



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

Final Interim Audit Report

**AUDIT OF THE U.S. OFFICE OF PERSONNEL
MANAGEMENT'S IMPLEMENTATION
OF THE POSTAL SERVICE HEALTH BENEFITS
PROGRAM: PROJECT MANAGEMENT**

**Report Number PSHB-084
November 2, 2023**

EXECUTIVE SUMMARY

Audit of the U.S. Office of Personnel Management's Implementation of the Postal Service Health Benefits Program: Project Management

Report No. PSHB-084

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Why Did We Conduct the Audit?

The primary objective of this audit was to determine if the U.S. Office of Personnel Management (OPM) Postal Service Health Benefits Program (PSHBP) Program Management (PM) team developed workstreams following the Agile Scrum process and other defined methods to implement the requirements of 5 United States Code Chapter 89 (Public Law 117-108), cited as the Postal Service Reform Act of 2022 (PSRA). To accomplish this objective, we assessed the laws, regulations, guidance, and program office policies and procedures related to OPM's project management team's implementation of the PSHBP.

What Did We Audit?

In accordance with the Inspector General Act, as amended, 5 U.S.C § 404(a), the OPM Office of the Inspector General completed an audit of OPM's project management for the PSHBP implementation. We conducted the audit in our Washington, D.C. and Cranberry Township, Pennsylvania offices from February 14, 2023, through September 21, 2023.



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What Did We Find?

We found that OPM's PSHBP project management has been appropriately implemented. Specifically, we found the following:

- The OPM PSHBP PM team implemented project management best practices by developing a Program Governance and Management Plan and an integrated master schedule, although these documents were not complete until the end of June 2023.
- We verified that the interim final rule was issued by OPM timely, and it included all required information in accordance with the PSRA.
- Lastly, we determined that OPM's Agile Scrum project management process for the Carrier Connect system was appropriately utilized.

ABBREVIATIONS

Carriers	Health Insurance Carriers
ESC	Executive Steering Committee
FEHB	Federal Employees Health Benefits
FEHBP	Federal Employees Health Benefits Program
IFR	Interim Final Rule
IMS	Integrated Master Schedule
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
PGMP	Program Governance and Management Plan
PM	Program Management
PMO	Program Management Office
Postal Service	U.S. Postal Service
PSHB	Postal Service Health Benefits
PSHBP	Postal Service Health Benefits Program
PSRA	Postal Service Reform Act
U.S.C.	United States Code

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I. BACKGROUND

This interim audit report details the results of the U.S. Office of Personnel Management’s (OPM) Office of the Inspector General’s (OIG) audit of OPM’s project management of the Postal Service Health Benefits Program (PSHBP) implementation.

The audit was conducted pursuant to the provisions of the Postal Service Reform Act of 2022 (PSRA); 5 United States Code (U.S.C) Chapter 89; and 5 Code of Federal Regulations Chapter 1, Parts 890 and 892. The audit was performed by OPM’s OIG, as authorized by the Inspector General Act of 1978, as amended (5 U.S.C. sections 401 through 424) and covered OPM’s project management of the PSHBP through September 2023.

The PSHBP was established within the Federal Employees Health Benefits Program (FEHBP) by the PSRA (Public Law 117-108), enacted on April 6, 2022, and will be administered by OPM’s Healthcare and Insurance Office. The PSHBP was created to provide health insurance benefits for U.S. Postal Service (Postal Service) employees, annuitants, and dependents beginning on January 1, 2025. For these individuals, eligibility for enrollment or coverage in Federal Employees Health Benefits (FEHB) plans will end on December 31, 2024, and enrollment and coverage will only be offered by the Postal Service Health Benefit (PSHB) plans after that time. Subject to limited exceptions, Postal Service annuitants who retire and become Medicare-eligible after December 31, 2024, and their Medicare-eligible¹ family members, will be required to enroll in Medicare Part B² as a condition of eligibility to enroll in the PSHBP. The first Open Season for the PSHBP will begin on November 11, 2024, and run through December 9, 2024. The first contract year will begin January 1, 2025.

Health insurance coverage is provided through contracts with health insurance carriers (Carriers) who provide service benefits, indemnity benefits, or comprehensive medical services. Required benefits are listed in broad categories in the FEHB statute at 5 U.S.C. § 8904 and include hospital benefits, surgical benefits, medical care and treatment, and obstetrical benefits, among others. Each year, OPM issues guidance for health benefits carriers preparing FEHB plan benefit proposals. The guidance outlines technical requirements for each proposal, including benefit package details such as actuarial value, benefit changes from the previous year, and the drug formulary. Carriers offering PSHB plans, as part of the FEHBP, will be subject to the same or similar guidance. The PSRA requires that the carriers offering PSHB plans will, to the greatest extent practicable, offer benefits and cost-sharing equivalent to the benefits and cost-sharing for FEHB plans for that carrier in the initial contract year.

Section 101 of the PSRA added a new section, 8903c, to 5 U.S.C Chapter 89 which directs OPM to establish the PSHBP. The PSHBP was authorized under the Title I Postal Service Financial Reforms provisions in the PSRA in furtherance of Congress’s objective to “improve the financial

¹ Medicare is generally for people 65 or older, but may also include people with disabilities, End-Stage Renal Disease, or Lou Gehrig’s disease.

² Medicare Part B is medical insurance covering services from doctors, outpatient care, home health care, durable medical equipment, and many preventative services.

position of the Postal Service while increasing transparency and accountability of the Postal Service’s operations, finances, and performance.” OPM issued an interim final rule on April 6, 2023, to set forth standards to implement Section 101 of the PSRA to establish the PSHBP.

Our plan is to provide oversight and periodic interim reports throughout OPM’s implementation of the PSHBP with a focus on critical aspects of the program implementation process. This is our first such interim report on OPM’s implementation of the PSHBP. The preliminary results of this audit were communicated to OPM officials during an exit conference on September 21, 2023.

II. OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The primary objective of this audit was to determine if OPM’s PSHBP project management team developed workstreams following the Agile Scrum process and other defined methods to implement the requirements of the PSRA (Public Law 117-108, relevant provisions codified at Chapter 89 of Title 5).

SCOPE

We conducted this audit in accordance with generally accepted government auditing standards. Those 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

We obtained an understanding of OPM’s internal control structure, as applicable to the specific review areas of the PSHBP implementation, but we did not use this information to determine the nature, timing, and extent of our audit procedures. Our review of internal controls was limited to the procedures OPM has in place to ensure that its project management oversight is in accordance with the applicable laws, rules, and regulations.

In conducting the audit, we relied to varying degrees on computer-generated data provided by OPM. We did not verify the reliability of the data generated by the various information systems involved. However, nothing came to our attention during our review utilizing the computer-generated data to cause us to doubt its reliability. We believe that the available data was sufficient to achieve our audit objectives. Except as noted above, the audit was conducted in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States.

We conducted our audit fieldwork for this audit in our Washington, D.C. and Cranberry Township, Pennsylvania offices from February 14, 2023, through September 21, 2023.

METHODOLOGY

The following activities were performed during our audit.

- We examined the PSRA and other applicable laws, rules, and regulations for the implementation of the PSHBP.
- We interviewed OPM personnel to gain an understanding of the policies, procedures, and roles and responsibilities related to the implementation of the PSHBP and to gain an

understanding of how OPM implemented its project management methods over the PSHBP.

- We analyzed the project management structure being used by OPM (e.g., traditional methods as well as Agile Scrum).
- We determined whether OPM had internal controls related to the traditional methods of project management and verified if it adhered to those policies and procedures, as well as any other applicable internal control policies and procedures.
- We researched and collected best practices on the Agile Scrum process as well as interviewed OPM personnel to determine its requirements and methodology and if it was correctly followed.

Other auditing procedures were performed as necessary to meet our audit objectives.

We will issue interim reports periodically throughout our oversight of the implementation of the PSHBP. These reports will compile the results of our audits and provide any applicable updates on previous audits. As required by the Inspector General Act, as amended, 5 U.S.C. § 420, each final interim report will be available to the public on the OIG's webpage.

III. AUDIT RESULTS

PROJECT MANAGEMENT

A. Program Governance and Management Plan

Project management is the planning and organizing of a project and its resources. It includes identifying and supervising the lifecycle to be used, creating the project team, and efficiently leading the project team to completion of the project. Project management assures that the purpose and vision of the project are maintained, it allows risks to be avoided, and assists with the effective and efficient use of resources. It also allows the project team to clearly understand their roles and responsibilities, the expected deliverables, and the schedule to complete the project on time and within budget.

The OPM PSRA Program Management (PM) workstream personnel, the team leading implementation of the PSHBP, developed a document titled, “U.S. Office of Personnel Management Program Governance and Management Plan for the Postal Service Health Benefits Program at 5 U.S.C. Chapter 89 pursuant to the Postal Service Reform Act (Pub.L.117-108,” later referred to as the Program Governance and Management Plan (PGMP). This document describes the structure, processes, and resources that OPM will use to implement the PSHBP. This document was not released, however, for use until approximately a year after the start of program implementation activities in the summer of 2022.

In March 2023, we held a meeting with OPM personnel to discuss an overview of its PSHBP workstreams. These workstreams were set up to divide responsibility for various sub-projects throughout implementation of the PSRA. The PSRA PM workstream personnel consult with other OPM program offices. It is responsible for governance, risk analysis, budget, and coordination with the OIG among other things.

In a follow-up to the meeting, we inquired about the PSRA PM workstream’s project governance structure, roles, and responsibilities. During April 2023, it was stated that OPM’s Executive Steering Committee³ (ESC) provided governance and direction on the project implementation for the first year. OPM prioritized releasing the Request for Proposal for an IT system and addressing offerors’ questions; releasing the Interim Final Rule (IFR); hiring staff; and obtaining funding apportionments from the Office of Management and Budget. Therefore, the PSRA PM workstream’s focus was not on the project governance structure, roles, or responsibilities, leading to the delay in completion and release of the PGMP.

³ Members of the ESC represent the opinions and policies of their respective organizations within OPM, make evidence-based decisions that support the program objectives, contribute to the decision-making process, communicate decisions back through their organizations.

Ideally, the ESC would have also prioritized the project governance structure, roles, and responsibilities during the early planning phase shortly after the PSRA was enacted. By delaying this priority, OPM lacked a documented governance structure and overall tracking of tasks. OPM risked staff not fully understanding their roles and responsibilities within workstreams or the project as a whole. This delay could have resulted in confusion and inefficiency in the implementation of the PSHBP.

In response to our information request, the PSRA PM workstream personnel stated that they were unaware of any comprehensive OPM central policies and procedures related to project management. Therefore, the PSRA PM did not provide any such policies and procedures to the OIG.

In late June 2023, we received the PGMP from OPM. We reviewed the PGMP and determined that it sufficiently provides governance over the implementation of the PSHBP. As an example, it clearly defines three distinct operating bodies: the ESC, the Program Management Office (PMO), and workstreams, as well as each bodies' roles and responsibilities. The PGMP also contains sections that discuss risk management for the initial implementation of the PSHBP as well as descriptions of recurring meetings with the PMO to uphold program structure and create visibility on the workstreams' progress.

The PSHBP is a large program to implement within a limited timeframe mandated by the PSRA. Although there may be less overall risk to the successful implementation of the PSHBP if the PSRA PM workstream had developed the PGMP before June 2023, we acknowledge that it is now being utilized. We encourage OPM to continue to utilize the PGMP and update it as necessary throughout the implementation of the PSHBP. These developed policies and processes enable leadership to plan and manage the projects within the program so that every objective and deliverable is completed timely and within budget.

B. Integrated Master Schedule

OPM did not have a fully developed integrated master schedule (IMS) for the PSHBP implementation until the end of our project management review in June 2023.

The U.S. Government Accountability Office's Schedule Assessment Guide (GAO-16-89G) provides best practices for agencies to use in developing and maintaining a project schedule as well as principles for auditors to use in evaluating government programs. The Schedule Assessment Guide states that the IMS should be the focal point of program management, as it integrates the planned work, necessary resources, and budgeting. The IMS links the scheduled work "in a network, or collection of logically linked sequences of activities." It should be complete and dynamic so that dates are automatically

recalculated as logically related activities change.

In December 2022, OPM responded to our information request asking how budget, time, and personnel are being tracked and stated that an IMS was being developed and monitored through a project management tool. We subsequently met with OPM in March 2023 and the project management team informed us that it was working on incorporating its workstreams' plans into the IMS. We were told through an information request response provided in April 2023, that the IMS was expected to be approved by the ESC by the end of May 2023. We were provided with screen shots in early May as evidence that the IMS was in the process of being developed. OPM requested an extension at the end of May 2023 to provide the IMS. OPM noted that additional time was needed to crosswalk distinct workstream plans against and with each other and many of the team leads needed for this task were unavailable for a period of time. OPM provided additional screen shots on June 14, 2023, to show its progress on the IMS.

The supporting documentation provided by OPM showed examples of how it was tracking the overall executive milestones by workstream, as well as the executive milestones within each project in the workstreams. Every two weeks, the milestone information was updated by the designated personnel in preparation for the ESC meeting. It was stated that "The percent complete at the executive milestone level is determined by the owner(s) of the milestone, based on work completed on the underlying tasks."

OPM utilized the IMS beginning in mid-June, after an extended process to create it. We will continue to monitor OPM's use of the IMS throughout the project to ensure that it is complete and dynamic.

C. Interim Final Rule

OPM was required by the PSRA to issue a regulation to carry out the requirements of the regulation no later than April 6, 2023, one year from enactment of the PSRA. OPM is required under the new 5 U.S.C. § 8903c(g)(3) to include in the regulation the necessary provisions to implement the PSRA; a process for members to be informed timely of the enrollment requirements; provisions for enrolled members to request a belated change to their plan and be prospectively enrolled in a plan of their choice; and provisions for

members to cancel their coverage because they choose not to enroll in or to disenroll from Medicare part B.

OPM issued the IFR on April 6, 2023. Our review of the IFR determined that OPM issued the regulations in a timely manner and included all required information in accordance with the PSRA.

D. Carrier Connect Agile Scrum Process

OPM is utilizing the Agile Scrum project management process for its Carrier Connect⁴ system related to the PSHBP. The Agile Scrum process is a framework that provides adaptive solutions for complex problems. It is an agile methodology that uses people, teams, and organizations to break down a complex problem into small interactions and teams to build, test, and deliver customer-driven products. These cross-functional teams work on individual tasks that relate to the overall goal. At specified increments of time, the teams come together to discuss their results, and plan and prioritize the next deliverables.

Our review of OPM's use of the Agile Scrum process for its Carrier Connect system determined that there are no concerns or issues to date. Our opinions included in this report are specific to the Agile Scrum process for Carrier Connect. Any additional concerns related to Carrier Connect and other PSHB information technology systems will be assessed in future reports. We will continue to review OPM's Agile Scrum process related to its information technology implementation as part of the PSHBP.

⁴ The OPM Carrier Connect system will be used by carriers to apply to provide benefits through the PSHBP. The Carrier Connect system was designed to record the carriers' applications and document communication between OPM and the carriers. Additional functionality will be added to negotiate rates, execute contracts, upload plan information, provider networks, formularies, etc.



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