



ATTESTATION REPORT

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

September 19, 2014



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**Attestation Report - Independent Report on Employee Benefits,
Withholdings, and Contributions, and Supplemental Semiannual
Headcount Reporting Submitted to the Office of Personnel Management**
Report Number FT-AR-14-012

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) program accounting codes (managed by the OPM) and payroll data match OPM records.

WHAT THE OIG FOUND:

Although we identified no reportable issues with either retirement or health benefits data, we did identify issues related to life insurance, base salaries reporting, and CFC data. Specifically, our review of 35 employees' life insurance elections found:

- A basic life insurance premium was incorrectly calculated for one employee.
- Life insurance elections could not be verified because *Life Insurance Election Forms* were not present in six employees' Electronic Official Personnel Folders.
- Life insurance elections documented in the payroll system were incorrect for five employees.

Also, employee aggregate base salaries reported to OPM did not always reflect the actual salaries paid. The OPM uses this data for financial management and actuarial purposes.

In addition, four of 164 CFCs in the Postal Service's payroll system had different campaign addresses than those provided by the OPM. Further, employees' campaign codes in the payroll system did not match the OPM campaign code associated with the employee's work location for 186 of 65,882 employees.

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.

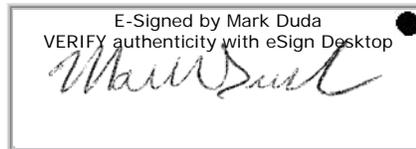
[*Link to review the entire report*](#)



September 19, 2014

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

MAURA A. McNEARNEY
VICE PRESIDENT, CONTROLLER



FROM: Mark W. Duda
Assistant Inspector General
for Audit

SUBJECT: Attestation Report – Independent Report on Employee Benefits, Withholdings, and Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management (Report Number FT-AR-14-012)

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 14BM009FT000). 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 2013 and March 2014. 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

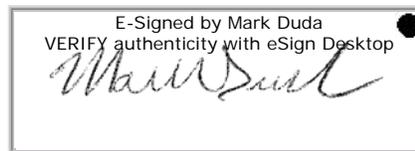
cc: Corporate Audit and Response Management
Julie S. Moore



September 19, 2014

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-14-012)

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 14BM009FT000).

At the request of the OPM Office of Inspector General (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 2013 and March 2014. Finally, we confirmed the Combined Federal Campaign (CFC) program 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
William W. Scott, Jr.

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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 14BM009FT000). 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 6, 2013, March 7, 2014, and May 2, 2014; the enrollment information reported in the *Supplemental Semiannual Headcount Report* for September 2013 and March 2014; and the Combined Federal Campaign (CFC) program information for the payroll period ended March 7, 2014. See [Appendix A](#) for additional information about this attestation engagement and [Attachment A](#) for a description of the procedures.

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.

Conclusion

Although we were able to verify the employee withholdings, Postal Service contributions, and enrollment information reported and transferred to the OPM for health benefits and retirement, we did identify issues related to life insurance, semiannual base salaries reporting, and CFC information. Specifically:

- A basic life insurance premium was incorrectly calculated for one of 35 employees.
- Life insurance elections for six of 35 employees could not be verified because *Life Insurance Election Forms* were not present in their Electronic Official Personnel Folders (eOPFs).¹
- Life insurance elections documented in the payroll system were incorrect for five of 35 employees.
- Aggregate base salaries for employees under the Federal Employee Retirement System (FERS) reported to the OPM on the September 2013 and March 2014 *Supplemental Semiannual Headcount Report* did not always reflect the actual salaries paid to those employees.

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.

- The Postal Service's payroll system had a different campaign address than those provided by the OPM in four of 164 campaigns.
- Employees' campaign codes in the Postal Service's payroll system did not match the OPM campaign code associated with the employee's work location for 186 of 65,882 employees.

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

Basic Life Insurance Premium

Out of 35 employees' basic life insurance premium calculations reviewed, one was incorrectly calculated.² Specifically, the Postal Service calculated the premium based on higher level pay.³ However, the employee was paid at the base rate on the last day of the pay period. Postal Service policy states basic life insurance premiums should be calculated using higher level pay only when the employee received higher level pay on the last day of the pay period.⁴ This occurred because the payroll system's Last Day (LD) indicator for the higher level pay was set to "Y" (Yes). The system calculates basic life insurance premiums based on the higher level salary when the LD indicator in week 2 of the pay period is set to "Y." As a result, the Postal Service overpaid the life insurance premium contribution by 45 cents, and the employee received increased insurance coverage during the pay period reviewed. The OPM requires we report any incorrectly calculated basic life insurance premiums.

The Postal Service was aware of the issue and stated the incorrect calculation was the result of an error in the Time and Attendance Collection System application. Management corrected the error during the week of August 25, 2014. We did not validate the correction.

Life Insurance Election Forms

Life insurance elections for six of 35 employees could not be verified because *Life Insurance Election Forms* were not present in their eOPFs. *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 forms.

² Procedure 2.h.

³ Employees receive higher level pay when they are temporarily assigned to perform the duties or to assume the responsibilities of a ranked or evaluated position that is at a higher level than that of the employee's official position.

⁴ *Employee and Labor Relations Manual* (ELM), Chapter 5, Employee Benefits, dated September 2013.

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

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.

Four of the six employees did not submit *Life Insurance Election Forms* within 31 days after becoming eligible for optional life insurance. The Postal Service did not complete forms declining the optional life insurance for them, as required by Postal Service policy.⁷ Therefore, no *Life Insurance Election Forms* exist for these four employees. HRSSC personnel stated that the procedures have changed and they no longer are required to complete *Life Insurance Election Forms* for employees who do not submit them. However, neither the ELM nor the standard operating procedures have been updated to reflect this change.

HRSSC did not explain why the remaining two employees' *Life Insurance Election Forms* were missing. However, as a result of our review, HRSSC personnel completed a "Federal Employees' Group Life Insurance (FEGLI):⁸ Missing Document – Note to File" to serve as the official record of these two employees' insurance elections.

Life Insurance Elections in Payroll System

The life insurance elections documented in the payroll system during the period reviewed were incorrect for five of 35 employees.⁹ The payroll system records indicated that all five employees had elected basic coverage plus option A and one multiple each of options B and C (code J1). The original PS Forms 50 were processed with the election code J1. However, all five employees should have been covered by basic life insurance only (code C0). The election of code J1 was an error by the employee who processed the PS Forms 50. The Postal Service corrected the error in the next pay period, when new PS Forms 50 were issued to retroactively change the life insurance code to the appropriate election.

Because the employees received optional life insurance in error during the pay period we reviewed, they were charged a total of \$35.22 for life insurance benefits they did not elect. The Postal Service refunded these premiums on August 29, 2014.

Aggregate Base Salary

FERS¹⁰ aggregate base salary amounts reported on OPM Form 1523, *Supplemental Semiannual Headcount Report*, for September 2013 and March 2014 did not accurately reflect the actual salaries paid to those employees. The Postal Service calculates the salaries reported on OPM Form 1523 by dividing the dollar amount of the employee

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 ELM Chapter 5, 535.122.

⁸ FEGLI is a life insurance program for Federal and Postal Service employees and annuitants administered by the OPM.

⁹ Procedure Number 2.i.

¹⁰ Includes Regular and Law Enforcement Employees under either FERS, FERS-Revised Annuity Employees (RAE) or FERS-Further Revised Annuity Employees (FRAE).

contributions by the employee contribution retirement rate for FERS Regular and FERS Law Enforcement employees, which are 0.8 and 1.3 percent, respectively. This method does not accurately reflect actual salaries paid because it ignores the increased employee contribution rates in effect for FERS-RAE and FERS-FRAE employees.¹¹ See Table 1 for the contribution rates for the new retirement plans that were not used in the calculation.

Table 1. FERS Employee Withholding Contribution Rates

Retirement Plan	Contribution Rates
FERS-RAE-Regular	3.1%
FERS-RAE-Law Enforcement	3.6%
FERS-FRAE-Regular	4.4%
FERS-FRAE-Law Enforcement	4.9%

Source: OPM Benefit Administration Letters 12-104 and 14-102.

By calculating the aggregate base salary using the lower FERS contribution rates, the Postal Service over-reported aggregate base salaries on the semiannual report to the OPM.

We compared the actual aggregate base salary amounts extracted from the Postal Service payroll system to the amounts reported to the OPM on Form 1523.¹² We determined three of the four FERS aggregate base salary amounts reported in September 2013 and March 2014 differed from the actual amounts by more than the 2 percent tolerance allowed by the OPM. See Table 2 for the differences between the reported and actual base salary amounts.

Table 2. Difference Between Reported and Actual FERS Aggregate Base Salary Amounts

FERS Group	September 2013 Variance	March 2014 Variance
FERS-Regular Employees	1.44%	4.63%
FERS-Law Enforcement Employees	4.57%	6.65%

Source: OIG analysis of data from Postal Service payroll systems and OPM Form 1523.

The OPM uses the information reported on the *Supplemental Semiannual Headcount Report* for financial management and actuarial determinations. Over-reported aggregate base salaries could cause the OPM to make inaccurate determinations related to the Postal Service's retirement liability. Postal Service management stated they plan to revise the methodology to calculate aggregate base salary amounts and that update will be reflected on the next OPM Form 1523 due September 2014. We did not validate the

¹¹ The FERS-RAE employee contribution rates apply to employees hired on or after January 1, 2013, and before January 1, 2014. The FERS-FRAE contribution rates apply to employees hired on or after January 1, 2014.

¹² Procedure 5.c.

accuracy of the revised methodology. We plan to review as part of our FY 2015 attestation engagement work.

Combined Federal Campaign Addresses

Four of 164 campaigns in the Postal Service's payroll system had different campaign addresses than those provided by the OPM.¹³ See Table 3 for the list of address differences that we identified and provided to Postal Service management.

Table 3. Unmatched Combined Federal Campaign Addresses

Code	Name/Address per Postal Service	Name/Address per OPM	Differences		
			Name	Address	Zip
0355	CFC of N. Central KY - S. IN - Ft. Knox c/o Metro United Way 334 E. Broadway Louisville, KY 40202-1739	CFC of N. Central KY - S. IN - Ft. Knox c/o Metro United Way 334 E. Broadway P.O. Box 4488 Louisville, KY 40204-0488		X	X
0670	Southwest North Dakota CFC 505 N 4th St PO BOX 2111 Bismarck, ND 58501	Southwestern North Dakota CFC PO BOX 2111 Bismarck, ND 58502			X
0709	Fort Sill & Lawton CFC c/o United Way of Lawton-Fort Sill PO Box 66 Lawton, OK 73502	Fort Sill & Lawton CFC c/o United Way of Lawton-Fort Sill 1116 SW A Ave Lawton, OK 73502		X	
0838	Coastal Bend Area CFC C/O Community Health Charities Of Texas 16414 San Pedro Ave, Suite 940 San Antonio, TX 78230	Coastal Bend Area CFC C/O Community Health Charities Of Texas 16414 San Pedro Ave #940 San Antonio, TX 78232			X
4	TOTALS		0	2	3

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

Additionally, 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.

The Postal Service uses electronic funds transfer (EFT) to transmit employee contributions to the campaigns; therefore, 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 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

¹³ Procedure Number 8.b.

name and address in its payroll system with the most recent OPM monthly update to ensure the mailing address is current.¹⁴

Because of our review, the Postal Service informed us that it had reviewed the differences and would delete the inactive campaign and correct the address differences to match the OPM records.

Combined Federal Campaign Codes

CFC codes in the Postal Service's payroll system for 186 of 65,882 employees did not match the OPM campaign code associated with the employee's work location.¹⁵ These included three employees at two work locations who contributed to campaigns for which there were no official campaign codes.¹⁶ The differences could be attributed to inaccurate OPM information or Postal Service coding errors. We did not validate the accuracy of the OPM's campaign data or other potential causes of the differences between the Postal Service's payroll data and the OPM's campaign data because it was beyond the scope of this attestation engagement. Postal Service management is working to resolve these differences. See [Appendix B](#) for the list of unmatched CFC codes we identified and provided to Postal Service management.

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.

¹⁴ EFT is generally used; it is rare that a check is issued.

¹⁵ Procedure Number 9.b.

¹⁶ Sylva, NC, and Pleasanton, 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 7, 2014, the Postal Service employed more than 618,000 people (about 471,000 with benefits).

During each of the three payroll periods reviewed,¹⁷ the Postal Service withheld an average of more than \$79 million and contributed over \$282 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 to the OPM the *Supplemental Semiannual Headcount Report* detailing the number of employees associated with each benefit category for September 2013 and March 2014.

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 164 campaigns.

The OPM correlates campaigns with work locations (cities, counties, and states). The Postal Service has about 32,000 locations, about 1,000 of which are in work locations with no official campaign. During the payroll period reviewed, about 66,000 Postal Service employees contributed \$723,000 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.

¹⁷ These periods covered 56,305 employees who declined health benefits and 1,431 employees who declined life insurance coverage.

To accomplish our objectives, we applied the agreed-upon procedures to the payroll periods ending September 6, 2013, and March 7, 2014, coinciding with the *Supplemental Semiannual Headcount Report* for September 2013 and March 2014, respectively. We randomly selected another payroll period, ending May 2, 2014, for additional testing. We limited our CFC testing to one payroll period ending March 7, 2014.

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. Our sample included the records of five employees covered as FERS-RAE and five covered as FERS-FRAE. 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 2014 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-14-002	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 one provided by the OPM. We also identified 141 of 75,157 employees whose campaign codes in the Postal Service’s payroll system did not match the OPM’s campaign codes associated with the employee’s work location. This included 14 employees at seven work locations who contributed to campaigns for which there were no official campaign codes. We validated that the Postal Service and its employees paid the correct withholdings and contributions. Also, management corrected the campaign address and the 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>			
<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>			

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management</i>	FT-AR-11-012	09/29/2011	None
<p>Report Results: We identified differences between the health benefit election information in payroll records and the <i>Health Benefit Election Form</i> for one of the 10 employees whose information we reviewed; and life insurance election information in payroll records and the <i>Life Insurance Election</i> form for one of the 25 employees whose information we reviewed. We identified 58 of 209 CFC entries in the Postal Service’s payroll system that had different campaign names or addresses than those the OPM provided. We identified 587 of 100,613 employees whose campaign codes in the Postal Service’s payroll system did not match the OPM campaign code associated with the employee’s work location. This included four employees at 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 USPS	CFC Code per OPM	Number of Employees
051392	CATHEDRAL CITY	RIVERSIDE	CA	0096	0105	11
051662	COACHELLA	RIVERSIDE	CA	0096	0105	6
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0096	0105	18
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0100	0105	2
052340	EARP	SAN BERNARDINO	CA	0096	0105	1
053678	INDIO	RIVERSIDE	CA	0096	0105	20
054194	LA QUINTA	RIVERSIDE	CA	0096	0105	8
055166	MORONGO VALLEY	SAN BERNARDINO	CA	0096	0105	1
055790	PALM DESERT	RIVERSIDE	CA	0096	0105	9
055796	PALM SPRINGS	RIVERSIDE	CA	0096	0105	9
056060	PIONEER	AMADOR	CA	0095	0106	1
057794	THERMAL	RIVERSIDE	CA	0096	0105	3
057818	THOUSAND PALMS	RIVERSIDE	CA	0096	0105	2
057998	TWENTYNINE PALMS	SAN BERNARDINO	CA	0096	0105	2
058682	YUCCA VALLEY	SAN BERNARDINO	CA	0096	0105	2
083351	WEST HARTFORD	HARTFORD	CT	0162	0432	1
083570	JEWETT CITY	NEW LONDON	CT	0164	0432	1
084148	MERIDEN	NEW HAVEN	CT	0164	0432	1
084720	HAMDEN	NEW HAVEN	CT	0164	0432	1
108204	COLUMBIA	ALLEGANY	MD	0990	0405	1
123146	FAIRMOUNT	GORDON	GA	0211	0805	1
124048	HARTWELL	HART	GA	0870	0211	5
149100	WAIALUA	HONOLULU	HI	0005	0225	7
167417	SPRINGFIELD	SANGAMON	IL	0249	0257	1
172657	EVANSVILLE	VANDERBURGH	IN	0164	0355	1
173170	GARY	LAKE	IN	0283	0249	1
182511	DONAHUE	SCOTT	IA	0164	0259	1
200928	BRANDENBURG	MEADE	KY	0164	0355	1
204786	LOUISVILLE	JEFFERSON	KY	0528	0355	9
224395	LEWISTON	ANDROSCOGGIN	ME	0571	0391	1
229120	WATERVILLE	KENNEBEC	ME	0571	0391	2

Duty Station Finance Number	City	County	State	CFC Code per USPS	CFC Code per OPM	Number of Employees
051392	CATHEDRAL CITY	RIVERSIDE	CA	0096	0105	11
051662	COACHELLA	RIVERSIDE	CA	0096	0105	6
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0096	0105	18
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0100	0105	2
052340	EARP	SAN BERNARDINO	CA	0096	0105	1
053678	INDIO	RIVERSIDE	CA	0096	0105	20
054194	LA QUINTA	RIVERSIDE	CA	0096	0105	8
055166	MORONGO VALLEY	SAN BERNARDINO	CA	0096	0105	1
055790	PALM DESERT	RIVERSIDE	CA	0096	0105	9
055796	PALM SPRINGS	RIVERSIDE	CA	0096	0105	9
056060	PIONEER	AMADOR	CA	0095	0106	1
057794	THERMAL	RIVERSIDE	CA	0096	0105	3
057818	THOUSAND PALMS	RIVERSIDE	CA	0096	0105	2
057998	TWENTYNINE PALMS	SAN BERNARDINO	CA	0096	0105	2
058682	YUCCA VALLEY	SAN BERNARDINO	CA	0096	0105	2
083351	WEST HARTFORD	HARTFORD	CT	0162	0432	1
083570	JEWETT CITY	NEW LONDON	CT	0164	0432	1
237812	RIVERDALE	PRINCE GEORGES	MD	0405	0990	1
243026	GREAT BARRINGTON	BERKSHIRE	MA	0005	0432	3
244845	MONTEREY	BERKSHIRE	MA	0005	0432	1
248058	TAUNTON	BRISTOL	MA	0589	0427	1
252402	DEARBORN	WAYNE	MI	0164	0452	2
252496	DETROIT	WAYNE	MI	0164	0452	1
252496	DETROIT	WAYNE	MI	0432	0452	1
252757	DETROIT	WAYNE	MI	0164	0452	1
258120	ROCKWOOD	WAYNE	MI	0164	0452	2
270924	BROOKHAVEN	LINCOLN	MS	0811	0503	1
310960	BOULDER CITY	CLARK	NV	0005	0560	1
314891	LAS VEGAS	CLARK	NV	0005	0560	1
337487	EAST RUTHERFORD	BERGEN	NJ	0005	0589	1
350061	ALBANY	ALBANY	NY	0638	0571	5
350063	ALBANY	ALBANY	NY	0638	0571	1
351140	CAMILLUS	ONONDAGA	NY	0634	0638	1

Duty Station Finance Number	City	County	State	CFC Code per USPS	CFC Code per OPM	Number of Employees
051392	CATHEDRAL CITY	RIVERSIDE	CA	0096	0105	11
051662	COACHELLA	RIVERSIDE	CA	0096	0105	6
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0096	0105	18
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0100	0105	2
052340	EARP	SAN BERNARDINO	CA	0096	0105	1
053678	INDIO	RIVERSIDE	CA	0096	0105	20
054194	LA QUINTA	RIVERSIDE	CA	0096	0105	8
055166	MORONGO VALLEY	SAN BERNARDINO	CA	0096	0105	1
055790	PALM DESERT	RIVERSIDE	CA	0096	0105	9
055796	PALM SPRINGS	RIVERSIDE	CA	0096	0105	9
056060	PIONEER	AMADOR	CA	0095	0106	1
057794	THERMAL	RIVERSIDE	CA	0096	0105	3
057818	THOUSAND PALMS	RIVERSIDE	CA	0096	0105	2
057998	TWENTYNINE PALMS	SAN BERNARDINO	CA	0096	0105	2
058682	YUCCA VALLEY	SAN BERNARDINO	CA	0096	0105	2
083351	WEST HARTFORD	HARTFORD	CT	0162	0432	1
083570	JEWETT CITY	NEW LONDON	CT	0164	0432	1
352789	INWOOD	NASSAU	NY	0626	0642	4
355787	NEW ROCHELLE	WESTCHESTER	NY	0644	0639	2
356975	RED HOOK	DUTCHESS	NY	0644	0639	1
359096	WHITE PLAINS	WESTCHESTER	NY	0644	0639	1
361728	CONWAY	NORTHAMPTON	NC	0897	0655	1
365560	NEWTON GROVE	SAMPSON	NC	0164	0656	1
365648	OAK CITY	MARTIN	NC	0870	0655	1
366128	PITTSBORO	CHATHAM	NC	0211	0655	1
367664	SYLVA	JACKSON	NC	0650	None	1
381134	BUCYRUS	CRAWFORD	OH	0684	0689	1
382128	DEFIANCE	DEFIANCE	OH	0693	0684	1
410140	ALLISON PARK	ALLEGHENY	PA	0005	0754	3
411180	CARNEGIE	ALLEGHENY	PA	0005	0754	1
412408	ELIZABETH	ALLEGHENY	PA	0005	0754	1
413328	GREENOCK	ALLEGHENY	PA	0005	0754	1
415780	NATRONA HEIGHTS	ALLEGHENY	PA	0005	0754	2
416639	MONROEVILLE	ALLEGHENY	PA	0005	0754	2
416647	PITTSBURGH	ALLEGHENY	PA	0005	0754	2

Duty Station Finance Number	City	County	State	CFC Code per USPS	CFC Code per OPM	Number of Employees
051392	CATHEDRAL CITY	RIVERSIDE	CA	0096	0105	11
051662	COACHELLA	RIVERSIDE	CA	0096	0105	6
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0096	0105	18
052160	DESERT HOT SPRINGS	RIVERSIDE	CA	0100	0105	2
052340	EARP	SAN BERNARDINO	CA	0096	0105	1
053678	INDIO	RIVERSIDE	CA	0096	0105	20
054194	LA QUINTA	RIVERSIDE	CA	0096	0105	8
055166	MORONGO VALLEY	SAN BERNARDINO	CA	0096	0105	1
055790	PALM DESERT	RIVERSIDE	CA	0096	0105	9
055796	PALM SPRINGS	RIVERSIDE	CA	0096	0105	9
056060	PIONEER	AMADOR	CA	0095	0106	1
057794	THERMAL	RIVERSIDE	CA	0096	0105	3
057818	THOUSAND PALMS	RIVERSIDE	CA	0096	0105	2
057998	TWENTYNINE PALMS	SAN BERNARDINO	CA	0096	0105	2
058682	YUCCA VALLEY	SAN BERNARDINO	CA	0096	0105	2
083351	WEST HARTFORD	HARTFORD	CT	0162	0432	1
083570	JEWETT CITY	NEW LONDON	CT	0164	0432	1
438682	WARWICK	KENT	RI	0005	0770	1
445000	PAGO PAGO	AMERICAN SAMOA	AS ¹⁸	0225	0990	1
476528	ORLINDA	ROBERTSON	TN	0870	0811	1
487125	PLEASANTON	ATASCOSA	TX	0838	None	2
Total						186

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

¹⁸ A territory of the U.S.

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 2013 and March 2014 Semiannual Headcount Reports submitted to OPM and a summary of RITS submissions for September 2013 and the current fiscal year. For each program (retirement, health and life) select a total of three RITS submissions for September 2013 and the current FY 2014; two will coincide with the September 2013 and March 2014 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 2013 CFC solicitation period (September 1, 2013 through January 15, 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-2013 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 2014 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 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 include Federal employees covered by FERS-FRAE - effective date January 1, 2014. For more information and the FERS-FRAE contribution rates, see BAL 14-102 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 2013 and March 2014 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 two pledges per federal agency and request the hard copy pledge form or electronic copy of the pledge form from the agency.
- 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. 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 wwscott@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: W.W. Scott, Jr.