

Office of Inspector General
Pension Benefit Guaranty Corporation

Semiannual Report to Congress

For the Period April 1, 2020 to September 30, 2020



SARC #63

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 Acting Inspector General



Nicholas J. Novak

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, 2020 through September 30, 2020.

For over 20 years, our office and the Government Accountability Office have reported on the risks associated with the Pension Benefit Guaranty Corporation's reliance on professional services contracts. In this reporting period, we completed an investigation into a bribery scheme, in which the now former Procurement Director accepted cash, gifts, and the promise of a future job from a government contractor in exchange for steering professional service contracts to the company. As a result of our investigation, the former Procurement Director and two of the senior officers of the government contractor plead guilty to conspiring to bribe a government official. This case is a reminder of the legal, workforce, mission, and reputational risks PBGC faces in awarding contracts.

We compliment Director Gordon Hartogensis's response to this case. At his request, we are conducting an audit to determine if Procurement Department practices may have allowed contract steering and to look for indications of other contracting improprieties. Moving forward, we will continue to provide oversight of PBGC's approximately \$340 million per year contracting program and appreciate the opportunity to encourage PBGC to establish a "best in government" contracting and acquisition program.

Respectfully submitted,

A handwritten signature in black ink that reads "Nicholas J. Novak". The signature is written in a cursive, flowing style.

Nicholas J. Novak
Acting 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

BCV	Benefits Calculation and Valuation
BPD	Benefits Payment Division
CFS	Consolidated Financial System
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLIN	Contract Line Item Number
COR	Contracting Officer Representative
CPAF	Cost-Plus-Award-Fee
CRM	Customer Relationship Management
DLP	Data Loss Prevention
ERISA	Employee Retirement Income Security Act of 1974
ERM	Enterprise Risk Management
FAR	Federal Acquisition Regulations
FIPS	Federal Information Processing System
FISMA	Federal Information Security Modernization Act
FPBU	Funds Put to Better Use
FY	Fiscal Year
GAO	Government Accountability Office
IG	Inspector General
IPIA	Improper Payment Information Act
IPVFB	Integrated Present Value of Future Benefits
IT	Information Technology
MSPB	Merit Systems Protection Board
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
OMA	Office of Management and Administration
OMB	Office of Management and Budget
OSC	Office of Special Counsel
PAE	Plan Asset Evaluations
PBGC	Pension Benefit Guaranty Corporation
PD	Procurement Department
PDR	Participant Data Review

PII	Personally Identifiable Information
PVFB	Present Value Future Benefit
SARC	Semiannual Report to Congress
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code

Executive Summary

During the period April 1, 2020 through September 30, 2020 we:

- Closed 5 recommendations and issued 7 new recommendations. The total number of open audit recommendations is 75. (Page 18)
- Issued the following reports:
 - **Evaluation of PBGC's Fiscal Year 2019 Compliance with Improper Payment Information Act.** We determined that PBGC is compliant with the six improper payment requirements. (Page 18)
 - **PBGC Needs to Improve Incentive Contracting Practices.** We found the Procurement Department (PD) administered the Cost-Plus-Award-Fee (CPAF) contract in a manner inconsistent with the Federal Acquisition Regulations (FAR) by not designing performance metrics for key factors required for an aggregate measure of performance. Based on the absence of support for all required elements, we have classified the \$5.1 million for award fees paid under the contract as *unsupported*. We also found \$175,839 in questioned costs. (Pages 18-19)
 - **FY 2019 Purchase Card Risk Assessment.** In general, PBGC's policies and procedures and internal controls are designed to provide reasonable assurance for implementing and managing the PBGC charge card program and to mitigate the potential for fraud and misuse. However, because of limited and delayed program oversight, we elevated the level of risk of illegal, improper, or erroneous purchases from *low* to *medium*. We also determined this elevated risk warrants a separate OIG engagement of PBGC's charge card program in the near future. (Page 19)

Deceased Participants Program

We continued our efforts under the fraud detection/computer matching initiative to identify deceased participants in the single-employer and multiemployer programs. To date, we have identified 198 instances of improper payment or fraud relating to deceased participants in the single-employer and multiemployer programs and referred those cases to PBGC for coordination to terminate benefit payments and seek recoupment. (Page 24)

Background

The Pension Benefit Guaranty Corporation

The Employee Retirement Income Security Act of 1974 (ERISA) established the Pension Benefit Guaranty Corporation (PBGC or Corporation) 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 over 35 million American workers and retirees participating in about 25,000 private-sector defined benefit plans. The Corporation receives no general tax revenues. It manages approximately \$131 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 FY 2019, PBGC paid over \$6 billion in retirement benefits to more than 932,000 retirees in over 4,900 single-employer plans. It also paid \$160 million in financial assistance to 89 insolvent 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 2019, PBGC's net position in the single-employer program was \$8.7 billion, and its net position in the multiemployer program was negative \$65.2 billion. PBGC's estimate of the reasonably possible exposure to loss in the single-employer program is \$154.7 billion; the reasonably possible exposure in the multiemployer program is \$10.9 billion. According to PBGC's FY 2019 Projections Report, the multiemployer pension insurance program shows a very high likelihood of insolvency during FY 2026 and insolvency is a near certainty by the end of FY 2027.

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 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

¹ Unless otherwise cited, the figures contained in this section are based on PBGC's 2019 Annual Report.

Corporation from different perspectives. Oversight by the PBGC Board, PBGC management, and Office of Inspector General 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 (IG Act). 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.

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, the Chief Counsel, and the Assistant Inspectors General. The Assistant Inspector General for Audits leads our audit staff, the Assistant Inspector General for Investigations leads our investigative staff, and the Assistant Inspector General for Management leads 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 (CIGIE). 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. During FY 2019, we updated our risk assessment of PBGC programs and operations. We also created an OIG capability model to measure long-term progress in our three oversight imperatives: Contracting, Data Analytics and Visualization, and Compliance and Integrity.

We also actively participate in and support OIG community activities. The Acting Inspector General represents our office on the CIGIE Enterprise Risk Management Working Group. Our Chief Counsel represents our office on the Chief Counsels of Inspectors General Employment Law Working Group. Our Assistant Inspector General for Management and Administration represents our office on the CIGIE Data Analytics Working Group. And two of our auditors are part of the CIGIE Leading, Inspiring, and Fostering Talent (LIFT) Network.

Management Challenges

Information Security

As stated in PBGC's Strategic Plan for 2018-2022, protecting retiree income by paying benefits on time and accurately is a statutory requirement and one of the fundamental reasons PBGC exists. In FY 2019, the Corporation paid over \$6 billion in benefits to more than 932,000 retirees in single-employer plans, and \$160 million in financial assistance/benefits to 66,900 participants in 89 multiemployer plans. PBGC relies on information systems and electronic data to carry out operations and to process, maintain and report essential information. Many of PBGC's systems contain vast amounts of personally identifiable information (PII), including approximately two million Social Security Numbers (SSN) for active customers. It is PBGC's responsibility to protect the confidentiality, integrity, and availability of this information.

GAO has identified information security as a government-wide high-risk since 1997 and expanded the risk in 2015 to include protecting the privacy of PII. Protecting PBGC networks, systems, and data is a long-standing and continuing management challenge. Two of our oldest open audit recommendations on remedying vulnerabilities identified in key information systems and implementing a logging and monitoring process for major applications date back to FY 2007. We have noted PII concerns beginning with our FY 2010 report, *PBGC Needs to Improve Controls to Better Protect Participant Personally Identifiable Information* and, in a limited distribution Risk Advisory, *Personally Identifiable Information and Data Loss Prevention Control Weaknesses*, issued in 2017.

Management has made some progress in information security and identified maintaining effective IT security as a strategic objective within their Strategic Goal to maintain a High Standard of Stewardship and Accountability. In 2009, we found PBGC had a material weakness with its entity-wide security program planning and management, and access control and configuration management. In our FY 2015 internal controls report, IT conditions we previously reported as *material weaknesses* resulting in an adverse opinion on internal control were downgraded to *significant deficiencies*. In FY 2017, management took corrective actions regarding entity-wide security program planning and management. As a result, this area is no longer a reportable condition.

However, as noted in our FY 2019 financial statement audit report, access control and configuration management remain long-standing concerns and significant deficiencies. PBGC made progress and submitted recommendations for closure in June 2019, but some were returned for further action due to similar vulnerabilities identified during testing and to provide additional time to fully implement logging and monitoring of major applications.

Our FY 2019 Federal Information Security Modernization Act (FISMA) audit found that PBGC improved its information security program, completing corrective actions to close 6 of 26 recommendations reported in the FY 2018 FISMA audit. No weaknesses were identified in the areas of security training, incident response and contingency planning; however, weaknesses were observed in risk management, vulnerability and configuration management, identity and access management, data protection and privacy, and information security continuous monitoring.

During FY 2019, we issued an evaluation report, *PBGC's Data Protection at Contractor-Operated Facilities*. Our report found that although controls relating to data protection at the contractor-operated facilities are for the most part suitably designed, controls relating to the monitoring of the personnel security process and oversight by Contracting Officer's Representatives (CORs) are not consistently executed in a manner to ensure the protection of sensitive information. We also previously issued a Risk Advisory to management that highlighted the need for additional safeguards to protect sensitive participant data from insider threats. Our evaluation of *PBGC's Efforts to Reduce the Collection, Maintenance, and Use of Social Security Numbers*, issued in September 2019, identified several PBGC offices that have responsibilities involving the collection, maintenance, or use of SSNs. The types of work vary by office and individual, but include access to SSNs of federal employees, contractors, pension plan participants, or beneficiaries. While the Office of Information Technology (OIT) has made efforts in controlling access to PII, including SSNs, continued progress is needed across the organization to more narrowly grant access based on individual employee's duties in accordance with the principle of least privilege. Currently, the limits of PBGC's technology affect both its ability to conceal SSNs when not needed and to secure SSNs and other PII. As PBGC plans and continues modernizing its systems, limiting access to SSNs with the latest IT technology should be considered.

Further improvements in PBGC's information security posture are needed so the Corporation can remain agile in the rapidly changing threat environment. The National Institute of Standards and Technology (NIST) published the latest revision to the *Security and Privacy Controls for Information Systems and Organizations* in September 2020. The Corporation must leverage the latest controls and swiftly implement the federal security standards and Office of Management and Budget (OMB) requirements.

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

The modernization of legacy systems challenges agencies to prioritize IT spending to deliver better service to the public while enhancing mission effectiveness, reducing cybersecurity risks, and building a modern IT workforce. Along with infrastructure modernization projects, PBGC also needs to prioritize program office modernization projects to ensure they are strategically aligned, transparent, synchronized, and driven by performance-based data.

PBGC relies on legacy information systems to perform its essential service of ensuring retirees receive their correct pension amount. The Participant Management Program provides the capability to administer benefits to more than 1.5 million participants in PBGC trustee plans and facilitates payments to around 1 million retirees or their beneficiaries, with benefits over \$6 billion. The program is the consolidation of the Integrated Present Value of Future Benefits (IPVFB); Benefits Administration, Benefit Calculation and Valuation (BCV); Spectrum; and other related IT systems. Benefits Administration includes systems to pay benefits, provide customer service, and manage user access functions.

Our office continued to identify the importance of modernizing IT systems and management has made some progress in this area. Our testing of the Present Value Future Benefit (PVFB) liability reported on June 30, 2019 and September 30, 2019 continued to reveal errors caused by IT systems limitations or programming flaws, as well as data entry errors and inaccurate use of plan data provisions. While PBGC management decided not to correct those errors, it completed the last phase of its modernization projects for IPVFB in FY 2018 and, in FY 2019, the Corporation began several multi-year projects to modernize BCV and CRM.

BCV is PBGC's pension calculation and valuation solution used by plan actuaries to determine participant benefits and calculate corporate liabilities for plans PBGC will trustee. The BCV modernization aims to close performance gaps, retire antiquated technology, reduce security issues, incorporate re-engineered processes, and integrate with other corporate systems while aligning with IT infrastructure. In August 2020, phase I of the BCV modernization, which consolidated a case-specific plan and participant data stored across thousands of databases into a single, secure, centralized database, was completed.

CRM is the central repository for all PBGC participant interactions. Customer service representatives use data pulled from the repository to answer questions for plan participants, beneficiaries, and plan managers. The modernized CRM will replace the legacy CRM and MyPBA systems with a platform hosted in the cloud, and leverage GSA's *login.gov*—a Federal Risk and

Authorization Management Program (FedRAMP)² approved authentication and identity proofing platform—to improve system security. Phase 2 of the BCV and CRM modernization is expected to be deployed in 2021.

Per suggestion from the OIG, the Office of Information Technology (OIT) has provided information related to project costs in the public domain for significant IT modernization efforts. This process was initiated with the CRM modernization effort, BCV Phase I, and Telephony Infrastructure modernization efforts, and will continue for future significant IT modernization efforts.

Since 2015, GAO has identified “Improving the Management of IT Acquisitions and Operations” as *high risk* because “federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes. These investments often suffered from a lack of disciplined and effective management, such as project planning, requirements definition and program oversight and governance.” With PBGC embarking on critical legacy system modernization, we continue to identify PBGC’s modernization efforts 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 systems, and its reliance on professional services contract support.

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 250 federal employees supported by over 700 contractor staff. Within these totals, OBA’s three primary field offices, which oversee the day-to-day benefits administration activities and Customer Contact Center for PBGC’s trustee and non-trustee plans, are staffed with about 420 contractor employees. OIT has approximately 110 federal employees supported by roughly 330 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.

Contractors are an important part of the PBGC workload influx plan in the event of a dramatic increase in plan failures. The contractor support consists of performing critical plan asset evaluations (PAE), participant data reviews (PDR), actuarial valuations services, and data

² FedRAMP is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services.

collection. In September 2020, PBGC took responsibility as trustee for the McClatchy Company Retirement Plan, which covers over 24,000 current and future retirees. While this is not an influx, it is a large plan, and PBGC is currently at risk for higher than normal volume due to current economic conditions.

Our office has raised concerns for many years about PBGC management's oversight of professional services contracts. Recently, we found that the Procurement Department (PD), a department within PBGC's Office of Management and Administration (OMA) did not administer the Cost-Plus-Award-Fee (CPAF) contract for IT infrastructure operations and maintenance services in a manner consistent with the Federal Acquisition Regulations (FAR). Previously, we reported on PBGC's data protection at contractor-operated facilities and protecting sensitive participant data from insider threats. We also reported on 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. Sufficient and effective oversight is a shared responsibility though, and this remains a top management challenge.

In Focus

Hotline and Whistleblower Protection: Cornerstones of the Inspector General Mission

The Office of Inspector General maintains a Hotline for PBGC employees, contractors and the public to confidentially report suspected wrongdoing by PBGC employees and contractors and allegations of fraud, waste or abuse in a PBGC program or operation. Allegations may be reported 24 hours a day, seven days a week. (The last page of this SARC lists how to make a complaint.)

Hotline complaints are reviewed by OIG investigators to ensure that the alleged wrongdoing is addressed. Some complaints lead us to coordinate with other PBGC departments to provide benefits assistance. Other complaints, however, lead to criminal and administrative investigations, which in turn can result in criminal indictments and convictions, or administrative actions.

Hotline complaints are a valuable resource for OIG and help us uncover fraud, waste, and abuse that might otherwise go undetected. For example, a Hotline tip prompted us to conduct an investigation with the Federal Bureau of Investigation (FBI) that led to the former PBGC Director of Procurement's guilty plea for soliciting and receiving cash payments and other things of value in exchange for steering contracts to a government contractor. That tip also resulted in two officers from the contracting firm pleading guilty to conspiring to bribe a public official.

The Hotline process is intended to protect the confidentiality of the Hotline complainant; however, some whistleblowers may become subject to personnel action reprisal for making protected disclosures to the Hotline. If that occurs, PBGC employees and employees of PBGC contractors or subcontractors may file a whistleblower reprisal complaint with OIG. We take those complaints very seriously.

Partners in Detecting Fraud, Waste and Abuse

PBGC OIG investigators are federal law enforcement officers who conduct criminal and administrative investigations into allegations of, among other things, theft of pension benefits, fraud, procurement improprieties, and employee/contractor misconduct. During our investigations, we often partner with other federal, state, and local law enforcement agencies, including:

- Social Security Administration, OIG
- Federal Bureau of Investigation
- Health and Human Services, OIG
- Veterans Affairs, OIG

A PBGC employee who wishes to report whistleblower reprisal may also file a complaint with the U.S. Office of Special Counsel (OSC). OSC is an independent federal investigative and prosecutorial agency with the responsibility to receive, investigate, and prosecute allegations of whistleblower reprisal. Unlike the OIG, OSC has authority to seek corrective action from PBGC by negotiating with PBGC or, if that is unsuccessful, by filing a complaint with the Merit Systems Protection Board (MSPB) to enforce corrective action for the whistleblower and initiate disciplinary action against the individual responsible for the reprisal. Corrective action might include, for example, ordering a promotion, cancelling a disciplinary action, payment of back pay, compensatory damages, and attorney's fees.

Audits, Evaluations, and Reviews

Summary of Performance

Category	Number
Open Recommendations Beginning of Period	73
Opened This Period	7
Closed This Period	5
Open Recommendations End of Period	75
Reports with Open Recommendations End of Period	26

Performance Audits, Evaluations, and Special Reports

Evaluation of PBGC's Fiscal Year 2019 Compliance with Improper Payment Information Act

(EVAL-2020-10, issued May 11, 2020)

<https://oig.pbgc.gov/pdfs/EVAL-2020-10.pdf>

In accordance with the Improper Payment Information Act (IPIA) (P.L. 107-300), as amended, we reviewed PBGC's compliance with the IPIA's requirements. PBGC has taken actions to comply with all applicable requirements established in OMB Circular A-123, Appendix C. For FY 2019, PBGC assessed Contractor and Purchase Card Payments and Multiemployer Financial Assistance Payments and concluded both payment streams were not susceptible to "significant" improper payments. We determined that PBGC is compliant with the improper payment requirements.

PBGC Needs to Improve Incentive Contracting Practices

(AUD-2020-11, issued September 23, 2020)

<https://oig.pbgc.gov/pdfs/AUD-2020-11.pdf>

We found PD administered the CPAF contract in a manner inconsistent with the FAR by not designing performance metrics for key factors required for an aggregate measure of performance. PD similarly awarded the contractor the award fee after considering only one of the three factors (cost, schedule, and performance) required by the FAR. Further, we found that during the pre-award phase PBGC failed to identify that a key person in the company's proposal did not meet educational requirements outlined in the proposal. PBGC neither verified all key personnel met the contractor's proposal requirements nor secured support

showing a waiver of the educational requirement. Last, PD lacked internal controls over contract file maintenance; specifically, it did not follow the existing file room check-in/out procedure. As a result, PBGC's position in contract administration was weakened. PBGC concurred with the seven recommendations in the report and agreed to implement corrective action. Further, PD acknowledged the audit conclusion that the \$5.1 million award fee payment is unsupported. We also found \$175,839 in questioned costs.

FY 2019 Purchase Card Risk Assessment

(SR-2020-12, Issued September 25, 2020)

<https://oig.pbgc.gov/pdfs/SR-2020-12.pdf>

The Government Charge Card Abuse Prevention Act of 2012 requires Offices of Inspector General to, among other things, conduct periodic assessments of the government purchase card program to identify and analyze risks of illegal, improper, or erroneous purchases and payments. According to OMB memorandum M-13-21, this risk assessment should be performed annually. The purpose of this special report was to fulfill the requirements of the Act and OMB guidance. In general, we found PBGC's policies and procedures are designed to provide reasonable assurance for implementing and managing the PBGC charge card program and to mitigate the potential for fraud and misuse. However, because of limited and delayed program oversight, we are elevating the level of risk of illegal, improper, or erroneous purchases from *low* to *medium*. We also have determined this elevated risk warrants a separate OIG engagement of PBGC's charge card program in the near future.

On-Going Performance Audits and Related Work

Office of Benefit Administration's Actuarial Support Services Contract

(Project No. EV-20-143, announced November 21, 2019)

https://oig.pbgc.gov/pdfs/Ann_EV-20-143.pdf

We are conducting this engagement to evaluate PBGC's compliance with applicable Federal Acquisition Regulations and PBGC's policies regarding acquisition planning, awarding and oversight of OBA's actuarial support services.

PBGC's IT Modernization Projects

(Project No. SR-20-146, announced January 29, 2020)

https://oig.pbgc.gov/pdfs/Ann_SR-20-146.pdf

We are conducting this engagement to: (1) identify ongoing IT modernizations projects and their significance within PBGC's mission, (2) determine the current status of the efforts—

particularly related to cost and schedules, (3) identify challenges and risks of these projects, and (4) determine how these projects address PBGC's strategic goals.

Pension Benefit Guaranty Corporation Financial Statements Audit for FY 2020 and Related Work

(Project FA-20-148, announced April 24, 2020)
https://oig.pbgc.gov/pdfs/Ann_FA-20-148.pdf

We are conducting this engagement to express an opinion as to whether PBGC's financial statements are prepared in accordance with prescribed accounting principles and provide other relevant conclusions based on the work performed.

Limited Scope: PBGC's Procurement Practices

(Project PA-20-149, announced May 8, 2020)
https://oig.pbgc.gov/pdfs/Ann_PA-20-149.pdf

We are conducting this engagement to determine how PBGC's procurement practices may have allowed contract awards to be steered. We will examine a selection of awards for indications of steering.

PBGC's Enterprise Risk Management Program

(Project EV-20-151, announced August 6, 2020)
https://oig.pbgc.gov/pdfs/Ann_EV-20-151.pdf

We are conducting this engagement to assess PBGC's implementation of the Enterprise Risk Management (ERM) Program. We will review the criteria used to develop the ERM framework, and the roles and responsibilities of the core team and business units.

Investigative Activities

Summary of Performance

Category	Federal	State
Indictments	1	0
Informations	4	0
Criminal Complaints	0	0
Convictions	5	0
Nolo Contenderes	0	0
Sentencings	4	0

During this reporting period, we focused investigative attention on a contract bribery investigation, theft of pension benefits, and deceased participant fraud.

Former PBGC Procurement Director and Two Contracting Executives Plead Guilty to Bribery Conspiracy

On May 4, 2020, the former Director of Procurement for PBGC and the President and Chief Executive Officer (CEO) of a government contracting firm pleaded guilty to conspiring to bribe a public official before U.S. District Judge Anthony J. Trenga of the Eastern District of Virginia. The former Director served as a PBGC Supervisory Contract Administrator and then as the Director of the Procurement Department from March 2014 to February 2020. From at least 2015 through August 2017, the then Director solicited and received cash payments and other things of value, including the promise of a job valued at \$1 million, from the CEO of the company. In exchange, the PBGC official agreed to steer PBGC contracts to the company.

In 2015, the PBGC official offered to help the contracting firm win a PBGC contract, worth approximately \$55 million, in exchange for a future job with the company. Among other things, the PBGC official provided him with sample bid proposals; helped draft, review, and edit the company’s bid proposal; and disclosed labor pricing estimates. When the company did not win the contract, the PBGC official helped the CEO draft the company’s bid protest. The CEO admitted that his business partners were aware of his arrangement with the PBGC official.

In 2016, the same PBGC official proposed a second arrangement with the contracting firm’s CEO in which the PBGC official would receive up to \$125,000 from the CEO and his company in exchange for steering a contract to the CEO’s company. PBGC awarded the contract to the

CEO's company, which resulted in payments to the company of approximately \$3.29 million. The PBGC official steered the contract by, among other things, providing sensitive, non-public information and work product to the CEO; providing guidance for contract pricing; and adjusting the terms of the contract to align with the qualifications of the company's personnel. The PBGC official received at least \$48,000 in cash, plus additional gifts. The defendants also took extraordinary steps to conceal the scheme and their communications with each other, including using separate, dedicated cellular telephones and e-mail accounts, and communicating through encrypted software.

On August 26, 2020, the Chief Operating Officer (COO) of the government contracting firm pleaded guilty in U.S. District Court, Eastern District of Virginia to one count to bribe a public official as part of the same conspiracy. This defendant is currently scheduled for sentencing on January 6, 2021.

On September 9, 2020, U.S. District Court Judge Trenga of the Eastern District of Virginia sentenced the former PBGC Procurement Director to 3 years probation, including 15 months home confinement, 500 hours of community service, a \$15,000 fine, and \$100 special assessment. He was also given a consent order of forfeiture of \$48,000. On this same date, Judge Trenga sentenced the CEO of the government contractor to 2 years probation, including 6 months home confinement, 200 hours of community service, \$100 Special Assessment, and a forfeiture money judgment of \$1,114,491.10.

The former PBGC Procurement Director, CEO, and contracting firm have been proposed for debarment from government contracting and all government non-procurement related activities. Additionally, the COO has been suspended from government contracting and all government non-procurement related activities.

This case was investigated by the PBGC OIG and the FBI.

Ohio Woman Arrested for Impersonating PBGC Participant and Theft of Pension Benefits

On July 30, 2020, a 38-year old woman from Dayton, Ohio was arrested by the Michigan State Police in Lansing, Michigan as a result of an indictment alleging she stole the identity of a 72-year old PBGC participant and redirected his \$919 monthly pension benefits to a bank account she controlled. On one occasion, the woman allegedly called PBGC, identified herself as a relative of the victim, and had someone impersonate the victim on the phone call. The indictment charged the defendant with one count of bank fraud, which is punishable by up to 30 years in prison, one count of aggravated identity theft that carries a mandatory two-year prison term which must be served consecutive to any other prison time, and one count of use of another person's Social Security number, a crime punishable by up to five years in prison. The Dayton woman is being held in jail until her next court hearing.

Florida Man Sentenced for Theft of PBGC and SSA Payments

On September 21, 2020, a man from Orlando, Florida was sentenced in U.S. District Court, Middle District of Florida to 3 years probation, including 8 months of home detention, restitution to the Social Security Administration (SSA) for \$48,750, restitution to PBGC for \$3,501.54, and a \$200 Special Assessment. The defendant's mother, who died on or about June 17, 2016, received Retirement Insurance Benefits from SSA and a monthly pension benefit from PBGC. The defendant previously pleaded guilty in March 2020 and admitted that, between approximately July 2016 and in or around June 2019, the money deposited by SSA and PBGC was withdrawn via ATM withdrawals, debit card transactions, and checks drawn on the account. This case was initiated as a result of the deceased participant data matching project of PBGC OIG's Investigations Division.

Florida Man Sentenced for Theft of Government Funds

On July 25, 2020, a 69-year old Westville, Florida man pleaded guilty in the U.S. District Court, Northern District of Florida to two counts of theft of government funds. He was indicted in January 2020 for converting approximately \$126,000 in SSA Retirement and Survivors Insurance benefits and \$16,500 in PBGC benefits for his own use after his mother died on April 2, 2012. On September 30, 2020, the defendant was sentenced to 143 days imprisonment; 1 year of supervised release, with a condition of the first 3 months on home detention; restitution of \$126,283.60 to SSA and \$16,519.75 to PBGC; and a \$200 Special Monetary Assessment.

Washington Woman Pleads Guilty to Theft of Government Funds

On September 30, 2020, a 73-year old Bainbridge Island, Washington woman entered a plea of guilty to a charge of Theft of Public Funds in violation of 18 U.S.C. Section 641 for fraudulently collecting her mother's PBGC pension benefits after she passed away in March 2011. PBGC did not receive notice of her mother's death and continued to pay monthly benefits of \$896.54. The woman deposited the checks from PBGC into a joint bank account by forging her mother's signature. By converting to her own use benefits intended for her mother, the defendant collected approximately \$84,200 in PBGC benefits to which she was not entitled. Sentencing is scheduled for December 18, 2020. This case was initiated as a result of the deceased participant data matching project of PBGC OIG's Investigations Division.

Deceased Participants Program

We continued our efforts under the fraud detection/computer matching initiative to identify deceased participants in the single-employer and multiemployer programs. To date, we have identified 198 instances of improper payment or fraud relating to deceased participants in the single-employer and multiemployer programs and referred those cases to PBGC for coordination to terminate benefit payments and seek recoupment.

Senior Government Employee Substantiated Misconduct Investigations

During this reporting period, we completed the aforementioned criminal investigation against the former PBGC Procurement Director—a senior Government employee³—where we substantiated an allegation of misconduct. Prior to pleading guilty in U.S. District Court, the senior Government employee resigned from his position.

Instances of Whistleblower Retaliation

We did not complete any investigations of whistleblower retaliation during this reporting period.

Congressional Requests

We did not receive any Congressional requests during this reporting period.

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.

³ “[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).

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.

Outstanding Management Comment 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.

Compliance with Federal Financial Management Improvement Act

PBGC is in compliance with the Federal Financial Management Improvement Act.

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

Inspections and Evaluations: Organizations that conduct Inspections and Evaluations work in accordance with Blue Book standards must undergo an external peer review every three years per CIGIE's *Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General*. The peer review of our evaluations and inspections work began in July 2020. The work is being jointly performed by the Corporation for National & Community Service OIG and the Peace Corps OIG.

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. Our most recent peer review by the Securities and Exchange Commission (SEC) OIG was completed on January 31, 2019. The SEC 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, 2018 had 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 <https://oig.pbgc.gov/pdfs/PeerReview.pdf>

Our audit organization completed a modified Inspection and Evaluation Peer Review of the Consumer Product Safety Commission (CPSC) OIG. We issued our report on August 25, 2020. CPSC OIG’s policies and procedures generally met the seven Inspection and Evaluation standards addressed in the external peer 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 a 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.	25
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	11-20
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies.	11-20
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed.	32-34
Section 5(a)(4)	Matters referred to prosecutorial authorities.	21-24, 29-31
Section 5(a)(5)	Summary of instances in which information was refused.	24
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.	35
Section 5(a)(7)	Summary of each particularly significant report.	8,11-12, 18-20, 26
Section 5(a)(8)	Statistical table showing number of reports and dollar value of questioned costs.	35
Section 5(a)(9)	Statistical table showing number of reports and dollar value of recommendations that funds be put to better use.	35
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.	25
Section 5(a)(11)	Significant revised management decisions.	25
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees.	25

Section 5(a)(13)	Compliance with Federal Financial Management Improvement Act.	25
Section 5(a)(14)	Results of peer review.	25-26
Section 5(a)(15)	Outstanding recommendations from any peer review conducted by another OIG.	26
Section 5(a)(16)	Any peer reviews performed by another OIG.	26
Section 5(a)(17)	Statistical table showing, during that reporting period, the: <ul style="list-style-type: none"> • Number of investigative reports issued, • Number of persons referred to DOJ for criminal prosecution, • Number of persons referred to state and local authorities for criminal prosecution, and • Number of criminal indictments and criminal informations resulting from any prior referrals to prosecutive authorities. 	21, 30
Section 5(a)(18)	A description of the metrics used to develop the data for the statistical tables in (a)(17).	31
Section 5(a)(19)	A detailed description of each investigation involving a senior Government employee where allegations of misconduct were substantiated, including: <ul style="list-style-type: none"> • A detailed description of the facts and circumstances of the investigation; and • A detailed description of 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. 	21-22, 24
Section 5(a)(20)	A detailed description of any instance of whistleblower retaliation, including: <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. 	24
Section 5(a)(21)	A detailed description of any attempt by the establishment to interfere with the independence of the OIG, including: <ul style="list-style-type: none"> • with 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. 	25
Section 5(a)(22)	A detailed description of the particular circumstances of each: <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. 	26

Statistical Summary of Audit and Investigative Activities

For the Six-Month Period Ending September 30, 2020

Audits/Inspections/Evaluations Issued	
Number of Reports	2
Number of Recommendations	7

Special Reports Issued	
Number of Reports	1
Number of Recommendations	0

Investigative Reports Issued	
Number of Reports	2
Number of Recommendations	0

Open Recommendations	
Open Recommendations Beginning of Period	73
Opened This Period	7
Closed This Period	5
Open Recommendations End of Period	75
Reports with Open Recommendations End of Period	26

Investigative Workload		
Investigations Opened	66	
Investigations Closed	67	
Persons Referred for Prosecution		
	Federal Prosecutions	State or Local Prosecutions
Presented	3	0
Accepted	1	0
Declined	2	0
Criminal Actions		
	Federal Prosecutions	State or Local Prosecutions
Indictments	1	0
Informations	4	0
Criminal Complaints	0	0
Convictions	5	0
Nolo Contenderes	0	0
Sentencings	4	0
Financial Recoveries		
	Federal Prosecutions	State or Local Prosecutions
Court Ordered Fines, Penalties, and Restitution	\$1,197,512.39	\$0
Administrative Recoveries	\$2,926.16	\$0

Administrative Actions

Action Referrals

0

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

- The number of investigative reports issued is based on those reports sent to management for action. This number does not include any investigations closed without a referral to management for action.
- The number of persons referred for prosecution includes any person or corporation that was referred to the U.S. Department of Justice, state, or local authorities for consideration of criminal prosecution.
- The number of criminal actions includes indictments, informations, criminal complaints, convictions, nolo contendere, and sentencings brought against a person or corporation based on prior referrals to prosecution authorities.

Previously Reported Significant Recommendations for which Corrective Action Has Not Been Taken

For the Six-Month Period Ending September 30, 2020

Report Number, Report Title, and Date Issued	Number of Significant Recommendations	Significant Problems and Deficiencies	Summary of Significant Recommendations
2008-02/FA-0034-2 Limited Disclosure Report on Internal Controls-PBGC's Fiscal Year 2007 and 2006 Financial Statements 11/15/2007	2	Access controls and configuration management.	Mitigate weaknesses related to configuration, access and systems monitoring.
2016-7/FA-15-108-07 Fiscal Year 2015 Federal Information Security Modernization Act Final Report 02/19/2016	1	Access controls and configuration management.	Implement recommendations related to solutions for continuous monitoring.
2017-03/FA-16-110-2 Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements 11/15/2016	2	Access controls and configuration management.	PBGC needs to mitigate the systemic issues related to information access controls.
2018-06/FA-17-119-3 Report on the Internal Controls Related to the Pension Benefit	1	Access controls and configuration management.	PBGC needs to mitigate the systemic issues related to

<p>Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</p> <p>11/17/2017</p>			<p>information access controls.</p>
<p>2019-01/FA-18-127-1 Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2018 and 2017 Financial Statements</p> <p>11/15/2018</p>	2	<p>Access controls and configuration management.</p>	<p>PBGC needs to update plans and processes for completing system upgrades and satisfying recommendations identified in its encryption risk assessment.</p>
<p>2019-01/FA-18-127-1 Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2018 and 2017 Financial Statements</p> <p>11/15/2018</p>	2	<p>Access controls and configuration management.</p>	<p>PBGC needs to implement improved processes and training procedures to ensure separation requests are timely submitted and physical access removed.</p>
<p>2020-02/FA-19-137-1 Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements</p> <p>11/15/2019</p>	2	<p>Controls over actuarial estimates - Controls over the Present Value of Future Benefit (PVFB) Liability</p>	<p>Conduct an analysis of and document assumptions used in PVFB actuarial estimates including alternative assessments considered; update actuarial assumptions when needed and consider program changes when appropriate.</p>

<p>2020-02/FA-19-137-1</p> <p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements</p> <p>11/15/2019</p>	<p>3</p>	<p>Present Value of Nonrecoverable Future Financial Assistance (PV NRFFA)</p>	<p>Perform an experience study to assess reasonableness of multiemployer contingent liability, as well as an analysis of all multiemployer plans exceeding the 10 year Date of Insolvency (DOI), and other possible classified plans, and update/develop documentation practices for DOI insolvency criteria.</p>
<p>2020-02/FA-19-137-1</p> <p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements</p> <p>11/15/2019</p>	<p>4</p>	<p>Controls over the Present Value of Future Benefit (PVFB) Liability</p>	<p>Correct PVFB errors in 2019 audit, and review the identified plans to determine the impact of the cash balance add-back threshold, the incorrect lump sum factor, and all related benefit corrections.</p>
<p>2020-02/FA-19-137-1</p> <p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements</p> <p>11/15/2019</p>	<p>2</p>	<p>Access Controls and Configuration Management</p>	<p>Ensure only authorized users have access and appropriate privileges to PBGC PLUS data.</p>

Results of Reports Issued

For the Six-Month Period Ending September 30, 2020

Results	Number of Reports	Questioned Costs	Unsupported Costs	Funds Put to Better Use (FPBU)
A. For which no management decision had been made by the commencement of the reporting	0	\$0	\$0	\$0
B. Which were issued during the reporting period.	3	\$175,839	\$5,100,000	\$0
Evaluation of PBGC's Fiscal Year 2019 Compliance with Improper Payment Information Act		\$0	\$0	\$0
PBGC Needs to Improve Incentive Contracting Practices		\$175,839	\$5,100,000	\$0
OIG Special Report: FY 2019 Purchase Card Risk Assessment		\$0	\$0	\$0
Total (Add A. & B.)	3	\$175,839	\$5,100,000	\$0
C. For which a management decision was made during the reporting period.	3			
(i) dollar value of disallowed costs		\$175,839	\$5,100,000	\$0
(ii) dollar value of costs not disallowed		\$0	\$0	\$0
(iii) dollar value FPBU agreed to		\$0	\$0	\$0
(iv) dollar value FPBU not agreed to		\$0	\$0	\$0
D. For which no management decision had been made by the end of the reporting period.	0	\$0	\$0	\$0
E. For which no management decision was made within six months of issuance.	0	\$0	\$0	\$0

Summary of PBGC Open Recommendations

As of September 30, 2020

	Recommendation Number	Date Issued	Report Title and Recommendation
1	2008-02-14 (prior FS-07-14)	11/15/2007	<p>Limited Disclosure Report on Internal Controls-PBGC's FY 2007 and 2006 Financial Statements Audit.</p> <p>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>
2	2008-02-17 (prior FS-07-17)	11/15/2007	<p>Limited Disclosure Report on Internal Controls-PBGC's FY 2007 and 2006 Financial Statements Audit.</p> <p>System owners should develop and implement plans to fully implement Splunk Enterprise for their major applications.</p>
3	2013-07-05 (prior OIT-121R)	5/16/2013	<p>Fiscal Year 2012 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect against exploitation of vulnerability; report is restricted disclosure.</p>
4	2014-06-07 (prior OIT-128R)	1/9/2014	<p>Fiscal Year 2013 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect against exploitation of vulnerability; report is restricted disclosure.</p>

5	2015-09-15 (prior FISMA-14-15)	5/6/2015	<p>Fiscal Year 2014 Federal Information Security Management Act Final Report.</p> <p>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.</p>
6	2016-01-04 (prior OIT-154R)	12/11/2015	<p>Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect against exploitation of vulnerability; report is restricted disclosure.</p>
7	2016-01-05 (prior OIT-155R)	12/11/2015	<p>Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect against exploitation of vulnerability; report is restricted disclosure.</p>
8	2016-03-04 (prior 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 Statements 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>
9	2016-07-02 (prior FISMA-15-02)	2/19/2016	<p>Fiscal Year 2015 Federal Information Security Modernization Act Final Report.</p> <p>Require system owners to fully implement Splunk Enterprise for PBGC major applications.</p>
10	2017-03-07 (prior 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>

11	2017-03-08 (prior FS-16-08)	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>Develop and implement plan of action for addressing known security weaknesses.</p>
12	2017-06-03 (prior BD-04)	2/2/2017	<p>Fiscal Year 2016 Financial Statement Audit Management Letter Report.</p> <p>Draft and submit for OMB approval funds control regulations that incorporate the required elements as described in OMB A-11, Appendix H.</p>
13	2017-06-04 (prior BD-05)	2/2/2017	<p>Fiscal Year 2016 Financial Statement Audit Management Letter Report.</p> <p>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.</p>
14	2017-06-05 (prior BD-06)	2/2/2017	<p>Fiscal Year 2016 Financial Statement Audit Management Letter Report.</p> <p>Develop a procedures manual detailing the process for processing and authorizing realignment of funds requests. The procedures manual should be reviewed and approved by the Budget Director.</p>
15	2017-08-02 (prior OIT-158R)	2/22/2017	<p>Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
16	2017-08-03 (prior OIT-159R)	2/22/2017	<p>Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>

17	2017-09-14 (prior FISMA-16-14)	3/22/2017	<p>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report.</p> <p>PBGC should assign a senior organizational official and develop and implement an insider threat detection and prevention program.</p>
18	2018-02-01 (prior OIT-160R)	11/13/2017	<p>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
19	2018-02-02 (prior OIT-161R)	11/13/2017	<p>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
20	2018-02-04 (prior OIT-164R)	11/13/2017	<p>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report. (RESTRICTED DISCLOSURE)</p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
21	2018-06-05 (prior FS-17-05)	11/17/2017	<p>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements.</p> <p>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.</p>
22	2018-07-01 (prior FISMA-17-01)	12/20/2017	<p>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report.</p> <p>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.</p>

23	2018-07-02 (prior FISMA-17-02)	12/20/2017	<p>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report.</p> <p>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.</p>
24	2018-07-03 (prior FISMA-17-03)	12/20/2017	<p>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report.</p> <p>Document and implement enhanced processes and procedures to effectively track and remediate known vulnerabilities in a timely manner.</p>
25	2018-07-04 (prior FISMA-17-04)	12/20/2017	<p>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report.</p> <p>PBGC should implement effective processes 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.</p>
26	2019-01-09 (prior FS-18-09)	11/15/2018	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2018 and 2017 Financial Statements.</p> <p>Develop and implement plans for completing system technology upgrades or replacements to be compliant with FIPS 140-2 and OMB A-130.</p>
27	2019-01-10 (prior FS-18-10)	11/15/2018	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2018 and 2017 Financial Statements.</p> <p>Develop and implement project plans for satisfying the recommendations that were made in the <i>PBGC IT Infrastructure Operations Department Risk Based Encryption Assessment</i>, dated June 29, 2018, version 1.0.</p>
28	2019-01-12 (prior FS-18-12)	11/15/2018	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2018 and 2017 Financial Statements.</p> <p>Implement improved processes and provide training to ensure PBGC federal managers/CORs submit and approve separation requests prior (when applicable) to the effective separation date, as well as the collection of IT assets by the effective separation date.</p>

29	2019-01-13 (prior FS-18-13)	11/15/2018	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2018 and 2017 Financial Statements.</p> <p>Implement improved processes and provide training to ensure PBGC Workplace Solutions Department removes physical access by the effective separation date.</p>
30	2019-03-01 (prior OIT-167R)	11/29/18	<p>Fiscal Year 2018 Vulnerability Assessment and Penetration Testing of PBGC's Network (RESTRICTED DISCLOSURE).</p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
31	2019-04-02 (prior FISMA-18-02)	12/20/2018	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2018 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>OIT should develop and implement procedures for the documentation of corrective actions within risk assessments.</p>
32	2019-04-03 (prior FISMA-18-03)	12/20/2018	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2018 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>OIT should update the Information Technology Infrastructure Services General Support System Risk Assessment to document corrective action plans.</p>
33	2019-04-04 (prior FISMA-18-04)	12/20/2018	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2018 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Control owners should ensure the creation of plans of action and milestones, and risks within the Risk Assessment for all controls not fully implemented to mitigate risks. The appropriate control provider should be identified to correct/mitigate the identified weakness.</p>
34	2019-08-01 (prior OMA-02)	1/31/2019	<p>PBGC's Data Protection at Contractor-Operated Facilities.</p> <p>Evaluate the effectiveness of the current Personnel Security Investigation Solution system and enhance the system's functionality as necessary to ensure compliance with the PBGC policies.</p>

35	2019-08-03 (prior OMA-04)	1/31/2019	PBGC's Data Protection at Contractor-Operated Facilities. Develop and deliver training for personnel using Personnel Security Investigation Solution application to enhance understanding of the existing policy and requirements.
36	2019-08-04 (prior OMA-05)	1/31/2019	PBGC's Data Protection at Contractor-Operated Facilities. Develop a control to ensure Personnel Security Investigation Solution information is complete, accurate, and timely.
37	2019-11-01 (prior OMA-09)	7/2/2019	PBGC's Use of the Women-Owned Small Business Federal Contracting Program. Assess the organizational alignment of the Office of Small and Disadvantaged Business Utilization Director within the Corporation, taking into consideration the importance of the federal government's philosophy of small business contract programs and the requirements of the Small Business Act.
38	2019-13-01 (prior OBA-06)	9/25/2019	PBGC's Efforts to Reduce the Collection, Maintenance, and Use of Social Security Numbers. Develop a plan that ensures OBA systems comply with the principle of least privilege and minimize SSN usage.
39	2019-13-02 (prior OIT-172)	9/25/2019	PBGC's Efforts to Reduce the Collection, Maintenance, and Use of Social Security Numbers. Develop a plan, in conjunction with the Privacy Office, to periodically assess data protection risks within information systems across the Corporation to assist in modernization planning.
40	2019-13-03 (prior OGC-43)	9/25/2019	PBGC's Efforts to Reduce the Collection, Maintenance, and Use of Social Security Numbers. Develop and maintain a Corporate-wide plan to eliminate unnecessary collection, maintenance, and use of SSNs.
41	2019-13-04 (prior OGC-44)	9/25/2019	PBGC's Efforts to Reduce the Collection, Maintenance, and Use of Social Security Numbers. Finalize a policy regarding the Privacy Office's review of the new collection and use of SSNs.

42	2019-14-02 (prior OIT-174)	9/27/2019	<p>PBGC's Property Management Program.</p> <p>Perform a risk assessment on assets not located during the annual inventory and follow-up on assets that are deemed <i>high risk</i>.</p>
43	2020-02-01 (prior FS-19-01)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Conduct the appropriate analyses (such as sensitivity analysis, look-back analysis, benchmarking to other relevant actuary report or studies, as applicable) to ensure the reasonableness of assumptions used and document the rationale behind these assumptions. Enhance reasonability checks over actuarial assumptions to include specific metrics, such as percentage and dollar amount thresholds. Additionally, management should consider changes in conditions or programs that require further research and analysis and develop a schedule to update actuarial assumptions when necessary.</p>
44	2020-02-02 (prior FS-19-02)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Document management's assessment of the liability estimates and assumptions in management's actuarial assumptions documents and memos, including consideration of alternative assumptions or outcomes, why management has rejected them or how management has otherwise addressed estimation uncertainty in making the accounting estimate (e.g., a sensitivity study, etc.), sources of data used by management in its calculation, and any data limitations that could impact the PBGC's actuarial liability.</p>
45	2020-02-03 (prior FS-19-03)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Perform an experience study to assess the reasonableness of the multiemployer contingent liability for on-going and terminated plans.</p>
46	2020-02-04 (prior FS-19-04)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Perform an analysis of all multiemployer plans on the contingency list that have exceeded the 10 year Date of Insolvency for both terminated and on-going plans and document management's position or rationale for recording as a probable. A similar analysis should be performed for the reasonably possible classified plans.</p>

47	2020-02-05 (prior FS-19-05)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Develop and/or update management's documentation for current practices followed for review and monitoring of the multiemployer Date of Insolvency criteria.</p>
48	2020-02-06 (prior FS-19-06)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Promptly correct the errors in management's calculations identified by the auditors during the FY 2019 audit.</p>
49	2020-02-07 (prior FS-19-07)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Review the LTV Steel Hourly plan to determine the impact of the cash balance add-back threshold for those participants affected.</p>
50	2020-02-08 (prior FS-19-08)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Review other similarly situated participants in the Johnson Memorial Hospital plan to determine the impact of the incorrect lump sum factor and make necessary benefit corrections.</p>
51	2020-02-09 (prior FS-19-09)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Review the other three participants in the Seymour Specialty Wire Company – Salary plan and make necessary benefit corrections.</p>
52	2020-02-10 (prior FS-19-10)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>OBA should obtain confirmation of access to server or, in the event the access list cannot be shared, PBGC will pursue viable alternatives to include moving PBGC data to a separate server within the paying agent's data center.</p>
53	2020-02-11 (prior FS-19-11)	11/15/2019	<p>Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements.</p> <p>Conduct an account recertification of Linux users and groups with access to PBGC PLUS data to verify that only</p>

			authorized users have access and the privileges are appropriate.
54	2020-05-01 (prior FISMA-19-01)	12/20/2019	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2019 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Maintain a valid agreement for all interconnections, and ensure that agreements are updated as necessary, reviewed annually, and re-issued prior to or upon expiration or upon a major change to ensure appropriate security and privacy controls are implemented.</p>
55	2020-05-02 (prior FISMA-19-02)	12/20/2019	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2019 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Improve processes and implement oversight to ensure timeliness of background investigations to be completed for federal employees and contractors.</p>
56	2020-05-03 (prior FISMA-19-03)	12/20/2019	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2019 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Update directives, policies, and procedures to reflect current personnel security processes for the timely processing of background investigations.</p>
57	2020-05-04 (prior FISMA-19-04)	12/20/2019	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2019 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Enhance and improve PBGC's Data Loss Prevention (DLP) policies and procedures for PBGC personnel and DLP toolset as identified in the <i>Data Loss Prevention Controls Adequacy Assessment</i>, version 1.0, dated June 29, 2017.</p>
58	2020-05-05 (prior FISMA-19-05)	12/20/2019	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2019 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Complete the identification and documentation of the location of sensitive data in all environments (at the host-level) and attendant data flows.</p>

59	2020-05-06 (prior FISMA-19-06)	12/20/2019	<p>Pension Benefit Guaranty Corporation's Fiscal Year 2019 Compliance with the Federal Information Security Modernization Act of 2014.</p> <p>Enhance and improve PBGC's technological capability to detect and block personally identifiable information (PII) transferred using encrypted protocols (e.g. SFTP or HTTPS).</p>
60	2020-08-01	3/20/2020	<p>PBGC's Agreed Upon Procedures for Contract Closeouts.</p> <p>Review the status of the 30 contracts included in the Agreed Upon Procedures and determine if any can be closed and what closeout work remains. Close contracts that meet the requirements and develop a closure plan for the remaining contracts.</p>
61	2020-08-02	3/20/2020	<p>PBGC's Agreed Upon Procedures for Contract Closeouts.</p> <p>Update procurement guidance to include provisions in accordance with FAR 42.1303(a), when work stoppage may be required.</p>
62	2020-08-03	3/20/2020	<p>PBGC's Agreed Upon Procedures for Contract Closeouts.</p> <p>Provide training to contracting officers and contracting officer representatives on proper acceptance of contract deliverables and closeout procedures for cost reimbursable contracts.</p>
63	2020-08-04	3/20/2020	<p>PBGC's Agreed Upon Procedures for Contract Closeouts.</p> <p>Establish monitoring controls when a contracting officer is also functioning as the contracting officer representative.</p>
64	2020-08-05	3/20/2020	<p>PBGC's Agreed Upon Procedures for Contract Closeouts.</p> <p>Improve controls and oversight processes to ensure only qualified contracts have closeout audits initiated, including contractor status of final vouchers.</p>

65	2020-08-06	3/20/2020	<p>PBGC’s Agreed Upon Procedures for Contract Closeouts.</p> <p>Develop and implement a follow-up process to ensure prompt handling of audit findings prior to contract closeout, including tracking of findings from internal audit reports.</p>
66	2020-08-07	3/20/2020	<p>PBGC’s Agreed Upon Procedures for Contract Closeouts.</p> <p>For questioned costs (over and under-billing) identified in the Agreed Upon Procedure reports, contracting officers should take required action.</p>
67	2020-09-01	3/30/2020	<p>Inspection of FY 2018 Annual Performance Report.</p> <p>Develop corporate-wide guidance that implements OMB Circular A-11, Part 6 to ensure completeness and reliability of performance data and to disclose validation and verification techniques.</p>
68	2020-09-02	3/30/2020	<p>Inspection of FY 2018 Annual Performance Report.</p> <p>Develop a process to ensure that the Enterprise Evaluation Division can reasonably determine whether the information being published in the Annual Performance Report is reliable and accurate.</p>
69	2020-11-01	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p> <p>Review and update existing agency guidance on incentive contracting practices to ensure the use of award fee contracts are planned and awarded in accordance with current regulations, and the guidance addresses the concerns of the OMB memorandum of December 2007.</p>
70	2020-11-02	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p> <p>For the ongoing contract #16PBGC20D0002, jointly with the Office of Information Technology, evaluate CPAF contract requirements and determine if any should be converted to firm-fixed-priced task orders.</p>
71	2020-11-03	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p>

			Ensure that PBGC's annual inventory is charged to the correct contract line item number (CLIN), as required by the contract.
72	2020-11-04	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p> <p>Provide refresher training for COs and CORs to ensure correct billing to the CLIN.</p>
73	2020-11-05	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p> <p>Verify all key personnel meet the contractor's proposal requirements and secure waivers if exceptions are granted.</p>
74	2020-11-06	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p> <p>Take required actions for the Direct Labor questioned costs of \$175,839 on Contract PBGC01-D-15-9001.</p>
75	2020-11-07	9/23/2020	<p>PBGC Needs to Improve Incentive Contracting Practices.</p> <p>Improve controls to ensure contract files are properly safeguarded and maintained as required by the FAR and internal procedures.</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,
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Or Write:

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Office of Inspector General

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