



Office of the
Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

November 13, 2023

Report No. 2023-IAG-017

Memorandum for: The Honorable Kiran A. Ahuja
Director

From: The Honorable Krista A. Boyd
Inspector General

Krista A. Boyd

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Boyd
Date: 2023.11.13 14:41:05
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Subject: Audit of the U.S. Office of Personnel Management's
Fiscal Year 2023 Consolidated Financial Statements

This memorandum transmits Grant Thornton LLP's (Grant Thornton) reports on its financial statement audit of the U.S. Office of Personnel Management's (OPM) consolidated financial statements. These comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of net cost, changes in net position, and the combined statements of budgetary resources for the years then ended, and the related notes to the financial statements. Grant Thornton's reports also cover OPM's individual balance sheets of the Retirement, Health Benefits, and Life Insurance Programs as of September 30, 2023, and 2022, and the related individual statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the individual financial statements. Lastly, we discuss the results of the Office of the Inspector General's (OIG) oversight of the audit and review of those reports.

Audit Reports on the Financial Statements, Internal Control over Financial Reporting, and Compliance with Laws, Regulations, Contracts, and Other Matters

The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576) requires OPM's Inspector General or an independent external auditor, as determined by the Inspector General, to audit the agency's financial statements in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. We contracted with the independent certified public accounting firm Grant Thornton to audit OPM's consolidated financial statements as of September 30, 2023 and 2022. The

contract requires that the audit be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*.

Grant Thornton's audit report includes opinions on the consolidated financial statements and the individual financial statements for the three benefit programs. In addition, Grant Thornton separately reported on internal control over financial reporting and on compliance with laws, regulations, contracts, and other matters. The results of Grant Thornton's audit included the following:

- The consolidated financial statements and individual financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
- Grant Thornton's report identified one material weakness in OPM's internal control:
 - Information Systems Control Environment

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

- Grant Thornton's report did not identify any significant deficiencies.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- Grant Thornton's report identified instances of non-compliance with the Federal Financial Management Improvement Act (FFMIA) Section 803(a), as described in the section titled Material Weakness – Information Systems Control Environment, in which OPM's financial management systems did not substantially comply with the Federal financial management systems requirements. The results of Grant Thornton's tests of FFMIA Section 803(a) requirements disclosed no instances of substantial noncompliance with applicable Federal accounting standards and the application of the *United States Standard General Ledger* at the transaction level.

OIG Evaluation of Grant Thornton's Audit Performance

In connection with the audit contract, we reviewed Grant Thornton's report and related documentation and made inquiries of its representatives regarding the audit. To fulfill our audit responsibilities under the CFO Act for ensuring the quality of the audit work performed, we conducted a review of Grant Thornton's audit of OPM's Fiscal Year 2023 Consolidated Financial Statements in accordance with GAS. Specifically, we:

- provided oversight, technical advice, and liaison to Grant Thornton auditors;

- ensured that audits and audit reports were completed timely and in accordance with the requirements of GAGAS, OMB Bulletin 24-01, and other applicable professional auditing standards;
- documented oversight activities and monitored audit status;
- reviewed responses to audit reports and reported significant disagreements to the audit follow-up official per OMB Circular No. A-50, Audit Follow-up;
- coordinated issuance of the audit reports; and
- performed other procedures we deemed necessary.

Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on OPM's financial statements or internal controls or on whether OPM's financial management systems substantially complied with the Federal Financial Management Improvement Act or conclusions on compliance with laws and regulations. Grant Thornton is responsible for the attached auditor's reports dated November 13, 2023, and the conclusions expressed in the reports. However, our review disclosed no instances where Grant Thornton did not comply, in all material respects, with the generally accepted GAS.

In accordance with the OMB Circular A-50 and Public Law 103-355, all audit findings must be resolved within six months of the date of this report. The OMB Circular also requires that agency management officials provide a timely response to the final audit report indicating whether they agree or disagree with the audit findings and recommendations. When management is in agreement, the response should include planned corrective actions and target dates for achieving them. If management disagrees, the response must include the basis in fact, law, or regulation for the disagreement.

To help ensure that the timeliness requirement for resolution is achieved, we ask that the CFO coordinate with the OPM audit follow-up office, Internal Oversight and Compliance (IOC), to provide their initial responses to us within 90 days from the date of this memorandum. IOC should be copied on all final report responses. Subsequent resolution activity for all audit findings should also be coordinated with IOC. The CFO should provide periodic reports through IOC to us, no less frequently than each March and September, detailing the status of corrective actions, including documentation to support this activity, until all findings have been resolved.

In closing, we would like to thank OPM's financial management staff for their professionalism during Grant Thornton's audit and our oversight of the financial statement audit this year.

If you have any questions about Grant Thornton's audit or our oversight, please contact me, at 606-1200, or you may have a member of your staff contact Michael R. Esser, Assistant Inspector General for Audits, at 606-2143.

Attachments

cc: The Honorable Robert H. Shriver
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