



PENSION BENEFIT GUARANTY CORPORATION

Semiannual Report to the Congress

Management's Response to the OIG Semiannual Report:

April 1, 2019 to September 30, 2019

PENSION BENEFIT GUARANTY CORPORATION

SEMIANNUAL REPORT TO THE CONGRESS

The Pension Benefit Guaranty Corporation (PBGC) is resolute in our mission to improve the retirement security for millions of America's workers and retirees.

Through its dedicated, independent work, PBGC's Office of Inspector General (OIG) is fundamental to our continued success in serving the public. During this reporting period, PBGC has been working diligently to address the OIG recommendations. We continue to focus on information security, the modernization of PBGC's key benefits-related information technology systems, and the transparency and accountability of our professional services contracting, which the OIG has cited as management challenges.

Management continues to take steps to improve the control environment to reduce the risk associated with the potential unauthorized use of personally identifiable information. During the reporting period, management instituted a formal Insider Threat Program and deployed technology to detect, prevent, and mitigate access to critical PBGC data.

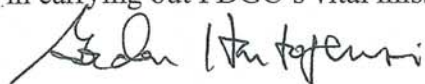
Over the last 45 years, PBGC has worked diligently to preserve plans, protect plan participants, and ensure that participants in trusted plans and their beneficiaries receive timely, uninterrupted benefits. Last year, PBGC attained its 26th consecutive unmodified audit opinion, and maintained, in all material respects, effective internal control over financial reporting.

Building on our record of promoting stewardship and accountability, PBGC places a great emphasis on internal controls. We continue to make significant progress in implementing the latest update to the Office of Management and Budget's Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* including *Appendix A, Management of Reporting and Data Integrity Risk*. We appreciate the Inspector General's recognition of PBGC's Internal Control Committee's (ICC) efforts to strengthen internal control across the Corporation and to reduce the number of open audit recommendations. Our Risk Management Council (RMC), chaired by PBGC's Risk Management Officer, met frequently through the reporting period as well. As our Enterprise Risk Management Program matures, we are better able to identify, prioritize, and manage risks facing PBGC.

Table 1 presents resolved audit reports issued prior to September 30, 2018, which contain recommendations that remain open. I am pleased to report that PBGC has closed more than 76 percent of the recommendations in these reports. Table 2 details OIG reports requiring final action.

In addition to our continued focus on internal controls to address the important issues raised by our OIG, I remain keenly focused on the risks facing PBGC insurance programs, particularly with respect to the Multiemployer Insurance Program, which continue to be reported in the Government Accountability Office's High Risk List.

Our work with the Congress, the PBGC Board of Directors, and our Office of Inspector General is critical in carrying out PBGC's vital mission.



Gordon Hartogenesis
Director

Table 1

**Management Statement on Resolved Audit Reports Over Twelve Months Old
With Final Action Pending as of September 30, 2019**

Date Issued	Report No.	Title of Report	Status of Management Actions
11/15/2007	2008-2	Report on Internal Controls PBGC's FY 2007 and 2006 Financial Statement Audit	Of the 18 recommendations included in the report, 16 were closed. The two remaining recommendations have been submitted to the OIG for closure.
5/16/2013	2013-7	FY 2012 Vulnerability Assessment and Penetration Testing Report	Of the five recommendations included in the report, four were closed. The remaining recommendation has been submitted to the OIG for closure.
1/9/2014	2014-6	FY 2013 Vulnerability Assessment and Penetration Testing Report	Of the seven recommendations included in the report, six were closed. The remaining recommendation has been submitted to the OIG for closure.
3/21/2014	2014-9	FY 2013 Federal Information Security Management Act Independent Evaluation Report	Of the 18 recommendations included in the report, 17 were closed. The remaining recommendation has been submitted to the OIG for closure.
3/30/2015	2015-7	FY 2014 Vulnerability Assessment and Penetration Testing Report	Of the 14 recommendations included in the report, 12 were closed. The two remaining recommendations have been submitted to the OIG for closure.
5/6/2015	2015-9	FY 2014 Federal Information Security Management Act Independent Evaluation Report	Of the 21 recommendations included in the report, 20 were closed. The remaining recommendation is in process.
12/11/2015	2016-1	FY 2015 Vulnerability Assessment and Penetration Testing Report	Of the six recommendations included in the report, four were closed. Of the two remaining recommendations, one has been submitted to the OIG for closure and one remains in process.

Table 1

**Management Statement on Resolved Audit Reports Over Twelve Months Old
With Final Action Pending as of September 30, 2019**

Date Issued	Report No.	Title of Report	Status of Management Actions
11/13/2015	2016-3	Report on Internal Controls Related to the PBGC's FY 2015 and 2014 Financial Statement Audit	Of the five recommendations included in the report, four were closed. The remaining recommendation is in process.
2/19/2016	2016-7	FY 2015 Federal Information Security Modernization Act Final Report	Of the eight recommendations included in the report, five were closed. The three remaining recommendations have been submitted to the OIG for closure.
11/15/2016	2017-3	Report on Internal Controls Related to the PBGC's FY 2016 and 2015 Financial Statements Audit	Of the five recommendations included in the report, two were closed. The three remaining recommendations have been submitted to the OIG for closure.
1/18/2017	2017-6	PBGC's FY 2016 Financial Statement Audit Management Letter Report	Of the nine recommendations included in the report, five were closed. Of the four remaining recommendations, one has been submitted to the OIG for closure and three remain in process.
02/22/2017	2017-8	FY 2016 Vulnerability Assessment and Penetration Testing Report	Of the three recommendations included in the report, two recommendations were submitted to the OIG for closure. Subsequent to the reporting period, the third recommendation was submitted to the OIG for closure.
03/22/2017	2017-9	FY 2016 Federal Information Security Modernization Act Independent Evaluation Report	Of the 20 recommendations included in the report, 19 were closed. The remaining recommendation remains in process.
11/13/2017	2018-2	FY 2017 Vulnerability Assessment and Penetration Testing Report	Of the seven recommendations included in the report, one has been closed. Of the six remaining recommendations, five have been submitted to the OIG for closure and one remains in process.
11/17/2017	2018-6	Report on Internal Control Related to the PBGC's FY 2017 & 2016 Financial Statement Audit	Of the five recommendations in the report, three have been closed. The remaining two recommendations have been submitted to the OIG for closure.

Table 1

**Management Statement on Resolved Audit Reports Over Twelve Months Old
With Final Action Pending as of September 30, 2019**

Date Issued	Report No.	Title of Report	Status of Management Actions
12/20/2017	2018-7	FY 2017 Federal Information Security Modernization Act Independent Evaluation Report	Of the four recommendations in the report, all have been submitted to the OIG for closure.
01/16/2018	2018-9	FY 2017 Financial Statement Audit Management Letter Report	Of the five recommendations in the report, three have been closed and two remain in process.

Table 2

**Management Statement on OIG Reports Requiring Final Action For the
Period Ending September 30, 2019**

Ref. Title 5 (b)(2)(A)-(D)	Number of Reports	Disallowed Costs	Funds Put to Better Use
A. For which final action had not been taken by the commencement of the reporting period.	24	\$ -	\$ -
B. For which management decisions were made during the reporting period.	5*	\$ -	\$ -
For which final action had been taken by the end of the reporting period, including--- i. dollar value of disallowed costs that were recovered by management ii. dollar value of disallowed costs that were written off by management C. iii. dollar value of recommendations that were actually completed iv. dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed No. of reports for which final action was taken during the period.	1	\$ -	\$ -
D. For which no final action has been made by the end of the reporting period.	28	\$ -	\$ -

* During the reporting period, the OIG issued six (6) audit reports; only five (5) reports contained audit recommendations.