

FY 2024

CONGRESSIONAL BUDGET JUSTIFICATION

PENSION BENEFIT GUARANTY CORPORATION

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PENSION BENEFIT GUARANTY CORPORATION

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PENSION BENEFIT GUARANTY CORPORATION

APPROPRIATION LANGUAGE

PENSION BENEFIT GUARANTY CORPORATION FUND

The Pension Benefit Guaranty Corporation (“Corporation”) is authorized to make such expenditures, including financial assistance authorized by subtitle E of title IV of the Employee Retirement Income Security Act of 1974, within limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, as may be necessary in carrying out the program, including associated administrative expenses, through September 30, [2023] 2024, for the Corporation: *Provided*, That none of the funds available to the Corporation for fiscal year [2023] 2024 shall be available for obligations for administrative expenses in excess of [\$493,314,000] \$512,900,000: *Provided further*, That to the extent that the number of new plan participants in plans terminated by the Corporation exceeds 100,000 in fiscal year [2023] 2024, an amount not to exceed an additional \$9,200,000 shall be available through September 30, [2027] 2028, for obligations for administrative expenses for every 20,000 additional terminated participants: *Provided further*, That obligations in excess of the amounts provided for administrative expenses in this paragraph may be incurred and shall be available through September 30, [2027] 2028 for obligation for unforeseen and extraordinary pre-termination or termination expenses or extraordinary multiemployer program related expenses after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate: *Provided further*, That an additional amount shall be available for obligation through September 30, [2027] 2028, to the extent the Corporation’s costs exceed \$250,000 for the provision of credit or identity monitoring to affected individuals upon suffering a security incident or privacy breach, not to exceed an additional \$100 per affected individual. (*Department of Labor Appropriations Act, 2023.*)

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2022 Revised Enacted		FY 2023 Revised Enacted		FY 2024 Request	
	FTE ¹	Amount	FTE	Amount	FTE	Amount
A. Appropriation						
Consolidated Administrative Activities ²	968	\$465,003	955	\$484,720	970	\$512,900
Total Administrative Activities	968	\$465,003	955	\$484,720	970	\$512,900
Program Activities						
Investment Management Fees Program	0	\$138,000	0	\$139,800	0	\$139,800
Single-Employer Program Benefit Payments	0	\$7,140,000	0	\$8,009,000	0	\$7,419,000
Multiemployer Program Financial Assistance for Insolvent Plans	0	\$270,000	0	\$239,000	0	\$197,000
Total Program Activities	0	\$7,548,000	0	\$8,387,800	0	\$7,755,800
Total Program and Administrative Activities	968	\$8,013,003	955	\$8,872,520	970	\$8,268,700
American Rescue Plan Act of 2021 (ARP)						
Multiemployer - Special Financial Assistance	0	\$55,000,000	0	\$55,260,000	0	\$13,966,000
Multiemployer - Special Financial Assistance - Admin Expenses	44	\$26,593	48	\$33,907	48	\$15,000
Total ARP Funding	44	\$55,026,593	48	\$55,293,907	48	\$13,981,000
Offsetting Collections:						
Interest on Federal Securities	0	\$1,275,000	0	\$2,816,000	0	\$3,240,000
Premium Receipts	0	\$5,012,000	0	\$5,356,000	0	\$5,931,000
Benefit Payment Reimbursements	0	\$5,575,000	0	\$5,800,000	0	\$7,026,000
Investment Management Fees Program	0	\$138,000	0	\$139,800	0	\$139,800
Trust Fund for Administrative Expenses ³	0	\$447,000	0	\$483,200	0	\$499,200
Mandatory BA anticipated collection, reimbursable ⁴	0	\$250	0	\$250	0	\$250
Loan Repayments - MPRA	0	\$378,000	0	\$300,000	0	\$0
<i>Subtotal, Offsetting Collections</i>	<i>0</i>	<i>\$12,825,250</i>	<i>0</i>	<i>\$14,895,250</i>	<i>0</i>	<i>\$16,836,250</i>
B. Gross Budget Authority	1,012	\$75,864,846	1,003	\$79,061,677	1,018	\$39,085,950
Offsetting Collections:						
Interest on Federal Securities	0	-\$1,275,000	0	-\$2,816,000	0	-\$3,240,000
Premium Receipts	0	-\$5,012,000	0	-\$5,356,000	0	-\$5,931,000
Benefits Payment Reimbursements	0	-\$5,575,000	0	-\$5,800,000	0	-\$7,026,000
Investment Management Fees Program	0	-\$138,000	0	-\$139,800	0	-\$139,800
Administrative Expenses	0	-\$447,000	0	-\$483,200	0	-\$499,200
Mandatory BA anticipated collection, reimbursable	0	-\$250	0	-\$250	0	-\$250
Loan Repayments - MPRA	0	-\$378,000	0	-\$300,000	0	\$0

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<i>Subtotal, Offsetting Collections</i>	0	-\$12,825,250	0	-\$14,895,250	0	-\$16,836,250
<i>Subtotal, ARP Funding</i>	-44	-\$55,026,593	-48	-\$55,293,907	-48	-\$13,981,000
C. Obligating Authority Before Committee	968	\$465,003	955	\$484,720	970	\$512,900
D. Total Budgetary Resources	1,012	\$63,039,596	1,003	\$64,166,427	1,018	\$22,249,700
FTE Lapse and Unobligated Balance ⁵	-69	-\$47,467,270	0	\$0	0	\$0
E. Total, Estimated Obligations (including ARP)	943	\$15,572,326	1,003	\$64,166,427	1,018	\$22,249,700

¹ FY 2022 reflects FTE authorization and utilization.

² FY 2022 and FY 2023 reflect sequestration reductions for mandatory accounts pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

³ The single-employer trust fund is the only remaining source of trust fund reimbursements to the revolving fund to cover administrative expenses. The Single-Employer and Multiemployer Insurance Programs are, by law, operated and financed separately. The assets from one program cannot be used to support the other. The multiemployer portion that is not reimbursed represents an outlay from the PBGC's revolving fund.

⁴ Anticipated collections represent budgetary resources from a reimbursable interagency agreement with the U.S. Department of the Treasury.

⁵ Unobligated Balance includes \$47,459,329,000 of ARP funding.

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2023 Revised Enacted	FY 2024 Request	Net Change
Obligational Authority			
Program Activities	\$8,387,800	\$7,755,800	-\$632,000
Administrative Activities	\$484,720	\$512,900	+\$28,180
Total	\$8,872,520	\$8,268,700	-\$603,820
Full Time Equivalents			
Program Activities	0	0	0
Administrative Activities	955	970	15
Total	955	970	15

Explanation of Change	FY 2024 Change							
	FY 2023 Base		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	955	\$134,358	0	\$6,413	0	\$0	0	\$6,413
Personnel benefits	0	\$47,532	0	\$2,297	0	\$0	0	\$2,297
One day less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$40	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$998	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,683	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$917	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$4,842	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$112	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$139,800	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$270,204	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$15,000	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$930	0	\$0	0	\$0	0	\$0
Equipment	0	\$4,104	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$8,009,000	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$239,000	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	955	+\$8,872,520	0	+\$8,710	0	\$0	0	+\$8,710
B. Programs:								

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Explanation of Change	FY 2024 Change							
	FY 2023 Base		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Mandates that Deliver Secure Federal Services	0	\$10,361	0	\$10,361	0	\$0	0	\$10,361
Processing of Mandatory Workload Diversity, Equity, Inclusion, and Accessibility	0	\$0	13	\$8,594	0	\$0	13	\$8,594
	2	\$515	2	\$515	0	\$0	2	\$515
Programs Subtotal			15	+\$19,470	0	\$0	15	+\$19,470
Total Increase	955	+\$8,872,520	15	+\$28,180	0	\$0	15	+\$28,180
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Single-Employer Program Benefit Payments	0	\$0	0	\$0	0	-\$590,000	0	-\$590,000
Multiemployer Program Financial Assistance	0	\$0	0	\$0	0	-\$42,000	0	-\$42,000
Programs Subtotal			0	\$0	0	-\$632,000	0	-\$632,000
Total Decrease	0	\$0	0	\$0	0	-\$632,000	0	-\$632,000
Total Change	955	+\$8,872,520	15	+\$28,180	0	-\$632,000	15	-\$603,820

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2022 Revised Enacted		FY 2023 Revised Enacted		FY 2024 Request		Diff. FY24 Request / FY23 Revised Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Consolidated Administrative Activities	943	465,003	955	484,720	970	512,900	15	28,180
Administrative	943	465,003	955	484,720	970	512,900	15	28,180
Office of Inspector General - Non-Add	19	7,287	25	7,626	25	7,857	0	231
Administrative	19	7,287	25	7,626	25	7,857	0	231
Investment Management Fees Program	0	138,000	0	139,800	0	139,800	0	0
Program	0	138,000	0	139,800	0	139,800	0	0
Single-Employer Program Benefit Payments	0	7,140,000	0	8,009,000	0	7,419,000	0	-590,000
Program	0	7,140,000	0	8,009,000	0	7,419,000	0	-590,000
Multiemployer Program Financial Assistance	0	270,000	0	239,000	0	197,000	0	-42,000
Program	0	270,000	0	239,000	0	197,000	0	-42,000
Total	943	8,013,003	955	8,872,520	970	8,268,700	15	-603,820
Program	0	7,548,000	0	8,387,800	0	7,755,800	0	-632,000
Administrative	943	465,003	955	484,720	970	512,900	15	28,180

NOTE: FY 2022 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
	Full-Time Equivalent				
	Full-time Permanent	938	925	940	15
	Other	30	30	30	0
	Total	968	955	970	15
	Average ES Salary	\$194,361	\$203,807	\$214,405	\$10,598
	Average GM/GS Grade	13/8	13/8	13/8	0
	Average GM/GS Salary	\$131,747	\$138,150	\$145,334	\$7,184
11.1	Full-time permanent	123,286	127,895	134,610	6,715
11.3	Other than full-time permanent	2,895	2,554	2,554	0
11.5	Other personnel compensation	4,035	3,909	3,909	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	130,216	134,358	141,073	6,715
12.1	Civilian personnel benefits	45,268	47,532	50,002	2,470
13.0	Benefits for former personnel	40	40	40	0
21.0	Travel and transportation of persons	962	998	998	0
22.0	Transportation of things	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	0	5,683	22,694	17,011
23.2	Rental payments to others	6,651	917	1,505	588
23.3	Communications, utilities, and miscellaneous charges	4,814	4,842	5,111	269
24.0	Printing and reproduction	128	112	112	0
25.1	Advisory and assistance services	138,000	139,800	139,800	0
25.2	Other services from non-Federal sources	262,920	270,204	273,028	2,824
25.3	Other goods and services from Federal sources 1/	10,125	15,000	15,000	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	973	930	930	0
31.0	Equipment	2,906	4,104	2,407	-1,697
33.0	Investments and Loans	270,000	239,000	197,000	-42,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	7,140,000	8,009,000	7,419,000	-590,000
	Total	8,013,003	8,872,520	8,268,700	-603,820
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	10,125	15,000	15,000	0

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
P.L. 93-406	Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) (1976)	29 U.S.C.	1301, et seq.		Not Applicable
P.L. 96-364	Multiemployer Pension Plan Amendments Act of 1980 (September 26, 1980)	94 Stat.	1208		Not Applicable
P.L. 99-272	Single Employer Pension Plan Amendments Act of 1986 (SEPPA) (April 7, 1986)	100 Stat.	82		Not Applicable
P.L. 100-203	Pension Protection Act (PPA) (December 22, 1987)	101 Stat.	1330		Not Applicable
P.L. 103-465	Retirement Protection Act (December 24, 1994)	108 Stat.	4890		Not Applicable
P.L. 109-280	Pension Protection Act of 2006 (August 17, 2006)	120 Stat.	780		Not Applicable
P.L. 109-171	Deficit Reduction Act (DRA) of 2005 (February 8, 2006)	120 Stat.	182		Not Applicable
P.L. 95-452	Inspector General Act (October 12, 1978)	5 U.S.C.	1101		Not Applicable
P.L. 100-504	Inspector General Act Amendments of 1988 (October 18, 1988)	102 Stat.	2515		Not Applicable
P.L. 110-409	Inspector General Reform Act (October 14, 2008)	122 Stat.	4302		Not Applicable
P.L. 112-141	Moving Ahead for Progress in the 21st Century Act. (July 6, 2012)	29 U.S.C.	1304 1308		Not Applicable
P.L. 113-67	Bipartisan Budget Act (December 26, 2013)	127 Stat.	1165		Not Applicable
P.L. 113-235	Consolidated and Further Continuing Appropriations Act, 2015 (Divisions O, P, & Q)	128 Stat.	2130		Not Applicable

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Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
P.L. 114-74	Bipartisan Budget Act of 2015	129 Stat.	584		Not Applicable
P.L. 117-2	American Rescue Plan Act of 2021 (March 11, 2021)	29 U.S.C.	1305 1431		Not Applicable

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2014					
Base Appropriation...1/	\$505,441			\$496,634	956
2015					
Base Appropriation...2/	\$415,394			\$406,425	977
2016					
Base Appropriation...3/	\$431,799	\$431,799	\$431,799	\$423,163	942
2017					
Base Appropriation...4/	\$519,506	\$519,506	\$519,506	\$510,757	964
2018					
Base Appropriation...5/	\$522,917	\$424,417	\$424,417	\$415,823	966
2019					
Base Appropriation...6/	\$445,363	\$445,363	\$445,363	\$437,018	951
2020					
Base Appropriation...7/	\$452,858	\$452,858		\$444,844	968
2021					
Base Appropriation...8/	\$465,289	\$465,289		\$457,563	952
2022					
Base Appropriation...9/	\$472,955	\$472,955		\$465,003	968
2023					
Base Appropriation...10/	\$493,314	\$493,314		\$484,720	955
2024					
Base Appropriation	\$512,900				970

- 1/ FY 2014 appropriation reflects a temporary sequestration reduction.
 2/ FY 2015 appropriation reflects a temporary sequestration reduction.
 3/ FY 2016 appropriation reflects a temporary sequestration reduction.
 4/ FY 2017 appropriation reflects a temporary sequestration reduction.
 5/ FY 2018 appropriation reflects a temporary sequestration reduction.
 6/ FY 2019 appropriation reflects a temporary sequestration reduction.
 7/ FY 2020 appropriation reflects a temporary sequestration reduction.
 8/ FY 2021 appropriation reflects a temporary sequestration reduction.
 9/ FY 2022 appropriation reflects a temporary sequestration reduction.
 10/ FY 2023 appropriation reflects a temporary sequestration reduction.

PENSION BENEFIT GUARANTY CORPORATION

OVERVIEW

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) is a federal corporation established under the Employee Retirement Income Security Act (ERISA) of 1974, as amended. It guarantees payment of basic pension benefits earned by over 33,000,000 of America's workers and retirees participating in more than 25,000 private-sector defined benefit pension plans. The Single-Employer Program protects about 22,300,000 workers and retirees in about 23,800 pension plans. The Multiemployer Program protects about 11,200,000 workers and retirees in about 1,360 pension plans. By law, the two programs are financially and operationally separate. Operations are financed by insurance premiums set by Congress and paid by sponsors of defined benefit plans, investment income, assets from pension plans trusted by PBGC, and recoveries from the companies formerly responsible for the plans.

The American Rescue Plan (ARP) Act of 2021 — a historic law passed by Congress and signed by President Biden on March 11, 2021 — established the Special Financial Assistance (SFA) Program for certain financially troubled multiemployer pension plans. The SFA payments are derived from appropriated funds and financed by general revenues of the U.S. Department of the Treasury (Treasury).

The Corporation is administered by a presidentially-appointed, Senate-confirmed, Director who, subject to the policies established by the Board of Directors, is responsible for the Corporation's management, personnel, organization, budget, and investments. PBGC's Board of Directors consists of the Secretaries of Labor (Chair), Commerce, and Treasury.

Budget Request Summary

PBGC is requesting \$512,900,000 in spending authority for administrative purposes in FY 2024 as follows:

Mandates that Deliver Secure Federal Services (\$10,361,000). Funding will provide the necessary resources to implement Zero Trust Architecture, enable enterprise-wide governance structure and enhancements to the IT infrastructure and cybersecurity, and support Freedom of Information Act data requests. These requests are a recurring cost.

Diversity, Equity, Inclusion, and Accessibility Program (\$515,000). Funding will provide two additional FTEs and the necessary resources to support diversity, equity, inclusion, and accessibility program and training initiatives. Focused talent acquisition will enable PBGC to enhance its ability to deliver services effectively and efficiently in areas critical to PBGC's mission. These requests are a recurring cost.

Cost of Living Adjustment (\$8,710,000). Built-ins have been included to fund a 5.2 percent cost of living adjustment. This request is a recurring cost.

The Budget calls for the repeal of the provision accelerating FY 2026 premiums into FY 2025. This provision creates unnecessary confusion and burden on insured plans and employers because they are forced to pay PBGC premiums early for just one year. The provision will create unnecessary accounting and management costs for both the plans and PBGC given the high likelihood of late or incorrect premium payments, which trigger interest and late payment penalty

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charges. In addition, the early premium due date disrupts the timing of employer pension contributions for the prior plan year. That is because premiums and plan contributions are due on the same day and the employer contribution to the plan affects the amount of premium owed to PBGC. It is impractical for plans to receive employer contributions and then calculate, file, pay, and certify PBGC premium payments on the same day.

Most employers that sponsor PBGC-insured plans are small, so repeal of the provision supports the goal of reducing compliance burdens and cost for small businesses. Repealing this provision will be budget neutral, enhance compliance, and avoid unnecessary administrative costs for pension plans and the PBGC.

PBGC Mission and Vision

Mission: Enhance retirement security by preserving and encouraging the continuation of private pension plans and protecting the benefits of workers and retirees in traditional pension plans.

Vision: A sustainable pension insurance program that supports a robust system of voluntary private plans that provide lifetime retirement income.

PBGC Effectively Protects Retirement Security

PBGC strengthens retirement security by preserving plans and protecting participants' benefits. When companies undertake major transactions that might threaten their ability to pay pensions, PBGC negotiates protections for their pension plans. In FY 2022, PBGC:

- Paid \$226,000,000 in traditional financial assistance consisting of \$217,000,000 in financial assistance to 115 insolvent plans and a final payment of \$9,000,000 in financial assistance as part of PBGC's first facilitated merger of two multiemployer plans under Multiemployer Pension Reform Act of 2014 (MPRA)
- Protected 999 single-employer plan participants by taking action to encourage companies to keep their plans when they emerged from bankruptcy
- Completed 242 standard termination audits to verify plan administrators' calculation of benefits upon plan termination resulting in more than \$1,030,000 in additional benefits distributed to 663 participants and beneficiaries in these plans

To pay timely and accurate benefits in FY 2022, the Corporation:

- Paid over \$7,000,000,000 to more than 960,000 retirees in single-employer plans
- Assumed responsibility for the benefit payments of an additional 7,953 workers and retirees in the 32 single-employer plans that were trustee'd

To maintain high standards of stewardship and accountability in FY 2022, the Corporation:

- Attained an unmodified audit opinion on the financial statements
- Closed 46 audit recommendations

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- Continued providing outstanding service to retirees, as demonstrated by a retiree customer satisfaction score of 86, which is considered an excellent rating according to the American Customer Satisfaction Index

Advancing Equity at PBGC

Pension Benefit Guaranty Corporation values diversity, equity, inclusion, and accessibility (DEIA), and continues to work towards building and maintaining a culture that is consistent with these values. To spearhead this initiative, PBGC has established a DEIA Council and created an Equity Action Plan.

PBGC is committed to having and promoting a diverse and inclusive workforce. A diverse and inclusive workforce enhances individual and organizational performance. It also results in better value to the Corporation's customers and stakeholders. PBGC's leadership collaborated with stakeholders to develop strategies to increase and maintain diversity agencywide, especially among Senior Leader (SL) positions, GS15 and GS14 positions. PBGC is conducting outreach with organizations serving underrepresented populations, such as Historically Black Colleges and Universities and professional associations, to recruit a workforce representing the Nation's diversity. The Corporation has established eight employee resource groups to expand professional development and upward mobility opportunities. PBGC creates and distributes a newsletter to educate supervisors and managers on pertinent DEIA issues and cutting-edge best practices for advancing equity in recruitment and management.

PBGC is actively working to identify its most vulnerable customers. The Corporation has collected data from additional sources across the organization, including our customer contact center Daily Queue Report, internal/external customer surveys, contract data, limited English proficiency data, and stakeholder interviews. As part of this process, the Corporation assessed opportunities to reach out to retirees and pension participants with disabilities, limited English proficiency, and limited access to the internet via multiple communication methods (e.g., internet, phone, and mailings) to ensure they are informed of and can access benefits to which they are entitled by law. PBGC has collected qualitative feedback from customer surveys regarding serviceability of My Pension Benefit Access (MyPBA), the customer call center, and other outward-facing customer channels.

PBGC is uniquely advancing equity by educating at-risk older retirees and participants, cultivating relationships with community colleges, and expanding small and disadvantaged business utilization. PBGC's population is vulnerable to fraud and often seen as targets for financial crimes. To address this concern, PBGC is reinventing how it communicates with plan participants to educate them not to divulge sensitive data to cold callers. To reach more diverse student populations, PBGC is developing relationships with community colleges to facilitate a pipeline of prospective applicants from underserved communities for the Pathways Programs. Finally, PBGC has engaged with and educated the small and disadvantaged business community through virtual events to educate them on opportunities with PBGC.

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Enterprise Risk Management

PBGC's Enterprise Risk Management (ERM) program continues to facilitate risk-based decision making within the agency, leading to allocation of resources to address priorities. For instance, integration of ERM into the Information Technology Portfolio Review Board process remains intact, with the impact of risk associated with IT system upgrades and implementation being considered during IT portfolio prioritization. Risk-based discussions occur about IT programs and IT project funding to ensure that risk-informed decisions are made while assigning resources. Risk information is also incorporated during budget formulation and execution, strategic planning, and organizational performance discussions. In addition, agency-wide risk assessments allow for risk identification and development of mitigation strategies to ensure that safeguards are in place to minimize adverse impacts to mission delivery.

Multiemployer Insurance Program

PBGC's Multiemployer Insurance Program protects about 11,200,000 workers and retirees in about 1,360 pension plans. The Special Financial Assistance Program (SFA) was enacted as part of the American Rescue Plan Act of 2021 (ARP). The program provides funding to severely underfunded multiemployer pension plans and will ensure that millions of America's workers, retirees, and their families receive the pension benefits they earned through many years of hard work.

PBGC's FY 2021 Projections Report shows improvement in the projected solvency of the Multiemployer Program. The improvement is largely due to the combined effect of favorable investment performance during 2021 and changes made to PBGC's regulations implementing the SFA program that improve the projected solvency of plans that are expected to receive SFA. PBGC's solvency projections for the Multiemployer Program show a high degree of uncertainty over the long term. Under the median projection scenario, the Multiemployer Program is now expected to remain solvent past FY 2061, the end of the 40-year projection period.

Prior to enactment of ARP on March 11, 2021, PBGC's Multiemployer Program was projected to become insolvent in FY 2026 and be unable to deliver the financial assistance needed by failed plans to pay benefits at the statutory guarantee level. Under ARP, Congress established the SFA program under which PBGC provides funding assistance to eligible plans to enable them to project to pay benefits at the plan level through 2051. By providing SFA to the most financially troubled multiemployer plans, ARP significantly extends the solvency of PBGC's Multiemployer Program.

On July 8, 2022, PBGC published a final rule implementing the SFA program. The final rule, which became effective August 8, 2022, includes changes that are responsive to public comments received on PBGC's interim final rule and will better protect the pensions earned by workers and retirees covered by multiemployer plans eligible for assistance. The changes increase the amount of SFA provided to most eligible plans and enhance plans' ability to project that they will be able to pay benefits through 2051, which also extends the solvency of the Multiemployer Program.

PENSION BENEFIT GUARANTY CORPORATION

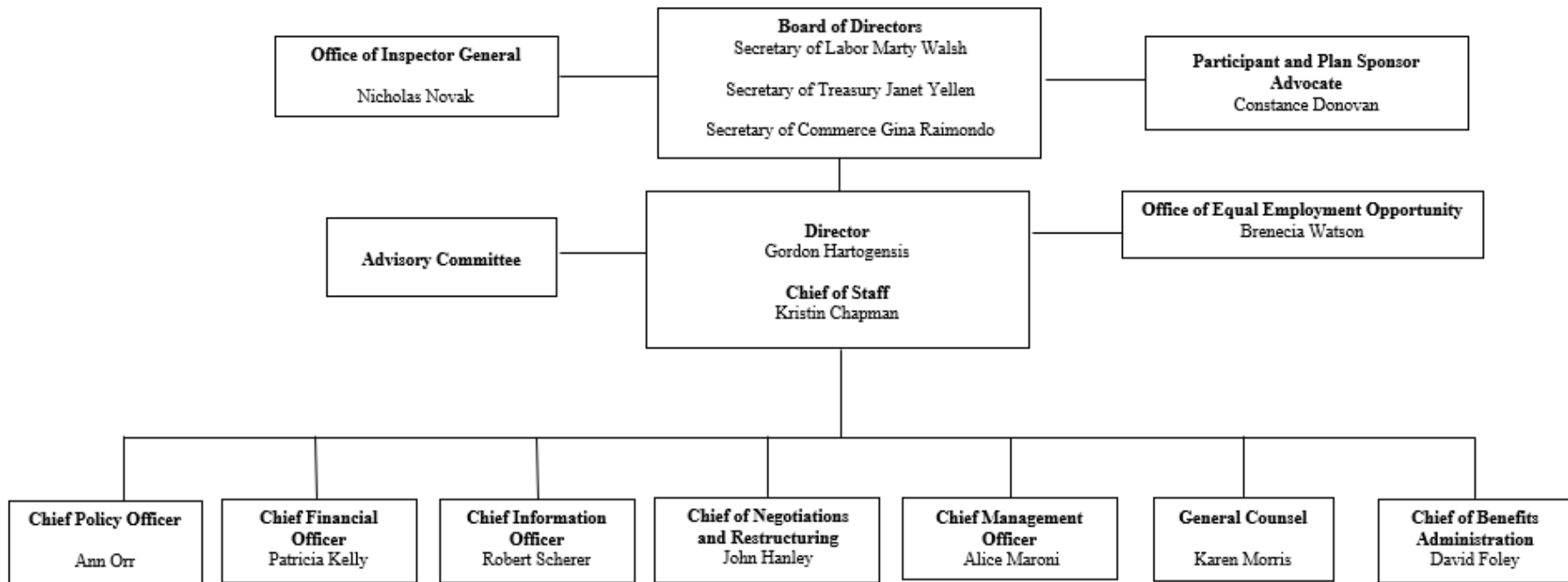
As of September 30, 2022, the Multiemployer Insurance Program had a positive net position of \$1,061,000,000, up from the prior fiscal year-end of \$481,000,000. Under most projection scenarios included in the FY 2021 Projections Report, the Multiemployer Insurance Program retains a positive net position over the next decade.

Single-Employer Insurance Program

The financial condition of the Single-Employer Program showed continuous improvement in recent years and reported a positive net position of \$36,600,000,000 at the end of FY 2022, up from the prior fiscal year-end of \$30,900,000,000. Estimates from PBGC's FY 2021 Projections Report indicate that the Single-Employer Program will likely avoid a negative net financial position over the next decade.

PENSION BENEFIT GUARANTY CORPORATION

ORGANIZATION CHART



CONSOLIDATED ADMINISTRATIVE ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
Activity Appropriation	465,003	484,720	512,900	28,180
FTE	943	955	970	15

NOTE: FY 2022 reflects actual FTE. Authorized FTE for FY 2022 was 968.

Introduction

Consolidated Administrative Activity

PBGC’s administrative activities support the following areas:

- Preserve plans and protect the pensions of covered workers and retirees
- Pay pension benefits on time and accurately
- Maintain high standards of stewardship and accountability

These operations are conducted by:

The **Office of the Director** (OD) plans, administers, and directs PBGC’s programs in accordance with the requirements of Title IV of ERISA and is subject to the direction of the Chairman of the Board of Directors to implement the policies of the Board of Directors; and provide appropriate advice and assistance to the Chairman and Board of Directors. Within the OD, there is the Equal Employment Opportunity Office, which assists in the eradication of employment discrimination and improves diversity in the workplace and the Risk Management Officer, who oversees enterprise-wide risks, ensuring that risk assessment results are considered in the strategic planning process, and that governance and controls are in place to manage and quantify risks.

The **Office of Policy and External Affairs** (OPEA) oversees and directs outreach to PBGC’s external stakeholders, including the press; interact with the Congress, Executive Branch agencies and industry and labor groups on ERISA and PBGC issues; and coordinates analysis, research, and recommendations for the development of policy, regulations, and legislation. OPEA includes the Communications, Outreach and Legislative Affairs (COLA) Department and the Policy, Research, and Analysis Department (PRAD). COLA is responsible for implementing a comprehensive external and internal communications program and PRAD develops policy for PBGC’s insurance programs and conducts related research and modeling, as well as provides legislative and regulatory analysis.

The **Office of the Chief Financial Officer** (OCFO) includes three PBGC departments that plan and oversee the Corporation's financial and internal control and review functions. The Corporate Controls and Reviews Department (CCRD) prepares reports relating to the effectiveness of internal controls and compliance and serves as the agency’s liaison for audits conducted by the

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

Office of Inspector General (OIG) and the Government Accountability Office. The Corporate Investment Department (CID) provides investment management services for plans trusted by the PBGC and for assets managed by the Corporation. The Financial Operations Department (FOD) establishes and maintains PBGC's financial and accounting systems, financial management policy, and financial operations, as well as premium operations and collections.

The **Office of the Chief Information Officer** (OCIO) is responsible for the Corporation's IT program. The OCIO provides IT and electronic communications services and support to PBGC; plans, directs and coordinates the allocation of corporate resources for IT services, support, and related activities; delivers IT business solutions driven by customer requirements; operates, maintains and safeguards PBGC business and infrastructure systems; manages cybersecurity; administers agency IT governance structures; and oversees the acquisition of IT resources for PBGC. To accomplish its functions, the OCIO has four departments: the Business Innovation Services Department (BISD), Enterprise Governance Department (EGD), Information Technology Infrastructure Operations Department (ITIOD), and the Enterprise Cybersecurity Department (ECD).

The **Office of Management and Administration** (OMA) plans and directs the efficiency and effectiveness of the Corporation's management and administrative policies and programs including formulation and execution of the budget, procurement of all goods and services for the Corporation, recruitment and various human capital initiatives, quality and performance management, strategic planning, customer service, and facility management. OMA includes the Budget Department (BD), Human Resources Department (HRD), Procurement Department (PD), Quality Management Department (QMD), and Workplace Solutions Department (WSD).

The **Office of the General Counsel** (OGC) provides legal advice and counsel for the Director and PBGC departments on all legal issues confronting the Corporation, including ERISA and bankruptcy related legal actions; decides administrative appeals of benefits, coverage, and other determinations; and administers the disclosure and other requirements of the Freedom of Information Act and the Privacy Act. OGC represents PBGC in all state, federal, and administrative litigation and manages PBGC's regulatory program. OGC is composed of the Bankruptcy, Litigation and Terminations Department (BLTD); Bankruptcy, Transactions, and Terminations Department (BTDD); General Law and Operations Department (GLOD); and Program Law and Policy Department (PLPD).

The **Office of Negotiations & Restructuring** (ONR) works with pension plan sponsors of single-employer plans and with trustees and administrators of multiemployer plans to preserve their pension plans by monitoring, conducting financial and actuarial analysis, and negotiating plan protections. When plans cannot be preserved, ONR coordinates termination and collection of liabilities of single-employer plans, and payment of financial assistance to multiemployer plans. ONR reviews all applications for SFA received by eligible multiemployer pension plans under the provisions of ARP and reviews standard terminations of single-employer plans to ensure that participants receive their promised benefits. All ONR operations are supported by actuarial analysis. PBGC's engagement with plan sponsors on single-employer and multiemployer plan transactions, including review of SFA applications, enable PBGC to mitigate risks to both of its insurance programs. ONR includes the Corporate Finance & Restructuring

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

Department (CFRD); the Negotiations & Restructuring Actuarial Department (NRAD); and the Plan Compliance Department (PCD).

The **Office of Benefits Administration** (OBA) performs audit, actuarial and benefit administration work for the Corporation's Single-Employer Benefits Administration Programs. When a single-employer plan is terminated and trusteed, OBA collects all the data on the plan, takes over the payments for retirees, and adjusts individual benefit payments to an estimated amount, taking into account the legal limits. Next, the Plan Asset and Data Management Department (PADMD) audits all the participant data to correctly determine the plan population and all the data elements required to calculate each participant's benefits. At the same time, PADMD audits the assets at date of plan termination to provide to the actuaries for calculations. Next, the Actuarial Services and Technology Department (ASTD) will value the total plan liability and calculate each participant's benefit. Finally, our Participant Services Department (PSD) will provide participants with a final benefit determination letter and make any adjustments to benefits for participants that are already in pay status at an estimated amount. PSD also performs ongoing benefit administration activities for all PBGC's trusteed plans. This includes managing customer communications through our call center and online application, providing estimates for future retirees, processing applications, and making payments to retirees and beneficiaries.

The **Office of Inspector General** (OIG) is an independent entity within PBGC. OIG's mandate is to detect and prevent fraud, waste, abuse, and violations of law, and to promote economy, efficiency, and effectiveness in PBGC programs and operations. As an agent of positive change, the OIG provides management advice and makes recommendations to improve PBGC management and program operations as a result of independently conducted audits, evaluations, and investigations. The OIG reports directly to PBGC's Board of Directors and Congress regarding major developments associated with audit and investigative missions, including a required semiannual report of accomplishments.

The **Office of the Participant and Plan Sponsor Advocate** (OPPSA), appointed by the PBGC Board of Directors, acts as a liaison between PBGC, sponsors of defined benefit plans, and participants in plans trusteed by the PBGC. The Advocate helps resolve disputes between PBGC and sponsors or participants, and advocates for the rights of people in plans trusteed by PBGC. The Advocate provides an annual report summarizing issues raised and makes recommendations for legislative and administrative changes.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2019	\$437,018	951
2020	\$444,844	968
2021	\$457,563	952
2022	\$472,955	993
2023	\$493,314	968

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

FY 2024 Performance Goals

- Provide stakeholder education and outreach by holding meetings with participant groups, plan sponsors, practitioner groups, industry associations, and other interested stakeholders. Inform practitioners and other stakeholders of key new regulations through speaking engagements at stakeholder conferences and meetings
- Protect pensioners by monitoring PBGC's largest exposures for transactions that may pose substantial risks to participants and retirees
- Educate and inform the multiemployer community on the effects of ARP
- Increase leadership understanding of DEIA
- Approve benefit applications within 45 days 87 percent of the time
- Ensure that the average time in years to issue determinations (time between trusteeship and benefit determination issuance) is 4.5 years
- Provide estimated benefits within 10 percent of the final benefit determination 95 percent of the time
- Achieve targeted customer satisfaction scores in both premium filer and My Plan Administration Account (My PAA) online surveys
- Achieve or exceed target scores on three PBGC Customer Satisfaction surveys: 90 or higher on the Retiree survey, 77 or higher on MyPBA survey, and 83 or higher on the Participant Caller survey
- Conduct a payment integrity risk assessment on selected payment streams (Contractor Payment program and Multiemployer Regular Financial Assistance program)
- Attain an unmodified auditor opinion on annual financial statements
- Maintain or exceed "level 4: Managed and Measurable Rating" or as determined by the Inspector General as effective overall on the Office of the Inspector General Cybersecurity Framework Functions
- Increase participation in the Student Loan Repayment Program (SLRP) by 5 percent by continuing education for management recruitment and retention incentives, increasing the eligible application pool, and increasing the use of marketing tools such as program videos, cartoons, and intranet presence
- Obtain GS-15 and SL grade representation more reflective of PBGC's total workforce
- Improve the usability and content of PBGC.gov
- Implement enterprise risk management requirements by conducting a risk assessment and providing risk-related training to the Risk Management Council (RMC) and department directors (or their designees) annually

FY 2023 Priorities

- Identify, plan, and host educational sessions to inform our stakeholders about agency activities
- Continue to embed DEIA principles in PBGC policies and procedures
- Monitor PBGC's largest potential exposures and ensure reportable events are resolved within 30 days

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Deliver guidance to plans that may be eligible for SFA and process plan applications promptly. Strive to ensure information is accessible and responsive to external parties
- Process benefit applications timely
- Improve the timeliness, completeness, and accuracy of benefit determinations
- Monitor external customer issues and concerns relating to premium filing requirements and instructions, as well as concerns with the My PAA premium filing system's operations and usability. Maintain exemplary customer satisfaction ratings
- Produce timely and accurate quarterly and year-end financial statements. Also maintain compliance with the current Investment Policy Statement
- Comply fully with quarterly and annual Federal Information Security Modernization Act (FISMA) reporting requirements per OMB guidance to maintain awareness of cybersecurity program performance and deficiencies. Prioritize Executive Order 14028 initiatives pertaining to zero trust architecture implementation
- Update the SLRP Directive
- Maintain a Model Equal Employment Opportunity (EEO) Program as defined by EEOC
- Identify and implement key improvements based on customer feedback to enhance the usability and content of PBGC.gov
- Prioritize responding to risks identified during the risk assessment and ensure 100 percent of the RMC and department directors complete annual training
- Improve accountability and transparency of the acquisition process

FY 2022 Accomplishments

- Educated and informed the multiemployer community on the effects of ARP. PBGC conducted numerous practitioner outreach events, including webinars, Q&As, and representation at various actuarial and multiemployer trade shows and conferences, as well as numerous informal consultations with plan professionals for plans eligible for SFA
- Completed and posted a DEIA strategic plan and achieved *Top Agency* among small agencies for DEIA in the Federal Employment Viewpoint survey
- Made mandatory the use of the e-filing portal for filing reportable events. This requirement reduced human error associated with checking the e-mail box and improved the CFRD's ability to resolve the reportable events timely
- Processed 85 percent of all benefit applications within 45 days: just short of the goal of 87 percent. This was primarily due to staffing shortages early in the fiscal year. However, as staffing levels returned to normal, the figure rose to more than 90 percent for each month of the second half of the fiscal year
- Decreased the average of benefit determinations issued from 5.9 years in FY 2021 to 4.1 years in FY 2022. In addition, 97 percent of final benefit determination amounts issued were within 10 percent of the estimated benefit amount

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Continued to improve the customer premium filing experience through improvements to My PAA filing features and instructions
- Increased the security of its online portal MyPBA by implementing a multifactor authentication sign-on solution sponsored by login.gov. Early in the fiscal year, PBGC's Customer Contact Center (CCC) experienced higher than normal call volumes and staffing shortages, which contributed to very long wait times. PBGC improved call wait times by fully staffing its CCC and wait times are now routinely under one minute. To assist with wait times during peak periods, PBGC added an email box for customers to submit forms, questions, and documents, as an alternative to waiting on hold
- Completed payment integrity risk assessment on selected payment streams (Contractor Payment program and Multiemployer Regular Financial Assistance program). Also, maintained compliance with the current Board-approved Investment Policy Statement
- Completed all quarterly and annual OMB FY 2022 Annual FISMA reports. PBGC obtained a Capability Maturity Model Level 5 Optimized rating for a security domain for the first time ever. All security domains surpassed effective thresholds for the first time ever, as well as achieved an overall rating of Effective for the second year in a row
- Prioritized Executive Order 14028 requirements and complied with all agency reporting actions, including integration status of multi-factor authentication, log management resourcing estimates, and completion of zero-trust implementation plan (M-22-09)
- Increased the number of virtual management trainings offered to management and supervisors
- Continued to successfully implement PBGC's Model EEO Program that reflected the six essential elements as described in the EEOC Management Directive 715 (MD 715)
- Improved PBGC's customer experience by addressing stakeholder feedback, which included changes to search functionality, multilingual handling of content, informative custom pages for archived content, updates to mobile and web accessibility attributes, and improved suggested search results based on direct user survey feedback
- Identified risks during the annual risk assessment and responded accordingly. Additionally, all RMC members and department directors completed the annual training
- Implemented a legal review tracker for PBGC procurements that supported the agency's legal review policy

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

Workload and Performance Narrative

On December 21, 2021, PBGC approved its first multiemployer plan application under the SFA Program. On July 8, 2022, PBGC published a final rule implementing changes to the SFA Program, which became effective on August 8, 2022. PBGC will continue to review and approve SFA applications and pay SFA to plans until the application deadline of December 31, 2025 (or December 31, 2026, for a revised or supplemented application).

PBGC's implementation of the SFA Program involved significant rulemaking, guidance, and compliance assistance for eligible plans, and extensive PBGC operational changes required to stand up an entirely new, large-scale program. These implementation efforts significantly increase PBGC's resource requirements. Additional resources have been deployed to promulgate rules, issue guidance, implement systems changes, create new budgetary and accounting processes, create an SFA application process, scale-up operations to conduct reviews of incoming plan applications over several years, and execute payments of SFA following application review.

PBGC also faces significant risks and challenges in its existing insurance programs that reflect those of the defined benefit plans the Corporation insures. The need for financial and actuarial analysis, along with a combination of skilled litigation and negotiation activities, remain critical to the Corporation's success in preserving and protecting the retirement security of the millions of America's workers who rely on PBGC. The need to closely monitor insured pension plans is rooted in the substantial risks related to plan failure that are borne by PBGC's stakeholders -- plan participants, workers, and employers in the defined benefit pension system, and taxpayers.

The scale of PBGC's future workload remains subject to factors largely beyond its control, but significant exposure to future losses, coupled with the ongoing implementation mandates under ARP create higher demands on PBGC's policy, legal, operations, accounting and budgeting, and administrative units, particularly in the Multiemployer Program.

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
11.1	Full-time permanent	123,286	127,895	134,610	6,715
11.3	Other than full-time permanent	2,895	2,554	2,554	0
11.5	Other personnel compensation	4,035	3,909	3,909	0
11.9	Total personnel compensation	130,216	134,358	141,073	6,715
12.1	Civilian personnel benefits	45,268	47,532	50,002	2,470
13.0	Benefits for former personnel	40	40	40	0
21.0	Travel and transportation of persons	962	998	998	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	5,683	22,694	17,011
23.2	Rental payments to others	6,651	917	1,505	588
23.3	Communications, utilities, and miscellaneous charges	4,814	4,842	5,111	269
24.0	Printing and reproduction	128	112	112	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	262,920	270,204	273,028	2,824
25.3	Other goods and services from Federal sources 1/	10,125	15,000	15,000	0
26.0	Supplies and materials	973	930	930	0
31.0	Equipment	2,906	4,104	2,407	-1,697
33.0	Investments and Loans	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	465,003	484,720	512,900	28,180
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	10,125	15,000	15,000	0

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

CHANGES IN FY 2024

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$6,413
Personnel benefits	2,297
One day less of Pay	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other goods and services from Federal sources	0
Supplies and materials	0
Equipment	0
Insurance claims and indemnities	0
Investment and Loans	0

Built-Ins Subtotal **\$8,710**

Net Program **\$19,470**

Direct FTE **15**

	Estimate	FTE
Base	\$493,430	955
Program Increase	\$19,470	15
Program Decrease	\$0	0

OFFICE OF INSPECTOR GENERAL

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / Revised Enacted
Activity Appropriation	7,287	7,626	7,857	231
FTE	19	25	25	0

NOTE: FY 2022 reflects actual FTE. Authorized FTE for FY 2022 was 25.

Introduction

The Office of Inspector General (OIG) was established at the Pension Benefit Guaranty Corporation (PBGC) by the 1988 amendments to the Inspector General Act of 1978 (IG Act). Under the IG Act, the OIG is an independent office within PBGC and has no programmatic responsibility. The OIG provides objective written work products to the PBGC Board of Directors, agency management, and Congress about PBGC programs and operations. These work products include audits, evaluations, inspections, investigations, reviews, and risk advisories. In addition to conducting statutorily required projects and reports, the OIG responds to Hotline complaints and requests from Members of Congress, and conducts other projects as necessary to address operational, financial, IT, and programmatic risks.

The agency head is the PBGC Board of Directors. The OIG communicates with Board Representatives through regular monthly conference calls and participates in formal Board meetings usually once per quarter. On a day-to-day basis, the Inspector General (IG) communicates with the PBGC Director, Executive Management Committee members, and department directors about risks, problems, and deficiencies in programs administered by PBGC, and the need for timely corrective action. The OIG keeps Congress informed through the IG's Semiannual Report to the Congress, audit reporting requirements, meetings and briefings with Members and their staffs, and congressional testimony.

In accordance with section 6(f)(1) of the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, the IG provides the following information:

- The aggregate request for the operations of the OIG for FY 2024 is \$7,760,384, which includes money for the statutorily-required Financial Statement Audit, Payment Integrity Information Act audit, and Cybersecurity oversight. Of that amount, \$70,000 is requested for training and \$27,940 is requested to support the Council of Inspectors General on Integrity and Efficiency. The budget request also includes money required to support 25 FTEs, 1 ITEP (Student Intern), and 1 IT contractor.
- I certify that \$70,000 will satisfy the training requirements for FY 2024.

OFFICE OF INSPECTOR GENERAL

FY 2024

Planned Activities Include:

- Conduct statutorily-required audits, including financial statements, Federal Information Security Modernization Act of 2014 (FISMA), and Payment Integrity Information Act of 2019 (PIIA), and to address whistleblower complaints and congressionally-requested work.
- Conduct investigations that are impactful to PBGC's stakeholders, especially in the areas of preventing financial abuse of vulnerable participants, procurement fraud, and employee integrity.
- Potentially initiate engagements related to PBGC's use of negotiated funding agreements, PBGC's plans to modernize critical legacy systems, and/or PBGC's oversight of plan asset evaluations and participant data reviews.

FY 2023

Planned Activities Include:

- Conduct statutorily-required audits, including financial statements, FISMA, and PIIA (formerly Improper Payment Elimination and Recovery Improvement Act of 2012).
- Complete engagements, if required, to address whistleblower complaints and congressionally requested work.
- Conduct investigations that are impactful to PBGC's stakeholders, especially in the areas of preventing financial abuse of vulnerable participants, procurement fraud, and employee integrity.
- Provide oversight in the conduct of contracted work associated with the information technology vulnerability assessment and penetration testing.
- Potentially initiate engagement related to PBGC's acquisition planning for the Field Operations Support Services 2 contract and/or PBGC's use of robotic process automation in OBA.

Completed Work:

Financial Audits and Evaluations

- **Audit of the PBGC's Fiscal Year 2022 and 2021 Financial Statements, issued November 15, 2022.** The OIG contracted with the independent public accounting firm, Ernst and Young (EY), and oversaw this audit. EY determined the financial statements presented fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Programs funds and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the U.S. This is the 30th consecutive unmodified financial statement audit opinion. Although certain internal controls could be improved, PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022.

OFFICE OF INSPECTOR GENERAL

- **Audit of PBGC's Limited Purpose Financial Statements for FY 2022 and FY 2021, issued November 15, 2022.** The OIG contracted with EY to perform this audit. EY determined the financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the U.S. The Supplemental Information was fairly stated, in all material respects, in relation to the financial statements as a whole.
- **PBGC's Implementation of FISMA for FY 2022 (AUD-2023-06), issued January 09, 2023.** We contracted with EY to perform an evaluation of PBGC's information security program as required by FISMA. EY reviewed a sample of six systems and completed fieldwork to address the FY 2022 IG FISMA Core Metrics developed by OMB, DHS, and the Council of the Inspectors General on Integrity and Efficiency. EY noted improvements in Information Security Continuous Monitoring and Supply Chain Risk Management. Weaknesses in Configuration Management and Identity and Access Management domains were identified. However, these domains and PBGC's overall information security program remained effective. PBGC's Information Security Continuous Monitoring function was assessed at *Optimized*, and the remaining four Cybersecurity Framework functions were found to be *Managed and Measurable*. In their report, EY issued four new recommendations related to PBGC's configuration management and identity and access management programs. PBGC agreed with all four recommendations and plans to complete corrective actions by August 31, 2023.
- **Fiscal Year 2022 Financial Statement Audit Management Letter Report (AUD-2023-07), issued January 13, 2023.** We contracted with EY, an independent certified public accounting firm, to perform the audit. This management letter summarizes EY's findings and recommendations related to PBGC's internal control deficiencies and other matters. The issues noted in this report are not significant; and, therefore, the deficiencies were not required to be reported in the Independent Auditor's Report (AUD-2023-02) issued on November 15, 2022. In FY 2022, EY had issued nine new recommendations and closed five prior years' recommendations with the total of 16 open recommendation remaining at the end of FY 2022. EY will continue working with PBGC to resolve the remaining recommendations.

Performance Audits, Reviews, and Related Work

- **Evaluation of Hotline Complaints Regarding a PBGC Contract, issued November 22, 2022.** This evaluation report did not find merit with two hotline allegations related to services that PBGC purchased under subject contract. However, we did find weakness related to the Contracting Officer Representatives (CORs) review of invoices and recommended that PBGC establish controls to monitor COR reviews of contractor invoices and supporting documents and, in coordination with PD, train CORs to properly review supporting documents before they approve or reject contractor invoices. PBGC concurred with these recommendations.

OFFICE OF INSPECTOR GENERAL

FY 2022

The OIG work products focused on the three Top Management Challenges: (1) Information Security, (2) Modernization of PBGC's Key Benefits-Related Technology Systems, and (3) Transparency and Accountability of Professional Services Contracting, as well as other statutorily required and risk-based projects.

Notable Accomplishments Include:

Financial Audits and Evaluations

- **Audit of the PBGC's Fiscal Year 2021 and 2020 Financial Statements, issued November 15, 2021.** The OIG contracted with the independent public accounting firm, EY, and oversaw this audit. EY determined the financial statements presented fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Programs funds and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the U.S. This is the 29th consecutive unmodified financial statement audit opinion. Although certain internal controls could be improved, PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021. As of that date, PBGC has one significant deficiency: "Lack of Reevaluation of Policies, Procedures and Controls When Significant Changes to Programs Occur." PBGC concurred with the two new recommendations in this report and they have been closed since issuance of this report.
- **Audit of PBGC's Limited Purpose Financial Statements for FY 2021 and FY 2020, issued November 15, 2021.** The OIG contracted with EY to perform this audit. EY determined the financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the U.S. The Supplemental Information was fairly stated, in all material respects, in relation to the financial statements as a whole.
- **FY 2021 Financial Statement Letter Report, issued January 14, 2022.** This management letter summarizes EY's findings and recommendations related to PBGC's internal control deficiencies and other matters. The issues noted in this report are not significant; and therefore, the deficiencies were not required to be reported in the Independent Auditor's Report (AUD-2022-02/FA-21-155-1). However, the observations and recommendations offer opportunities for PBGC to strengthen its operations.

In addition to the eight open recommendations from the prior years, in FY 2021 EY had issued four new recommendations with the total of twelve open recommendations at the end of FY 2021. PBGC management agreed with the new recommendations and provided planned corrective actions and estimated completion dates.

- **PBGC's Implementation of FISMA for FY 2021, issued February 3, 2022.** The OIG contracted with EY to perform an evaluation of PBGC's information security program as required by FISMA. EY public accountants reviewed a sample of six systems and

OFFICE OF INSPECTOR GENERAL

completed fieldwork to address the FY 2021 IG FISMA Metrics developed by Office of Management and Budget (OMB), DHS, and the Council of the Inspectors General on Integrity and Efficiency.

For FY 2021, PBGC's information security program was found to be effective with all five of the IG metric function areas assessed at *Managed and Measurable*. Improvements were noted in all five of the function areas and the maturity level for *Identify, Protect and Recover* were raised from *Consistently Implemented* to *Managed and Measurable*. However, continued focus is needed from PBGC management to maintain an effective program. In this report, EY issued three new recommendations related to PBGC's identity and access management program and noted additional attention is needed to mature the new supply chain risk management domain. PBGC concurred with all three recommendations, and these have since been remediated and closed.

Performance Audits, Reviews, and Related Work

- **PBGC's Compliance with Requirements of the Digital Accountability and Transparency Act, issued October 14, 2021.** PBGC generally complied with the requirements for completeness, timeliness, quality, and accuracy of the data, and implementation and use of the government-wide financial data standards established by OMB and Treasury. Overall, PBGC data results were found to be of "excellent" quality based on the established standards. However, there were some inconsistencies, variances, and errors that might have impacted PBGC's reporting of reliable and consistent federal spending data for public use. Some of these errors were attributable to third parties, such as the Federal Procurement Data System- Next Generation and System for Award Management. In addition, although PBGC timely reported the 59 procurement awards in our sample, it did not consistently report the multiemployer SFA awards timely to comply with the 30-day time limit in the Federal Funding Accountability and Transparency Act. In a sample, 13 of 53 (25 percent rounded) financial assistance awards were not reported timely. This report made one recommendation to PBGC related to the submission of multiemployer SFA awards in a timely manner. PBGC agreed and is implementing corrective actions.
- **PBGC Can Improve the Effectiveness of the Missing Participant Program, issued January 7, 2022.** PBGC's program to locate missing participants could improve its effectiveness. Efforts to reduce the number of missing participants and connect them with their benefits are a core activity of the Corporation. Although PBGC has a process in place to administer the Missing Participant Program (MPP) and includes this area as a strategic objective, having a process is not enough. The program lacks performance measures and further implementation through performance goals which is necessary to support this program and meet the strategic objective. The MPP uses a live database to store program information. However, this database was not reliable and could be improved with standardized data practices, synchronization of data when changes are made, and regular purging of old data. Lastly, the MPP's interim procedures do not reflect the current MPP business practices; this happened because PBGC created the procedures before any MPP work was done and did not revisit them after establishing the

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business practices. Management concurred with all five recommendations and agreed to take the corrective actions identified in the report.

- **Survey of PBGC's Contracting Officers' Representatives, issued January 10, 2022.** This memorandum report presents the results of the OIG survey of PBGC Contracting Officers' Representatives (CORs), which obtained their views on PBGC contract administration and related areas. The survey had positive results overall; however, respondents identified some areas for improvement. The majority of CORs responding to the survey had six or more years of experience and were mid- to senior-level employees. Most respondents agreed with statements regarding having enough time for COR duties, receiving adequate training, and other areas. Respondents also indicated they were knowledgeable about various areas related to their COR duties, such as reviewing contractors' invoices. One potential area for improvement is the timeliness of the source selection process. In addition, turnover among Contracting Officers (COs) was the most common response to an open-ended question regarding challenges facing CORs.
- **PBGC Security Assessment, issued February 3, 2022.** During the financial statement audit, OIG's contracted independent public accountant, EY, assessed PBGC's network for technical weaknesses that may allow employees or outsiders to cause harm or impact PBGC's business processes and information. This report includes no formal recommendations as they are consolidated and presented in the FY2021 FISMA report. This report is for official use only. The report detailing the security assessment has been redacted in its entirety because it contains privileged and confidential information.
- **Evaluation of PBGC's Purchase Card Program, issued April 4, 2022.** While PBGC internal controls for administering PBGC's Purchase Card Program are adequate to prevent fraud, waste, and abuse, there are several areas where internal controls over the program can be strengthened. First, there were instances in which 25 cardholders, in contravention of OMB Circular A-123, Appendix B and PBGC's Purchase Card Manual, paid \$8,601 in state and local sales taxes to vendors. Second, in contravention of regulations, laws, and policies, documents were missing or incomplete. Specifically, there were nine trained and authorized cardholders who made transactions in FY 2019, but whose names did not appear on the Agency Program Coordinator's list of active and closed/inactive accounts. Additionally, there were also five cardholders who did not have a request for appointment document, which PBGC's manual requires the APC to maintain; one Approving Official who did not have a training certificate on file; one cardholder who did not have a Delegation of Authority letter; and one Delegation of Authority letter that was not signed and dated.
- **PBGC's FY 2021 Compliance with the Payment Integrity Information Act (PIIA), issued May 12, 2022.** In this memorandum report, OIG found that PBGC complied with the applicable PIIA requirements outlined in M-21-19, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, the Office of Management and Budget's (OMB) guidance dated March 5, 2021 (Table 1). The OIG also identified a recommendation that would improve payment integrity risk assessments of the agency. PBGC concurred with the recommendation.

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Investigative Activity

The OIG continues to address the integrity of PBGC operations by focusing investigative resources on deceased participant fraud, as well as assisting PBGC participants who contacted the OIG Hotline regarding their pension benefits.

- **Pennsylvania Woman Pleads Guilty to Theft of Government Funds.** On April 4, 2022, a 59-year-old Wilkes Barre, Pennsylvania woman pleaded guilty to a charge of Theft of Government Money in violation of 18 U.S.C. Section 641. She was previously charged, via information, in the U.S. District Court for the Middle District of Pennsylvania on March 30, 2022. The defendant was the caretaker of a PBGC participant who passed away in March 2019. Beginning after the participant's death, and continuing through March 2020, the defendant knowingly converted, for her own use, approximately \$9,000 in PBGC benefits. This investigation was conducted by the PBGC Office of Inspector General, with the assistance of the Social Security Administration, Office of Inspector General.
- **Wisconsin Man Plead Guilty and Sentenced for Impersonating PBGC Participant to Steal Pension Benefits.** On October 10, 2022, a 51-year-old Wisconsin man entered a guilty plea, in the Waukesha County Circuit Court, to one felony count of Wisconsin state charges related to identity theft. The plea was a result of a criminal complaint alleging that he stole the identity of his 79-year-old father, who is a PBGC participant. On one occasion, the defendant took possession of his father's PBGC monthly check, identified himself as his father to a financial institution, and negotiated the check for personal financial gain. The defendant was sentenced to 9-months of incarceration at the Waukesha County Huber Facility, and 2-years' probation. Additionally, PBGC was granted restitution in the amount of \$622. This case was prosecuted by the Waukesha County District Attorney's Office. The investigation was initiated based on an OBA referral to the OIG.
- **Apex, North Carolina Woman Plead Guilty to Conversion of Government Funds.** On November 2, 2022, a 67-year-old Apex, North Carolina woman pleaded guilty to Theft of Government Funds in the U.S. District Court for the Eastern District of North Carolina. The defendant collected her father's Office of Personal Management (OPM) and PBGC pension benefits after he passed away in December 2005. PBGC, nor OPM, received notice that her father was deceased, therefore, PBGC continued to pay benefits until 2017, and OPM benefits were paid until 2020. In totality, the defendant collected and spent approximately \$339,000 in U.S. government benefits she was not entitled to receive. A portion of this money was spent on cruise vacations and a life insurance policy for the defendant. Sentencing is scheduled for February 7, 2023.

In 2017, through a PBGC-OIG data matching project, PBGC OIG originally discovered the death of the PBGC participant. However, due to a minimal monetary loss to PBGC, OIG referred the matter to OBA for administrative recovery of the errant payments. In 2021, OPM OIG notified our office that OPM was defrauded over \$330,000 by the same person who took possession of the PBGC benefits payments made after the participant's

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death. Therefore, the PBGC OIG reopened the matter, and jointly investigated the case with the OPM Office of Inspector General.

- **Deceased Participants Program.** The OIG continues efforts under the fraud detection/computer matching initiative to identify deceased participants in the single-employer and multiemployer programs. The OIG identified improper payment or fraud relating to deceased participants in the single-employer and multiemployer programs and referred those cases to PBGC to terminate benefit payments and seek recoupment. During FY 2022, PBGC OIG identified \$266,000 in improper payments or fraud relating to deceased participants.
- **OIG Hotline.** The OIG Hotline serves as a tool to report fraud, waste, and abuse, but it also provides a method for participants to report missing benefits, seek assistance with applying for benefits and report mistreatment by a caregiver or family member.

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BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
11.1	Full-time permanent	3,033	3,098	3,268	170
11.3	Other than full-time permanent	0	150	150	0
11.5	Other personnel compensation	60	70	70	0
11.9	Total personnel compensation	3,093	3,318	3,488	170
12.1	Civilian personnel benefits	1,072	1,187	1,248	61
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	40	40	40	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	624	598	598	0
25.3	Other goods and services from Federal sources 1/	2,444	2,444	2,444	0
26.0	Supplies and materials	9	7	7	0
31.0	Equipment	5	32	32	0
	Total	7,287	7,626	7,857	231
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	2,444	2,444	2,444	0

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CHANGES IN FY 2023

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$170
Personnel benefits	61
One day less of Pay	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Other goods and services from Federal sources	0
Supplies and materials	0
Equipment	0

Built-Ins Subtotal **\$231**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$7,857	25
Program Increase	\$0	0
Program Decrease	\$0	0

INVESTMENT MANAGEMENT FEES PROGRAM

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
Activity Appropriation	138,000	139,800	139,800	0
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2019	\$117,400	0
2020	\$124,300	0
2021	\$129,700	0
2022	\$138,000	0
2023	\$139,800	0

INVESTMENT MANAGEMENT FEES PROGRAM

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
25.1	Advisory and assistance services	138,000	139,800	139,800	0
	Total	138,000	139,800	139,800	0

INVESTMENT MANAGEMENT FEES PROGRAM

CHANGES IN FY 2024

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$139,800	0
Program Increase	\$0	0
Program Decrease	\$0	0

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
Activity Appropriation	7,140,000	8,009,000	7,419,000	-590,000
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2019	\$6,974,000	0
2020	\$6,855,000	0
2021	\$7,289,000	0
2022	\$7,140,000	0
2023	\$8,009,000	0

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
42.0	Insurance claims and indemnities	7,140,000	8,009,000	7,419,000	-590,000
	Total	7,140,000	8,009,000	7,419,000	-590,000

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

CHANGES IN FY 2024

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Insurance claims and indemnities	\$0
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Investment and Loans	0
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Built-Ins Subtotal	\$0
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Net Program	-\$590,000
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Direct FTE	0
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	Estimate	FTE
Base	\$8,009,000	0
Program Increase	\$0	0
Program Decrease	-\$590,000	0

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
Activity Appropriation	270,000	239,000	197,000	-42,000
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2019	\$189,000	0
2020	\$190,000	0
2021	\$350,000	0
2022	\$270,000	0
2023	\$239,000	0

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
33.0	Investments and Loans	270,000	239,000	197,000	-42,000
	Total	270,000	239,000	197,000	-42,000

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

CHANGES IN FY 2024

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Investment and Loans \$0

Built-Ins Subtotal \$0

Net Program -\$42,000

Direct FTE 0

	Estimate	FTE
Base	\$239,000	0
Program Increase	\$0	0
Program Decrease	-\$42,000	0

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
1	EVAL-2019-14	PBGC's Property Management Program	09/27/2019	2019-14-02	Perform a risk assessment on assets not located during the annual inventory and follow-up on assets that are deemed high risk.	11/30/2022	Management concurs with this recommendation. On 11/30/2022, Management submitted a Recommendation Completion Form (RCF) and package for review and closure determination by the Office of Inspector General (OIG).
2	EVAL-2020-08	PBGC's Agreed Upon Procedures for Contract Closeouts	03/20/2020	2020-08-06	Develop and implement a follow-up process to ensure prompt handling of audit findings prior to contract closeout, including tracking of findings from internal audit reports.	06/30/2022	Management concurs with this recommendation. On 06/30/2022, Management submitted a RCF and package for review and closure determination by the OIG.
3	AUD-2021-01	Internal Controls Must Be Strengthened to Promote Procurement Integrity	12/08/2020	2021-01-02	Develop and implement a mechanism in an electronic system to ensure that contract actions that require legal reviews according to PBGC policy receive these reviews and that disagreements with legal sufficiency comments are communicated to the Office of the General Counsel (OGC).	06/30/2024	Management concurs with this recommendation. These requirements will be included in the new procurement system by the end of the first quarter 2023. The new procurement system is expected to be fully implemented by the spring of 2024. However, Management will evaluate interim solutions that satisfy the recommendation. The Chief Management Officer will work with the Office of Information Technology and the OGC to complete a technical analysis of potential interim electronic system solutions by April 15, 2021. On April 12, 2021, Management provided the OIG with a briefing on the completed technical analysis of viable interim solutions with an implementation schedule and additional details. In the meantime, contracting staff are required to copy the "OGC Review Mailbox" which is monitored by Procurement Department management to ensure contract actions receive required legal review.

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
4	AUD-2021-02	Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2020 and 2019 Financial Statements	12/09/2020	2021-02-10	Enhance existing monitoring controls to mitigate risks associated with required role assignments that violate separation of duty requirements.	06/30/2023	<p>Management concurs with this recommendation. The Information Technology Infrastructure Operations Department (ITIOD) intends to use CyberArk to enhance monitoring of accepted Segregation of Duties (SoD) violations. This includes assessing and then ingesting applicable business applications into CyberArk, all of which may not be compatible with CyberArk.</p> <p><u>Workflow Updates:</u> Business units will need to revise those workflows where users act in roles that have been documented as accepted SoD violations for justified business needs.</p> <p><u>CyberArk Training:</u> Additional CyberArk users will need to be trained on how to user CyberArk and comply with requirements on appropriately documenting and justifying their actions taken within the application. This may further impact the workflow updates that will be needed from business units.</p>

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
5	AUD-2021-06	Fiscal Year 2020 Financial Statement Audit Management Letter Report	02/01/2021	2021-06-01	Conduct experience study over for the spouse age difference for seriatim and phase out liability for unlocatable missing participant assumptions	06/30/2025	Management concurs with this recommendation. During fiscal year (FY) 20, Actuarial Services and Technology Department (ASTD) developed a schedule for studying all assumptions and methods within the Integrated Present Value of Future Benefit (IPVFB) inventory, and this schedule was based in part on the critical status of the assumption. The results of the sensitivity analysis on the spouse age difference and phase-out of liability assumptions, which was conducted during (FY) 2021, show that these assumptions have almost no impact to the overall IPVFB liability. These assumptions were assigned a low critical status and the studies of the spousal age difference and phase-out assumptions are currently scheduled to be conducted during FY 2024 and FY 2025, respectively. The smoothing adjustment for lump sum benefit projections is included in a study of the single-employer benefit projections, and this study is currently scheduled to be completed by FY 2023. ASTD will provide documentation of the rationale behind the seriatim marital status assumption.

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
6	AUD-2021-06	Fiscal Year 2020 Financial Statement Audit Management Letter Report	02/01/2021	2021-06-02	Document rationale for and/or update the seriatim marital status and smoothing adjustment for lump sum benefit projections assumption	06/30/2023	<p>Management concurs with this recommendation. During FY20, ASTD developed a schedule for studying all assumptions and methods within the IPVFB inventory, and this schedule was based in part on the critical status of the assumption. The results of the sensitivity analysis on the spouse age difference and phase-out of liability assumptions, which was conducted during FY 2021, show that these assumptions have almost no impact to the overall IPVFB liability. These assumptions were assigned a low critical status and the studies of the spousal age difference and phase-out assumptions are currently scheduled to be conducted during FY 2024 and FY 2025, respectively.</p> <p>The smoothing adjustment for lump sum benefit projections is included in a study of the single-employer benefit projections, and this study is currently scheduled to be completed by FY 2023. ASTD will provide documentation of the rationale behind the seriatim marital status assumption.</p>
7	EVAL-2022-04	PBGC Can Improve the Effectiveness of the Missing Participants Program	01/07/2022	2022-04-01	Establish objective, quantifiable, and measurable performance goals for the program as required by Office of Management and Budget (OMB) Circular No. A-11, Part 6, and develop performance measures to track progress in achieving them.	06/30/2023	<p>Management concurs with this recommendation. The Office of Benefits Administration (OBA) has submitted two of the five recommendations related to this evaluation. OBA has made great progress towards developing performance goals and tracking activity data to measure progress against those goals. OBA has a 3-phase plan for developing a performance goal. Phase 1 includes increasing and tracking search activity as well as program data collection. Phase 2 includes development of performance measures. Phase 3 includes implementation of performance goals/targets into the PBGC Strategic Plan and Annual Performance Reporting system. The final phase will not be complete until June 2023.</p>

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
8	EVAL-2022-04	PBGC Can Improve the Effectiveness of the Missing Participants Program	01/07/2022	2022-04-03	Improve data management practices to ensure data reliability for tracking and reporting on the missing participant (MP) status including search activity efforts.	06/30/2023	Management concurs with this recommendation. OBA will implement additional data fields at the customer level that are specific to missing participants which will include the date of last search, outcome of search, date of last contact as well as the outcome of that contact.
9	EVAL-2022-04	PBGC Can Improve the Effectiveness of the Missing Participants Program	01/07/2022	2022-04-05	Periodically review policies, procedures for continued relevance and effectiveness in achieving the missing participant program (MPP) mission.	05/31/2023	Management concurs with this recommendation. OBA will establish an annual review of MPP policies and procedures.
10	AUD-2022-06	Fiscal Year 2021 Financial Statement Audit Management Letter Report	01/14/2022	2022-06-01	PBGC should implement procedures to periodically analyze participant/beneficiary data to identify significant and unusual or abnormal changes. From this type of activity, PBGC should investigate participants to validate the reasonableness for the change and the adequacy of the data used for benefit calculation and liability determination and make corrections to the participant data as necessary	06/30/2023	Management concurs with this recommendation. In FY22, ASTD developed procedures to review customer data based on status changes that are identified from one valuation date to the next (see RCF 2022-06-01 submitted September 2022). As part of the procedures, ASTD has implemented a quarterly review and approval of the data used for the financial statement valuation. ASTD will continue to refine the procedures to address this recommendation.

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
11	AUD-2022-06	Fiscal Year 2021 Financial Statement Audit Management Letter Report	01/14/2022	2022-06-02	Conduct in depth follow-up experience study mentioned within the RCF 2021-02- 01 rationale memorandum over expected retirement age vs actual retirement age and implement changes/updates to the assumption based on study results.	06/30/2023	Management concurs with this recommendation. ASTD has completed this experience study and it is currently in final review. ASTD will implement any appropriate changes to this assumption that result from the study.
12	AUD-2022-06	Fiscal Year 2021 Financial Statement Audit Management Letter Report	01/14/2022	2022-06-03	Implement procedures to formally retain, review documentation over internal controls that evidences how the review steps were performed and how conclusions (especially judgmental decisions) were drawn. Examples would be tickmarks, text boxes, comments, re-calculations, reconciliations, supporting files researched, etc.	09/30/2023	Management concurs with this recommendation. ASTD will develop improvements to existing review procedures, including the formal documentation of review notes and more detailed review checklists.

Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
13	AUD-2022-06	Fiscal Year 2021 Financial Statement Audit Management Letter Report	01/14/2022	2022-06-04	PBGC currently documents review evidence through the use of checklists, email support, and signatures, however, the details around how the review steps is executed (ex: reconciling two numbers from certain documents) is often not formally documented as part of the control performance. We recommend PBGC develop more detailed checklists that outline how steps are completed and not just what needs to be completed	09/30/2023	Management concurs with this recommendation. ASTD will develop improvements to existing review procedures, including the formal documentation of review notes and more detailed review checklists.