



ATTESTATION REPORT

Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management

September 16, 2015





September 16, 2015

**Attestation Report - Independent Report on Employee Benefits,
Withholdings, Contributions, and Supplemental Semiannual Headcount
Reporting Submitted to the Office of Personnel Management**

Report Number FT-AR-15-010

BACKGROUND:

At the request of the U.S. Office of Personnel Management (OPM) Office of Inspector General, we performed procedures agreed upon by the chief financial officer and inspector general of the OPM. This attestation engagement is an annual requirement of the U.S. Office of Management and Budget.

Our objectives were to help the OPM assess the reasonableness of U.S. Postal Service employee benefit withholdings, enrollment information, and Postal Service benefit contributions, and to confirm the Combined Federal Campaign (managed by the OPM), accounting codes and payroll data match OPM records.

WHAT THE OIG FOUND:

We verified employee withholdings, Postal Service contributions, and enrollment information reported and transferred to the OPM for health benefits and retirement. However, we identified issues related to life insurance elections, semiannual health benefits reporting, and Combined Federal Campaign information. Specifically:

- Life insurance elections for one of 25 employees could not be verified because a Life Insurance Election Form was not present in that employee's electronic Official Personnel Folder.
- The total health benefits withholdings and contributions and total number

of enrollees reported to the OPM in March 2015 were correct. However, the reported allocation of where the Postal Service did and did not contribute to enrollees' premiums was incorrect.

- The Postal Service's payroll system had a different campaign name or address than those provided by the OPM in three of 151 campaigns.
- Employees' campaign codes in the Postal Service's payroll system did not match the OPM campaign code associated with the work location for 171 of 61,308 employees.

As a result of our engagement, the Postal Service took corrective action for each of these issues.

We were not engaged in, and did not perform, an audit, the objective of which would have been the expression of an opinion on the withholdings and contributions. Accordingly, we do not express such an opinion.

WHAT THE OIG RECOMMENDED:

This report is provided for information only, and we offered no recommendations. Accordingly, no management action is required.

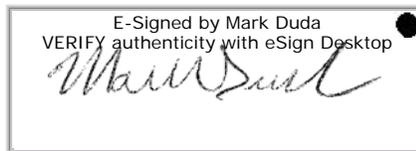
[*Link to review the entire report*](#)



September 15, 2015

MEMORANDUM FOR: JEFFREY WILLIAMSON
CHIEF HUMAN RESOURCES OFFICER AND EXECUTIVE
VICE PRESIDENT

MAURA A. McNERNEY
VICE PRESIDENT, CONTROLLER



FROM: Mark W. Duda
Assistant Inspector General
for Audit

SUBJECT: Attestation Report – Independent Report on Employee
Benefits, Withholdings, Contributions, and Supplemental
Semiannual Headcount Reporting Submitted to the Office of
Personnel Management (Report Number FT-AR-15-010)

Attached is a copy of the subject report provided to the U.S. Office of Personnel Management (OPM) Office of Inspector General (OIG) (Project Number 15BG014FT000). This report is provided for information only and requires no management action.

At the request of the OPM OIG, we performed the agreed-upon procedures in accordance with generally accepted government auditing and attestation standards established by the American Institute of Certified Public Accountants. We performed the procedures solely to help the OPM assess the reasonableness of employee withholdings and U.S. Postal Service contributions in the *Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement* for three selected payroll periods. We also verified enrollment information in the *Supplemental Semiannual Headcount Report* for September 2014 and March 2015. Finally, we confirmed the Combined Federal Campaign program accounting codes and payroll data with the OPM records for one payroll period.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact John E. Cihota, deputy assistant inspector general for Finance and Supply Management, or Lorie Nelson, director, Finance, at 703-248-2100.

Attachment

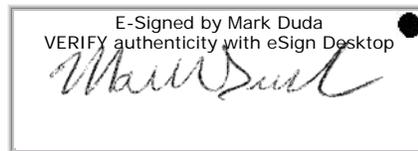
cc: Corporate Audit and Response Management
Julie S. Moore



September 16, 2015

MEMORANDUM FOR: HONORABLE PATRICK E. MCFARLAND
INSPECTOR GENERAL
U.S. OFFICE OF PERSONNEL MANAGEMENT

DENNIS D. COLEMAN
CHIEF FINANCIAL OFFICER
U.S. OFFICE OF PERSONNEL MANAGEMENT



FROM: Mark W. Duda
Assistant Inspector General
for Audit

SUBJECT: Attestation Report – Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management (Report Number FT-AR-15-010)

This report presents the results of our attestation engagement of procedures agreed upon by the inspector general and the chief financial officer of the U.S. Office of Personnel Management (OPM) (Project Number 15BG014FT000).

At the request of the OPM Office of Inspector General, we performed the agreed-upon procedures in accordance with generally accepted government auditing standards and attestation standards established by the American Institute of Certified Public Accountants. We performed the procedures solely to help the OPM assess the reasonableness of employee withholdings and U.S. Postal Service contributions in the *Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement* for three selected payroll periods. We also verified enrollment information in the *Supplemental Semiannual Headcount Report* for September 2014 and March 2015. Finally, we confirmed the Combined Federal Campaign (CFC) accounting codes and payroll data with the OPM records for one payroll period.

We were not engaged to, and did not perform, an audit, the objective of which would have been the expression of an opinion on the withholdings and contributions for health benefits, life insurance, and retirement; enrollment information; and the CFC program.

Accordingly, we do not express such an opinion. Had we performed additional procedures, we might have found other matters that we would have reported.

This report is intended solely for the use of the inspector general and the chief financial officer of the OPM and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

If you have any questions or need additional information, please contact John E. Cihota, deputy assistant inspector general for Finance and Supply Management, or Lorie Nelson, director, Finance, at 703-248-2100.

Attachment

cc: Michael R. Esser
Nicole E. Brown-Fennell

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Introduction

This report presents the results of our attestation engagement of the procedures agreed upon by the inspector general and the chief financial officer of the U.S. Office of Personnel Management (OPM) (Project Number 15BG014FT000). The report responds to the OPM's request for help assessing the reasonableness of employee withholdings and U.S. Postal Service contributions reported in the *Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement* for the payroll periods ended September 5, 2014, February 6, 2015, and March 6, 2015; the enrollment information reported in the *Supplemental Semiannual Headcount Report* for September 2014 and March 2015; and the Combined Federal Campaign (CFC) information for the payroll period ended March 6, 2015. See [Appendix A](#) for additional information about this attestation engagement.

This attestation engagement is an annual requirement of the Office of Management and Budget's Circular Number A-136, *Financial Reporting Requirements*, and Bulletin 14-02, *Audit Requirement for Federal Financial Statements*. Additionally, the OPM manages the CFC and ensures compliance with CFC regulations. See [Attachment A](#) for a description of the procedures.

Conclusion

We verified the employee withholdings, Postal Service contributions, and enrollment information reported and transferred to the OPM for health benefits and retirement. However, we identified issues related to life insurance elections, semiannual health benefits reporting, and CFC information. Specifically:

- Life insurance elections for one of 25 employees could not be verified because a Life Insurance Election Form was not present in that employee's electronic Official Personnel Folder (eOPF).¹
- Although the total health benefits amount and corresponding number of enrollees reported on the March 2015 OPM Form 1523, *Supplemental Semiannual Headcount Report*, were correct, the allocation between "Regular"² and "Payers of Full Premiums"³ categories was incorrect.

¹ The eOPF documents an individual's employment history. Generally, when a document is scanned into eOPF, the scanned image becomes the official record of the document.

² Total dollar amount of withholdings and contributions for employees and annuitants that are enrolled in the Federal Employees Health Benefits (FEHB) program.

³ Total dollar amount for enrollees who pay the full premium for health benefits — the employee's and the employer's shares.

- The Postal Service’s payroll system had different campaign names or addresses than those provided by the OPM in three of 151 campaigns.
- Employees’ campaign codes in the Postal Service’s payroll system did not match the OPM campaign codes associated with the employees’ work location for 171 of 61,308 employees. These included seven employees at five work locations that had no official campaigns. The seven employees contributed to campaigns associated with other work locations.⁴ Additionally, we identified one campaign in the Postal Service payroll system that was not present in the OPM records. We did not validate the accuracy of the OPM data or other potential causes of the difference between the Postal Service’s and the OPM’s data because it was beyond the scope of this attestation engagement.

As a result of our engagement, the Postal Service took corrective action for each of these issues.

Life Insurance Election Forms

The life insurance election for one of 25 employees could not be verified because the *Life Insurance Election Form* was not present in the eOPF. *Life Insurance Election Forms* are the original source documents that initiate withholdings, contributions, changes, and cancellations in payroll records. The OPM requires the Postal Service to maintain life insurance records as permanent records. The Postal Service Human Resources Shared Service Center (HRSSC)⁵ was also unable to locate the form. However, we were able to locate Postal Service (PS) Form 50, *Notification of Personnel Action*,⁶ used by the Postal Service for processing the elections.

HRSSC did not explain why the employee’s *Life Insurance Election Form* was missing. However, as a result of our engagement, HRSSC personnel completed a “Federal Employees’ Group Life Insurance (FEGLI):⁷ Missing Document – Note to File” to serve as the official record of the employee’s insurance election.

Health Benefits

Although the total health benefits amount and corresponding number of enrollees reported on the March 2015 OPM Form 1523 were correct, the allocation between “Regular” and “Payers of Full Premiums” categories was incorrectly reported. As shown in [Table 1](#), health benefits reported on OPM Form 1523 included separate line items for “Regular” and “Payers of Full Premiums,” which together make up the total health benefits. The Postal Service calculated the “Regular” amount by subtracting the “Payers

⁴ Perry, OK; Bandera, TX; Charlotte, TX; Saratoga, TX; Silsbee, TX.

⁵ The HRSSC is the Postal Service’s national operational and processing center for personnel actions, including benefits administration.

⁶ The PS Form 50 is the Postal Service’s version of the federal government’s Standard Form 50, which is used to document employment events.

⁷ FEGLI is a life insurance program administered by the OPM for federal and Postal Service employees and annuitants.

of Full Premiums” from the total health benefits. However, the Postal Service erroneously included 348 non-career⁸ employees who contributed to a non-OPM administered health benefit plan⁹ in its calculation of “Payers of Full Premiums.” We also identified a difference of one enrollee in an OPM-administered plan.¹⁰ As a result, “Payers of Full Premiums” enrollments on OPM Form 1523 were overstated by 349 enrollees, and “Regular” enrollments were understated by the same amount. In addition, the amount for “Payers of Full Premiums” was overstated by \$16,745, and the “Regular” amount was understated by the same amount.

Table 1: Health Benefit Amounts and Enrollees

	OPM Form 1523		OIG Recalculation		Difference	
	Dollar Amount	Enrollees	Dollar Amount	Enrollees	Dollar Amount	Enrollees
Regular	\$220,026,623	430,748	\$220,043,368	431,097	(\$16,745)	(\$349)
Payers of Full Premiums	153,472	817	136,727	468	16,745	349
Total	\$220,180,095	431,565	\$220,180,095	431,565	\$0	\$0

Source: March 2015 Supplemental Semiannual Headcount and U.S. Postal Service Office of Inspector General analysis of payroll data.

As a result of our engagement, Postal Service management filed a revised OPM Form 1523 that excluded the 348 employees in the non-career employee health benefit plan. In addition, management implemented a programming change that excludes non-OPM administered health benefit plans from the payroll report used to support the health benefit amounts and enrollees reported to OPM on Form 1523.

Combined Federal Campaign Addresses

Three of 151 campaign names or addresses in the Postal Service’s payroll system did not match those provided by the OPM.¹¹ See [Table 2](#) for the list of address differences we identified and provided to management.

⁸ Non-career employees typically hold limited-term appointments, although some appointments are indefinite. They may be hired to provide flexibility to supplement the regular workforce.

⁹ The plan is administered by a third-party health insurance provider through a contract with the Postal Service.

¹⁰ We did not determine the cause of the difference.

¹¹ Procedure Number 8.b.

Table 2. Unmatched Combined Federal Campaign Addresses

Code	Name/Address per Postal Service	Name/Address per OPM	Differences		
			Name	Address	Zip
0007	Muscle Shoals Area CFC c/o United Way of Northwest Alabama 118 E Main St Ste 300 Florence, AL 35631-4757	Muscle Shoals Area CFC c/o United Way of Northwest Alabama 118 E. Mobile St. Ste 300 PO Box 1228 Florence, AL 35631		X	
0051	Arizona CFC c/o United Way of Greater Tucson and Southern Arizona P.O. Box 86750 Tucson, AZ 85754-6750	Arizona CFC c/o United Way of Greater Tucson and Southern Arizona 330 N. Commerce Park Loop # 200 P.O. Box 86750 Tucson, AZ 85754-6750*		X	
0842	FT Hood CFC c/o Greater FT Hood United Way 37 th St PWC Bldg 194 RM 103 Fort Hood, TX 76544-0001	Greater Fort Hood CFC c/o Greater Fort Hood United Way 208 W Ave A Killeen, TX 76541	X	X	X

Source: Postal Service payroll systems and OPM list of CFC contacts.

The Postal Service uses electronic funds transfer (EFT) to transmit employee contributions to campaigns. Bank routing numbers and account numbers are the primary data elements that ensure a successful transaction. However, if an EFT is unsuccessful, the Postal Service issues and mails a check to the appropriate campaign. Accordingly, the campaign names and addresses in the Postal Service’s payroll system exist as a secondary control. Before mailing the check, the Postal Service verifies the name and address in its payroll system with the most recent OPM monthly update to ensure the mailing address is current.¹²

As a result of our engagement, the Postal Service informed us that it corrected campaign names and addresses in the payroll system to match the OPM records.

Combined Federal Campaign Codes

Campaign codes in the Postal Service’s payroll system for 171 of 61,308 employees¹³ did not match the OPM campaign code associated with the employee’s work location.¹⁴ These included seven employees at five work locations that had no official campaigns. The seven employees contributed to campaigns associated with other work locations.

¹² EFT is generally used; it is rare that a check is issued.

¹³ The CFC withholdings and contributions for the 171 employees totaled \$1,944 for the pay period reviewed.

¹⁴ Procedure Number 9.b.

The differences could be attributed to inaccurate OPM data or Postal Service coding errors. We did not validate the accuracy of the OPM data or other potential causes of the differences between the Postal Service's and the OPM's data because it was beyond the scope of this attestation engagement. As a result of our engagement, Postal Service management resolved these differences. See [Appendix B](#) for the list of unmatched campaign codes we identified and provided to Postal Service management.

Additionally, we judgmentally selected four of the 171 employees whose CFC codes did not match the OPM campaign codes associated with their work location and requested the original pledge forms to verify the campaign codes.¹⁵ We determined that three of the four employees used the correct campaign pledge form for their official duty station. The other employee used the wrong form. However, according to payroll records, the deduction was transmitted to the correct campaign in the sampled pay period.

Further, we identified one campaign in the Postal Service payroll system that was not present in the OPM records. No Postal Service employees contributed to this campaign during the period reviewed. As a result of our engagement, the Postal Service deleted the code from its payroll system.

We were not engaged in, and did not perform, an audit, the objective of which would have been the expression of an opinion on the withholdings and contributions for health benefits, life insurance, and retirement; enrollment information; and the CFC program. Accordingly, we do not express such an opinion. Had we performed additional procedures, we might have found other matters that we would have reported.

This report is intended solely for the use of the inspector general and the chief financial officer of the OPM and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is provided for information only and requires no management action. We offered no recommendations.

¹⁵ Procedure Number 10.

Appendix A: Additional Information

Background

The Postal Service Information Technology and Accounting Services (IT/ASC) in Eagan, MN, is responsible for calculating, disbursing, and reporting employee withholdings and Postal Service contributions for health benefits, life insurance, and retirement. As of March 6, 2015, the Postal Service employed more than 627,000 people (about 480,000 with benefits).

During each of the three payroll periods we reviewed,¹⁶ the Postal Service withheld an average of more than \$83 million and contributed over \$292 million toward benefits. The Postal Service transmitted these funds to the OPM via the Retirement and Insurance Transfer System (RITS) and prepared the *Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement* for each payroll period detailing the amounts associated with each benefit category. Additionally, the Postal Service submitted the *Supplemental Semiannual Headcount Report*, to the OPM, detailing the number of employees associated with each benefit category for September 2014 and March 2015.

The CFC is the world's largest annual workplace charity campaign. Postal Service employees make contributions through payroll deductions to support eligible non-profit organizations that provide health and human services throughout the world. The IT/ASC is responsible for payroll coding and disbursing the contributions to 152 campaigns.

The OPM correlates campaigns with work locations (cities, counties, and states). The Postal Service has about 32,000 locations, about 1,200 of which are in work locations with no official campaign. During the payroll period reviewed, about 61,000 Postal Service employees contributed \$682,000 to the campaigns through payroll deductions. Contributions are submitted to the campaigns via EFT. If the EFT is unsuccessful, a check is issued and mailed to the campaign.

Objectives, Scope, and Methodology

Our objectives were to:

- Help the OPM assess the reasonableness of employee benefit withholdings and Postal Service benefit contributions in the *Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement*, as well as enrollment information in the *Supplemental Semiannual Headcount Report*.
- Confirm CFC program accounting codes and payroll data with OPM records.

¹⁶ These periods covered 44,573 employees who declined health benefits and 758 employees who declined life insurance coverage in all three reviewed pay periods.

To accomplish our objectives, we applied the agreed-upon procedures to the payroll periods ending September 5, 2014, and March 6, 2015, coinciding with the *Supplemental Semiannual Headcount Report* for September 2014 and March 2015, respectively. We randomly selected another payroll period, ending February 6, 2015, for additional testing. We limited our CFC testing to one payroll period ending March 6, 2015.

We confirmed RITS data by verifying payroll source documents. We reviewed personnel documents for 55 employees to verify salaries, retirement, and the election or non-election of health benefits and life insurance. For all employees, we independently calculated employee withholdings, Postal Service contributions, and enrollment information for health benefits, life insurance, and retirement. We compared the results to actual employee withholdings and Postal Service contributions submitted to the OPM to determine whether differences existed. For the CFC program, we compared work locations, accounting codes, and payroll deductions to the campaigns approved by the OPM to identify differences.

We conducted this engagement from April through September 2015 in accordance with the American Institute of Certified Public Accountants attestation standards and generally accepted government auditing standards. The sufficiency of the agreed-upon procedures is solely the responsibility of the inspector general and the chief financial officer of the OPM. Consequently we make no representation regarding the sufficiency of the agreed-upon procedures either for the purpose for which this report has been requested or any other purpose. We discussed our observations and conclusions with management officials and included their comments where appropriate.

We relied on computer-generated data from the Postal Service's payroll system. To validate the data, we traced the basic pay and benefit categories for selected employees to supporting documentation and compared the results to the computer-generated data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Independent Report of Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management</i>	FT-AR-14-012	09/19/2014	None
<p>Report Results: We identified issues related to life insurance, base salaries, and CFC data. Specifically our review of 35 employees’ life insurance elections found one employee’s basic life insurance premium was incorrectly calculated, six employees’ elections could not be verified because the required forms were not present in their official records, and five employees’ life insurance elections were incorrectly documented in the payroll system. Also, employee aggregate base salaries reported to the OPM did not always reflect the actual salaries paid. In addition, four of 164 CFCs in the Postal Service’s payroll system had different campaign addresses than those provided by the OPM. Further, 186 of 65,882 employees’ campaign codes in the payroll system did not match the OPM campaign code associated with the employee’s work location. We did not make any recommendations.</p>			
<i>Independent Report of Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management</i>	FT-AR-14-002	11/08/2013	None
<p>Report Results: We found a difference between the life insurance election information in payroll records and the <i>Life Insurance Election</i> form for one of the 25 employees reviewed. We identified one of 185 CFCs in the Postal Service’s payroll system that had a different campaign address than the OPM had. Also, campaign codes for 141 of 75,157 employees in the Postal Service’s payroll system did not match the OPM’s campaign codes for the employee’s work location, including 14 employees at seven work locations who contributed to campaigns with no official campaign codes. We validated that the Postal Service and its employees paid the correct withholdings and contributions. Management corrected the campaign address and inactive campaign deductions for three employees and is reviewing campaign codes; therefore, the information provided to the OPM was reasonable. We did not make any recommendations.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Independent Report of Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management</i>	FT-AR-12-013	09/25/2012	None
<p>Report Results: We identified differences between the life insurance election information in payroll records and the <i>Life Insurance Election</i> form for two of the 25 employees whose information we reviewed. We identified 32 of 223 CFC entries in the Postal Service's payroll system that had different campaign names and addresses than those the OPM provided. We also identified 81 of 85,824 employees whose campaign codes in the Postal Service's payroll system did not match the OPM campaign codes associated with the employee's work location. This included 13 employees at nine work locations who contributed to campaigns for which there were no official campaign codes. We did not make any recommendations.</p>			

Appendix B: Unmatched Combined Federal Campaign Codes

Duty Station Finance Number	City	County	State	CFC Code per the Postal Service	CFC Code per OPM	Number of Employees
020329	ANCHORAGE	ANCHORAGE	AK	0528	0030	1
050282	APTOS	SANTA CRUZ	CA	0096	0117	1
056854	SAN JOSE	SANTA CLARA	CA	0684	0106	1
057813	NEWBURY PARK	VENTURA	CA	0115	0096	1
058119	VENTURA	VENTURA	CA	0115	0096	7
078415	DENVER	DENVER	CO	0524	0141	12
079904	DENVER	DENVER	CO	0552	0141	2
079950	DENVER	DENVER	CO	0870	0141	1
080612	BRIDGEWATER	LITCHFIELD	CT	0005	0432	1
082530	WINDSOR	HARTFORD	CT	0990	0432	1
083348	WEST HARTFORD	HARTFORD	CT	0005	0432	4
087208	SOUTH GLASTONBURY	HARTFORD	CT	0005	0432	1
088364	UNIONVILLE	HARTFORD	CT	0005	0432	4
089490	WINDSOR	HARTFORD	CT	0990	0432	2
089904	WINDSOR	HARTFORD	CT	0571	0432	4
102025	WASHINGTON	DISTRICT OF COLUMBIA	DC	0712	0990	1
102032	WASHINGTON	DISTRICT OF COLUMBIA	DC	0728	0990	2
102109	WASHINGTON	DISTRICT OF COLUMBIA	DC	0642	0990	2
102616	WASHINGTON	DISTRICT OF COLUMBIA	DC	0432	0990	1
102922	WASHINGTON	DISTRICT OF COLUMBIA	DC	0751	0990	2
102931	WASHINGTON	DISTRICT OF COLUMBIA	DC	0458	0990	4
102937	WASHINGTON	DISTRICT OF COLUMBIA	DC	0106	0990	1
103010	WASHINGTON	DISTRICT OF COLUMBIA	DC	0189	0990	1
104009	WASHINGTON	DISTRICT OF COLUMBIA	DC	0452	0990	2
104039	WASHINGTON	DISTRICT OF COLUMBIA	DC	0655	0990	1
104081	WASHINGTON	DISTRICT OF COLUMBIA	DC	0655	0990	1
104184	WASHINGTON	DISTRICT OF COLUMBIA	DC	0217	0990	2

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FT-AR-15-010

Duty Station Finance Number	City	County	State	CFC Code per the Postal Service	CFC Code per OPM	Number of Employees
104344	WASHINGTON	DISTRICT OF COLUMBIA	DC	0189	0990	1
106437	WASHINGTON	DISTRICT OF COLUMBIA	DC	0728	0990	1
109802	WASHINGTON	DISTRICT OF COLUMBIA	DC	0589	0990	1
113370	GOLDENROD	ORANGE	FL	0975	0192	1
113585	GREENVILLE	MADISON	FL	0189	0185	1
115029	LAKE WORTH	PALM BEACH	FL	0211	0189	1
119570	WILLISTON	LEVY	FL	0189	0185	1
123125	NORTH METRO	DE KALB	GA	0839	0211	1
127634	ROYSTON	FRANKLIN	GA	0185	0211	6
163432	HARRISBURG	SALINE	IL	0249	0528	1
166774	ROCKFORD	WINNEBAGO	IL	0249	0259	1
168409	CHICAGO	COOK	IL	0528	0249	3
169904	CAROL STREAM	COOK	IL	0957	0249	2
172921	FORT WAYNE	ALLEN	IN	0005	0283	1
173588	MUNSTER	LAKE	IN	0283	0249	2
198526	TOPEKA	SHAWNEE	KS	0809	0524	1
204608	LEXINGTON	FAYETTE	KY	0685	0682	1
204786	LOUISVILLE	JEFFERSON	KY	0528	0351	1
216864	PALMETTO	ST LANDRY	LA	0372	0371	1
226450	OXFORD	OXFORD	ME	0391	0571	1
231386	CALLAWAY	ST MARYS	MD	0990	0405	1
239904	GAITHERSBURG	MONTGOMERY	MD	0405	0990	3
248102	BOSTON	SUFFOLK	MA	0621	0427	1
258231	PONTIAC	OAKLAND	MI	0453	0452	2
266369	EAGAN	HENNEPIN	MN	0655	0481	1
306646	OMAHA	DOUGLAS	NE	0141	0552	1
330075	ALLENDALE	BERGEN	NJ	0005	0589	1
330675	BERGENFIELD	BERGEN	NJ	0005	0589	4
332390	ELMWOOD PARK	BERGEN	NJ	0005	0589	3
333660	HILLSDALE	BERGEN	NJ	0005	0589	2
333661	WASHINGTON TOWNSH	BERGEN	NJ	0005	0589	4
334575	LODI	BERGEN	NJ	0005	0589	4

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Duty Station Finance Number	City	County	State	CFC Code per the Postal Service	CFC Code per OPM	Number of Employees
336330	PARAMUS	BERGEN	NJ	0005	0589	3
337487	EAST RUTHERFORD	BERGEN	NJ	0005	0589	1
338730	WALDWICK	BERGEN	NJ	0005	0589	3
339016	RIVERVALE	BERGEN	NJ	0005	0589	1
348384	SUNLAND PARK	DONA ANA	NM	0052	0606	1
352785	FAR ROCKAWAY	QUEENS	NY	0642	0626	1
353777	PLAINVIEW	ONONDAGA	NY	0642	0638	1
356165	ONEIDA	MADISON	NY	0631	0638	1
366350	RALEIGH	WAKE	NC	0106	0655	1
368204	CHARLOTTE	MECKLENBURG	NC	0772	0655	6
381670	CLEVELAND	CUYAHOGA	OH	0689	0684	1
382100	DAYTON	MONTGOMERY	OH	0682	0686	1
392750	ELGIN	COMANCHE	OK	0709	0712	1
394741	LAWTON	COMANCHE	OK	0709	0712	2
396490	PERRY	NOBLE	OK	0715	None	1
401872	CORVALLIS	BENTON	OR	0225	0728	1
412036	DILLSBURG	YORK	PA	0746	0749	2
412188	DUQUESNE	ALLEGHENY	PA	0005	0754	1
418203	BALA CYNWYD	PHILADELPHIA	PA	0746	0751	1
418213	PITTSBURGH	ALLEGHENY	PA	0684	0754	1
419184	WEXFORD	ALLEGHENY	PA	0005	0754	1
419923	PITTSBURGH	ALLEGHENY	PA	0684	0754	1
453621	GREENVILLE	GREENVILLE	SC	0211	0774	1
453624	GREENVILLE	GREENVILLE	SC	0773	0774	1
455720	MAYO	SPARTANBURG	SC	0774	0773	1
458800	TRAVELERS REST	GREENVILLE	SC	0773	0774	1
467146	RAPID CITY	PENNINGTON	SD	0990	0791	1
471562	CHATTANOOGA	HAMILTON	TN	0030	0805	1
473696	GREENBRIER	ROBERTSON	TN	0870	0811	1
476492	ONEIDA	SCOTT	TN	0808	0811	1
480510	BANDERA	BANDERA	TX	0852	None	2
481655	CHARLOTTE	ATASCOSA	TX	0852	None	2
482270	DALLAS	DALLAS	TX	0861	0839	1
488125	SARATOGA	HARDIN	TX	0845	None	1

Duty Station Finance Number	City	County	State	CFC Code per the Postal Service	CFC Code per OPM	Number of Employees
488307	HOUSTON	HARRIS	TX	0372	0845	1
488345	SILSBEE	HARDIN	TX	0845	None	1
489904	DALLAS	DALLAS	TX	0852	0839	1
489951	DALLAS	DALLAS	TX	0197	0839	1
498942	TREMONTON	BOX ELDER	UT	0005	0870	1
Total						171

Source: Postal Service payroll system and *Duty Station to CFC* crosswalk provided by the OPM.

Attachment A: Agreed Upon Procedures

SECTION 11

AGREED-UPON PROCEDURES

EMPLOYEE BENEFITS, WITHHOLDINGS, CONTRIBUTIONS AND SUPPLEMENTAL SEMIANNUAL HEADCOUNT REPORTING SUBMITTED TO THE OFFICE OF PERSONNEL MANAGEMENT

OBJECTIVE

To assist the Office of Personnel Management (OPM) in assessing the reasonableness of Retirement, Health Benefits, and Life Insurance withholdings and contributions as well as enrollment information submitted via the Semiannual Headcount Report. In addition, to assist OPM in identifying and correcting errors relating to processing and distributing Combined Federal Campaign (CFC) payroll deductions.

BACKGROUND

The Agreed-Upon Procedures (AUPs) relating to the submission to OPM of withholdings/contributions for Retirement, Health Benefits, and Life Insurance relate to the use of the Retirement and Insurance Transfer System (RITS). RITS is the authorized method of submitting withholding and contribution information to OPM. Agency payroll providers (APPs) that are technically unable to transmit benefit information to OPM via RITS may continue to submit withholdings and contributions via the hard copy SF-2812 (and SF-2812-A), "Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement" to OPM. The AUPs to be applied to those APPs submitting withholdings and contributions to OPM via the hard copy SF 2812 forms are similar to those for RITS.

In Fiscal Year (FY) 2011, procedures relating to CFC payroll deductions were added to the AUPs. OPM's Office of CFC Operations is responsible for overseeing the CFC program. This program consists of approximately 163 individual campaigns which enable federal employees to contribute to charitable organizations through pledge cards or electronically. OPM is responsible for ensuring it is in compliance with CFC regulations according to 5 CFR §950.

The additional procedures below, beginning with Step 7, were developed to assist in identifying and correcting significant errors in the processing of payroll deductions to the campaigns in a timely manner.

REQUIRED DOCUMENTATION/PROCEDURES

For employee benefit withholding and contributions, obtain the APP's September 2014 and March 2015 Semiannual Headcount Reports submitted to OPM and a summary of RITS submissions for September 2014 and the current fiscal year. For each program (retirement, health and life) select a total of three RITS submissions for September 2014 and the current FY 2015; two will coincide with the September 2014 and March 2015 Semiannual Headcount Report. Obtain payroll information for the periods covered by the RITS submissions selected.

For the CFC payroll deductions, obtain the following documentation for the federal agencies serviced by the APP:

- a) A list of all field offices/duty stations in existence during the fall 2014 CFC solicitation period (September 1, 2014 through December 31, 2014) for each federal agency serviced. The list must include either OPM Office Duty Station Code or the county, city, state, and zip code for the field office.
- b) A list of all local CFC campaigns and the areas they cover. This list should be obtained directly from the OPM CFC by sending an e-mail request to cfc@opm.gov. The subject line of the e-mail should be "Payroll Office AUPs–2014 CFC Campaign Location List Request."
- c) A list of accounting codes used by the APP to identify each local CFC campaign. The list should include the accounting code, name of campaign, name of Principal Combined Fund Organization (PCFO) for that campaign, and address of PCFO.
- d) A report of all employees with CFC deductions from the RITS submission selected to coincide with the March 2015 Semiannual Headcount. The report must include each employee's official duty station location and the APP's accounting code identifying the campaign to which each employee's funds are being distributed.

Note: Hereinafter, the term payroll information refers to all payroll information, whether it is a payroll register, payroll data files, or other payroll support data.

1. Compare RITS submission data to the payroll information by performing the following procedures (Note: For cross-servicing agencies, if the internal controls are the same for all agencies serviced, it is only necessary to perform this procedure for one agency):
 - 1.a. Recalculate the mathematical accuracy of the payroll information.
 - 1.b. Recalculate the mathematical accuracy of each RITS submission for the payroll information selected in step 1.a.
 - 1.c. Compare the employee withholding information at the aggregate level for Retirement, Health Benefits, and Life Insurance (as adjusted for reconciling items) shown on the payroll information obtained in step 1.a. to the related amounts shown on the RITS submission for the corresponding period.

Report any differences for each of the Retirement, Health Benefits, and Life Insurance (categories) for step 1.c. that are over one percent of the aggregate amount reported for each of the three categories. Obtain a management official name, an explanation, telephone number, and an email address for the differences above the one percent threshold.

2. Perform detail testing of a random sample of transactions as follows:

2.a. Randomly select a total of 25 individuals who were in the payroll system for all three of the RITS submissions selected above that meet all the following criteria. In addition, 1) randomly select five individuals who are under Federal Employees Revised Annuity Employees System (FERS-RAE) to test that their FERS-RAE contribution rate was calculated correctly and 2) randomly select five individuals who are under Further Revised Annuity Employees System (FERS-FRAE) to test that their FERS-FRAE contribution rate was calculated correctly.*

- covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS)
- enrolled in the Federal Employees Health Benefits Program;
- covered by Basic Life Insurance; and
- covered by at least one Federal Employees' Group Life Insurance (FEGLI) optional coverage (Option A, B, or C).

**Note: Employees covered by FERS include Federal employees covered by Federal Employees Revised Annuity Employees (FERS-RAE) - effective date January 1, 2013. For more information and the FERS-RAE contribution rates, see BAL 12-104 available on the OPM Web site at <http://www.opm.gov/retire/pubs/bals/2012/12-104.pdf>*

In addition, employees covered by FERS also include Federal employees covered by Further Revised Annuity Employees (FERS-FRAE) - effective date January 1, 2014. For more information and the FERS-FRAE contribution rates, see BAL 14-102 and BAL 14-107 available on the OPM Web site at <http://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/>

If a payroll provider has not implemented FERS-FRAE rates, there is no need to test for FRAE withholding. Then, the payroll provider must document that fact in its AUPs report as well as the "management's response," including a listing of what other agencies are affected.

2.b. Obtain the following documents, either in electronic or hard copy format, from the Official Personnel File (OPF) for each individual selected in step 2.a. Hard copies can be originals or certified copies.

- All Notifications of Personnel Actions (SF-50) covering the pay periods in the RITS submissions chosen;
- The Health Benefits Election Form (SF-2809) covering the pay periods in the RITS submissions chosen or, if applicable, obtain a report (via the agency personnel

office) from the agency's automated system that allows participants to change benefits, (e.g., Employee Express), for any Health Benefits transactions in that system for the individuals selected in step 2.a. (note: a new SF-2809 is needed only if an employee is changing health benefit plans, therefore the form could be many years old); and

- For Health Benefits, compare date of transaction with date on the certified copy of the SF-2809 or the agency's automated system report obtained above to identify whether the health benefit information to be used in the step 2.f. covers the pay periods in the RITS submissions chosen.
- The Life Insurance Election Form (SF-2817) covering the pay periods in the RITS submission chosen (note: a new SF-2817 is needed only if an employee is changing life insurance coverage, therefore the form could be many years old).

2.c. For each individual selected in step 2.a., compare the base salary used for payroll purposes and upon which withholdings and contributions generally are based to the base salary reflected on the employee's SF-50. Report any differences resulting from this step and obtain management's explanation for the differences.

2.d. For Retirement for each individual selected in step 2.a., compare the retirement plan code from the employee's SF-50 to the plan code used in the payroll system. Report any differences resulting from this step and obtain management's explanation for the differences.

2.e. For each individual selected in step 2.a., calculate the retirement amount to be withheld and contributed for the plan code from the employee's SF-50, by multiplying the base salary from the employee's SF-50 by the official withholding and contribution rates required by law. Compare the calculated amounts to the actual amounts withheld and contributed for the retirement plan. Report any differences resulting from this step and obtain management's explanation for the differences.

2.f. For Health Benefits for each individual selected in step 2.a., compare the employee withholdings and agency contributions to the official subscription rates issued by OPM for the plan and option elected by the employee, as documented by an SF-2809 in the employee's OPF or automated system that allows the participant to change benefits (e.g., Employee Express.) Report any differences resulting from this step and obtain management's explanation for the differences. The Health Benefits rates can be found on OPM's website at <http://www.opm.gov/insure/health/rates/index.asp>.

2.g. For Life Insurance for each individual selected in step 2.a., confirm that Basic Life Insurance was elected by the employee by inspecting the SF-2817 documented in the employee's OPF. Report any differences resulting from this step and obtain management's explanation for the differences.

2.h. For each individual selected in step 2.a., calculate the withholding and contribution amounts for Basic Life Insurance using the following:

- For employee withholdings: Round the employee's annual base salary up to the nearest thousand dollars and add \$2,000. Divide this total by 1,000 and multiply by the rate required by law. The Life Insurance rates are on OPM's website at <http://www.opm.gov/insure/life/rates/index.asp>.
- For agency contributions: Divide the employee withholdings calculated above by two.

Compare the calculated employee withholdings and agency contributions to the actual amounts withheld and contributed for Basic Life Insurance. Report any differences resulting from this step and obtain management's explanation for the differences.

2.i. Also, for Life Insurance for each individual selected in step 2.a., compare optional coverage elected as documented on the SF-2817 in the employee's OPF to the optional coverage documented in the payroll system. Report any differences resulting from this step and obtain management's explanation for the differences.

2.j. For each individual selected in step 2.a., calculate the withholding amounts for optional life insurance using the following:

- For Option A: Locate the employee's age group using the age groups provided for Option A in the FEGLI Program Booklet. The withholding amount to be used is the rate listed in the FEGLI Program Booklet for that age group. Compare the calculated amount to the amount withheld for Option A Life Insurance. Report any differences resulting from this step and obtain management's explanation for the differences.
- For Option B: Inspect the SF-2817 to obtain the number of multiples chosen for Option B. Locate the employee's age group using the age groups provided for Option B in the FEGLI Program Booklet. Round the employee's annual rate of basic pay up to the next 1,000, divide it by 1,000, and then multiply it by the rate for the respective age group. Multiply this amount by the number of multiples chosen for Option B Life Insurance. Compare the calculated amount to the amount withheld for Option B Life Insurance. Report any differences resulting from this step and obtain management's explanation for the differences.
- For Option C: Inspect the SF-2817 to obtain the number of multiples chosen for Option C. Locate the employee's age group using the age groups provided for Option C in the FEGLI Program Booklet. Multiply the rate for the age group by the number of multiples chosen for Option C Life Insurance. Compare the calculated amount to the amount withheld for Option C Life Insurance. Report any differences resulting from this step and obtain management's explanation for the differences.

3. Randomly select a total of 10 employees who have no Health Benefits withholdings from the payroll information corresponding to the three RITS submissions selected above and perform the following for each employee selected.
 - 3.a. Obtain SF-2809s covering the pay periods in the RITS submissions chosen, either in electronic or hard copy format, from the selected employee's OPF or, if applicable, obtain a report (via the agency personnel office) from the agency's automated system that allows participants to change benefits, (e.g., Employee Express), for any Health Benefit transactions in that system for the individuals selected. Hard copies can be originals or certified copies. Inspect the documentation (that is, SF-2809 or the agency's system-generated report) to identify whether health benefits coverage was not elected. This can be identified in the following ways:
 - absence of an SF-2809 in the OPF and no election of coverage made through the agency's automated system that allows participants to change benefits (e.g., Employee Express); or
 - an SF-2809 in the OPF with Section E checked (indicating cancellation of coverage) and no later election of coverage through the agency's automated system that allows participants to change benefits (e.g., Employee Express); or
 - cancellation of coverage through the agency's automated system that allows participants to change benefits (e.g., Employee Express) and no later election of coverage with an SF-2809.
 - 3.b. Compare the result in step 3.a. to the RITS submissions. Report any differences resulting from this step and obtain management's explanation for the differences.
4. Randomly select a total of 10 employees who have no Life Insurance withholdings from the payroll information corresponding to the three RITS submissions selected above and perform the following for each employee selected.
 - 4.a. Obtain the SF-2817s covering the pay periods in the RITS submissions chosen, either in electronic or hard copy format, from the selected employee's OPF. Hard copies can be originals or certified copies. Inspect the SF-2817 to identify that the employee waived or cancelled Basic Life Insurance coverage.
 - 4.b. Compare the result in step 4.a. to the RITS submissions. Report any differences resulting from this step and obtain management's explanation for the differences.
5. Calculate the headcount reflected on the September 2014 and March 2015 Semiannual Headcount Report selected, as follows.
 - 5.a. Obtain existing payroll information (from step 1.a.) supporting each Supplemental Semiannual Headcount report. If existing payroll data are not available, obtain a payroll system query that summarizes detailed payroll data supporting each Supplemental Semiannual Headcount Report, as follows:

- Benefit Category (see Semiannual Headcount Report).
 - Dollar Amount of withholdings and contributions.
 - Number Enrolled (deductions made/no deductions).
 - Central Personnel Data File Code.
 - Aggregate Base Salary.
- 5.b. Recalculate the Headcount reflected on each Semiannual Headcount Report. If an electronic file is not available, a suggested method of recalculating the Headcount is as follows: (1) estimate the number of employees per payroll register page by counting the employees listed on several pages, (2) count the number of pages in the payroll register, and (3) multiply the number of employees per page by the number of pages, or count (using a computer audit routine) the number of employees on the payroll data file for the period.
- 5.c. Compare the payroll information obtained in step 5.a. and the calculated headcount from step 5.b. to the information shown on each respective Semiannual Headcount Report.
- 5.d. Report any differences (i.e., gross rather than net) greater than two percent between the headcount reporting on each respective agency Semiannual Headcount Report and payroll information from step 5.a. and the calculated Headcount from step 5.b. Obtain a management official name, telephone number, an email address, and an explanation for the differences.
6. Calculate employer and employee contributions for Retirement, Health Benefits, and Life Insurance as follows:
- 6.a. Calculate Retirement withholdings and contributions for the three pay periods selected in step 1.a., as follows:
- i. Multiply the CSRS and FERS payroll base by the withholding and employer contribution rates required by law.
 - ii. Compare the calculated totals from step 6.a.i. to the related amounts shown on the RITS submissions. Report any differences (i.e., gross rather than net) between the calculated amounts and the amounts reported on the RITS submissions that are greater than five percent of the amounts on the RITS submission, and obtain management's explanation for the differences.
- 6.b. Calculate employee withholdings and employer contributions for Health Benefits for the three pay periods selected in step 1.a., as follows:
- i. Multiply the number of employees enrolled in each Health Benefits plan and plan option by the employee withholdings and employer contributions for the plan and option.

- ii. Sum the totals in step 6.b.i. and compare the result with the Health Benefit withholding and contribution amounts shown on the RITS submissions. Report any differences (i.e., gross rather than net) between the calculated amounts and the amounts reported on the RITS submissions that are greater than five percent of the amounts on the RITS submission, and obtain management's explanation for the differences.
- 6.c. Calculate the Basic Life Insurance employee withholdings and employer contributions for the three pay periods selected in step 1.a., as follows:
- i. Obtain a payroll system query from APP personnel to obtain the total number of employees with Basic Life Insurance coverage and the aggregate annual basic pay for all employees with Basic Life Insurance.
 - ii. For employee withholdings: Add the product of 2,500 times the number of employees with Basic Life Insurance coverage from step 6.c.i above to the aggregate annual basic pay for all employees with Basic Life Insurance from step 6.c.i above to calculate the estimated total Basic Life Insurance coverage. Divide this calculated total by 1,000 and multiply it by the withholding rate required by law. The Life Insurance withholding rates are in the FEGLI Program Booklet on OPM's website.
 - iii. Compare the result in step 6.c.ii. to the withholdings for Basic Life Insurance coverage reported on the RITS submission. Report any difference (i.e., gross rather than net) between the estimate and the amount of withholdings reported on the RITS submission greater than five percent of the amounts on the RITS submission, and obtain management's explanation for the difference.
 - iv. For agency contributions: Divide the results of step 6.c.ii. by two—this approximates agency contributions, which are one-half of employee withholdings. Compare this result to the amount reported on the RITS submission. Report any differences (i.e., gross rather than net) between the estimated amount and the actual amount reported on the RITS submission that are greater than five percent of the amounts on the RITS submission, and obtain management's explanation for the differences.
- 6.d. Calculate the Option A, Option B and Option C Life Insurance coverage withholdings for the three pay periods selected by using the detail payroll reports used to reconcile the RITS reports in Step 1 on page 2. In addition to the information used for step 1, the reports should include the employee's date of birth, annual rate of basic pay, and number of multiples selected for Option B and C. Note: While similar to step 2.j., the calculation at this step is for the entire amount reported on the RITS submissions for the three pay periods selected, as opposed to the sample of 25 employees in step 2.j.

- i. Multiply the number of employees in each age group by the appropriate rate for Option A in accordance with the rates for age groups provided in the FEGLI Program Booklet.
 - ii. Compare the result in step 6.d.i. to the amounts for Option A reported on the RITS submissions. Report any differences (i.e., gross rather than net) greater than two percent of the amounts on the RITS submission, and obtain management's explanation for the differences.
 - iii. Segregate the reports for Option B and Option C insurance into the age groups shown in the FEGLI Program Booklet. For Option B, round the employee's annual rate of basic pay up to the next 1,000, then divide it by 1,000, and then multiply this amount by the rate for the age group by then multiplying this by the number of multiples:

(Annual rate of basic pay (rounded up) /1,000*rate*multiples).

For Option C, multiply the rate for the age group by the number of multiples chosen for each employee.
 - iv. Compare the result in step 6.d.iii. to the amounts for Option B and Option C, respectively, reported on the RITS submissions. Report any differences (i.e., gross rather than net) greater than two percent of the amounts on the RITS submission for Option B or Option C, and obtain management's explanation for the differences.
7. Compare the list of field offices/duty stations to the list of local CFC campaigns obtained from OPM's OCFCO.
 - 7.a. Determine in which campaign each field office/duty station is located.
(Note: It is possible for a field office/duty station to be in a location with no local CFC campaign.)
8. Compare the list of accounting codes to the identified campaigns for each field office/duty station.
 - 8.a. Determine the accounting code for each field office/duty station.
 - 8.b. Determine if the name of the campaign, PCFO, and address of the PCFO in the APP system agree to the information for that field office/duty station on the list of local CFC campaigns obtained from OPM's OCFCO.
9. Sort the report of all employees with CFC deductions by Official Duty Station.
 - 9.a. Compare the Official Duty Stations to the campaigns identified for those locations.

- 9.b. Compare the Accounting Codes for each employee with CFC deductions to the accounting code identified for that employee's Official Duty Station.
- Determine if this agrees to the accounting code identified for that field office/duty station.
10. From the list of accounting codes that do not agree with the field office/duty station, select a judgmental sample of four pledges per federal agency/department and request the hard copy pledge form or electronic copy of the pledge form from the agency/department.
- Determine if the pledge form used was for the correct campaign based on the official duty station.

CFC AUPs EVALUATION: Report as a finding the following:

- All instances in which the name of the campaign, PCFO, or address of the PCFO on the list of accounting codes from the Federal Payroll Office does not agree to the information on the list of all local CFC campaigns obtained from OPM's CFC. A chart detailing the differences should be included. Obtain management's explanation for the differences and a corrective action plan.
- All instances in which a federal agency has a CFC deduction for an employee whose official duty station is in an area with no local CFC campaign. A chart listing the Federal agency, the duty station code and the campaign receiving the funds should be included. Obtain management's explanation for the differences and a corrective action plan.
- All instances in which the accounting code for an employee with CFC deductions does not agree to the accounting code for that employee's Official Duty Station. A chart listing the Federal agency, the duty station code, the campaign used and the correct campaign should be included. Obtain management's explanation for the differences and a corrective action plan.
- All instances in which the incorrect pledge form was used by the employee. A chart listing the Federal agency, the correct campaign and the campaign used should be included.

REVISIONS TO INSTRUCTIONS

(from the Office of Management and Budget's *Bulletin No. 14-02, Audit Requirements for Federal Financial Statements*, dated October 21, 2013)

SECTION 11: AGREED-UPON PROCEDURES: RETIREMENT, HEALTH BENEFITS, AND LIFE INSURANCE WITHHOLDINGS/CONTRIBUTIONS AND SUPPLEMENTAL SEMIANNUAL HEADCOUNT REPORT SUBMITTED TO THE OFFICE OF PERSONNEL MANAGEMENT (OPM)

- 11.1 The Agreed-Upon Procedures (AUPs) enumerated in "Section 11" will be performed annually in accordance with Statements of Standards for Attestation Engagements, AT Section 201, "Agreed-Upon Procedures Engagements." The AUPs are designed to assist OPM in assessing the reasonableness of the Retirement, Health Benefits, and Life Insurance withholdings/contributions as well as semiannual headcount information submitted by agencies. The sufficiency of the procedures is solely the responsibility of the Inspector General and the Chief Financial Officer of OPM and will be applied to the 12 months ended August 31 of each year.
- 11.2 Refer to <http://www.opm.gov/oig> for the current AUPs required by OPM.
- 11.3 The auditor of each payroll provider will apply the AUPs separately (1) for each entity designated as subject to the CFO Act in Appendix A and (2) each entity not designated as subject to the CFO Act that has 30,000 or more employees.
- 11.4 Although the auditor must perform the AUPs separately for each applicable entity, the auditor will combine the results into a single report.
- 11.5 The auditor of the payroll provider is the principal auditor for the purpose of performing the AUPs. The auditors of customer agencies will participate to the extent necessary to ensure that the AUPs are performed effectively and within the established time frames.
- 11.6 In light of the migration of payroll servicing responsibilities under the e-Payroll initiative, the payroll provider as of March 31 will be responsible for assuring that the AUPs are performed and reported upon.
- 11.7 The report on the performance of the AUPs will be submitted **no later than October 1**. To the extent practical, management's comments on the auditor's findings will be included in the report.

- 11.8 If a specific AUP cannot be performed, the auditor must propose to OPM's Office of Inspector General (OIG) in writing no later than *July 15*, at the address in 11.10, an alternative procedure that would accomplish the AUPs' objectives. In addition, auditors will notify OPM's OIG by *September 1* of any other anticipated difficulties in completing the procedures and submitting the required report by October 1.
- 11.9 The principal auditor of the payroll provider is required to report all findings to OPM by adhering to the AICPA and Government Auditing Standards attestation standards format that are at <http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AT-00201.PDF> paragraphs 31 and 32, and <http://www.gao.gov/govaud/iv2011gagas.pdf> Chapter 5, respectively. This will assist and enhance OPM's ability to track each finding for all agencies.
- 11.10 Agencies will submit three copies of the report on the application of these procedures to OPM's OIG at the address below or, alternatively, may email the report as a PDF attachment to Nicole.Brown-Fennell@opm.gov, with a cc: to FinancialBALs@opm.gov.

U.S. Office of Personnel Management
Office of Inspector General
Room 6400
1900 E Street, NW
Washington, DC 20415
Attention: Nicole Brown-Fennell