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**U.S. OFFICE OF PERSONNEL MANAGEMENT  
OFFICE OF THE INSPECTOR GENERAL  
OFFICE OF AUDITS**

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# **Final Report**



**The U.S. Office of Personnel Management's  
Top Management Challenges for Fiscal Year 2024**

**October 11, 2023**

# EXECUTIVE SUMMARY

The U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2024

October 11, 2023

## The Purpose of This Report

The Reports Consolidation Act of 2000 requires the Inspector General to identify and report annually the top management and performance challenges facing the agency and assess the agency's progress in addressing those challenges. We have separated the challenges into three overarching categories of challenges facing the U.S. Office of Personnel Management (OPM) – the financial integrity of the OPM administered trust funds, which impacts OPM's Federal Employees Health Benefits Program, Life Insurance and Retirement Programs; information technology; and OPM challenges which are Governmentwide.

## What Did We Consider?

We identified the issues in these three categories as top challenges because they meet one or more of the following criteria: (1) the issue involves an operation that is critical to an OPM core mission; (2) there is a significant risk of fraud, waste, or abuse of OPM or other Government assets; (3) the issue involves significant strategic alliances with other agencies, the Office of Management and Budget, the Administration, Congress, or the public; and (4) the issue is related to key initiatives of the President.

Krista A.  
Boyd

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*Inspector General*

## What Did We Find?

The Office of the Inspector General identified the following three categories of top management challenges facing OPM:

- Financial Integrity of the OPM Administered Trust Funds;
- Information Technology; and
- Governmentwide Challenges.

Some of these challenges are due to external factors including, but not limited to, shifting demographics, the aging Federal population, and higher utilization of prescription drugs. In addition, some of these challenges involve core functions of OPM that are affected by constantly changing ways of doing business or new ideas, while in other cases they are global challenges every agency must face.

For this year's top management challenges, we added one new area, closing skills gaps, due to this area continuing to be a high-priority effort by OPM, in partnership with the Chief Human Capital Officer's Council, to close agency-specific and Governmentwide skills gaps in high-risk mission critical occupations.

# ABBREVIATIONS

<b>CIO</b>	<b>Chief Information Officer</b>
<b>COVID-19</b>	<b>Coronavirus Disease 2019</b>
<b>FEHBP</b>	<b>Federal Employees Health Benefits Program</b>
<b>FY</b>	<b>Fiscal Year</b>
<b>GAO</b>	<b>U.S. Government Accountability Office</b>
<b>GEMS</b>	<b>Governmentwide Enrollment and Member Support</b>
<b>IG</b>	<b>Inspector General</b>
<b>IT</b>	<b>Information Technology</b>
<b>NAPA</b>	<b>National Academy of Public Administration</b>
<b>OCIO</b>	<b>Office of the Chief Information Officer</b>
<b>OIG</b>	<b>Office of the Inspector General</b>
<b>OMB</b>	<b>U.S. Office of Management and Budget</b>
<b>OPM</b>	<b>U.S. Office of Personnel Management</b>
<b>PSHBP</b>	<b>Postal Service Health Benefits Program</b>
<b>S&amp;EMP</b>	<b>Sampling and Estimation Methodology Plan</b>
<b>USPS</b>	<b>U.S. Postal Service</b>

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# Top Management Challenges

## 1. Financial Integrity of the OPM Administered Trust Funds

In addition to the U.S. Office of Personnel Management's (OPM) role as the chief human resources and personnel policy manager for the Federal Government, OPM is responsible for administering Governmentwide benefits for Federal employees and their eligible dependents, annuitants, and survivors. The largest of these benefit programs are the:

- Federal Employees Health Benefits Program (FEHBP);
- Federal Employees' Group Life Insurance Program; and
- Retirement Programs.

Some statistics related to the retirement, health benefits, and life insurance programs include:

- the programs have approximately \$1.1 trillion in combined assets held in three trust funds;
- there are over 8.1 million participants in the FEHBP and the program made over \$60 billion in disbursements of claim payments in fiscal year (FY) 2022;
- the retirement programs make more than \$87 billion in annual annuity payments to nearly 2.8 million Federal annuitants; and
- the Federal Employees' Group Life Insurance Program covers approximately 4.3 million Federal employees, retirees, survivors, and their eligible family members and paid out over \$3.86 billion in FY 2022.

Protecting the financial integrity and providing effective stewardship of these three benefit programs is an essential part of OPM's statutorily mandated responsibilities. Managing and protecting these trust funds, providing quality and timely benefits, and providing value for the costs related to Federal employee benefits are ongoing challenges that OPM must address.

### Federal Employees Health Benefits Program

OPM, as the administrator of the FEHBP, is responsible for negotiating contracts with health insurance carriers covering the benefits provided and premium rates charged to over 8.1 million Federal employees, retirees, and their eligible family members. As discussed in previous years and we continue to discuss and recommend in this report, the increasing cost of health care, especially the cost of prescription drugs, is a national issue affecting not only OPM but the entire United States health care system. It is a challenge for OPM to keep premium rate increases in check while not affecting the level of benefits offered. OPM's budget situation has been challenging in recent fiscal years, resulting in a lack of funding to conduct studies regarding how benefits are delivered, such as the prescription drug benefit. Therefore, the agency must work with its stakeholders to prioritize program research and improvements that encourage FEHBP health insurance carriers to provide quality health care with reasonable premium costs.

Previous work to address prescription drug pricing transparency and low-value care are examples of the agency's positive efforts in this area, but OPM must continue to work with its stakeholders to keep improving the FEHBP for Federal employees, retirees, and their eligible family members.

## **Prescription Drug Benefits and Costs**

Prescription drug costs continue to increase in the FEHBP. From 2020 to 2022, prescription drug costs have increased nearly 11 percent for the FEHBP's fee-for-service and experience-rated carriers. Currently, total FEHBP prescription drug costs represent approximately 30 percent of total health care costs. By comparison, on average, prescription drugs account for roughly 10 percent of total health care costs in the United States. As of 2022, FEHBP pharmacy benefits totaled more than \$16 billion annually.

OPM points out that the reason the FEHBP prescription drug costs are nearly a third of total health care costs is because approximately half of FEHBP subscribers are annuitants, who are higher users of prescription drugs than younger populations. However, it is important to note that annuitant non-prescription drug costs (hospital, medical, etc.) are also higher than for younger populations; however, those costs are not a main driver of increased premiums. Therefore, annuitant non-prescription costs may substantially negate the overall impact of higher annuitant drug costs to total health care costs in the calculation of this ratio for the FEHBP.

Most FEHBP health insurance carriers report an increase in drug costs per member each year. Greater utilization of existing drugs and the high cost of specialty medications contribute significantly to FEHBP premiums. The average age of FEHBP members is climbing, and prescription drug utilization and costs will continue to increase as a result. Contributing to the rising costs are new pharmaceutical advancements and the exponential growth of specialty drugs and biosimilar agents. An effective, long-term strategy to mitigate and manage FEHBP prescription drug costs, while maintaining overall program value and effectiveness, should be a high-priority area for OPM.

Since the inception of the FEHBP in 1960, pharmacy benefits have been provided via participating FEHBP carriers by administering pharmacy benefits internally, or more often, by carriers contracting separately with a pharmacy benefit manager on behalf of their enrolled population. This means that OPM is not involved in negotiating drug discounts, rebates, administrative fees, or other financial terms with pharmacy benefit managers; the FEHBP carriers are responsible for negotiating these contracts in compliance with OPM's Pharmacy Benefit Managers transparency requirements. As shown in the final audit report on Group Health Incorporated's FEHBP pharmacy operations<sup>1</sup> issued February 16, 2023, the reliance on FEHBP carriers and pharmacy benefit managers to incorporate transparency standards into their

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<sup>1</sup> Report Number 1H-08-00-21-015

contracts and ensure compliance with those contracts is not sufficient. This report questioned over \$15 million because the transparency standards were not incorporated into the contract between Group Health Incorporated and its pharmacy benefit manager. Further, due to this minimal involvement, the negotiated fees (which are ultimately borne by the FEHBP) may not always provide the best value to FEHBP members and the American taxpayer.

The Office of the Inspector General (OIG) issued an FEHBP Prescription Drug Benefit Costs Management Advisory Report<sup>2</sup> to OPM's Director on February 27, 2020. The Management Advisory Report identified variances among several of the FEHBP fee-for-service carriers with respect to contractual arrangements with pharmacy benefit managers. We found that the discounts and other financial terms differed significantly among FEHBP health insurance carriers, with those that have higher enrollments receiving the best deals, reducing the likelihood that the FEHBP is maximizing prescription drug savings in a \$60 + billion annual program. Since a study had not been completed by OPM in over a decade, the report recommended that OPM conduct a new, comprehensive study by seeking independent expert consultation on ways to lower prescription drug costs in the FEHBP. While OPM supports the concept of a comprehensive prescription drug study and has requested funding for this effort, thus far OPM has not been able to obtain full funding for this study. Therefore, the report recommendations associated with this challenge remain open.

### **Federal Employees Health Benefits Program Enrollment and Eligibility**

The FEHBP continues to face an ongoing challenge related to its ability to detect, identify, and prevent ineligible family members from using FEHBP benefits. This issue has recently attracted attention from Congress and was the subject of a U.S. Government Accountability Office (GAO) report in December 2022. The OPM OIG's concerns generally align with those stated in the GAO report.

Member eligibility in the FEHBP is exclusively validated by the respective employing office of a Federal employee or the FEHBP health insurance carrier that provides health insurance benefits to a Federal employee. OPM has taken steps to help ensure these entities are detecting and removing ineligible family members through communicating guidance to agency benefits officers and participating FEHBP health insurance carriers. However, OPM's reactive oversight functions to gauge agency and FEHBP health insurance carrier compliance with the recent eligibility guidance face substantial challenges due to the previous lack of, or minimal, oversight efforts on the issue. The OIG continues to await the agency's outcomes for its existing planned program integrity initiatives, including Benefits Administration Letters and further guidance

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<sup>2</sup> *Management Advisory Report - Federal Employees Health Benefits Program Prescription Drug Benefit Costs*, (Report No. 1H-01-00-18-039), issued February 27, 2020.

related to identifying ineligible family members. According to information provided by the agency, OPM is reviewing potential methods to collect reliable data regarding removed individuals, but the decentralization of enrollment makes the information difficult to consolidate.

In its response to the GAO recommendations,<sup>3</sup> OPM concurred that it should implement a monitoring mechanism to identify and remove ineligible family members from the FEHBP. Improving the detection of ineligible family members added to FEHBP health insurance plans during the annual Open Season (November to December), whether through promoting additional efforts by the employing offices, working with and providing further guidance to FEHBP health insurance carriers, or efforts by the program office, is one of the areas likely to have the most impact in detecting and preventing ineligible family members receiving health coverage through the FEHBP. In its investigations, the OPM OIG has found that bad actors exploit the lack of verification requirements during the Open Season enrollment period. Continuing efforts by OPM to limit this vulnerability will improve the FEHBP's program integrity in the future.

OPM's Governmentwide Enrollment and Member Support (GEMS) program, the working name for the concept of a centralized enrollment system for the FEHBP, is potentially a significant development for reducing fraud, waste, and abuse in the program. However, the timeline for development and implementation for this concept is unknown. Based on information from OPM's Healthcare and Insurance program office, OPM may request funding once the new Postal Service Health Benefits Program (PSHBP) is fully implemented. Per information shared by the Healthcare and Insurance program office, OPM's Master Enrollment Index, identified as an "interim but necessary step for GEMS," can assess trends in FEHBP enrollment and allow for targeted data queries, such as the number of dual enrollments, that warrant further exploration. The OPM OIG has not, to our knowledge, received investigative referrals based on information discovered by this tool.

One of the OPM OIG's ongoing concerns has been that OPM does not have a comprehensive understanding of the likelihood and effect of improper payments from ineligible FEHBP members. GAO relatedly recommended that OPM assess and document its level of fraud risk related to ineligible FEHBP members. OPM concurred with GAO's recommendation as part of the development of its fraud risk profile and has also stated that further monitoring through comprehensive audits may be appropriate.

As part of the development and implementation of the PSHBP, OPM intends to create a central enrollment portal. This is a potentially encouraging program integrity function for the new program since a central enrollment process will allow OPM to implement better controls to prevent improper enrollment activity. However, how and when OPM can leverage the

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<sup>3</sup> *Federal Employees Health Benefits Program: Additional Monitoring Mechanisms and Fraud Risk Assessment Needed to Better Ensure Member Eligibility*, GAO-23-105222, published December 9, 2022 and publicly released January 9, 2023.



development of this portal for the entire FEHBP is uncertain. By OPM's own estimate, the cost of ineligible family members to the FEHBP is up to \$1 billion annually. The OPM OIG encourages OPM to take advantage of opportunities to use the lessons learned from the PSHBP's central enrollment portal to aggressively support its program integrity efforts and reduce program costs, whether through applying those lessons to GEMS or otherwise, as expeditiously as possible.

### **The Effects of the Opioid and Drug Abuse Epidemic on the FEHBP**

Drug overdose deaths reached new highs during the COVID-19 pandemic.<sup>4</sup> The nature of the current wave of the opioid epidemic, and the increase driven primarily by illicit fentanyl, complicates OPM's response for the FEHBP. However, FEHBP members harmed by opioid addiction can seek care for addiction treatment, opioid antagonists, or other ancillary effects of addiction or substance abuse, so it is imperative that OPM and the contracted FEHBP health insurance carriers continue to improve programs and systems that allow for the safe use of opioids and treatment for addiction.

In its response to the fiscal year 2023 Top Management Challenges, OPM detailed many of its efforts—highlighting specifically Carrier Letters 2022-03, 2022-02, 2021-03, 2020-01, 2019-01, 2018-01 and 2017-01—to combat opioid and substance use disorders among its members. These efforts are incredibly important to protecting FEHBP members. The OPM OIG respects the agency's years long commitment to improving its safety and prescribing guidance and overall efforts in working with the FEHBP health insurance carriers related to the prescribing of opioids and drugs of abuse.

As OPM continues to encourage the FEHBP's health insurance carriers to protect FEHBP members from opioid and substance abuse through programs, policies, and initiatives, the OPM OIG encourages OPM and the FEHBP health insurance carriers to work together to continue ensuring FEHBP members have safe, reliable access to necessary opioid medications while also identifying and referring for investigation these related opioid/substance abuse schemes.

Maintaining or refining flexibilities to manage substance abuse disorders throughout the COVID-19 pandemic is one such way that OPM has embraced its ability to provide and increase FEHBP members' access to vital services. The OPM OIG sees this as a highly encouraging effort.

The OPM OIG has continued to receive and investigate fraud, waste, and abuse allegations involving secondary harms from the opioid and substance abuse epidemic. These include urinary drug screening schemes, schemes involving opioid overdose treatment medications such as naloxone, and others.

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<sup>4</sup> <https://www.cnn.com/2023/05/03/health/fentanyl-overdose-cdc-report/index.html>

There is an existing requirement that “Carriers must have processes in place to detect and remedy concerns about overuse, misuse, or fraud related to opioid prescribing” (Carrier Letter 2022-02). We encourage OPM to work with—and mandate through contract or Carrier Letter as necessary—the FEHBP health insurance carriers to increase opioid and substance abuse-related data provided to the agency and the OPM OIG, particularly related to the carrier-required access to programs that identify members at risk of substance abuse disorders and provider outreach or education that is targeted at outlying opioid prescribers. Individual carrier notifications from the FEHBP provide referrals for investigation, but proactive fraud, waste, and abuse detection efforts such as identifying outlying providers remain an important tool for OPM and the FEHBP health insurance carriers. Access to additional information allows the OPM OIG to use the suspension and debarment actions to remove unprofessional medical providers from the FEHBP and better protect FEHBP members. To help see broader trends in opioid usage and treatment, greater information sharing efforts (reported more frequently than annual fraud, waste, and abuse reports) from the frontline efforts of the FEHBP health insurance carriers are valuable to both the agency and the OIG.

### **Health Insurance Carriers’ Fraud and Abuse Programs**

FEHBP health insurance carriers’ fraud, waste, and abuse programs remain an ongoing Top Management Challenge for OPM. As the OPM OIG has previously identified, the multiple layers and diffused environment of these programs within the FEHBP creates oversight challenges for the FEHBP health insurance carriers, for OPM, and for the OPM OIG. Because of the complexity of the FEHBP program, the numerous entities involved in fraud, waste, and abuse detection, and the substantial risks of financial and patient harm associated with health-care-related fraud and abuse, continual improvement of OPM’s work with health benefits carriers’ fraud, waste, and abuse programs is essential.

Recent years have shown the necessity of OPM being able to provide guidance (including fraud, waste, and abuse prevention guidance) to rapidly address emergent health care concerns such as the ongoing opioid epidemic and the Coronavirus Disease 2019 (COVID-19) pandemic. For example, Carrier Letter<sup>5</sup> 2020-08 encouraged increased access to telehealth, as well as mandated coverage for COVID-19 diagnostic tests, and Carrier Letter 2020-19 ensured FEHBP members were able to quickly receive vaccines at no cost. In adapting care to these changing scenarios, OPM has generally been effective with its Carrier Letters guiding the FEHBP health insurance carriers.

OPM provides fraud mitigation and reduction guidance through Carrier Letters and contract provisions related to fraud, waste, and abuse. However, the last comprehensive fraud, waste, and abuse-related Carrier Letter was published in November 2017 (Carrier Letter 2017-13). Much

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<sup>5</sup> Carrier Letters are issued by OPM’s Healthcare and Insurance office to provide guidance, instructions and communicate information to carriers participating in the FEHBP.

has changed in the health care sector over the past six years. Revisiting this important topic and updating FEHBP fraud mitigation guidance as necessary would be a potentially positive step in addressing this Top Management Challenge.

One potential area of improvement is increasing information sharing and strengthening reporting requirements. The OPM OIG has on its own engaged with FEHBP health insurance carriers to increase information exchange to support program integrity activities. OPM's facilitation regarding fraud, waste, and abuse reporting is an area of partnership that would help protect the FEHBP. For example, increasing identification and information regarding telehealth outliers or suspicious telehealth practices (or other leading indicators of potential fraud) could potentially uncover costly fraud schemes, but may require OPM to add requirements to FEHBP health insurance carrier fraud, waste, and abuse reporting.

Providing guidance that improves FEHBP health insurance carriers' fraud and abuse programs and reporting could emphasize ensuring that its health insurance contract carriers—and the subcontractors, such as Pharmacy Benefit Managers and mental health contractors—are providing as much information as possible to prevent fraud, waste, and abuse. This has been an area where data sharing has improved, but it does require vigilance from all parties to ensure that information is shared appropriately so that program integrity and oversight functions are effective and complete.

The OPM OIG encourages OPM to consider if there are areas of fraud, waste, and abuse reporting that can be improved by increasing information sharing. Additionally, as OPM's Healthcare and Insurance office continues with its existing program improvements—increased information sharing from the Master Enrollment Index, increased efforts to understand the root causes of improper payments, etc.—factoring in how those improvements can also improve FEHBP health insurance carrier fraud, waste, and abuse reporting is an area the OPM OIG encourages the program office to consider.

OPM should also ensure that any health insurance carriers participating in the PSHBP, once that program is implemented and operating, must share similar levels of information regarding fraud, waste, and abuse. Opportunities to integrate fraud, waste, and abuse reporting as the program develops should not be overlooked.

## **Postal Service Reform Act of 2022**

On April 6, 2022, President Biden signed into law the landmark *Postal Service Reform Act of 2022* (the Act) (Public Law No. 117-108). The law creates a new PSHBP within the FEHBP, establishing new enrollment procedures and benefit programs for U.S. Postal Service (USPS) employees, annuitants, and eligible family members. The law ends USPS's statutory requirement to annually prefund future retirement health benefits for USPS employees and could reduce the Postal Service's future retiree health liability through Medicare integration by

requiring Postal Service annuitants and their eligible family members who are entitled to Medicare Part A to enroll in Medicare Part B. It also requires PSHBP plans to provide prescription drug benefits to Postal Service annuitants and family members who are eligible for Medicare Part D.

Prior to passage, the U.S. Office of Management and Budget (OMB) issued a Statement of Administration Policy supporting the law. Notably, the statement recognized that the creation of the PSHBP “would impose administrative burdens on OPM and the FEHBP.” Congress appropriated \$70.5 million (for FY 2022 until expended) to OPM to implement the requirements of the law. For FY 2024, OPM requested an additional \$37.7 million, which would include \$28 million in ongoing operational costs for activities that began in FY 2023 and will continue into FY 2024. The remaining \$9.5 million was requested to meet a surge in demand for customer support due to 1.7 million individuals changing their health enrollment to a PSHBP plan. It is critical that OPM ensure that any funding for PSHBP is spent in an efficient and cost-effective manner.

The OMB Statement of Administration Policy also stated that “The Administration looks forward to working with Congress to ensure that the goals of H.R. 3076 [the Act] are met in an efficient, equitable, and cost-effective manner, **while safeguarding the continued stability of the FEHBP.**” (emphasis added). OPM is tasked with developing the PSHBP, including hiring staff and developing the program, and having it operational for the 2025 benefit year. OPM will need to continue to develop its Carrier Connect software for carriers to use to submit their applications to participate in the PSHBP as well as to submit their benefits and rates; issue a call letter and technical guidance for carriers by February 2024; develop a new centralized enrollment and decision support system by September 2024; work with health insurance carriers to develop benefits and rates; coordinate with the Social Security Administration and the Centers for Medicare and Medicaid Services regarding the special enrollment period; and conduct the first open season for Postal Service employees and annuitants in November and December 2024 for the plan year beginning January 1, 2025.

It will be a challenge to stand up the PSHBP and begin to process carrier applications to the PSHBP in such a short timeframe, while continuing to ensure that sufficient resources are devoted to the continued management of the broader FEHBP. The development of the PSHBP also provides OPM the opportunity to update or improve existing systems used to manage the FEHBP, such as establishing a centralized enrollment system and a comprehensive data warehouse to support management decision making. While OPM recognizes it has an opportunity to improve or implement new FEHBP systems, securing funding, project management, and resource allocation for these projects continues to be a challenge for OPM.

## **Identifying and Reducing the Flow of Improper Payments**

### **The Federal Employees Health Benefits Program**

OPM is highly reliant on its contracted FEHBP health insurance carriers to perform fraud, waste, and abuse detection. OPM has also asserted that FEHBP program integrity functions are the responsibility of the OIG, as stated in its response to last year's Top Management Challenges report. However, this approach makes it difficult to adequately address program integrity issues that affect the entire universe of the FEHBP program.

OPM relies heavily on the efforts of its contracted FEHBP carriers to perform program integrity functions. We have identified previously, and identify elsewhere in this report, the complex network of contractors and subcontractors involved in the FEHBP as presenting a challenge to OPM's oversight of fraud, waste, and abuse in the FEHBP. OPM has asserted that the functions of a Program Integrity Office "already resides within the OIG." However, the OPM OIG cannot make policy decisions for the FEHBP, and policy implementation is a key component of effective oversight, especially when novel fraud schemes emerge that affect the program or cause harm or fraud across multiple FEHBP carriers. The OPM OIG continues to see the lack of an OPM program integrity office or unit for the FEHBP as a significant aspect of this challenge.

In its response to the draft of this report, OPM stated the following:

OIG continues to advocate that OPM/HI create a Program Integrity Office. We disagree, as this function already resides within the OIG. In creating an independent and objective 'unit,' Section 9 of the Inspector General Act of 1978, as amended, transferred to OPM's OIG, the 'Insurance Audits Division, Retirement and Insurance Group,' and the 'Analysis and Evaluation Division, Administration Group.' This transfer of [Healthcare and Insurance's] functions created the audit and oversight functions currently performed by OIG, which form the basis of the Management-Advisory partnership we currently and collaboratively leverage to ensure program integrity across the breadth of [Healthcare and Insurance's] benefit programs. OPM's commitment in administering and overseeing the [Fraud, Waste, and Abuse] functions via this partnership is unwavering.

OPM officials have frequently made similar verbal statements regarding the establishment of the OPM OIG. There appears to be a view that there is a "special relationship" between OPM and the OPM OIG because internal oversight functions were transferred in 1988 to the newly established Inspector General (IG) office. However, under the transfer of functions clause, every OIG that was established in the IG Act of 1978, and the IG Act Amendments of 1988, involved the transfer of internal oversight functions of the establishment to the respective IG. There is nothing unique about the establishment of the OPM OIG and there is no "special relationship"

that would serve to relieve the agency of its obligation to implement program integrity measures over its own program.

The OPM OIG has responsibility for oversight of all OPM programs and activities. We conduct a risk-based program of audits, investigations, and evaluations across a broad portfolio of health care, retirement, and other internal functions. Our annual oversight plan is based on perceived and actual risk, with potentially varying emphasis on fraud, waste, and abuse in the FEHBP. OIG oversight is also inherently retroactive—generally, audits and investigations review events that have already occurred.

OPM is responsible for implementing preventive program integrity controls. Part of this would be the implementation of a formal program integrity function within the agency. OPM's frequent assertion that this function already exists within the OIG ignores its own oversight responsibility. OPM has also stated that since the transfer of functions to the OIG in 1988, it does not have the resources to perform oversight of a program that it administers. This is not a serious argument. OPM has the authority to request the resources necessary to properly administer and oversee the FEHBP.

Furthermore, nothing in the IG Act precludes the agency from engaging in program integrity oversight to prevent fraud. In fact, it is the agency's duty to also perform fraud, waste, and abuse assessments in addition to those performed by the OIG. Across the Federal Government, there are examples of agencies successfully executing program integrity functions independently from their respective OIGs. Program integrity offices are valuable components of benefit-paying Federal agencies, with examples including the Department of Health and Human Services Centers for Medicare and Medicaid Services' Center for Program Integrity, the Veterans Health Administration's Division of Program Integrity within the Office of Integrity and Compliance, and the Defense Health Agency's TRICARE program integrity group.<sup>6</sup> Even within OPM, there are examples of at least two program divisions that are actively engaged in program oversight: Merit System Accountability and Compliance and Retirement Services.

While Federal agencies and OIGs have separately defined roles, both play a critical role in Government oversight. Agency officials are required to continually evaluate and improve their own performance and internal controls to ensure effectiveness in carrying out their mission and safeguarding the integrity of their programs.<sup>7</sup> OIGs play a key role in Federal agency oversight by enhancing Government accountability and protecting the Government's resources by

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<sup>6</sup>Both Medicare and TRICARE have independent and dedicated program integrity units/offices, which deploy comprehensive, self-directed program integrity strategies that enhance oversight initiatives, fraud, waste, and abuse detection, prevention, and trend analysis. OFF. OF PERSONNEL MGMT. OFF. OF THE INSPECTOR GEN., TOP MANAGEMENT CHALLENGES, FISCAL YEAR 2022, 7, (2022).

<sup>7</sup>OFF. OF MGMT. & BUDGET, EXEC. OFF. OF THE PRESIDENT, OMB CIRCULAR NO. A-123, MANAGEMENT'S RESPONSIBILITY FOR ENTERPRISE RISK MANAGEMENT AND INTERNAL CONTROL (2016).

conducting audits, investigations, evaluations, and special reviews *independently from their agencies*.<sup>8</sup> Across the Federal Government, this multi-faceted framework allows for effective and efficient Government operations.

Under the IG Act, the role of Federal IGs is to prevent and detect waste, fraud, and abuse relating to their agencies' programs and operations, and to promote economy, efficiency, and effectiveness in the agencies' operations and programs.<sup>9</sup> Agency officials are responsible for working toward the same objective as OIGs: detecting and combating waste, fraud, and abuse, in their own programs.<sup>10</sup> Specifically, program management is tasked with an important responsibility to identify challenges early, to bring any such challenges to the attention of agency leadership, and to develop solutions.<sup>11</sup>

Reducing improper payments from the FEHBP relies on early detection of fraud schemes through strong data sharing between the FEHBP health insurance carriers, OPM, and the OPM OIG. But this pay-and-chase model of combating health care fraud can be further improved and bolstered through preventive measures. OPM and the FEHBP health insurance carriers have shown some success in this area, for example, through efforts to reduce harm from opioids and drugs of abuse by identifying potentially harmful behavior.

Checks and safeguards (e.g., pharmaceutical claims edits) that worked for opioid prescribing have potentially applicable lessons for preventing other health care fraud schemes; however, because the FEHBP is a competitive marketplace for its health insurance carriers, information sharing between health insurance carriers has not always been successful or forthcoming without great efforts. The OPM OIG has had some success with the FEHBP proactive working group and through partnerships with organizations such as the National Health Care Anti-Fraud Association; however, an OPM program integrity function centered on the FEHBP could make for a more cooperative and coordinated environment to prevent and detect improper payments.

Per information provided by the agency, OPM is working to develop and finalize a statistically valid sampling and estimation methodology plan (S&EMP) for FEHBP health carriers per OMB Circular A-123 Appendix C—*Requirements for Payment Integrity Improvement*. The S&EMP's potential to improve understanding of root causes of improper payments is potentially a significant action. Based on the results of the S&EMP, OPM will be able to develop stronger program-wide corrective actions related to improper payments. We look forward to the implementation of the S&EMP and working with OPM based on its information to further reduce improper payments and improve program integrity.

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<sup>8</sup>5 U.S.C. § 402 (emphasis added).

<sup>9</sup>*Id.*

<sup>10</sup>*E.g.*, OFF. OF MGMT. & BUDGET, EXEC. OFF. OF THE PRESIDENT, PROMOTING ACCOUNTABILITY THROUGH COOPERATION AMONG AGENCIES AND INSPECTORS GENERAL, NO. M-22-04, 1 (2021).

<sup>11</sup>OFF. OF MGMT. & BUDGET, EXEC. OFF. OF THE PRESIDENT, *supra* note 5, at i.

We have encouraged OPM to increase its program integrity activities. The agency and its program office have program-wide visibility regarding the actions of the FEHBP health insurance carriers. Additional program integrity activities or a program integrity unit to increase oversight of improper payments in the FEHBP remains an area the OPM OIG believes would benefit the agency and its programs.

### **Retirement Programs: Federal Employees Retirement and Civil Service Retirement Systems**

According to OPM, its retirement programs improper payments totaled \$325.81 million in FY 2022, which is an improper payment rate of 0.37 percent.

Reducing improper payments related to OPM's retirement programs is intrinsically related to modernizing OPM's retirement systems, which is identified in the Retirement Services section of this report as a major challenge for OPM. The OPM OIG has continued to encourage OPM to include performing root cause analysis and other important payment integrity functions along with its modernization efforts.

Stronger program integrity functions and root cause analysis of improper payments are areas where OPM, concurrently with its modernization efforts, can better prevent improper payments. Proactively managing the annuity roll is a control that OPM could implement to prevent improper payments. While the Retirement Services program office already performs surveys and data matches, it should also develop *ad hoc* reports of payments at increased risk of being paid improperly and conduct reviews to determine continued eligibility for the payment recipients. In addition, sampling of responses to OPM's program integrity activities as part of a validation procedure may increase the reliability of program integrity efforts. The relatively recent (October 2021) rule changes regarding representative payees were important actions for protecting individuals receiving annuities from OPM's Federal retirement programs. Since the rule's finalization, the OPM OIG has had more interactions with institutions serving as representative payees, including in cases where the OPM OIG and the Retirement Services program office have been able to work together to have annuities restored. This has been a positive change, and the OPM OIG looks forward to continuing to work with OPM on these types of cases.

The Retirement Services program office's Fraud Branch has recently been performing additional activities related to misdirected annuity payments and reviews of error reports of annuity roll activity. The referrals based on that unit's program integrity functions are important for the OIG's pursuit of investigative remedies, when available, and for providing oversight of the program. However, the OIG still receives fewer than expected referrals from the Fraud Branch. In the last 5 years, the OIG has received 158 fraud referrals from the Retirement Services program office, including 19 referrals this fiscal year through July 18. The number of referrals has declined from a high of 55 referrals in FY 2021 to 27 referrals in FY 2022.



The Retirement Eligibility and Services unit performs data matches and surveys of the annuity roll as part of its program integrity activities; however, these activities are performed by a very small staff. Of the data matches and surveys performed, the retirement referrals to the OIG are most often related to OPM's match with Social Security Administration death data. The OIG has received few to no fraud referrals resulting from Retirement Services' surveys of the annuity roll population. The Retirement Services program office's program integrity activities produce fewer referrals than expected (an average of just 32 per year) for a program that annually pays \$88 billion in annuity payments and, according to OPM, \$325 million annually in improper payments. More transparency on the actions of the Fraud Branch would improve the ability of the OIG and the Fraud Branch to work together to identify and reduce improper payments. We look forward to exploring ways that our collaborative efforts can increase proactive identification of improper payments, the number of referrals and overall better protect the OPM retirement trust funds and the beneficiaries they serve.

## **Retirement Services**

OPM is responsible for the administration of the Civil Service Retirement System and the Federal Employees Retirement System, serving nearly 2.8 million annuitants, survivors, and eligible family members, including the United States Postal Service. OPM's Retirement Services program office is responsible for the administration of the retirement program, including making initial eligibility determinations at retirement; adjudication of annuity benefits based on age and service, disability, or death; post-retirement changes due to life events; health and life insurance enrollments; Federal and state tax deductions; as well as other payroll functions. OMB has identified Retirement Services as one of the Federal Government's 35 High-Impact Service Providers.

OPM's FY 2022 - 2026 Strategic Plan, Goal 3, Objective 3.1, focuses on creating a human-centered customer experience to enhance the Retirement Services customer experience by putting the needs of OPM's customers at the center of OPM's workforce services, policy, and oversight, and providing timely, accurate, and responsive service that addresses the diverse needs of OPM's customers. OPM's goal is to increase the customer satisfaction index score for targeted services to 4.3 out of 5.0 and improve the customer satisfaction score to 4.2 out of 5.0. For FY 2022, OPM's Annual Performance Report reported an overall satisfaction score of 3.74 for Retirement Services.

In an effort to meet its FY 2022 - 2026 Strategic Plan goal, Retirement Services is implementing strategies to strengthen its operations, including:

- Improving customer service delivery of Retirement Services personnel through training and continuous development;

- Developing and upgrading user interfaces, modernizing system components, and enhancing data integration of Retirement Services systems to improve customer service;
- Increasing agency Benefits Officers' knowledge through training and collaboration for a seamless transition from their agency to OPM; and
- Strengthening customer engagement with annuitants to enhance the customer experience.

## **Retirement Claims Processing Backlog**

The timely processing and issuance of annuitants' retirement claims payments is yet another challenge to OPM's retirement programs. In FY 2022, OPM paid more than \$87 billion in defined benefits to retirees, survivors, representative payees, and eligible family members. GAO and independent third-party organizations, such as our office, have identified challenges for Retirement Services, including the need to fund and modernize legacy systems to move from paper-based applications and manual case processing to electronic systems, insufficient staff capacity, and incomplete retirement applications from agencies, which have contributed to delays in case processing.

OPM's retirement case backlog remains above OPM's 13,000 claim steady state inventory goal. Over the years, Congressional hearings have been held to address challenges in the retirement system, including the claims backlog. In addition, April and July 2023 letters from Congressional lawmakers, sent to OPM's Director, expressed concerns in delays with processing and delivering Federal retirement benefits to Federal employees. More than ten years ago, in January 2012, Retirement Services released and began implementation of its Strategic Plan, with the goal of adjudicating 90 percent of retirement cases within 60 days beginning in July 2013. In addition, while OPM's FY 2022 - 2026 Strategic Plan does not contain a specific goal related to Retirement Services' case processing, Goal 4 of OPM's FY 2018 - 2022 Strategic Plan was to improve Retirement Services by achieving an average case processing time of 60 days or less - a goal that has yet to be consistently achieved. Retirement Services' monthly average case processing time as of September 30, 2022, was 92 days. While OPM has since made some progress in lowering the monthly average to 74 days as of August 2023, the retirement claims backlog remains high with an inventory of 17,963 as of August 2023; a level significantly higher than OPM's 13,000 claim steady state inventory goal.

Coordinating retirement benefits between OPM and other Federal agencies for disability benefits and workers' compensation has remained a problem area for the retirement program. During FY 2020, our office conducted a performance audit of OPM's Retirement Services disability process to determine if OPM's Retirement Services and Support, Claims I, and Appeals groups were (1) following laws, regulations, policies, and procedures, (2) ensuring that management was providing oversight reviews, and (3) had controls in place to ensure that staff were trained to

perform their duties. Based on our audit,<sup>12</sup> we found that disability applications are often incomplete when they are received by OPM, which requires further development of cases before they can be moved to the next phase of processing. Further, OPM's legacy case management system requires employees to manually input case information and does not allow Retirement Services to distinguish system coding errors, which can lead to processing delays and inaccuracies. The recommendations from our audit report, issued in October 2020, remain open pending implementation of corrective actions.

Although Retirement Services' monthly average case processing time goals were not met, OPM needs to continue to work toward enhancing the Retirement Services customer experience, which includes performance measures related to the average number of days to process retirement cases. Obtaining the necessary resources and technology are critical in OPM's ability to ensure that the needs of its customers and stakeholders are met, and that retirees and their families are not waiting months to receive retirement benefits needed to financially support themselves and their families.

### **Retirement Services' Customer Service**

Recently, members of Congress sent letters to OPM Director Ahuja over concerns with delays affecting Federal retirees<sup>13</sup>. The difficulties and frustration that OPM annuitants sometimes experience with long processing times can be matched with frustrations regarding OPM's customer service when it comes to addressing these retirement issues.

The OIG Complaint Hotline has received a 76 percent increase in Retirement Services related complaints from FY 2022 to FY 2023 (through July 6). In addition, for FY 2023 (through July 6) Retirement-Services-related complaints make up nearly half of all complaints received and most concern serious customer service deficiencies ranging from the inability to contact anyone through the Retirement Services customer service line to much longer delays in processing benefit payments. Because many of these issues are outside of the OIG's authority, we often can only refer individuals back to the Retirement Services program office. We require a response from Retirement Services within 30 days of referral letting us know how the complaint was addressed; however, a good number of complaints are not timely resolved within the 30-day timeframe.

Per conversations between the OIG and the Retirement Services program office, Retirement Services has stated that one of the major challenges to providing Federal retired annuitants, survivor annuitants, and other OPM retirement customers with better customer service comes

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<sup>12</sup> *Final Report on the Audit of the U.S. Office of Personnel Management's Retirement Services Disability Process*, (Report No. 4A-RS-00-19-038), issued October 30, 2020.

<sup>13</sup> [www.durbin.senate.gov/imo/media/doc/Letter%20to%20OPM%20regarding%20delays%20with%20processing%20retirement%20benefits%20FINAL.pdf](https://www.durbin.senate.gov/imo/media/doc/Letter%20to%20OPM%20regarding%20delays%20with%20processing%20retirement%20benefits%20FINAL.pdf)

down to a lack of staffing. Simply, there are too many calls with too few staff to answer and respond to those calls. OPM data shared with the OIG showed that for the 9-month period of October 2021 to June 2022, the agency received an average of approximately 26,000 calls a month but only managed to answer approximately 3,000 and had total customer contacts of about 5,700 per month. Future efforts to plan and staff the Retirement Services program office's customer service experts may require more funding or appropriations from Congress, as well as overall stakeholder support to improve results.

There have been recent initiatives that the OIG hopes bode well for future improvements to customer service functions. This includes OPM releasing the OPM Retirement Quick Guide, a three-page guide to voluntary retirement for Federal employees, in May 2023. Also, among the newest is the deployment of OPM's Retirement Services chatbot. While the application's knowledge base is currently narrow, the potential customer service benefits from it will hopefully reduce the ongoing customer service issues. It will be essential for OPM to expand the chatbot's abilities in a way that lessens the customer service burden and helps annuitants and Federal employees. The OPM OIG looks forward to communicating with OPM more about the advantages and lessons learned.

The OPM OIG has suggested in previous Top Management Challenges reports that a return of an OPM ombudsman office has the potential to be another positive step for addressing customer service issues. Particularly, the most complex or difficult issues, or issues that do not reach satisfactory resolution from within the Retirement Services program office, might benefit from the advocacy that an ombudsman role can provide. In communications with OPM, the status of hiring for or creating an ombudsman office has remained unclear in both timeline and progress. We continue to recommend the prior position be filled soon.

OPM's efforts to improve the overall experience for Federal retirees is an ongoing challenge. The effectiveness of these initiatives and the benefits it brings to Federal retirees and annuitants' experience with the Federal retirement process will be something for the agency, the OPM OIG, and all stakeholders to observe in the future to ensure the changes are improving customer service for those that have served this country for many decades as civil servants.

### **Retirement Services' Call Center Issue and Status**

We raised the issue of management concerns regarding the Retirement Services' call center, which supports Federal annuitants, in our FY 2020 Top Management Challenges report. The concerns arose from widespread reports of inadequate service and that Retirement Services routinely limited the number of calls placed in the answer queue.

Since then, the Office of the Chief Information Officer (OCIO) and Retirement Services have worked together to improve call center operations by simplifying the Services Online website

and improving collaboration. This has resulted in reduced call volume for routine inquiries and requests to reset account passwords. OPM's OCIO also successfully implemented the Retirement Services 'call center as a service' initiative, which involved transition to a commercial cloud-based call center system. This will provide an integrated host of communication channels such as telephone, web, chat, email, and text. This type of solution can also resolve customer issues, track customer interactions, and provide various performance metrics to improve overall customer service without a heavy investment in hardware and maintenance. This year, as described in the previous section, a chatbot feature was added to the OPM website to help resolve simple inquiries and continue to reduce call volume.

OPM's OCIO also informed us of increased collaboration with Retirement Services to improve operations and the customer experience. For example, a modernized annuity calculator and an enhanced Online Retirement Application system are being developed. As discussed elsewhere, modernizing the retirement process will have an impact on OPM's ability to provide better customer support to annuitants. However, even after making these improvements customer service continues to be hampered by limited staffing to serve customers in Retirement Services. It remains to be seen whether OPM can secure the necessary resources and the OCIO and Retirement Services can work together toward a long-term solution that is in the best interest of Federal annuitants and their eligible family members.

## **2. Information Technology**

### **Modernization and Transformation**

Since the OPM data breaches in 2015, when the personal information of more than 20 million people was compromised, OPM's Information Technology (IT) security and operations continue to be a focus of attention for the agency. While OPM has made significant progress toward improving and modernizing its technology environment and its organizational structure, challenges remain. A primary focus of OPM's OCIO is its 'Sprint to the Cloud Initiative.' However, OPM's IT program continues to be hampered by inadequate funding and resources.

OPM's Chief Information Officer's (CIO) vision for IT modernization is focused on developing a mature, stable, and consistently-implemented IT program on par with industry best practices. The current CIO's relatively long tenure compared to recent predecessors has ushered in an era of stability in the agency's IT program, with a focus on recruiting an experienced and professional IT workforce, promoting enterprise solutions, and securing the necessary funding. The OCIO senior leadership team is now in place with a focus this past year on filling vacant staff-level positions and developing succession plans. The emphasis is to build an organization that transcends turnover and further supports the CIO's long-term vision for IT modernization. The CIO is also working on a proposed reorganization that would realize economies of scale by aligning resources with capabilities rather than funding sources.

From a technology perspective, the OCIO's current priority is moving its legacy mainframe systems to the cloud by 2025 provided that funds are available. The current mainframes are at the end of their lifecycle, and it is estimated that it would cost \$8 to \$10 million to replace them. The OCIO completed a study to replace its physical mainframes with cloud-based mainframe emulators. Part of the project would also involve replacing its legacy Common Business Oriented Language-based mainframe code with modern languages such as Java. The OCIO's study showed that it could move to the cloud and replace legacy code for the same or lower cost of replacing its hardware systems. The benefits of such a move would be that OPM would be out of the hardware business, could close its Macon, Georgia, or its Boyers, Pennsylvania, data centers, reduce the risk of dependence on legacy systems, and rely on cloud vendors to keep systems updated with the most current security settings.

The OCIO has also promoted an enterprise approach to reduce the complexity of the OPM technical environment and make it easier to secure. The OCIO has continued to develop its Zero Trust security program and has adopted cloud-based cybersecurity tools that use machine learning and artificial intelligence to improve the agency's overall cybersecurity program. To further improve security, the OCIO has continued its "Get Current, Stay Current" initiative to reduce instances where applications, databases, and operating systems are running on unsupported versions.

While it appears that OPM is making progress toward its modernization goals, significant challenges remain, including the residual impact of the transition of legacy background investigation systems to the Defense Counterintelligence and Security Agency and the need to secure project funding. While the OCIO has made progress migrating capabilities to the Defense Counterintelligence and Security Agency, OPM's former background investigations program, the legacy systems will continue to distract OPM from its own goals for at least two more years.

OPM has not been able to secure the funding needed to achieve its IT modernization goals through the traditional appropriations process and is instead pursuing multiple funding and cost-cutting avenues. OPM was awarded \$9.9 million in September 2021 through the Technology Modernization Fund for its Zero Trust networking cybersecurity initiative. OPM has also established an IT working capital fund that allows unobligated year-end money to be converted to three-year funds for IT modernization. The OCIO will explore all funding options for its cloud mainframe initiative, including Technology Modernization Fund funding. While these steps will help OPM, dedicated funding for IT modernization is needed to ensure that OPM reaches its IT modernization goals.

## Open Audit and Evaluation Recommendations

An important and related challenge for the agency is to take corrective action regarding open, unresolved audit and evaluation recommendations. In our latest Semi-Annual Report to Congress,<sup>14</sup> we included, as required, a compendium of OPM's open recommendations. In this document, we identified a total of 255 IT-related recommendations (including 118 unique<sup>15</sup> recommendations) that have been open for over six months. Several of these recommendations have been outstanding for at least 15 years.

There are currently 15 categories of open IT-related recommendations. The top five categories are IT internal controls; configuration management; contingency planning; security assessment and authorization; and risk assessment. These five categories account for 79 of the 118 unique open OCIO recommendations. Recommendations have been open in some of these categories for over a decade, persisting through at least 10 acting and permanent OPM Chief Information Officers, 4 administrations, and the OPM data breach in 2015.

However, we would like to acknowledge the renewed commitment to working towards recommendation closure. OPM's CIO has dedicated resources and staff to implement corrective action and has incorporated recommendation closure into the performance standards for OCIO senior staff. While we are encouraged by the CIO's sentiments and actions taken to prioritize outstanding recommendations, the challenge for OPM will be to consistently implement the mature governance and enterprise solutions to properly manage corrective action for internal control weaknesses.

## 3. Governmentwide Challenge

### Strategic Human Capital Management

GAO separates Strategic Human Capital Management into five criteria: Leadership Commitment, Capacity, Action Plan, Monitoring, and Demonstrated Progress. GAO reported in its April 2023 report, *HIGH-RISK SERIES: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, that since 2001, strategic human capital management has been on the high-risk list of Governmentwide challenges requiring focused attention. In that report, GAO stated that it has made many recommendations to OPM focused on this high-risk area and related human capital issues.

GAO's report further stated that continuing efforts of Federal agencies and OPM are needed to adequately address skills gaps within the Federal workforce. Governmentwide skills gaps have

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<sup>14</sup> The OPM OIG's Semiannual Report to Congress October 1, 2022 – March 31, 2023, issued June 1, 2023.

<sup>15</sup> In some cases, recommendations are reissued when it is determined that the original condition persists. A 'unique' recommendation is the first instance of the recommendation. Additional recommendations are referred to as 'roll-forward' recommendations.

been identified in fields such as human resources, science, technology, engineering, mathematics, cybersecurity, and acquisitions. OPM is responsible for assisting agencies in addressing skills gaps within their workforces. In its 2023 report, *Priority Open Recommendations: Office of Personnel Management*, GAO identified mission critical skills gaps as a priority open recommendation and stated that mission critical skills gaps were a factor in 22 of 36 high-risk areas.

According to GAO's report, as of February 2023, 28 open recommendations relate to OPM and skills gaps issues. Since the April 2023 report, OPM reported that there are 74 total open recommendations from GAO, including 28 that relate to strategic human capital. GAO suggested that additional progress could be made if these open recommendations were implemented.

In our FY 2022 OPM Top Management Challenges report, we reported that OPM made progress in closing skills gaps by closing all OPM Priority Recommendations from GAO's report, GAO-15-223, *OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills*, which closed the engagement. OPM addressed one of the identified causes of skills gaps through the filling of leadership roles including the Senate's confirmation of Director Kiran A. Ahuja. In addition, OPM resumed stewardship of the Chief Human Capital Officers Council to help connect OPM's Governmentwide human policy efforts with agencies' human capital leaders. As a result of OPM's efforts, we did not report on skills gaps in our FY 2023 OPM Top Management Challenges report. However, GAO's February 2023 report, *FEDERAL WORKFORCE: OPM Advances Efforts to Close Governmentwide Skills Gaps but Needs a Plan to Improve Its Own Capacity*, reported that during a GAO-hosted forum, Federal human capital officers called recruiting and hiring, and workforce planning, their agencies' top challenges for closing skills gaps. In addition, forum participants said that OPM could help them close skills gaps by providing additional workplace flexibilities and streamlining regulations and guidance to reduce administrative burden. According to the report, since 2011, OPM has led efforts to close Governmentwide skills gaps which include working on the President's Management Agenda, improving collaboration with the Council, and identifying strategies for closing the gaps in its strategic plan.

However, in March 2022, an independent workforce assessment found that OPM had its own skills gaps in project management, organizational performance, leadership development, and data analytics. According to the assessment and GAO's analysis, this could compromise OPM's ability to implement its strategic objectives related to closing Governmentwide skills gaps.

In the FY 2022 Agency Financial Report, OPM responded to the OIG Top Management Challenges Report by asserting that in October 2022, it issued a closeout report on the work that had been accomplished over the last four years, which highlights some of the successes that agencies have had when following the OPM methodology. In addition, OPM made closing skills



gaps a priority metric to monitor progress on closing hiring and staffing targets and has worked closely with agencies on specific hiring needs to close critical gaps.

The FY 2020 National Defense Authorization Act directed the OPM Director to contract with the National Academy of Public Administration (NAPA) to conduct an independent study to assess OPM's statutory and non-statutory functions, identify associated challenges, and recommend a course of action to address the challenges including any statutory or regulatory changes needed to implement the recommendations. NAPA issued its report, *Elevating Human Capital: Reframing the U.S. Office of Personnel Management's Leadership Imperative* in March 2021. The report highlighted the important role of human capital management in carrying out agency missions and initiatives and solving complex problems. In the report, NAPA made 23 recommendations to address key findings in three areas: Lack of Sustained Leadership Impedes Mission Execution, Core Mission Functions and Programs, and Supporting Functions Enabling Mission Execution. Of the 23 recommendations, 16 were to OPM and 7 were to Congress. All 16 OPM recommendations are open.

In May 2023, OPM filled its agency Chief Learning Officer position, which was an essential first step in addressing internal skills gaps. In addition, OPM asserted that in FY 2023, OPM's Human Resources and the OCIO began collaborating to implement the Cyber Workforce Rotational Program in FY 2024 and will launch a new electronic Individual Development Plan feature within its learning management system. OPM further asserted that Human Resources will collaborate with organizational stakeholders to develop a formal plan to address skills gaps internally in FY 2024.

OPM should continue to fully implement GAO's and NAPA's recommendations related to this high-risk area.



# Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

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Room 6400  
Washington, DC 20415-1100