audits, Evaluations and Reviews Division. Our most recent peer view on record was conducted by the National Science Foundation Office of Inspector General (NSF OIG) and was completed on June 29, 2016. The NSF OIG issued a report of its External Peer Review of our audit organization and opined that our system of quality control for the year ending September 30, 2015 has been “suitably designed and complied with to provide our office with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.” Audit organizations can receive a rating of “pass,” “pass with deficiencies,” or “fail.” We received an External Peer Review rating of pass. There are no outstanding recommendations from this review. A copy of this peer review is on our website at <http://oig.pbgc.gov/pdfs/PeerReview2016.pdf>.

The next peer review of our Audits, Evaluations and Reviews Division is scheduled for Fall 2018.

Our audit organization completed an external peer review of the Railroad Retirement Board Office of Inspector General (RRB OIG) and we issued our report on August 28, 2018. The RRB OIG received a peer review rating of pass.

In addition, our auditors participated in a CIGIE external Inspection and Evaluation peer review of the Architect of the Capital (AOC) Office of Inspector General (OIG). The CIGIE external peer review team found that AOC/OIG internal policies and procedures met 5 of 7 required Blue Book standards. (Policies and procedures for two other standards were being drafted during the review.)

Investigations: During this period, there were no peer reviews of our Investigations Division. Further, the Investigations Division did not conduct an external peer review or issue any report on an external peer review.

Restricted Access Audit, Inspection or Evaluation Reports

With limited exceptions, we post all audit, inspection and evaluation reports on our website within three days of issuing the final report to PBGC. We generally do 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.

We use restricted disclosure and other non-public audit, inspection or evaluation reports to disclose that we have conducted work on sensitive subject matters. However, in lieu of posting full text reports, we post a high-level summary or redacted version, and summarize sensitive matters in our Semiannual Reports to Congress.

During this period, we did not post any restricted access audit, inspection or evaluation report.

APPENDICES

Cross-Reference to Reporting Requirements of the Inspector General Act

Inspector General Act Reference	Reporting Requirements	Page(s)
Section 4(a)(2)	Review of legislation and regulations.	24
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	11-21
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies.	11-21
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed.	30-31
Section 5(a)(4)	Matters referred to prosecutorial authorities.	20, 28
Section 5(a)(5)	Summary of instances in which information was refused.	23
Section 5(a)(6)	List of audit reports by subject matter, showing dollar value of questioned costs and recommendations that funds be put to better use.	32
Section 5(a)(7)	Summary of each particularly significant report.	7, 17-19
Section 5(a)(8)	Statistical table showing number of reports and dollar value of questioned costs.	32
Section 5(a)(9)	Statistical table showing number of reports and dollar value of recommendations that funds be put to better use.	32
Section 5(a)(10)	Summaries of each audit, inspection, and evaluation report issued (1) for which no management comment was returned within 60 days of being provided with the report, and (2) for which there are outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations.	24
Section 5(a)(11)	Significant revised management decisions.	24
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees.	24
Section 5(a)(14)	Results of peer review.	24
Section 5(a)(15)	Outstanding recommendations from any peer review conducted by another OIG.	24
Section 5(a)(16)	Any peer reviews performed of another OIG.	24-25
Section 5(a)(17)	Statistical table showing, during that reporting period, the number of: <ul style="list-style-type: none"> • investigative reports issued, • persons referred to DOJ for criminal prosecution, • persons referred to state and local authorities for criminal prosecution, and • criminal indictments and criminal informations resulting from any prior referrals to prospective authorities. 	28-29
Section 5(a)(18)	A description of the metrics used to develop the data for the statistical tables in (a)(17).	28-29
Section 5(a)(19)	A detailed description of each investigation involving a senior Government employee where allegations of misconduct were substantiated, including a detailed description of: <ul style="list-style-type: none"> • the facts and circumstances of the investigation; and • the status and disposition of the matter, including, if referred to DOJ, the date of referral and, if declined by DOJ, the date of declination. 	23

Section 5(a)(20)	<p>A detailed description of any instance of whistleblower retaliation, including:</p> <ul style="list-style-type: none"> • information about the official found to have engaged in retaliation, and • the consequences the agency imposed to hold the official accountable. 	23
Section 5(a)(21)	<p>A detailed description of any attempt by the establishment to interfere with the independence of the OIG, including:</p> <ul style="list-style-type: none"> • budget constraints designed to limit OIG capabilities; and • incidents where the establishment has resisted OIG oversight or delayed OIG access to information, including the justification of the establishment for such action. 	23
Section 5(a)(22)	<p>A detailed description of the particular circumstances of each:</p> <ul style="list-style-type: none"> • inspection, evaluation, and audit conducted by the OIG that is closed and was not publicly disclosed, and • investigation conducted by the OIG involving a senior Government employee that is closed and was not disclosed to the public. 	25

Statistical Summary of Audit and Investigative Activities

For the Six-Month Period Ending September 30, 2018

Audits/Inspections/Evaluations Issued		
Number of Reports	1	
Number of Recommendations	0	
Special Reports Issued		
Number of Reports	3	
Number of Recommendations	1	
Investigative Reports Issued		
Number of Reports	2	
Number of Recommendations	0	
Management Decisions		
Open Recommendations Beginning of Period	73	
Opened This Period	1	
Closed This Period	8	
Open Recommendations End of Period	66	
Reports with Open Recommendations End of Period	20	
Investigative Workload		
Investigations Opened	26	
Investigations Closed	36	
Persons Referred for Prosecution		
	Federal Prosecutions	State or Local Prosecutions
Presented	1	0
Accepted	1	0
Declined	0	0
Criminal Actions		
	Federal Prosecutions	State or Local Prosecutions
Indictments	0	0
Informations	1	0
Convictions	1	0
Sentencings	2	0
Financial Recoveries		
	Federal Prosecutions	State or Local Prosecutions
Court Ordered Fines, Penalties, and Restitution and Administrative Recoveries	\$429,850.67	\$0
Administrative Actions		
Referrals	8	

We used the following metrics to develop the data for the statistical tables above:

- The number of investigative reports issued is based on investigative reports we issued to

management for action. This number does not include any investigations that were closed without a referral to management for action.

- The number of persons referred for prosecution includes any person or corporation that was referred to DOJ, state, or local authorities for consideration of criminal prosecution.
- The number of criminal actions includes indictments, informations, convictions and sentencings brought against a person or corporation based on prior referrals to prospective authorities.

Previously Reported Significant Recommendations For Which Corrective Action Has Not Been Taken

For the Six-Month Period Ending September 30, 2018

Report Number, Report Title and Date Issued	Number of Significant Recommendations	Significant Problems and Deficiencies	Summary of Significant Recommendations
<p>2014-03/FA-13-93-2</p> <p>Report on Internal Controls Related to the Pension Benefit Guaranty Corporation's FY 2013 and 2012 Financial Statements Audit.</p> <p>11/15/2013</p>	1	Controls over the present value of future benefit liability.	PBGC should develop and implement improvements to the IPVFB system and ensure that adequate documentation is maintained.
<p>2017-03/FA-16-110-2</p> <p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements.</p> <p>11/15/2016</p>	1		
<p>2018-06/FA-17-119-3</p> <p>Report on the Internal Controls Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</p> <p>11/17/2017</p>	1		
<p>2017-03/FA-16-110-2</p> <p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</p> <p>11/15/2016</p>	2	Present value of nonrecoverable future financial assistance.	PBGC needs to use the most current, relevant and error free data to update actuarial assumptions.

<p>2008-02/FA-0034-2</p> <p>Limited Disclosure Report on Internal Controls- PBGC's FY 2007 and 2006 Financial Statements Audit</p> <p>11/5/2007</p>	<p>1</p>	<p>Access controls and configuration management.</p>	<p>PBGC needs to mitigate the systemic issues related to information access controls.</p>
<p>2017-03/FA-16-110-2</p> <p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</p> <p>11/15/2016</p>	<p>2</p>		
<p>2018-06/FA-17-119-3</p> <p>Report on the Internal Controls Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</p> <p>11/17/2017</p>	<p>3</p>		

Results of Reports Issued

For the Six-Month Period Ending September 30, 2018

Results	Number of Reports	Questioned Costs	Unsupported Costs	Funds Put to Better Use
A. For which no management decision had been made by the commencement of the reporting period.	0	\$0	\$0	\$0
B. Which were issued during the reporting period.	4			
Evaluation of PBGC's Fiscal Year 2017 Compliance with Improper Payments Elimination and Recovery Act Requirements.		\$0	\$0	\$0
Review of PBGC's Customer Service Score Goal-Sharing Award Program.		\$0	\$0	\$0
Summary and Analysis of IT Audit Recommendations and the Corporation's Federal Information Security Modernization Act (FISMA) Performance.		\$0	\$0	\$0
Risk Advisory Data Protection Considerations for the Field Office Support Services Procurement.		\$0	\$0	\$0
Total (Add A & B)	4	\$0	\$0	\$0
C. For which a management decision was made during the reporting period.	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 had been made by the end of the reporting period.		\$0	\$0	\$0
E. For which no management decision was made within six months of issuance.		\$0	\$0	\$0

Summary of PBGC Open Recommendations

As of September 30, 2018

	Recommendation Number	Date Issued	Report Title and Recommendation
1	BD-04	2/2/2017	Fiscal Year 2016 Financial Statement Audit Management Letter Report. Draft and submit for OMB approval funds control regulations that incorporate the required elements as described in OMB A-11, Appendix H.
2	BD-05	2/2/2017	Fiscal Year 2016 Financial Statement Audit Management Letter Report. Develop and maintain a log to record and monitor all realignment of funds requests entered into the Consolidated Financial System (CFS) by other departments. The log should be reviewed and reconciled to the realignment of funds requests entered into CFS.
3	BD-06	2/2/2017	Fiscal Year 2016 Financial Statement Audit Management Letter Report. Develop a procedures manual detailing the process for authorizing realignment of funds requests. The procedures manual should be reviewed and approved by the Budget Director.
4	BD-07	1/16/2018	Fiscal Year 2017 Financial Statement Audit Management Letter Report. PBGC management should perform a comprehensive review of all operating lease arrangements and determine whether the Corporation complies with Antideficiency Act provisions, and report all violations to OMB immediately.
5	BD-08	1/16/2018	Fiscal Year 2017 Financial Statement Audit Management Letter Report. PBGC management should develop and implement a remediation plan to resolve any current and future potential funding deficiencies related to operating lease arrangements.
6	FISMA-14-15	5/6/2015	Fiscal Year 2014 Federal Information Security Management Act Independent Evaluation Report. Develop, document and implement a process for the timely assessment of employees and contractors transferred or promoted to a new position or role to determine whether the risk-level has changed.
7	FISMA-15-01	2/19/2016	Fiscal Year 2015 Federal Information Security Modernization Act Final Report. Fully implement Splunk Enterprise in PBGC, including its Security Information and Event Management (SIEM) capability.

8	FISMA-15-02	2/19/2016	Fiscal Year 2015 Federal Information Security Modernization Act Final Report. Require system owners to fully implement Splunk Enterprise for PBGC major applications.
9	FISMA-15-05	2/19/2016	Fiscal Year 2015 Federal Information Security Modernization Act Final Report. Perform scheduled credentialed scans to include all the systems and update PBGC policies and procedures to require regular credentialed scans.
10	FISMA-16-03	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. Implement quarterly reviews of the "Status and Archive" to verify system authorization artifacts and information are stored within Cyber Security and Management (CSAM).
11	FISMA-16-04	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. Update PBGC policy to clarify the requirements for maintaining the Plan of Action and Milestones (POA&M) and Security Assessment Report (SAR) generated for the authorization to operate package.
12	FISMA-16-10	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should enhance the review process to ensure the completion of the PBGC Separation Form 169/C and annotate when completion is not required.
13	FISMA-16-11	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should provide training to federal managers and CORs to ensure adherence to PBGC policy during the separation process for timely completion of the Separation Form 169/C and initiation of separation requests in the GetIT system.
14	FISMA-16-12	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should enhance the process for removing separated and inactive accounts to include applications, not just Active Directory.
15	FISMA-16-14	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should assign a senior organizational official, and develop and implement an insider threat detection and prevention program.
16	FISMA-16-15	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. As required by FISMA, PBGC should complete a Business Impact Analysis (BIA) in accordance with NIST guidance.

17	FISMA-16-16	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should use its BIA in determining the categorization and recovery time objective of the Pension Lump Sum System (PLUS) application.
18	FISMA-16-17	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should ensure that security definitions across its systems and documentation are consistent.
19	FISMA-16-18	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should ensure that security documentation do not contradict each other and are consistent with its policy.
20	FISMA-16-19	3/22/2017	Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should develop and implement processes and procedures for effective communication of its security policies and processes.
21	FISMA-17-01	12/20/2017	Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report. Revise the processes and procedures of the continuous monitoring program to consistently enforce the review, update, and uploading of all required security assessment and authorization documentation for each system before the documentation expires.
22	FISMA-17-02	12/20/2017	Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report. Complete the update of control implementation statements to reflect NIST SP 800-53, Revision 4, revise the inheritance of common controls, and conduct an assessment of all controls in accordance with assessment schedules using NIST SP 800-53, Revision 4.
23	FISMA-17-03	12/20/2017	Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report. Document and implement enhanced process and procedures to effectively track and remediate known vulnerabilities in a timely manner.
24	FISMA-17-04	12/20/2017	Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report. PBGC should implement effective process and procedures to ensure the secure configuration of web servers in accordance with the established configuration baselines and document deviations to the established baselines on an as needed basis.

25	FOD-404	1/16/2018	<p>Fiscal Year 2017 Financial Statement Audit Management Letter Report. FOD should develop and implement procedures for the Business Owner to obtain the signed Rules of Behavior (RoB) from users and acknowledge completion prior to the FSB administrators granting access to FOD applications.</p>
26	FOD-405	1/16/2018	<p>Fiscal Year 2017 Financial Statement Audit Management Letter Report. Revise the Financial Management Applications Security Procedures to clearly state that system access should not be provided without the most recent version of the RoB on file.</p>
27	FS-07-14	11/15/2007	<p>Limited Disclosure Report on Internal Controls-PBGC's FY 2007 and 2006 Financial Statements Audit. Implement controls to remedy vulnerabilities noted in key databases and applications, including weaknesses in configuration, roles, privileges, auditing, file permissions, and operating systems access.</p>
28	FS-07-17	11/15/2007	<p>Limited Disclosure Report on Internal Controls-PBGC's FY 2007 and 2006 Financial Statements Audit. Implement a logging and monitoring process for application security related events and critical system modifications (i.e. Consolidated Financial System, Premium Accounting System, Trust Accounting System, Participant Records Information Systems Management, and IPVFB).</p>
29	FS-13-02	11/15/2013	<p>Report on Internal Controls Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2013 and 2012 Financial Statements Audit. PBGC should develop and implement improvements to the BAPD Systems (Spectrum and the Integrated Present Value of Future Benefits (IPVFB)) to: record and value separate benefit components payable under different annuity forms; record and value anticipated future benefit amount changes; and value temporary joint and survivorship (J&S) benefits.</p>
30	FS-14-12	3/21/2014	<p>Fiscal Year 2013 Federal Information Security Management Act Final Report. Assess and document the adequacy of PBGC's current data loss prevention controls in place and determine if additional controls are needed based on cost and risk.</p>
31	FS-14-15	11/14/2014	<p>Report of Internal Controls Related to the PBGC's Reporting for FY 2014 and FY 2013 Financial Statements Audit. FOD should perform a comprehensive analysis of key data inputs (e.g., participant count, market value, etc.) between Form 5500 and Comprehensive Premium Filing to identify significant variances. In addition, management should develop a risk analysis that focuses on evaluating the underlying causes of the significant variances identified from the comprehensive analysis and assess the potential impact to the completeness assertion for premiums.</p>

32	FS-14-41	11/14/2014	<p>Report of Internal Controls related to the PBGC's Reporting for FY 2014 and FY 2013 Financial Statements Audit.</p> <p>The Actuarial Services Division/BAPD should undertake a consolidation and codification of its technical procedures and actuarial practices into a single documentation source for single employer plan valuations.</p>
33	FS-14-42	11/14/2014	<p>Report of Internal Controls related to the PBGC's Reporting for FY 2014 and FY 2013 Financial Statements Audit.</p> <p>The Actuarial Services Division/BAPD should undertake a consolidation and codification of its technical procedures and actuarial practices into a single documentation source for multiemployer plan valuations.</p>
34	FS-15-04	11/13/2015	<p>Report on Internal Controls Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2015 and 2014 Financial Statement Audit.</p> <p>Complete the implementation of NIST SP 800-53, Revision 4 controls for common controls, remediation of common controls weaknesses, and make available to system owners in Cyber Security Assessment and Management for appropriate inclusion in their system security plans.</p>
35	FS-16-03	11/15/2016	<p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements.</p> <p>Implement corrective action to address root cause of data entry errors and inaccurate use of plan data provisions.</p>
36	FS-16-05	11/15/2016	<p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements.</p> <p>Consider methods of calculating, reviewing, and documenting plan level adjustments to the IPVFB inputs in order to take individual plan conditions into account.</p>
37	FS-16-06	11/15/2016	<p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements.</p> <p>Refine current quality control review procedures to effectively minimize data input errors.</p>
38	FS-16-07	11/15/2016	<p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements.</p> <p>Fully implement controls to plan, remove and decommission unsupported systems and databases.</p>

39	FS-16-08	11/15/2016	Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements. Develop and implement plan of action for addressing known security weaknesses.
40	FS-17-01	11/17/2017	Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements. Promptly correct the errors in its calculations identified by the auditors during the FY 2017 audit.
41	FS-17-02	11/17/2017	Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements. Create and implement plans to complete all OMB M-15-13 requirements.
42	FS-17-03	11/17/2017	Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements. Perform a risk-based assessment and implement compensating controls for Financial Information Processing Standards (FIPS) 140-2 non-compliance and non-encryption of data in moderate-impact systems.
43	FS-17-05	11/17/2017	Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements OBA should document enhanced account management procedures to ensure a thorough review of accounts is performed during the annual account recertification and that necessary accounts are recertified, and implement compensating controls to verify inactive accounts are deactivated in accordance with PBGC policy.
44	NRAD-07	2/2/2017	Fiscal Year 2016 Financial Statement Audit Management Letter Report. NRAD should strengthen its quality control review process to verify that all key data is properly entered and the liability is properly calculated.
45	NRAD-08	1/16/2018	Fiscal Year 2017 Financial Statement Audit Management Letter Report. Negotiations Restructuring Actuarial Division (NRAD) should correct the adjustment factor table selected for sample 15 (Federal-Mogul Corporation Pension Plan).
46	OBA-02	2/2/2017	Fiscal Year 2016 Financial Statement Audit Management Letter Report. Perform on a monthly basis, a documented independent verification of the benefit payment controls to confirm that management's objectives are accomplished.

47	OIT-117R	5/16/2013	Fiscal Year 2012 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
48	OIT-121R	5/16/2013	Fiscal Year 2012 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
49	OIT-128R	1/9/2014	Fiscal Year 2013 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
50	OIT-133R	3/30/2015	OIT's Fiscal Year 2014 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
51	OIT-139R	3/30/2015	OIT's Fiscal Year 2014 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
52	OIT-154R	12/11/2015	Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
53	OIT-155R	12/11/2015	Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
54	OIT-157R	2/22/2017	Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.

55	OIT-158R	2/22/2017	Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
56	OIT-159R	2/22/2017	Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
57	OIT-160R	11/13/2017	Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
58	OIT-161R	11/13/2017	Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
59	OIT-162R	11/13/2017	Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
60	OIT-163R	11/13/2017	Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
61	OIT-164R	11/13/2017	Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
62	OIT-165R	11/13/2017	Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.

63	OIT-166R	11/13/2017	<p>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE) Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
64	PRAD-02	1/30/2015	<p>PBGC Compliance with MAP-21 Still a Work in Progress. Conduct a strategic review of PRAD's business process, observing and documenting work for all actuarial work products developed by PRAD staff and contractors. PRAD should use the results of the review as a foundation for the Quality Assurance Procedures (QAP) Manual, identifying critical control points that can be used by management to ensure procedures that promote standard application of work and effective quality review, and ensure identification of all federal records.</p>
65	PRAD-03	1/30/2015	<p>PBGC Compliance with MAP-21 Still a Work in Progress. Once business processes are reviewed to identify control points, augment the PRAD QAP Manual and associated documentation to detail steps used in the performance of all modeling and actuarial work, so that actuarial work products can be reproduced and undergo effective and well-documented quality review. The QAP Manual should include review and oversight methods for consistent use and enforcement of procedures, appropriate approval, and escalation of issues identified.</p>
66	PRAD-05	1/30/2015	<p>PBGC Compliance with MAP-21 Still a Work in Progress. Modify the PRAD Manual to require that all actuarial work and modeling products are completed in accordance with actuarial standards, internal PBGC policies, and federal records management and internal control requirements.</p>

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If you want to confidentially report or discuss any instance of misconduct, fraud, waste, abuse, or mismanagement involving PBGC programs and operations, please contact the PBGC Office of Inspector General.

Telephone:

The Inspector General's HOTLINE

1-800-303-9737

TTY/TDD:

For hearing/speech impaired services,
dial FRS (800) 877-8339
and give the Hotline number to the relay operator.

Web:

<https://oig.pbgc.gov/hotline.html>



Or Write:

Pension Benefit Guaranty Corporation

Office of Inspector General

1200 K Street NW, Suite 480

Washington, DC 20005