



PENSION BENEFIT GUARANTY CORPORATION

Semiannual Report to Congress

Management's Response to the OIG Semiannual Report:

April 1, 2024 to September 30, 2024

PENSION BENEFIT GUARANTY CORPORATION
SEMIANNUAL REPORT TO CONGRESS

The Pension Benefit Guaranty Corporation (PBGC) celebrated its 50-year anniversary of working diligently to preserve plans, protect plan participants, and ensure participants in trusted plans and their beneficiaries receive timely, uninterrupted benefits. PBGC remains dedicated to enhancing the retirement security of about 31 million American workers, retirees, and beneficiaries. We are committed to effectively carrying out the agency's critical mission and ensuring the agency's employees and contractors operate responsibly, transparently, and in accordance with the law. Through its dedicated, independent work, PBGC's Office of Inspector General (OIG) is important to our continued success in serving the public. PBGC continues to work diligently to address OIG's recommendations.

The American Rescue Plan Act of 2021 (ARP), enacted on March 11, 2021, established the Special Financial Assistance Program (SFA), funded by taxpayer funds. As of September 30, 2024, PBGC approved applications from 92 plans for a total of nearly \$68 billion in taxpayer funded assistance. In addition, 22 applications were under review requesting funds of approximately \$2.5 billion.

PBGC appreciates the Inspector General's recognition of our efforts to safeguard taxpayer dollars in the SFA Program. As noted in the OIG's Semiannual Report, our SFA procedures were sufficient to ensure increases in projected benefit payments were consistently identified, evaluated against appropriate criteria and documented. With respect to prior SFA approvals, PBGC is conducting full-scope death audits on the plans' census data and has begun requesting repayment to the United States Department of the Treasury (Treasury) of SFA amounts attributable to deceased participants. As of September 30, 2024, 19 plans have repaid Treasury \$144.1 million. As you know, PBGC did not make any payments to deceased individuals, and no OIG report has alleged that we have. In addition, the OIG determined that the benefit payment projections in the SFA applications they sampled and reviewed were generally reasonable and without significant errors.

We continue to improve our processes and controls to reduce risk in the program. We value the work that OIG has done in reviewing the risk environment of the SFA Program and the OIG's role and working relationship to prevent fraud, waste, and abuse.

Last year, PBGC attained its 31st consecutive unmodified audit opinion and maintained, in all material respects, effective internal control over financial reporting.

Table 1 presents resolved audit reports over twelve months old with recommendations that remain open. I am pleased to report that PBGC has closed more than 83 percent of the recommendations in these reports. Table 2 summarizes OIG reports requiring final action.

Our ongoing work with Congress, the PBGC Board, and our OIG is critical to carrying out PBGC's vital mission. We remain committed to enhancing internal controls and operations to better protect the workers and retirees we serve.

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Ann Y. Orr
Acting Director

Table 1

**Management Statement on Resolved Audit Reports Over Twelve Months Old
With Final Action Pending as of September 30, 2024**

Date Issued	Report No.	Title of Report	Status of Management Actions
12/08/2020	2021-01	Internal Controls Must be Strengthened to Promote Procurement Integrity	Of the three recommendations included in the report, two recommendations have closed. The remaining recommendation is in process.
12/09/2020	2021-02	Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2020 and 2019 Financial Statements	Of the 10 recommendations included in the report, nine have closed. Subsequent to the reporting period, the remaining recommendation was closed.
02/01/2021	2021-06	Fiscal Year 2020 Financial Statement Audit - Management Letter Report	Of the nine recommendations included in the report, eight have closed. The remaining recommendation is in process.
11/22/2022	2023-04	Evaluation of Hotline Complaints Regarding a PBGC Contract	Of the two recommendations included in the report, both recommendations remain in process.

Table 2
Management Statement on OIG Reports Requiring Final Action
For the Period Ending September 30, 2024

	Ref. 5a U.S.C. 5(b)(2)(A)-(D)	Number of Reports	Disallowed Costs	Funds Put to Better Use
A.	For which final action had not been taken by the commencement of the reporting period.	7	\$ -	\$ -
B.	For which management decisions were made during the reporting period.	3*	\$ -	\$ 125,001,442
C.	<p>For which final action had been taken by the end of the reporting period, including —</p> <p style="padding-left: 40px;">i. dollar value of disallowed costs that were recovered by management</p> <p style="padding-left: 40px;">ii. dollar value of disallowed costs that were written off by management</p> <p style="padding-left: 40px;">iii. dollar value of recommendations that were actually completed</p> <p style="padding-left: 40px;">iv. dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed</p> <p>No. of reports for which final action was taken during the period.</p>	1	\$ -	
D.	For which no final action has been made by the end of the reporting period.	9	\$ -	\$ -

* During the reporting period, the OIG issued seven (7) reports, three (3) of which contained recommendations.