U.S. Office of Personnel Management

Agency Financial Report

Fiscal Year 2024

This report is prepared in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.

OPM

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Message from the Director, Agency Financial Report FY 2024

Robert H. Shriver, III Acting Director

I am pleased to present the United States Office of Personnel Management (OPM) Fiscal Year (FY) 2024 Agency Financial Report (AFR). This report highlights OPM's commitment to its Government-wide fiduciary responsibilities, FY 2024 accomplishments, and accountability, efficiency, and transparency with the $1.3 trillion in financial assets related to the Federal earned benefits trust funds and the discretionary resources Congress provides. This AFR also demonstrates our commitment to serve and support Federal agencies in workforce policies, programs, and benefits that serve the American people. The performance and financial data presented in this AFR is complete and reliable. OPM has proudly received an unmodified "clean" audit opinion on its financial statements for 25 consecutive years.

As Acting Director, it is my privilege to continue progress begun by my predecessor, former Director Kiran Ahuja, to build and support an exceptional Federal workforce through Priority One of the President's Management Agenda. This includes, but is not limited to:

- Strengthening longstanding protections and merit system principles for approximately two million career civil servants;
- Positioning the Federal Government as a leader in pay equity;
- Reforming, modernizing, and expanding critical programs like Pathways, which create avenues for early career talent, for the first time in more than a decade;
- Partnering with OMB on guidance to improve the Federal hiring experience and expand opportunities for military-connected spouses and families;
- Strengthening the Federal Employees Health Benefits Program (FEHBP);
- Launching the Postal Service Health Benefits Program (PSHBP); and
- Reducing the Retirement Services backlog to the lowest levels in over six years.

OPM remains dedicated to investing resources on organizational transformation and serving as the leader in Federal human capital management. OPM proudly reports the information technology material weakness has been downgraded by the external auditors, based on the audit remediation efforts and corrective actions made during FY 2024. OPM will continue to complete the remaining corrective actions to strengthen the information technology operations. OPM's workforce is committed to delivering tangible results for Federal agencies and the American people, both now and in the future. We will continue to improve program performance to maximize taxpayer value and enhance service delivery for our customers. The pages that follow demonstrate the critical contributions OPM made to these and other efforts throughout FY 2024.

Sincerely,

Robert H. Shriver, III

Robert H. Shriver, III
Acting Director
U.S. Office of Personnel Management
November 15, 2024

Section 1

Management's Discussion and Analysis

(Unaudited)

Overview

As the Federal Government's human resources (HR) agency and personnel policy manager, OPM aspires to lead and serve the Federal Government in enterprise HR management delivering policies and services to achieve a trusted effective civilian workforce, directing HR policy; promoting best practices in human resource management; administering retirement, healthcare, and insurance programs; overseeing merit-based and inclusive hiring into the civil service, and providing a secure employment process.

OPM employees at the 2024 Senior Leader Retreat.

OPM operates from its headquarters in the Theodore Roosevelt Federal Building at 1900 E Street NW, Washington, D.C., 20415, with field offices in 16 locations across the country, and operating centers in Pennsylvania and Georgia. OPM's FY 2024 gross budget, including appropriated, mandatory administrative authorities and revolving fund activities, totaled $1,252,585,643. In FY 2024, the agency had approximately 2,681 full-time equivalent employees. OPM's discretionary budget authority, excluding the Office of the Inspector General (OIG), was $412,051,000. For more information about OPM, please refer to the agency's website, **opm.gov**.

About This Report

The FY 2024 AFR provides an overview of OPM's financial results to inform Congress, the President, and the public on the results of the agency's operations and stewardship over the financial resources entrusted to execute its mission. In January 2025, OPM will publish its FY 2024 Annual Performance Report (APR). The APR will provide an overview of OPM's progress in implementing the strategies and achieving the goals outlined in OPM's FY 2022 – 2026 Strategic Plan.

The AFR provides an accurate and complete accounting of OPM's financial performance in fulfilling its mission during FY 2024 and meets reporting requirements, including laws focusing on improved accountability among Federal agencies, and the regulatory guidance described in the Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136. OPM reports are available at **Performance (opm.gov)**.

Suggestions for improving this report should be sent to the following address:
U.S. Office of Personnel Management Financial Services
1900 E Street, NW, Room 5478
Washington, D.C. 20415

Celebrating Excellence in OPM Financial Reporting

OPM is honored to be recognized by the AGA (formerly Association of Government Accountants, a leading professional association in financial management), for producing an award-winning **FY 2023 AFR** that met or exceeded the rigorous scoring requirements of the AGA's Certificate of Excellence in Accountability Reporting (CEAR) Program.

The CEAR Program was established in collaboration with OMB and the Chief Financial Officers (CFO) Council to assist Federal agencies with performance and accountability reporting. Through the CEAR program, agencies improve accountability by streamlining reporting and enhancing reports' effectiveness to highlight the agency's accomplishments and financial status throughout the fiscal year.

The CEAR Program publicly recognized OPM, along with other winning Federal agencies, on the high-quality AFR that effectively illustrates financial and program performance with both accomplishments and challenges, as well as outstanding efforts in preparing the AFR that increased accountability, transparency, innovation, collaboration, and results. OPM looks forward to continuing commitments on the financial excellence journey and offering greater value to our customers and the public.


Office of the Chief Financial Officer received the AGA Certificate of Excellence in Accountability Reporting award

Organizational Framework

OPM's divisions and offices and their employees implement the programs and deliver the services that enable the agency to meet its strategic goals and fulfill its statutory mandates. The agency's organizational framework consists of program divisions and offices that directly and indirectly support the agency's mission.

Office of the Director

- Office of the General Counsel
- Office of Communications
- Congressional, Legislative and Intergovernmental Affairs
- Office of Diversity, Equity, Inclusion & Accessibility
- Office of the Inspector General
- Security, Suitability, and Credentialing Line of Business
- President's Commission on White House Fellows
- Federal Prevailing Rate Advisory Committee

- Human Resources
- Office of the Chief Financial Officer
- Office of the Chief Information Officer
- Office of Procurement Operations
- Facilities, Security & Emergency Management
- Office of the Executive Secretariat, Privacy, and Information Management
- Office of Equal Employment Opportunity
- Office of Small and Disadvantaged Business Utilization

Healthcare & Insurance
- Program Development and Support
- Federal Employee Insurance
- Office of the Actuaries
- Operations and Resource Management
- Postal Service Insurance Operations

Human Capital Data Management and Modernization
- Data Support and Analysis
- eOPF Data Warehouse
- Human Resources Line of Business
- Resource Management Office
- Data Standards, Management, and Modernization
- Enterprise Data and AI/CDO

Human Resources Solutions
- Center for Leadership Development
- Federal Staffing Center
- HR Strategy and Evaluation Solutions
- Human Capital Industry Solutions
- Center for Management Services

Merit System Accountability & Compliance
- Agency Compliance and Evaluation
- Combined Federal Campaign
- Internal Oversight & Compliance
- Voting Rights and Resource Management

Retirement Services
- Retirement Operations DC
- Retirement Operations Boyers

Suitability Executive Agent Programs
- Policy/ Strategy
- Oversight
- Operations

Workforce Policy and Innovation
- Pay, Leave and Workforce Flexibilities
- Executive Services and Workforce Development
- Accountability and Workforce Relations
- Talent Acquisition, Classification & Veterans Programs
- Strategic Workforce Planning
- Federal Executive Boards
- Center for Innovation in Federal Talent

This section describes each office and the key roles and responsibilities each play in contributing to the achievement of OPM's mission. OPM organizations are categorized into four different types of offices: Executive, Program, Management, and Other, which are detailed below:

Executive Offices

Office of the Director (OD) provides guidance, leadership, and direction necessary to achieve OPM's mission to lead and serve the Federal Government by delivering policies and services to achieve a trusted, effective civilian workforce.

Congressional, Legislative and Intergovernmental Affairs (CLIA) is the OPM office that fosters and maintains relationships with members of Congress and their staff. CLIA accomplishes its mission by keeping informed of issues related to programs and policies administered by OPM. CLIA staff attend meetings, briefings, markups, and hearings to interact, educate, and advise agency leadership and the Congress. CLIA is also responsible for supporting congressional efforts by providing technical assistance and substantive responses to congressional inquiries and assisting congressional offices with getting answers to constituent inquiries.

Human Capital Data Management and Modernization (HCDMM) leads the Government-wide use of human capital data as a strategic asset through innovation in human capital service delivery models, interoperable data management, and decision support analytics and tools.

HCDMM establishes human capital data standards and manages data collection processes including the Federal guides for working with and managing human capital data; requirements for data file submission to OPM; protocols for human capital data release; statistical analyses; data science; product development; and delivery of analytical tools and services.

HCDMM includes the Human Resource Quality Service Management Office, which is establishing a marketplace of services and products that enables agencies to improve the delivery of human capital activities in alignment with OPM's human capital data standards.

Office of Communications (OC) coordinates a comprehensive effort to inform the public of the Administration's and OPM's goals, plans, and activities through various media outlets. The OC provides the American public, Federal agencies, and pertinent stakeholders with accurate information to aid in planning and decision-making. The OC supports enterprise-wide digital transformation initiatives and oversees the development of all video products, printed materials, and web content generated by OPM offices. The office develops briefing materials for the Director and other OPM officials for various activities and events. The OC also plans events that amplify the Administration's and OPM's agency and Government-wide initiatives.

Office of Diversity, Equity, Inclusion & Accessibility (ODEIA) is committed to leading and providing Government-wide guidance on Diversity, Equity, Inclusion, and Accessibility (DEIA) initiatives, including technical assistance to agencies, policy guidance, management of intergovernmental working groups on DEIA, and the Government-wide DEIA Strategic Plan. ODEIA provides Federal agencies with concrete strategies and leading practices to recruit, hire, include, develop, retain, engage, and motivate a diverse, high-performing workforce. ODEIA primarily focuses its actions on externally facing customers and matters, but it also has an advisory function to senior leaders for internal OPM DEIA efforts.

Office of the Executive Secretariat, Privacy, and Information Management (OESPIM) was recently established to combine the complementary functions of the Office of Privacy and Information Management (OPIM) and the Executive Secretariat, which had previously been within the OD. OESPIM, led by a Senior Executive Service Executive Director, is responsible for privacy, Freedom of Information Act, records management, forms management/Paperwork Reduction Act, Controlled Unclassified Information, correspondence management, coordination of OPM's internal clearance processes (to include policy and program proposals), and regulatory affairs (to include serving as the agency's liaison with OMB and the Federal Register).

Office of the General Counsel (OGC) provides legal advice and representation to the Director and OPM managers and leaders. OGC does this by rendering opinions, reviewing proposed policies and other work products, commenting on their legal efficacy, serving as agency representative in administrative litigation, and supporting the Department of Justice (DOJ) in its representation of the Government on matters concerning the civilian workforce. OGC also carries out several programmatic, substantive functions that fulfill other statutory or regulatory mandates and, thus, benefit other OPM offices or the Executive Branch as a whole. For example, OGC is responsible for promulgating Hatch Act regulations; administers the internal agency Hatch Act and ethics programs; and serves in a policy and legal role in the Government-wide function of determining which Merit Systems Protection Board and arbitral decisions are erroneous and have a substantial impact on civil service law, and thus, merit judicial review. Consistent with the Government in Ethics Act, OGC, along with DOJ, consults with the Office of Government Ethics (OGE) on regulations related to the Standards of Conduct OGE plans to issue. OGC also administers OPM's internal program for handling claims lodged under the Federal Tort Claims Act and other statutes and determines when OPM personnel or documents should be made available in discovery to parties in litigation to which OPM is not a party.

Security, Suitability, and Credentialing Line of Business (SSLOB) is an interagency organization that is administratively housed within OPM. The SSLOB supports the Security, Suitability, and Credentialing Performance Accountability Council, including the Suitability and Credentialing and Security Executive Agents (the Director of OPM and the Director of National Intelligence). OMB's Deputy Director for Management chairs the Council and is accountable to the President for promoting the alignment of personnel vetting processes and driving enterprise-wide reforms. The SSLOB assists the Council and the Executive Agents – through the Council's Program Management Office – in its personnel vetting mission by identifying/implementing investments, simplifying the delivery of services, and establishing shared services, as well as promoting reciprocity, efficiency, and effectiveness across the enterprise.

Program Offices

Healthcare and Insurance (HI) consolidates OPM's health and other insurance benefits responsibilities into a single organization. This includes contracting, contract oversight, program development, and management functions for the Federal Employees Health Benefits Program (FEHBP), the PSHBP, the Federal Employees' Group Life Insurance (FEGLI) Program, the Federal Long-Term Care Insurance Program (FLTCIP), the Federal Employees Dental and Vision Insurance Program (FEDVIP), and the Federal Flexible Spending Account Program (FSAFEDS). HI consists of Program Development and Support, Federal Employee Insurance Operations, Postal Service Insurance Operations, Office of the Actuaries and Operations, Resource Management divisions, and front office staff, including the Chief Pharmacy Officer and the Chief Medical Officer.

Program Development and Support is responsible for extensive operational, analytical, and systems development and support; policy and program development and implementation; data collection and analysis; and stakeholder outreach and education for programs administered by HI. Program Development and Support also manages the annual Federal Benefits Open Season and outreach, education, and collaboration with agency benefits officers.

Federal Employees Insurance Operations (FEIO) is responsible for the contracting operations for all insurance programs, the Plan Performance Assessment function connecting health plan quality to carrier profit, the Audit Resolution & Compliance function facilitating and tracking audit responses and resolution, and the Contract Administration and Program Support responsible for leading projects important to insurance operations, including carrier brochure changes and contract amendments.

Postal Service Insurance Operations will perform similar functions to FEIO for the new PSHBP. The Office of the Actuaries reviews premium proposals from Federal Employees Health Benefits (FEHB) and FEDVIP carriers, determines the actuarial liabilities, contributions and funding payments for the Retirement, Health, and Life Insurance programs, and provides actuarial support for employee benefit programs including FEHB, FEGLI, FLTCIP, FEDVIP, Civil Service Retirement Service (CSRS), Federal Employees Retirement System (FERS), and FSAFEDS.

Human Resources Solutions (HRS) provides human capital products and services that support Federal agencies in meeting their mission. Through both internal human capital experts and/or private sector partners, HRS helps agencies recruit/hire/retain top talent, cultivate leaders, build Federal HR capacity, optimize the performance management process, and sustain effective results-oriented organizations. HRS operates under the provisions of the Revolving Fund, 5 U.S.C. §1304 (e)(1), that authorizes OPM to perform personnel management services for Federal agencies on a cost reimbursable basis. HRS consists of four practice areas that work directly with customer agency partners via interagency agreement (IAA) to deliver a complete range of HR products and services, including Government-to-Government and private sector solutions. Some of this work is directed by statute, and other aspects are performed at the option of an agency that engages HRS in this work. This includes recruiting and examining candidates for positions for employment by Federal agencies nationwide; delivering leadership and development courses and programs, including the Leadership for a Democratic Society program; providing custom-designed technology systems (e.g., USAJOBS®, USA Staffing®, USA Hire℠, USA Performance®, and USALearning®) to support Federal agency recruitment, talent acquisition, performance management, and training priorities; developing organization and performance management strategies; and providing human capital management, organizational performance improvement, and training and development expertise delivered through best-in-class contracts.

Merit System Accountability & Compliance (MSAC) is responsible for a range of functions that support OPM's mission as a Federal human capital leader and its stewardship of the merit system. MSAC provides guidance, adjudications, and oversight as a trusted human capital partner of Federal agencies to uphold the merit system principles and help align their practices with merit system principles and other civil service requirements. It evaluates agencies' HR operations and human capital management programs for effectiveness and efficiency, works to strengthen and support agencies' independent audit programs, and adjudicates classification appeals, job-grading appeals, Fair Labor Standards Acts claims, and compensation and leave claims. MSAC also has Government-wide oversight of the Combined Federal Campaign to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective in providing all Federal employees and annuitants the opportunity to improve the quality of life for all. Further, MSAC administers the Voting Rights Program, deploying Federal observers to monitor polling sites (as determined by the Attorney General) and provide written reports to the DOJ. Finally, MSAC serves as the liaison between OPM program offices and oversight groups such as the OIG and the Government Accountability Office (GAO) and helps to coordinate audit activities to resolve recommendations.

Retirement Services (RS) is responsible for the administration of the Federal Retirement Program covering approximately 2.8 million active employees, including the United States Postal Service (USPS), and more than 2.7 million annuitants, survivors, and family members. RS develops and administers benefits programs and services that offer choice, value, and quality to help maintain the Government's position as a competitive employer. Activities include maintaining records and servicing credit accounts prior to retirement; initial eligibility determinations at retirement; adjudication of annuity benefits based on age and service, disability, or death according to relevant statutes and regulations. Once a case is adjudicated and added to the annuity roll, OPM continues to serve annuitants by making address or tax status changes to annuitant accounts, sending annual cost of living and tax information, surveying certain annuitants to confirm their continued eligibility to receive benefits, and conducting other post-adjudication activities.

Suitability Executive Agent Programs (SuitEA) was established as a distinct program office within OPM in December 2016 to strengthen the processes for personnel vetting, suitability determinations for Federal employment and Government contract work, and personnel credentialing for access to agency systems and facilities across the Government. SuitEA prescribes suitability, fitness, and credentialing standards and procedures and oversees functions delegated to the heads of agencies while retaining jurisdiction for certain suitability determinations and taking Government-wide suitability actions when appropriate. It also issues guidelines and instructions to the heads of agencies to promote appropriate uniformity, centralization, efficiency, effectiveness, reciprocity, timeliness, and security in suitability/fitness/credentialing processes, and delivers training to suitability and fitness adjudicators across Government.

Workforce Policy and Innovation (WPI) is OPM's workforce policy office. Formerly known as Employee Services, WPI administers statutory and regulatory provisions related to recruitment, hiring, classification, strategic workforce planning, pay, leave, performance management and recognition, leadership and employee development, reskilling, work/life/wellness programs, labor and employee relations, and oversight of Federal Executive Boards. WPI equips Federal agencies with tools, flexibilities, and authorities, as well as forward-leaning strategic workforce planning products, to enable agencies to hire, develop, and retain an effective Federal workforce.

Management Offices

Equal Employment Opportunity (EEO) provides a fair, legally correct, and expeditious EEO complaints process, including EEO counseling, Alternative Dispute Resolution, and EEO Complaint Intake, Investigation, Adjudication, and Record-Keeping.

Facilities, Security & Emergency Management (FSEM) manages the agency's real property, building operations, space design and layout, mail management, physical security and safety, and occupational health programs. FSEM provides personnel security, suitability, and national security adjudicative determinations for OPM personnel. FSEM oversees OPM's

Personal Identification Verification program and provides shared services in support of other Government agencies' adjudicative programs. FSEM directs the operations and oversees OPM's classified information, industrial security, insider threat, and preparedness and emergency response programs. In addition, it oversees publishing and printing management for internal and external design and reproduction, as well as the agency's mail center operations.

OPM Human Resources (HR) is responsible for OPM's internal HR management programs. OPM HR supports the human capital needs of program offices throughout the employment lifecycle, from recruiting and hiring candidates for employment opportunities at OPM, to coordinating career development opportunities to processing retirement applications. The OPM Chief Human Capital Officer (CHCO) leads HR, and is responsible for shaping corporate HR strategy, policy, and solutions to address workforce management challenges within the agency.

Office of the Chief Financial Officer (OCFO) is responsible for OPM's strategic financial management, fiscal responsibility, transparency, and accountability. OCFO advises the OPM Director and senior leadership on all aspects of financial management and delivers services to OPM customers, enabling OPM to achieve its strategic plan objectives and deliver on its mission. OCFO facilitates financial planning, budgeting, and accounting functions, ensuring adherence to financial regulations and compliance standards. OCFO also manages the agency's financial systems, conducts comprehensive enterprise risk assessments, and performs internal control reviews. OCFO aligns financial decisions with the agency's goals and decision-making processes, optimizing resource allocations and showcasing the effective management of taxpayer dollars. OCFO strives for excellence in strategic financial management, leading OPM with the practice of sound financial management in program development and operations and the stewardship of public resources.

Office of the Chief Information Officer (OCIO) defines the enterprise IT vision, strategy, policies, and cybersecurity for OPM. The OCIO determines the most effective use of technology in support of the agency's strategic plan, including the long-term enterprise strategic architectures, platforms, and applications. The OCIO is responsible for modernizing the agency's IT. The OCIO promulgates the agency's IT security policies and determines and operates the agency's cybersecurity program and protections in a manner consistent with Federal law and mandates. The OCIO leads the IT governance processes and IT investment management to concur on IT strategies and budgets across the agency. The OCIO determines the most effective use of technology to support of the agency's strategic plan, including the enterprise architecture, platform, systems, and applications. The OCIO is responsible for modernizing OPM's IT, developing and maintaining the agency's IT security policies, and operating and enhancing the agency's cybersecurity program. The OCIO leads the IT governance processes and manages IT investments to develop and execute IT strategies and budgets across the agency. The OCIO provides technical strategies and guidance, cloud technology and services, application and system development and maintenance, IT project management, agile frameworks, collaboration and communication tools, hardware, software, and infrastructure such as the OPM Help Desk services to support OPM's business operations. The OCIO manages pre- and post-implementation reviews of IT programs and projects. The OCIO reviews and oversees IT acquisitions, services, and spending. Additionally, the OCIO partners with other agencies on Government-wide initiatives such as IT modernization, the optimization of enterprise services, and the development of long-term plans for human resource IT strategies.

Office of Procurement Operations (OPO) awards and administers contracts and IAAs. OPO provides acquisition services to OPM's programs and provides assisted acquisition services in support of other Federal agencies that require support under OPM contracts. OPO is responsible for the agency suspension and debarment program and supports OPM's small business utilization efforts in accordance with law and OPM contracting policies. The Acquisition Policy and Innovation function within OPO provides acquisition policy development and guidance agency-wide, as well as provides compliance and oversight over OPM's procurement program. OPO provides acquisition support and oversight for all Contracting Officers and Contracting Officer's Representatives and manages and oversees the agency purchase card program. OPO serves as OPM's liaison to the Office of Federal Procurement Policy, Chief Acquisition Officers Council, and other key external agency partnerships.

Office of Small and Disadvantaged Business Utilization (OSDBU) is authorized by the Small Business Act (Act) to oversee OPM's compliance with the achievement of annual small business goals. The OSDBU manages the development and implementation of appropriate outreach programs aimed at heightening the awareness of the small business community to the contracting opportunities available within OPM. The Act also directs the OSDBU to manage its in-reach and outreach activities under three lines of business: advocacy, outreach, and unification of the business process.

Other Offices

Federal Prevailing Rate Advisory Committee studies the prevailing rate system and other matters pertinent to the establishment of prevailing rates under Subchapter IV of Chapter 53 of Title V, United States Code (USC), and advises the Director of OPM on the Government-wide administration of the pay system for blue-collar Federal employees.

Office of the Inspector General (OIG) is the independent office that conducts comprehensive audits, investigations, and evaluations relating to OPM programs and operations. It is responsible for administrative actions against health care providers that commit sanctionable offenses with respect to the FEHBP or other OPM programs. The OIG keeps the Director and Congress fully informed about problems and deficiencies in the administration of agency programs and operations, and the need for and progress of corrective action.

President's Commission on White House Fellows was founded in 1964 and is one of America's most prestigious programs for leadership and public service. White House Fellowships offer exceptional young professionals first-hand experience working at the highest levels of the Federal Government. Selected individuals typically spend one year working as a full-time, paid Fellow to senior White House staff, Cabinet Secretaries, and other top-ranking Government officials. Fellows also participate in an education program consisting of roundtable discussions with renowned leaders from the private and public sectors. Fellowships are awarded on a strictly non-partisan basis.

OPM's Mission and Strategic Goals

OPM's Strategic Plan is the starting point for performance and accountability. The FY 2022 - 2026 plan details four goals and twenty corresponding objectives that advance OPM's mission to serve as champions of talent for the Federal Government, leading Federal agencies in workforce policies, programs, and benefits in service to the American people. The agency uses a series of performance measures, developed during its annual performance budgeting process, to gauge its progress in implementing the strategies to achieve the goals and objectives in the plan. For the full plan, please refer to https://www.opm.gov/about-us/reports-publications/agency-plans/strategic-plan/.

Acting Director Shriver and other OPM leaders opened the ribbon-cutting ceremony for the new energy-saving solar panels on the Theodore Roosevelt Building.

Table 1 – Strategic Goals

Strategic Goal	Objective	Objective Statement
Position the Federal Government as a Model Employer, Improving the Government-wide Satisfaction Index Score by 4 Points	**1.1**	Achieve a Federal workforce that is drawn from the diversity of America, exhibited at all levels of Government, by supporting agencies in fostering diverse, equitable, inclusive, and accessible workplaces. By FY 2026, increase a Government- wide DEIA index score by 6 percentage points.
	1.2	Develop a Government-wide vision and strategy and implement policies and initiatives that embrace the future of work and position the Federal Government as a model employer with respect to hiring, talent development, competitive pay, benefits, and workplace flexibilities.
	1.3	Build the skills of the Federal workforce through hiring and training. By FY 2026, increase the Government-wide percentage of respondents who agree that their work unit has the job-relevant knowledge and skills necessary to accomplish organizational goals by 4 points.
	1.4	Champion the Federal workforce by engaging and recognizing Federal employees and elevating their work. By FY 2026, increase the number of social media engagements on recognition-focused content by 15 percent.

Strategic Goal	Objective	Objective Statement
Transform OPM's Organizational Capacity and Capability to Better Serve as the Leader in Federal Human Capital Management	**2.1**	Build the skills of the OPM workforce and attract skilled talent. By FY 2026, increase the percentage of OPM employees who agree that their work unit has the job-relevant knowledge and skills necessary to accomplish organizational goals by 3 percentage points.
	2.2	Improve OPM's relationships and standing as the human capital management thought leader. By FY 2026, increase the percent of CHCOs who strongly agree that OPM treats them as a strategic partner by 23 percentage points.
	2.3	Improve OPM's program efficacy through comprehensive risk management and contract monitoring across the agency. By FY 2026, achieve the OMB-set target for the percentage of spending under category management.
	2.4	Establish a sustainable funding and staffing model for OPM that better allows the agency to meet its mission. By FY 2026, increase the percentage of OPM managers who indicate that they have sufficient resources to get their jobs done by 4 percentage points.
	2.5	Modernize OPM IT by establishing an enterprise- wide approach, eliminating fragmentation, and aligning IT investments with core mission requirements. By FY 2026, increase the percentage of software projects implementing adequate incremental development to 95 percent.
	2.6	Promote a positive organizational culture where leadership drives an enterprise mindset, lives the OPM values, and supports employee engagement and professional growth. By FY 2026, increase OPM's Leaders Lead Score by 3 points.
Create a Human-Centered Customer Experience by Putting the Needs of OPM's Customers at the Center of OPM's Workforce Services, Policy, and Oversight, Increasing OPM's Customer Satisfaction Index Score for Targeted Services to 4.3 Out of 5	**3.1**	Enhance the RS customer experience by providing timely, accurate, and responsive service that addresses the diverse needs of OPM's customers. By FY 2026, improve the customer satisfaction score to 4.2 out of 5.
	3.2	Create a personalized USAJOBS® experience to help applicants find relevant opportunities. By FY 2026, improve applicant satisfaction to 4.1 out of 5 for the desktop platform and to 4.5 out of 5 for the mobile platform.
	3.3	Create a seamless customer and intermediary experience across OPM's policy, service, and oversight functions. By FY 2026, increase the average score for helpfulness of OPM human capital services in achieving human capital objectives to 4.5 out of 5.
	3.4	Transform the OPM website to a user-centric and user-friendly website. By FY 2026, achieve an average effectiveness score of 4 out of 5.
Provide Innovative and Data-Driven Solutions to Enable Agencies to Meet Their Missions, Increasing the Percentage of Users Throughout Government Who Agree that OPM Offered Innovative Solutions While Providing Services or Guidance by 4 Points	**4.1**	Foster a culture of creativity and innovation within OPM. By FY 2026, increase the percentage of employees who agree that innovation is valued by 4 points.
	4.2	Increase focus on Government-wide policy work by shifting more low-risk delegations of authorities to agencies.
	4.3	Expand the quality and use of OPM's Federal human capital data. By FY 2026, increase the percentage of CHCO survey respondents who agree that OPM provides agencies with high quality workforce data and information to be used in decision-making by 20 percentage points.
	4.4	Improve OPM's ability to provide strategic human capital management leadership to agencies through expansion of innovation, pilots, and identification of leading practices across Government. By FY 2026, provide Federal agencies with 25 leading practices.
	4.5	Revamp OPM's policy-making approach to be proactive, timely, systematic, and inclusive. By FY 2026, increase the percent of CHCOs who agree that OPM's policy approach is responsive to agency needs by 8 percentage points.
	4.6	Streamline Federal human capital regulations and guidance to reduce administrative burden and promote innovation while upholding merit system principles. By FY 2026, improve CHCO agreement that human capital policy changes resulted in less administrative burden to agencies by 8 percentage points.

FY 2024 Performance Highlights

This section contains performance highlights and costs for each of OPM's four strategic goals. For OPM's complete FY 2024 performance results, targets, measure definitions, plans to improve, and other details, please refer to OPM's FY 2024 Annual Performance Report, which will be published in January 2025 at **Performance (opm.gov)**.

Goal 1: Position the Federal Government as a model employer, improving the Government-wide satisfaction index score by 4 points.

Table 2 – Position the Federal Government as a Model Employer – Performance Measure

FY 2024 spending obligations: $365.2 million

Key results:

Performance Measure	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2026 Target
Government-wide Satisfaction Index Score	69	64	62	64	65	68

Source: OPM Federal Employee Viewpoint Survey (FEVS)

Goal 2: Transform OPM's organizational capacity and capability to better serve as the leader in Federal human capital management.

Table 3 – Transform OPM's organizational capacity and capability to better serve as the leader in Federal human capital management – Performance Measure

FY 2024 spending obligations: $207.3 million

Key results:

Performance Measure	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2026 Target
Percent of Respondents Who Agree That Their Work Unit Has the Job-Relevant Knowledge and Skills Necessary to Accomplish Organizational Goals	86	81	82	84	81	84
Percent of OPM Managers Who Indicate That They Have Sufficient Resources to Get Their Jobs Done	Not included in the OPM FEVS	Not included in the OPM FEVS	Not included in the OPM FEVS	54	Expected November 2024	58

Source: OPM FEVS

Goal 3: Create a human-centered customer experience by putting the needs of OPM's customers at the center of OPM's workforce services, policy, and oversight, increasing OPM's customer satisfaction index score for targeted services to 4.3 out of 5.

Table 4 – Create a human-centered customer experience – Performance Measure

FY 2024 spending obligations: $175.2 million

Key results:

Performance Measure	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2026 Target
Average Satisfaction Score for Services Received From Retirement Services	4.12^	3.92	3.74	3.45	3.91	4.2
Average Overall Satisfaction Score With USAJOBS (Desktop)	3.80	3.87	3.88	3.93‡	3.79	4.1
Average Overall Satisfaction Score With USAJOBS (Mobile)	4.27	4.21	4.23	4.16‡	3.96	4.5

Sources: OPM RS customer experience survey and OPM USAJOBS customer experience survey.

^In FY 2020, only Q1, Q3, and Q4 data was available.

‡ OPM USAJOBS customer experience survey includes data from Q1, Q3, and Q4 FY 2023 only.

Goal 4: Provide innovative and data-driven solutions to enable agencies to meet their missions, increasing the percentage of users throughout Government who agree that OPM offered innovative solutions while providing services or guidance by 4 points.

Table 5 – Provide innovative and data-driven solutions to enable agencies to meet their missions – Performance Measure

FY 2024 spending obligations: $49.5 million

Key results:

Performance Measure	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2026 Target
Percent of Users Throughout Government Who Agree That OPM Offered Innovative Solutions While Providing Services or Guidance	88%	87%	86%	85%	85%	91%

Source: OPM human capital community survey

Quality of Performance Data

In accordance with the requirements of the Government Performance and Results Modernization Act of 2010, OPM ensures the performance information in its AFR and APR is based on reasonably complete, accurate and reliable data. To promote data quality, OPM's OCFO works with other OPM offices to document and improve data collection, reporting, validation, and verification procedures for performance measures. For additional information on OPM's performance data quality, please refer to OPM's FY 2024 Annual Performance Report, which will be published in January 2025 at **Performance (opm.gov)**.

Analysis of OPM's Financial Statements

In accordance with the Chief Financial Officers Act of 1990 (CFO Act) and the Government Management Reform Act of 1994 (GMRA), OPM prepares consolidated and consolidating financial statements for Retirement, Health Benefits, Life Insurance and Other Programs. For the 25th consecutive year, OPM received an unmodified or "clean" audit opinion on the Consolidated Balance Sheets and related Consolidated Statement of Net Costs, Changes in Net Position, and Combined Statements of Budgetary Resources, and related notes for the fiscal years ended September 30, 2024 and 2023. This includes the individual Balance Sheets of the Retirement Program, Health Benefits Program, and Life Insurance Program and the related individual Statements of Net Cost, and Changes in Net Position, and Budgetary Resources and related notes to the individual financial statements.

Table 6 – Summary of Key Financial Measures

Summary Consolidated Balance Sheet	September 30, 2024 (In Billions)	September 30, 2023 (In Billions)
Total Intragovernmental Assets	$1,192.0	$1,159.6
Total With the Public Assets	2.9	3.3
Total Assets	**$1,194.9**	**$1,162.9**
Total Intragovernmental Liabilities	$0.4	$0.4
Total With the Public Liabilities	3,310.2	3,138.5
Total Liabilities	**$3,310.6**	**$3,138.9**
Unexpended Appropriations	$0.4	$0.4
Cumulative Results of Operations	(2,116.1)	(1,976.4)
Total Net Position	**$(2,115.7)**	**$(1,976.0)**
Total Liabilities and Net Position	**$1,194.9**	**$1,162.9**
Summary Consolidated Statements of Net Cost	**September 30, 2024 (In Billions)**	**September 30, 2023 (In Billions)**
Gross Costs	$274.7	$235.4
Less: Earned Revenue	(150.1)	(136.8)
(Gain)/Loss on Pension, ORB,[1] or OPEB Assumption Changes[2]	83.8	111.9
Total Net Cost of Operations	**$208.4**	**$210.5**
Summary Combined Statements of Budgetary Resources	**September 30, 2024 (In Billions)**	**September 30, 2023 (In Billions)**
Unobligated Balance, From Prior Year Budget Authority, Net	$73.6	$73.0
Appropriations	181.2	173.9
Spending Authority From Offsetting Collections	75.3	70.2
Total Budgetary Resources	**$330.1**	**$317.1**

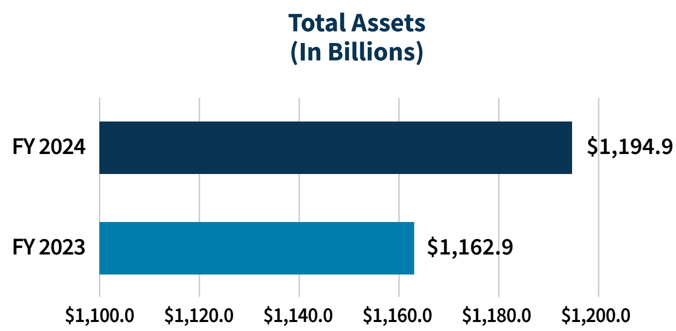
1 Other retirement benefits (ORB)

2 Other post-employment benefits (OPEB)

Overview of Financial Position

Balance Sheet

Figure 1: Total Assets for the Years Ended September 30, 2024 and 2023

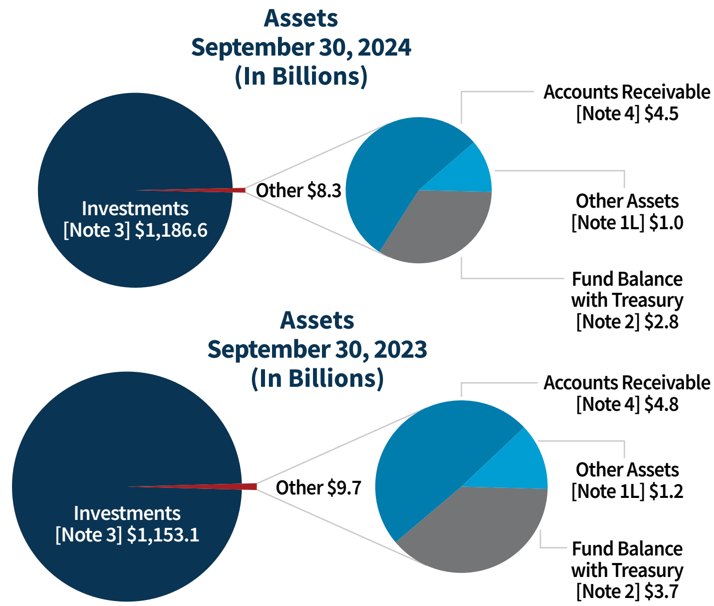


Assets. At the end of FY 2024, OPM held $1,194.9 billion in assets, an increase of $32.0 billion from $1,162.9 billion at the end of FY 2023. The majority of OPM's assets are intragovernmental, representing activity with other Federal entities. As required, the Balance Sheet separately identifies intragovernmental assets from assets with the public.

OPM's largest category of assets is investments at $1,186.6 billion, which increased approximately $33.5 billion in FY 2024. While this represents 99.3 percent of all assets, the change for the fiscal year is less than 3 percent. Retirement is responsible for the majority of the increase due to investing receipts in special securities issued by the Department of the Treasury (Treasury), that are not immediately required for payment. This is a normal course of business for OPM trust funds.

The Retirement program is made up of two major programs within the Civil Service Retirement and Disability Fund (CSRDF), CSRS and FERS. Asset balances are tracked separately, however the entirety of the CSRDF is available for payment of benefits in either program. Due to the overall CSRS fund diminishing each year due to benefit expenses exceeding program revenues and collections, a funding transfer from FERS to CSRS is made annually. In FY 2024, $26.9 billion was recorded as an asset transfer moving investments between programs.

Figure 2: Assets by Type for the Years Ended September 30, 2024 and 2023

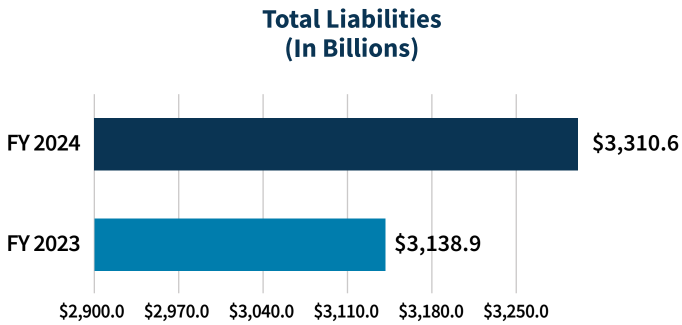


OPM's net intragovernmental accounts receivable of $2.6 billion includes a receivable of $27.3 billion due from USPS offset by an allowance of $27.1 billion for amounts deemed uncollectable due to USPS budget constraints. See Note 4, Accounts Receivable, Net for more information. This is comparable to the $2.7 billion reported in FY 2023 that included a USPS receivable and allowance of $22.7 billion.

Liabilities. At the end of FY 2024, OPM's total liabilities were $3,310.6 billion, an increase of 5.5 percent from $3,138.9 billion at the end of FY 2023. Pensions, OPEB Payable is the largest category of Liabilities, which represents 99.9 percent of the total.

Pensions, OPEB Payable represent an estimate of the future cost in today's dollars to provide earned benefits to participants in the future. It increased approximately $171.6 billion from the end of FY 2023, mainly due to impacts from assumption changes such as program changes, increased general salary rates, and inflation factors.

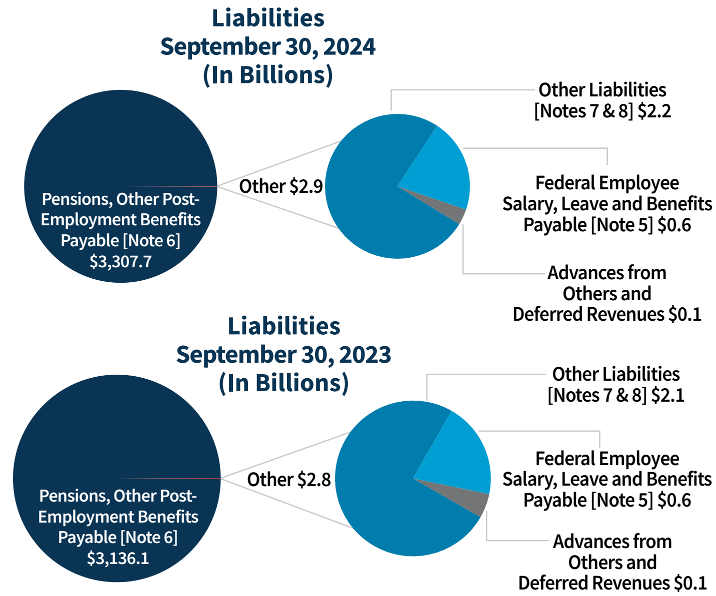
Figure 3: Total Liabilities for the Years Ended September 30, 2024 and 2023



To compute these liabilities, the actuaries make assumptions about economic factors and the demographics of the future of Federal employee workforce and annuitants, retirees, and their survivors' populations. The assumed future rates of cost-of-living adjustment (COLA) and general salary increase in FY 2024 were substantially different from the percentages used in the previous valuations, driving a significant increase in the projected actuarial liabilities for all OPM trust funds. FEHB's future annuitant costs estimates were also impacted by results of the Postal Service Reform Act (PSRA), the Inflation Reduction Act in 2022, as well as with the introduction and participation in the Prescription Drug Program Employer Group Waiver Plans (EGWP) in 2024.

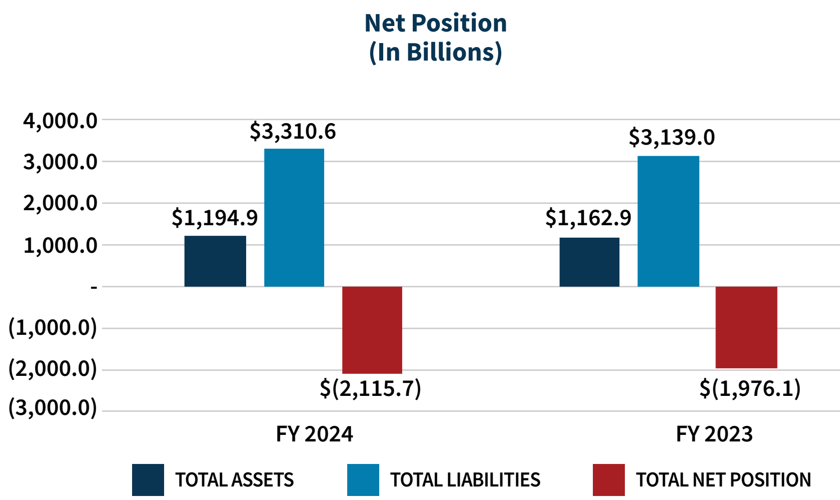
See Note 6, Pensions, OPEB Payable in the Financial Section for additional information.

Figure 4: Liabilities by Type for the Years Ended September 30, 2024 and 2023



Net Position. OPM's Net Position is classified into two separate balances. The Cumulative Results of Operations comprise OPM's net results of operations since its inception. Unexpended Appropriations is the balance of appropriated authority granted to OPM against which no expenditures outlays have been made.

Figure 5: Total Net Position for the Years Ended September 30, 2024 and 2023



OPM's total liabilities exceeded its total assets at the end of FY 2024 by $2,115.7 billion, primarily due to the large actuarial liabilities. However, it is important to note that the Retirement, Health Benefits, and Life Insurance Programs are funded in a manner that ensures there will be sufficient assets available to pay benefits well into the future.

Table 7 – Net Assets Available for Benefits – shows that OPM's net assets available to pay benefits have increased by $31.9 billion in FY 2024 to $1,176.6 billion.

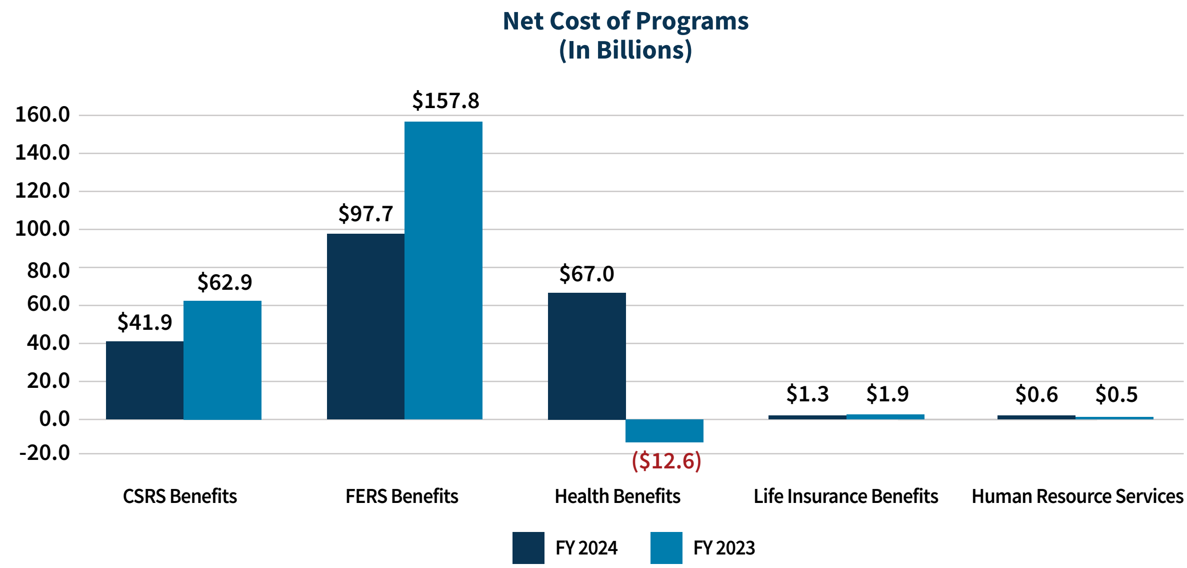
Table 7 – Net Assets Available for Benefits

Net Assets Available for Benefits	September 30, 2024 (In Billions)	September 30, 2023 (In Billions)	Change
Total Assets	$1,194.9	$1,162.9	$32.0
Less: "Non-Actuarial" Liabilities	(18.3)	(18.2)	$(0.1)
Net Assets Available to Pay Benefits	**$1,176.6**	**$1,144.7**	**$31.9**

Statement of Net Cost

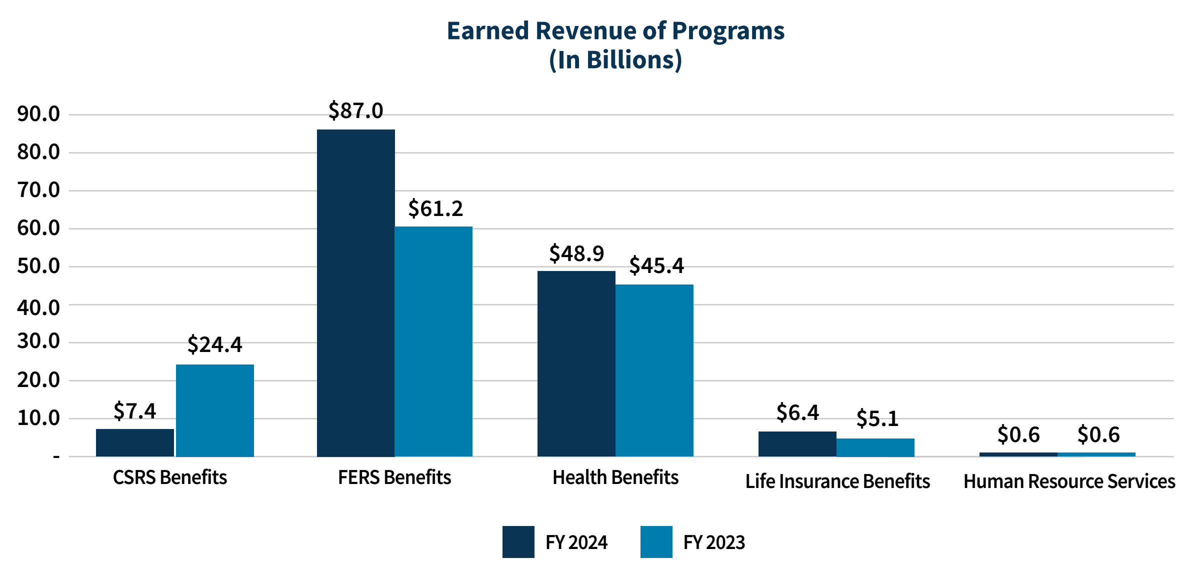
Statement of Net Cost presents the gross cost incurred by OPM, less exchange revenues earned by its benefits and services. Gains and losses related to Pension, ORB, or OPEB Assumption used to measure program liabilities are reported separately and calculated into the Net Cost of Operations for the agency. It includes four major categories of benefits and services: Civil Service Retirement and Disability Benefits (CSRS and FERS), Health Benefits, Life Insurance Benefits, and Other Programs. In FY 2024, Net Cost of Operations totaled $208.4 billion and consisted of Gross Costs of $274.7 billion less Earned Revenue of $150.1 billion, and Net Losses of $83.8 billion.

Figure 6: Net Cost of Programs for the Years Ended September 30, 2024 and 2023



Earned Revenue. Employer and participant contributions and investments are two main categories of earned revenue. Total earned revenues for the year ended September 30, 2024, increased by $13.3 billion, or 9.8 percent, from FY 2023. The increase of approximately $9.0 billion was attributed to increased contributions collected as a result of increased healthcare premiums, the January 2024 general salary pay increase of 5.2 percent compared to 4.6 percent in FY 2023, increased cost of living adjustment, and approximately ninety-five thousand new life insurance entrants in FY 2023. In addition, programs earned approximately $4.3 billion more in investment earnings due to larger investment portfolios and higher interest rates in the first three quarters of FY 2024.

Figure 7: Earned Revenue of Program for the Years Ended September 30, 2024 and 2023



Gross Cost. Agency gross costs for FY 2024 were $274.7 billion compared to $235.4 billion in FY 2023. The majority of the increase is due to Retirement ($28.4 billion) and Health ($9.2 billion) benefit programs.

Retirement pension expense increased due to updated actuarial cost projections based on current year population applied to prior year-end assumption rates. The factors used for inflation, annuitant COLA and the general salary increase drastically increased from FY 2022 to FY 2023. Retirement also recognized a loss due to actual plan experience through the end of FY 2024 compared to expectation used in the current year valuations. For example, FY 2024's general salary increase was 5.2 percent compared to the prior annual assumption of 2.1 percent.

Health's post-retirement benefit cost increased by $3.8 billion in FY 2024 mainly due to the recognition of an experience assumption loss on the actuarial liability of $0.8 billion. The current year loss is mostly due to population changes and actual healthcare costs exceeding prior expectations. In addition, the cost of current benefits and premiums also increased approximately $5.4 billion mostly due to increased healthcare costs and claims payments made in FY 2024.

Actuarial Gain and Loss. Due to actuarial gains and losses, OPM's Net Cost to Provide Retirement, Health Benefits, and Life Insurance Benefits can vary widely year to year. In computing the Pension, Post-Retirement Health Benefits, and Actuarial Life Insurance Liabilities, OPM's actuaries must make assumptions about the future. When the actual experience of the Retirement, Health Benefits, and Life Insurance Programs differs from these assumptions, as it generally will, actuarial gains and/or losses will occur. For example, if the COLA increase is less than the actuary assumed, there will be an actuarial experience gain as it will cost the government less. A decrease in the assumed future rate of inflation would produce a gain. These gains and losses are recognized when expected changes in estimated factors result in a different projection from what was previously used for valuation.

Long-term assumption-based actuarial gains and losses are a result of several factors such as changes to long-term averages based on current year actual rates and cost, new or updated program information, new or updated program information, and revised demographic assumptions.

The major components contributing to OPM's current year loss were changes to the assumed future rates of inflation and general salary increases. The Health Benefits program also continues to be significantly impacted by the recent legislation and plan changes in the FEHB program. The PSRA and the Inflation Reduction Act in 2022, as well as the introduction of Prescription Drug Program (PDP) EGWPs in FEHB in 2024 have created a shift in future annuitant costs from the FEHB to the Medicare program, creating large changes in the liability calculations. The largest contributor to the FY 2024 loss is driven by new information associated with actuals versus expectation of participation in the EGWP program.

Figure 8: Gross Cost of Programs for the Years Ended September 30, 2024 and 2023

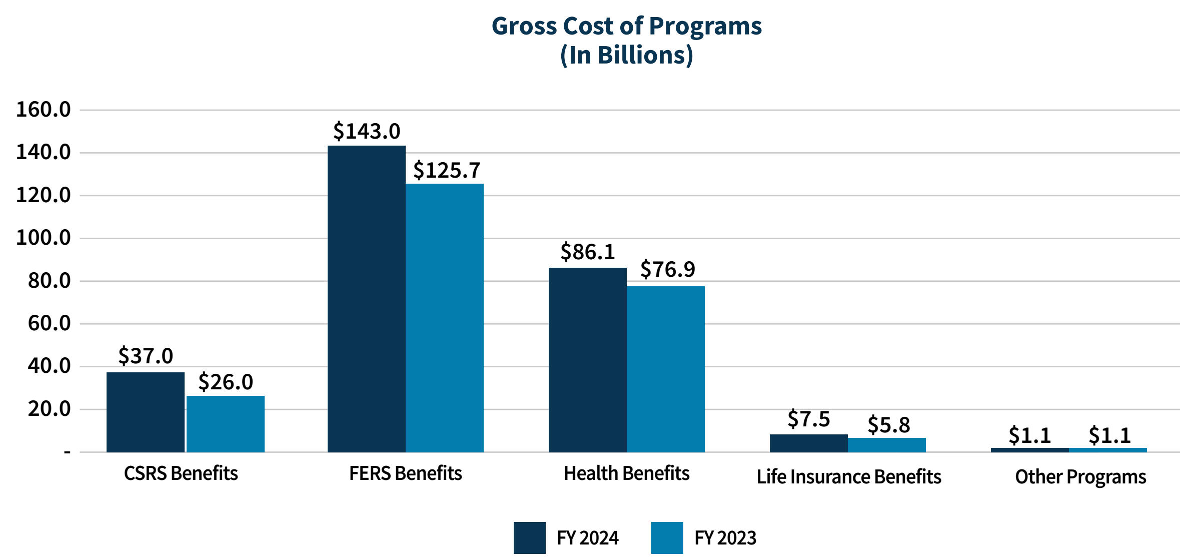


Table 8 – Total Budgetary Resources for the Years Ended September 30, 2024 and 2023

Source of Budgetary Resources	September 30, 2024 (In Billions)	September 30, 2023 (In Billions)
Unobligated Balance, From Prior Year	**$73.6**	**$73.0**
Appropriations	68.7	64.6
Trust Fund Receipts Less Changes in Amounts Precluded from Obligation	112.5	109.3
Spending Authority From Offsetting Collections	75.3	70.2
Total Budgetary Resources	**$330.1**	**$317.1**

Statement of Budgetary Resources

In accordance with Federal statutes and implementing regulations, OPM may incur obligations and make payments to the extent it has budgetary resources to cover such items. The Statement of Budgetary Resources (SBR) presents the sources of OPM's budgetary resources, their status at the end of the year, obligated balances, and the relationship between its budgetary resources and the outlays disbursed.

As presented in the SBR, OPM had access to a total of $330.1 billion in budgetary resources for FY 2024.

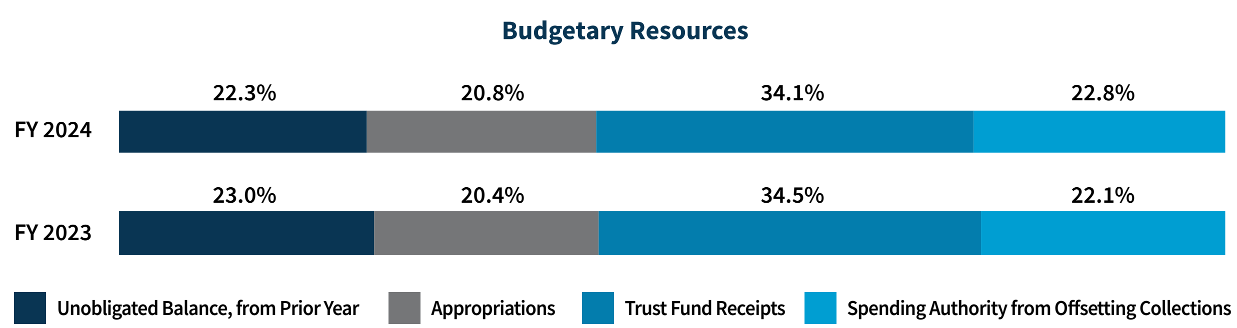
Unobligated Balance from Prior Year Budget Authority. In FY 2024, unobligated balances from the prior year's budget authority amounted to $73.6 billion. These funds represent unused balances that roll forward from the previous year. See Note 13 for more information.

Appropriations include appropriated resources to cover the government's share of cost related to health and life insurance benefits for Retirement program annuitants. Retirement also receives a General Fund warrant annually for supplement funding for the CSRDF.

Trust Fund Receipts are Retirement Program and Postal Service Retiree Health Benefit Fund (PSRHBF) contributions and withholdings from participants, and interest on investments. Of the $143.1 billion in new receipts this fiscal year, $34.4 billion was precluded from obligation in the Retirement program, while ($3.8) billion of previously precluded from obligation funds were made available to cover current year costs in the PSRHBF. Remaining funds precluded from obligation in these programs are available for obligation and expenditure, upon Apportionment by OMB, without further action by Congress. See Note 10 for more details.

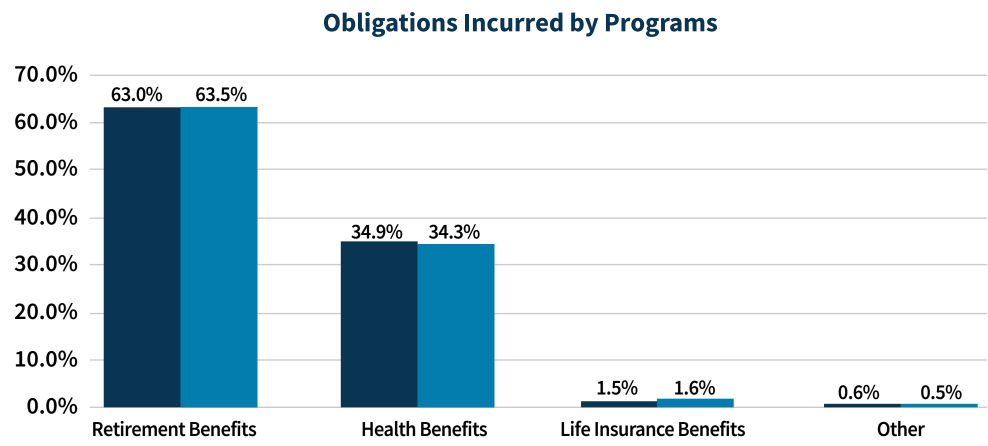
Spending Authority from Offsetting Collections includes contributions made by and for those participating in the Health Benefits and Life Insurance, and revenues in Revolving Fund Programs. OPM saw an increase for the fiscal year of $5.1 billion mainly due to healthcare's premium increase that went into effect in January 2024. Life Insurance had a smaller increase primarily due to approximately ninety-five thousand new entrants.

Figure 9: Budgetary Resources by Percentage for the Years Ended September 30, 2024 and 2023



Of the $330.1 billion in budgetary resources, OPM obligated $256.0 billion of these funds in FY 2024. This includes $68.4 billion of obligations in the program payment accounts that were incurred moving warranted appropriations received from OPM general funds into expenditures trust funds accounts for benefits to be paid for participants in the Retirement, Health Benefits and Life Insurance Programs.

Figure 10: Obligations Incurred by Program for the Years Ended September 30, 2024 and 2023



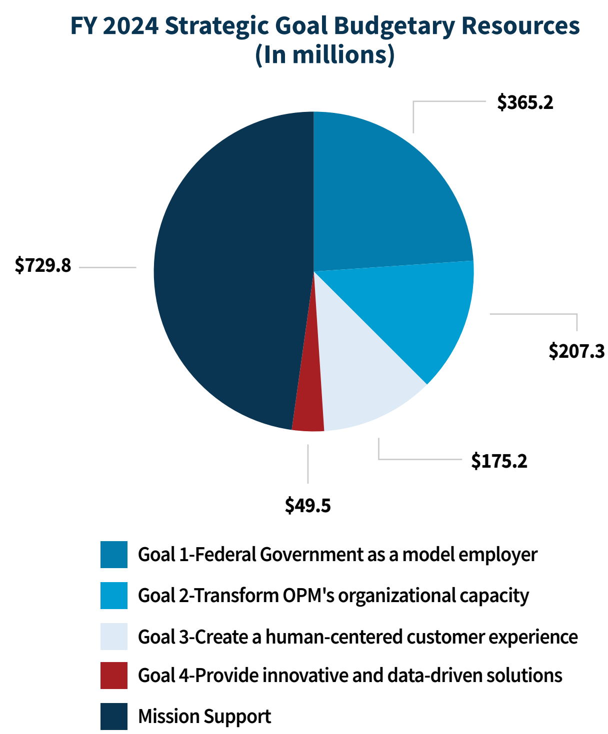
Financial Link to Strategic Goals

OPM's financial statements reflect the resources required and used to accomplish the agency's mission goals and objectives. The majority of OPM's budgetary resources and net cost activity is associated with pass-through activity of resources collected and paid that provide benefits to current and retired employees. While this is an important part of OPM's mission and required operations, OPM's trust fund benefit program activity is not directly associated with the FY 2022 – 2026 Strategic Plan that is designed around serving as champions of talent in the workforce.

OPM's Other Programs track and report resources spent to implement the strategies designed to achieve the goals defined. A large portion of OPM administrative costs is attributed to mission support common services such as rent, salaries and benefits, and support service contracts.

The chart below shows a breakdown of the Other Program's FY 2024 obligations incurred that are associated with OPM's Strategic Plan.

Figure 11: Strategic Goal Budgetary Resources



Analysis of Systems, Controls, and Legal Compliance

This section provides information on OPM's compliance with the following legislative mandates:

- Federal Managers' Financial Integrity Act (FMFIA)
- Federal Financial Management Improvement Act (FFMIA)
- Federal Information Security Modernization Act (FISMA)
- Prompt Payment Act
- Debt Collection Improvement Act (DCIA)
- Payment Integrity Information Act (PIIA)
- Inspector General Act, as amended
- Civil Monetary Penalty Act
- Compliance with Other Key Legal and Regulatory Requirements

Former Director Ahuja joined with other government leaders at a fireside chat at the White House Initiative on Asian Americans, Native Hawaiians, and Pacific Islanders' Federal Employee Leadership Development Conference.

Management Assurances

Office of Personnel Management

FY 2024 Statement of Assurance

U.S. Office of Personnel Management (OPM) is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act* (FMFIA). OPM conducted its assessment of risk and internal control in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, OPM can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2024.

The *Federal Financial Management Improvement Act* (FFMIA) requires agencies to implement and maintain financial management systems that are in substantial compliance with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level. Based on the results of OPM's FFMIA compliance assessment, OPM can provide reasonable assurance that it substantially complies with FFMIA.

Robert H. Shriver, III

Robert H. Shriver, III
Acting Director
November 15, 2024

Compliance with the Federal Managers' Financial Integrity Act (FMFIA)

The FMFIA requires agencies to establish internal control and financial systems that provide reasonable assurance that the following objectives are achieved:

- Effective and efficient operations,
- Reliable financial reporting, and
- Compliance with applicable laws and regulations.

FMFIA requires that agencies conduct evaluations of their systems of internal control and annually provide reasonable assurance to the President and the Congress on the adequacy of those systems. OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, provides the implementing guidance for FMFIA and provides guidance to Federal managers on improving accountability and effectiveness of Federal programs as well as mission-support operations through implementation of Enterprise Risk Management (ERM) practices and by establishing, maintaining, and assessing internal control effectiveness. The OMB Circular A-123 emphasizes the need to integrate and coordinate risk management and strong and effective internal control into existing business activities and as an integral part of managing an agency. In addition, OMB Circular A-123, Appendix A, Management of Reporting and Data Integrity Risk (Appendix A), contains specific requirements for agencies to assess internal control over reporting. OPM's Risk Management Council (RMC) oversees the agency's internal control program. The RMC is chaired by the Chief Management Officer and includes senior representatives from all major OPM organizations. The Risk Management and Internal Control group (RMIC) within the OCFO has primary responsibility for coordinating the annual assessment of internal control.

OPM employs a multi-pronged approach to evaluating its systems of internal control over agency operations, reporting, and compliance with applicable laws and regulations. Under the oversight of the RMC, office heads conducted self-assessments of the internal controls under their purview. They provided an assurance statement detailing whether their internal control systems met the requirements of FMFIA. This included an assessment of entity-level controls. Each business unit assessed its controls against the 17 internal control principles from the GAO Standards for Internal Control in the Federal Government. As part of the overall assessment, RMIC reviewed these submissions along with applicable reports of audits performed by the OIG and GAO throughout the reporting period to determine if there were other material weaknesses that should be reported in the assurance statement. Finally, in accordance with Appendix A, OPM assessed the effectiveness of its key internal controls to support reliable reporting.

Appendix A also requires that agencies develop and maintain a Data Quality Plan (DQP) that considers the incremental risks to data quality in Federal spending data and any controls that would manage such risks in accordance with OMB Circular A-123. As part of our assessment of internal control over reporting objectives, RMIC tested the operating effectiveness of key controls contained in OPM's DQP.

Enterprise Risk Management

OPM's ERM program provides a framework for proactively identifying, managing, and treating risks to achieving OPM's strategic objectives and mission; and seeks to integrate risk management into operations to improve decision making and overall organizational effectiveness. OPM's ERM policy sets forth a consistent approach to risk management throughout OPM in accordance with OMB Circulars A-123 and A-11. The Risk Management Council develops, implements, and leads OPM's ERM program, including the strategies, policies, procedures, and systems established by management to identify, assess, measure, and manage the major risks facing the agency. The Risk Management Council is also responsible for ensuring the establishment and maintenance of an effective system of internal control.

Compliance with the Federal Financial Management Improvement Act (FFMIA)

Financial Management Systems

The FFMIA of 1996 was established to ensure that Federal financial management systems provide accurate, reliable, and timely financial management information to Federal Government managers and leaders. Further, FFMIA required this disclosure be done on a basis that is uniform across the Federal Government from year to year by consistently using professionally accepted accounting standards.

Specifically, FFMIA requires each agency to implement and maintain systems that comply substantially with:

- Federal Government financial management systems requirements.
- Applicable Federal Government accounting standards.
- The United States Standard General Ledger (USSGL) at the transaction level.

OPM completed an assessment of the systems of internal control against the FFMIA guidelines. OPM determined that for FY 2024, OPM complies with Federal Government financial management systems requirements, Federal financial accounting standards, and application of the USSGL. The objectives of the assessment were to ensure that our financial systems achieve their intended results. In May 2021, OPM migrated its administrative core accounting system to the Department of Transportation (DOT), Federal Aviation Administration's (FAA) Enterprise Service Center (ESC) Delphi platform. In FY 2023, OPM also migrated its trust fund accounting system to Treasury's Bureau of the Fiscal Service (BFS), Administrative Resource Center (ARC) Integrated Oracle Solution (AIOS). The migration of OPM's core accounting systems from legacy systems to third-party service provider platforms allows OPM to leverage the latest technology and adhere to Federal financial management system requirements.

Based on OPM's FY 2024 FFMIA compliance assessment, OPM reported substantial compliance with FFMIA. OPM's resources were used consistent with OPM's mission and are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets; and reliable and timely information was maintained, reported, and used for decision making. Financial information systems continue to support OPM's strategic goal to exceed the Government-wide average satisfaction score for each agency mission support service through identifying, building, and managing financial management solutions that sustains OPM's mission, objectives, and overall Government requirements.

FFMIA requires management to ensure OPM's financial management systems consistently provide reliable data that comply with Federal financial management system requirements, applicable Federal accounting standards, and the USSGL at the transaction level. Appendix D to OMB Circular A-123, compliance with the FFMIA, and OMB Circular A-130, *Managing Information as a Strategic Resource,* provides specific guidance to agency managers when assessing conformance to FFMIA requirements.

OPM's vision for its financial systems is to provide accurate financial management information to internal and external stakeholders to support data-driven decision making, promote sound financial management, and enhance financial reporting and compliance activities. This vision aligns with the agency's strategic priority to "provide innovative and data-driven solutions" that enable the agency to deliver on our mission. The agency uses the following core financial management applications:

- AIOS, the financial system platform provided by the Treasury, BFS, ARC, is used for trust funds accounting and financial management activities related to the Federal earned benefits programs.

- Delphi, the financial system platform provided by the DOT, FAA, ESC is used for financial transaction processing as well as reporting and analysis to support management of OPM's Other Programs, which include the Salaries and Expense (S&E) and Revolving Fund.

In FY 2024, OPM, through an effective partnership with Treasury ARC, managed implementation efforts for the following system enhancements:

- Deployed system enhancements to automate calculations and postings for year-end closing schedules. This effort reduced extensive manual work by bringing in data sources, validating calculations, and producing general ledger entries in the accounting system.
- Enhanced existing debt collection business processes leveraging Treasury's BFS Cross-Servicing Next Generation (CSNG) system to better align the balances between CSNG and OPM's AIOS, including automating adjustments to close out debt cases.
- Prepared for the PSRA implementation by enhancing financial systems and business processes to accurately process the new PSHBP premiums and withholdings, carrier payments, and investment activities.

OPM leverages Delphi for accounting and financial management activities related to the agency's S&E and Revolving Funds. In FY 2024, OPM supported ESC in the deployment of automated Accounts Payable approval invoice workflow to eliminate manual approval activities, reduce transaction posting time, risks, and interest penalties. Additionally, OPM continued to collaborate with both ESC and Treasury on G-Invoicing process improvements and functionalities to better meet agency program's business goals. This included deployment of the 7600EZ process in Delphi to support expediting transaction settlements between trading partners by combining Order and Performance phases.

In FY 2025, OPM aims to deploy updates to insurance benefits financial management processes, trust funds reporting capabilities, and financial systems and processes to support the PSRA implementation, which mandates OPM to establish and manage a separate health benefit program for postal employees, retirees, and eligible family members. OPM's partnership with Treasury continues in the first quarter of FY 2025 with expected completion of the design, configurations, development, testing, and training activities for these added functionalities. Upon completion of the implementation, OPM will then focus efforts on closing the Trust Fund Modernization Program, an OPM Strategic Priority, which has served as the OCFO's initiative on transforming on how OPM delivers trust fund management services.

Compliance with the Inspector General Act

The Inspector General Act, as amended, requires agencies to report on the final action taken with regard to audits by its OIG. OPM is reporting on audit follow-up activities for the period October 1, 2023 through September 30, 2024 in Table 9 – Inspector General Audit Findings provides a summary of OIG's audit findings and actions taken in response by OPM management during this period.

Table 9 – Inspector General Audit Findings FY 2024

Inspector General Audit Findings FY 2024	Number of Reports	Questioned Costs (In Millions)
Reports With No Management Decision On October 1, 2024	11	$50.4
New Reports Requiring Management Decisions	8[1]	310.9
Management Decisions Made During the Year	6	57.6
Net Disallowed Costs	–	55.5[2]
Net Allowed Costs	–	2.1[3]
Reports with no management decision on September 30, 2024	13	303.7

Source: Audit Reports Issued with Questioned Costs for reporting periods October 1, 2023, through March 31, 2024, and April 1, 2024, through September 30, 2024.

Purpose: To provide data to the OCFO to be included in the FY 2024 Management Discussion and Analysis for OPM's AFR.

[1] The number of new reports (one report was previously issued in FY 2023 without questioned cost, but questioned costs were added to this report in FY 2024) requiring a management decision represents reports with monetary recommendations. This year, 29 reports were issued and 7 of them had monetary recommendations (not including the previously issued report in FY 2023), and 22 reports, which are not reflected in the table, had no monetary recommendations.

[2] Represents the net of disallowed costs, which includes disallowed costs during this reporting period less costs originally disallowed but subsequently allowed during this reporting period.

[3] Represents the net of allowed costs, which includes allowed costs during this reporting period plus costs originally disallowed but subsequently allowed during this reporting period.

Federal Information Security Modernization Act (FISMA)

The FISMA requires the OCIO to conduct an annual agency security program review in coordination with agency program officials. OPM is pleased to provide the results of this review conducted for the FY 2024.

In FY 2024, OPM continued maturing and enhancing its cybersecurity capabilities. The agency focused on the incremental implementation of the Zero Trust Strategy, formalizing the Cyber Supply Chain Risk Management (C-SCRM) program, increasing enforcement of phishing-resistant multi-factor authentication, and increasing enterprise event log collection and correlation.

The agency is reviewing the results of the FISMA audit recommendations and cybersecurity maturity level ratings reported by the OIG. In FY 2024, OPM took corrective actions and closed 73 FISMA recommendations (i.e., 28 unique, 45 non-unique). OPM is committed to working with the OIG to continually improve IT operations and services.

OPM is making steady progress in outcome-based cybersecurity capabilities across the agency's IT ecosystem while maintaining a positive and smooth customer experience. Progress is supported by independent evaluations by OPM's Inspector General. OPM's annual FISMA audit recommendations decreased by 60 percent from FY 2022 to FY 2024, while OPM's IG maturity increased by 38 percent over the same three-year period.

Additionally, the agency successfully closed 18 cybersecurity recommendations (i.e., 6 related to GAO audits and 12 related to OIG audits) from other audit engagements. OPM is committed to continued collaboration to reduce the number of open IT audit recommendations.

Compliance with Other Key Legal and Regulatory Requirements

OPM is required to comply with other legal and regulatory financial requirements. Information concerning these regulatory requirements can be found in the Other Information, Section 3, of this report.

By the authority of 31 U.S.C. 3512(b) and 3513, the Secretary of the Treasury mandated all Federal program agencies (FPAs) must use G-Invoicing, the long-term solution for FPAs to manage their intragovernmental Buy/Sell transactions, by October 1, 2022, for new orders. GInvoicing is intended to help agencies and their trading partners negotiate and accept General Terms and Conditions (GT&C) agreements, broker orders, exchange performance information, and validate settlement requests through Intra-Governmental Payment and Collection (IPAC). OPM implemented G-Invoicing on October 1, 2022, in accordance with Treasury's mandate. However, OPM still has some intragovernmental transactions that use 'legacy' processes (i.e. using BFS' FS forms 7600As & Bs) to accommodate trading partners who have not yet implemented G-Invoicing for themselves. Nevertheless, as a requesting agency, OPM's Other Programs completed 115 GT&Cs with an estimated total value of $604.2 million and 170 open orders totaling $140.1 million. As a servicing agency, OPM's Other Programs completed 588 GT&Cs with an estimated total value of $962.7 million and 525 open orders totaling $275.3 million. Finally, OPM and its shared service provider, the FAA ESC, continue to work with Treasury and Oracle to improve the G-Invoicing system for both OPM and its trading partners as G-Invoicing usage is expected to increase as Buy/Sell IPAC transactions will no longer be supported as of October 1, 2025.

Acting Director Shriver and other government leaders shared their pioneering career journeys at the American Trailblazers Panel hosted by OPM as part of the Federal Internship Experience Program activity.

Forward-Looking Information

OPM is dedicated to achieving agency strategic goals and continuing to lead and serve the Federal Government in enterprise HR management by delivering policies and services to achieve a trusted, effective, civilian workforce. In meeting this goal, OPM faces a Government-wide challenge in strategic human capital management. OPM continues efforts to address skill gaps within the Federal workforce adequately.

In addition, OPM is responsible for administering Government-wide benefits for Federal employees and their eligible dependents, annuitants, and survivors. A continued OPM challenge is protecting the financial integrity and providing effective stewardship of these benefit programs.

Lastly, OPM continues to work on improving and modernizing the technology environment and organizational structure. OPM has faced challenges with dedicated and consistent funding for IT modernization to ensure that goals are met.

In looking forward, OPM continues to work on addressing these top management challenges and more information on these can be found in the Other Information – Section 3.

Goals and Strategies

OPM is firmly committed to improving financial and operational performance and has received an unmodified audit opinion on OPM's financial statements for 25 consecutive years. OPM will continue to strengthen its enterprise-wide managerial cost accounting system across the agency; provide financial and other reports to financial and program managers; integrate financial and performance information; use such information to formulate our annual budget requests; as well as for day-to-day management and program analysis. OPM established and has followed the strategy below to achieve the goals for improved financial-management performance:

- Ensure that critical financial performance indicators are objective, understandable, meaningful, fair, and fully measurable;
- Improve internal controls over financial reporting through improved systems and processes;
- Re-affirm processes, controls, and procedures to ensure that continuing the Independent Public Accountant's unmodified audit opinions will be achieved;
- Continue to implement a financial management system fully compliant with Federal standards providing sound, effective, support to all customers;
- Strengthen stewardship, accountability, and internal controls over financial reporting, as stipulated by revised OMB Circular A-123; and
- Reduce improper payments to target levels.

Limitations of the OPM's Financial Statements

- The principal financial statements have been prepared to report OPM's financial position and results of operations, pursuant to the requirements of 31 USC 3515(b).
- The statements have been prepared from OPM's records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB. They are in addition to the financial reports used to monitor and control OPM's budgetary resources, which are prepared from the same books and records.
- The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

FY 2024 Financial Information

Message from the Chief Financial Officer

Erica D. Roach,
Chief Financial Officer

The Office of the Chief Financial Officer (OCFO) proudly supports the U.S. Office of the Personnel Management (OPM) mission to lead Federal workforce policies, programs, and benefits. The FY 2024 OPM Agency Financial Report highlights our achievements in financial management excellence.

Guided by fiscal responsibility, transparency, and accountability principles, the OCFO began implementing a series of customer-focused solutions that align with the agency's strategic goals. In FY 2024, OCFO launched the OCFO Transformation Initiative, reimagining OPM's financial operations to improve efficiency and elevate customer perspectives across all facets of financial management. Key success stories achieved during FY 2024 include:

- **Remediation of Information Technology Material Weakness:** OCFO successfully presented the effectiveness of compensating controls implemented on OPM's financial systems, which led to the downgrade of the long-standing information technology material weakness and removal of non-compliance issue with the Federal Financial Management Improvement Act. OCFO will continue to collaborate with Office of the Chief Information Officer to remediate the remaining IT system deficiencies that could increase the risks of financial misstatements.
- **Excellence in Financial Reporting:** OPM earned its 25th consecutive unmodified "clean" audit opinion and received the prestigious Certificate of Excellence in Accountability Reporting award for the second year, recognizing our commitment to transparency, accountability, and innovation. This award is the highest form of recognition in federal government management reporting and illustrates OPM's outstanding efforts to increase accountability, transparency, innovation, collaboration, and results.
- **Enhanced Data-Driven Decision-Making and Value-Creating Finance Practices:** OCFO focused on creating an agile, analytical, and customer-centric service delivery model. By engaging with program offices, we tailored financial solutions, enhanced financial dashboards, and empowered customers to make informed decisions. Our customer-centric efforts allowed OCFO to better serve customers with effective resolutions, which was further validated by the results of the FY 2024 Mission Support Services Customer Satisfaction Survey conducted by the General Services Administration, as OPM received a remarkable increase of scores in financial management service areas of Strategic Partner and Information & Analysis.
- **Strategic Partnerships:** OCFO closely collaborated with our strategic partners, which included agency program offices, shared service providers, and other Federal agencies, to support the Postal Service Reform Act of 2022, which required OPM to implement the Postal Service Health Benefits Program – a new, separate program to provide health insurance to eligible Postal Service employees, annuitants, and their eligible family members.

- **Leadership in Government-Wide Initiatives:** OPM collaborated with Federal agencies and professional organizations to drive Government-wide financial management improvements, including advancing payment integrity and contributing to key workgroups on fraud risk management and recruitment. As one of the principal organizations of the **Joint Financial Management Improvement Program (JFMIP)**, OPM worked alongside with the Office of Management and Budget (OMB), Government Accountability Office, and Department of the Treasury to develop **a three-year plan to advance Government-wide payment integrity**. OPM has also been an active contributor to the OMB payment integrity guidance revision workgroup, the Council on Federal Financial Assistance (COFFA), and the Chief Financial Officers Council's workgroups in fraud risk catalog development and intern recruitment pilot. In addition, OCFO leaders partnered with JFMIP, AGA, and numerous Federal agencies to present at professional conferences on various important Government-wide financial management topics, such as business process and system transformation, COFFA, data-driven decision-making, payment integrity, and Artificial Intelligence.

Building on FY 2024's successes, OPM remains committed to strategic financial management, accountability, and resource optimization to deliver impactful results.

Finally, I would like to express my gratitude to our financial management professionals and partners for their dedication and collaboration throughout the year.

Sincerely,

Erica D. Roach
Chief Financial Officer
United States Office of Personnel Management
November 15, 2024

Transmittal from OPM's Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the
Inspector General

November 15, 2024

Report No. 2024-IAG-017

MEMORANDUM FOR THE HONORABLE ROBERT H. SHRIVER
Acting Director

FROM: THE HONORABLE KRISTA A. BOYD
Inspector General

SUBJECT: Audit of the U.S. Office of Personnel Management's Fiscal Year 2024 Consolidated Financial Statements

This memorandum transmits KPMG LLP's (KPMG) report on its financial statement audit of the U.S. Office of Personnel Management's (OPM) consolidated financial statements. These comprise the consolidated balance sheet as of September 30, 2024, and the related consolidated statement of net costs, and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements. KPMG's report also covers the financial statements of the OPM's Retirement, Health Benefits, and Life Insurance Programs, which comprise the balance sheets as of September 30, 2024, and the related statements of net costs, and changes in net position, and statements of budgetary resources for the years then ended, presented in the accompanying consolidating and combining financial statements, and the related notes to the 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.

Report on the Audit of the Financial Statements

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 KPMG to audit OPM's consolidated financial statements as of September 30, 2024. The contract requires that the audit be performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government*

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Auditing Standards, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

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

- The consolidated financial statements present fairly, in all material respects, the financial position of the OPM as of September 30, 2024, and its net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

- The financial statements present fairly, in all material respects, the financial position of the Retirement Program, Health Benefits Program, and Life Insurance Program as of September 30, 2024, and their respective net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

- KPMG's report did not identify any material weaknesses.

  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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

- KPMG's report identified one significant deficiency in OPM's internal control:

  - Improvements Needed in Controls over Information Technology

  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.

- The results of KPMG's tests of OPM's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996*, disclosed no instances in which the OPM's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

OIG Evaluation of KPMG's Audit Performance

In connection with the audit contract, we reviewed KPMG'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 KPMG's audit of OPM's Fiscal Year 2024 Consolidated Financial Statements in accordance with GAS. Specifically, we:

- provided oversight, technical advice, and liaison to KPMG auditors;
- ensured that audits and audit reports were completed timely and in accordance with the requirements of Generally Accepted Government Auditing Standards (GAGAS), OMB Bulletin 24-02, and other applicable professional auditing standards;
- documented oversight activities and monitored audit status;
- reviewed responses to audit reports per OMB Circular No. A-50, Audit Follow-up;
- coordinated issuance of the audit report; 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 of 1996 or conclusions on compliance with laws and regulations. KPMG is responsible for the attached auditor's report dated November 14, 2024, and the conclusions expressed in the report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with GAGAS.

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 KPMG's audit and our oversight of the financial statement audit this year.

If you have any questions about KPMG'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.

Attachment

cc: David S. Marsh
Chief of Staff

Ryan S. Uyehara
Deputy Chief of Staff

Katie Malague
Chief Management Officer

Webb Lyons
General Counsel

Erica D. Roach
Chief Financial Officer

Guy V. Cavallo
Chief Information Officer

Mark W. Lambert
Associate Director, Merit System Accountability and Compliance

Michelle D. Dawson
Deputy Director, Internal Oversight and Compliance

Independent Auditors' Report

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General
U.S. Office of Personnel Management

Acting Director
U.S. Office of Personnel Management

Report on the Audit of the Financial Statements

Opinions

We have audited the consolidated financial statements of the U.S. Office of Personnel Management (OPM), which comprise the consolidated balance sheet as of September 30, 2024, and the related consolidated statements of net cost and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

We also have audited the financial statements of the OPM's Retirement Program, Health Benefits Program, and Life Insurance Program, which comprise the balance sheets as of September 30, 2024, and the related statements of net cost, changes in net position, and statements of budgetary resources for the year then ended, presented in the accompanying consolidating and combining financial statements, and the related notes to the financial statements (collectively, the program financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the OPM as of September 30, 2024, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Also in our opinion, the accompanying program financial statements present fairly, in all material respects, the financial position of the Retirement Program, Health Benefits Program, and Life Insurance Program as of September 30, 2024, and their respective net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the OPM and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

Financial Statements as of and for the Year Ended September 30, 2023

The accompanying financial statements of OPM as of September 30, 2023 and for the year then ended were audited by other auditors whose report thereon, dated November 13, 2023, expressed an unmodified opinion on those financial statements.

The accompanying financial statements of the OPM's Retirement Program, Health Benefits Program, and Life Insurance Program, presented in the accompanying consolidating and combining financial statements, as of September 30, 2023 and for the year then ended were audited by other auditors whose report thereon dated November 13, 2023 expressed unmodified opinions on those financial statements.

Interactive Data

Management has elected to reference information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its consolidated financial statements and program financial statements. Such information is not a required part of the consolidated financial statements and the program financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the program financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements and program financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the program financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated and the program financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements and the program financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements and the program financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OPM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements and the program financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the consolidated financial statements and the program financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements and the program financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements and program financial statements in an appropriate operational, economic, or historical context. With the exception of the combined statements of budgetary resources as of September 30, 2024 of the OPM's Retirement Program, Heath Benefits Program, and Life Insurance Program, on which we have expressed an opinion, that are presented in the combining statement of budgetary resources for the year ended September 30, 2024, we have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements and the program financial statements, and other knowledge we obtained during our audit of the consolidated financial statements and the program financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended September 30, 2024 was conducted for the purpose of forming opinions on the consolidated financial statements and the program financial statements as a whole. The "Other Programs" and "Eliminations" columns presented in the consolidating balance sheet as of September 30, 2024 and the consolidating statements of net cost and changes in net position for the year then ended, and the "CSRS" and "FERS" columns presented in the consolidating statement of net cost for the year ended September 30, 2024 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements and the program financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements and the program financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and program financial statements for the year ended September 30, 2024 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements and the program financial statements or to the consolidated financial statements and the program financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements and the program financial statements as a whole for the year ended September 30, 2024.

OPM's consolidated financial statements and the program financial statements for the year ended September 30, 2023 were audited by other auditors whose report thereon dated November 13, 2023 expressed unmodified opinions on the consolidated financial statements and the program financial statements. The report of the other auditors dated November 13, 2023 stated that the "Revolving Fund Programs", "Salaries and Expenses", and "Eliminations" columns presented in the consolidating financial statements for the year ended September 30, 2023, and the "CSRS" and "FERS" columns presented in the consolidating statement of net cost for the year ended September 30, 2023 were subjected to the auditing procedures applied in the audit of the consolidated financial statements and the program financial statements for the year ended September 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements and the program financial statements or to the consolidated financial statements and the program financial statements themselves, and other additional procedures in accordance with GAAS and, in their opinion, were fairly stated, in all material respects, in relation to the consolidated financial statements and the program financial statements as a whole for the year ended September 30, 2023. The "Revolving Fund" and "Salaries and Expenses" columns were combined into the "Other Programs" column presented in the consolidating balance sheet as of September 30, 2023 and the consolidating statement of net cost and changes in net position for the year then ended that are included in the FY 2024 Agency Financial Report.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Message from the Director, Message from the Chief Financial Officer and Transmittal from OPM's Inspector General, Other Information in Section 3, and Appendices, but does not include the consolidated financial statements and the program financial statements and our auditors' report thereon. Our opinions on the consolidated financial statements and the program financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements and the program financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements and the program financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements and the program financial statements as of and for the year ended September 30, 2024, we considered the OPM's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements and the program financial statements, but not for the purpose of expressing an opinion on the effectiveness of the OPM's internal control. Accordingly, we do not express an opinion on the effectiveness of the OPM's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Exhibit I, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OPM's consolidated financial statements and the program financial statements as of and for the year ended September 30, 2024 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements and the program financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

KPMG

We also performed tests of the OPM's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the OPM's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

OPM's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the OPM's response to the findings identified in our audit and described in Exhibit I. The OPM's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and the program financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OPM's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
November 15, 2024

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EXHIBIT I

Significant Deficiency

This section contains our discussion of the significant deficiency that we identified in internal control over financial reporting.

Improvements Needed in Controls over Information Technology

In fiscal year (FY) 2024, the U.S. Office of Personnel Management (OPM) management made progress on remediation efforts of prior year control deficiencies in information technology general controls. However, key corrective actions to fully address previously identified information system deficiencies were not completed as of September 30, 2024. The information technology controls were not consistently designed, implemented, or operating effectively to protect three primary source systems supporting OPM's benefits programs, including the system used in the calculation of retirement payments, the system used to record and issue payments for initial retirement and recurring annuities, and the system used to receive and record revenue from employee withholdings and employer contributions. Our findings are summarized as follows:

Logical Access:

OPM did not consistently design, implement or operate logical access controls for the three aforementioned systems. Specifically, we found the following:

- Periodic recertifications to validate the continued appropriateness of system access were not performed in accordance with OPM policy.
- Access to systems were not appropriately provisioned or deactivated.
- OPM could not provide system-generated listings of system users with their associated roles and responsibilities/functions, account creation date or account deactivation date.
- OPM has not developed and documented incompatible role assignments.

The conditions described above primarily occurred because time and resource constraints prevented management from implementing corrective actions to remediate previously identified deficiencies. Also, one application did not have the functionality to produce reports on user roles and responsibilities for analysis.

These conditions increase the risk of unauthorized or inappropriate access to systems and data that are used to prepare the consolidated and Retirement Programs' financial statements.

Criteria:

The U.S. Government Accountability Office's Standards for Internal Controls in the Federal Government ("Green Book") provides standards for management's responsibilities for internal control. Specific relevant principles include: 10 – Design Control Activities; 12 – Implement Control Activities; 13 – Use Quality Information; and 17 – Evaluate and Remediate Deficiencies.

National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5 – Security and Privacy Controls for Information Systems and Organizations provides minimum information security requirements for federal systems. Specific relevant controls include AC-2 – Account Management, AC-6 – Least Privilege, AC-6(7) – Least Privilege/Review of User Privileges, and AC-5 – Separation of Duties.

Configuration Management:

OPM did not consistently design, implement or operate configuration controls. Specifically, we found that OPM was unable to provide a system-generated listing of configuration changes implemented during the fiscal year.

The condition described above occurred because the application did not have the functionality to produce a list of changes migrated to the production environment.

The condition increases the risk that unauthorized or inappropriate configuration changes are implemented into system production environments without detection by management and could impact financially relevant transactions and data used to prepare the consolidated and the Retirement Program financial statements.

Criteria:

Specific relevant Green Book principles include: 10 – Design Control Activities; 13 – Use Quality Information; and 17 – Evaluate and Remediate Deficiencies.

Specific relevant NIST Special Publication 800-53 controls include AU-11 Audit Record Retention and AU-12 – Audit Record Retention

Recommendations:

We recommend that OPM:

1. Perform and formally document periodic reviews of system access in accordance with agency defined frequencies to validate the appropriateness of user access.

2. Establish, enforce, and communicate system access provisioning and deactivation policies.

3. Document and enforce system roles and functions for each system, identify and de-conflict incompatible role assignments, and implement changes to enable the ability to generate complete and accurate listings of users from all systems.

4. Establish an ability to systematically track configuration changes that have been implemented into system production environments for auditability and monitoring purposes.

Management's Response:

OPM is pleased to have achieved an unmodified "clean" audit opinion for the 25th consecutive year and have the long-standing IT material weakness audit issue (identified pre-2010) downgraded to the significant deficiency status. As OPM concurs with the IT audit recommendations, the agency remains committed to making continuous improvements to internal control environment to achieve OPM's mission. Office of the Chief Financial Officer will continue to collaborate with Office of the Chief Information Officer to remediate the remaining IT system deficiencies that could increase the risks of financial misstatements.

Consolidated Financial Statements

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATED BALANCE SHEETS

As of September 30, 2024 and 2023

(In Millions)

	FY 2024	FY 2023
ASSETS		
Intragovernmental Assets		
Fund Balance with Treasury [Note 2]	$2,798	$3,744
Investments, Net [Note 3]	1,186,611	1,153,149
Accounts Receivable, Net [Note 4]	2,563	2,726
Advances and Prepayments	3	6
Other Assets [Note 1.L]	-	1
Total Intragovernmental Assets	1,191,975	1,159,626
With the Public Assets		
Accounts Receivable, Net [Note 4]	1,971	2,060
Other Assets [Note 1.L]	975	1,214
Total With the Public Assets	2,946	3,274
TOTAL ASSETS	$1,194,921	$1,162,900
LIABILITIES		
Intragovernmental Liabilities		
Accounts Payable	$14	$6
Advances from Others and Deferred Revenue	104	148
Other Liabilities [Notes 7 & 8]	266	272
Total Intragovernmental Liabilities	384	426
With the Public Liabililties		
Accounts Payable	18	25
Federal Employee Salary, Leave and Benefits Payable [Note 5]	613	567
Pensions, Other Post-Employment Benefits Payable [Notes 6]	3,307,671	3,136,087
Advances from Others and Deferred Revenue	-	(3)
Other Liabilities [Notes 7 & 8]	1,942	1,859
Total With the Public Liabilities	3,310,244	3,138,535
TOTAL LIABILITIES	$3,310,628	$3,138,961
Commitments and Contingencies [Note 9]		
NET POSITION		
Unexpended Appropriations-Funds from Other than Dedicated Collections	$369	$383
Cumulative Results of Operations-Funds from Other than Dedicated Collections	(2,116,076)	(1,976,444)
TOTAL NET POSITION	($2,115,707)	($1,976,061)
TOTAL LIABILITIES AND NET POSITION	$1,194,921	$1,162,900

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATED STATEMENTS OF NET COST

For the Fiscal Years Ended September 30, 2024 and 2023

(In Millions)

		FY 2024	FY 2023
Provide CSRS Benefits	**Gross Costs**	**$36,971**	**$25,950**
	Less: Earned Revenue	**(7,366)**	**(24,389)**
	Net Cost	**29,605**	**1,561**
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 6]	**12,249**	**61,337**
	Net Cost of Operations	**$41,854**	**$62,898**
Provide FERS Benefits	**Gross Costs**	**$143,018**	**$125,673**
	Less: Earned Revenue	**(86,981)**	**(61,211)**
	Net Cost	**56,037**	**64,462**
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 6]	**41,696**	**93,381**
	Net Cost of Operations	**$97,733**	**$157,843**
Provide Health Benefits	**Gross Costs**	**$86,057**	**$76,858**
	Less: Earned Revenue	**(48,855)**	**(45,441)**
	Net Cost	**37,202**	**31,417**
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 6]	**29,765**	**(44,046)**
	Net Cost of Operations	**$66,967**	**($12,629)**
Provide Life Insurance Benefits	**Gross Costs**	**$7,537**	**$5,834**
	Less: Earned Revenue	**(6,362)**	**(5,111)**
	Net Cost	**1,175**	**723**
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 6]	**80**	**1,179**
	Net Cost of Operations	**$1,255**	**$1,902**
Other Programs	**Gross Costs**	**$1,113**	**$1,113**
	Less: Earned Revenue	**(556)**	**(629)**
	Net Cost of Operations	**$557**	**$484**
Total Net Cost of Operations	**Gross Costs**	**$274,696**	**$235,428**
	Less: Earned Revenue	**(150,120)**	**(136,781)**
	Net Cost	**124,576**	**98,647**
	(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 6]	**83,790**	**111,851**
	Net Cost of Operations	**$208,366**	**$210,498**

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Fiscal Years Ended September 30, 2024 and 2023

(In Millions)

	FY 2024	FY 2023
UNEXPENDED APPROPRIATIONS		
Beginning Balance	$383	$371
Financing Sources:		
Appropriations Received	68,760	65,252
Appropriations Transferred	1	-
Other Adjustments	(140)	(630)
Appropriations Used	(68,635)	(64,610)
Total Budgetary Financing Sources	(14)	12
Total Unexpended Appropriations - Ending Balance	$369	$383
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	($1,976,444)	($1,830,578)
Financing Sources:		
Appropriations Used	68,635	64,610
Transfer-In/Out Without Reimbursement	57	(9)
Other Financing Sources	42	31
Total Financing Sources	68,734	64,632
Net Cost of Operations	208,366	210,498
Net Change	(139,632)	(145,866)
Cumulative Results of Operations - Ending Balance	($2,116,076)	($1,976,444)
NET POSITION	($2,115,707)	($1,976,061)

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT
COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Fiscal Years Ended September 30, 2024 and 2023

(In Millions)

	FY 2024	FY 2023
BUDGETARY RESOURCES		
Unobligated Balance, from Prior Year Budget Authority, Net	$73,642	$73,083
Appropriations	181,131	173,893
Spending Authority from Offsetting Collections	75,285	70,166
Total Budgetary Resources	$330,058	$317,142
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments [Note 11]	$256,003	$243,696
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	1,837	3,890
Unapportioned, Unexpired Accounts	71,927	69,275
Expired, Unobligated Balance, End of Year	291	281
Total Unobligated Balance, End of Year	74,055	73,446
Total Budgetary Resources	$330,058	$317,142
OUTLAYS, NET		
Outlays, Net	$180,166	$173,239
Less: Distributed Offsetting Receipts	(53,992)	(50,730)
Agency Outlays, Net	$126,174	$122,509

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

September 30, 2024, and 2023 [$ in millions]

Note 1, Reporting Entity and Summary of Significant Accounting Policies

A. Reporting Entity

OPM is the Federal Government's HR agency. It was created as an independent agency of the Executive Branch of Government on January 1, 1979. Many of the functions of the former Civil Service Commission were transferred to OPM at that time.

The accompanying financial statements present OPM's financial position, net cost of operations, changes in net position, and status of budgetary resources, as required by the CFO Act, GMRA, and the FY 2024 OMB Circular A-136, Financial Reporting Requirements. The financial statements include all accounts — appropriation, trust, trust revolving, special and revolving funds — under OPM's control. OPM is a component of the U.S. Government. For this reason, activity between OPM and other intragovernmental agencies may be eliminated for Government-wide reporting.

The financial statements comprise the following major programs administered by OPM: The funds related to the operation of the Retirement Program, the Health Benefits Program, and the Life Insurance Program. The statutory authority for OPM's Federal employees' benefit programs can be found in Title 5, USC; Chapters 83 and 84 provide a complete description of the CSRDF's provisions; Chapter 89 provides a complete description of the Employees' Health Benefits Fund and the Retired Employees' Health Benefits Fund provisions; and Chapter 87 provides a complete description of the Employees' Group Life Insurance Fund provisions. Sections 802 and 803 of Public Law (P.L.) 109- 435, the Postal Accountability and Enhancement Act (Postal Act), amended certain provisions of Chapters 83 and 89 of Title 5 dealing with the Retirement Program and the Health Benefits Program, respectively. In January 2025, Title I, Section 101 of The PSRA of 2022 (P. L. 117-108) requires OPM to establish the PSHBP, a separate health benefit program for USPS employees, annuitants, and their eligible family members that will operate in parallel to the FEHBP. In addition, the financial statements also encompass OPM's Other Programs, which includes the Revolving Fund Programs as well as S&E.

Retirement Program

The Retirement Program consists of two defined-benefit pension plans: the CSRS and the FERS. Together, the two plans cover substantially all full-time, permanent civilian Federal employees. The CSRS, implemented in 1921, is a stand-alone plan, providing benefits to most Federal employees hired before 1984. The FERS uses Social Security as its base and provides an additional defined benefit and a voluntary thrift savings plan to most employees entering the Federal service after 1983. The FERS was established in 1986 and when it became effective on January 1, 1987, CSRS Interim employees with less than 5 years of creditable civilian service on December 31, 1986, were automatically converted to FERS. The FERS – Revised Annuity Employees (RAE) was established in 2012 and became effective on January 1, 2013, and the FERS – Further Revised Annuity Employee (FRAE) was established in 2013 and became effective on January 1, 2014. Both defined-benefit pension plans are operated via the CSRDF, a trust fund. Asset balances for CSRS and FERS are separately tracked within the CSRDF, and balances allocated to FERS may be transferred to CSRS to pay benefits for the CSRS participants. Title 5, USC, Chapters 83 and 84, provide a complete description of the CSRDF's provisions. OPM does not administer the voluntary Thrift Savings Plan.

Health Benefits Program

The Health Benefits Program provides comprehensive health insurance benefits to Federal employees, annuitants, their eligible family members, and other eligible persons. It was implemented in 1960 and is operated through two trust revolving funds: the

Employees' Health Benefits Fund and the Retired Employees' Health Benefits Fund. Title 5, USC, Chapter 89 provides a complete description of the funds' provisions. To provide benefits, OPM contracts with more than 67 FEHB carriers. Most contracts with carriers that provide fee-for-service benefits are experience-rated, with the amount contributed by and for participants affected by, among other things, the number and size of claims. Most Health Maintenance Organizations (HMO) contracts are community-rated, so the amount of profit and administrative expenses charged to the FEHBP by the carrier can be no more than what is allowed in the large group market overall.

On December 20, 2006, President Bush signed into law the Postal Act, P.L. 109-435. Title VIII of the Postal Act made significant changes in the laws dealing with the funding of CSRS benefits and the funding of retiree health benefits for employees of the USPS. The Postal Act required the USPS to make statutorily defined payments to the PSRHBF through 2016 and actuarially determined prefunding payments beginning in 2017. The PSRA of 2022 repealed the required prefunding payments, eliminated all past due payments, and defined a new formula for payments into the PSRHBF beginning in 2026. The new payments are not meant to prefund PRHB; they have the net effect of the USPS drawing claims costs instead of premiums for their annuitants from the fund. The PSRHBF is included in the Health Benefits Program.

Life Insurance Program

The FEGLI Program provides group, term-life insurance coverage to Federal employees and retirees. The Life Insurance Program was implemented in 1954 and significantly modified in 1980. It is operated through the FEGLI Fund, a trust revolving fund, and is administered, virtually in its entirety, by the Metropolitan Life Insurance Company under contract with OPM. Title 5, USC, Chapter 87 provides a complete description of the fund's provisions. It provides Basic life insurance (which includes accidental death and dismemberment coverage) and three packages of optional coverage.

Other Programs

OPM provides various HR-related services in a Revolving Fund Program to other Federal agencies, such as credit monitoring, employee training, and other human resource solutions. These activities are financed through an intragovernmental revolving fund.

In addition, OPM's S&E Program provides the budgetary resources OPM uses for administrative purposes in support of the agency's mission. These resources are furnished by annual, multiple-year, and no-year appropriations. Annual appropriations are made for a specified fiscal year and are available for new obligations only during that fiscal year. Multiple-year appropriations are available for a definite period in excess of one fiscal year. No-year appropriations are available for obligation without fiscal year limitation.

B. Basis of Accounting and Presentation

Basis of Accounting

OPM's financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, exchange revenue is recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash.

Basis of Presentation

The OPM fiscal year ends September 30. The accompanying financial statements account for all resources for which OPM is responsible. The financial statements are prepared from the books and records of OPM activities in accordance with GAAP promulgated by the Federal Accounting Standards Advisory Board (FASAB[3]) and presented in the format prescribed by the FY 2024 OMB Circular A-136.

OPM has prepared comparative financial statements for the Balance Sheets, Statement of Net Cost, Statements of Changes in Net Position, and the Statements of Budgetary Resources.

OPM's Balance Sheets: To show the assets, liabilities, and net position to present a comprehensive understanding of OPM's financial position.

[3] FASAB is the official body for setting accounting standards of the U.S. Government.

OPM's Statements of Net Costs: To derive its net cost of operations, OPM deducts the earned revenues associated with its gross cost of providing benefits and services on the accompanying Statements of Net Cost.

OPM's Statements of Changes in Net Position: The Statements of Changes in Net Position separately discloses other financing sources including appropriations, net cost of operations, and cumulative results of operations.

OPM's Statements of Budgetary Resources: The budgetary accounting concepts are recognized in the Statements of Budgetary Resources. OPM's Statements of Budgetary Resources present:

(1) Budgetary resources[4] for the fiscal year. OPM's budgetary resources include unobligated balances of resources from prior years and new resources, consisting of appropriations, and spending authority from offsetting collections.

(2) Status of those budgetary resources which include obligated[5] amounts and unobligated[6] amounts for the fiscal year. OPM's obligations are direct and reimbursable. In general, reimbursable obligations are those financed by offsetting collections (see Section 20.7 (d)) received in return for goods and services provided, while all other obligations are direct, with a few exceptions noted in OMB Circular A-11.

(3) Outlays[7], Net, and Distributing Offsetting Receipts (cash transactions) for the fiscal year,

which is comprised of Outlays less Actual Offsetting Receipts (cash transactions) and includes:

i. Outlays, Net, which is comprised of Disbursements less, Offsetting Collections[8].

ii. Agency Outlays, Net, which is comprised of Outlays, Net less Distributed Offsetting Receipts.

Distributed Offsetting Receipts represents actual collections from With the Public or from other Federal entities, net of disbursements, that are credited to certain receipt accounts (general fund, special fund, trust fund, and gift and donation receipt accounts) and budget clearing accounts, and for which the net receipts recorded to this line offset the budget outlays of the agency that conducts the activity generating the receipts.

Budgetary accounting is based on concepts set forth by OMB Circular A-11, Preparation, Submission, and Execution of the Budget, as amended, which provides instructions on budget execution. Budgetary accounting is designed to recognize the budgetary resources and the related status of those budgetary resources, including the obligation and outlay of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of Federal funds.

Financial Statement Classifications

Intragovernmental and With the Public: Statement of Federal Financial Accounting Standards (SFFAS) 1 distinguishes between intragovernmental and Non-federal (referred to as With the Public) assets and liabilities. Intragovernmental assets and liabilities arise from transactions among Federal entities.

4 Per OMB Circular A-11, Section 20, "Budgetary resources are amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years."

5 Per OMB Circular A-11, Section 20, "Obligation means a legally binding agreement that will result in outlays, immediately or in the future."

6 Per OMB Circular A-11, Section 20, "Unobligated amount means the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts. The term "expired balances available for adjustment" only refers to unobligated amounts in expired accounts."

7 Per OMB Circular A-11, Section 20, "Outlay means a payment to liquidate an obligation (other than the repayment to the Treasury of debt principal). Outlays are a measure of Government spending."

8 Per OMB Circular A-11, Section 20, Terms and Concepts, "Offsetting collections mean payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions With the Public, including payments from With the Public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority."

Intragovernmental assets are claims other Federal entities owe to OPM. Intragovernmental liabilities are claims OPM owes to other Federal entities, whereas With the Public assets and liabilities arise from transactions with Non-federal entities. The term, With the Public entities, encompass domestic and foreign persons and organizations outside the U.S. Government. With the Public assets are claims of OPM against public entities. With the Public liabilities are amounts that OPM owes to With the Public entities.

Throughout these financial statements, intragovernmental assets, liabilities, revenue and cost have been classified according to the type of entity with which the transactions are associated. The majority of OPM's gross cost to provide Retirement, Health Benefits and Life Insurance Program benefits are classified as costs With the Public because the recipients of these benefits are Federal employees, retirees, and their survivors and families.

C. Use of Management's Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of earned revenues and costs during the reporting period. Actual results could differ from the estimates.

D. Entity vs. Non-Entity Assets

SFFAS 1, *Accounting for Selected Assets and Liabilities*, distinguishes between entity and non-entity assets. Entity assets are those the reporting entity has the legal authority to use in its operations. Non-entity Assets refers to assets received from the public. All OPM assets are entity assets.

E. Appropriations and Funding Sources

OPM receives new budgetary resources each fiscal year in the form of appropriations, trust fund receipts, and spending authority from offsetting collections. In addition, OPM normally carries-over a balance of unobligated budgetary resources from the prior fiscal year, which may be used in accordance with the current year SF-132 to cover spending, should new budgetary resources or collections be insufficient to cover obligations incurred.

Appropriations

By an act of Congress, OPM receives budgetary resources in the form of appropriations that allow it to incur obligations to pay (1) the Government's share of the cost of health and life insurance benefits for Retirement Program annuitants; and (2) in part, the administrative and operating expenses of OPM. In addition, the General Fund of the U.S. Government transfers an amount annually to the OPM CSRDF to subsidize, in part, the underfunding of the CSRDF. OPM's appropriations state the amount of the authority at the time it is granted, and the authority is available for obligation only during the current fiscal year. At fiscal year-end, any unobligated balances in the appropriations that fund the Government's share of the cost of health and life insurance benefits are returned to the Treasury. Existing obligated balances can be used to make payments, but unobligated balances are not available for new obligations. Budgetary resources, including any related obligations and payables, are 'cancelled' at the end of the five-year expiration period. All cancelled funding is returned to Treasury.

Trust Fund Receipts

The amounts collected by OPM and credited to the CSRDF and PSRHBF generate budgetary resources in the form of trust fund receipts. Trust fund receipts are immediately appropriated and available to cover the valid obligations of the CSRDF and PSRHBF as they are incurred in accordance with the approved OMB SF-132.

At the end of each fiscal year, the amount by which OPM's collections have exceeded its incurred obligations are temporarily precluded from obligation and added to OPM's trust fund balance. For FY 2024 and FY 2023, the PSRHBF receipts are used to pay annual premium costs for the USPS post 1971 current annuitants [See Note 10]. The PSRHBF operates similarly to the CSRDF.

Spending Authority from Offsetting Collections
The amount collected by OPM and credited to the Health Benefits, Life Insurance and Revolving Fund Programs generates budgetary resources in the form of 'spending authority from offsetting collections' (SAOC). During the fiscal year, the obligations incurred by OPM for these programs may not exceed the amounts apportioned by OMB. At year-end, the remaining unobligated balances are brought forward into the subsequent fiscal year. Amounts collected by OPM and credited to the CSRDF [and the PSRHBF] generate budgetary resources in the form of trust fund receipts.

F. Program Funding

Retirement Program
Service-cost represents an estimate of the amount of contributions which, if accumulated and invested over the careers of participants, will be sufficient to fully fund their future CSRS or FERS benefits. OPM's Office of the Actuaries has determined that the service-cost for most or "regular" CSRS participants is 59.3 percent and 56.5 percent of basic pay for FY 2024 and FY 2023, respectively. For FERS, the service cost for most or "regular" FERS participants is 26.2 percent and 24.7 percent of basic pay for FY 2024 and FY 2023, respectively, and for "regular" Federal Employees Retirement System-Further Revised Annuity Employees (FERS-FRAE) participants is 27.1 percent and 25.5 percent of basic pay for FY 2024 and FY 2023, respectively. Different service-costs apply for participants under Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE), Postal Service participants, and participants covered under special retirement provisions such as law enforcement officers, firefighters, and air traffic controllers.

CSRS
Both CSRS participants and their employing agencies, except for USPS, are required by statute to make contributions to CSRS coverage. Regular CSRS participants and their employers each contributed 7.0 percent of pay in both FY 2024 and FY 2023. The combined 14.0 percent of pay does not cover the service cost of a CSRS benefit. To lessen the shortfall, Treasury is required by statute to transfer an amount annually from the General Fund of the U.S. Government to the CSRDF [See Note 1.G.]; for FY 2024 and FY 2023, this amount was $36.0 billion and $35.5 billion, respectively, for the CSRS.

FERS
Both FERS participants and their employing agencies are required by statute to make contributions for FERS coverage. In addition, Treasury is required by statute to transfer an amount from the General Fund of the U.S. Government to the CSRDF for the FERS Supplemental Liability; for FY 2024 and FY 2023, this amount was $17.3 billion and $14.4 billion, respectively. There are currently three FERS participant contribution rates for most regular participants:

1. For most participants who entered before calendar year 2013, the FERS participant contribution rate is 0.8 percent of pay. The rate is equal to the CSRS participant contribution rate less the prevailing Old Age Survivor and Disability Insurance deduction rate.
2. FERS-RAE, which was established under the Middle-Class Tax Relief and Job Creation Job Act of 2012, P.L. 112-96, Section 5001 – Federal Employees Retirement, generally applies for participants who entered during calendar year 2013. For most FERS-RAE participants, the participant contribution rate is 3.1 percent of pay.
3. FERS-FRAE, which was established under Section 401 of the Bipartisan Budget Act of 2013, P.L. 113-67, Sec. 401, generally applies for participants entering on or after January 1, 2014. For most FERS-FRAE participants, the participant contribution rate is 4.4 percent of pay.

Note: There is no difference in the FERS basic benefit paid to FERS Regular, FERS-RAE, and FERS-FRAE employees. However, the basic benefit for congressional employees and members of Congress under FERS-RAE and FERS-FRAE is different than the basic benefit paid to those groups under FERS.

Health Benefits Program
The Health Benefits Program (except for the PSRHBF) is funded on a "pay-as-you-go" basis, with both participants and their employing agencies making contributions on approximately a 30 percent to 70 percent basis (some

categories of enrollees are responsible for the entire premium amount (e.g., Temporary Continuation of Coverage, former spouses)). OPM contributes the "employer" share for Retirement Program annuitants via an appropriation. It continues to provide benefits to active employees, or their survivors, after they retire (post-retirement benefits). Except for the USPS, agencies are not required to make premium contributions for their annuitants.

Life Insurance Program

The Life Insurance Program is funded on a "pay-as-you-go" basis, with both participants and their employing agencies making contributions to Basic life insurance coverage, generally on a two-thirds to one-third basis; OPM contributes the "employer" share for Retirement Program annuitants via an appropriation. It is funded using the "level premium" method, where contributions paid by and for participants remain fixed until age 65 but overcharge during early years of coverage to compensate for higher rates of expected outflows in later years. A small portion, 0.02 percent of the pay of participating employees in FY 2024 and FY 2023, of post-retirement life insurance coverage is not funded and is an OPM liability.

Other Programs

OPM's Revolving Fund Programs provide a continuing cycle of HR services primarily to Federal agencies on a reimbursable basis. Each program is operated at rates established by OPM to be adequate to recover costs over a reasonable period. Receipts derived from operations are, by law, available in their entirety for use of the fund without further action by Congress. Since the Revolving Fund's programs charge full cost, customer-agencies do not recognize imputed costs. OPM provides receiving entities of such services with full cost information through billings based on reimbursable agreements for services rendered. Examples of OPM Revolving Fund programs include USAJOBS and Human Resource Solutions.

The S&E account and the Office of Inspector General (OIG) S&E account finance most of OPM's operating expenses and have three funding sources: 1) S&E appropriation; 2) transfers from the trust fund accounts; and 3) reimbursements. Funds to administer these programs are transferred from the Trust Fund accounts to the respective administrative S&E account as costs are incurred and disbursed.

G. Financing Sources Other than Earned Revenue

OPM receives inflows of assets from financing sources other than earned revenue. These financing sources are not deducted from OPM's gross cost of providing benefits and services on the Statements of Net Cost but added to its net position on the Statements of Changes in Net Position. OPM's major financing sources other than earned revenue are:

Appropriations Used

By an act of Congress, OPM receives appropriated authority allowing it to incur obligations and make expenditures to cover the operating costs of the agency (S&E) and the Government's share of the cost of health and life insurance benefits for Retirement Program annuitants. OPM recognizes appropriations as "used" at the time it incurs expended obligations against its appropriated authority.

Transfer-In/Out Without Reimbursement

Administrative transfers between OPM funds generally offset each other annually. Funds disbursed from the Other Programs S&E accounts for the administration of the Trust Fund Programs are reimbursed as costs are incurred.

The CSRS is funded by employee and agency contributions and remaining funds from the General Fund of the U.S. Government. The warrant received from the General Fund of the U.S. Government is recorded as a transfer-out of the Retirement Payment Account and a transfer-in to the Retirement Program. This activity offsets and therefore does not appear on the Retirement statement of changes in net position.

Other Financing Sources

Other Financing Sources include imputed financing. Goods and services are received from other Federal entities at no cost or at a cost less than the full cost to the providing Federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by OPM are recognized as imputed cost in the Statement of Net Cost and are offset by imputed financing sources included in the Other Financing Sources on the Statement of Changes in Net Position. Such imputed costs and imputed financing relate to business-type activities, employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements in accordance with SFFAS 55, *Amending Inter-entity Cost Provisions*.

H. Fund Balance with Treasury

OPM does not maintain cash in a commercial bank, but rather in Treasury. OPM's Fund Balance with Treasury (FBWT) includes the amount available for OPM to pay current liabilities and finance authorized purchases, except as restricted by law. FBWT comprises the aggregate total of OPM's unexpended, un-invested balances in its appropriation, trust, revolving, and trust revolving accounts. All of OPM's collections are deposited and its expenditures are paid from one of its FBWT accounts. OPM invests FBWT balances associated with the Retirement, Health Benefits, and Life Insurance Programs that are not immediately needed to cover expenditures unless there is a Debt Issuance Suspension Period (DISP).

I. Investments, Net

The Federal Government does not set aside assets to pay future benefits or other expenditures. OPM invests the excess FBWT for the funds associated with the Retirement, Health Benefits, and Life Insurance Programs in securities guaranteed by the U.S. as to principal and interest. OPM's investments in Federal securities consists of non-marketable, market-based, par-value Government Account Series (GAS) securities, both market-based notes and par-value Certificates of Indebtedness. OPM invests the excess FBWT in the specific security type to match the need to pay future benefits or other expenditures with when the funds will be available. Investments are stated at the original acquisition cost, net of amortized premium and discount. Premiums and discounts are amortized into interest income over the term of the investment, using the interest method.

Market-based Notes

The notes consist of interest-bearing, market-based Treasury securities purchased from Treasury at a discount/premium. These investments are presented on OPM's Balance Sheet at acquisition cost, net of amortization of the discount/premium. The discount is amortized over the life of the note using the interest method. Under the interest method, the effective interest rate (the actual interest yield on amounts invested) multiplied by the carrying amount of the note at the start of the accounting period equals the interest income recognized during the period (the carrying amount changes each period by the amount of the amortized discount/premium). The amount of the amortization of the discount/premium is the difference between the effective interest recognized for the period and the nominal interest for the note.

Health Benefits and Life Insurance Programs' monies are invested, some in market-based securities that mirror the terms of marketable Treasury securities; monies that are immediately needed for expenditure are invested in overnight market-based securities. These market-based securities have some market value risk.

Par-value GAS securities and Certificates of Indebtedness

Retirement Program and the PSRHBF portion of the Health Benefits Program monies are invested initially in Certificates of Indebtedness (Certificates), which are issued by the Treasury at par value and mature on the following September 30. The Certificates are routinely redeemed at face value to pay for authorized program expenditures. Each September 30, all outstanding Certificates are rolled over into special GAS securities that are issued by Treasury at par value, with a yield equaling the average of all marketable Treasury securities with four or more years to maturity.

The Retirement Program also carries securities issued by the Federal Financing Bank (FFB) and a small number of other securities.

Debt Issuance Suspension Period (DISP)
On January 19, 2023, the Secretary of the Treasury announced that the U.S. had reached its statutory debt limit and began taking extraordinary actions—consistent with relevant laws—to avoid exceeding the debt limit. On June 3, 2023, the Fiscal Responsibility Act of 2023 was enacted, suspending the debt limit through January 1, 2025. On June 5, 2023, Treasury discontinued its use of extraordinary actions and resumed normal debt operations.

J. Accounts Receivable, Net
Accounts Receivables are recognized primarily when OPM performs reimbursable services or sells goods/services and consist of amounts owed to OPM intragovernmental and With the Public. Allowances for doubtful accounts are recorded to represent amounts estimated to be uncollectible, using aging methodologies, based on historical collection analysis for both intragovernmental and With the Public receivables.

K. Property, Plant, and Equipment, Net
OPM capitalizes major long-lived software and equipment. Software costing over $500 thousand is capitalized at the cost of either purchase or development and is amortized using a straight-line method over a useful life of five years. Equipment and other general Property, Plant, and Equipment (PP&E) costing over $25 thousand is capitalized at purchase cost and depreciated using the straight-line method over the useful life of the asset. The cost of minor purchases, repairs and maintenance is expensed as incurred.

In accordance with SFFAS 54, *Leases*, implementation in FY 2024, OPM evaluated intragovernmental and With the Public lease activity and determined amounts to be immaterial to report separately in the OPM financial statements. The requirements of the standard are applicable only if deemed material to the agency.

L. Other Assets
This represents the balance of assets held by the experience-rated carriers (ERC) participating in the Health Benefits Program and by the Life Insurance Program carrier, pending disposition on behalf of OPM.

M. Liabilities
Liabilities represent probable and measurable future outflows of resources as a result of past transactions or events and are recognized when incurred, regardless of whether there are budgetary resources available to pay the liabilities.

Liabilities Covered and not Covered by Budgetary Resources
Liabilities covered by budgetary resources include those liabilities for which appropriated funds and receipts are otherwise available to pay amounts due as of the Balance Sheet dates.

Liabilities not covered by budgetary resources are amounts owed in excess of available, congressionally appropriated funds and receipts, therefore, no budgetary resources are available to pay amounts due as of the Balance Sheet dates but will require future funding to liquidate the obligation. Since no budgetary resources have been made available to liquidate the Pension, PRHB, and Actuarial Life Insurance Liabilities, they are disclosed as being liabilities not covered by budgetary resources. In addition, OPM's liability due to the Treasury Judgment Fund, contingent liabilities, unfunded annual leave, and future estimates workers compensation do not have budgetary resources associated with the liability. (Refer to Note 8, Liabilities not covered by budgetary resources)

Current and Noncurrent Liabilities
OPM discloses its other liabilities not covered by budgetary resources between current and noncurrent liabilities in accordance with SFFAS 1. The current liabilities represent liabilities that OPM expects to settle within the 12 months of the Balance Sheet dates. Noncurrent liabilities represent liabilities that OPM does not expect to be settled within the 12 months of the Balance Sheet dates (refer to Note 8, Liabilities not covered by budgetary resources).

Accounts Payable

Accounts Payable includes amounts owed but not yet paid to intragovernmental and With the Public entities for goods and services received by OPM. OPM estimates and records accruals when services and goods are performed or received.

N. Federal Employee Salary, Leave and Benefits Payable

OPM records liabilities to represent expense incurred; however, not yet paid that relate to current employee salaries, leave, and benefits due and payable. A significant portion of this unpaid liability is for leave earned that an employee is entitled to upon separation that will be funded by future year budgetary resources. Benefits due and payable are comprised of two categories of accrued expenses. The first reflects claims filed by participants of the Retirement, Health Benefits and Life Insurance Programs that are unpaid in the current reporting period and includes an estimate of health benefits and life insurance claims incurred but not yet reported. The second is a liability for premiums payable to community-rated carriers (CRC) participating in the Health Benefits Program that is unpaid in the current reporting period.

O. Actuarial Liabilities and Associated Expenses

OPM records actuarial liabilities [the Pension Liability, PRHB Liability, and the Actuarial Life Insurance Liability] and associated expenses. These liabilities are measured as of the first day of the year, with a “roll-forward,” or projection, to the end of the year. The “roll-forward” considers all major factors that affect the measurement that occurred during the reporting year, including pay raises, cost of living allowances, and material changes in the number of participants.

Long Term Interest Rate Assumptions

For CSRS and for FERS, OPM’s actuaries determine a single interest rate that produces an actuarial liability equivalent to that produced under the 10-year average historical yield curve. OPM’s actuaries round the single equivalent interest rate to the nearest 0.1 percent.

OPM’s actuaries use a 10-year measuring period for determining the yield curve, taking the 40-quarter arithmetical average of spot rates for zero-coupon Treasuries measured through March 31 of the current fiscal year. OPM’s measuring period methodology has been in place under SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates,* since FY 2010. The March 31 ending date was selected based on the publication dates of source material to meet OPM’s financial reporting deadlines. Zero-coupon rates are published by the Treasury’s Office of Thrift Supervision.

P. Commitments and Contingencies

In accordance with SFFAS 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS 12, *Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government*, OPM recognizes contingent liabilities in OPM’s Balance Sheets and Statements of Net Cost when the loss is determined to be probable and reasonably estimable. In the event of an adverse judgment against the Government, some of the liabilities may be payable from Treasury. OPM evaluates all contingent liabilities based on three criteria: probable, reasonably possible, and remote. OPM recognizes that the estimated liability may be a specific amount or a range of amounts. If some amount within the range is a better estimate than any other amount within the range, that amount is recorded. If no amount within the range is a better estimate than any other amount, the minimum amount of the range is recorded and the range and a description of the nature of the contingency are disclosed. OPM records an accrual for contingent liabilities if it is probable and reasonably estimable and discloses those contingencies that are reasonably possible in Note 9, Commitments and Contingencies, of the financial statements. OPM does not disclose or record contingent liabilities when the loss is considered remote. For matters where OPM’s General Counsel is unable to express an opinion regarding the likely outcome of the case and an estimate of the potential liability cannot be made, the total amount claimed against the Government is classified as Reasonably Possible, which meant that the possibility of the loss occurring is more than remote but less than probable, and disclosed if available.

Q. Net Position

Net position is the residual difference between assets and liabilities and consists of Unexpended Appropriations and Cumulative Results of Operations.

Unexpended Appropriations

Unexpended appropriations consist of unobligated and Undelivered Order balances. Unobligated balances are amounts of remaining budgetary resources available for obligation, which have not been rescinded or withdrawn. Undelivered Orders are the amount of obligations incurred for goods and/or services ordered, but not yet received.

Cumulative Results of Operations

Cumulative results of operations (CRO) consist of the net difference since inception between: (1) expenses and losses; (2) revenue and gains; and (3) other financing sources. The balance of OPM's CRO is negative due to the recognition of actuarial expenses that will be funded and liquidated in future periods.

R. Expenses

Expenses are recognized when there are outflows, usage of assets, or incurrences of liabilities (or a combination) from carrying out functions related to OPM's activity and related programs, for which benefits do not extend beyond the present operating period. For financial reporting purposes, operating expenses are recognized in the period incurred.

S. Revenue and Other Financing Sources

In accordance with SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, revenue is classified as either exchange revenue or non-exchange revenue.

Exchange Revenue

Exchange revenue is an inflow of resources to an entity that it has earned; it arises when each party to a transaction sacrifices value and receives value in return. All of OPM's revenue is classified as exchange revenue and the two sources of earned revenue include (1) earning on its investments; and (2) the Contributions to the Retirement, Health Benefits and Life Insurance Programs by and for participants.

Federal reporting standards require that earnings on investments be classified in the same manner as the predominant source of revenue that funds the investments; OPM, therefore, classifies earnings on investments as earned revenue. Employing agency and participant contributions to the Retirement, Health Benefits and Life Insurance Programs and the scheduled payment contributions to the PSRHBF are classified as exchange revenue, since they represent exchanges of money and services in return for current and future benefits.

Exchange revenue is presented in the OPM's Statements of Net Cost and serves to offset the costs of these goods and services. The Statements of Net Cost provides users with the ability to ascertain whether OPM's exchange revenue are sufficient to cover the total cost it has incurred to provide Retirement, Health Benefits, and Life Insurance Program benefits.

T. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

U. Reclassifications

In FY 2024, Treasury crosswalk updates included a change in liability presentation between post-retirement benefits and current employee benefits payable on the Balance Sheet. Related FY 2023 amounts have been reclassified to conform to the revised presentation requirements. OPM also made a few other minor reclassifications to the comparative financial statements and notes disclosures to better align with OPM policies and procedures; and in accordance with Treasury Financial Manuals and the FY 2024 OMB Circular A-136.

Note 2, Fund Balance with Treasury Status of Fund Balance with Treasury

OPM's unexpended balances are comprised of its FBWT and its investments (at par, net of original discount). Obligated and unobligated balances reported for the Status of FBWT do not agree with obligated and unobligated balances reported in the Combined Statement of Budgetary Resources due to budgetary balances that are supported by amounts other than FBWT, such as Federal budgetary receivables and unfilled customer orders. These resources provide budget authority; however, do not contribute to FBWT on the Balance Sheet until collected. OPM had approximately $3.2 billion and $3.3 billion as of September 30, 2024 and 2023, respectively, of available resources excluded from uncollected budgetary resources. In addition, there were approximately $264 million and $251 million as of September 30, 2024 and 2023, respectively, of unavailable resources excluded from uncollected budgetary resources. These exclusions required for the reconciliation of FBWT often result in a presentation of abnormal available or unavailable budgetary resources to be interpreted only that resources presented on the Statement of Budgetary Resources are not supported by amounts in FBWT. This does not mean OPM has negative budgetary resources available or unavailable, but rather that resources available or unavailable are supported by other types of budget authority.

In order to reconcile our budgetary resources to ending FBWT, balances precluded from obligation and temporarily unavailable are needed as they are not included in the total budgetary resources or the status of budgetary resources on the Statement of Budgetary Resources. In addition, resources associated with investments in Federal securities are no longer in FBWT, and therefore removed. OPM did not have any FBWT related to Non-budgetary accounts such as deposit, clearing or unavailable receipt funds as of September 30, 2024 and 2023, respectively.

Unobligated funds, depending on the budget authority, are generally available for new obligations in current operations. The unavailable balance includes amounts appropriated in prior fiscal years, which are not available to fund new obligations. The obligated not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received; or which payment has not yet been made. The following table presents a summary of OPM's FBWT as of September 30, 2024, and 2023, respectively.

Table 10A – Fund Balance with Treasury FY 2024

September 30, 2024 (In Millions)					
Fund Balance with Treasury	**Retirement Program**	**Health Benefits Program**	**Life Insurance Program**	**Other Programs**	**Total**
Unobligated:					
Available	$ -	$(1,629)	$400	$(173)	**$(1,402)**
Unavailable	-	19,044	52,593	316	**71,953**
Obligated Not Yet Disbursed	9,866	8,140	1,708	648	**20,362**
Precluded From Obligations (See Note 10)	1,062,557	28,197	-	-	**1,090,754**
Temporary Unavailable	5	16	-	-	**21**
Less: Invested Budgetary Resources No Longer in FBWT	(1,072,349)	(51,853)	(54,688)	-	**(1,178,890)**
Fund Balance With Treasury	**$79**	**$1,915**	**$13**	**$791**	**$2,798**

Table 10B – Fund Balance with Treasury FY 2023

September 30, 2023 (In Millions)					
Fund Balance with Treasury	**Retirement Program**	**Health Benefits Program**	**Life Insurance Program**	**Other Programs**	**Total**
Unobligated:					
Available	-	$128	$593	$(151)	**$570**
Unavailable	-	19,000	49,983	322	**69,305**
Obligated Not Yet Disbursed	9,640	8,137	1,686	615	**20,078**
Precluded From Obligations (See Note 10)	1,028,114	32,050	-	-	**1,060,164**
Temporary Unavailable	5	15	-	-	**20**
Less: Invested Budgetary Resources No Longer in FBWT	(1,036,636)	(57,508)	(52,249)	-	**(1,146,393)**
Fund Balance With Treasury	**$1,123**	**$1,822**	**$13**	**$786**	**$3,744**

Note 3, Investments, Net

All of OPM's investments are in securities issued by other Federal entities and are therefore classified as intragovernmental. See Note 1.I for further explanation, including the amortization method. All OPM's investments are with Treasury, either in GAS securities or with the FFB securities, held by trust funds - the Retirement, Health Insurance, and Life Insurance Programs.

With the Public cash receipts are collected for the trust funds; and are deposited with Treasury, which uses the cash for general Government purposes. Treasury securities are issued to OPM as evidence of its receipts. Treasury securities are an asset to OPM and a liability to Treasury. Because OPM and Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. They are eliminated in consolidation for the Financial Report of the U.S. Government (FR).

Treasury securities provide OPM with authority to draw upon the Treasury to make future benefit payments or other expenditures. When OPM requires redemption of these Treasury securities to make expenditures, the Government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, borrowing from the public, repaying less debt, or curtailing other expenditures. This is the same way the Government finances all other expenditures.

Market-based GAS securities carry an additional risk, if not carried to maturity. Health and Life both invest in these securities and, if redeemed early, may receive less value in return for the security it gave up.

The following table summarizes OPM's Investments, Net, as of September 30, 2024 and 2023, respectively:

Table 11A – Investments, Net – Intragovernmental FY 2024

September 30, 2024 (In Millions)						
Investments, Net-Intragovernmental	**Cost**	**Amortized Discount/ (Premium)**	**Interest Receivable**	**Investments, Net**	**Unrealized Gain/(Loss)**	**Market Value**
Retirement Program						
Marketable:						
FFB Securities	$4,515	$-	$27	$4,542	$(27)	$4,515
Non-Marketable: (PAR)						
Par-value GAS securities	996,980	-	6,937	1,003,917	(6,937)	996,980
Certificates of Indebtedness	70,854	-	85	70,939	(85)	70,854
Total Retirement Program	**$1,072,349**	**$-**	**$7,049**	**$1,079,398**	**$(7,049)**	**$1, 072,349**
Health Benefits Program						
Non-Marketable: (Market-based)						
Market-Based GAS securities	$23,656	$48	$73	$23,777	$117	$23,894
Non-Marketable: (PAR)						
Par-value GAS securities	28,197	-	153	28,350	(153)	28,197
Total Health Benefits Program	**$51,853**	**$48**	**$226**	**$52,127**	**$(36)**	**$52,091**
Life Insurance Program						
Non-Marketable: (Market-based)						
Market-Based GAS securities	$54,688	$163	$235	$55,086	$136	$55,222
Total Life Insurance Program	**$54,688**	**$163**	**$235**	**$55,086**	**$136**	**$55,222**
Total Investments, Net	**$1,178,890**	**$211**	**$7,510**	**$1,186,611**	**$(6,949)**	**$1,179,662**

Table 11B – Investments, Net – Intragovernmental FY 2023

September 30, 2023 (In Millions)						
Investments, Net-Intragovernmental	**Cost**	**Amortized Discount/ (Premium)**	**Interest Receivable**	**Investments, Net**	**Unrealized Gain/(Loss)**	**Market Value**
Retirement Program						
Marketable:						
FFB Securities	$5,492	$-	$35	$5,527	$(35)	$5,492
Non-Marketable: (PAR)						
Par-value GAS Securities	965,763	-	6,063	971,826	(6,063)	965,763
Certificates of Indebtedness	65,381	-	89	65,470	(89)	65,381
Total Retirement Program	**$1,036,636**	**$-**	**$6,187**	**$1,042,823**	**$(6,187)**	**$1,036,636**
Health Benefits Program						
Non-Marketable: (Market-based)						
Market-Based GAS securities	$25,459	$13	$74	$25,546	$(190)	$25,356
Non-Marketable: (PAR)						
Par-value GAS Securities	32,050	-	179	32,229	(179)	32,050
Total Health Benefits Program	**$57,509**	**$13**	**$253**	**$57,775**	**$(369)**	**$57,406**
Life Insurance Program						
Non-Marketable: (Market-based)						
Market-Based GAS Securities	$52,551	$(222)	$222	$52,551	$(1,119)	$51,432
Total Life Insurance Program	**$52,551**	**$(222)**	**$222**	**$52,551**	**$(1,119)**	**$51,432**
Total Investments, Net	**$1,146,696**	**$(209)**	**$6,662**	**$1,153,149**	**$(7,675)**	**$1,145,474**

Note 4, Accounts Receivable, Net

Intragovernmental

The balances comprising OPM's intragovernmental accounts receivable as of September 30, 2024, and 2023, respectively, are reported in the following table:

Table 12A– Accounts Receivable, Net – Intragovernmental FY 2024

September 30, 2024 (In Millions)						
Accounts Receivable, Net-Intragovernmental	**Retirement Program**	**Health Benefits Program**	**Life Insurance Program**	**Other Programs**	**Intra-entity Eliminations**	**Consolidated Total**
Employer Contributions Receivable	$28,907	$773	$24	$-	(22)	$29,682
Other	-	-	-	157	(133)	24
Allowance	(27,143)	-	-	-	-	(27,143)
Total Accounts Receivable, Net - Intragovernmental	**$1,764**	**$773**	**$24**	**$157**	**$(155)**	**$2,563**

Table 12B– Accounts Receivable, Net – Intragovernmental FY 2023

September 30, 2023 (In Millions)						
Accounts Receivable, Net-Intragovernmental	**Retirement Program**	**Health Benefits Program**	**Life Insurance Program**	**Other Programs**	**Intra-entity Eliminations**	**Consolidated Total**
Employer Contributions Receivable	$24,565	$875	$24	$ -	$ -	$25,464
Other	-	-	-	205	(239)	(34)
Allowance	(22,704)	-	-	-	-	(22,704)
Total Accounts Receivable, Net - Intragovernmental	**$1,861**	**$875**	**$24**	**$205**	**$(239)**	**$2,726**

The USPS is required to make annual contributions to the CSRDF for both CSRS and FERS under Section 8348 (h) and Section 8423 (b) of Title 5, U.S.C. As of September 30, 2024, total contributions owed was $27.3 billion, of which OPM has deemed $27.1 billion to be uncollectible due to continued growth and aging of the receivable as a result of USPS budget constraints. All other intragovernmental receivables are considered collectible.

With the Public

The balances comprising the accounts receivable, net OPM classifies as "With the Public" as of September 30, 2024, and 2023, respectively, are presented, in the following table. See Note 1.J for the methodology used to determine the allowance.

Table 13A – Accounts Receivable, Net - With the Public FY 2024

September 30, 2024 (In Millions)				
Accounts Receivable, Net-With the Public	**Retirement Program**	**Health Benefits Program**	**Life Insurance Program**	**Total**
Participant Contributions Receivable	$233	$1,207	$205	$1,645
Overpayment of Benefits	378	-	-	378
Criminal Restitution Receivable	29	41	-	70
Other	1	-	-	1
Allowance	(99)	(24)	-	(123)
Total Accounts Receivable, Net - With the Public	**$542**	**$1,224**	**$205**	**$1,971**

Table 13B – Accounts Receivable, Net - With the Public FY 2023

September 30, 2023 (In Millions)				
Accounts Receivable, Net-With the Public	**Retirement Program**	**Health Benefits Program**	**Life Insurance Program**	**Total**
Participant Contributions Receivable	$238	$1,203	$196	$1,637
Overpayment of Benefits	364	-	-	364
Criminal Restitution Receivable	29	35		64
Other	1	-	-	1
Allowance	(6)	-	-	(6)
Total Accounts Receivable, Net - With the Public	**$626**	**$1,238**	**$196**	**$2,060**

Note 5, Federal Employee Salary, Leave, and Benefits Payable

Federal Employee Salary, Leave, and Benefits Payable represent amounts due for employees currently employed by OPM. These liabilities do not represent amounts due that relate to pension or post-employment benefits.

The table below provides a breakdown of the Federal Employee Salary, Leave, and Benefits Payable reported on the Balance Sheet as of September 30, 2024, and 2023, respectively.

Table 14 – Federal Employee Salary, Leave and Benefits Payable

Federal Employee Salary, Leave, and Benefits Payable	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Accrued Funded Payroll and Leave	$12	$5
Employer Contributions and Payroll Taxes Payable	-	1
Benefit Premiums Payable to Carriers	568	530
Unfunded Leave Retirement, Health, & Life	33	31
Total Federal Employee Salary, Leave, and Benefits Payable	**$613**	**$567**

Note 6, Pensions, Other Post-Employment Benefits Payable

A. Pensions, Other Post-Employment Benefits Payable

Pensions and OPEB Payable include actuarial estimates of all future post-employment benefits for Retirement, Health Benefits and Life Insurance Programs based on certain economic assumptions. In addition, it includes claims or benefits on behalf of employees that have not yet been submitted to the insurer, actual benefits due to employees and their beneficiaries, and actuarial FECA liability representing a present value of future benefits provided as a result of work-related deaths, disability, or occupational disease.

The table below provides a breakdown of the Pensions, OPEB Payable reported on the Balance Sheet as of September 30, 2024, and 2023, respectively.

Table 15 – Pensions, Other Post-Employment Benefits Payable

Pensions, Other Post-Employment Benefits Payable	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Actuarial Liabilities		
Actuarial Pension Liability	$2,797,800	$2,676,100
Actuarial Health Insurance Liability	426,219	380,137
Actuarial Life Insurance Liability	68,256	64,500
Total Actuarial Liabilities	**$3,292,275**	**$3,120,737**
Liability for Employee Benefits and Claims Incurred but Not Reported	5,365	5,488
Pension & Life Insurance Benefits Due and Payable to Beneficiaries	10,024	9,855
Actuarial FECA Liability	7	7
Total Pensions, Other Post-Employment Benefits Payable	**$3,307,671**	**$3,136,087**

B. Reconciliation of Actuarial Liabilities

The table below provides a reconciliation of current year activity in actuarial liabilities by program as of September 30, 2024, and 2023, respectively. Current year actuarial estimates are based on economic assumptions described in section C.

Table 16A – Reconciliation of Actuarial Liabilities FY 2024

September 30, 2024 (In Millions)					
Reconciliation of Actuarial Liabilities	Pension		Health	Life	Total
	CSRS	FERS			
Beginning Actuarial Liability Balance	$1,180,800	$1,495,300	$380,137	$64,500	$3,120,737
Expense:					
Normal Cost[1]	1,235	70,530	19,946	675	92,386
Interest on the Liability Balance	27,469	45,412	11,841	1,805	86,527
Actuarial (Gain)/Loss:					
From Experience	4,786	25,867	770	1,921	33,344
From Assumption Changes	12,249	41,696	29,765	80	83,790
Total Expense	**$45,739**	**$183,505**	**$62,322**	**$4,481**	**$296,047**
Less Amounts Paid:					
Benefits and Annuities Paid	(74,034)	(33,328)	(14,658)	(715)	(122,735)
Administrative and Other Expenses	(105)	(77)	(1,582)	(10)	(1,774)
Totals Amounts Paid	**$(74,139)**	**$(33,405)**	**$(16,240)**	**$(725)**	**$(124,509)**
Ending Actuarial Liability Balance	**$1,152,400**	**$1,645,400**	**$426,219**	**$68,256**	**$3,292,275**

[1] Life - represents new entrant expense.

Table 16B – Reconciliation of Actuarial Liabilities FY 2023

September 30, 2023 (In Millions)					
Reconciliation of Actuarial Liabilities	Pension		Health	Life	Total
	CSRS	FERS			
Beginning Actuarial Liability Balance	$1,170,500	$1,308,500	$411,673	$61,258	$2,951,931
Expense:					
Normal Cost[1]	1,348	60,657	18,657	586	81,248
Interest on the Liability Balance	26,094	38,376	12,786	1,714	78,970
Actuarial (Gain)/Loss:					
From Experience	(4,767)	25,176	(1,832)	458	19,035
From Assumption Changes	61,337	93,381	(44,046)	1,179	111,851
Total Expense	**$84,012**	**$217,590**	**$(14,435)**	**$3,937**	**$291,104**
Less Amounts Paid:					
Benefits and Annuities Paid	(73,566)	(30,713)	(15,574)	(685)	(120,538)
Administrative and Other Expenses	(146)	(77)	(1,527)	(10)	(1,760)
Totals Amounts Paid	**($73,712)**	**($30,790)**	**($17,101)**	**($695)**	**($122,298)**
Ending Actuarial Liability Balance	**$1,180,800**	**$1,495,300**	**$380,137**	**$64,500**	**$3,120,737**

[1]Life - represents new entrant expense.

C. Actuarial Liability Economic Assumptions

Pension Benefits

The OPM Office of the Actuaries, in computing the Pension Liability and associated Pension Expense, applies economic assumptions to historical cost information to estimate the Government's future cost to provide CSRS and FERS benefits to current and future retirees. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations. Actuarial gains or losses occur to the extent that actual experience differs from these assumptions used to compute the Pension Liability and associated Pension Expense.

The economic assumptions used to calculate the Pension Liability and related Pension Expense under SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes In Assumptions and Selecting Discount Rates and Valuation Dates* are based on 10-year historical averages. See Note 1.O for further information. These economic assumptions differ from those established by OPM under guidance from the CSRS Board of Actuaries for the determination of certain statutory funding payments for CSRS and FERS. The following table presents the significant economic assumptions in accordance with SFFAS 33 to compute the Pension Liability as of September 30, 2024, and 2023, respectively:

Table 17 - Pension Economic Assumptions

Pension Economic Assumptions	September 30, 2024		September 30, 2023	
	CSRS	FERS	CSRS	FERS
Inflation	2.8%	2.8%	2.6%	2.6%
Interest Rate/Discount Rate	2.5%	3.0%	2.4%	3.0%
Cost of Living Adjustment[1]	2.8%	2.4%	2.6%	2.3%
Rate of Increase in Salary	2.5%	2.5%	2.1%	2.1%

[1]The actuarial liability for CSRS and FERS is determined based on an assumed rate of COLA, an assumption that is related to the general rate of inflation. The assumed CSRS COLA is equal to the assumed rate of inflation.

Post-Retirement Health Benefits

The OPM Office of the Actuaries, in computing the PRHB Liability and associated expense, applies economic assumptions to historical cost information to estimate the Government's future cost of providing PRHB to current employees and retirees. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to factors such as mortality, retirements, and terminations. Actuarial gains or losses will occur to the extent that actual experience differs from the assumptions used to compute the PRHB Liability and associated expense, and due to changes to the actuarial assumptions. The amount for Federal Employee Benefits Payable for PRHB on the Balance Sheet also includes claims payable and benefits due to Health Insurance carriers.

The following table presents the significant economic assumptions used to compute the PRHB Liability and related expense for the year ended September 30, 2024 and 2023, respectively.

Table 18 – Post-Retirement Health Benefits Economic Assumptions

Post-Retirement Economic Assumptions	September 30, 2024	September 30, 2023
Interest Rate[1]	3.2%	3.1%
Increase in Per Capita Cost of Covered Benefits[2]	5.2%	4.9%
Ultimate Medical Trend Rate	4.2%	4.0%

[1]The single equivalent annual interest rate for FY 2024 is derived from a yield curve based on the average of the last 40 quarters through March 2024. The single equivalent annual interest rate for FY 2023 is derived from a yield curve based on the average of the last 40 quarters through March 2023.

[2] The single equivalent increase in per capita cost of covered benefits for FY 2024 represents a variable trend which begins at 7.0 percent in the initial and second year, 6.5 percent in the third year, 6.0 percent in the fourth year, 5.5 percent in the fifth year, then steadily declines to 4.2 percent by FY 2075.

Life Insurance Benefits

The Actuarial Life Insurance Liability (ALIL) is the expected present value (EPV) of future benefits to be paid to, or on behalf of, existing Life Insurance Program participants, less the EPV of future contributions to be collected from those participants. As of September 30, 2024, the total amount of FEGLI insurance in-force was estimated at $858.3 billion ($748.6 billion employees + $109.7 billion annuitants). As of September 30, 2023, the total amount of FEGLI insurance in-force was estimated at $800.8 billion ($692.2 billion employees + $ 108.6 billion annuitants).

In applying SFFAS 33 for calculating the ALIL, OPM's actuary uses salary increase and interest rate yield curve assumptions that are consistent with those used for computing the CSRS and FERS Pension Liability in FY 2024 and FY 2023. This entails the determination of a single equivalent interest rate that is specific to the ALIL. See the table below.

Table 19 - Life Insurance Economic Assumptions

Life Insurance Economic Assumptions	September 30, 2024	September 30, 2023
Interest Rate	2.9%	2.8%
Rate of Increases in Salary	2.5%	2.1%

Note 7, Other Liabilities

Other Liabilities are liabilities not reported elsewhere in the Balance Sheet. They consist of funded and unfunded intragovernmental and With the Public liabilities. The following table presents the other liabilities reported on OPM's Balance Sheet as of September 30, 2024, and 2023, respectively.

Table 20 – Other Liabilities

Other Liabilities	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Intragovernmental Other:		
Employer Contributions and Payroll Taxes Payable	$ -	$5
Judgment Fund Payable	260	260
Unfunded FECA Liability	1	1
Other Liabilities	5	6
Total Intragovernmental	**$266**	**$272**
With the Public Other:		
Withholdings Payable	1,271	1,182
Other Liabilities With Related Budgetary Obligations	579	487
Contingent Liabilities	92	190
Total With the Public	**$1,942**	**$1,859**
Total Other Liabilities	**$2,208**	**$2,131**

Health Benefits Program

In prior years, OPM was a party to litigation in which certain Health Benefits Program carriers were seeking relief for alleged underpayment of premiums. As a result of one adverse court decision, the DOJ, which represented OPM in the litigation, settled most of the remaining cases (one other case was tried and lost). Judgments/settlements in those cases were paid from the Treasury Judgment Fund. However, because any underpayments that may have occurred resulted from inaccuracies in the number of contributions by or on behalf of employee-participants that were remitted to OPM by the employing agencies (which remittances came from the respective agencies' appropriations), OPM has neither the legal responsibility nor the legal authority to reimburse the Treasury Judgment Fund. Treasury continues to assert that OPM is liable to reimburse the Treasury Judgment Fund for amount of the judgments/settlements. As a result, OPM carries $260 million as of September 30, 2024, and 2023, respectively, as intragovernmental Other Liabilities due to the Treasury.

Note 8, Liabilities Not Covered by Budgetary Resources

Liabilities covered by budgetary resources include those liabilities for which appropriated funds and receipts are otherwise available to pay amounts due as of the Balance Sheet dates.

Liabilities not covered by budgetary resources are amounts owed in excess of available, congressionally appropriated funds and, therefore, no budgetary resources are available to pay amounts due as of the Balance Sheet dates but will require future funding. Since no budgetary resources have been made available to liquidate the Pension, PRHB, and Actuarial Life Insurance Liabilities, they are disclosed as being liabilities not covered by budgetary resources. OPM's other unfunded liabilities include contingent liabilities. OPM estimates approximately $84 million of the liabilities not covered by budgetary resources to be considered current liabilities as they are expected to become due within the next fiscal year. The unfunded liabilities as of September 30, 2024, and 2023, respectively, are presented in the following table:

Table 21 – Liabilities Not Covered by Budgetary Resources

Liabilities Not Covered by Budgetary Resources	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Intragovernmental:		
Other Liabilities	$266	$267
With the Public:		
Actuarial and Unfunded Leave Liabilities	3,292,315	3,120,775
Other Liabilities	92	190
Total Liabilities Not Covered by Budgetary Resources	**$3,292,673**	**$3,121,232**
Total Liabilities Covered by Budgetary Resources	**$17,955**	**$17,729**
Total Liabilities	**$3,310,628**	**$3,138,961**

Note 9, Commitments and Contingencies

OPM is party to various administrative proceedings, legal actions, and claims. For legal actions where the OGC considers adverse decisions "probable" or "reasonable possible" and the amounts are reasonably estimable, information is disclosed below. In many cases, tort claims are administered and resolved by DOJ, and any amounts necessary for resolution are obtained from a special Judgment Fund maintained by Treasury. In accordance with the FASAB's Interpretation 2, *Accounting for Treasury Judgment Fund Transactions*, costs incurred by the Federal Government are to be reported by the agency responsible for incurring the liability, or to which liability has been assigned, regardless of the ultimate source of funding. No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated, or the likelihood of an unfavorable outcome is less than probable.

The amounts as of September 30, 2024, and 2023, respectively, are presented in the table below.

Table 22 – Commitments and Contingencies

Commitments and Contingencies	Accrued Liabilities (In Millions)	Estimated Range of Loss (In Millions)	
		Lower End	Upper End
FY 2024 Legal Contingencies:			
Probable	$92	$92	$126
Reasonably Possible	-	$38	$107
FY 2023 Legal Contingencies:			
Probable	$190	$190	$697
Reasonably Possible	-	$5	$72

Note 10, Availability of Unobligated Balances

Retirement Program

Historically, OPM's trust fund receipts have exceeded the amount needed to cover the Retirement Program's obligations. The excess of trust fund receipts over incurred obligations is classified as being temporarily precluded from obligation. These receipts, however, remain assets of the CSRDF and will become immediately available, if circumstances dictate, to meet obligations to be incurred in the future.

The following table presents the unobligated balance of the CSRDF that is included in the Retirement Program that is temporarily precluded from obligation for September 30, 2024 and 2023, respectively:

Table 23 – Availability of Unobligated Balances – Retirement Program

Availability of Unobligated Balances – Retirement Program	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Temporarily Precluded From Obligation at the Beginning of the Year	$1,028,114	$1,002,814
Plus: Trust Fund Receipts During the Year	142,404	130,215
Plus: Appropriations Received	53,255	49,889
Less: Obligations Incurred During the Year, Net of PY Recoveries	(161,216)	(154,804)
Temporarily Precluded from Obligation at the End of the Year	**$1,062,557**	**$1,028,114**

Health Benefits and Life Insurance Programs

OPM administers the Health Benefits and Life Insurance Programs through three trust revolving funds. A trust revolving fund is a single account that is authorized to be credited with receipts and incur obligations and expenditures in support of a continuing cycle of business-type operations in accordance with the provisions of statute. The unobligated balance in OPM's trust revolving funds is available for obligation and expenditure, upon apportionment by OMB, without further action by Congress.

Additionally, the FY 2024 and FY 2023 receipts included interest income. The following table presents the unobligated balance of the PSRHBF included in the Health Benefits Program that is temporarily precluded from obligation as of September 30, 2024, and 2023, respectively.

Table 24 – Availability of Unobligated Balances – Postal Service Retiree Health Benefits Program

Availability of Unobligated Balances – Postal Service Retiree Health Benefits Program	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Temporarily Precluded from Obligation at the Beginning of the Year	$32,050	$35,607
Plus: Special Fund Receipts During the Year	689	795
Less: Obligations Incurred During the Year, Net of PY Recoveries	(4,542)	(4,352)
Temporarily Precluded From Obligation at the End of the Year	**$28,197**	**$32,050**

Other Programs

OPM's Other Programs consist of the Revolving Fund and S&E. The Revolving Fund Programs are administered through an intragovernmental revolving fund. An intragovernmental revolving fund is designed to carry-out a cycle of business-type operations with other Federal agencies or separately funded components of the same agency. The unobligated balance in OPM's intragovernmental revolving fund is available for obligation and expenditure, upon apportionment by OMB, without further action by Congress.

OPM funds its administrative costs through annual, multiple-year, and "no-year" appropriations. For its annual appropriations, the unobligated balance expires at the end of the applicable fiscal year. For OPM's multiple-year appropriations, the unobligated balance remains available for obligation and expenditure for a specified period in excess of a fiscal year. For its no-year appropriations, the unobligated balance is carried forward and is available for obligation and expenditure indefinitely until the objectives for which it was intended have been accomplished.

Note 11, Apportionment Categories of Incurred Obligations

An apportionment is a distribution by OMB of amounts available for obligation. Apportioned amounts appear on different groups of lines in the Application of Budgetary Resources section of an apportionment. Amounts are identified in an apportionment: by time - [Category A]; by program, project or activity [Category B]; or by a combination of program, project or activity and time period [Category AB]. If an account is not subject to an apportionment, it is considered exempt [Category E]. Each of OPM's trust funds have an exempt account that receives warrants from the General Fund of the U.S. Government each fiscal year to subsidize current year premium costs incurred by the Retirement, Health Benefits, and Life Insurance Program benefits. The following table details the direct and reimbursable obligations that have been incurred against each apportionment category as of September 30, 2024, and 2023, respectively.

Table 25A – Apportionment Categories of Incurred Obligations FY 2024

September 30, 2024 (In Millions)				
Apportionment Categories of Incurred Obligations	**Category**	**Direct**	**Reimbursable**	**Total**
Retirement Program	B	$108,006	$-	$108,006
Retirement Program	E	53,255	-	53,255
Health Benefits Program	B	74,152	-	74,152
Health Benefits Program	E	15,101	-	15,101
Life Insurance Program	B	3,920	-	3,920
Life Insurance Program	E	42	-	42
Other Programs	AB	555	972	1,527
Total		**$255,031**	**$972**	**$256,003**

Table 25B – Apportionment Categories of Incurred Obligations FY 2023

September 30, 2023 (In Millions)				
Apportionment Categories of Incurred Obligations	**Category**	**Direct**	**Reimbursable**	**Total**
Retirement Program	B	$104,920	-	$104,920
Retirement Program	E	49,889	-	49,889
Health Benefits Program	B	69,081	-	69,081
Health Benefits Program	E	14,495	-	14,495
Life Insurance Program	B	3,871	-	3,871
Life Insurance Program	E	43	-	43
Other Programs	AB	559	838	1,397
Total		**$242,858**	**$838**	**$243,696**

Note 12, Comparison of Combined Statements of Budgetary Resources to the President's Budget

OPM reports information about budgetary resources in the Combined Statements of Budgetary Resources (SBR) and for presentation in the "President's Budget." The President's Budget for FY 2026, which will contain the actual budgetary resources information for FY 2024, will be available on a later date at **President's Budget | The White House**. The President's Budget for FY 2025, which contains actual budgetary resource information for FY 2023, was released on March 11, 2024. See the table below for comparison of Combined Statements of Budgetary Resources to the President's Budget.

Table 26 – Comparison of Combined Statements of Budgetary Resources to the President's Budget

September 30, 2024 (In Millions)				
Comparison of Combined Statements of Budgetary Resources to the President's Budget	**Budgetary Resources**	**New Obligations & Upward Adjustments (Total)**	**Distributed Offsetting Receipts**	**Net Outlays**
Combined Statement of Budgetary Resources	$317,142	$243,696	$50,730	$122,509
Expired Funds	(286)	(5)	-	-
Distributed Offsetting Receipts	-	-	(50,730)	50,730
Reconciling Differences/Rounding	-	(2)	-	(1)
Budget of the U.S. Government	$316,856	$243,689	-	$173,238

Note 13, Combined Statements of Budgetary Resources

A. Undelivered Orders

Federal and Non-federal Undelivered Orders represent goods and services ordered and obligated which have not been received. This includes any orders for which we have paid in advance, but for which delivery or performance has not yet occurred prior to fiscal year-end. Undelivered Orders as of September 30, 2024, and 2023, respectively, are presented in the table below.

Table 27 – Undelivered Orders

Undelivered Orders	September 30, 2024 (In Millions)	September 30, 2023 (In Millions)
Intragovernmental		
Unpaid	$236	$233
Paid	6	6
Total Intragovernmental	**$242**	**$239**
With the Public		
Unpaid	366	339
Total With the Public	**$366**	**$339**
Total Undelivered Orders	**$608**	**$578**

B. Adjustments to Unobligated Balances Brought Forward

The unobligated balance from prior year budget authority, net amount does not tie to the prior year's unobligated balance, end of year amount due to adjustments. The adjustments mainly consist of recoveries of prior year obligated balances, cancelled authority, and allocation transfers of prior year balances. The following table displays a reconciliation between the prior year's unobligated balance, end of year amount to the current year's unobligated balance from prior year budget authority, net amount. Adjustments to unobligated balances brought forward as of September 30, 2024 and 2023, respectively, are presented in the table below.

Table 28 – Adjustments to Unobligated Balances Brought Forward

As of September 30, 2024 and 2023
(In Millions)

Fund	Retirement		Health		Life		Other Programs		OPM Combined	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Prior Year Total Unobligated Balance, End of Period	$-	$-	$21,759	$22,900	$50,827	$49,262	$860	$775	$73,446	$72,937
Unobligated Balance Transferred From Other Accounts	-	-	-	-	-	-	1	6	1	6
Adjustment of Unobligated Balance Brought Forward	-	-	-	-	-	-	-	(8)	-	(8)
Recoveries of Prior Year Obligations	45	4	71	45	41	43	45	56	202	148
Unobligated Balance Precluded From Obligation	(3)	-	-	-	-	-	-	-	(3)	-
Other Changes in Unobligated Balance	-	-	-	-	-	-	(4)	-	(4)	-
Total Adjustments to Unobligated Balance Brought Forward	42	4	71	45	41	43	42	54	196	146
Unobligated Balance From Prior Budget Authority, Net	**$42**	**$4**	**$21,830**	**$22,945**	**$50,868**	**$49,305**	**$902**	**$829**	**$73,642**	**$73,083**

Note 14, Reconciliation of Net Cost to Net Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the Federal deficit. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, so it presents information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. As required by SFFAS 7, as amended by SFFAS 53, OPM has reconciled the net cost of operations, reported in the Statement of Net Costs, to the net outlays, reported on the SBR.

The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. Per the FY 2024 OMB Circular A-136, the key differences fall into three categories. (1) Components of net cost that are not part of net outlays, (2) Component of net outlays that are not part of net costs, and (3) Other Temporary Timing Difference section. OPM did not have any activity to report in the third category in FY 2024 and FY 2023, therefore, not disclosed.

Table 29A – Reconciliation of Net Cost to Net Outlays FY 2024

September 30, 2024 (In Millions)																
Program	Retirement			Health Benefits			Life Insurance			Other Programs			Less: Intra OPM Eliminations	OPM Total Programs		
Category	Intra-governmental	With The Public	Total	Intra-governmental	With The Public	Total	Intra-governmental	With The Public	Total	Intra-governmental	With The Public	Total	Intra-governmental Total	Intra-governmental	With The Public	Total
NET OPERATING COST	($82,400)	$221,987	$139,587	($27,984)	$94,951	$66,967	($2,848)	$4,103	$1,255	($336)	$893	$557		($113,568)	$321,934	$208,366
Components of net cost not part of the budgetary outlays:																
Increase/(Decrease) in Assets:																
Accounts Receivable	(97)	(84)	(181)	(102)	(14)	(116)	-	9	9	(48)	-	(48)	84	(163)	(89)	(252)
Advances and Prepayments	-	-	-	-	-	-	-	-	-	(3)	-	(3)		(3)	-	(3)
Investments	863	-	863	9	-	9	96	-	96	-	-	-		968	-	968
Other Assets	-	-	-	-	(256)	(256)	(1)	17	16	-	-	-		(1)	(239)	(240)
(Increase)/Decrease in Liabilities:			-			-			-			-		-	-	-
Accounts Payable	61	-	61	20	-	20	2	-	2	(2)	7	5	(89)	(8)	7	(1)
Federal Employee Salary, Leave and Benefits Payable	-	1	1	-	(37)	(37)	-	-	-	-	(10)	(10)		-	(46)	(46)
Pensions, Other Post-Employment Benefits Payable	-	(121,838)	(121,838)	-	(45,960)	(45,960)	-	(3,786)	(3,786)	-	-	-		-	(171,584)	(171,584)
Advances from Others and Deferred Revenues	-	-	-	-	4	4	-	-	-	44	(7)	37		44	(3)	41
Other Liabilities	-	(84)	(84)	-	(39)	(39)	-	7	7	1	33	34	5	6	(83)	(77)
Other Financing Sources:																
Imputed Financing Sources	-	-	-	-	-	-	-	-	-	(43)	-	(43)		(43)	-	(43)
Appropriated Trust Fund Receipts	142,404	-	142,404	689	-	689	-	-	-	-	-	-		143,093	-	143,093
Other Miscellaneous Items	-	-	-	-	-	-	-	-	-	1	-	1		1	-	1
Total Components of net operating cost not part of the budgetary outlays	143,231	(122,005)	21,226	616	(46,302)	(45,686)	97	(3,753)	(3,656)	(50)	23	(27)		143,894	(172,037)	(28,143)
Components of the budget outlays that are not part of net operating cost																
Financing Sources:																
Transfers out (in) without reimbursements	177	-	177	73	-	73	4	-	4	(311)	-	(311)		(57)	-	(57)
Total Components of the budget outlays that are not part of net operating cost	177	-	177	73	-	73	4	-	4	(311)	-	(311)		(57)	-	(57)
NET OUTLAYS	61,008	99,982	160,990	(27,295)	48,649	21,354	(2,747)	350	(2,397)	($697)	$916	219		$30,269	$149,897	180,166
Related Amounts on the Statement of Budgetary Resources:																
Outlays, Net (SBR 4190)			160,990			21,354			(2,397)			219				180,166
Distributed Offsetting Receipts (SBR 4200)			(53,303)			(689)			-			-				(53,992)
AGENCY OUTLAYS, NET (4210)			107,687			20,665			($2,397)			$219				126,174

Table 29B – Reconciliation of Net Cost to Net Outlays FY 2023

September 30, 2023 (In Millions)																
Program	Retirement			Health Benefits			Life Insurance			Other Programs			Less: Intra OPM Eliminations	OPM Total Programs		
Category	Intra-governmental	With The Public	Total	Intra-governmental	With The Public	Total	Intra-governmental	With The Public	Total	Intra-governmental	With The Public	Total	Intra-governmental Total	Intra-governmental	With The Public	Total
NET OPERATING COST	($74,493)	$295,234	$220,741	($25,867)	$13,238	($12,629)	($1,801)	$3,703	$1,902	($352)	$836	$484		($102,513)	$313,011	$210,498
Components of net cost not part of the budgetary outlays:						-								-	-	-
Property, Plant, and Equipment Depreciation	-	-	-	-	-	-	-	-	-	-	(2)	(2)		-	(2)	(2)
Increase/(Decrease) in Assets:						-			-			-				
Accounts Receivable	149	41	190	66	74	140	2	9	11	55	-	55	(51)	221	124	345
Advances and Prepayments	-	-	-	-	-	-	-	-	-	1	-	1		1	-	1
Investments	533	-	533	(83)	-	(83)	(130)	-	(130)	-	-	-		320	-	320
Other Assets	-	-	-	-	245	245	1	50	51	-	-	-		1	295	296
(Increase)/Decrease in Liabilities:																
Accounts Payable	(38)	-	(38)	247	-	247	-	-	-	3	(2)	1	51	263	(2)	261
Federal Employee Salary, Leave and Benefits Payable	-	(197,749)	(197,749)	-	32,046	32,046	-	(3,295)	(3,295)	-	(4)	(4)		-	(169,002)	(169,002)
Pensions, Other Post-Employment Benefits Payable	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Advances from Others and Deferred Revenues	-	-	-	-	17	17	-	-	-	(21)	29	8		(21)	46	25
Other Liabilities	-	(81)	(81)	(260)	(122)	(382)	-	(7)	(7)	(3)	(17)	(20)		(263)	(227)	(490)
Other Financing Sources:			-			-			-			-		-	-	-
Imputed Financing Sources	-	-	-	-	-	-	-	-	-	(35)	-	(35)		(35)	-	(35)
Appropriated Trust Fund Receipts	130,215	-	130,215	795	-	795	-	-	-	-	-	-		131,010	-	131,010
Other Miscellaneous Items	3	-	3	-	-	-	-	-	-	-	-	-		3	-	3
Total Components of net operating cost not part of the budgetary outlays	130,862	(197,789)	(66,927)	765	32,260	33,025	(127)	(3,243)	(3,370)	-	4	4		131,500	(168,768)	(37,268)
Components of the budget outlays that are not part of net operating cost																
Financing Sources:																
Transfers out (in) without reimbursements	222	-	222	87	-	87	6	-	6	(306)	-	(306)		9	-	9
Total Components of the budget outlays that are not part of net operating cost	222	-	222	87	-	87	6	-	6	(306)	-	(306)		9	-	9
NET OUTLAYS	56,591	97,445	154,036	(25,015)	45,498	20,483	(1,922)	460	(1,462)	(658)	840	182		28,996	144,243	173,239
Related Amounts on the Statement of Budgetary Resources:																
Outlays, Net (SBR 4190)			154,036			20,483			(1,462)			182				173,239
Distributed Offsetting Receipts (SBR 4200)			(49,935)			(795)			-			-				(50,730)
AGENCY OUTLAYS, NET (4210)			$104,101			$19,688			($1,462)			$182				$122,509

Note 15, Health Benefits / Life Insurance Program Concentrations

During FY 2024 and FY 2023 over three-fourths of the Health Benefits Program's benefits were administered by the Blue Cross and Blue Shield Association, a fee-for-service carrier that provides experience-rated benefits.

For the Life Insurance Program, nearly all the benefits were administered by the Metropolitan Life Insurance Company in each of the fiscal years.

Note 16, Reclassification of Statement of Net Cost and Statement of Changes in Net Position for FR Compilation

To prepare the FR, the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appears in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows OPM financial statements and the reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2023 FR can be found here: **2023 Financial Report (FR)** and a copy of the 2024 FR will be posted to this site as soon as it is released.

The term, intragovernmental, is used in this note to refer to amounts that result from other components of the Federal Government. The term, Non-federal, is used in this note to refer to Federal Government amounts that result from transactions with Non-federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

Table 30 – Reclassification of Statement of Net Cost

September 30, 2024 (In Millions)			
OPM's Statement of Net Cost		Line Items Used to Prepare FY 2024 Government-wide SNC	
Financial Statement Line	**Amounts**	**Adjusted Amount**	**Reclassified Financial Statement Line**
Gross Costs	$274,696	$270,024	Non-federal gross cost
		1	Federal gross cost - Benefits program costs
		43	Federal gross cost - Imputed costs
		4,628	Federal gross cost - Buy/Sell cost[1]
Total Gross Costs	**$274,696**	**$274,696**	***Total Gross Costs***
Earned Revenue	150,120	31,880	Non-federal earned revenue
		85,710	Federal earned revenue - Benefit program revenue
		1,047	Federal earned revenue - Buy/Sell revenue[1]
		31,481	Federal earned revenue - Federal securities interest revenue including associated gains and losses
		2	Federal earned revenue - Collections transferred Into a TAS other than the General Fund
Total Earned Revenue	**$150,120**	**$150,120**	***Total Earned Revenue***
Gain/Loss on Pension, ORB, or OPEB Assumption Changes	83,790	83,790	Gains/losses from changes in actuarial assumptions
Net Cost of Operations	**$208,366**	**$208,366**	**Net Cost of Operations**

[1] Treasury's Reclassified Statement of Net Cost lines adjusted for intradepartmental elimination differences.

Table 31 – Reclassification of Statement of Changes in Net Position

September 30, 2024 (In Millions)			
OPM's Statement of Changes in Net Position		Line Items Used to Prepare FY 2024 Government-wide SCONP	
Financial Statement Line	**Amounts**	**Adjusted Amount**	**Reclassified Financial Statement Line**
Unexpended Appropriations			
Unexpended Appropriations Beginning Balance	$383	$383	Net Position, Beginning Balance
Financing Sources:			Financing Sources:
Appropriations Received	68,760	68,760	Appropriations Received as Adjusted (1/2)
Appropriations Transferred	1	1	Non-expenditure transfers-in of unexpended appropriations and financing sources
Other Adjustments	(140)	(140)	Appropriations Received as Adjusted (2/2)
Appropriations Used	(68,635)	(68,635)	Appropriations Used
Total Financing Sources	(14)	(14)	Total Financing Sources
Total Unexpended Appropriations - Ending Balance	**$369**	**$369**	**Net Position, End of Period**
Cumulative Results of Operations			
Cumulative Results, Beginning Balance	($1,976,444)	($1,976,444)	Net Position, Beginning Balance
Financing Sources:			Financing Sources:
Appropriations Used	68,635	68,635	Appropriations Expended
Transfer-In/Out Without Reimbursement	57	57	Transfers without reimbursement
Other Financing Sources	42	43	Imputed Financing Sources
		(1)	Non-Entity collections transferred to the General Fund of the U.S. Government
Total Financing Sources	68,734	68,734	Total Financing Sources
Net Cost of Operations	208,366	208,366	Net Cost of Operations
Net Change	(139,632)	(139,632)	Calculated Net Change
Cumulative Results of Operations - Ending Balance	**($2,116,076)**	**($2,116,076)**	**Net Position, End of Period**
Net Position	**($2,115,707)**	**($2,115,707)**	**Net Position, End of Period**

Consolidating Financial Statements

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING BALANCE SHEET
As of September 30, 2024
(In Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Other Programs	Eliminations	FY 2024
ASSETS						
Intragovernmental Assets						
Fund Balance with Treasury [Note 2]	$79	$1,915	$13	$791	$ -	$2,798
Investments, Net [Note 3]	1,079,398	52,127	55,086	-	-	1,186,611
Accounts Receivable, Net [Note 4]	1,764	773	24	157	(155)	2,563
Advances and Prepayments	-	-	-	3	-	3
Other Assets [Note 1.L]	-	-	-	-	-	-
Total Intragovernmental Assets	1,081,241	54,815	55,123	951	(155)	1,191,975
With the Public Assets						
Accounts Receivable, Net [Note 4]	542	1,224	205	-	-	1,971
Other Assets [Note 1.L]	-	207	768	-	-	975
Total With the Public Assets	542	1,431	973	-	-	2,946
TOTAL ASSETS	$1,081,783	$56,246	$56,096	$951	($155)	$1,194,921
LIABILITIES						
Intragovernmental Liabilities						
Accounts Payable	$48	$89	$14	$ 13	($150)	$14
Advances from Others and Deferred Revenue	-		-	104	-	104
Other Liabilities (Notes 7 & 8)	-	260	-	11	(5)	266
Total Intragovernmental Liabilities	48	349	14	128	(155)	384
With the Public Liabilities:						
Accounts Payable	-	-	-	18	-	18
Federal Employee Salary, Leave and Benefits Payable [Note 5]	6	570		37		613
Pensions, Other Post-Employment Benefits Payable [Notes 6]	2,806,143	431,584	69,937	7	-	3,307,671
Advances from Others and Deferred Revenue	-	-	-	-	-	-
Other Liabilities (Notes 7 & 8)	1,505	369	7	61	-	1,942
Total With the Public Liabilities	2,807,654	432,523	69,944	123	-	3,310,244
TOTAL LIABILITIES	$2,807,702	$432,872	$69,958	$251	($155)	$3,310,628
Commitments and Contingencies [Note 9]						
NET POSITION						
Unexpended Appropriations-Funds from Other than Dedicated Collections	$ -	$ -	$ -	$369	$ -	$369
Cumulative Results of Operations-Funds from Other than Dedicated Collections	(1,725,919)	(376,626)	(13,862)	331	-	(2,116,076)
TOTAL NET POSITION	($1,725,919)	($376,626)	($13,862)	$700	$ -	($2,115,707)
TOTAL LIABILITIES AND NET POSITION	$1,081,783	$56,246	$56,096	$951	($155)	$1,194,921

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING BALANCE SHEET
As of September 30, 2023
(In Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Other Programs	Eliminations	FY 2023
ASSETS						
Intragovernmental Assets						
Fund Balance with Treasury [Note 2]	$1,123	$1,822	$13	$786	$ -	$3,744
Investments, Net [Note 3]	1,042,823	57,775	52,551	-	-	1,153,149
Accounts Receivable, Net [Note 4]	1,861	875	24	205	(239)	2,726
Advances and Prepayments	-	-	-	6	-	6
Other Assets [Note 1.L]	-	-	1	-	-	1
Total Intragovernmental Assets	1,045,807	60,472	52,589	997	(239)	1,159,626
With the Public Assets						
Accounts Receivable, Net [Note 4]	626	1,238	196	-	-	2,060
Other Assets [Note 1.L]	-	463	751	-	-	1,214
Total With the Public Assets	626	1,701	947	-	-	3,274
TOTAL ASSETS	$1,046,433	$62,173	$53,536	$997	($239)	$1,162,900
LIABILITIES						
Intragovernmental Liabilities						
Accounts Payable	$109	$109	$16	$11	($239)	$6
Advances from Others and Deferred Revenue	-	-	-	148	-	148
Other Liabilities (Notes 7 & 8)	-	260	-	12	-	272
Total Intragovernmental Liabilities	109	369	16	171	(239)	426
With the Public Liabilities						
Accounts Payable	-	-	-	25	-	25
Federal Employee Salary, Leave and Benefits Payable [Note 5]	7	533	-	27	-	567
Pensions, Other Post-Employment Benefits Payable [Notes 6]	2,684,305	385,624	66,151	7	-	3,136,087
Advances from Others and Deferred Revenue	-	4	-	(7)	-	(3)
Other Liabilities (Notes 7 & 8)	1,421	330	14	94	-	1,859
With the Public Liabilities	2,685,733	386,491	66,165	146	-	3,138,535
TOTAL LIABILITIES	$2,685,842	$386,860	$66,181	$317	($239)	$3,138,961
Commitments and Contingencies [Note 9]						
NET POSITION						
Unexpended Appropriations-Funds from Other than Dedicated Collections	$ -	$ -	$ -	$383	$ -	$383
Cumulative Results of Operations-Funds from Other than Dedicated Collections	(1,639,409)	(324,687)	(12,645)	297	-	(1,976,444)
TOTAL NET POSITION	($1,639,409)	($324,687)	($12,645)	$680	$ -	($1,976,061)
TOTAL LIABILITIES AND NET POSITION	$1,046,433	$62,173	$53,536	$997	($239)	$1,162,900

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATING STATEMENT OF NET COST

For the Fiscal Year Ended September 30, 2024

(In Millions)

	Retirement Program			Health Benefits Program	Life Insurance Program	Other Programs	Eliminations	FY 2024
	CSRS	FERS	Total					
GROSS COSTS								
Intragovernmental	$3,247	$1,194	$4,441	$14	$ -	$314	($97)	$4,672
With the Public:								
Pension Expense [Note 6]	33,724	141,824	175,548	-	-	-	-	175,548
Post-Retirement Health Benefits [Note 6]	-	-	-	16,317	-	-	-	16,317
Future Life Insurance Benefits [Note 6]	-	-	-	-	3,676	-	-	3,676
Current Benefits and Premiums	-	-	-	69,668	3,867	40	-	73,575
Other Gross Costs With the Public	-	-	-	58	(6)	856	-	908
Total Gross Costs With the Public	33,724	141,824	175,548	86,043	7,537	896	-	270,024
Total Gross Costs	$36,971	$143,018	$179,989	$86,057	$7,537	$1,210	($97)	$274,696
EARNED REVENUE								
Intragovernmental:								
Employer Contributions	$4,901	$54,480	$59,381	$26,076	$746	$ -	($87)	$86,116
Earnings on Investments	2,266	25,193	$27,459	1,920	2,102	-	-	31,481
Collections Transferred In	-	-	-	2	-	-	-	2
Other Intragovernmental Earned Revenue	-	1	1	-	-	650	(10)	641
Total Intragovernmental Earned Revenue	7,167	79,674	86,841	27,998	2,848	650	(97)	118,240
With the Public:								
Participant Contributions	199	7,307	7,506	20,845	3,511	-	-	31,862
Other With the Public Earned Revenue	-	-	-	12	3	3	-	18
Total Earned Revenue With the Public	199	7,307	7,506	20,857	3,514	3	-	31,880
Total Earned Revenue	$7,366	$86,981	$94,347	$48,855	$6,362	$653	($97)	$150,120
Net Cost	$29,605	$56,037	$85,642	$37,202	$1,175	$557	$ -	$124,576
(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 6]	12,249	41,696	53,945	29,765	80	-	-	83,790
Net Cost of Operations	$41,854	$97,733	$139,587	$66,967	$1,255	$557	$ -	$208,366

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATING STATEMENT OF NET COST

For the Fiscal Year Ended September 30, 2023

(In Millions)

	Retirement Program			Health Benefits Program	Life Insurance Program	Other Programs	Eliminations	FY 2023
	CSRS	FERS	Total					
GROSS COSTS								
Intragovernmental	$3,023	$1,579	$4,602	$8	$ -	$462	($185)	$4,887
With the Public:								
Pension Expense [Note 5]	22,927	124,094	147,021	-	-	-	-	147,021
Post-Retirement Health Benefits [Note 5]	-	-	-	12,511	-	-	-	12,511
Future Life Insurance Benefits [Note 5]	-	-	-	-	2,063	-	-	2,063
Current Benefits and Premiums	-	-	-	64,219	3,764	-	-	67,983
Other Gross Costs With the Public	-	-	-	120	7	836	-	963
Total Gross Costs With the Public	22,927	124,094	147,021	76,850	5,834	836	-	230,541
Total Gross Costs [Notes 8 and 9]	$25,950	$125,673	$151,623	$76,858	$5,834	$1,298	($185)	$235,428
EARNED REVENUE								
Intragovernmental:								
Employer Contributions	$6,702	$47,972	$54,674	$24,222	$695	$ -	($78)	$79,513
Earnings on Investments	17,453	6,965	$24,418	1,650	1,106	-	-	27,174
Collections Transferred In	-	-	-	3	-	-	-	3
Other Intragovernmental Earned Revenue	-	3	3	-	-	814	(107)	710
Total Intragovernmental Earned Revenue	24,155	54,940	79,095	25,875	1,801	814	(185)	107,400
With the Public:								
Participant Contributions	234	6,271	6,505	19,555	3,310	-	-	29,370
Other Earned Revenue With the Public			-	11	-	-	-	11
Total Earned Revenue With the Public	234	6,271	6,505	19,566	3,310	-	-	29,381
Total Earned Revenue	$24,389	$61,211	$85,600	$45,441	$5,111	$814	($185)	$136,781
Net Cost	$1,561	$64,462	$66,023	$31,417	$723	$484	$ -	$98,647
(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes [Note 5]	61,337	93,381	154,718	(44,046)	1,179	-	-	111,851
Net Cost of Operations	$62,898	$157,843	$220,741	($12,629)	$1,902	$484	$ -	$210,498

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2024

(In Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Other Programs	FY 2024
UNEXPENDED APPROPRIATIONS					
Beginning Balance	$ -	$ -	$ -	$383	$383
Budgetary Financing Sources:					
Appropriations Received	53,255	15,236	43	226	68,760
Appropriations Transferred	-	-	-	1	1
Other Adjustments	-	(135)	(1)	(4)	(140)
Appropriations Used	(53,255)	(15,101)	(42)	(237)	(68,635)
Total Budgetary Financing Sources	-	-	-	(14)	(14)
Total Unexpended Appropriations - Ending Balance	$ -	$ -	$ -	$369	$369
CUMULATIVE RESULTS OF OPERATIONS					
Beginning Balance	($1,639,409)	($324,687)	($12,645)	$297	($1,976,444)
Budgetary Financing Sources:					
Appropriations Used	53,255	15,101	42	237	68,635
Transfer-In/Out Without Reimbursement	(177)	(73)	(4)	311	57
Other Financing Sources	(1)	-	-	43	42
Total Financing Sources	53,077	15,028	38	591	68,734
Net Cost of Operations	139,587	66,967	1,255	557	208,366
Net Change	(86,510)	(51,939)	(1,217)	34	(139,632)
Cumulative Results of Operations - Ending Balance	($1,725,919)	($376,626)	($13,862)	$331	($2,116,076)
NET POSITION	($1,725,919)	($376,626)	($13,862)	$700	($2,115,707)

The accompanying notes are an integral part of the financial statements.

U.S. OFFICE OF PERSONNEL MANAGEMENT

CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2023

(In Millions)

	Retirement Program	Health Benefits Program	Life Insurance Program	Other Programs	FY 2023
UNEXPENDED APPROPRIATIONS					
Beginning Balance	$ -	$ -	$ -	$371	$371
Budgetary Financing Sources:					
Appropriations Received	49,889	15,122	43	198	65,252
Appropriations Transferred	-	-	-	-	-
Other Adjustments	-	(627)	-	(3)	(630)
Appropriations Used	(49,889)	(14,495)	(43)	(183)	(64,610)
Total Budgetary Financing Sources	-	-	-	12	12
Total Unexpended Appropriations - Ending Balance	$ -	$ -	$ -	$383	$383
CUMULATIVE RESULTS OF OPERATIONS					
Beginning Balance	($1,468,332)	($351,724)	($10,780)	$258	($1,830,578)
Budgetary Financing Sources:					
Appropriations Used	49,889	14,495	43	183	64,610
Transfer-In/Out Without Reimbursement	(222)	(87)	(6)	306	(9)
Other Financing Sources	(3)	-	-	34	31
Total Financing Sources	49,664	14,408	37	523	64,632
Net Cost of Operations	220,741	(12,629)	1,902	484	210,498
Net Change	(171,077)	27,037	(1,865)	39	(145,866)
Cumulative Results of Operations - Ending Balance	($1,639,409)	($324,687)	($12,645)	$297	($1,976,444)
NET POSITION	($1,639,409)	($324,687)	($12,645)	$680	($1,976,061)

The accompanying notes are an integral part of the financial statements.

Required Supplementary Information

Required Supplementary Information

U.S. OFFICE OF PERSONNEL MANAGEMENT

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Fiscal Year Ended September 30, 2024

(In Millions)

	Retirement Program			Health Benefits Program			Life Insurance Program				
	Retirement Benefits	Payment Account	Total Retirement Program	Health Benefits	Payment Account	Total Health Program	Life Insurance Benefits	Payment Account	Total Life Insurance Program	Other Programs	FY 2024
BUDGETARY RESOURCES											
Unobligated Balance from Prior Year Budget Authority, Net	$42	$ -	$42	$21,830	$0	$21,830	$50,868	$ -	$50,868	$902	$73,642
Appropriations	107,964	53,255	161,219	4,543	15,101	19,644	-	42	42	226	181,131
Spending Authority from Offsetting Collections	-	-	-	67,790	-	67,790	6,310	-	6,310	1,185	75,285
Total Budgetary Resources	$108,006	$53,255	$161,261	$94,163	$15,101	$109,264	$57,178	$42	$57,220	$2,313	$330,058
STATUS OF BUDGETARY RESOURCES											
New Obligations and Upward Adjustments [Note 11]	$108,006	$53,255	$161,261	$74,152	$15,101	$89,253	$3,920	$42	$3,962	$1,527	$256,003
Unobligated Balance, End of Year:											
Apportioned, Unexpired Accounts	-	-	-	967	-	967	400	-	400	470	1,837
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	-	-	-	-	-	-	-
Unapportioned, Unexpired Accounts	-	-	-	19,044	-	19,044	52,858	-	52,858	25	71,927
Expired, Unobligated Balance, End of Year	-	-	-	-	-	-	-	-	-	291	291
Total Unobligated Balance, End of Year	-	-	-	20,011	-	20,011	53,258	-	53,258	786	74,055
Total Budgetary Resources	$108,006	$53,255	$161,261	$94,163	$15,101	$109,264	$57,178	$42	$57,220	$2,313	$330,058
OUTLAYS, NET											
Outlays, Net	$107,735	$53,255	$160,990	$6,322	$15,032	$21,354	($2,439)	$42	($2,397)	$219	$180,166
Less: Distributed Offsetting Receipts	(53,303)	-	(53,303)	(689)	-	(689)	-	-	-	-	(53,992)
Agency Outlays, Net	$54,432	$53,255	$107,687	$5,633	$15,032	$20,665	($2,439)	$42	($2,397)	$219	$126,174

The accompanying notes are an integral part of the financial statements.

Required Supplementary Information

U.S. OFFICE OF PERSONNEL MANAGEMENT

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Fiscal Year Ended September 30, 2023

(In Millions)

	Retirement Program			Health Benefits Program			Life Insurance Program				
	Retirement Benefits	Payment Account	Total Retirement Program	Health Benefits	Payment Account	Total Health Program	Life Insurance Benefits	Payment Account	Total Life Insurance Program	Other Programs	FY 2023
BUDGETARY RESOURCES											
Unobligated Balance from Prior Year Budget Authority, Net	$4	$ -	$4	$22,945	$ -	$22,945	$49,305	$ -	$49,305	$829	$73,083
Appropriations	104,916	49,889	154,805	4,352	14,495	18,847	-	43	43	198	173,893
Spending Authority from Offsetting Collections			-	63,543	-	63,543	5,393	-	5,393	1,230	70,166
Total Budgetary Resources	$104,920	$49,889	$154,809	$90,840	$14,495	$105,335	$54,698	$43	$54,741	$2,257	$317,142
STATUS OF BUDGETARY RESOURCES											
New Obligations and Upward Adjustments [Note 11]	$104,920	$49,889	$154,809	$69,081	$14,495	$83,576	$3,871	$43	$3,914	$1,397	$243,696
Unobligated Balance, End of Year:											
Apportioned, Unexpired Accounts	-	-	-	2,759	-	2,759	593	-	593	538	3,890
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	-	-	-	-	-	-	-
Unapportioned, Unexpired Accounts	-	-	-	19,000	-	19,000	50,234	-	50,234	41	69,275
Expired, Unobligated Balance, End of Year	-	-	-	-	-	-	-	-	-	281	281
Total Unobligated Balance, End of Year	-	-	-	21,759	-	21,759	50,827	-	50,827	860	73,446
Total Budgetary Resources	$104,920	$49,889	$154,809	$90,840	$14,495	$105,335	$54,698	$43	$54,741	$2,257	$317,142
OUTLAYS, NET											
Outlays, Net	$104,147	$49,889	$154,036	$6,035	$14,448	$20,483	($1,505)	$43	($1,462)	$182	$173,239
Less: Distributed Offsetting Receipts	(49,935)	-	(49,935)	(795)	-	(795)	-	-	-	-	(50,730)
Agency Outlays, Net	$54,212	$49,889	$104,101	$5,240	$14,448	$19,688	($1,505)	$43	($1,462)	$182	$122,509

The accompanying notes are an integral part of the financial statements.

Other Information

(Unaudited)

OIG Top Management Challenges for FY 2025 Report

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the
Inspector General

September 27, 2024

MEMORANDUM FOR THE HONORABLE ROBERT H. SHRIVER
Acting Director

FROM: THE HONORABLE KRISTA A. BOYD
Inspector General

Krista A. Boyd Digitally signed by Krista A. Boyd Date: 2024.09.27 11:54:15 -04'00'

SUBJECT: Final Report on the U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2025

The Reports Consolidation Act of 2000 requires the Inspector General to identify and report annually the top management challenges facing the agency. In addition, the U.S. Office of Personnel Management (OPM) annually documents its performance and accountability measures by preparing the Agency Financial Report (AFR). Attached is our final report on OPM's Top Management Challenges for Fiscal Year 2025, which will be included in OPM's AFR. Under section 8M of the Inspector General Act, as amended (5 U.S.C. §§ 401-424), the Office of the Inspector General makes redacted versions of its final reports available to the public on its webpage.

We submitted a draft report to OPM on July 24, 2024, which identified three overarching categories of challenges facing OPM: the financial integrity of the OPM-administered trust funds, which impacts OPM's Federal Employees Health Benefits Program, Life Insurance and Retirement Programs; information technology; and governmentwide OPM challenges which are governmentwide. OPM's comments on the draft report were considered in preparing this final report.

The final report includes written summaries of each of the challenges mentioned above. These summaries recognize OPM management's efforts to resolve each challenge. This information was obtained through our analysis and updates from senior agency managers so that the most current, complete, and accurate characterization of the challenges is presented.

I believe that the support of the agency's management is critical to meeting these challenges and will result in a better OPM for our customer agencies, federal employees, annuitants and their

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families, and the taxpayers. I also want to assure you that my staff is committed to providing support as appropriate, and that they strive to maintain an excellent working relationship with your managers.

Please contact me at 202-606-1200 if you have any questions regarding this final report. Additionally, your staff may wish to contact Michael R. Esser, Assistant Inspector General for Audits, at 202-606-2143; Drew M. Grimm, Assistant Inspector General for Investigations, at 202-606-4730; or William W. Scott, Jr., Chief, Office of Evaluations, at 202-606-1839.

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

Final Report

The U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2025

September 27, 2024

EXECUTIVE SUMMARY

The U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2025

September 27, 2024

The Purpose of This Report

The Reports Consolidation Act of 2000 requires the Inspector General to identify and report annually the top management and performance challenges facing the agency and assess the agency's progress in addressing those challenges. We have separated the challenges into three overarching categories of challenges facing the U.S. Office of Personnel Management (OPM): the financial integrity of the OPM-administered trust funds, which impacts OPM's Federal Employees Health Benefits Program, Life Insurance, and Retirement Programs; information technology; and OPM challenges which are governmentwide.

What Did We Consider?

We identified the issues in these three categories as top challenges because they meet one or more of the following criteria: (1) the issue involves an operation that is critical to an OPM core mission; (2) there is a significant risk of fraud, waste, or abuse of OPM or other government assets; (3) the issue involves significant strategic alliances with other agencies, the U.S. Office of Management and Budget, the Administration, Congress, or the public; and/or (4) the issue is related to key initiatives of the President.

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Krista A. Boyd
Inspector General

What Did We Find?

The Office of the Inspector General identified the following three categories of top management challenges facing OPM:

- Financial Integrity of the OPM-Administered Trust Funds;
- Information Technology; and
- Governmentwide Challenges.

Some of these challenges are due to external factors including but not limited to shifting demographics, the aging federal population, and higher utilization of prescription drugs. In addition, some of these challenges involve core functions of OPM that are affected by constantly changing ways of doing business or new ideas, while in other cases they are global challenges every agency must face.

For this year's top management challenges, we removed the Retirement Claims Processing Backlog due to OPM's continued improvements in this area. While there is continued concern regarding Retirement Services meeting its goal of achieving an average case processing time of 60 days or less, OPM is continuing to work to enhance the Retirement Services customer experience, which includes performance measures related to the average number of days to process retirement applications. As of August 2024, Retirement Services has decreased its average case processing time to 64 days.

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ABBREVIATIONS

FEGLI	**Federal Employees' Group Life Insurance**
FEHB	**Federal Employees Health Benefits**
FEHBP	**Federal Employees Health Benefits Program**
FY	**Fiscal Year**
GAO	**U.S. Government Accountability Office**
IG	**Inspector General**
IT	**Information Technology**
NAPA	**National Academy of Public Administration**
OCIO	**Office of the Chief Information Officer**
OIG	**Office of the Inspector General**
OMB	**U.S. Office of Management and Budget**
OPM	**U.S. Office of Personnel Management**
PBM	**Pharmacy Benefit Manager**
PSHBP	**Postal Service Health Benefits Program**
PSHBS	**Postal Service Health Benefits System**
USPS	**U.S. Postal Service**

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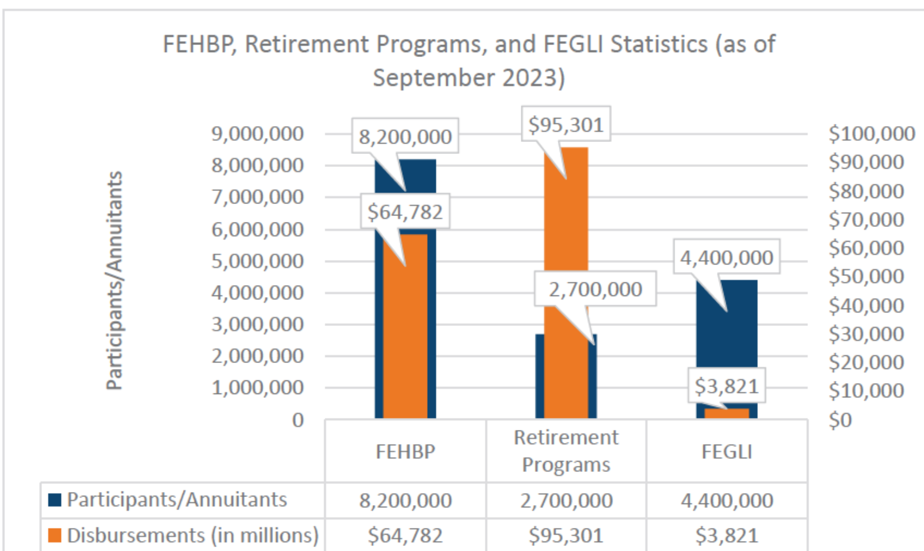
I. Financial Integrity of the OPM-Administered Trust Funds

In addition to the U.S. Office of Personnel Management's (OPM) role as the chief human resources and personnel policy manager for the federal government, OPM is responsible for administering governmentwide benefits for federal employees, annuitants, survivors and their eligible family members. The largest of these benefit programs are the:

- Federal Employees Health Benefits Program (FEHBP);
- Federal Employees' Group Life Insurance Program (FEGLI); and
- Retirement Programs.

OPM manages approximately $1.1 trillion in the earned benefits trust funds including retirement, health benefits, and life insurance programs. In addition, disbursement and participant/annuitant statistics for the three benefit programs, as of September 2023, were:[1]



[1] The Retirement Programs' disbursements represent total outlays for fiscal year 2023.

Protecting the financial integrity and providing effective stewardship of these three benefit programs is an essential part of OPM's statutorily mandated responsibilities. Managing and protecting these trust funds, providing quality and timely benefits, and providing value for the costs related to federal employees, annuitants, and their eligible family members' benefits are ongoing challenges that OPM must address.

A. Postal Service Health Benefits Program

On April 6, 2022, President Biden signed into law the landmark *Postal Service Reform Act of 2022* (the Act) (Public Law No. 117–108). The Act created a new Postal Service Health Benefits Program (PSHBP) within the FEHBP, establishing new enrollment procedures and benefit programs for U.S. Postal Service (USPS) employees, annuitants, and their eligible family members. The law ended USPS's statutory requirement to annually prefund future retirement health benefits for USPS employees. It requires Postal Service annuitants and their eligible family members who are entitled to Medicare Part A to enroll in Medicare Part B. Additionally, it requires PSHBP plans to provide prescription drug benefits to Postal Service annuitants and family members who are eligible for Medicare Part D through employment-based retiree health coverage.

Prior to passage, the U.S. Office of Management and Budget (OMB) issued a Statement of Administration Policy supporting the law. Notably, the statement recognized that the creation of the PSHBP "would impose administrative burdens on OPM and the FEHBP." Congress appropriated $70.5 million (for fiscal year [FY] 2022 until expended) to OPM to implement the requirements of the law. For FY 2024, OPM received an additional $28.3 million for ongoing operational costs for PSHBP implementation.

The OMB Statement of Administration Policy also stated that "The Administration looks forward to working with Congress to ensure that the goals of H.R. 3076 [the Act] are met in an efficient, equitable, and cost-effective manner, **while safeguarding the continued stability of the FEHBP**" (emphasis added). OPM is tasked with implementing the PSHBP, including hiring staff and developing the program, and having it operational for the 2025 benefit year. OPM will need to:

- Develop and test the new centralized enrollment and decision support system, the Postal Service Health Benefits System (PSHBS), by September 2024;
- Work with health insurance carriers to develop benefits and rates;
- Conduct the first Open Season for Postal Service employees and annuitants from November 11 through December 9, 2024, for the plan year beginning January 1, 2025; and

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- Ensure that customer service is adequate to provide a positive experience for USPS annuitants and their eligible dependents including the availability of assistance in navigating the new PSHBS.

The upcoming first Open Season of the PSHBP will present challenges for ensuring that USPS subscribers and members are able to successfully enroll in plans and navigate the PSHBS. It will be a challenge for OPM to ensure the PSHBS is operational before Open Season due to a narrow development and testing window. OPM is also challenged with ensuring that USPS enrollees receive adequate communication to understand the PSHBS as well as the new requirements to participate in the PSHBP. Customer service will be a critical challenge in the first Open Season. It is critical that USPS members, especially annuitants, receive the necessary customer service assistance for a successful enrollment. The initial PSHBP Open Season will present a challenge to OPM as it will strain the agency's resources across multiple business units. It is important that OPM devote sufficient resources to the PSHBP as well as to the continued management of the broader FEHBP.

The upcoming Open Season will be the ultimate test of OPM's PSHBP development.

The development of the PSHBS also provides OPM the opportunity to update or improve existing systems used to manage the FEHBP, such as establishing a centralized enrollment system that can potentially be expanded to the FEHBP and a comprehensive data warehouse to support management decision-making. While OPM recognizes it has an opportunity to improve or implement new FEHBP systems, securing funding, proper project management and strategic planning, and resource allocation for these projects continues to be a future challenge for OPM.

B. Federal Employees Health Benefits Program

OPM, as the administrator of the FEHBP, is responsible for negotiating contracts with health insurance carriers covering the benefits provided and premium rates charged to over 8.2 million federal employees, annuitants, and their eligible family members. The increasing cost of health care, especially the cost of prescription drugs, continues to be a challenge for OPM. OPM's previous work to address prescription drug pricing transparency and low-value care are examples of the agency's positive efforts in this area, but OPM must continue to improve the FEHBP for federal employees, annuitants, and their eligible family members.

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Prescription Drug Benefits and Costs

Prescription drug costs continue to increase in the FEHBP. From contract years 2022 to 2023, prescription drug costs increased almost 18 percent for the FEHBP's fee-for-service and experience-rated carriers (one of the highest increases in drug costs ever seen). For contract year 2023, the total prescription drug costs were over $19 billion, which represents approximately 31.6 percent of total health care charges in the FEHBP.

Most FEHBP health insurance carriers report an increase in drug costs per member each year. Greater utilization of existing drugs and the high cost of specialty medications contribute significantly to FEHBP premiums. The average age of FEHBP members is climbing, and prescription drug utilization and costs will continue to increase as a result. Contributing to the rising costs are new pharmaceutical advancements and the exponential growth of specialty drugs in the industry. With this much change in prescription drug costs, an effective, long-term strategy to mitigate and manage FEHBP prescription drug costs, while maintaining overall program value and effectiveness, should be a high-priority area for OPM.

In recent years, the OPM Office of the Inspector General (OIG) has had significant questioned costs related to pharmacy benefit managers (PBMs) not complying with the FEHBP transparency standards. In one of the OPM OIG's most recent PBM audits, we questioned over $45 million in overcharges where the PBM did not comply with the FEHBP PBM transparency standards. In addition, the OPM OIG issued an FEHBP Prescription Drug Benefit Costs Management Advisory Report[2] to the Director of OPM in 2020. The Management Advisory Report identified variances among several of the FEHBP fee-for-service health insurance carriers with respect to contractual arrangements with PBMs. We found that the discounts and other financial terms differed significantly among FEHBP health insurance carriers, with those that have higher enrollments receiving the best deals, reducing the likelihood that the FEHBP is maximizing prescription drug savings in a $60-plus billion annual program.

The 2020 Management Advisory Report recommended that OPM conduct a comprehensive study by seeking independent expert consultation on ways to lower prescription drug costs in the FEHBP. In FY 2024, OPM received funding to conduct this comprehensive study, and the agency is currently working with a consultant in planning the study. This recommendation has been identified by the OPM OIG as one of its three high priority open recommendations.

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[2] Report Number 1H-01-00-18-039, issued on February 27, 2020.

Federal Employees Health Benefits Program Enrollment and Eligibility

Ineligible family members receiving FEHBP benefits remains a Top Management Challenge for OPM. This issue has been reported on by both the OPM OIG and the U.S. Government Accountability Office (GAO). OPM has taken or has plans to take appreciable steps towards addressing this issue, including issuing further and more robust guidance in Benefit Administration Letters as well as monitoring recommendations from GAO. However, ineligible member enrollment in the FEHBP remains an ongoing difficulty for the agency.

Primarily, OPM hopes to use a centralized enrollment portal that will allow a federal employee or annuitant to submit valid documents (e.g., birth certificates, adoption certificates, marriage certificates) proving that family members are eligible for FEHBP benefits. A smaller-scale version of this centralized enrollment portal is already under development for the PSHBS. However, when and at what cost OPM will be able to implement a centralized enrollment portal is not clear.

Without a centralized enrollment portal, the process for validating FEHBP member eligibility currently remains the responsibility of a federal employee's employing office or the FEHBP health insurance carrier that provides health insurance benefits to that federal employee and their eligible family members. The recently issued OPM Benefits Administration Letter 24-201 improved and reiterated the responsibility of employing offices and health insurance carriers to attempt to validate eligibility documents. While Open Season still broadly allows for FEHBP members to add family members without the same level of validation as there is during the rest of the year, Benefits Administration Letter 24-201 requires employing offices to review a random minimum of 10 percent of Open Season enrollments of Self Plus One and Self and Family enrollment types.[3] This is a significant and positive step in protecting the program from ineligible members. Additionally, language in the Benefits Administration Letter is encouraging: "OPM will provide further guidance on verification of Open Season elections in subsequent years, including expectations for increasing the percentage of elections subject to verification. Furthermore, OPM plans to provide guidance to require all federal employees to provide eligibility documentation for family member changes during Open Season in subsequent years." The OPM OIG will continue to engage with the agency as the agency evaluates further actionable steps.

[3] https://www.opm.gov/retirement-center/publications-forms/benefits-administration-letters/2024/24-201.pdf

OPM does not have a comprehensive understanding of the financial impact or improper payments caused by ineligible FEHBP family members. Understanding the scope of this issue was a recommendation in GAO's report, and something the OPM OIG has raised as a concern. OPM is reviewing data included in their Master Enrollment Index to better understand the scope of ineligible covered family members specific to the FEHB Program. However, it should be noted that these reviews are in their infancy and the data set has not been shared with the OIG. Also of concern, related to FEHBP program enrollment and eligibility, is that the initial transfer of members from the FEHBP to the PSHBP is planned to occur without a centralized enrollment portal being active. This "lift-and-shift" strategy will move more than a million members to the new program, including an unquantified number of fraudulent family member enrollments. Once OPM has a centralized enrollment portal, the agency would need to apply the portal to these debut members. Not doing so—and not being prepared to do so at some point with any similar FEHBP centralized enrollment portal—would allow existing undiscovered fraud to continue and some federal employees may go decades before retirement without being required to use the centralized enrollment portal. For the initial PSHBP open season, OPM is planning on collecting enrollment verification documentation for new family members. Also, starting on January 1, 2025, OPM will require member eligibility verification documents for any new Postal employee and for Qualifying Life Events. While these are positive steps going forward to provide a better control environment, the majority of the population in the PSHBP will be at a higher risk level since the membership will not have been validated. OPM recognizes this issue but the agency has said it would need further funding to verify enrollment on the over 700,000 members that will transfer from the FEHBP to the PSHBP.

Health Insurance Carriers' Fraud and Abuse Programs

The oversight of the FEHBP relies on a complex relationship between OPM and the FEHBP health insurance carriers and their subcontractors. The fraud and abuse programs of OPM's health insurance carriers remain a Top Management Challenge.

The most recent OPM carrier letter[4] to comprehensively address fraud, waste, and abuse was published in November 2017 (Carrier Letter 2017-13). In the intervening 7 years, the health care landscape has substantially changed. Increases in the cost of prescription drug benefits, the proliferation of telehealth, the creation of the PSHBP, and other program and benefits changes have affected what information OPM needs to ensure that FEHBP health insurance carriers are adequately protecting both the program and FEHBP members from fraud, waste, and abuse.

[4] Carrier letters are issued by OPM's Healthcare and Insurance office to provide guidance, instructions and communicate information to carriers participating in the FEHBP.

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OPM entrusts the FEHBP health insurance carriers to oversee their own programs in accordance with guidance established by OPM. As OPM has said in communications with the OPM OIG, it considers the risks of fraud, waste, and abuse primarily as risks to the health insurance carriers and not the FEHBP. But OPM paid the top five largest FEHBP health insurance carriers more than $23 million for their Special Investigations Units and, for fee-for-service plans, OPM pays both the claim cost and an administrative fee to the FEHBP health insurance carrier for every processed health claim. OPM, through the contract, should look for additional areas where it can strengthen FEHBP health insurance carriers' fraud, waste, and abuse programs to attempt to reduce improper payments.

OPM considers the risks of fraud, waste, and abuse primarily as risks to the health insurance carriers and not the FEHBP.

Stronger guidance for health insurance carrier fraud, waste, and abuse programs is necessary to prevent FEHBP-contracted health insurers from using the carrier notification process to enter settlements with providers under investigation without consulting the OPM OIG as directed by Carrier Letter 2017-13 or against the OPM OIG's direction. Because OPM contracts its frontline fraud, waste, and abuse oversight to the FEHBP health insurance carriers, OPM and the OPM OIG are reliant on the health insurance carriers acting in the best interests of the program and in accordance with the contract. The OPM OIG has previously reported on the need for OPM to strengthen its contracts with the health insurance carriers.[5]

Using updated carrier letters, or strengthening the anti-fraud, -waste, and -abuse provisions of the Contract is necessary to address this challenge. OPM's Healthcare and Insurance program office is responsible for providing the guidance for health insurance carrier notifications and for the requirements of fraud and abuse reporting, but little oversight of the carrier notifications comes from the program office. The OPM OIG will continue to engage with the agency to improve the standards of FEHBP health insurance carriers' fraud, waste, and abuse reporting as an impactful way of reducing improper payments.

The OPM OIG also reiterates that as OPM continues implementing the PSHBP, the agency should ensure that all participating PSHBP health insurance carriers (and their subcontractors) must maintain similar program and reporting requirements for detecting and curtailing fraud, waste, and abuse as FEHBP health insurance carriers.

[5] *Management Advisory Report: FEHB Program Integrity Risks Due to Contractual Vulnerabilities* (Report Number 4A-HI-00-18-026), issued April 1, 2022.

Identifying and Reducing the Flow of Improper Payments

As in previous years, identifying and reporting improper payments in OPM's largest programs, the FEHBP and OPM retirement programs (Civil Service Retirement System and Federal Employees Retirement System), remains a Top Management Challenge for the agency. In fact, for FY 2023, the OPM OIG determined that OPM was not compliant with the Payment Integrity Information Act of 2019.[6] This was largely due to OPM not reporting improper payment estimates for the FEHBP in FY 2023, in accordance with OMB Circular A-123, Appendix C—*Requirements for Payment Integrity Improvement*, because OPM was modifying the statistically valid sampling and estimation methodology plan for Experience-Rated Carriers. In June 2023, OPM submitted to OMB the finalized sampling and estimation methodology plan for the FEHBP's Experience-Rated Carriers. Developing a more accurate understanding of improper payments is essential for the agency to reduce improper payments.

In addition, OPM's difficulties in identifying the root causes of improper payments in its retirement programs is an issue that has been reported in the OPM OIG's Payment Integrity Information Act of 2019 final reports for several years. The OPM OIG continues to have concerns with the inaccuracy of OPM's improper payment rates, especially for the FEHBP.

OPM takes different approaches to identifying and preventing improper payments in its major programs as detailed below.

Improper Payments in OPM's Retirement Services

Reducing improper payments from OPM's retirement programs (Civil Service Retirement System and Federal Employees Retirement System, primarily) hinges on modernizing OPM's retirement systems, which has been a longstanding challenge for the agency. The OPM OIG has continued to encourage OPM to include performing root cause analysis and other important payment integrity functions along with its modernization efforts.

Reducing improper payments hinges on modernizing OPM's retirement systems.

[6] *Final Report on the Audit of the U.S. Office Of Personnel Management's Compliance with the Payment Integrity Information Act of 2019*, Report Number 2024-IAG-010, issued May 29, 2024.

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Recent developments, such as OPM's increased use of the U.S Department of the Treasury's Do Not Pay portal, should help the agency reduce improper payments. The Do Not Pay portal allows OPM to use many different sources to identify deceased annuitants. The use of the portal is an improvement over OPM's previous method, which involved using only the Social Security Administration's Death Master File. The Do Not Pay portal also provides additional data analytics tools using cross-government data and a Deceased Records Confidence Scoring Tool to identify improper payments in OPM's retirement program. Retirement Services has communicated its intent to use the Deceased Records Confidence Scoring Tool in the near future. This potential improvement to the adjudication process is intended to allow OPM to make better informed decisions about payment eligibility. OPM's use of the Deceased Records Confidence Scoring Tool would be a positive development.

Strengthening root cause analysis of improper payments in the OPM retirement programs is necessary to reduce the financial risk to the OPM retirement trust fund. The OPM OIG believes using the Do Not Pay portal will continue to assist OPM in identifying improper payments, help OPM make more timely decisions about payment eligibility, and provide the agency some insight into the root causes of improper payments in its retirement programs. Another program integrity measure that the OPM OIG encourages the agency to consider is sampling responses to OPM's program integrity activities as part of a validation procedure.

The OPM OIG has developed a largely successful and positive working relationship with the Retirement Services' Fraud Branch. Other than occasional minor delays related to quality assurance, the Fraud Branch has been a dependable partner in working with the OPM OIG on our similar oversight efforts. However, there remains a weakness with Retirement Services providing timely information to the OPM OIG about suspended retirement files. The OPM OIG is committed to partnering with Retirement Services to improve the referral process in FY 2025. We look forward to continuing our work together on identifying, preventing, and recovering improper payments made by OPM retirement programs.

Improper Payments in the Federal Employees Health Benefits Program

The FEHBP relies primarily on its contracted FEHBP health insurance carriers to perform program integrity functions. However, OPM has the responsibility of implementing preventive program integrity controls. Part of this would be the implementation of a formal program integrity function within the agency, which OPM has not implemented for the FEHBP. OPM has previously asserted that the OPM OIG is responsible for program integrity. It is important to emphasize that the OPM OIG's function does not alleviate OPM of its duty to prevent improper payments. OPM has, in some areas, been able to implement successful program integrity actions, such as its ongoing efforts to enforce industry best practices related to opioid prescribing within the FEHBP. The OPM OIG continues to investigate medical providers, drug companies, and substance abuse facilities who do not follow best practices, submit false claims, or create risks of patient harm. However, these types of cases will always be a portion of the health care fraud landscape. The OPM OIG is committed to working with the FEHBP health insurance carriers and the agency to address those cases. OPM, in a previous response to the 2023 Top Management Challenges Report, detailed many of its efforts—highlighting specifically Carrier Letters 2022-03, 2022-02, 2021-03, 2020-01, 2019-01, 2018-01, and 2017-01—to combat opioid and substance use disorders among its members. These actions demonstrate how OPM can use carrier letters for program integrity functions that improve the program, reduce improper payments, and protect FEHBP members.

While federal agencies and OIGs have separately defined roles, both play a critical role in government oversight. Agency officials are required to continually evaluate and improve their own performance and internal controls to ensure effectiveness in carrying out their mission and safeguarding the integrity of their programs.[7] OIGs play a key role in federal agency oversight by enhancing government accountability and protecting the government's resources by conducting audits, investigations, evaluations, and special reviews independently from their agencies.[8]

Across the federal government, this multifaceted framework allows for effective and efficient government operations. Program integrity offices operate to oversee other federal health care programs, such as the Department of Health and Human Services Centers for Medicare and Medicaid Services' Center for Program Integrity. OPM faces improper payments in the FEHBP as a persistent management challenge because of its longstanding reticence to engage in necessary large-scale program integrity actions.

C. Retirement Services

OPM is responsible for the administration of the Civil Service Retirement System and the Federal Employees Retirement System, serving approximately 2.8 million active employees, including the USPS, and more than 2.7 million annuitants, survivors, and eligible family members.

OPM's Retirement Services is responsible for the development and administration of the retirement benefits programs and services, including making initial eligibility determinations at retirement; health and life insurance enrollments; federal and state tax

[7] Off. of Mgmt. & Budget, Exec. Off. of the President, OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (2016).
[8] 5 U.S.C. § 402.

deductions; other payroll functions; and adjudication of annuity benefits based on age and service, disability, or death; post-retirement changes due to life events. In FY 2023, OPM paid more than $95 billion in defined benefits to retirees, survivors, representative payees, and eligible family members. OMB has identified Retirement Services as one of the federal government's 35 High-Impact Service Providers.

OPM's FYs 2022–2026 Strategic Plan, Goal 3, Objective 3.1, focuses on creating a human-centered customer experience to enhance the Retirement Services customer experience by putting the needs of OPM's customers at the center of OPM's workforce services, policy, and oversight, and providing timely, accurate, and responsive service that addresses the diverse needs of OPM's customers. OPM's goal is to increase the customer satisfaction index score for targeted services to 4.3 out of 5.0 and improve the customer satisfaction score to 4.2 out of 5.0.

In an effort to meet its FYs 2022–2026 Strategic Plan goal, Retirement Services is implementing strategies to strengthen its operations, including:

- Improving customer service delivery of Retirement Services personnel through training and continuous development;
- Developing and upgrading user interfaces, modernizing system components, and enhancing data integration of Retirement Services systems to improve customer service;
- Increasing agency Benefits Officers' knowledge through training and collaboration for a seamless transition from their agency to OPM; and
- Strengthening customer engagement with annuitants to enhance the customer experience.

GAO, Congress, and other independent third-party organizations, such as our office, have identified challenges for Retirement Services, including the need to fund and modernize legacy systems to move from paper-based applications and manual case processing to electronic systems, insufficient staff capacity, and incomplete retirement applications from federal agencies.

Congressional hearings have addressed challenges in the retirement system, and Members of Congress sent letters to OPM's Director in April and July 2023, expressing concerns in delays with processing and delivering federal retirement benefits to federal employees.

Coordinating retirement benefits between OPM and other federal agencies for disability benefits and workers' compensation has remained a problem area for the retirement program. A performance audit of OPM's Retirement Services disability process[9] conducted by our office found that disability applications are often incomplete when they are received by OPM, which requires further development of cases before they can be moved to the next phase of processing. The recommendations from our audit report, issued in October 2020, remain open pending implementation of corrective actions.

Retirement Services' Customer Service

While OPM has made substantial progress in reducing the backlog of retirement applications, providing customer service to federal annuitants and survivor annuitants remains a Top Management Challenge.

The OPM OIG hotline continues to receive a large number of contacts that are related to Retirement Services' customer service. These include complaints about an inability to reach a representative through Retirement Services' customer service line to delays or mistakes in processing retirements. We generally refer individuals back to Retirement Services and request a response from the program office within 30 days for an update on how the complaint was addressed. However, a number of these complaints are not timely resolved within that 30-day timeframe.

Delivering improved customer experiences when using federal services is Priority 2 of the President's Management Agenda. According to the FY 2023 Annual Performance Report, OPM failed to meet any of its targets for Strategic Objective 3.1: "Enhance the Retirement Services customer experience by providing timely, accurate, and responsive service that addresses the diverse needs of OPM's customers. By FY 2026, improve the customer satisfaction score to 4.2 out of 5." Average customer satisfaction scores dropped 0.29 points from 3.74 out of 5 in FY 2022 to 3.45 in FY 2023. OPM continues to be at risk of not meeting its performance objectives in FY 2024.

In FY 2023, we received 1,655 hotline calls related to Retirement Services. Between October 1, 2023, and July 1, 2024, we received fewer—1,140 contacts—but those contacts are approximately 39 percent of all OPM OIG Hotline contacts. Most of these contacts are related to OPM customer service questions or ongoing issues with reaching Retirement Services' customer service representatives.

In past Top Management Challenges' reports, OPM and the OPM OIG identified that a major challenge to improving the agency's customer service is related to their staffing

[9] *Final Report on the Audit of the U.S. Office of Personnel Management's Retirement Services Disability Process*, (Report Number 4A-RS-00-19-038), issued October 30, 2020.

challenges. OPM, at times, receives too many customer service callers and email queries for its customer service representative staffing levels. Future efforts to improve customer service and bolster Retirement Services' customer service experts may require more funding, as well as overall stakeholder support to improve their results.

OPM must continue its efforts to improve the overall experience for active federal employees, annuitants, survivors, and their eligible family members who need customer service from the agency.

II. Information Technology

Modernization and Transformation

Modernizing OPM's information technology (IT) security and operations continues to be a focus of attention for the agency. While OPM has made significant progress toward improving and modernizing its technology environment and its organizational structure, challenges remain, in particular inadequate funding and resources.

The Office of the Chief Information Officer's (OCIO) current priority is its "Sprint to the Cloud" initiative. OPM's legacy mainframe systems are at the end of their lifecycle, and it is estimated that it would cost $8 to $10 million to replace them. The OCIO completed a study to replace its physical mainframes with cloud-based mainframe emulators. Part of the project would also involve modernizing its legacy mainframe code with Java.

OPM's legacy mainframe systems are at the end of their lifecycles.

The OCIO's study showed that it could move to the cloud and replace legacy code for the same or lower cost of replacing its hardware systems. The benefits of such a move would be that OPM would be out of the hardware business, could close its Macon, Georgia, or its Boyers, Pennsylvania, data centers, reduce the risk of dependence on legacy systems, and rely on cloud vendors to keep systems updated with the most current security settings. OPM is currently executing a 2-year plan to move other critical systems to the cloud. OPM has deployed 11 systems using cloud technology and expects that up to 80 percent of OPM OCIO-managed systems will be cloud-capable by the end of FY 2024.

The OCIO has also continued to develop its zero trust security program and has adopted cloud-based cybersecurity tools that use machine learning and artificial intelligence to improve the agency's overall cybersecurity program. To further improve security, the OCIO has continued its "Get Current, Stay Current" initiative to reduce instances where applications, databases, and operating systems are running on unsupported versions. OPM recently published a revised Cybersecurity and Privacy Policy, implemented phishing-resistant multifactor authentication, and significantly improved its Federal Information Security Management Act 2014 maturity score in FY 2023.

While it appears that OPM is making progress toward its modernization goals, challenges remain, including the residual impact of the transition of legacy background investigation systems to the Defense Counterintelligence and Security Agency and the need to secure project funding. While the OCIO has made progress migrating capabilities to the Defense Counterintelligence and Security Agency, OPM's former background investigations program, the legacy systems will continue to distract OPM from its own goals for at least 2 more years.

OPM has not been able to secure the funding needed to achieve its IT modernization goals through the traditional appropriations process and is instead pursuing multiple funding and cost-cutting avenues. OPM established an IT working capital fund that allows unobligated year-end money to be converted to 3-year funds for IT modernization.

The agency has also successfully partnered with the Technology Modernization Fund on investments to improve cybersecurity and update its opm.gov website. OPM has obligated more than $7 million of the approximately $16 million in funding that the Technology Modernization Fund Board awarded to OPM for these projects. The Technology Modernization Fund Board also approved OPM's initial proposal to fund the modernization of legacy mainframe applications. While these are positive steps, dedicated funding for IT modernization is needed to ensure that OPM reaches its IT modernization goals.

III. Governmentwide Challenges

Strategic Human Capital Management

In its May 28, 2024, report, *Priority Open Recommendations: Office of Personnel Management,* GAO provided an update on the overall status of OPM's implementation of GAO's recommendations and to call attention to areas where open recommendations should be given high priority. There are 16 priority recommendations that fall into 7 categories, of which *Addressing Mission Critical Skills Gaps* is one. Mission-critical skills gaps in federal agencies and the federal workforce pose a high risk. These gaps can impede agencies from cost effectively serving the public and achieving desired results. Implementing the one priority recommendation in this area—to establish an action plan to address skills gaps identified in its workforce assessment—will help OPM improve its capacity in these areas. It would also help OPM to provide human capital services and guidance to agencies. In April 2023, GAO issued its biennial update to its High-Risk List, *HIGH-RISK SERIES: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*. OPM has oversight responsibility for one of the high-risk areas—strategic human capital management—that was added to the High-Risk List in 2001. Mission critical skills gaps were a factor in 23 of the 37 high-risk areas. Since the April 2023 report, OPM reported that there are 69 total open recommendations from GAO, including 22 that relate to strategic human capital, down from 74 and 28 reported last year respectively.

GAO identified the federal hiring process as a key element of strategic human capital management, which has also been on GAO's High-Risk List since 2001. In GAO's report, *FEDERAL HIRING - USA Staffing System Supports Hiring Needs, but Actions Are Needed to Strengthen Training and Program Management*, dated February 2024, GAO found that OPM provides a variety of support to customers, including account management services and a help desk feature, and also collects feedback through surveys and its system enhancement process. However, OPM has not documented its process for updating its manual records, including the roles, responsibilities, and procedures for conducting certain quality control tasks for managing interagency agreement data. GAO made three recommendations and OPM agreed with the recommendations and described the actions they planned to take to implement them.

In the FY 2023 Agency Financial Report, OPM identified the strategic human capital management governmentwide challenge as one of its strategic goals to improve OPM's ability to provide strategic human capital management leadership to agencies through the expansion of innovation, pilots, and identification of leading practices across government. By FY 2026, OPM plans to provide federal agencies with 25 leading practices. In the Agency Financial Report, OPM also responded to the OPM OIG Top Management Challenges Report by asserting that in October 2023, it issued a closeout report highlighting all the actions that OPM has taken to support agencies in closing skills gaps. In addition, OPM published the first-ever OPM Data Strategy for FYs 2023–2026 that set goals for the agency to deliver high-quality human capital data products that inform and support critical decision-making for OPM and federal agencies across government. Lastly, OPM developed a Human Capital Data Analytics Community of Practice to promote knowledge exchange and collaboration on the effective development and use of human capital analytics tools. They also established data champions at each Chief Financial Officer's Act agency to train agencies in the use of these tools and to improve the quality and timeliness of agency data sent to OPM for analysis.

The FY 2020 National Defense Authorization Act directed the OPM Director to contract with the National Academy of Public Administration (NAPA) to conduct an independent study to assess OPM's statutory and non-statutory functions, identify associated challenges, and recommend a course of action to address the challenges including any statutory or regulatory changes needed to implement the recommendations. NAPA issued its report, *Elevating Human Capital: Reframing the U.S. Office of Personnel Management's Leadership Imperative* in March 2021.

In its study of OPM, NAPA made 23 recommendations: 16 directly to OPM and 7 to Congress. OPM has integrated the actions to respond to the 16 NAPA Study recommendations to OPM into the agency's FYs 2022–2026 Strategic Plan and Annual Performance Plans and continues to make steady progress on addressing the recommendations to OPM. OPM publishes progress updates in its Annual Performance Report. After the conclusion of FY 2024, OPM will assess whether it has achieved each of the strategic objectives in its FYs 2022-2026 Strategic Plan and address the NAPA recommendations integrated into the Strategic Plan. All 16 OPM recommendations remain open.

OPM should continue to fully implement GAO's and NAPA's recommendations related to this high-risk area.

Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: https://oig.opm.gov/contact/hotline

By Phone: Toll Free Number: (877) 499-7295

By Mail: Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, NW
Room 6400
Washington, DC 20415-1100

Agency Response to the OIG Top Management Challenges Report

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

November 15, 2024

MEMORANDUM FOR: KRISTA A. BOYD
Inspector General

FROM: Robert H. Shriver, III
Acting Director

Robert H. Shriver, III

SUBJECT: Agency Comments on the OIG Report – "The U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2025," dated September 27, 2024

Thank you for your Fiscal Year (FY) 2025 report on the top management challenges facing OPM. I value our partnership and appreciate very much your perspective on OPM's top challenges. I take these issues seriously, and, as shown below, I have prioritized several activities intended to address them.

I wanted to appreciate at the outset your decision to remove the retirement claims processing backlog from the list of top challenges. This acknowledgment is hard-won. It is a tribute to the extensive efforts the Retirement Services team has undertaken – and the substantial progress we have made – to make sure that annuitants and their families get accurate annuity payments in a timely manner. Rest assured that our efforts will continue, and I am particularly committed to making the case for additional resources to support modernization of the retirement operation, which is the only way to make sure that every annuitant and family member receives the quality, timely customer service they deserve.

I also appreciate your acknowledgment that for the other top management challenges, "some … are due to external factors including but not limited to shifting demographics, the aging federal population, and higher utilization of prescription drugs" and that "some of these challenges involve core functions of OPM that are affected by constantly changing ways of doing business or new ideas, while in other cases they are global challenges every agency must face." Providing this context shows an understanding of some of the external obstacles our team faces in resolving these challenges.

Given the scope and complexity of some of the challenges, it will require multi-year investments in information technology upgrades and modernization, ensuring key activities are resourced appropriately, while adjusting long-standing policies, procedures, and programs. I am committed to undertaking this work, and I, along with OPM's leadership team, will continue to engage with you and the Office of the Inspector General (OIG) team as corrective actions are implemented to address the top management challenges.

Challenge 1: Financial Integrity of the OPM-Administered Trust Funds

Postal Service Health Benefits Program

OPM is currently standing up the Postal Service Health Benefits program as required by the *Postal Service Reform Act of 2022*. Since enactment of the Act, OPM has been engaged in a cross-agency effort to ensure successful delivery of health benefits to Postal Service employees, annuitants, and their family members. To ensure it is operational by the 2025 benefit year, OPM is developing a new centralized enrollment and decision support tool, developing benefits and rates, and conducting the first Open Season for employees, annuitants, and their family members.

I agree with your assessment that implementing the PSHB program is a top management challenge, especially in light of the scope of the program, the short timeline to implement it, the lack of full funding, and the impact of the new program on Postal employees, annuitants, and their families. As the OIG notes, communication and customer service will be critical to ensure the Postal Service Health Benefits Program is launched successfully. As we have previously laid out in detail to you, OPM has a comprehensive plan for customer service so that we can support the needs of Postal employees, annuitants, and their families through this open season and beyond. We have been in close collaboration with the U.S. Postal Service and others, and we have worked jointly to provide robust outreach to Postal Service employees, annuitants, and their family members to ensure they understand the benefit and how to access the benefit.

Once successfully launched, we believe the PSHB program will serve as a model for reforms to the FEHB program to strengthen customer service and program integrity. We look forward to your continued partnership as we work to make the PSHB program a success.

Federal Employee Health Benefits (FEHB) Program Prescription Drug Benefits and Costs.

OPM has a long-term, multi-pronged strategy to mitigate and manage prescription drug costs while maintaining overall Program value and effectiveness. OPM continues to provide detailed guidance on pharmacy benefits in Carrier Letters (e.g., Carrier Letters 2022-03, 2023-02, 2023-04). This includes formulary and benefit design strategies, drug coverage parameters, and medication management programs that Carriers must have in place.

In addition, Carrier Letter 2024-04 continues to encourage FEHB Carriers to provide benefits that maximize value to enrolled individuals under FEHB and Medicare by offering Employer Group Waiver Plans (EGWPs), including prescription drug plan (PDP) EGWPs, to their Medicare Part D-eligible FEHB Program members. Guidance focused on pharmacy benefits has been consolidated in a regularly updated Carrier Letter to make it easier for Carriers to locate pharmacy guidance and to improve compliance.

Under the Postal Service Reform Act of 2022, beginning January 1, 2025, a Carrier offering a Postal Service Health Benefits (PSHB) plan must provide prescription drug benefits to Medicare Part D Eligible Postal Service annuitants and Part D eligible family members through a Prescription Drug Plan Employer Group Waiver Plan (PDP EGWP). OPM recently finalized regulations implementing these requirements. Under the final regulations, a PSHB Carrier may also submit a proposal to offer a Medicare Advantage Prescription Drug (MA-PD) EGWP in addition to the PDP EGWP to its eligible plan members. We also issued our most recent Pharmacy Benefits Consolidated Carrier Letter in February 2024, Carrier Letter 2024-05.

The FEHB Program has flow-down Pharmacy Benefit Manager (PBM) transparency standards in its Carrier contracts that guide how drug discounts, rebates, administrative fees, or other financial terms with PBMs are negotiated by FEHB Carriers. In addition, OPM annually reviews and updates the PBM transparency standards in its Carrier contracts to reflect ongoing changes in the pharmacy benefit landscape. OPM frequently engages with renowned and independent subject matter experts on various topics related to pharmacy benefits.

Similar to the rest of the healthcare market, prescription drug costs continue to increase in the FEHB Program. The OIG indicates that from 2022 to 2023, prescription drug costs have increased by almost 18% for the FEHB Program's fee-for-service and experience-rated Carriers.[1] Recent increases in drug costs can be attributed to greater utilization and increases in costs of prescription drugs, especially specialty drugs and GLP-1 medications, consistent with market trends to which the FEHB Program and other large employers are impacted.

The Department of Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation (ASPE) highlighted in a 2023 Report that "…Over the period from January 2022 to January 2023, more than 4,200 drug products had price increases, of which 46 percent were larger than the inflation rate. The average drug price increase over the course of the period was 15.2 %, which translates to $590 per drug product."[2] To provide some historical context, in previous reports published by ASPE, in January 2022, the average price increase per drug was nearly 10%, and in July 2022, it decreased to 7.8%.[3]

Currently, total FEHB Program prescription drug costs represent approximately 30% of total health care costs. While this value accurately captures the percentage of spend attributable to prescription drugs in the Program, it is important to emphasize that, unlike most other employer-sponsored coverage, FEHB covers annuitants younger than age 65 who have higher costs when compared to the active population as well as annuitants aged 65 and older who also have Medicare B and/or A coverage. For FEHB annuitants enrolled in Medicare, Medicare pays most of the medical costs for these members with FEHB being responsible for the drug costs and the remaining medical costs once Medicare has paid. This skews the percentage, because someone with the same total healthcare costs would have very different percentages in FEHB depending on whether they had Medicare coverage.

When considering the increase in prescription drug spending, it's important to consider items such as the correlation between prescription drug spend/overall healthcare costs. Effective and safe drug therapy can reduce the need for expensive emergency room visits, surgeries, hospitalizations, and long-term care. For instance, without a proper drug treatment of hepatitis C,

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[1] OPM is unable to validate the OIG's reported 18% increase as our annual aggregate cost and utilization pharmacy data collection for 2023 is still being finalized.
[2] hhs.gov/sites/default/files/fy-2025-budget-in-brief.pdf
[3] Price Increases for Prescription Drugs, 2016-2022 | ASPE (hhs.gov)

patients may suffer from cirrhosis and other long-term complications, resulting in higher healthcare costs.[4]

The OIG issued a Management Advisory Report (MAR) on the FEHB Program Prescription Drug Benefit Costs on February 27, 2020, in which it discussed concerns that OPM may not be obtaining the most cost-effective pharmacy benefit arrangements under the FEHB Program. OIG recommended OPM conduct an updated, comprehensive study to identify ways to lower prescription drug costs. As mentioned in the OIG 2025 Top Management Challenges Report, I prioritized funding this study, and OPM is working with a vendor, comprised of independent and expert consultants, to review and analyze pertinent market trends and devise recommendations for administering pharmacy benefits in the FEHB Program. As a result of the progress made on the study, OIG has agreed to resolve the recommendations in the MAR. Per the Office of Management and Budget (OMB) Circular A-50, an audit is resolved when the OIG and agency management agree on action to be taken on reported findings and recommendations. I look forward to conducting the study and sharing the results with you so we can continue to work together to provide the best deal for federal families with prescription drug needs.

FEHB Program Enrollment and Eligibility.

Strengthening the integrity of the FEHB program is one of my top priorities as OPM Acting Director. I continue to believe that the most effective strategy is to secure funding from Congress to deploy a central enrollment program for the FEHB program, as we have done for the PSHB program. Without a central enrollment platform, OPM is limited in the steps it can take to improve program integrity as, among other things, it lacks the data necessary to conduct eligibility reviews.

Nonetheless, as the OIG acknowledges in its 2025 Top Management Challenges Report, OPM has taken multiple actions in the past year to strengthen controls preventing the coverage of ineligible family members. This includes issuing guidance to agencies requiring the review of eligibility documentation for 10% of Open Season enrollments of Self Plus One and Self and Family enrollment types (Benefits Administration Letter (BAL 24-201)) and requiring the annual distribution of eligibility information to be reviewed by all enrollees (BAL 23-203). OPM has also continued to take steps to monitor employing agency and Carrier actions.

OPM has provided significant support and training to Federal agencies and Carriers to ensure consistent and comprehensive implementation of guidance on preventing ineligible individuals from being added to the FEHB Program as family members through a requirement to review eligibility documentation in Carrier Letter 2021-06 and BAL 21-202, as well as guidance on identifying and removing ineligibles currently on the rolls as family members in Carrier Letter 2020-16 and BAL 20-203. OPM will also monitor the implementation of BAL 24-201 by providing training, guidance and requiring reporting of agency findings on verified Open Season

[4] To spend less on health care, invest more into medicines (statnews.com), Issues 2020: Drug Spending Is Reducing Health Care Costs | Manhattan Institute

transactions. OPM will continue to work with agencies and Carriers to improve and increase verification processes during Open Season.

The report acknowledges that as the enrollment process is currently structured, each agency is responsible for ensuring eligibility requirements are met, which makes the number of potentially ineligible family members in the FEHB Program difficult for OPM to estimate. OPM continues to work to leverage all data currently available to OPM (for example, through the Master Enrollment Index (MEI)) to better understand the scope of ineligible covered family members specific to the FEHB Program.

As the OIG also notes, OPM has long recognized that the health benefits eligibility and enrollment processes lend themselves to automation and centralization. As mentioned above, through the PSHB program's central enrollment platform, OPM has an opportunity to centralize enrollment processes for the Postal employee and retiree populations. OPM will be collecting family member eligibility documentation for enrollees who add family members during the 2024 Open Season. For the inaugural Open Season, the PSHB system will prompt the enrollee for the verification documentation, which the system has been configured to receive. Additionally, effective January 1, 2025, every new Postal employee and every Postal enrollee with a qualifying life event is required to submit family member eligibility documentation for verification. Combined, these efforts will put the United States Postal Service (USPS) ahead of governmentwide policy on family member eligibility documentation collection for ***new*** enrollments.

However, collecting eligibility documentation on all family members that will be automatically enrolled in the PSHBP (more than 710,000 family members) will require resources that are not currently available for this program. OPM would need additional funding to undertake this work. To that end, OPM has proposed legislation that would enable OPM access to a capped amount of mandatory funding annually from the Employees Health Benefits Fund to develop and maintain eligibility and enrollment systems for the FEHBP, including the PSHBP. This proposal will provide OPM with resources to:

- Improve the accuracy of enrollment information by instituting consistent, automated data collection processes while reducing paper processing;
- Enhance the efficiency and effectiveness of FEHBP enrollment processing by enabling system-wide updates to occur centrally rather than agency by agency; and,
- Enable easier verification of family member enrollments by implementing a single, automated process for uploading eligibility documentation.

These changes are critical for continuing to improve FEHB program integrity. This legislation would also include resourcing for the OIG to support oversight of the FEHBP, including the PSHBP, and the implementation and functions of enrollment and eligibility related operations. We have appreciated your partnership in advocating for adoption of this legislative proposal.

Health Benefits Carriers' Fraud and Abuse Programs.

Per Section 1.9 in the FEHB standard contracts as well as in Carrier Letter 2017-13, which was developed in collaboration with OIG, OPM requires FEHB Carriers to have robust fraud, waste, and abuse (FWA) programs and to report potential FWA issues to OIG. Through the FEHB contracts, OPM requires Carriers to conduct comprehensive FWA programs, and OPM has oversight regarding this contract requirement. The OIG identifies that the costs associated with the FEHB Carriers' FWA programs are paid by the FEHB Program and were more than $23 million for 2023 on the largest five FEHB Carriers. However, those same Carriers reported actual savings resulting from their FWA programs in excess of $47 million, and recoveries from their FWA operations of over $12 million.

OPM remains committed to effective oversight and administration of the FEHB Program and strengthening controls surrounding Carriers' FWA programs; OPM noted that adherence to FWA responsibilities was one of four priorities for carriers in the 2024 Call Letter for the 2025 plan year. OPM is reviewing OIG's concerns in this management challenge report and in response to OPM audits that address FWA requirements. For instance, OPM implemented new contract language for 2021 to clarify that in cases of FWA, Carriers will coordinate with OIG as required by the contract and FWA guidance prior to attempting to recover erroneous payments. OPM will continue to evaluate ways to strengthen anti-fraud, anti-waste, and anti-abuse requirements for Carriers and oversight of Carriers' FWA programs.

Identifying and Reducing the Flow of Improper Payments

As noted above, OPM remains committed to effective oversight and administration of its programs, including working to identify and reduce improper payments.

OPM and its Healthcare & Insurance (HI) function continually work to improve performance and identify means of improving the integrity of the FEHB Program. Improper payments most often result from improper enrollments, and the actions that we outlined above with respect to improper enrollments should drive down improper payments. In addition, we have a system of rigorous vetting of Carriers prior to their participation in the FEHB Program; annual review of the FEHB Standard Contract; Carrier Letters addressing issues ranging from improper enrollments to OPM's Letter of Credit System, and financial auditing and reporting requirements; all aimed at ensuring and strengthening the integrity of the FEHB Program.

OPM continues to track improper payments and report confirmed fraud using a methodology jointly developed by OIG, HI, and the Office of the Chief Financial Officer (OCFO). The methodology leverages OIG Carrier-specific audits of the FEHB Program and includes fraud investigative recoveries from OIG, FEHB Carriers, and the Department of Justice's (DOJ) efforts. OPM reports the amount from the fraud investigative recoveries to the OMB as confirmed fraud.

The Payment Integrity Information Act of 2019 (PIIA) governs improper payments with the purpose of identifying, reporting, and reducing improper payments in the government's programs and activities. In OPM's ongoing efforts to identify and reduce improper payments to increase payment integrity, OPM finalized and submitted a statistically valid Sampling and

Estimation Methodology Plan (S&EMP) for FEHB experience-rated Carriers to OMB in June 2024 that meets the requirements for OMB Circular A-123 Appendix C – Requirements for Payment Integrity Improvement. The FEHB improper payments estimate prepared using this new S&EMP will be reported in FY 2025, as implementation time is needed for Carriers and OPM. Implementing an S&EMP requires significant time and resources including hiring a contractor to develop a methodology, updating Carrier requirements, obtaining input from stakeholders testing the new methodology, and training Carriers. The Carriers need time to update their contracts for an Independent Public Accountant to perform sampling, testing, and reporting required by OPM's 2024 FEHB Financial Reporting and Audit Guide.

Retirement Services

Retirement Services (RS) is committed to improving the customer experience of retired annuitants and their family members. Through OPM's Strategic Plan Objective 3.1, RS is improving its operations to serve the needs of its customers. Actions include virtual benefit training classes to help improve the knowledge of Benefit Specialist and Human Resources (HR) professionals related to CSRS and FERS retirements and providing requested ad hoc agency specific training to help with on the healthy submission of retirement packages. RS has also established recurring meetings with agencies in an effort to work collaboratively to improve the accuracy of the audit of retirement packages. To this end, OPM is proud to report the improvement in the accuracy rate of packages submitted by agencies to OPM has increased from 76.68% in FY 2023 to 83.94%, as of August 2024.

Another area which impacts the RS customer experience is the inventory level of retirement cases. While the inventory continues to be above 13,000, the annual average inventory levels at the end of August 2024 are 16% below inventory levels at the end of August 2023. This positive improvement demonstrates the dedication of RS to increasing our customer experience along with addressing the inventory challenges RS has had in the past.

For the IT modernization effort, RS requested funding in the FY 2025 Congressional Budget Justification of $6.5 million for improving the online retirement application and digital file system. OPM has submitted a second funding request for the Technology Modernization Fund which is currently under consideration. In addition, RS continued to track the voice of the customer through our quarterly annuitant survey. During FY 2024, RS' satisfaction score increased from 3.73 (first quarter) to 3.98 (third quarter).

Challenge 2: Information Technology

Modernizing OPM's legacy information technology (IT) applications, technology, and cybersecurity continues to be a strong focus for the agency. Over the past year, the Office of the Chief Information Officer (OCIO) has made significant progress towards improving and modernizing OPM's technology environment, though inadequate and inconsistent funding remain challenges.

From an IT Modernization perspective, the OCIO is in the second year of a two-year priority initiative referred to as the "Sprint to the Cloud." This initiative has successfully migrated over 22 applications to the cloud, including major governmentwide applications like USAJOBS. Instead of a "lift and shift" migration, whenever possible, OCIO is moving to cloud-native services that allow continual, real-time maintenance and patching, greatly enhancing cybersecurity protections. These migrations put OPM on a path to close its remaining data centers within the next two fiscal years.

The legacy OPM mainframe will be the last on-premises component of OPM's data centers. In FY 2023, OCIO analyzed the effort and cost to transition the applications on the mainframe to current and modern programming languages. The study identified two alternatives to replace the physical mainframe including an "emulator" to continue running the legacy code in the cloud or physically rewrite the code. After conducting additional market research, the OCIO team determined that utilizing a smaller developer-based team and leveraging AI to translate the legacy code to a modern programming language would be the most effective and lowest cost solution to transform 40+ year old systems and applications. Unable to fund such a large project from annual appropriations, at the end of FY 2024, the CIO requested funds from the Technology Modernization Board to pursue the AI approach and is awaiting the final decision.

The OCIO has also continued implementing its zero-trust cybersecurity program and has adopted cloud-based cybersecurity tools that use machine learning and AI to improve the agency's overall cybersecurity posture and protections. To further improve security, the OCIO has continued its "Get Current, Stay Current" initiative to reduce instances where applications, databases, and operating systems are running on unsupported versions. OPM recently published a revised Cybersecurity and Privacy Policy, implemented phishing-resistant multifactor authentication, encryption at rest and in transit, and significantly improved its Federal Information Security Modernization Act 2014 maturity score from FY 2023.

OPM has made tremendous progress in modernizing and improving the IT customer and user experience in the agency. OCIO is promoting enterprise solutions to improve the customer and digital experience. OCIO is also working closely with the Program Offices to define and deploy systems and applications that streamline and digitize business processes.

From a resourcing perspective, OCIO's leadership team continues to be stable with only one change in the past 2 years. The stable leadership put OCIO in a position to better address the agency's IT challenges. In FY 2024, OCIO continued the focus on filling deputy and supervisor positions below the Associate CIO (ACIO) level. OCIO also targeted obtaining critical skillsets related to cybersecurity, cloud technology and services, and AI capabilities.

OPM also increased compliance and transparency by remediating 416 IT audit findings and recommendations, with 226 of those items being formally closed over the past year. Remediating open audit findings continues to be a priority of the OCIO leadership.

Challenge 3: Governmentwide Challenges

Strategic Human Capital Management

OPM continues to work with agencies on addressing skills gaps in mission critical occupations (MCO) and to fully implement GAO's and NAPA's recommendations related to this high-risk area.

OPM is making strides to modernize the Federal hiring process and remove barriers to expedient and effective hiring in measurable ways for applicants, hiring managers and human resources practitioners. One of the key efforts to achieve that goal is utilizing more pooled hiring, where multiple agencies with the same need can take advantage of one hiring action rather than each agency running its own. By leveraging the size and scope of the Federal Government and using subject matter experts from across agencies ensures, OPM is identifying and assessing common job requirements that will meet the needs of multiple agencies and maximize the number of hires made from a single job announcement.

OPM is committed to providing a clearer Federal service on-ramp for highly qualified early career talent. OPM has had several successes with aiding agencies with effective recruitment strategies, including sponsoring a Federal Internship social media blitz where agencies posted their internship opportunities at a coordinated time and social media was used to spread the word about Federal jobs. OPM also launched an early career page and career explorer tool on USAJOBs, and provided a forum for educating agencies – and enabling agency best practices sharing – on effective recruitment practices through the Recruitment and Outreach Community of Practice. OPM also held several "Level Up to Public Service" events in partnership with federal agencies that seek to raise awareness about careers in public service and demystify the federal application process through resume reviews, mock interviews, and an introduction to USAJOBS. These events have been held at three different Minority Serving Institutions (Hampton University, Delaware State University, and Kean University). Separate events were also held for individuals with disabilities, and for federal interns.

In addition, OPM issued comprehensive changes to the Pathways Program in publishing a final rule in April 2024. Among other changes, the rule expands applicant eligibility for the Recent Graduates program to include individuals who may or may not have college degrees, raises the ceiling for what Recent Graduates can earn, and makes it easier for agencies to convert interns to full-time positions.

OPM is also working to implement a merit-based transformation of Federal hiring by driving widespread adoption of skills-based hiring, building upon the Federal employment objectives under Executive Order (EO) 13932, Reforming and Modernizing the Assessment and Hiring of Federal Job Candidates. Skills-based hiring is an approach to recruitment and selection that prioritizes a candidate's specific skills and competencies over traditional qualifications such as formal degrees, job titles, and years of work experience. Hiring managers focus on skill sets; not on where and how they acquired them. All relevant skills are valued – whether they are learned in the classroom, on the job, or on one's own.

This offers a host of advantages to advance the Federal Government's efforts to compete with other sectors for top talent. For example, it expands the pool of potential applicants and removes barriers for underrepresented communities by making it easier for those who do not have a four-year degree to demonstrate that they possess the needed skills. Additionally, it helps hiring managers accurately assess a candidate's true capabilities.

OPM is also driving initiatives to build key enablers focused on improving federal strategic human capital management, including building the data landscape and facilitating cross-agency sharing of best practices. For example, as part of OPM's work through the President's Management Agenda (PMA) to elevate MCO staffing gaps and hiring targets, a PMA Priority metric was established and guidance was issued to agencies to submit this data to OPM annually. Agencies are required to report to OPM annually on their target number of hires and target number of employees to have on-board at the end of each fiscal year for all of their agency specific and Governmentwide MCOs. OPM uses this data to determine how well agencies are doing in closing staffing gaps in their MCOs leading to skills gap closure.

In addition to raising skills gaps to a PMA level, OPM also included the importance of tracking this metric in the recently released Improving the Federal Hiring Experience, which is a joint memo from the OPM Acting Director and the OMB Director. OPM also used this data to work with the Office of the National Cyber Director (ONCD) to prepare two reports on the state of the cyber workforce and how agencies did on closing staffing gaps and meeting hiring targets for their cyber occupations. These reports were distributed to the ONCD workgroup on cyber and are aligned with the ONCD National Cyber Workforce and Education Strategy Implementation Plan to address cyber workforce challenges. OPM continues to work with agencies on their human capital operating plans (HCOP) to ensure that they are addressing agency-specific skills gaps. OPM discussed agency efforts to close skills gaps through the human capital reviews which were conducted with every CFO Act agency in FY 2024, and what efforts were being made to address the PMA metric of staffing gaps and hiring targets.

OPM has also been facilitating cross-agency sharing of best practices. For example, OPM's FY2023 report on its human capital reviews with CFO Act agencies details a number of successful or leading practices shared by agencies during these discussions. Released in February 2024, the Workforce of the Future Playbook also contains a collection of leading practices, which were shared with human resources practitioners, and Federal leaders and managers during the accompanying webinar series, which approximately 5,000 Federal employees attended, designed to provide employing agencies with the tools to plan for and execute a strategic human capital program. With efforts like these, as well as ongoing support to agencies across broad human capital management topics, OPM exceeded its goal to provide Federal agencies with 25 best practices by FY 2026 before the end of FY 2024.

The Top Management Challenges report discussed the GAO audit, dated February 2024, on *FEDERAL HIRING - USA Staffing System Supports Hiring Needs, but Actions Are Needed to Strengthen Training and Program Management.* The findings were specific to USA Staffing's management of the Interagency Agreement Process. In response, the USA Staffing Program has implemented the recommended actions around improving the management of its Interagency Agreement process and will work with GAO to close the recommendations.

OPM will continue to strengthen the USA Staffing program, as it handles the full range of Federal hiring flexibilities and requirements and supports the end-to-end hiring process for agencies across Government. OPM will continue to build and enhance the system in partnership with Federal agencies to support the millions of applicants and thousands of HR professionals and hiring managers across Government using USA Staffing every day.

FY 2024 Summary of Financial Statement Audit and Management Assurances

OPM's Summary of Financial Statement Audit and Management Assurances are shown in the tables below.

Table 32 – Summary of Financial Statement Audit

Financial Statement Audit Opinion and Material Weaknesses					
Audit Opinion	**Unmodified**				
Restatement	**No**				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Information Systems Control Environment	1	0	1	0	0
Total Material Weaknesses	**1**	**0**	**1**	**0**	**0**

Table 33A – Summary of Management Assurances Financial Reporting

Effectiveness of Internal Control Over Financial Reporting (FMFIA § 2)						
Statement of Assurance	**Unmodified**					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Information Systems Control Environment	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**

Table 33B – Summary of Management Assurances Operations

Effectiveness of Internal Control Over Operations (FMFIA § 2)						
Statement of Assurance	**Modified**					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Information Systems Control Environment	1	0	1	0	0	0
Total Material Weaknesses	**1**	**0**	**1**	**0**	**0**	**0**

Table 33C – Summary of Management Assurances Federal Financial Management System Requirements

Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	**Federal Systems conform**					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Information Systems Control Environment	0	0	0	0	0	0
Total Non-Conformances	**0**	**0**	**0**	**0**	**0**	**0**

Table 33D – Summary of Management Assurances Federal Financial Management Improvement Act

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	**Auditor**
Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
USSGL at Transaction Level	No lack of compliance noted	No lack of compliance noted

Payment Integrity

OPM is committed to advancing a transparent, accountable, and collaborative financial management environment to fulfill its Federal requirements and provide stakeholders with accessible and actionable financial information. An essential part of this commitment is the continuous improvement of payment accuracy in OPM's programs. OPM continues to implement solutions to prevent, detect, and reduce improper payments while reducing its stakeholders' unnecessary administrative burden.

The FY 2024 Payment Integrity Report includes a discussion of the following information:

- Program Descriptions (Section 1.0)
- Accountability (Section 2.0)
- Audit Recovery (Section 3.0)

For detailed information on improper payments in this and previous fiscal years, visit the **Payment Accuracy Report**. This site includes frequently asked questions about improper payments, annual improper payment datasets, and program scorecards.

1.0 Program Descriptions

In FY 2024, OPM has identified two major programs that qualify as Phase II programs in accordance with the PIIA and OMB's Circular A-123 guidance: Federal Retirement Services and the FEHBP. These programs have risk of significant erroneous payments and therefore require additional annual analysis and reporting. All other OPM programs have been deemed Phase I which are less susceptible to significant erroneous payments; however, still require assessments to be conducted on a three-year cycle.

Retirement Program

OPM paid $106.9 billion in defined benefits to retirees, survivors, representative payees, and families during FY 2024 under the CSRS and FERS. Eligible retirees and survivors generally receive monthly benefits, but, in some cases, an applicant can also receive a lump-sum payment. Eligible employees who leave Federal service before qualifying for a CSRS or FERS retirement may request that their contributions be refunded in a lump-sum amount.

FEHB Program

The FEHBP became effective in 1960. It is the world's largest employer-sponsored group health insurance program, covering approximately 8.2 million Federal employees, annuitants, family members, and other eligible individuals.

Since its inception, the FEHBP has provided a wide choice of health plans offering quality, affordable, and comprehensive health benefits. The program offers national and local plan choices, represents excellent value, receives high satisfaction ratings, and is a vital part of the Federal Government's benefits package.

HI administers the FEHBP through contracts with participating carriers that provide health benefit plans to FEHB members. Two types of carriers participate in the program: ERCs and CRCs. ERCs maintain separate accounting for their FEHBP contracts and receive reimbursement of their actual, reasonable, allowable, and allocable administrative and claims expenses. Alternatively, community-rated carriers receive a premium based on the average revenue needed to provide benefits to their members. The premium includes administrative expenses.

2.0 Accountability

Continual strengthening of program integrity throughout the agency is a top priority, extending to all OPM's senior executives and program officials. As evidence of this focus, beginning with senior leadership and cascading down, performance plans contain strategic goals to enhance program integrity, protect taxpayer resources, and reduce improper payments.

OPM's CFO is the Senior Accountable Official for the Payment Integrity Program. The OCFO chairs an Improper Payment Working Group that meets monthly to provide an open forum across the agency.

Retirement Program

RS provides Federal employees, retirees, and their families with benefits that offer choice, value, and quality to be a competitive employer. Eligible retirees and survivors generally receive recurring monthly benefits. The status of an annuitant may periodically change and can result in a change to the benefits due. These changes may be due to a life event such as a death, marriage, termination of a marriage, or earnings limitations.

In FY 2024, RS properly paid 99.68 percent of annuity payments and improperly paid 0.32 percent. RS is committed to reducing improper payments by utilizing effective internal controls, corrective actions, and extensive internal recovery efforts. However, system limitations are preventing OPM from expanding root causes category reporting per the FY 2024 OMB Circular A-136, Financial Reporting Requirements. Specifically, the current IT system supporting RS does not have the granularity to align with the OMB root cause categories. RS is aware of the principle causes for improper payments identified below.

RS is committed to reducing improper payments as much as practicable. In 2019, the Fraud Branch was established under the RS Program to manage the integrity of the annuity roll. The Fraud Branch responds to inquiries of alleged fraud and data integrity breaches to safeguard the annuity rolls. The Branch answers fraud inquiries involving all phases of retirement processing including the proper routing of payments, the payment of life insurance, the provision of health benefits, the representative payee process, and medical review. The branch's data integrity team monitors error reports and extracts data on an annuity to confirm and correct information to maintain accuracy.

Delayed Reporting - The status of an annuitant periodically changes and can result in a change to the benefits due. These changes may be a result of death or marriage. The status can also change when the annuitant is restored to earning capacity, reemployed, or for other reasons. OPM relies on annuitants and other sources (such as the Social Security Administration's (SSA) Death Master File) to learn of some of these status changes. Delayed reporting of the status changes, or sometimes no reporting by annuitants and other sources, can result in an improper payment.

Actions Taken - OPM conducted several matches and annual surveys. Anomalies identified in these matches and surveys are researched by OPM and, if needed, referred to the OIG.

Prohibited Dual Benefit Payments - Unauthorized dual benefits payments are those benefits for which an employee may qualify for one or the other but not both at once or in full. An example of the potential for unauthorized dual benefit payments occurs when individuals apply for FERS disability while applying for SSA disability benefits. The law prohibits payment of full, unreduced FERS disability annuity benefits and SSA disability benefits for the same period. Since FERS disability annuity benefits are sometimes approved before the SSA determines an award, FERS annuitants can receive full, unreduced monthly annuities before the SSA approves disability benefits. As a result, the annuitant will often owe OPM the cumulative amount of the SSA benefit that should have been withheld from the FERS annuity.

Actions Taken - FERS annuitants are notified of the obligation to repay the debt to the Government. OPM recovers overpayments through installment deductions from recurring annuities.

Administrative or Process Errors - OPM's annuity calculations have automated and manual components. The manual components are subject to human error. Errors can include incorrect effective dates, salary rates, and tours of duty which all impact annuity calculations. These errors may occur because OPM incorrectly entered the information or because the annuitant or separating agency provided incorrect information.

Actions Taken - Regular audits are performed to assess the accuracy of agency retirement packages. Each month, the audit result as well as the most common errors identified are reported to the agency benefits officers. In addition, internal audits are conducted monthly to determine the accuracy of newly adjudicated retiree and survivor claims under both CSRS and FERS. These audits are used to identify any training or systemic deficiencies.

FEHB Program

Healthcare and Insurance contracting officers exercise broad authority in their day-to-day oversight of FEHB carriers through benefit and rate negotiations, contract compliance, review of large provider contracts and sub-contracts, defense of lawsuits, adjudication of disputed claims, and more. Accountability is inherent in contracting officers' routine activities, such as the use of work plans, resolving recommendation, amending FEHB contracts and audit resolutions activities.

Healthcare and Insurance's oversight of carriers includes the FEHB Plan Performance Assessment (PPA), which uses key parameters of clinical quality, customer service, resource use, and contract oversight to assess Carrier performance and determine annual profit. Using these parameters the annual performance assessment assists OPM in recognizing strong performing health insurance carriers in the program, informing enrollee choice, and linking objective performance to profit. PPA provides an incentive for strong Carrier overall performance, encouraging health plans to provide quality care and member experience. PPA provides consistent, objective, performance standards and ensures increased transparency for enrollees. During the 2024 contract year scoring cycle, on average, the FEHBP continued to perform above the national commercial mid-point (50th percentile) in the following high-priority metrics: controlling high blood pressure, diabetes care, avoidance of antibiotic treatment for acute bronchitis/bronchiolitis, and imaging for low back pain.

Delayed Reporting - The FEHBP will not report an improper payment estimate in FY 2024. OPM developed a new improper payment methodology in FY 2023 and actively engaged with agency stakeholders and FEHB Carriers to meet the PIIA requirements. However, FEHB ERCs need time to collect, audit, and report their data back to OPM. We fully expect to report in FY 2025. More details of these efforts are explained in the OMB Data Call published on **PaymentAccuracy.gov**.

Actions Taken - OPM is expeditiously implementing the actions needed for OPM to be compliant with PIIA reporting. In FY 2022, OPM's OCFO, RMIC office performed a risk assessment of the FEHB Program. That risk assessment determined the FEHB Program was susceptible to significant improper payments, thus requiring OPM to report an improper payment estimate in FY 2023. OPM immediately started developing a new improper payment methodology. While developing the new methodology, OPM determined that the FEHBP should be differentiated into two activities for OMB reporting purposes. The FEHBP has different contracts, payment structures, and improper payment types for the ERCs and CRCs, meriting meaningfully different sampling and estimation methodology plans. Off-cycle risk assessments were conducted for both new activities, with only the FEHB ERCs determined susceptible to significant improper payments. As the CRCs activity was not determined to be susceptible to significant improper payments, OPM is not required to report an improper and unknown payment estimate.

In FY 2024, OPM issued Carrier Letter 2024-15 Guidance on Audited Financial Statements for Federal FY 2024. This Carrier Letter included the 2024 FEHBP Financial Reporting and Audit Guide, which provides detailed requirements for the financial reporting for all FEHB ERCs, including audit requirements and improper payment reporting. In FY 2024, OPM conducted training on the Financial Reporting and Audit Guide for all ERCs and their Independent Public Accountants. OPM requires time to implement the new improper payment methodology, as the FEHB ERCs need time to collect, audit, and report their data back to OPM. OPM anticipates being compliant with PIIA in FY 2025.

Other Programs

OPM's other programs have been deemed Phase I based on criteria defined in OMB's A-123, Appendix C. These programs are defined as low risk of having significant improper payments. If there are no significant changes to the program, risk assessments are conducted on a three-year recurring cycle. Four programs completed their annual risk assessments in FY 2024, and all remained unchanged and continue to report as Phase I. These programs include vendor payments, payroll, travel and purchase cards.

Group photo of Federal Executive Boards Chairs, Vice Chairs, and staff from across the nation at the Department of Labor following the leadership recognition ceremony held during the Federal Executive Boards Annual Conference.

3.0 Audit Recovery

PIIA requires any program that expends at least $1 million during the year to implement recovery audits, if cost-effective to the agency, to recover improper payments. OPM has determined that funding an outside Recovery Audit and Activities Program for either of its major reported (RS or FEHB) programs is not cost-effective. PIIA also allows agencies to exclude programs with other mechanisms to identify and recapture overpayments. The Retirement Program and the FEHBP have extensive internal recovery mechanisms and anticipate achieving continued high recovery rates for improper payments.

Compliance with Other Key Legal and Regulatory Requirements

OPM is required to comply with other legal and regulatory financial requirements, such as the DCIA.

In response to a steady increase in the amount of delinquent debt owed to the U.S., and concern that appropriate actions were not being taken to collect this delinquent debt, Congress passed the DCIA of 1996, P.L. 104-134. The purpose of the DCIA was to strengthen overall controls over collections due to the Government from private parties, including Federal employees. The DCIA has had a major impact on the way OPM makes its payments and collects the monies owed to it. The tables below summarize OPM's debt management activity for September 2024 and 2023. OPM complies with the DCIA via cross servicing.

Cross-Servicing

Under the DCIA, all Federal agencies must refer past due, legally enforceable, non-tax debts that are more than 180 days delinquent to Treasury's BFS for collection through the Treasury Offset Program (TOP). The 180-day timeframe was modified by the Digital Accountability and Transparency Act to 120 days.

OPM has established an agreement with BFS to cross-service its debts, which allows BFS to automatically include the debts in the TOP as part of its collection effort. A debt is legally enforceable if there has been a final agency decision that the debt, in the amount stated, is due and there are no legal bars to collection action. To date, OPM has collected more than $23 million via BFS cross servicing.

The tables below summarize and focuses on OPM's Trust Fund debt management activity due to the vast majority of debt is held by Retirement and Health Benefits. OPM's Administrative and Revolving funds are immaterial to our Financial Statements. The activity represents September 2024 and September 2023. OPM complies with the DCIA via cross servicing.

Table 34A – Debt Management Activity FY 2024

September 30, 2024 (In Millions)		
Debt Management Activity	**Retirement Program**	**Health Program**
Total Receivables at Beginning of Year	$394	$35
New Receivables and Accruals	$244	$39
Less Collections, Adjustments, and Amounts Written-off	$(259)	$(33)
Total Receivables at End of Period	$379	$41
Total Delinquent	$77	$39
Percent Delinquent of Total Receivables	20%	96%

Table 34B – Debt Management Activity FY 2023

September 30, 2023 (In Millions)		
Debt Management Activity	**Retirement Program**	**Health Program**
Total Receivables at Beginning of Year	$385	$33
New Receivables and Accruals	$224	$26
Less Collections, Adjustments, and Amounts Written-off	$217	$24
Total Receivables at End of Period	$394	$35
Total Delinquent	$80	$34
Percent Delinquent of Total Receivables	20%	97%

Travel and Purchase Card Usage

OPM measures its effectiveness in travel and purchase card usage by monitoring the percentage of the total outstanding balances that are current (less than 61 days). The tables below compare OPM's percentages that are more than 61 days old to Government-wide percentages.

Table 35 – Travel Card Usage

Travel Card Usage	September 30, 2024* (In Thousands)	September 30, 2023* (In Thousands)
Outstanding Balance (OPM)	$48	$39
Outstanding More Than 61 Days (OPM)	$-	$2
% Outstanding More Than 61 Days (OPM)	0.10%	1.88%
% Outstanding More Than 61 Days (Government-wide)	2.80%	5.72%

* September 2024 source: GSA current and historical delinquency metrics for the CFO Act Agencies

Table 36 – Purchase Card Usage

Purchase Card Usage	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Outstanding Balance (OPM)	$143	$122
Outstanding More Than 61 Days (OPM)	-	-
% Outstanding More Than 61 Days (OPM)	-	-
% Outstanding More Than 61 Days (Government-wide)	0.09%	0.09%

Civil Monetary Penalty Inflation Adjustment

Please see **Civil Monetary Penalty Inflation Adjustment** for details.

Financial Reporting-Related Legislation

In recent years, two acts of legislation were passed into law that directly impact OPM's current and future financial reporting:

- The Periodically Listing Updates to Management Act (PLUM Act) of 2022, **P. L. 117-263**, was signed into law in December 2022 as part of the National Defense Authorization Act for FY 2023. As part of this act, OPM was tasked with establishing and maintaining a public website containing information on Government policy and supporting positions (including temporarily acting and vacant) in the Federal Government. The launch of this enhanced leadership directory, originally requested from President Dwight Eisenhower in 1952, will improve transparency on an administration's top leaders and placement of political appointees.
- The PSRA of 2022, **P. L. 117-108**, requires OPM to establish the PSHBP in FY 2025, a separate health benefit program for USPS employees, annuitants, and their eligible family members that will operate in parallel to the FEHBP. In addition, the act repealed the required prefunding payments and eliminated all past due postal payments established under the Postal Act, **P.L. 109-435**, which was signed into law in December 2006.

Appendices

Appendix A – Acronyms and Abbreviations

(Unaudited)

Acronym	Definition
AIOS	ARC Integrated Oracle Solution
ALIL	Actuarial Life Insurance Liability
AFR	Agency Financial Report
APR	Annual Performance Report
ARC	Administrative Resource Center
BFS	Bureau of the Fiscal Service
CEAR	Certificate of Excellence in Accountability Reporting
CFC	Combined Federal Campaign
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990
CHCO	Chief Human Capital Officer
CLIA	Congressional, Legislative and Intergovernmental Affairs
COFFA	Council on Federal Financial Assistance
COLA	Cost of Living Adjustment
CRC	Community-Rated Carrier
CSRDF	Civil Service Retirement and Disability Fund
CSNG	Cross-Servicing Next Generation
CSRS	Civil Service Retirement System
DCIA	Debt Collection Improvement Act
DEIA	Diversity, Equity, Inclusion, and Accessibility
DISP	Debt Issuance Suspension Period
DOJ	Department of Justice
DOT	Department of Transportation
DQP	Data Quality Plan
EEO	Equal Employment Opportunity
EGWP	Employer Group Waiver Plans
EPV	Expected Present Value
ERM	Enterprise Risk Management

Acronym	Definition
ERC	Experience-Rated Carriers
ESC	Enterprise Service Center
FAA	Federal Aviation Administration
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance With Treasury
FEDVIP	Federal Employees Dental and Vision Insurance Program
FEGLI	Federal Employees Group Life Insurance
FEHB	Federal Employees Health Benefits
FEHBP	Federal Employees Health Benefits Program
FEIO	Federal Employees Insurance Operations
FERS	Federal Employees Retirement System
FERS-FRAE	Federal Employees Retirement System - Further Revised Annuity Employees
FERS-RAE	Federal Employees Retirement System - Revised Annuity Employees
FEVS	Federal Employee Viewpoint Survey
FFB	Federal Financing Bank
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Modernization Act of 2014
FLTCIP	Federal Long-Term Care Insurance Program
FMFIA	Federal Managers' Financial Integrity Act
FPA	Federal Program Agencies
FR	Financial Report of the U.S. Government
FSAFEDS	Federal Flexible Spending Account Program
FSEM	Facilities, Security & Emergency Management
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GAS	Government Account Series
GMRA	Government Management Reform Act of 1994

Acronym	Definition
GSA	General Services Administration
GT&C	General Terms and Conditions
HCDMM	Human Capital Data Management and Modernization
HI	Healthcare and Insurance
HMO	Health Maintenance Organizations
HR	Human Resources
HRS	Human Resources Solutions
IAAs	Interagency Agreements
IPAC	Intra-Governmental Payment and Collection
IT	Information Technology
JFMIP	Joint Financial Management Improvement Program
MSAC	Merit System Accountability and Compliance
OC	Office of Communications
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OD	Office of the Director
ODEIA	Office of Diversity, Equity, Inclusion and Accessibility
OESPIM	Office of the Executive Secretariat, Privacy, and Information Management
OGC	Office of the General Counsel
OGE	Office of Government Ethics
OIG	Office of the Inspector General
OMB	U.S. Office of Management and Budget
OPIM	Office of Privacy and Information Management
OPM	U.S. Office of Personnel Management
OPO	Office of Procurement Operations

Acronym	Definition
ORB	Other Retirement Benefits
OSDBU	Office of Small and Disadvantaged Business Utilization
PIIA	Payment Integrity Information Act
P.L.	Public Law
PLUM Act	Periodically Listing Updates to Management Act of 2022
PPA	Plan Performance Assessment
PRHB	Postretirement Health Benefits
PSHBP	Postal Service Health Benefits Program
PSRA	Postal Service Reform Act
PSRHBF	Postal Service Retiree Health Benefits Fund
RMIC	Risk Management and Internal Control Group
RS	Retirement Services
SAOC	Spending Authority from Offset Collections
SBR	Statement of Budgetary Resources
S&E	Salaries and Expenses
SFFAS	Statement of Federal Financial Accounting Standards
SSA	Social Security Administration
SSLOB	Security, Suitability and Credentialing Line of Business
SuitEA	Suitability Executive Agent
TOP	Treasury Offset Program
Treasury	Department of the Treasury
USC	United States Code
USPS	United States Postal Service
USSGL	United States Standard General Ledger
WPI	Workforce Policy and Innovation

Appendix B – Listing of Tables

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OPM.gov

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