

Office of Inspector General  
Pension Benefit Guaranty Corporation

# Semiannual Report to Congress

*For the Period October 1, 2017 to March 31, 2018*



SARC #58

# Our Value Framework

## **Principles**

Integrity – Respect – Excellence

## **Vision**

Providing deep knowledge and sensible solutions through independent, positive engagement

## **Mission**

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

Provide leadership to promote efficiency and effectiveness

Prevent and detect fraud and abuse in PBGC programs and operations

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

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

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

## **Pillars**

People Focused – Process Oriented – Performance Driven

# From the Inspector General



Robert A. Westbrooks

The Board of Directors  
Pension Benefit Guaranty Corporation

I am pleased to present this Semiannual Report summarizing the activities of our office for the period October 1, 2017 through March 31, 2018.

The Corporation continues to demonstrate improvements in internal control, as evidenced by the results of the FY 2017 Financial Statement Audit and the relatively low number of open, or unimplemented, OIG recommendations. Management mitigated one significant deficiency in internal control from the prior year, reducing the number of significant deficiencies to three. The significant deficiencies that remain are: (1) controls over present value of future benefit liability calculation, (2) controls over present value of nonrecoverable future financial assistance, and (3) access controls and configuration management. We commend Director Tom Reeder and his senior leaders for their accomplishments in this area. Continued focus and effort is required for PBGC to maintain high levels of stewardship and accountability for the benefit of plan participants, plan sponsors, the Board of Directors, Congress, and other interested parties.

Within the OIG, our office is entering a new phase. We are uniquely situated to be a model within the accountability community, and we strive to reach our potential. We have a new strategic plan that sets forth the path to leading edge and have a new Deputy Inspector General and a new Assistant Inspector General for Audits who will help guide us on our journey. In addition to our statutorily mandated oversight work, this reporting period we offered our views to management on IT systems development, fraud prevention and detection, and public website vulnerabilities. Management has been receptive to our insights. The Board and Congress should be pleased that risks have been mitigated and controls have been strengthened as a result of our collaborative efforts.

Respectfully submitted,

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

Robert A. Westbrooks  
Inspector General

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# Statement Regarding Plain Writing

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

## Abbreviations

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

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

# Executive Summary

During the period October 1, 2017 through March 31, 2018, we:

- Closed 34 audit recommendations and issued 23 new audit recommendations. The total number of open audit recommendations is 73. (Page 16)
- Issued the following reports:
  - **DATA Act Implementation: Opportunities to Improve Data Quality.** PBGC generally complied with DATA Act requirements for completeness, timeliness, quality, and accuracy of data. Improved quality control procedures would further reduce inconsistencies, omissions and errors in data submissions. (Page 18)
  - **FY 2017 and 2016 Financial Statement Audit.** PBGC’s financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the US. This is the 25th consecutive unmodified financial statement audit opinion. We observed overall improvements to internal control, which led to the mitigation of a previously reported significant deficiency. (Page 17)
  - **FY 2017 Federal Information Security Modernization Act Evaluation.** PBGC made progress in improving its information security and privacy program. The Corporation was rated at a maturity level of “Consistently Implemented” for four of five functional areas; one functional area was rated at a maturity level of “Defined.” (Page 18)
  - **FY 2017 Vulnerability Assessment and Penetration Test.** We tested PBGC’s information security infrastructure for technical weaknesses. PBGC has made some improvements. Current year testing found weaknesses in the areas of vulnerability management, software support, authentication, malicious traffic detection, and data protection. (Page 17)
  - **FY 2017 Purchase Card Risk Assessment.** We found PBGC has policies and procedures in place to address the requirements of the Government Charge Card Abuse Prevention Act of 2012, and internal controls to assist in the monitoring of the program. (Page 19)
  - **Review of the Acquisition and Performance of Spectrum 4.** We conducted a limited scope review after receiving hotline allegations detailing concerns relating to Spectrum 4 acquisition and performance. We substantiated some of the issues and they warrant management attention. (Page 19)

- **Risk Advisory on MyPBA Web Application Control Weaknesses.** We reported concerns to management relating to MyPBA access and authentication controls. (Page 20)
- **White Paper on Detecting Fraud and Improper Payments Involving Deceased Participants.** We issued a white paper to management with insights to more effectively detect improper payments involving deceased participants and beneficiaries and to reduce the risk of fraud that may occur as a result of such payments. (Page 20)
- Continued work on our **Deceased Participants Computer Matching Program.** In February 2017, our Office of Investigations initiated a computer matching program to identify PBGC benefits being paid to deceased participants. During this reporting period, we identified 33 such cases, which we referred to management for termination of benefits and recoupment. To date, we have identified 56 such cases. (Page 22)

# Background

## The Pension Benefit Guaranty Corporation

The Employee Retirement Income Security Act of 1974 established the Pension Benefit Guaranty Corporation (PBGC) within the U.S. Department of Labor to administer the pension insurance program. ERISA requires that PBGC: (1) encourage the continuation and maintenance of voluntary private pension plans, (2) provide for the timely and uninterrupted payment of pension benefits to participants and beneficiaries, and (3) maintain premiums at the lowest level consistent with carrying out PBGC's obligations.

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

PBGC faces significant, long-standing, and well-known risks. With the premium base declining as fewer employers offer defined benefit plans, both pension insurance programs face long-term funding challenges; but the financial condition of the multiemployer program is particularly dire. In 2003, the Government Accountability Office (GAO) designated the single-employer pension insurance program as high risk, and GAO added the multiemployer pension insurance program to its high-risk list in 2009. At the end of FY 2017, PBGC's net deficit in the combined programs was \$76 billion. PBGC's estimate of the reasonably possible exposure to loss in the single-employer program is \$238 billion; the reasonably possible exposure in the multiemployer program is \$14 billion. According to the PBGC FY 2016 Projections Report, the multiemployer pension insurance program is likely to run out of money by the end of FY 2025.

PBGC's governance structure is comprised of the Board of Directors, their Board Representatives, the Advisory Committee, a Presidentially-appointed and Senate-confirmed Director, and PBGC Executives. PBGC is also subject to Congressional oversight. Other elements of governance include PBGC's system of internal control, its clearly articulated authority under ERISA to act, and PBGC's operational policies and procedures. PBGC governance is complex and requires those who are charged with its oversight to view the

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<sup>1</sup> Unless otherwise cited, the figures contained in this section are actual or approximate amounts based on PBGC's 2017 Annual Report.

Corporation from different perspectives. Oversight by the PBGC Board, PBGC management, and OIG is critical to effective corporate governance.

## **The Office of Inspector General**

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

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

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

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

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

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

# Management Challenges

## Information Security

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

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

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

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

Continued focus and efforts are needed to ensure further improvements in PBGC's information security posture so that it can remain agile in the rapidly changing threat environment. The Corporation also needs to swiftly adopt the latest NIST federal security standards and OMB requirements.

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

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

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

PBGC continues to modernize its Participant Management Program IT systems, some of which are the subject of a number of open audit recommendations. Planned for the BCV system is a modernization project that will include multiple phases over a six-year period using the agile development methodology. According to OMB's ITdashboard.gov, total spending for FY 2017 was \$22.3 million, and 3 of 4 PBGC investment projects were behind schedule with schedule variances of nearly 60 percent.

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

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

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

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

## **Transparency and Accountability of Professional Services Contracting**

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

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

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

## In Focus

### PBGC Advisory Committee's Role in Oversight and Governance

Six times a year, members of PBGC's advisory committee gather to discuss and advise on significant issues facing the Corporation. The committee plays a major role, in particular, in oversight of PBGC's investment policies and performance.

By law, the advisory committee consists of seven members appointed, from among individuals recommended by the Board of Directors, by the President. Of the seven members, two represent the interests of employee organizations, two represent the interests of employers who maintain pension plans, and three represent the interests of the general public. The President shall designate one member as chairman at the time of the appointment of that member. The current chair is Robin L. Diamonte, who is the chief investment officer for United Technologies Corp., where she oversees \$51 billion in global retirement assets.

The Board's confidence in the current advisory committee is well-founded. Committee members and consultants bring demonstrated commitment and broad technical expertise representing a cross-section of interests. We commend the advisory committee's leadership in championing a liability-driven investment strategy and its ongoing monitoring of PBGC investment management activities.

From the IG point of view, the advisory committee plays a welcome and significant role in PBGC oversight and governance.

#### ***Advisory committee to the corporation***

*“(1) There is established an advisory committee to the corporation, for the purpose of advising the corporation as to its policies and procedures relating to (A) the appointment of trustees in termination proceedings, (B) investment of moneys, (C) whether plans being terminated should be liquidated immediately or continued in operation under a trustee, (D) such other issues as the corporation may request from time to time, and (E) other issues as determined appropriate by the advisory committee.”*

Title 29, U. S. Code Section 1302(h).

# Monitoring and Review of PBGC Operations and Control Environment

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

## Risk Management Activities

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

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

# Audits, Evaluations, and Reviews

## Summary of Performance

Management Decisions	
Open Recommendations	
Beginning of Period	84
Opened This Period	23
Closed This Period	34
Open Recommendations End of Period	73
Reports with Open Recommendations End of Period	23

## Financial Audits and Related Work

### Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements

*(AUD-2018-4/FA-17-119-1, issued November 15, 2017)*

<https://oig.pbqc.gov/pdfs/FA-17-119-1.pdf>

We contracted with the independent public accounting firm CliftonLarsonAllen LLP (CLA) and oversaw this audit. CLA determined the financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the US. This is the 25th consecutive unmodified financial statement audit opinion. PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2017. During this audit, we identified three serious internal control significant deficiencies in PBGC's programs and operations: (1) Controls over the Present Value of Future Benefit Liability, (2) Present Value of Nonrecoverable Future Financial Assistance, and (3) Access Controls and Configuration Management. We reported one instance of noncompliance or other matters required to be reported in accordance with Government Auditing Standards. As previously reported, in FY 2016, we found that the Corporation violated the Antideficiency Act due to its failure to record in full, all contractual obligations incurred in connection with its headquarters operating lease agreements. In FY 2017, PBGC General Counsel reported the violation to OMB and is currently awaiting a decision. During our inspection of the Field Benefit Administrators (FBA) lease agreements, we found that the Corporation may have violated the Antideficiency statute again in FY 2017. The Corporation did not perform a sufficient review of all operating leases to determine whether it complied with the Antideficiency Act provisions, as described in OMB Circular A - I I, Preparation, Submission and Execution of the Budget.

## **Report on Internal Control Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements Audit**

*(AUD-2018-6/FA-17-119-3), issued November 17, 2017*

<https://oig.pbqc.gov/pdfs/FA-17-119-3.pdf>

We issued this supplemental report to provide the details underlying the unmodified opinion on internal control over financial reporting that appeared in the internal control deficiencies section of the combined Independent Auditor's Report, dated November 15, 2017 (AUD-2018-4/FA-17-119-1). We reported:

- Internal control deficiencies in PBGC's programs and operations that include three significant deficiencies: (1) Controls over the Present Value of Future Benefit Liability, (2) Present Value of Nonrecoverable Future Financial Assistance, and (3) Access Controls and Configuration Management.
- PBGC strengthened its control environment by implementing management practices to mitigate control deficiencies reported in previous years. Further, management improved its current business processes to address specific financial reporting and information technology control deficiencies. However, management should continue to focus its efforts to resolve outstanding conditions.

## **FY 2017 Financial Statement Audit Management Letter Report**

*(AUD-2018-9/FA-17-119-4, issued January 16, 2018)*

<https://oig.pbqc.gov/pdfs/AUD-2018-9.pdf>

During the audit, our independent public accounting firm, CLA, identified certain matters related to PBGC's internal controls and operations that, while significant, are not of sufficient magnitude to impact the financial statement opinion and were not included in the report on internal controls dated November 17, 2017 (AUD-2018-6/FA-17-119-3). This management letter summarizes CLA's findings and recommendations regarding these matters and includes the status of prior years' management letter recommendations. PBGC management agreed with the new recommendations and provided planned corrective actions and estimated completion dates.

## **FY 2017 Vulnerability Assessment and Penetration Test Report**

*(EVAL-2018-2/FA-17-119-5, issued November 13, 2017)*

<https://oig.pbqc.gov/pdfs/FA-17-119-5.pdf>

During the financial statement audit, we assessed PBGC's information security infrastructure for technical weaknesses in PBGC's computer systems that may allow employees or outsiders to cause harm to, and/or impact, PBGC's business processes and information. Current year testing found weaknesses in the areas of vulnerability management, software support, authentication, malicious traffic detection, and data protection. This report includes seven new recommendations and three repeat recommendations. This work was conducted by CliftonLarsonAllen LLP under contract with the OIG. We have determined that this report is for official use only. The report detailing the vulnerability assessment has been redacted in its entirety because it contains privileged and confidential information.

## **FY 2017 Federal Information Security Modernization Act Independent Evaluation Report**

*(EVAL-2018-7/ FA-17-119-6, issued December 20, 2017)*

<https://oig.pbqc.gov/pdfs/FA-17-119-6.pdf>

This narrative report is a follow-up to our FY 2017 Federal Information Security Modernization Act (FISMA) submission to the Office of Management and Budget to provide findings and recommendations related to PBGC's information security program.

We contracted with CLA to perform an evaluation of PBGC's information security program as required by FISMA. CLA found the maturity level of four of the five functional areas at "Consistently Implemented" (Level 3) and one functional area at "Defined" (Level 2). PBGC made progress in improving its information security and privacy program, closing 11 of 30 open recommendations from prior years. However, FY 2017 weaknesses were noted in risk management, vulnerability and configuration management, identity and access management, information security continuous monitoring, and contingency planning. This report presents 24 recommendations, of which 4 are new. These recommendations are in addition to the FISMA-related recommendations made in the FY 2017 internal control report.

## **Performance Audits and Related Work**

### **DATA Act Implementation: Opportunities Exist to Improve Data Quality**

*(AUD-2018-1/PA-17-118, issued November 6, 2017)*

<https://oig.pbqc.gov/pdfs/AUD-2018-1.pdf>

We found that for FY 2017, second quarter submission, PBGC generally complied with DATA Act requirements for completeness, timeliness, quality, and accuracy of the data, including implementation and use of the government-wide financial data standards established by OMB and Treasury. However, we identified some inconsistencies, omissions and errors, which caused the information available to the public and Congress on Beta.USAspending.gov to not fully reflect PBGC's operations. We recommended PBGC develop and implement procedures

to ensure the completion of a quality control review of data files before each quarterly data submission and review information on Beta.USAspending.gov after publication for indications of errors and incompleteness. PBGC agreed with the recommendation and provided actions taken and corrective actions planned to strengthen quality control over data submission. PBGC planned to complete corrective action by the May 31, 2018 data submission.

## **Reviews and Special Reports**

### **Review of the Acquisition and Performance of Spectrum 4**

*(SR-2018-10), issued January 11, 2018)*

<https://oig.pbqc.gov/pdfs/SR-2018-10.pdf>

In summary, we received hotline complaints detailing concerns related to Spectrum 4's acquisition and performance. Spectrum is a web-based application that allows the Benefits Payment Division to manage customer pension benefits and data. Spectrum 4 was designed to eliminate legacy systems and consolidate data from other systems to send payment information to PBGC's paying agent. We initiated a limited scope review to determine the legitimacy and severity of these issues. We substantiated some of the issues, and they warrant management's attention. Specifically, we found the deployment of Spectrum 4 resulted in increased errors/variances, which required PBGC to release ten versions in attempts to fix the issues causing the errors.

We also found that the deployment of Spectrum 4 resulted in slower day-to-day functioning of the system. This slowness has impacted users' ability to complete tasks and frustrated users. In response to the issues we substantiated, we recommend that management perform and document an Integrated Product Team led "lessons learned."

### **FY 2017 Purchase Card Risk Assessment**

*(SR-2018-08, issued January 08, 2018)*

<https://oig.pbqc.gov/pdfs/SR-2018-08.pdf>

The Government Charge Card Abuse Prevention Act of 2012 requires Offices of Inspector General to, among other things, conduct periodic assessments of the government purchase card program to identify and analyze risks of illegal, improper, or erroneous purchases and payments. According to Office of Management and Budget memorandum M-13-21, this risk assessment should be performed annually. The purpose of this special report is to fulfill the requirements of the Act and OMB guidance. Generally, we found that PBGC has policies and procedures in place to address the requirements in the Act and has internal controls to assist in the monitoring of this program. Based on our review, we determined that the risk of illegal, improper, or erroneous purchases in PBGC's Purchase Card program is low. We concluded that an OIG audit of this program is not warranted at this time.

## **Risk Advisory on MyPBA Web Application Control Weaknesses**

*(RA-2018-03, Issued November 15, 2017)*

<https://oig.pbgc.gov/pdfs/RA-MyPBA-11-15-17.pdf>

We issued this risk advisory to report our concerns regarding control weaknesses within the MyPBA web application.

MyPBA is intended to reduce the call volume to the PBGC's Customer Contact Center. It has over 131,000 active accounts, and participants completed over 740,000 transactions in FY 2017. We found the MyPBA application: (1) operates without certain PBGC-standard access controls and identification and authentication controls, and (2) does not utilize multi-factor authentication to help protect the security of sensitive data and online transactions.

## **White Paper on Detecting Fraud and Improper Payments Involving Deceased Participants**

*(SR-2018-11, Issued March 9, 2018)*

<https://oig.pbgc.gov/pdfs/SR-3-9-18.pdf>

PBGC uses the Death Master File to identify deceased participants. Since February 2017, our Office of Investigations has identified through other data sources, 56 instances of improper payments or fraud involving deceased participants. PBGC can reduce its improper payment and fraud risk by examining the practices of other agencies, supplementing its use of the Death Master File with other data sources, and implementing additional controls.

## **On-Going Performance Audits and Related Work**

### **Evaluation of PBGC's FY 2017 Compliance with the Improper Payment Information Act**

*(Project No. PA-18-123, announced December 6, 2017)*

<https://oig.pbgc.gov/pdfs/Ann-PA-18-123.pdf>

We are conducting this evaluation to determine PBGC's FY 2017 compliance with the *Improper Payments Information Act of 2002*, as amended and expanded by the *Improper Payments Elimination and Recovery Act of 2010* and the *Improper Payments Elimination and Recovery Improvement Act of 2012*.

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

*(Project No. RV-18-126, announced January 2, 2018)*

<https://oig.pbqc.gov/pdfs/Ann-RV-18-126.pdf>

We are conducting this review to determine whether the award measures serve the purpose of the program and contribute to the efficiency and economy of PBGC operations.

## **Evaluation of Data Protection**

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

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

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

## **Evaluation of PBGC's Risk Mitigation and Early Warning Program**

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

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

We are conducting an evaluation to determine the program's effectiveness in achieving its desired results, and assessing the volume, nature, and causes of plan sponsor complaints concerning the program. This project has been suspended following staffing departures at the OIG. We plan to resume this project during the next reporting period.

# Investigative Activities

## Summary of Performance

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

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

### Ohio Man Pleads Guilty to Stealing PBGC Pension Benefits

In July 2017, a Warren, Ohio man was indicted by a federal grand jury for theft of government funds. This indictment was reported in a prior Semiannual Report to Congress. Allegedly, he fraudulently received approximately \$82,000 in benefits over 14 years from the PBGC. On January 30, 2018, the defendant pled guilty to one count of theft of government funds. We worked this case jointly with the Social Security Administration Office of the Inspector General and the United States Postal Inspection Service.

### Washington State Man Pleads Guilty to Computer Intrusion and Wire Fraud

In October 2017, a Washington State man pled guilty to two counts in U.S. District Court for the Eastern District of New York. Between June 2016 and October 2016, the defendant accessed a PBGC website and fraudulently attempted to obtain premium reimbursements totaling \$1.633 million for expenses related to three pension plans. The three plans for which the defendant requested reimbursements did not exist. PBGC detected the fraud before any payments were issued.

### Deceased Participants Program

We continued our efforts under this fraud detection/computer matching initiative. To date, we have identified 56 instances of improper payment or fraud relating to deceased participants. We identified 33 instances this reporting period. We initiated a computer matching program to identify PBGC benefits being paid to deceased participants. One case resulted in a guilty plea, and we referred 56 cases to the Office of Benefits Administration for termination of benefit payments and recoupment.

## **Senior Government Employee Substantiated Misconduct Investigations**

During this reporting period, we did not complete any investigation involving a senior Government employee<sup>2</sup> where we substantiated an allegation of misconduct.

## **Instances of Whistleblower Retaliation**

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

## **Congressional Requests**

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

## **Other OIG Statutory Reporting**

### **Access to Information**

Section 6(a) of the Inspector General Act grants the Inspector General access to all agency records, information, or assistance when engaged in an investigation or audit. Whenever access to requested records, information or assistance is unreasonably refused or not provided, the Inspector General must promptly report the denial to the agency head.

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

### **Interference with Independence**

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

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

## **Outstanding Management Comment and Unimplemented Recommendations**

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

## **Management Decisions**

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

## **Review of Proposed Statutory and Regulatory Changes**

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

## **Peer Review**

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

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

Our audit organization completed an external peer review of the Federal Housing Finance Agency Office of Inspector General and we issued our report on February 28, 2017. FHFA OIG received a peer review rating of pass.

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

## Restricted Access Audit, Inspection or Evaluation Reports

With limited exceptions, we post all audit, inspection and evaluation reports on our website within three days of issuing the final report to PBGC. We generally do not provide or post on our website the full text of reports that would disclose specific vulnerabilities that could be exploited; typically, such reports are IT-related.

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

The table below contains information on reports that we did not fully disclose to the public.

Report Number	Report Title	Issue Date	Summary
EVAL-2018-2	FY 2017 Vulnerability Assessment and Penetration Test Report	11/13/2017	We tested PBGC's information security infrastructure for technical weaknesses. PBGC has made some improvements. Current year testing found weaknesses in the areas of vulnerability management, software support, authentication, malicious traffic detection, and data protection.

# APPENDICES

## Cross-Reference to Reporting Requirements of the Inspector General Act

Inspector General Act Reference	Reporting Requirements	Page(s)
Section 4(a)(2)	Review of legislation and regulations.	24
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	11-21
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies.	11-21
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed.	30-31
Section 5(a)(4)	Matters referred to prosecutorial authorities.	22, 28
Section 5(a)(5)	Summary of instances in which information was refused.	23
Section 5(a)(6)	List of audit reports by subject matter, showing dollar value of questioned costs and recommendations that funds be put to better use.	32-33
Section 5(a)(7)	Summary of each particularly significant report.	7-8, 16-21
Section 5(a)(8)	Statistical table showing number of reports and dollar value of questioned costs.	32-33
Section 5(a)(9)	Statistical table showing number of reports and dollar value of recommendations that funds be put to better use.	32-33
Section 5(a)(10)	Summaries of each audit, inspection, and evaluation report issued (1) for which no management comment was returned within 60 days of being provided with the report, and (2) for which there are outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations.	24
Section 5(a)(11)	Significant revised management decisions.	24
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees.	24
Section 5(a)(14)	Results of peer review.	24
Section 5(a)(15)	Outstanding recommendations from any peer review conducted by another OIG.	24
Section 5(a)(16)	Any peer reviews performed of another OIG.	24
Section 5(a)(17)	Statistical table showing, during that reporting period, the: <ul style="list-style-type: none"> <li>• Number of investigative reports issued,</li> <li>• Number of persons referred to DOJ for criminal prosecution,</li> <li>• Number of persons referred to state and local authorities for criminal prosecution,</li> <li>• Number of criminal indictments and criminal informations resulting from any prior referrals to prospective authorities.</li> </ul>	28-29
Section 5(a)(18)	A description of the metrics used to develop the data for the statistical tables in (a)(17).	29

Section 5(a)(19)	<p>A detailed description of each investigation involving a senior Government employee where allegations of misconduct were substantiated, including:</p> <ul style="list-style-type: none"> <li>• A detailed description of the facts and circumstances of the investigation; and</li> <li>• A detailed description of the status and disposition of the matter, including, if referred to DOJ, the date of referral and, if declined by DOJ, the date of declination.</li> </ul>	23
Section 5(a)(20)	<p>A detailed description of any instance of whistleblower retaliation, including:</p> <ul style="list-style-type: none"> <li>• information about the official found to have engaged in retaliation, and</li> <li>• the consequences the agency imposed to hold the official accountable.</li> </ul>	23
Section 5(a)(21)	<p>A detailed description of any attempt by the establishment to interfere with the independence of the OIG, including:</p> <ul style="list-style-type: none"> <li>• with budget constraints designed to limit OIG capabilities; and</li> <li>• incidents where the establishment has resisted OIG oversight or delayed OIG access to information, including the justification of the establishment for such action.</li> </ul>	23
Section 5(a)(22)	<p>A detailed description of the particular circumstances of each:</p> <ul style="list-style-type: none"> <li>• inspection, evaluation, and audit conducted by the OIG that is closed and was not publicly disclosed, and</li> <li>• investigation conducted by the OIG involving a senior Government employee that is closed and was not disclosed to the public.</li> </ul>	25

## Statistical Summary of Audit and Investigative Activities

For the Six-Month Period Ending March 31, 2018

<b>Audits/Inspections/Evaluations Issued</b>			
Number of Reports <sup>3</sup>	7		
Number of Recommendations	22		
<b>Special Reports Issued</b>			
Number of Reports	4		
Number of Recommendations	1		
<b>Investigative Reports Issued</b>			
Number of Reports	1		
Number of Recommendations	0		
<b>Management Decisions</b>			
Open Recommendations Beginning of Period	84		
Opened This Period	23		
Closed This Period	34		
Open Recommendations End of Period	73		
Reports with Open Recommendations End of Period	23		
<b>Investigative Workload</b>			
Investigations Opened	15		
Investigations Closed	11		
<b>Persons Referred for Prosecution</b>		Federal Prosecutions	State or Local Prosecutions
Presented	7	0	
Accepted	3	0	
Declined	4	0	
<b>Criminal Actions</b>		Federal Prosecutions	State or Local Prosecutions
Indictments	0	0	
Informations	0	0	
Convictions	2	0	
Sentencings	0	0	

<sup>3</sup> The Audit of Pension Benefit Guaranty Corporation's Financial Statement Closing Package for Fiscal Years 2017 and 2016 is not included in the *Financial Audits and Related Work* section (page 16) due to the report's standard nature.

<b>Financial Recoveries</b>	<b>Federal Prosecutions</b>	<b>State or Local Prosecutions</b>
Court Ordered Fines, Penalties, and Restitution and Administrative Recoveries	\$0	\$0

  

<b>Administrative Actions</b>	
Action Referrals	2

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

- The number of investigative reports issued is based on investigative reports we issued to management for action. This number does not include any investigations that were closed without a referral to management for action.
- The number of persons referred for prosecution includes any person or corporation that was referred to DOJ, state, or local authorities for consideration of criminal prosecution.
- The number of criminal actions includes indictments, informations, convictions and sentencings brought against a person or corporation based on prior referrals to prospective authorities.



<p>2015-03/FA-14-101-3  Report on Internal Controls  Related to the Pension  Benefit Guaranty  Corporation's Fiscal Year  2014 and 2013 Financial  Statements Audit  11/14/2011</p>	<p>1</p>	<p>Controls over  Premium Income</p>	<p>PBGC needs to  operate effective  control activities over  the recording of  premium income.</p>
<p>2016-08/PA-15-107 Audit of  the Effectiveness of PBGC's  Governance of Internal  Control</p>	<p>1</p>	<p>Risk Assessment</p>	<p>PBGC needs to  require participation in  the entity-wide risk  assessment for all  significant program  areas.</p>

## Results of Reports Issued

For the Six-Month Period Ending March 31, 2018

Results	Number of Reports	Questioned Costs	Unsupported Costs	Funds Put to Better Use
A. For which no management decision had been made by the commencement of the reporting period.	0	\$0	\$0	\$0
B. Which were issued during the reporting period.	11			
DATA Act Implementation: Opportunities Exist to Improve Data Quality		\$0	\$0	\$0
Fiscal Year (FY) 2017 Vulnerability Assessment and Penetration Test Report		\$0	\$0	\$0
Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statement		\$0	\$0	\$0
Audit of Pension Benefit Guaranty Corporation's Financial Statement Closing Package for Fiscal Years 2017 and 2016 <sup>4</sup>		\$0	\$0	\$0
Risk Advisory-MyPBA Web Application Control Weakness		\$0	\$0	\$0
Report on the Internal Control Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements Audit		\$0	\$0	\$0
FY 2017 Federal Information Security Modernization Act Independent Evaluation Report		\$0	\$0	\$0
FY 2017 Purchase Card Risk Assessment		\$0	\$0	\$0
Review of the Acquisition and Performance of Spectrum 4		\$0	\$0	\$0
Pension Benefit Guaranty Corporation's FY 2017 Financial Statement Audit Management Letter Report		\$0	\$0	\$0
Detecting Fraud and Improper Payments Involving Deceased Participants		\$0	\$0	\$0
Total (Add A. & B.)	11			
C. For which a management decision was made during the reporting period	0			

<sup>4</sup> This report was not included in the *Financial Audits and Related Work* section (page 16) due to the report's standard nature.

(i) dollar value of disallowed costs.		\$0	\$0	\$0
(ii) dollar value of costs not disallowed.		\$0	\$0	\$0
D. For which no management decision had been made by the end of the reporting period.		\$0	\$0	\$0
E. For which no management decision was made within six months of issuance.		\$0	\$0	\$0

## Summary of PBGC Open Recommendations

As of March 31, 2018

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

7	FISMA-15-01	2/19/2016	<b>Fiscal Year 2015 Federal Information Security Modernization Act Final Report</b> Fully implement Splunk Enterprise in PBGC, including its Security Information and Event Management capability.
8	FISMA-15-02	2/19/2016	<b>Fiscal Year 2015 Federal Information Security Modernization Act Final Report</b> Require system owners to fully implement Splunk Enterprise for PBGC major applications.
9	FISMA-15-05	2/19/2016	<b>Fiscal Year 2015 Federal Information Security Modernization Act Final Report</b> Perform scheduled credentialed scans to include all the systems and update PBGC policies and procedures to require regular credentialed scans.
10	FISMA-16-03	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> Implement quarterly reviews of the "Status and Archive" to verify system authorization artifacts and information are stored within Cyber Security Assessment and Management.
11	FISMA-16-04	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> Update PBGC policy to clarify the requirements for maintaining the Plan of Action and Milestones and Security Assessment Report generated for the authorization to operate package.
12	FISMA-16-05	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> Update the Risk Management Framework Process to clearly state where system security documentation and artifacts are required to be loaded into CSAM.
13	FISMA-16-08	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> Update the Information Security Risk Management Framework Process to refer to the Cybersecurity and Privacy Catalog for the requirements for a risk assessment.
14	FISMA-16-10	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should enhance the review process to ensure the completion of the PBGC Separation Form 169/C and annotate when completion is not required.

15	FISMA-16-11	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should provide training to Federal Managers and Contracting Officer Representatives to ensure adherence to PBGC policy during the separation process for timely completion of the Separation Form 169/C and initiation of separation requests in the "GetIT" system.
16	FISMA-16-12	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should enhance the process for removing separated and inactive accounts to include applications, not just Active Directory.
17	FISMA-16-14	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should assign a senior organizational official and develop and implement an insider threat detection and prevention program.
18	FISMA-16-15	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> As required by FISMA, PBGC should complete a Business Impact Analysis in accordance with NIST guidance.
19	FISMA-16-16	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should use its Business Impact Analysis in determining the categorization and recovery time objective of the Pension Lump Sum Application.
20	FISMA-16-17	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should ensure that security definitions across its systems and documentation are consistent.
21	FISMA-16-18	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should ensure that security documentation do not contradict each other and are consistent with its policy.
22	FISMA-16-19	3/22/2017	<b>Fiscal Year 2016 Federal Information Security Modernization Act Independent Evaluation Report</b> PBGC should develop and implement processes and procedures for effective communication of its security policies and processes.

23	FISMA-17-01	12/20/2017	<p><b>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report</b></p> <p>Revise the processes and procedures of the continuous monitoring program to consistently enforce the review, update, and uploading of all required security assessment and authorization documentation for each system before the documentation expires.</p>
24	FISMA-17-02	12/20/2017	<p><b>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report</b></p> <p>Complete the update of control implementation statements to reflect NIST SP 800-53, Revision 4, revise the inheritance of common controls, and conduct an assessment of all controls in accordance with assessment schedules using NIST SP 800-53, Revision 4.</p>
25	FISMA-17-03	12/20/2017	<p><b>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report</b></p> <p>Document and implement enhanced process and procedures to effectively track and remediate known vulnerabilities in a timely manner.</p>
26	FISMA-17-04	12/20/2017	<p><b>Fiscal Year 2017 Federal Information Security Modernization Act Independent Evaluation Report</b></p> <p>PBGC should implement effective process and procedures to ensure the secure configuration of web servers in accordance with the established configuration baselines and document deviations to the established baselines on an as needed basis.</p>
27	FOD-403	11/6/2017	<p><b>Data Act Implementation: Opportunities Exist to Improve Data Quality</b></p> <p>Develop and implement procedures to ensure a quality control review of Files C, D1 and D2 is completed before each quarterly data submission and review Beta.USAspending.gov after publication for indications of errors and incompleteness.</p>
28	FOD-404	1/16/2018	<p><b>Fiscal Year 2017 Financial Statement Audit Management Letter Report</b></p> <p>FOD should develop and implement procedures for the Business Owner to obtain the signed Rules of Behavior from users and acknowledge completion prior to the Financial Systems Branch administrators granting access to FOD applications.</p>
29	FOD-405	1/16/2018	<p><b>Fiscal Year 2017 Financial Statement Audit Management Letter Report</b></p> <p>Revise the Financial Management Applications Security Procedures to clearly state that system access should not</p>

			be provided without the most recent version of the Rules of Behavior on file.
30	FS-07-14	11/15/2007	<b>Limited Disclosure Report on Internal Controls-PBGC's FY 2007 and 2006 Financial Statements Audit</b> Implement controls to remedy vulnerabilities noted in key databases and applications include weaknesses in configuration, roles, privileges, auditing, file permissions, and operating systems access.
31	FS-07-17	11/15/2007	<b>Limited Disclosure Report on Internal Controls-PBGC's FY 2007 and 2006 Financial Statements Audit</b> Implement a logging and monitoring process for application security related events and critical system modifications.
32	FS-13-02	11/15/2013	<b>Report on Internal Controls Related to the Pension Benefit Guaranty Corporations' Fiscal 2013 and 2012 Financial Statements Audit</b> PBGC should develop and implement improvements to the BAPD Systems (Spectrum and the Integrated Present Value of Future Benefits (IPVFB)) systems to: Record and value separate benefit components payable under different annuity forms; Record and value anticipated future benefit amount changes; Value temporary joint and survivorship (J&S) benefits.
33	FS-14-12	3/21/2014	<b>Fiscal Year 2013 Federal Information Security Management Act Final Report</b> Assess and document the adequacy of PBGC's current data loss prevention controls in place and determine if additional controls are needed based on cost and risk.
34	FS-14-15	11/14/2014	<b>Report of Internal Controls related to the PBGC's Reporting for FY 2014 and FY 2013 Financial Statements Audit</b> FOD should perform a comprehensive analysis of key data inputs (e.g., participant count, market value, etc.) between Form 5500 and Comprehensive Premium Filing to identify significant variances. In addition, management should develop a risk analysis that focuses on evaluating the underlying causes of the significant variances identified from the comprehensive analysis and assess the potential impact to the completeness assertion for premiums.
35	FS-14-41	11/14/2014	<b>Report of Internal Controls related to the PBGC's Reporting for FY 2014 and FY 2013 Financial Statements Audit</b> The Actuarial Services Division/BAPD should undertake a consolidation and codification of its technical procedures

			and actuarial practices into a single documentation source for single employer plan valuations.
36	FS-14-42	11/14/2014	<p><b>Report of Internal Controls related to the PBGC's Reporting for FY 2014 and FY 2013 Financial Statements Audit</b></p> <p>The Actuarial Services Division/BAPD should undertake a consolidation and codification of its technical procedures and actuarial practices into a single documentation source for multiemployer plan valuations.</p>
37	FS-15-04	11/13/2015	<p><b>Report on Internal Controls Related to the Pension Benefit Guaranty Corporation's Fiscal Year 2015 and 2014 Financial Statement Audit</b></p> <p>Complete the implementation of NIST SP 800-53, Revision 4 controls for common controls, remediation of common controls weaknesses, and make available to system owners in Cyber Security Assessment and Management for appropriate inclusion in their system security plans.</p>
38	FS-16-03	11/15/2016	<p><b>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</b></p> <p>Implement corrective action to address root cause of data entry and inaccurate use of plan data provisions.</p>
39	FS-16-05	11/15/2016	<p><b>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</b></p> <p>Consider methods of calculating, reviewing, and documenting plan level adjustments to the IPVFB inputs in order to take individual plan conditions into account.</p>
40	FS-16-06	11/15/2016	<p><b>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</b></p> <p>Refine current quality control review procedures to effectively minimize data input errors.</p>
41	FS-16-07	11/15/2016	<p><b>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</b></p> <p>Fully implement controls to plan, remove and decommission unsupported systems and databases.</p>
42	FS-16-08	11/15/2016	<p><b>Report on Internal Controls Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2016 and 2015 Financial Statements</b></p> <p>Develop and implement plan of action for addressing known security weaknesses.</p>

43	FS-17-01	11/17/2017	<p><b>Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</b></p> <p>Promptly correct the errors in its calculations identified by the auditors during the FY 2017 audit.</p>
44	FS-17-02	11/17/2017	<p><b>Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</b></p> <p>Create and implement plans to complete all OMB M-15-13 requirements.</p>
45	FS-17-03	11/17/2017	<p><b>Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</b></p> <p>Perform a risk-based assessment and implement compensating controls for Federal Information Processing Standards 140-2 non-compliance and non-encryption of data in moderate-impact systems.</p>
46	FS-17-04	11/17/2017	<p><b>Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</b></p> <p>Complete the assessment of the technical feasibility of encrypting all NIST Federal Information Processing Standards Publication 199 moderate-impact information at rest and in transit and determine whether encryption would demonstrably affect PBGC's ability to carry out its mission, function, or operations.</p>
47	FS-17-05	11/17/2017	<p><b>Report on Internal Control Related to the Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2017 and 2016 Financial Statements</b></p> <p>OBA should document enhanced account management procedures to ensure a thorough review of accounts is performed during the annual account recertification and that necessary accounts are recertified, and implement compensating controls to verify inactive accounts are deactivated in accordance with PBGC policy.</p>
48	NRAD-07	2/2/2017	<p><b>Fiscal Year 2016 Financial Statement Audit Management Letter Report</b></p> <p>NRAD should strengthen its quality control review process to verify that all key data is properly entered, and the liability is properly calculated.</p>
49	NRAD-08	1/16/2018	<p><b>Fiscal Year 2017 Financial Statement Audit Management Letter Report</b></p> <p>The Negotiations and Restructuring Actuarial Division should correct the adjustment factor table selected for sample 15 (Federal-Mogul Corporation Pension Plan).</p>

50	OBA-02	2/2/2017	<b>Fiscal Year 2016 Financial Statement Audit Management Letter Report</b> Perform on a monthly basis, a documented independent verification of the benefit payment controls to confirm that management's objectives are accomplished.
51	OBA-03	1/11/2018	<b>Review of the Acquisition and Performance of Spectrum 4</b> Perform and document an Integrated Product Team led "lessons learned."
52	OIT-117R	5/16/2013	<b>FY-2012 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
53	OIT-121R	5/16/2013	<b>FY-2012 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
54	OIT-128R	1/9/2014	<b>Fiscal Year 2013 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
55	OIT-133R	3/30/2015	<b>OITs Fiscal Year 2014 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
56	OIT-139R	3/30/2015	<b>OITs Fiscal Year 2014 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
57	OIT-154R	12/11/2015	<b>Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.

58	OIT-155R	12/11/2015	<b>Fiscal Year 2015 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
59	OIT-157R	2/22/2017	<b>Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
60	OIT-158R	2/22/2017	<b>Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
61	OIT-159R	2/22/2017	<b>Fiscal Year 2016 Vulnerability Assessment and Penetration Testing Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
62	OIT-160R	11/13/2017	<b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
63	OIT-161R	11/13/2017	<b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
64	OIT-162R	11/13/2017	<b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.
65	OIT-163R	11/13/2017	<b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b> Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.

66	OIT-164R	11/13/2017	<p><b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b></p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
67	OIT-165R	11/13/2017	<p><b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b></p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
68	OIT-166R	11/13/2017	<p><b>Fiscal Year 2017 Vulnerability Assessment and Penetration Test Report (RESTRICTED DISCLOSURE)</b></p> <p>Recommendation text omitted to protect exploitation of vulnerability; report is restricted disclosure.</p>
69	PRAD-02	1/30/2015	<p><b>PBGC Compliance with MAP-21 Still a Work in Progress</b></p> <p>Conduct a strategic review of the Policy, Research and Analysis Department's (PRAD) business process, observing and documenting work for all actuarial work products developed by PRAD staff and contractors. PRAD should use the results of the review as a foundation for the QAP Manual, identifying critical control points, which can be used by management to ensure procedures which promote standard application of work and effective quality review, and which ensure identification of all federal records.</p>
70	PRAD-03	1/30/2015	<p><b>PBGC Compliance with MAP-21 Still a Work in Progress</b></p> <p>Once business processes are reviewed to identify control points, augment the PRAD QAP Manual and associated documentation to detail steps used in the performance of all modeling and actuarial work, so that actuarial work products can be reproduced and undergo effective and well-documented quality review. The QAP Manual should include review and oversight methods for consistent use and enforcement of procedures, appropriate approval, and escalation of issues identified.</p>
71	PRAD-05	1/30/2015	<p><b>PBGC Compliance with MAP-21 Still a Work in Progress</b></p> <p>Modify the PRAD Manual to require that all actuarial work and modeling products are completed in accordance with actuarial standards, internal PBGC policies, and federal records management and internal control requirements.</p>

72	PRAD-08	1/30/2015	<p><b>PBGC Compliance with MAP-21 Still a Work in Progress</b></p> <p>PRAD should work with WSD and OIT to assess and implement access controls for actuarial information throughout the entire actuarial reporting process, and incorporate where actuarial records are created, developed and identified, in accordance with federal regulations and PBGC policies and procedures.</p>
73	RMO-01	6/9/2016	<p><b>Audit of the Effectiveness of PBGC's Governance of Internal Control</b></p> <p>Require participation in the entity-wide risk assessment for all significant program areas, and update and align risk assessment policy and guidance so that risks which are distinctive to PBGC's program areas are identified and analyzed and substantively discussed among PBGC leaders.</p>

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

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