



U.S. Office of Personnel Management
Office of the Inspector General
Office of Audits

Final Audit Report

**Audit of the U.S. Office of Personnel Management's
Office of the Chief Information Officer's
Revolving Fund Programs**

Report Number 4A-CI-00-20-034

Original Report Issue Date: September 9, 2021

Updated Report Issue Date: November 22, 2021

Updates Page

Audit of the U.S. Office of Personnel Management's Office of the Chief Information Officer's Revolving Fund Programs

Our original final report did not include management responses for recommendations 1 and 3 because they were added after the draft report and the Office of the Chief Information Officer (OCIO) did not have the opportunity to respond. Their responses have been added in Appendix II. Other changes to the report are described below.

Our original text on page 10 was as follows:

"Recommendation 1 We recommend that the OCIO and the Office of Human Capital Data Management and Modernization (HCDMM) refund \$5,474,272, or adjust future billings, to the customer agencies that paid the eOPF license fee during FY 2020.

OIG Comment: This recommendation was not included in the draft report issued. We will address OPM's response during the audit resolution process."

The page 10 text was changed to read:

"Recommendation 1: We recommend that the OCIO and the Office of Human Capital Data Management and Modernization (HCDMM) refund \$5,474,272, or adjust future billings, to the customer agencies that paid the eOPF license fee during FY 2020.

OPM's Response: 'Concur. OPM HCDMM has adjusted future billings to the customer agencies that pay eOPF license fees. A sample of the interagency license agreements will be provided to OIG under separate cover.'

Our original text on page 11 was as follows:

"Recommendation 3: We recommend that OCIO remove irrelevant and unrelated data from their budget spreadsheets, which are used to develop pricing for customers.

OIG Comment: This recommendation was not included in the draft report issued. We will address the OCIO's response during the audit resolution process."

The page 11 text was changed to read:

"Recommendation 3: We recommend that OCIO remove irrelevant and unrelated data from their budget spreadsheets, which are used to develop pricing for customers.

OPM's Response: 'Concur. OPM OCIO agrees to remove irrelevant and unrelated data from our budget spreadsheets and will provide those to the OIG under separate cover.'

The revisions made by adding management's responses on pages 10 and 11 do not alter the conclusions or recommendations made in the final report.

Executive Summary

Audit of the U.S. Office of Personnel Management's Office of the Chief Information Officer's
Revolving Fund Programs

Report No. 4A-CI-00-20-034

November 22, 2021

Why Did We Conduct the Audit?

The objective of our audit was to determine if the U.S. Office of Personnel Management's Office of the Chief Information Officer's Human Resources Solutions Information Technology Program Management Office (HRS IT PMO) and Electronic Official Personnel Folder (eOPF) office revolving fund programs' pricing and billings were accurate for fiscal year (FY) 2020.

What Did We Audit?

The Office of the Inspector General completed a performance audit of the Human Resources Solutions' Information Technology Program Management Office and Electronic Official Personnel Folder office pricing and billing processes. Our audit was conducted virtually from October 29, 2020, through April 14, 2021.



Michael R. Esser
*Assistant Inspector General
for Audits*

What Did We Find?

We determined that controls over the pricing and billing processes should be strengthened. Specifically:

- While assessing the accuracy of the pricing tools that were used by the eOPF office and HRS IT PMO to develop their FY 2020 prices, we determined that their pricing methodologies were not fully supported, resulting in the eOPF office's customer agencies being overcharged \$5,474,272 in FY 2020.
- We selected 10 out of 30 FY 2020 HRS IT PMO service level agreements to determine if the customer agencies were accurately billed. We determined that HRS IT PMO inaccurately billed three customer agencies

Abbreviations

eOPF	Electronic Official Personnel Folder
FY	Fiscal Year
GAO	U.S. Government Accountability Office
HRS	Human Resources Solutions
HRS IT PMO	Human Resources Solutions Information Technology Program Management Office
IT	Information Technology
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OPM	U. S. Office of Personnel Management
SLA	Service Level Agreement
U.S.C.	United States Code

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I. Background

This final audit report details the findings, conclusions, and recommendations resulting from our performance audit of the U.S. Office of Personnel Management's (OPM) Office of the Chief Information Officer's (OCIO) revolving fund programs. The audit was performed by OPM's Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended. This is the first audit conducted on the OCIO revolving fund programs by the OIG.

The OCIO's revolving fund programs, Electronic Official Personnel Folder (eOPF) office and Human Resources Solutions Information Technology Program Management Office (HRS IT PMO), provide a continuing cycle of human resources services primarily to Federal agencies on a reimbursable basis. These revolving fund programs operate under OPM's Revolving Fund Authority, *5 United States Code (U.S.C.)1304 (e)(1)*. This allows the programs to provide services at an agency's request. Specifically, the Revolving Fund Authority states:

"The fund shall be credited with-

(A) advances and reimbursements from available funds of the Office or other agencies, or from other sources, for those services and supplies provided at rates estimated by the Office as adequate to recover expenses of operations (including provision for accrued annual leave of employees and depreciation of equipment) .
."

Both the eOPF office and the HRS IT PMO have variations in the costing methodologies and pricing structures for the different services they provide to Federal agencies, which are described below.

Electronic Official Personnel Folder Office

The eOPF office is responsible for managing the eOPF revolving fund program, approving spending of funds, and building and maintaining relationships with data providers and information technology (IT) professionals and executives. The eOPF office moved from the OCIO on August 3, 2020, and is now under the Office of Human Capital Data Management and Modernization.

The Official Personnel Folder is a physical file, account, or record that covers a civilian Federal employee's employment history. The eOPF is an electronic version of the physical Official Personnel Folder, providing web-enabled access for Federal employees and the human resources staff to view eOPF documents. The eOPF office allows OPM and agencies' human resources offices to use the eOPF files to make decisions about employees' rights, benefits, and entitlements throughout their careers. Agencies may also provide eOPF access to special investigators, helping to speed the investigation process and save agency resources.

The eOPF office charges its customer agencies a license fee to maintain their employees' OPF's. The license fee for the annual maintenance and support of the eOPF for fiscal year (FY) 2020

was determined by preparing the annual budget, with all planned expenses, and dividing the result by the total number of employees in the eOPF office to derive a cost per person. The eOPF office uses the cost per person and charges the customer agency based on the number of employees the customer has averaged over the past FY. The total amount charged to the customer is outlined in an Interagency Agreement signed by the eOPF office and the customer.

Human Resources Solutions Information Technology Program Management Office

The HRS IT PMO provides innovative, customer-driven IT solutions that improve organizational effectiveness for Federal agencies on a reimbursable basis.

When generating pricing for customer agencies, the HRS IT PMO starts with preparing a budget in April of each year for the upcoming FY. Project managers work with each customer agency to identify human resources service needs that are spelled out in a Service Level Agreement (SLA)¹. The HRS IT PMO Program Analysis Officer then prepares a series of Microsoft Excel templates, designed to track each staff member assigned to a project, based on the work requirements identified by the project manager and customer. These templates identify each staff members' costs that will be allocated towards the project's total budget. Any changes made during the budgeting process are tracked in a change log.

Once the HRS IT PMO budget for each project is set for the FY, the Program Analysis Officer applies the pricing model (the Excel template for pricing the full cost of projects) to the budgeted costs for each SLA to arrive at the final price estimate. The price charged to customers must reflect the true cost of doing business, which includes direct project expenses as well as overhead expenses such as rent, utilities, training, and OPM's common services. The HRS IT PMO's expenses are broken down into the following four cost pools:

- Cost pool 1 is for incurred HRS IT PMO expenses that are directly chargeable to the customer for the product or service received. Examples include direct labor, supplies, materials, and costs for contractors providing deliverables to the customer.
- Cost pool 2 is for indirect HRS IT PMO expenses incurred by Human Resources Solutions (HRS) that are indirectly charged to the customer for the product or service received. They include general cost of support services for operating HRS. Examples include employee training; leave and benefits; general administrative tasks such as purchasing, budgeting, invoicing, and facilities management; and facilities costs, such as rent, utilities, security, and building maintenance.

¹ An SLA is an agreement between HRS ITPMO and Federal agencies to provide human resources IT related services.

- Cost pool 3 is for indirect expenses incurred by HRS IT PMO that are general information technology costs of operating HRS IT PMO as a whole. Examples include salaries of HRS headquarters personnel and contracts for services provided to all HRS employees.
- Cost pool 4 is for OPM's indirect expenses, which are expenses incurred by OPM as a general cost of operating OPM as a whole. These expenses are distributed to each office within OPM and are referred to as "common services." Examples include OPM IT contracts and salaries of employees in the Office of General Counsel, Office of the Director, and other staff offices within OPM.

For each SLA, the Program Analysis Officer uses an Excel spreadsheet, created in-house, to apply the pricing model to the budgeted costs, which includes these cost pools. The completed pricing estimate is sent back to the Project Managers for a final quality review check before the Program Analysis Officer finalizes the prices. Once the price is finalized, it is included in the SLA and signed by both parties.

II. Objective, Scope, and Methodology

Objective

Our objective was to determine if the OCIO's HRS IT PMO and eOPF office revolving fund programs' pricing and billings were accurate for FY 2020.

The recommendations included in this final report address this objective.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards as established by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective.

The scope of our audit covered the HRS IT PMO and the eOPF office's FY 2020 pricing and billing processes. We performed our audit virtually from October 29, 2020, to April 14, 2021.

To accomplish our audit objective noted above, we:

- Interviewed HRS IT PMO and eOPF office personnel;
- Reviewed the reasonableness of the cost pools used by the HRS IT PMO to develop their prices;
- Reviewed the eOPF office budget used to develop their license fee;
- Sampled and tested the accuracy of the HRS IT PMO prices charged to customers; and
- Sampled and tested the accuracy of the eOPF office prices charged to customers.

In planning our work and gaining an understanding of HRS IT PMO and eOPF office pricing methodologies and billing processes, we considered, but did not rely on, the OCIO's internal control structures to the extent necessary to develop our audit procedures. These procedures were mainly substantive in nature. We gained an understanding of management procedures and controls to the extent necessary to achieve our audit objective. The purpose of our audit was not to provide an opinion on internal controls, but merely to evaluate controls over the processes included in the scope of our audit.

Our audit included such tests and analysis of HRS IT PMO and the eOPF office's supporting documentation provided for their pricing methodologies and billing processes as we considered necessary to accomplish our objective. The results of our tests indicate that with respect to the items tested, controls over the pricing and billing processes should be strengthened.

In conducting the audit, we relied to varying degrees on computer-generated data. Due to the nature of the audit, we did not verify the reliability of the data generated by the systems involved. While utilizing the computer-generated data during our audit, nothing came to our attention to cause us to doubt its reliability. We believe that the data was sufficient to achieve our audit objective. We did not evaluate the effectiveness of the general application controls over computer-processed performance data.

We judgmentally selected the following samples from our audit universe:

Audit Area	Audit Universe	Sample Size
FY 2020 HRS IT PMO Service Level Agreements	30	10 ²
FY 2020 eOPF Accounts	81	7 ³

The samples selected during our review were not statistically based. Consequently, the results from our samples were not projected to the populations.

² We selected every third Service Level Agreement from our audit universe listing.

³ We selected every 11th eOPF Federal agency account from our audit universe listing.

III. Audit Findings and Recommendations

For the areas below, we determined that controls over the pricing and billing processes should be strengthened.

1. Pricing Methodologies Were Not Fully Supported

While assessing the accuracy of the pricing tools that were used by the eOPF office and the HRS IT PMO to develop their FY 2020 prices, we determined that their pricing methodologies were not fully supported.

Pricing methodologies were not fully supported, resulting in a \$5.4 million overcharge.

For FY 2020, the eOPF office charged customer agencies \$19.50 per person. The eOPF office calculated their \$19.50 annual license fee by dividing the total eOPF FY 2020 budget (\$37,224,142.85) by the eOPF employee base (2,189,709). Using their formula, we recalculated the annual fee to be \$17.00, a difference of \$2.50. However, the eOPF office could not support or explain the \$2.50 difference, which resulted in an overcharge to customer agencies of \$5,474,272. The eOPF office program director stated that they had "no source document that explains the reason for the difference between the eOPF budgeted amount and the actual fee that was charged to the agencies."

We also requested documentation to support the eOPF's FY 2020 budget amount and the employee base used in their calculation. The eOPF office provided documentation to support 5 budget line items; however, we did not receive any documentation to support the following 17 budget line items.

Budget Line Item	Amount
1. Full Time Employees	15
2. Salaries	\$1,884,456.75
3. Overtime	\$188,445.68
4. Other Personnel Compensation (Award)	\$18,844.57
5. Personnel Benefit	\$565,337.03
6. Travel and Transportation of Person	\$22,000
7. Transportation of Things	\$500
8. Communication, Utilities and Rent	\$2,250,000
9. Printing and Reproduction	\$1,300
10. Training	\$51,550.28
11. Virtual Collaboration (WebEx)	\$12,146.16
12. Program Management (Northrop Grumman)	\$8,438,414
13. Maintenance Renewal -ERWTN Data Modeler	\$2,500

Budget Line Item	Amount
14. National Archives and Records Administration Records Service & Storage	\$550,000
15. Credit Monitoring	\$550,000
16. Supplies and Materials	\$125,000
17. Undistributed (Retained Earnings)	\$6,600,000

The eOPF office program manager stated that the budget was developed many years ago and the process has been rolling over every year and the original source documents were not retained.

For the employee base total, the eOPF office provided a *License Count Analysis* spreadsheet which listed their customer agencies and monthly total of eOPF accounts (see Exhibit 1). We could not verify the accuracy of the total eOPF employee base (Total Licenses) because the numbers in the *License Count Analysis* spreadsheet had no supplemental documentation to support the monthly agency totals. Without support for the details of the data used to calculate the total number of licenses, the overall pricing calculation may be inaccurate.

Agency	June 2018 eOPF Accounts	July 2019 eOPF Accounts	Aug. 2018 eOPF Accounts	Sept. 2018 eOPF Accounts	Oct. 2018 eOPF Accounts	Nov. 2018 eOPF Accounts	Dec. 2018 eOPF Accounts	Jan. 2019 eOPF Accounts	Feb. 2019 eOPF Accounts	Mar. 2019 eOPF Accounts	Apr. 2019 eOPF Accounts	May 2019 eOPF Accounts	Average eOPF Accounts
ABMC	85	83	82	82	81	82	81	83	85	86	86	87	84
ADF	39	38	38	38	36	38	37	37	37	36	38	37	37
ARMY	248,674	249,688	250,622	251,071	250,940	250,919	249,267	249,736	250,571	251,718	251,167	252,225	250,550
Grand Total	4,674,541	4,659,523	4,713,499	4,725,072	4,732,954	4,739,953	4,743,311	4,755,091	4,767,424	4,774,026	4,787,318	4,812,844	4,740,379
Minus EDMS	2,482,942	2,492,256	2,507,663	2,517,120	2,530,828	2,541,129	2,557,939	2,575,717	2,585,725	2,595,633	2,607,135	2,614,967	2,550,755
Total Licenses	2,191,599	2,167,267	2,205,836	2,207,952	2,202,126	2,198,824	2,185,372	2,179,374	2,181,699	2,178,393	2,180,183	2,197,877	2,189,709

Exhibit 1: *Excerpt from License Count Analysis*

For the HRS IT PMO, we requested documentation to support 10 out of 30 budgets used in determining the price for the customer's Service Level Agreement. However, the HRS IT PMO could not provide sufficient and appropriate documentation to validate data reported in their budgets.

The HRS IT PMO provided the budgets for each of our 10 samples; however, when we requested documentation to support the amounts shown on their budget Excel spreadsheets (see Exhibits 2 and 3), the HRS IT PMO provided another spreadsheet (see Exhibit 4) as their support. For example, in Exhibit 2, the \$60,000 Direct Expense for "Training" was copied from another tab within the same spreadsheet. When the additional spreadsheet (Exhibit 4) was provided, we noted that the \$60,000 was derived by using a formula that was linked to formulas within various tabs in the spreadsheet; however, no documentation to support the methodology for how the formulas were determined was provided.

USA Staffing					
Summary Table					
	Annual Budget				
FY20 SLA	\$	21,295,674			
FY20 Budget	\$	20,090,258			
Budgeted ERODC	\$	1,205,415			
Expense Budget Details					
Object Class	Object Class Definition	Direct Expense	Indirect Expense	Indirect Expense Calc Space	TOTAL
2512	Training	\$ 60,000	\$ 29,678	\$ 166,580	\$ 89,678
	TOTAL	\$ 16,617,738	\$ 3,472,520	\$ 15,100,606	\$ 20,090,258

Exhibit 2: Excerpt from USA Staffing Budget

FY20 Other Objects Budget Details		
INSTRUCTIONS: Enter the Budgeted FY20 Cost for each object class listed.		
Non-Labor, Non-HW/SW Other Objects		Budgeted Cost
2512	Training	\$ 60,000

Exhibit 3: Excerpt from USA Staffing Budget

USA Staffing					
Summary Table					
	Annual Budget				
FY20 SLA	\$	21,354,943			
FY20 Budget	\$	20,090,258			
Budgeted ERODC	\$	1,264,685			
Expense Budget Details					
Object Class	Object Class Definition	Direct Expense	Indirect Expense*	TOTAL	
Non-Labor					
2512	Training	\$ 60,000	\$ 29,678	\$ 89,678	
	TOTAL	\$ 16,617,738	\$ 3,472,520	\$ 20,090,258	

Exhibit 4: Excerpt from Final Consolidated Budget

When we requested source documents for their budgets, the HRS IT PMO Program Analysis Officer stated, "Your information request called for 'source documents' for the budgets. In response to that request: There are no source documents for our budget. We use a zero-base budget process, which builds a project from scratch - starting at \$0. Thus, there are no source documents." Starting a budget from scratch should require some type of research, prior data and supporting documentation, and/or methodology which defines how the budget amounts were created.

In addition, we noted that each budget for our 10 samples included an amount of \$15,100,606 in the "Indirect Expenses" column and \$739.26 in the "Other Objects" tab on the budget spreadsheet. The Program Analysis Officer stated that both amounts are irrelevant and unrelated to the FY 2020 budgets; therefore, the amounts should be disregarded. We verified that the amounts were not used in the calculation for determining the price and although these amounts did not affect the amounts charged to the customer agencies, having irrelevant and unrelated amounts on the budget, which determines the price charged to the customer agency, could have an impact on how future prices are determined and billed to customers.

According to 5 U.S.C. Section 1304(e)(3)(A) customers must reimburse the eOPF office and the HRS IT PMO "for those services and supplies provided at rates estimated by the Office as adequate to recover expenses of operation "

OPM's Financial Management Manual, chapter 7, states "The RF [Revolving Fund] is required to operate on a break-even basis over a reasonable period of time by charging users for allowable costs as established under OPM Special Authority and other Federal authorities. The RF will ensure that billing rates only recover allowable costs and are adjusted at least annually to eliminate any surplus."

The U.S. Government Accountability Office's (GAO), *Standards for Internal Control in the Federal Government*, principle 10.03 - "Design of Appropriate Types of Control Activities" advises that "Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks." "Principle 10 - Design Control Activities" states, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

The *Reminder of the Records Management Obligations for OPM Employees* states, "All OPM personnel have a legal responsibility to take appropriate measures to collect, retain, and

preserve all documents, communications, and other records in accordance with federal law, including the Federal Records Act and related regulations."

Failure to retain source documentation to support the inputs used in the pricing methodologies increases the risk that the eOPF office and the HRS IT PMO may incorrectly charge its customers for services. For example, we determined that FY 2020 eOPF customer agencies were overcharged \$5,474,272 based on the \$2.50 excess included in their license fee.

Recommendation 1:

We recommend that the OCIO and the Office of Human Capital Data Management and Modernization (HCDMM) refund \$5,474,272, or adjust future billings, to the customer agencies that paid the eOPF license fee during FY 2020.

OPM's Response:

"Concur. OPM HCDMM has adjusted future billings to the customer agencies that pay eOPF license fees. A sample of the interagency license agreements will be provided to OIG under separate cover."

Recommendation 2:

We recommend that the OCIO and the HCDMM strengthen internal controls to ensure that all inputs used in the HRS IT PMO and the eOPF office's pricing methodologies are properly reviewed, approved, documented, and properly maintained. Documentation should include but not be limited to detailed reports, calculations, and methodology, to ensure the data is valid, complete, and transparent.

OPM's Response (to Draft Recommendation):

"Concur. In order to address this recommendation, OCIO's HRS IT PMO is in the process of adding a management review step for pricing calculations and updating the Billing Standard Operating Procedure (SOP) to include this step. . effective August 3, 2020, the eOPF program was reorganized into the Office of Personnel Management's, Office of Human Capital Data Management and Modernization (HCDMM). HCDMM has been informed of this finding by OCIO. HCDMM and OCIO will work collaboratively to help ensure corrective actions are addressed with respect to the eOPF and HRS IT PMO pricing calculations."

Recommendation 3:

We recommend that OCIO remove irrelevant and unrelated data from their budget spreadsheets, which are used to develop pricing for customers.

OPM's Response:

"Concur. OPM OCIO agrees to remove irrelevant and unrelated data from our budget spreadsheets and will provide those to the OIG under separate cover."

2. Inaccurate Billing within HRS IT PMO

We selected 10 out of 30 FY 2020 HRS IT PMO SLAs to determine if the customer agencies were accurately billed each month based on the amount in the SLA. We determined that all 10 samples were billed correctly with the exception of the following:



- The USA Staffing's invoice amounts for December 2019 and January 2020 were incorrectly entered into the Consolidated Business Information System. A total of \$786,676.25 was entered when it should have been \$762,059.25. Subsequently, in February 2020, the correct amount was entered to adjust the overpayment amount billed.
- The billing statements were not sent to Enterprise Infrastructure Support and opm.gov Hosting for January, February, and March 2020. HRS IT PMO could not provide a reason as to why the bills were not sent; however, both customers subsequently paid the total amounts due.

During our audit, the OCIO stated that the Program Analysis Officer creates the bill and sends it to the client; however, there was no discussion of an independent review as part of their billing process to ensure the accuracy of the final amount charged to customers. After we completed our fieldwork, the OCIO stated that they added a second review step for increased oversight in a new version of the standard operating procedures, which was updated July 7, 2021. We did not receive a copy of these procedures; therefore, we were unable to validate the process.

Failure to strengthen internal controls, such as independent reviews, increases the risk that the HRS IT PMO may be incorrectly billing customers as discussed in the findings above.

GAO's Standards for Internal Control in the Federal Government - Design of Control Activities at Various Levels states "Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing

related risks. 'Transactions' tend to be associated with financial processes (e.g., payables transactions), while 'activities' is more generally applied to operational or compliance processes. For the purposes of this standard, 'transactions' covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities."

GAO's Standards for Internal Control in the Federal Government, principle 10.03 "Design of Appropriate Types of Control Activities," advises that "Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks ... [and] clearly documents internal control . The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

Recommendation 4:

We recommend that OPM strengthen internal controls to ensure that independent reviews occur during the billing process prior to entering billing information into OPM's financial systems to ensure customers are properly billed.

OPM's Response:

"Concur. OCIO's HRS IT PMO has a management review process in place to ensure the accuracy of the invoices prepared for customers; however, we will add an additional management review step prior to entering the billing into the OPM financial system and will update the Billing Standard Operating Procedure (SOP) to include this step."

Appendix I




Office of the
Chief Information
Officer

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

July 12, 2021

Memorandum for: Mary Davis-Williams
Senior Team Leader, Internal Audits Group

From: Guy V. Cavallo  Guy Cavallo
Acting Chief Information Officer

Subject: Management Response to the Draft Report on the U.S.
Office of Personnel Management's Office of the Chief
Information Officer's Revolving Fund Programs (Report
No. 4A-CI-00-20-034)

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General (OIG) draft report, the Audit of the U.S. Office of Personnel Management's Office of the Chief Information Officer's Revolving Fund Programs, Report No. 4A-CI-00-20-034, dated June 4, 2021.

Responses to your recommendations including planned corrective actions, as appropriate, are provided below.

<Deleted by OIG, not relevant to the final report>

Recommendation 1: We recommend that OCIO implement internal controls to ensure that all inputs used in the eOPF and HRS IT PMO pricing calculations are properly reviewed, approved, documented, and properly maintained.

Management Response: Concur.

In order to address this recommendation, OCIO's HRS IT PMO is in the process of adding a management review step for pricing calculations and updating the Billing Standard Operating Procedure (SOP) to include this step.

As discussed during fieldwork and as referenced in the draft report, effective August 3, 2020, the eOPF program was reorganized into the Office of Personnel Management's, Office of Human Capital Data Management and Modernization (HCDMM). HCDMM has been informed of this finding by OCIO. HCDMM and OCIO will work collaboratively to help ensure corrective actions are addressed with respect to the eOPF and HRS IT PMO pricing calculations.

Recommendation 2: We recommend that OPM implement internal controls to ensure that supervisory reviews occur throughout the whole process to ensure accuracy the billing is reviewed prior to being entered into OPM's financial systems.

Management Response: Concur. OCIO's HRS IT PMO has a management review process in place to ensure the accuracy of the invoices prepared for customers; however, we will add an additional management review step prior to entering the billing into the OPM financial system and will update the Billing Standard Operating Procedure (SOP) to include this step.

We appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Rhonda Wood, at (478) 744-2057, Rhonda.Wood@opm.gov.

Appendix II



Office of the
Chief Information
Officer

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Memorandum for: Mary Davis-Williams
Senior Team Leader, Internal Audits Group

Through: DAVID PADRINO
Executive Director
Office of Human Capital Data Management and Modernization
Digitally signed by DAVID PADRINO
Date: 2021.10.20 18:39:50 -04'00'

From: GUY CAVALLO
Chief Information Officer
Digitally signed by GUY CAVALLO
Date: 2021.10.20 17:20:50 -04'00'

Subject: OPM Supplemental Responses to *Audit of the U.S. Office of Personnel Management's Office of the Chief Information Officer's Revolving Fund Programs*, Report No. 4A-CI-00-20-034

Thank you for providing OPM the opportunity to respond to the two new recommendations issued in the Office of the Inspector General (OIG) report, *Audit of the U.S. Office of Personnel Management's Office of the Chief Information Officer's Revolving Fund Programs*, Report No. 4A-CI-00-20-034 dated September 9, 2021.

Responses to your recommendations including planned corrective actions, as appropriate, are provided below.

Recommendation 1: We recommend that the OCIO and the Office of Human Capital Data Management and Modernization (HCDMM) refund \$5,474,272, or adjust future billings, to the customer agencies.

Management Response: Concur. OPM HCDMM has adjusted future billings to the customer agencies that pay eOPF license fees. A sample of the interagency license agreements will be provided to OIG under separate cover.

Recommendation 3: We recommend that OCIO remove irrelevant and unrelated data from their budget spreadsheets, which are used to develop pricing for customers.

Management Response: Concur. OPM OCIO agrees to remove irrelevant and unrelated data from our budget spreadsheets and will provide those to the OIG under separate cover.

OPM appreciates the opportunity to respond to this draft report. For the response to recommendation 1, please contact Akanksha Sharma at (202) [REDACTED] or akanksha.sharma@opm.gov. For the response to recommendation 3, please contact Larry Allen at (202) [REDACTED] or larry.allen@opm.gov.



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