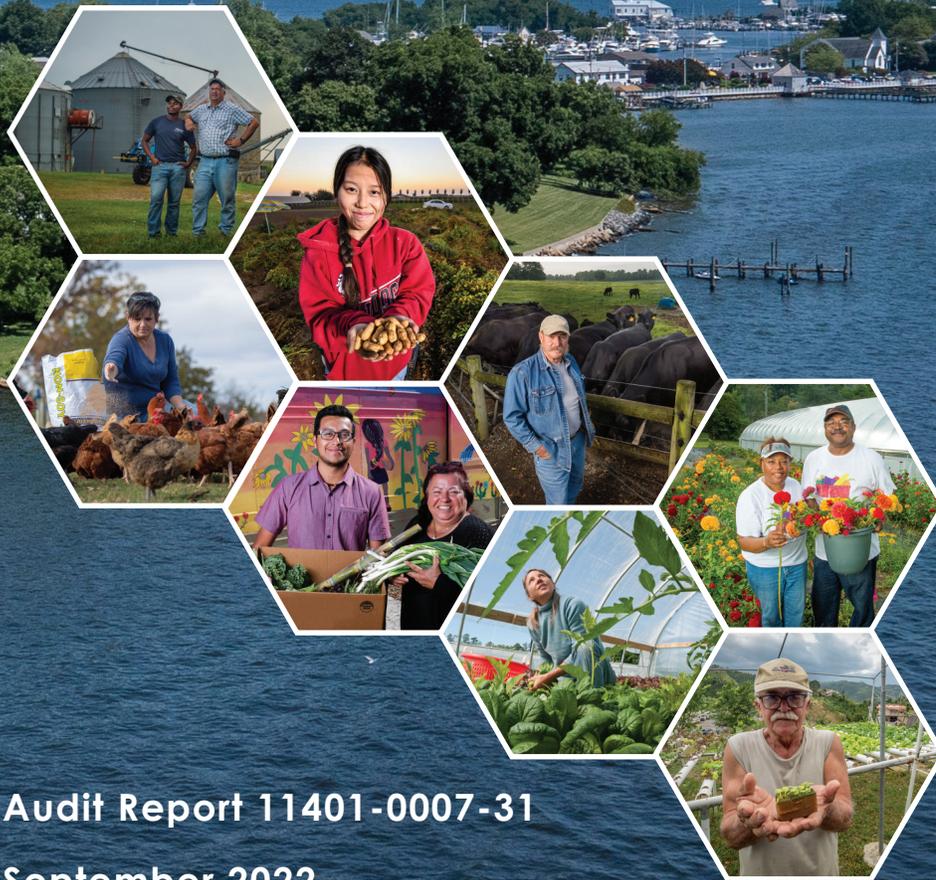




Agreed-Upon Procedures— Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2022



Audit Report 11401-0007-31

September 2022

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OIG performed agreed-upon procedures for assessing information reported by USDA's NFC.

OBJECTIVE

To assist 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.

WHAT OIG FOUND

The United States Department of Agriculture's (USDA) National Finance Center (NFC) reports Federal employee benefits and enrollment information to the Office of Personnel Management (OPM). Reported information includes headcounts, as well as withholdings and contributions for retirement, health benefits, and life insurance.

In applying agreed-upon procedures (AUPs), the Office of Inspector General (OIG) identified differences through calculations, analyses, and comparisons.

REVIEWED

We performed agreed-upon procedures as required on Federal employee benefits enrollment information as of August 31, 2022. Our review included information submitted from the Departments of Agriculture, Commerce, Homeland Security, Housing and Urban Development, Justice, Labor, and Treasury, as well as the Small Business Administration and the United States Agency for International Development.

For example, for AUP 1, NFC performed a reconciliation that identified one difference over 1 percent for pay period 25. Our analysis confirmed the difference. NFC provided a cause for the difference and the corrective action.

Our sample document review for AUP 2 identified a total of 65 differences for benefits entered into the system by agency personnel officers. Furthermore, we were unable to verify all sampled entries because agency personnel officers were unable to locate the documents covering all of the pay periods selected.

We also determined, in AUP 5, that there were 47 differences necessitating OIG to request management comment. NFC officials responded that, for 35 differences, NFC installed corrections in pay period 7, 2022. NFC officials also commented that five differences were due to a program problem from a type of Time and Attendance report netting to zero; six differences were in how OIG performed counts and the numbers reported to OPM were correct; and, for one difference, although our analysis required by the AUP determined a difference existed, NFC reported that the Payroll Accounting System counted as it was designed to do.

RECOMMENDS

We do not make any recommendations in this report.

OIG did not take any exceptions in AUP 3 and AUP 4, and did not identify any reportable differences in AUP 6.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: September 29, 2022

AUDIT

NUMBER: 11401-0007-31

TO: The Honorable Krista A. Boyd
Inspector General
U.S. Office of Personnel Management
Office of Inspector General
Theodore Roosevelt Federal Building
1900 E Street, NW.
Washington, D.C. 20415-0001

FROM: Yaris Rivera Rojas
Acting Assistant Inspector General for Audit

SUBJECT: Agreed-Upon Procedures—Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2022

This report presents the results of the agreed-upon procedures performed on the subject information processed by the Department of Agriculture's Office of the Chief Financial Officer/ National Finance Center as of August 31, 2022.

Our review included information for the following agencies (listed in Appendix A of the Office of Management and Budget (OMB) Bulletin 22-01, Audit Requirements for Federal Financial Statements, dated August 26, 2022): Department of Agriculture, Department of Commerce, Department of Homeland Security, Department of Housing and Urban Development, Department of Justice, Department of Labor, Department of the Treasury, United States Agency for International Development, and Small Business Administration.

This review was performed as required by OMB and in accordance with applicable Generally Accepted Government Auditing Standards and the Statements of Standards for Attestation Engagements, established by the American Institute of Certified Public Accountants.

If you have any questions, please contact me at (202) 720-4060, or have a member of your staff contact Larry Ellis, Assistant Director, at (816) 926-7922.

cc: Douglas A. Glenn, Chief Financial Officer, Office of Personnel Management

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Independent Auditors' Report

To: Ms. Krista A. Boyd
Inspector General
U.S. Office of Personnel Management

The United States Department of Agriculture (USDA) Office of Inspector General (OIG) has performed the procedures described in Exhibit A, which were agreed to by the Inspector General and Chief Financial Officer of the Office of Personnel Management (OPM), solely to assist OPM with respect to the employee withholdings and employer contributions reported by USDA's Office of the Chief Financial Officer's (OCFO) National Finance Center (NFC) on the Standard Form 2812, *Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement*, and OPM 1523, *Supplemental Semiannual Headcount Report*,¹ for the 12 months ended August 31, 2022. The reports submitted by NFC included information for the following agencies listed in Appendix A of the Office of Management and Budget Bulletin 22-01, *Audit Requirements for Federal Financial Statements*: Department of Agriculture, Department of Commerce, Department of Homeland Security, Department of Housing and Urban Development, Department of Justice, Department of Labor, Department of the Treasury, the United States Agency for International Development, and the Small Business Administration.

The engagement to apply the agreed-upon procedures was performed in accordance with applicable Generally Accepted Government Auditing Standards and the Statements of Standards for Attestation Engagements, established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Inspector General of OPM and the Chief Financial Officer of OPM. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose. The results of the engagement are detailed in Exhibit A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the withholdings and contributions for health benefits, life insurance, and retirements, and the headcount reports prepared by OCFO/NFC. Therefore, we do not express such an opinion. If we had performed additional procedures, other matters might have come to our attention that would have been reported to you.

¹ We selected our samples from pay period 17, 2021 (August 15–28, 2021, paid September 9, 2021), pay period 25, 2021 (December 5–18, 2021, paid December 30, 2021), and pay period 4, 2022 (February 13–26, 2022, paid March 10, 2022). Pay period 17, 2021, and pay period 4, 2022, coincided with the OPM1523 September 2021 and March 2022 *Supplemental Semiannual Headcount Reports*, respectively.

This report is intended solely for the use of the Inspector General of OPM and Chief Financial Officer of OPM and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures.



Yaris Rivera Rojas
Acting Assistant Inspector General for Audit
September 29, 2022

Abbreviations

AUP.....	agreed-upon procedures
CSRS.....	Civil Service Retirement System
DHS.....	Department of Homeland Security
Commerce.....	Department of Commerce
DOJ.....	Department of Justice
DOL.....	Department of Labor
FEGLI.....	Federal Employees' Group Life Insurance
FERS.....	Federal Employees Retirement System
HUD.....	Department of Housing and Urban Development
NFC.....	National Finance Center
OCFO.....	Office of the Chief Financial Officer
OIG.....	Office of Inspector General
OPF.....	official personnel file
OPM.....	Office of Personnel Management
RITS.....	Retirement and Insurance Transfer System
SBA.....	Small Business Administration
SF.....	Standard Form
T/A.....	Time and Attendance
Treasury.....	Department of the Treasury
USAID.....	United States Agency for International Development
USDA.....	United States Department of Agriculture

Exhibit A: Procedures Performed and Results

1. Compare Retirement and Insurance Transfer System (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 recalculated in Procedure 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 Procedure 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 Procedure 1.c. that are over 1 percent of the aggregate amount reported for each of the three categories. Obtain and document an explanation from a management official, including the official's name, telephone number, and an email address for the differences above the 1 percent threshold.

Results:

We compared the employee withholding information for retirement, health, and life insurance to the related amounts shown on the RITS submissions for pay periods 17, 2021; 25, 2021; and 4, 2022. The National Finance Center (NFC) performed a reconciliation that identified one difference over 1 percent for pay period 25. Our analysis confirmed the difference. NFC provided a cause for the difference and the corrective action.

2. Perform detail testing of a random sample of transactions as follows:
 - 2.a Randomly select 25 individuals who were in the payroll system for all three of the RITS submissions selected above that meet these 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 everyone selected in Procedure 2.a. Hard copies can be originals or certified copies.

- Standard Form (SF)-50, “All Notifications of Personnel Actions” covering the pay periods in the RITS submissions chosen.
- SF-2809 “The Health Benefits Election Form” covering the pay periods in the RITS submissions chosen or, if applicable, obtain a report (through the agency personnel office) from the agency’s automated system that allows participants to change benefits (for example, Employee Express), for any Health Benefits transactions in that system for the individuals selected in Procedure 2.a. (note: a new SF-2809 is needed only if an employee is changing health benefit plans); 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 Procedure 2.f. covers the pay periods in the RITS submissions chosen.
- SF-2817 “The Life Insurance Election Form” 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).

Results:

Our review included documentation for 225 sampled employees (25 individuals per the nine agencies selected) and 675 sampled pay periods (225 employees per 3 pay periods), for a total potential count of 2,025 documents (3 document types per employee per pay period). Agency personnel officials were unable to provide 303 out of 2,025 potential documents. This included 27 from the Department of Agriculture (USDA), 18 from the Department of Commerce (Commerce), 12 from the Department of Housing and Urban Development (HUD), 113 from the Department of the Treasury (Treasury), 98 from the Small Business Administration (SBA), and 35 from the United States Agency for International Development (USAID), to support either the calculations for salary, retirement, health benefits, or life insurance.

For the documents we received, we compared the date of the payroll transaction with the date on the SF-2809 and determined they all covered the pay periods in the RITS submissions used in Step 2.f.

2.c For each individual selected in Procedure 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 procedure and obtain management’s explanation for the differences.

Results:

We were unable to compare 13 of 675 base salaries, which included 11 from SBA and 2 from USAID, because the agency personnel officials were unable to provide the SF-50 forms to support the base salaries reflected on the three RITS submissions.

For the documents we received, we identified one difference from Treasury in the employee's base salary. We requested management's explanation for the differences. An agency personnel official from Treasury explained that the difference was due to a retroactive pay correction done in pay period 5 of 2022.

2.d For Retirement for everyone selected in Procedure 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 procedure and obtain management's explanation for the differences.

Results:

We were unable to compare 11 retirement plan codes because the agency personnel officials were unable to provide the SF-50 forms that covered the three RITS submissions to confirm retirement plan codes, which included 9 from SBA and 2 from USAID.

We did not identify any differences in our calculations for this procedure.

2.e For each individual selected in Procedure 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 and obtain management's explanation for the differences.

Results:

We were unable to compare 26 retirement plan code calculations (13 withholdings and 13 contributions) because the agency personnel officials were unable to provide the SF-50 forms that covered three RITS submissions to confirm retirement plan codes, which included 22 from SBA and 4 from USAID.

For the documents we received, we identified two differences from one employee in Treasury (one in the employee withholdings and one in the agency contribution amounts for retirement). We requested management's explanation for the differences. An agency personnel official from Treasury stated this was due to a retroactive pay correction done in pay period 5 of 2022.

2.f For Health Benefits for each individual selected in Procedure 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 (for example, Employee Express). Report any differences resulting from this procedure and obtain management's explanation for the differences. The Health Benefits rates can be found on [OPM's Healthcare and Insurance website/Healthcare](#).

Results:

We were unable to compare 250 employee withholdings and agency contributions (125 withholdings and 125 contributions) for health insurance because the agency personnel officials were unable to provide the SF-2809 forms that covered the three RITS submissions, which included 6 from Commerce, 12 from HUD, 72 from SBA, 94 from Treasury, 30 from USAID, and 36 from USDA.

For the documents we received, we identified no differences in our calculations in either the employee withholdings or the agency contribution amounts for individual health benefits.

2.g For Life Insurance for everyone selected in Procedure 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 procedure and obtain management's explanation for the differences.

Results:

We were unable to compare 165 elections because the agency personnel officials were unable to provide the SF-2817 forms that covered all three RITS submissions to confirm that the employee elected basic life insurance, which included 15 from Commerce, 6 from HUD, 51 from SBA, 66 from Treasury, 18 from USAID, and 9 from USDA.

For the documents we received, we identified no differences for this procedure regarding the employees' selection of basic life insurance.

2.h For everyone selected in Procedure 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 Healthcare and Insurance website/Life Insurance](#).
- 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 procedure and obtain management's explanation for the differences.

Results:

We were unable to compute the withholding and agency contribution amounts for basic life insurance for 334 calculations (167 withholdings and 167 contributions) because the agency personnel officials were unable to provide either the SF-50 or the SF-2817 forms that covered all three RITS submissions, which included 30 from Commerce, 12 from HUD, 106 from SBA, 132 from Treasury, 36 from USAID, and 18 from USDA.

For the documents we received, we identified a total of 53 differences of 1 cent in the basic life insurance contribution amounts across the nine Departments. These 1 cent differences affected only pay period 17, and our analysis identified a rounding issue for this pay period, which had an odd number for the FEGLI rate, unlike other pay periods in our sample review. This included 11 from the Department of Homeland Security (DHS), 5 from Commerce, 11 from the Department of Justice (DOJ), 6 from the Department of Labor (DOL), 4 from HUD, 1 from SBA, 1 from Treasury, 8 from USAID, and 6 from USDA.

We requested management's explanation for the differences, and all but four replied. Regarding the 1 cent differences, for the Departments' officials that replied to our request for an explanation, the most common response attributed the differences to rounding.

- 2.i For Life Insurance for everyone selected in Procedure 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 procedure and obtain management's explanation for the differences.

Results:

We could not compare 165 elections because the agency personnel officials were unable to provide the SF-2817 forms that covered all three RITS submissions to confirm that the employees elected Optional coverage, including 15 from Commerce, 6 from HUD, 51 from SBA, 66 from Treasury, 18 from USAID, and 9 from USDA.

For the documents we received, we identified three differences that affected one employee from DOJ where the SF-2817 documentation provided by the agency personnel officials did not match the documented information in the payroll system for each RITS submission. We requested management's explanation for the differences. An official from DOJ stated that the agency recognized this FEGLI coding discrepancy as an error and would take corrective action.

- 2.j For everyone selected in Procedure 2.a., calculate the withholding amounts for optional life insurance using the following methods. The optional life insurance rates are on [OPM's Healthcare and Insurance website/Life Insurance](#).

- For Option A: Locate the employee's age group using the age groups provided for Option A in the FEGLI Program Handbook. The withholding amount to be used is

the rate listed in the FEGLI Program Handbook for that age group. Compare the calculated amount to the amount withheld for Option A Life Insurance. Report any differences resulting from this procedure 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 Handbook. 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 procedure 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 Handbook. Multiply the rate for the age group by the number of multiples selected for Option C Life Insurance. Compare the calculated amount to the amount withheld for Option C Life Insurance. Report any differences resulting from this procedure and obtain management's explanation for the differences.

Results:

For the 225 employees selected (25 individuals per agency and nine agencies selected), we calculated the withholding amounts for Option A, Option B, and Option C and compared these totals to the amounts withheld from the payroll system. In total, we reviewed 675 calculations for Option A (225 employees times three pay periods), 675 for Option B, and 675 for Option C—for a total of 2,025 calculations.

For Option A, we were unable to recalculate the withholdings in 165 elections due to missing SF-2817 forms. Agency personnel officials were unable to provide the SF-2817 forms that covered each RITS submission, including 15 from Commerce, 6 from HUD, 51 from SBA, 66 from Treasury, 18 from USAID, and 9 from USDA.

For the documents we received, our recalculations matched NFC's calculations in all instances.

For Option B, we were unable to recalculate the withholdings in 167 elections due to missing SF-50 or SF-2817 forms. Agency personnel officials were unable to provide these forms that covered each RITS submission, including 15 from Commerce, 6 from HUD, 53 from SBA, 66 from Treasury, 18 from USAID, and 9 from USDA.

For the documents we received, our recalculations did not match NFC's calculations in three instances for one employee from DOJ. We reached out to the DOJ official to obtain an

explanation for our differences. The DOJ official stated the agency recognized this FEGLI coding discrepancy as an error and agreed to corrective actions.

For Option C, we were unable to recalculate the withholdings in 165 elections due to missing SF-2817 forms. Agency personnel officials were unable to provide the SF-2817 forms that covered each RITS submission, including 15 from Commerce, 6 from HUD, 51 from SBA, 66 from Treasury, 18 from USAID, and 9 from USDA.

For the documents we received, our recalculations did not match NFC's calculations in three instances for one employee from DOJ. We reached out to the DOJ official to obtain an explanation for our differences. The DOJ official stated the agency recognized this FEGLI coding discrepancy as an error and agreed to corrective actions.

3. Randomly select a total of 10 employees who do not have 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 (through the agency personnel office) from the agency's automated system that allows participants to change benefits (for example, 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, the 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.
 - An 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 (for example, 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 (for example, Employee Express); or
 - Cancellation of coverage through the agency's automated system that allows participants to change benefits (for example, Employee Express) and no later election of coverage with an SF-2809.
 - 3.b Compare the result in Procedure 3.a. to the RITS submissions. Report any differences resulting from this procedure and obtain management's explanation for the differences.

Results:

For this AUP step, our review included documentation for 90 sampled employees (10 individuals per the nine agencies selected) and 270 sampled pay periods (90 employees per 3 pay periods). Agency personnel officials were unable to provide the SF-2809 forms (or alternative evidence) for 63 pay periods that were needed to determine whether the employee waived or canceled basic health insurance coverage, which included 6 from DHS, 2 from Commerce, 3 from HUD, 21 from SBA, 24 from Treasury, 6 from USAID, and 1 from USDA.

From the forms we were able to obtain, there were 21 total miscodings, including 3 miscodings from DHS, 8 from Commerce, 4 from DOL, 3 from HUD, and 3 from USDA. However, we did not take exception since there was no withholding involved.

There were no exceptions found for this procedure.

4. Randomly select 10 employees who do not have 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 selected, 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 or cancelled Basic Life Insurance coverage.
 - 4.b Compare the result in Procedure 4.a. to the RITS submissions. Report any differences resulting from this procedure and obtain management's explanation for the differences.

Results:

For this AUP step, our review included documentation for 90 sampled employees (10 individuals per the nine agencies selected) and 270 sampled pay periods (90 employees per 3 pay periods). Agency personnel officials were unable to provide the SF-2817 forms (or alternative evidence) for 61 pay periods that identified whether the employee waived or canceled basic life insurance coverage, including 7 from Commerce, 3 from DOL, 30 from SBA, 15 from Treasury, and 6 from USAID.

There were three miscodings from Treasury. However, we did not take exception since there was no withholding involved.

There were no exceptions found for this procedure.

5. Calculate the headcount reflected on the September 2021 and March 2022 Semiannual Headcount Report selected, by following the methods below.

5.a Obtain existing payroll information (from procedure 1.a.) that supports 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 listed below:

- Benefit Category (see Semiannual Headcount Report).
- Dollar Amount of withholdings and contributions.
- Number Enrolled (deductions made or 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, use the suggested method below to recalculate the headcount:

- estimate the number of employees per payroll register page by counting the employees listed on several pages,
- count the number of pages in the payroll register, and
- 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 Procedure 5.a. and the calculated headcount from Procedure 5.b. to the information shown on each respective Semiannual Headcount Report. Report any differences (for example, gross rather than net) greater than 2 percent. Obtain a management official name, telephone number, an email address, and an explanation for the differences.

Results:

We noted the headcount of employees (and/or annuitants) differed by more than 2 percent from that reported by NFC on the *Supplemental Semiannual Headcount Report* (OPM 1523) for life insurance, health benefits, and retirement.

For the headcount periods, the Office of Inspector General (OIG) noted 47 differences greater than 2 percent in the headcounts in the following areas and periods:

For pay period 17, 2021, we noted two differences greater than 2 percent in the headcounts in Option A and Option B Life Insurance with the “no deduction” count for the following agencies:

- Standard Option A Life Insurance: USAID (1)
- Additional—Option B 50-54 Life Insurance: USDA (1)

We presented our differences to NFC. For the USAID difference, NFC officials stated the difference resulted from the Payroll Accounting System counting individuals who elected

Basic Life insurance and Option A; however, the individuals' pay did not have enough to cover the Basic Life insurance and only the amount for Option A was collected. Although this did create a difference in our analysis as required by the AUP, NFC reported that the Payroll Accounting System counted as designed. For the USDA difference, NFC officials responded that the number NFC reported to OPM is correct and the difference resulted from a "NFC-29 type code 7 that NFC is counting, and OIG is not". Based on the information NFC provided, OIG could not confirm the result.

For pay period 17, 2021, we noted 20 differences greater than 2 percent in the headcounts for CSRS and FERS with the "no deduction" count for the following agencies:

- Law Enforcement/Firefighters Withholdings—FERS (2):
 - DHS (1) and USDA (1)
- Regular Withholdings—FERS (1):
 - DOL (1)
- Salary Offset (PACS4130-01)—CSRS (8) & FERS (9):
 - DHS (2), Commerce (2), DOJ (2), DOL (2), HUD (2), SBA (2), Treasury (2), USAID (1), and USDA (2)

For the Law Enforcement/Firefighters Withholdings—FERS: DHS (1) and USDA (1) and the Regular Withholdings—FERS: DOL (1) differences, NFC officials responded that the differences were due to a program problem with NFC, which related to corrected Time and Attendance (T/A) forms netting to zero. For the 17 total differences with the Salary Offset (PACS4130-01)—CSRS & FERS, NFC officials responded that corrections were installed in pay period 7 of 2022 to address the Salary Offset issues.

For pay period 17, 2021, we noted one difference greater than 2 percent in the headcounts in health benefits with the "deduction" count for the following agency:

- Health—Payers of Full Premiums: USDA (1)

For this difference, NFC officials responded that the number NFC reported to OPM is correct and differences were a result of 10 adjustment records that NFC is counting. Based on the information NFC provided, OIG could not identify the adjustment records.

For pay period 4, 2022, we noted four differences greater than 2 percent in the headcounts in Option B and Option C Life Insurance with the "no deduction" count for the following agencies:

- Additional—Option B 50-54: USDA (1)
- Additional—Option B 55-59: USDA (1)
- Additional—Option B 60 & up: Treasury (1)
- Family—Option C: HUD (1)

We obtained NFC’s explanation for each of the four differences. In each of the responses, NFC officials stated that the “number NFC reported to OPM is correct.” For these four differences, NFC officials responded as follows:

- Additional—Option B 50-54: USDA (1). The differences for Option B involved duplicates.
- Additional—Option B 55-59: USDA (1). NFC is counting a single adjustment that OIG is not.
- Additional—Option B 60 & up: Treasury (1). The reason for the difference was that its payroll accounting system input file did not have transactions for one employee, which NFC did not count.
- Family—Option C: HUD (1). The reason for the difference was that one employee had a T/A with no hours, which NFC did not count, and OIG did.

For pay period 4, 2022, we noted 19 differences greater than 2 percent in the headcounts for CSRS and FERS, with the “no deduction” count for the following agencies:

- Law Enforcement/Fire-fighters Withholdings—FERS: USDA (1)
- Regular Withholdings—FERS: SBA (1)
- Salary Offset (PACS4130-01)—CSRS (8) & FERS (9): DHS (2), Commerce (2), DOJ (2), DOL (2), HUD (2), SBA (2), Treasury (2), USAID (1), and USDA (2)

We obtained NFC’s explanation for each of the 19 differences. For these 19 differences, NFC officials responded as follows:

- For the Law Enforcement/Fire-fighters Withholdings—FERS: USDA (1) and the Regular Withholdings—FERS: SBA (1), NFC officials responded that the differences were due to a program problem with NFC, which related to corrected T/A forms netting to zero.
- For the 17 Salary Offset (PACS4130-01) —CSRS & FERS differences, NFC officials responded that corrections were installed in pay period 7, 2022, to address the Salary Offset issues.

For pay period 4, 2022, we noted one difference greater than 2 percent in the headcounts for CSRS and FERS, with the “deduction” count for the following agencies:

- Military Deposits (PACS4130-01)—CSRS: DHS (1)

For this difference, NFC officials responded “This is a known issue that was corrected...with the Salary offset fixes” in pay period 7, 2022.

6. Calculate employer and employee contributions for Retirement, Health Benefits, and Basic Life Insurance as described below:

6.a Calculate employer and employee contributions for the three pay periods selected in Procedure 1.a., as described below:

- i. Multiply the CSRS and FERS payroll base by the withholding and employer contribution rates required by law.
- ii. Compare the calculated totals from Procedure 6.a(i). to the related amounts shown on the RITS submissions. Report any differences (for example, gross rather than net) between the calculated amounts and the amounts reported on the RITS submissions that are greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results:

We did not identify any differences greater than 5 percent.

6.b Calculate employee withholdings and employer contributions for Health Benefits for the three pay periods selected in Procedure 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 Procedure 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 5 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results:

We did not identify any differences greater than 5 percent.

6.c Calculate the Basic Life Insurance employee withholdings and employer contributions for the three pay periods selected in Procedure 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 Procedure 6.c(i) above to the aggregate annual basic pay for all employees with Basic Life Insurance from Procedure 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 Handbook on OPM's website.

- iii. Compare the result in Procedure 6.c(ii). to the withholdings for Basic Life Insurance coverage reported on the RITS submission. Report any difference (for example, gross rather than net) between the estimate and the amount of withholdings reported on the RITS submission greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the difference.

Results:

We did not identify any differences greater than 5 percent.

- iv. For agency contributions: Divide the results of Procedure 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 (for example, gross rather than net) between the estimated amount and the actual amount reported on the RITS submission that are greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results:

We did not identify any differences greater than 2 percent.

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 Procedure 1 on page 2. In addition to the information used for Procedure 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 like Procedure 2.j., the calculation for this procedure 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 Procedure 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 Handbook.
- ii. Compare the result in Procedure 6.d.i. to the amounts for Option A reported on the RITS submissions. Report any differences (for example, gross rather than net) greater than 2 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results:

We did not identify any differences greater than 2 percent.

- iii. Segregate the reports for Option B and Option C insurance into the age groups shown in the FEGLI Program Handbook. 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 multiply 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 Procedure 6.d.iii. to the amounts for Option B and Option C, respectively, reported on the RITS submissions. Report any differences (for example, gross rather than net) greater than 2 percent of the amounts on the RITS submission for Option B or Option C and obtain management's explanation for the differences.

Results:

We did not identify any differences greater than 2 percent.

Exhibit B: Sampling Methodology

As noted in the Independent Auditors' Report, we performed procedures prescribed by OPM solely to assist OPM with the reasonableness of the employee withholdings and employer contributions reported by the USDA's Office of the Chief Financial Officer (OCFO)/NFC. OPM sets the sampling methodology for each procedure described in each procedure in Exhibit A. The sufficiency of the procedures is solely the responsibility of the Inspector General of OPM and the Chief Financial Officer of OPM and will be applied to the 12 months ending on August 31 of each year. Consequently, we make no representation regarding the sufficiency of the procedures or the sampling design and methodology.

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