



# ATTESTATION REPORT

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

September 21, 2016

al Gross	0.00	
ctions	0.00	
tions	0.00	Year to Date
time		
<b>EARNINGS TOTAL</b>	4,389.30	5,277.30
Taxable Gross	351.14	418.18
able Gross	3,971.12	4,859.12
utory & Other Deductions		Current Year to Date
eral Withholding	311.17	311.17
ditional Federal withholding	0.00	*****
te Withholding	135.96	135.96
ditional State withholding	0.00	*****
DI	0.00	55.06
icare	62.67	75.55
icare Buyout	0.00	0.00
	0.00	0.00
	0.00	351.14



September 21, 2016

**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-16-009

**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 (CFC) (managed by the OPM), accounting codes, and payroll data match OPM records.

**WHAT THE OIG FOUND:**

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

- For one of 10 employees reviewed, we could not verify a waiver of basic life insurance because the Life Insurance Election Form was not present in the employee's electronic Official Personnel Folder.

- The number of re-employed annuitants reported in the Supplemental Semiannual Headcount Report for September 2015 and March 2016 was incorrect. The Postal Service reported 21 re-employed annuitants for September 2015 and March 2016. However, the Postal Service employed only 19 and 15 re-employed annuitants in September 2015 and March 2016, respectively.
- The Postal Service incorrectly reported basic life insurance withholdings on Standard Form 2812, Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement, for all three pay periods reviewed.
- Thirteen of 151 CFC codes in the Postal Service payroll system were not present in the OPM records.
- CFC codes in the Postal Service's payroll system for 520 of 54,033 employees did not match the OPM campaign codes associated with the employee's work location.

As a result of our engagement, the Postal Service took corrective action on three of the five issues identified in this report: re-employed annuitants, basic life insurance withholdings, and CFC deductions.

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.

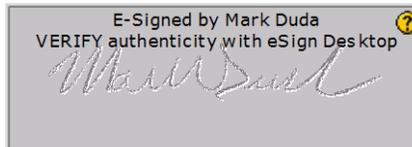
*[Link to review the entire report](#)*



September 21, 2016

**MEMORANDUM FOR:** JEFFREY C. 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-16-009)

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 16BG009FT000). 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 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 2015 and March 2016. 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 perform, 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.

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, Pricing and Investments, or Lorie Nelson, director, Finance, at 703-248-2100.

Attachment

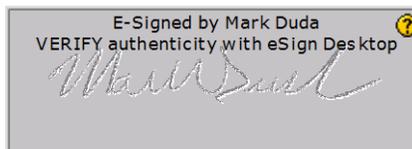
cc: Corporate Audit and Response Management  
Julie S. Moore



September 21, 2016

**MEMORANDUM FOR:** HONORABLE NORBERT E. VINT  
INSPECTOR GENERAL (ACTING)  
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-16-009)

This report presents the results of our performance 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 16BG009FT000).

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 2015 and March 2016. 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 perform, 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, Pricing and Investments, or Lorie Nelson, director, Finance, at 703-248-2100.

Attachment

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

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## Introduction

This report presents the results of our performance 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 16BG009FT000). 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 4, 2015, December 11, 2015, and March 4, 2016; the enrollment information reported in the Supplemental Semiannual Headcount Report (headcount report) for September 2015 and March 2016; and the Combined Federal Campaign (CFC) information for the payroll period ended March 4, 2016. See [Appendix A](#) for additional information about this 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 15-02, *Audit Requirement for Federal Financial Statements*. The OPM administers pension, health insurance, and life insurance benefits for federal agencies. Additionally, the OPM manages the CFC and ensures compliance with CFC regulations. See [Attachment A](#) for a description of the procedures.

## Summary

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

- For one of 10 employees reviewed we could not verify a waiver of basic life insurance because the Life Insurance Election Form was not present in the electronic Official Personnel Folder (eOPF).<sup>1</sup>
- The number of re-employed annuitants reported in the headcount report for September 2015 and March 2016 was incorrect. The Postal Service reported 21 re-employed annuitants for September 2015 and March 2016. However, the Postal Service employed only 19 and 15 re-employed annuitants in September 2015 and March 2016, respectively.
- The Postal Service incorrectly reported basic life insurance withholdings on the Standard Form 2812, Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement, for all three pay periods reviewed.

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<sup>1</sup> 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.

- Thirteen of 151 CFC codes in the Postal Service payroll system were not present in the OPM records.
- CFC codes in the Postal Service's payroll system for 520 of 54,033 employees did not match the OPM campaign codes associated with the employee's work location.

As a result of our engagement, the Postal Service took corrective action on three of the five issues identified in this report: re-employed annuitants, basic life insurance withholdings, and CFC deductions.

### Waiver of Basic Life Insurance

For one of 10 employees reviewed, we could not verify a waiver of basic life insurance because the Life Insurance Election Form was not present in the eOPF.<sup>2</sup> This occurred because Human Resources personnel accepted a form,<sup>3</sup> completed by the employee's prior federal employer, which indicated the employee had waived basic life insurance. Postal Service policy<sup>4</sup> states that previously submitted waivers are not accepted at the time an individual becomes an employee of the Postal Service. As a result, the Office of Federal Employees Group Life Insurance is at risk of paying life insurance benefits for which no premiums were withheld.

The Human Resources Shared Service Center (HRSSC)<sup>5</sup> staff acknowledged the employee's eOPF was incomplete and did not contain a Postal Service-obtained life insurance election form.

### Re-employed Annuitants

The number of re-employed annuitants reported on the September 2015 and March 2016 headcount report was incorrect.<sup>6</sup> The Postal Service reported 21 re-employed annuitants for September 2015 and March 2016. However, the Postal Service employed only 19 and 15 re-employed annuitants in September 2015 and March 2016, respectively. This occurred because the preparer incorrectly assumed the number of re-employed annuitants in the headcount report would update automatically. The re-employed annuitant's count of 21, carried forward from a previous headcount report, resulted in variances that exceeded the reporting threshold.

The Postal Service reported this error to the OPM. The OPM requested the Postal Service ensure correct data is reported in the future but did not require resubmission.

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<sup>2</sup> Procedure Number 4.a.

<sup>3</sup> Standard Form 75, Request for Preliminary Employment Data. Standard Form 75 is used to obtain pre-employment information from a different federal agency when an applicant's official personnel folder is not available for review.

<sup>4</sup> *Employee and Labor Relations Manual*, Chapter 5, Section 535.113, dated September 2015.

<sup>5</sup> The HRSSC is the Postal Service's national operational and processing center for personnel actions, including benefits administration.

<sup>6</sup> Procedure Number 5.c.

## Basic Life Insurance Withholdings

The Postal Service did not report any basic life insurance withholdings on Standard Form 2812, Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement, for all three pay periods reviewed.<sup>7</sup> Management reported withholdings from U.S. Postal Inspection Service and U.S. Postal Service Office of Inspector General (OIG) employees in the contributions column of Standard Form 2812. The Postal Service pays the full cost of basic life insurance for most employees. However, Postal Inspection Service and OIG employees are responsible for the employee share of basic life insurance premiums. These amounts, about \$35,000 each pay period,<sup>8</sup> should have been reported in the withholding column of Form 2812.

As a result of our review, in pay period 13, 2016,<sup>9</sup> management redesigned the template used to prepare Form 2812 to report basic life insurance withholdings in the correct column.

## Inactive Combined Federal Campaign Codes

We identified 13 of 151 campaigns in the Postal Service payroll system that were not present in the OPM records.<sup>10</sup> See [Table 1](#) for a list of the inactive campaigns.

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<sup>7</sup> Procedure Number 6.c.

<sup>8</sup> \$35,752.62 in pay period 19, 2015, \$34,943.77 in pay period 26, 2015, and \$35,566.41 in pay period 5, 2016.

<sup>9</sup> June 11 through 24, 2016.

<sup>10</sup> Procedure Number 8.b.

**Table 1. Inactive Campaign Codes**

CODE	CAMPAIGN NAME	CAMPAIGN ADDRESS
0140	Rocky Mountain CFC	PO Box 565 El Granada, CA 94018-0565
0194	Escarosa CFC	4051 Barrancas Ave Ste G PMB333 Pensacola, FL 32507-3482
0214	Columbus/Ft. Benning Reg CFC	PO Box 1157 Columbus, GA 31902-1157
0351	Ft. Campbell & W Kentucky CFC	PO Box 638 Ft. Campbell, KY 42223-0638
0506	Washington County CFC	PO Box 115 Greenville, MS 38702-0115
0520	Columbia Area CFC	PO Box 681 Columbia, MO 65205-0681
0627	Chemung & Steuben Cty CFC	300 Nasser Civic Ctr Ste 220 Corning, NY 14830-2846
0682	Ohio River Valley CFC	550 Main Street Ste 1-116 Cincinnati, OH 45202-5211
0710	McAlester Area CFC	PO Box 68 McAlester, OK 74502-0068
0746	Central Pennsylvania CFC	2235 Millennium Way Enola, PA 17025-1497
0748	Lebanon County CFC	PO Box 1164 Lebanon, PA 17042-1164
0774	CFC of Greenville County	105 Edinburgh Ct Greenville, SC 29607-2529
0926	Walla Walla Area CFC	PO Box 1134 Walla Walla, WA 99362-0022

Source: Postal Service payroll systems.

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. If inactive CFC codes are not removed from the Postal Service payroll system, there is a chance that CFC contributions could be sent to an inactive campaign.

Postal Service management agreed with our finding but stated they do not normally delete inactive codes from the payroll system because they may be needed for processing future adjustments.

## Combined Federal Campaign Deductions

Campaign codes in the Postal Service's payroll system for 520 of 54,033 employees<sup>11</sup> did not match the OPM campaign code associated with the employee's work location.<sup>12</sup> These included:

- 489 employees at 104 work locations who contributed to seven inactive campaign codes<sup>13</sup> that had been merged to a different code. This occurred because the HRSSC entered the seven inactive campaign codes into the payroll system without validating them to OPM data.
- 31 employees at 28 work locations who contributed to active campaigns associated with other work locations. The 31 employees included five employees assigned to work locations not associated with an official campaign.<sup>14</sup>

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 review, management corrected the inactive codes for the 489 employees and is working to resolve the remaining employees' incorrect codes. See [Appendix B](#) for a list of deductions for inactive campaigns and [Appendix C](#) for a list of deductions for incorrect campaigns.

We judgmentally selected four of the 520 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. We determined that all four employees used the correct campaign pledge form for their official duty station.

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.

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<sup>11</sup> The CFC withholdings and contributions for the 520 employees totaled \$7,684 for the pay period reviewed.

<sup>12</sup> Procedure Number 9.b.

<sup>13</sup> 0140, 0214, 0351, 0520, 0682, 0746, and 0774.

<sup>14</sup> Blacksburg, SC; Pearsall, TX; Scotland, TX; Sulphur Springs, TX; and Uvalde, TX.

## 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 11, 2016, the Postal Service employed more than 637,000 people (about 487,000 with benefits).

During each of the three payroll periods we reviewed,<sup>15</sup> the Postal Service withheld an average of more than \$85 million and contributed over \$301 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 headcount report to the OPM detailing the number of employees associated with each benefit category for September 2015 and March 2016.

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 HRSSC enters payroll deduction data, and the IT/ASC is responsible for disbursing the contributions to 151 campaigns.

The OPM correlates campaigns with work locations (cities, counties, and states). The Postal Service has about 32,000 locations, 1,100 of which are in work locations with no official campaign. During the payroll period reviewed, 54,033 Postal Service employees contributed \$620,717 to the campaigns through payroll deductions. Contributions are submitted to the campaigns via electronic funds transfer (EFT) using bank routing and account numbers. 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 headcount report.
- Confirm CFC program accounting codes and payroll data with OPM records.

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<sup>15</sup> These periods covered 47,815 employees who declined health benefits and 724 employees who declined life insurance coverage in all three pay periods reviewed.

To accomplish our objectives, we applied the agreed-upon procedures to the payroll periods ending September 4, 2015, and March 4, 2016, coinciding with the headcount reports for September 2015 and March 2016, respectively. We randomly selected another payroll period, ending December 11, 2015, for additional testing. We limited our CFC testing to one payroll period ending March 4, 2016.

We confirmed RITS data by verifying payroll source documents. We reviewed personnel documents for 45 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 2016 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>	<a href="#">FT-AR-15-010</a>	09/16/2015	None
<p><b>Report Results:</b> We identified issues related to life insurance elections, semiannual health benefits reporting, and CFC information. Specifically, our review of 25 employees' life insurance elections found one employee's elections could not be verified because the required forms were not present in the official records. Also, while total health benefits reported to OPM in March 2015 were correct, the allocation between withholdings and contributions was not correct. Additionally, three of 151 CFCs in the Postal Service's payroll system had different campaign names or addresses than those provided by the OPM. Further, 171 of 61,308 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>	<a href="#">FT-AR-14-012</a>	09/19/2014	None
<p><b>Report Results:</b> 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>			

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-14-002	11/08/2013	None
<p><b>Report Results:</b> We found a difference between the life insurance election information in payroll records and the Life Insurance Election 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>			

**Appendix B: CFC Deductions for Inactive Campaigns**

Duty Station Finance Number	City	State	County	Inactive CFC Code per USPS	Active CFC Code Per OPM	Number of Employees
070494	AURORA	CO	ADAMS	0140	0141	1
071201	ARLINGTON	VA	CAMPBELL	0140	0141	1
071332	CANON CITY	CO	FREMONT	0140	0141	4
071807	COLORADO SPRINGS	CO	EL PASO	0140	0141	23
071808	COLORADO SPRINGS	CO	EL PASO	0140	0141	2
071809	COLORADO SPRINGS	CO	EL PASO	0140	0141	5
071810	COLORADO SPRINGS	CO	EL PASO	0140	0141	3
071812	COLORADO SPRINGS	CO	EL PASO	0140	0141	7
071813	COLORADO SPRINGS	CO	EL PASO	0140	0141	2
071814	COLORADO SPRINGS	CO	EL PASO	0140	0141	8
071815	COLORADO SPRINGS	CO	EL PASO	0140	0141	14
071817	COLORADO SPRINGS	CO	EL PASO	0140	0141	3
071820	COLORADO SPRINGS	CO	EL PASO	0140	0141	13
072329	AURORA	CO	DENVER	0140	0141	1
072331	DENVER	CO	DENVER	0140	0141	1
072334	DENVER	CO	DENVER	0140	0141	3
072338	DENVER	CO	DENVER	0140	0141	1
072340	DENVER	CO	DENVER	0140	0141	2
072341	DENVER	CO	DENVER	0140	0141	4
072348	DENVER	CO	DENVER	0140	0141	1
072349	DENVER	CO	DENVER	0140	0141	1
072352	DENVER	CO	DENVER	0140	0141	3
072355	DENVER	CO	DENVER	0140	0141	2
072356	DENVER	CO	DENVER	0140	0141	1
072357	DENVER	CO	DENVER	0140	0141	38
072358	DENVER	CO	DENVER	0140	0141	2
072359	DENVER	CO	DENVER	0140	0141	25
072368	AURORA	CO	ADAMS	0140	0141	3

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

**FT-AR-16-009**

<b>Duty Station Finance Number</b>	<b>City</b>	<b>State</b>	<b>County</b>	<b>Inactive CFC Code per USPS</b>	<b>Active CFC Code Per OPM</b>	<b>Number of Employees</b>
072369	AURORA	CO	ADAMS	0140	0141	2
072371	DENVER	CO	DENVER	0140	0141	11
072884	ENGLEWOOD	CO	ARAPAHOE	0140	0141	1
072970	EVERGREEN	CO	JEFFERSON	0140	0141	3
072976	DENVER	CO	DENVER	0140	0141	1
073726	GOLDEN	CO	JEFFERSON	0140	0141	2
075582	LITTLETON	CO	ARAPAHOE	0140	0141	1
075583	LITTLETON	CO	ARAPAHOE	0140	0141	1
075584	LITTLETON	CO	ARAPAHOE	0140	0141	1
075670	LOUISVILLE	CO	BOULDER	0140	0141	1
076372	MONUMENT	CO	EL PASO	0140	0141	3
077020	PARKER	CO	DOUGLAS	0140	0141	1
077092	PENROSE	CO	FREMONT	0140	0141	1
077452	PUEBLO	CO	PUEBLO	0140	0141	1
077455	PUEBLO	CO	PUEBLO	0140	0141	8
077456	PUEBLO	CO	PUEBLO	0140	0141	6
079432	WALSENBURG	CO	HUERFANO	0140	0141	1
079630	WHEAT RIDGE	CO	JEFFERSON	0140	0141	1
079904	DENVER	CO	DENVER	0140	0141	4
079950	DENVER	CO	DENVER	0140	0141	1
121991	COLUMBUS	GA	MUSCOGEE	0214	0185	1
121996	COLUMBUS	GA	MUSCOGEE	0214	0185	5
122926	ELLAVILLE	GA	SCHLEY	0214	0185	1
202884	FORT CAMPBELL	KY	CHRISTIAN	0351	0283	11
471694	CLARKSVILLE	TN	MONTGOMERY	0351	0283	3
472196	CUNNINGHAM	TN	MONTGOMERY	0351	0283	1
475671	MEMPHIS	TN	SHELBY	0351	0283	1
280822	BOONVILLE	MO	COOPER	0520	0528	1
281680	COLUMBIA	MO	BOONE	0520	0528	25
281682	COLUMBIA	MO	BOONE	0520	0528	6
281685	COLUMBIA	MO	BOONE	0520	0528	6
283654	HERMANN	MO	GASCONADE	0520	0528	3
283828	HOLTS SUMMIT	MO	CALLAWAY	0520	0528	1
283948	HUNTSVILLE	MO	RANDOLPH	0520	0528	3
284158	JEFFERSON CITY	MO	CALLAWAY	0520	0528	1

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

**FT-AR-16-009**

<b>Duty Station Finance Number</b>	<b>City</b>	<b>State</b>	<b>County</b>	<b>Inactive CFC Code per USPS</b>	<b>Active CFC Code Per OPM</b>	<b>Number of Employees</b>
284159	JEFFERSON CITY	MO	CALLAWAY	0520	0528	3
285394	MOBERLY	MO	RANDOLPH	0520	0528	3
286078	OWENSVILLE	MO	GASCONADE	0520	0528	1
201764	COVINGTON	KY	KENTON	0682	0283	2
204607	LEXINGTON	KY	FAYETTE	0682	0283	1
381603	CINCINNATI	OH	HAMILTON	0682	0283	5
381605	CINCINNATI	OH	HAMILTON	0682	0283	37
381606	CINCINNATI	OH	HAMILTON	0682	0283	7
381607	CINCINNATI	OH	HAMILTON	0682	0283	3
381611	CINCINNATI	OH	HAMILTON	0682	0283	5
381614	CINCINNATI	OH	HAMILTON	0682	0283	4
381623	CINCINNATI	OH	HAMILTON	0682	0283	1
381626	CINCINNATI	OH	HAMILTON	0682	0283	2
381627	CINCINNATI	OH	HAMILTON	0682	0283	1
381629	CINCINNATI	OH	HAMILTON	0682	0283	1
386013	NORTH BEND	OH	HAMILTON	0682	0283	2
075581	LITTLETON	CO	ARAPAHOE	0746	0141	1
410552	BELLEFONTE	PA	CENTRE	0746	0141	1
413484	HARRISBURG	PA	DAUPHIN	0746	0141	1
413485	HARRISBURG	PA	DAUPHIN	0746	0141	7
413487	HARRISBURG	PA	DAUPHIN	0746	0141	3
413952	IRVONA	PA	CLEARFIELD	0746	0141	1
450200	ANDERSON	SC	ANDERSON	0774	0773	1
451700	CLEVELAND	SC	GREENVILLE	0774	0773	1
453100	FOUNTAIN INN	SC	GREENVILLE	0774	0773	7
453620	GREENVILLE	SC	GREENVILLE	0774	0773	6
453621	GREENVILLE	SC	GREENVILLE	0774	0773	1
453622	GREENVILLE	SC	GREENVILLE	0774	0773	4
453623	GREENVILLE	SC	GREENVILLE	0774	0773	14
453624	GREENVILLE	SC	GREENVILLE	0774	0773	7
453625	GREENVILLE	SC	GREENVILLE	0774	0773	12
453626	GREENVILLE	SC	GREENVILLE	0774	0773	9
453660	GREER	SC	GREENVILLE	0774	0773	6
455600	MARIETTA	SC	GREENVILLE	0774	0773	4
455680	MAULDIN	SC	GREENVILLE	0774	0773	4

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

**FT-AR-16-009**

<b>Duty Station Finance Number</b>	<b>City</b>	<b>State</b>	<b>County</b>	<b>Inactive CFC Code per USPS</b>	<b>Active CFC Code Per OPM</b>	<b>Number of Employees</b>
456960	PIEDMONT	SC	GREENVILLE	0774	0773	5
458180	SIMPSONVILLE	SC	GREENVILLE	0774	0773	5
458181	SIMPSONVILLE	SC	GREENVILLE	0774	0773	4
458680	TAYLORS	SC	GREENVILLE	0774	0773	9
458700	TIGERVILLE	SC	GREENVILLE	0774	0773	1
458800	TRAVELERS REST	SC	GREENVILLE	0774	0773	3
<b>104</b>	<b>Total</b>					<b>489</b>

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

**Appendix C: CFC Deductions for Incorrect Campaigns**

Duty Station Finance Number	City	State	County	CFC Code per USPS	CFC Code Per OPM	Number of Employees
017870	SUMMERDALE	AL	BALDWIN	0005	0006	1
054194	LA QUINTA	CA	RIVERSIDE	0096	0105	1
056060	PIONEER	CA	AMADOR	0095	0106	1
163432	HARRISBURG	IL	SALINE	0249	0528	1
166006	OTTAWA	IL	LA SALLE	0249	0259	1
167656	TAMMS	IL	ALEXANDER	0005	0528	1
176083	NEW HAVEN	IN	ALLEN	0005	0283	1
182511	DONAHUE	IA	SCOTT	0432	0259	1
224455	LIMESTONE	ME	AROOSTOOK	0005	0571	1
233582	GAMBRILLS	MD	ANNE ARUNDEL	0005	0405	1
234176	HARWOOD	MD	ANNE ARUNDEL	0005	0405	1
327440	SANBORNVILLE	NH	CARROLL	0005	0571	1
335160	MIDLAND PARK	NJ	BERGEN	0005	0589	1
335790	NEW MILFORD	NJ	BERGEN	0005	0589	1
336015	NORWOOD	NJ	BERGEN	0005	0589	2
350925	BREWSTER	NY	PUTNAM	0638	0639	2
382156	DELPHOS	OH	ALLEN	0005	0684	2
384718	MC COMB	OH	HANCOCK	0283	0684	1
410400	BAIRDFORD	PA	ALLEGHENY	0005	0754	1
445000	PAGO PAGO	AS	AMERICAN SAMOA	0225	0900	1
450660	BLACKSBURG	SC	CHEROKEE	0655	N/A	1
486895	PEARSALL	TX	FRIO	0852	N/A	1
488165	SCOTLAND	TX	ARCHER	0839	N/A	1
488725	SULPHUR SPRINGS	TX	HOPKINS	0839	N/A	1
489200	UVALDE	TX	UVALDE	0852	N/A	1
510011	GREENSBORO	NC	DAVIE	0990	0655	1
519366	VIRGINIA BEACH	VA	VIRGINIA BEACH (IND CITY)	0896	0897	1
554332	KEYSER	WV	MINERAL	0405	0407	1
<b>28</b>	<b>Total</b>					<b>31</b>

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

## 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 2015 and March 2016 Semiannual Headcount Reports submitted to OPM and a summary of RITS submissions for September 2015 and the current fiscal year. For each program (retirement, health and life) select a total of three RITS submissions for September 2015 and the current FY 2016; two will coincide with the September 2015 and March 2016 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 2015 CFC solicitation period (September 1, 2015 through December 31, 2015) 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-compliance@opm.gov](mailto:cfc-compliance@opm.gov). The subject line of the e-mail should be "Payroll Office AUPs-2015 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 2016 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.

- 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).

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 the payroll 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 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 agency 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 whether the employee waived for 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 2015 and March 2016 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.
  - 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 Basic Life Insurance as follows:

6.a. Calculate employer and employee 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 Basic 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 Basic 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 then multiplying this by the number of multiples:  
  
$$(\text{Annual rate of basic pay (rounded up)} / 1,000 * \text{rate} * \text{multiples}).$$
  
  
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 with 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:

- a) 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.

- b) 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.
- c) 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.
- d) 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. 15-02, Audit Requirements for Federal Financial Statements*, dated August 4, 2015)

### **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) will be performed annually in accordance with AICPA Professional Standards, AT Section 201, *Agreed-Upon Procedures Engagements*, and GAGAS Chapter 5. 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 auditor responsible 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 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 auditor of the payroll provider is required to report all findings to OPM by adhering to AICPA Professional Standards, AT Section 201, paragraphs 24 through 26 and 31 through 34; and Generally Accepted Government Auditing Standards Chapter 5. 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](mailto:Nicole.Brown-Fennell@opm.gov), with a cc: to [FinancialBALs@opm.gov](mailto:FinancialBALs@opm.gov).

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