



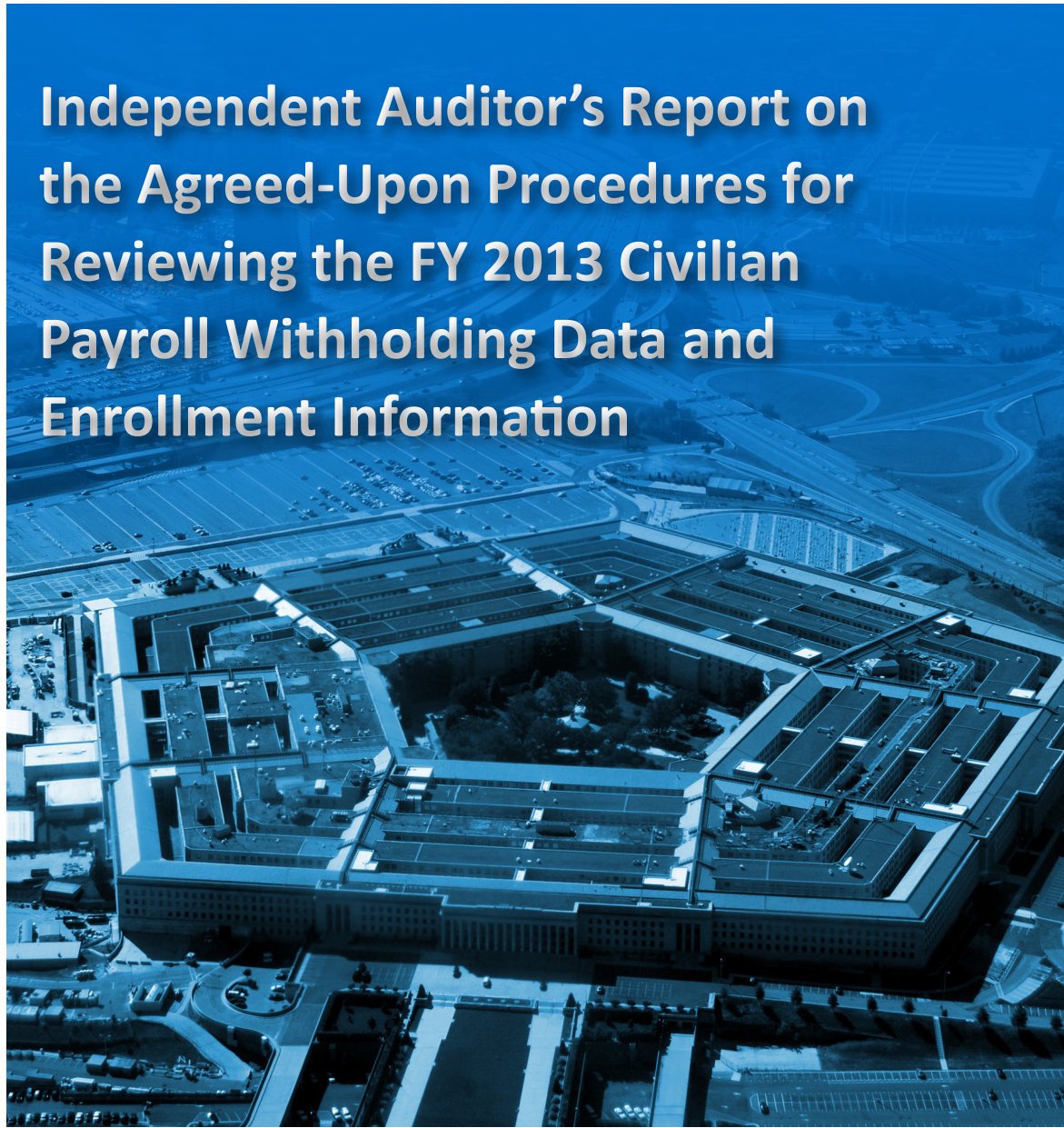
# INSPECTOR GENERAL

*U.S. Department of Defense*

SEPTEMBER 25, 2013



## Independent Auditor's Report on the Agreed-Upon Procedures for Reviewing the FY 2013 Civilian Payroll Withholding Data and Enrollment Information



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE <b>25 SEP 2013</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2013 to 00-00-2013</b>	
4. TITLE AND SUBTITLE <b>Independent Auditor's Report on the Agreed-Upon Procedures for Reviewing the FY 2013 Civilian Payroll Withholding Data and Enrollment Information</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Department of Defense Inspector General, 4800 Mark Center Drive, Alexandria, VA, 22350-1500</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>Same as Report (SAR)</b>	18. NUMBER OF PAGES <b>24</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

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**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

September 25, 2013

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF  
FINANCIAL OFFICER, DOD  
UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND  
READINESS  
ASSISTANT SECRETARY OF THE AIR FORCE  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
CHIEF, NATIONAL GUARD BUREAU  
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INSPECTOR GENERAL, DEPARTMENT OF VETERANS AFFAIRS  
INSPECTOR GENERAL, ENVIRONMENTAL PROTECTION AGENCY  
INSPECTOR GENERAL, OFFICE OF PERSONNEL MANAGEMENT

SUBJECT: Independent Auditor's Report on the Agreed-Upon Procedures for Reviewing  
the FY 2013 Civilian Payroll Withholding Data and Enrollment Information  
(Report No. DODIG-2013-139)

We are providing this final report for your information and use.

We appreciate the courtesies extended to the staff. Please direct questions to me at  
(703) 601-5945.

A handwritten signature in cursive script that reads "Lorin T. Venable".

Lorin T. Venable, CPA  
Assistant Inspector General  
Financial Management and Reporting





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

September 25, 2013

The Honorable Patrick E. McFarland  
Inspector General  
U.S. Office of Personnel Management  
Theodore Roosevelt Federal Building  
1900 E Street NW, Room 6400  
Washington, D.C. 20415-0001

**SUBJECT:** Independent Auditor's Report on the Agreed-Upon Procedures for Reviewing  
the FY 2013 Civilian Payroll Withholding Data and Enrollment Information  
(Project No. D2013-D000FP-0086.000)

Dear Mr. McFarland:

We performed the procedures described in the Enclosure, which were agreed to by the Chief Financial Officer and the Inspector General of the U.S. Office of Personnel Management (OPM). We performed these procedures solely to assist in assessing the reasonableness of the employee withholdings and employer contributions that the Defense Finance and Accounting Service (DFAS) reported on Standard Form 2812, "Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement," for the pay periods ending August 25, 2012; September 8, 2012; October 20, 2012; February 23, 2013; and March 9, 2013. We also performed these procedures to assist in assessing the reasonableness of the amounts reported in the, "Supplemental Semiannual Headcount Report," as of September 1, 2012, and March 1, 2013. The reports submitted by DFAS included information for the following entities listed in Appendix A of the Office of Management and Budget, Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements," as amended: the Department of Defense (DoD), Department of Energy (DOE), Department of Health and Human Services (HHS), Department of Veterans Affairs (VA), and the Environmental Protection Agency (EPA). In addition, we performed procedures to assist OPM in identifying and correcting errors relating to the processing and distribution of Combined Federal Campaign payroll deductions.

Using Audit Command Language software, we randomly selected a sample of 360 employees from the October 20, 2012, pay period and 40 employees from the February 23, 2013, pay period from the 11 DFAS payroll data files (Army, Navy, Air Force, Other Defense Organizations [ODO], Overseas Army/DoD, Overseas DoD, Shipyard DoD, DOE, HHS, VA, and EPA). We compared the sample of 400 employees' pay and withholdings and agency

contributions in the Defense Civilian Pay System to the documentary support in the Official Personnel Files (OPFs). Of the 400 OPFs, 200 represented DoD employees, 50 represented DOE employees, 50 represented HHS employees, 50 represented VA employees, and 50 represented EPA employees.

Auditors from the DOE Inspector General performed the agreed-upon procedures that involved reviewing DOE OPFs. Auditors from the HHS Inspector General performed the agreed-upon procedures that involved reviewing HHS OPFs. We reviewed their working papers and determined that we could rely on their work.

We performed the agreed-upon procedures in accordance with generally accepted Government auditing standards, which incorporate financial audit and attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the OPM Chief Financial Officer and the OPM Inspector General. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to express an opinion on whether the health benefits, life insurance, and retirement contributions and withholdings, and the enrollment information submitted by DFAS to OPM were reasonable and accurate. Accordingly, we did not conduct an examination, nor did we express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you. We provided a discussion draft of this report to the entities listed in the transmittal memorandum and we considered management comments when preparing the final report.

This report is intended solely for the information and use of the OPM Chief Financial Officer and OPM Inspector General and is not intended to be used by those who have not agreed to the procedures or have not taken responsibility for the sufficiency of the procedures for their purposes. However, the report is a matter of public record, and its distribution is not limited; thus, we will post the report on our website and provide copies upon request.

Sincerely,

A handwritten signature in cursive script that reads "Lorin T. Venable".

Lorin T. Venable, CPA

Assistant Inspector General

Financial Management and Reporting

Enclosure:  
As stated

# Enclosure: Agreed-Upon Procedures Performed and Results

This section contains the OPM Agreed-Upon Procedures and the results of completing those procedures.

## Overall Procedure

For employee benefit withholding and contributions, obtain the Agency Payroll Provider's September 2012 and March 2013 Semiannual Headcount Report submitted to OPM and a summary of Retirement and Insurance Transfer System (RITS) submissions for September 2012 and the current fiscal year. For each program (retirement, health, and life), select a total of three RITS submissions for September 2012 and the current FY 2013; two will coincide with the September 2012 and March 2013 Semiannual Headcount Report. Obtain payroll information for the periods covered by the RITS submissions selected.<sup>1</sup>

For the Combined Federal Campaign (CFC) payroll deductions, obtain the following documentation for the Federal agencies serviced by the Agency Payroll Provider:

- a) A list of all field offices/duty stations in existence during the fall 2012 CFC solicitation period (September 1, 2012 through December 31, 2012) for each Federal agency serviced. The list must include either the 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 Office of CFC Operations (OCFCO) by sending an e-mail request to [cfc@opm.gov](mailto:cfc@opm.gov). The subject line of the e-mail should be "Payroll Office AUPs-2012 CFC Campaign Location List Request."
- c) A list of accounting codes used by the Agency Payroll Provider 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 2013 Semiannual Headcount. The report must include each employee's official duty station location and the agency

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<sup>1</sup> Due to unusual circumstances this year, four pay periods were required to reconcile the March and September semiannual headcount reports.

payroll provider's accounting code identifying the campaign to which each employee's funds are being distributed.

## **Procedure 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.):

### ***Procedure 1.a.***

Recalculate the mathematical accuracy of the payroll information.

### ***Procedure 1.b.***

Recalculate the mathematical accuracy of each RITS submission for the payroll information selected in step 1.a.

### ***Procedure 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 e-mail address for the differences above the one percent threshold.

## ***Results***

There were no differences greater than 1 percent for this comparison.

## **Procedure 2.**

Perform detail testing of a random sample of transactions as follows: (See Procedures 2.a.-j.)

### ***Procedure 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,



randomly select five individuals who are under FERS-RAE to test that their FERS-RAE contribution rate was calculated correctly<sup>2</sup>:

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

### ***Procedure 2.b***

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

- All Notifications of Personnel Actions (SF-50) covering the pay periods in the RITS submissions chosen;
- 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).

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<sup>2</sup> Employees covered by FERS include Federal employees covered by Federal Employees Revised Annuity Employees system (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>

## Results

We identified 20 documents that were incomplete or missing. We identified two documents from the Air Force, three documents from the ODOs, two documents from DOE, two documents from EPA, two documents from HHS, and nine documents from VA that were either missing, or incomplete.

*Table 1. Number and Type of Documents Incomplete or Missing by Organization*

Organization	SF-50		SF-2809		SF-2817		Total
	Incomplete	Missing	Incomplete	Missing	Incomplete	Missing	
Army							0
Army NG							0
Air Force		1			1		2
Air Force NG							0
ODO						3	3
DOE		2					2
EPA		1				1	2
HHS						2	2
Navy							0
VA		5	1	1	2		9
<b>Total</b>	<b>0</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>20</b>

### **Procedure 2.c.**

For each individual selected in step 2.a., compare the base salary used for all 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.

## Results

We identified seven differences, and DOE auditors identified two differences for a total of nine differences. We found one difference for EPA, five for VA, and one for Air Force. These differences occurred because the applicable SF-50 was missing. The DOE noted the employees pay increase was not processed in a timely manner.

### **Procedure 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.

## *Results*

We did not identify any differences for procedure 2d.

### ***Procedure 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.

## *Results*

We identified four differences, and DOE auditors identified two differences for a total of six differences. We identified one difference for EPA, two for VA, and one for Air Force. These differences occurred because the applicable SF-50 was missing or the respective Human Resource offices and DFAS management did not provide an adequate explanation.

### ***Procedure 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 a Health Benefits Election Form (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 the OPM website at <http://www.opm.gov/insure/health/rates/index.asp>.

## *Results*

We identified two differences for VA. The differences occurred because the applicable SF-2809s or SF-2810s were incomplete or missing.

### ***Procedure 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 Life Insurance Election Form (SF-2817) documented in the employee's OPF. Report any differences resulting from this step and obtain management's explanation for the differences.

## *Results*

We identified two differences, one for VA and one for ODO. These differences occurred because the appropriate SF-2817s were not provided.

### ***Procedure 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 can be found on the OPM 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.

## *Results*

We identified one difference for ODO. The difference occurred because the applicable SF-2817 was missing.

### ***Procedure 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.

## *Results*

We identified five differences, DOE identified one, and HHS identified two differences for a total of eight differences. We identified two with VA, and three with ODO. The differences occurred because the applicable SF-2817s were incomplete or missing.

## ***Procedure 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.

## ***Results***

We identified three differences for ODO. The SF-2817 elections did not match deductions for one. DFAS did not provide an adequate explanation. The SF-2817s were not provided for two.

## ***Procedure 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.



### ***Procedure 3.a.***

Obtain SF-2809s covering the pay periods in the RITS submissions chosen, either in electronic or hardcopy 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.

### ***Procedure 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.

### ***Results***

We did not identify any differences for procedure 3b.

## **Procedure 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.

### ***Procedure 4.a.***

Obtain the SF-2817s covering the pay periods in the RITS submissions chosen, either in electronic or hardcopy format, from the selected employee's OPF. Hardcopies can be

originals or certified copies. Inspect the SF-2817 to identify that the employee waived or cancelled Basic Life Insurance coverage.

#### ***Procedure 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.

#### ***Results***

We identified three differences, and HHS auditors identified one difference for a total of four differences. We identified one difference with EPA, one with VA, and one with ODO. The differences occurred because the SF-2817s were incomplete or missing.

### **Procedure 5.**

Calculate the headcount reflected on the September 2012 and March 2013 Semiannual Headcount Report selected, as follows.

#### ***Procedure 5.a.***

Obtain existing payroll information (from step 1.a.) supporting each Supplemental Semiannual Headcount report. If existing payroll data is 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.

#### ***Procedure 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.

### ***Procedure 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.

### ***Procedure 5.d.***

Report any differences (e.g., 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 e-mail address, and an explanation for the differences.

### ***Results***

There were six differences greater than 2 percent for this comparison. We identified one difference each with DoD Overseas Operations and Army Overseas Operation for the number of employees enrolled. DFAS did not provide an explanation for these differences. We also identified four differences in aggregate base pay. We identified one difference with DoD Overseas Operations, one with HHS, and two with VA. DFAS stated that market and availability pay should be included in the calculation of base pay. When we added the totals for market and availability pay to our calculations we identified five differences. We identified one difference with DoD Overseas Operations, two with Army Overseas Operations, and two with VA. DFAS did not provide any further explanation for these differences.

## ***Procedure 6.***

Calculate employer and employee contributions for Retirement, Health Benefits, and Life Insurance as follows:

### ***Procedure 6.a.***

Calculate Retirement withholdings and contributions for the three pay periods selected in step 1.a., as follows:

#### ***Procedure 6.a.i.***

Multiply the CSRS and FERS payroll base by the withholding and employer contribution rates required by law.

### ***Procedure 6.a.ii.***

Compare the calculated totals from step 6.a.i. to the related amounts shown on the RITS submissions. Report any differences (e.g., 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.

### ***Results***

There were no differences greater than 5 percent for this comparison.

### ***Procedure 6.b.***

Calculate employee withholdings and employer contributions for Health Benefits for the three pay periods selected in step 1.a., as follows:

#### ***Procedure 6.b.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.

#### ***Procedure 6.b.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 (e.g., 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.

### ***Results***

There were no differences greater than 5 percent for this comparison.

### ***Procedure 6.c.***

Calculate the Basic Life Insurance employee withholdings and employer contributions for the three pay periods selected in step 1.a., as follows:

#### ***Procedure 6.c.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.

### ***Procedure 6.c.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 found in the FEGLI Program Booklet on OPM's website.

### ***Procedure 6.c.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.

### ***Results***

There were no differences greater than 5 percent for this comparison.

### ***Procedure 6.c.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.

### ***Results***

There were no differences greater than 5 percent for this comparison.

### ***Procedure 6.d.***

Calculate the Option A, Option B and Option C Life Insurance coverage withholdings for the three pay periods selected by using detail payroll reports used to reconcile the RITS reports in Step 1. 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.



### ***Procedure 6.d.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.

### ***Procedure 6.d.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.

### ***Results***

There were no differences greater than the 2 percent threshold for this Option A comparison.

### ***Procedure 6.d.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.

### ***Procedure 6.d.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.

### ***Results***

There were no differences greater than 2 percent for the Option B comparison. Additionally, there were no differences greater than 2 percent for the Option C comparison.

## **Procedure 7.**

Compare the list of field offices/duty stations to the list of local CFC campaigns obtained from OPM's OCFCO.

### ***Procedure 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.)

### ***Results***

We determined the campaign for each field office/duty station.

## **Procedure 8.**

Compare the list of accounting codes to the identified campaigns for each field office/duty station.

### ***Procedure 8.a.***

Determine the accounting code for each field office/duty station.

### ***Procedure 8.b.***

Determine if the name of the campaign, the PCFO, and address of the PCFO in the Agency Payroll Provider system agree to the information for that field office/duty station on the list of local CFC campaigns obtained from OPM's OCFCO.

### ***Results***

We determined that the name of the campaign, the PCFO, and the PCFO address in the Defense Civilian Pay System agreed with the OPM list of CFC campaign codes, except for 1 out of 184 Defense Civilian Pay System codes. DFAS personnel stated that the name of the campaign changed in 2012 with the merger of multiple campaigns.

## **Procedure 9.**

Sort the report of all employees with CFC deductions by Official Duty Station.

### ***Procedure 9.a.***

Compare the Official Duty Stations to the campaigns identified for those locations.

### ***Procedure 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.

### ***Results***

We determined that 5,048 out of 151,732 employees with CFC deductions for the pay period ending February 23, 2013, were incorrectly coded. Specifically, 1,176 geographic location codes differed from the geographic codes corresponding to their duty stations and 3,872 instances where a Federal agency accounting code did not match the CFC campaign for the employee's geographic location. We identified differences for the Army, Air Force, Navy, ODO, Overseas DoD, Overseas Army, DOE, HHS, EPA, and VA payroll offices. The Army stated that, based on their review of 26 employees from 6 major commands, the Customer Service Representatives are inputting the correct codes into the Defense Civilian Payroll System from the CFC forms provided by the employees and concluded that corrective action was not necessary. Air Force stated that they were provided with incorrect pre-populated pledge forms, and an incorrect geo-location code was provided. DOE stated that they were provided with incorrect pre-populated pledge forms from OPM. HHS stated that incorrect pledge forms were used and that information was incorrectly input into the system. HHS also provided a corrective action plan. The remaining organizations did not provide explanations.

### ***Procedure 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.

### ***Results***

We nonstatistically selected 61 pledges. Agencies did not provide forms for 41 pledges. For the 20 pledges provided, we determined that the pledge form for 14 pledges had the incorrect campaign based on the official duty station. The remaining 6 pledge

forms were correctly prepared by the employee, but the organization entered the incorrect campaign code.

*Table 2. Incorrect Employee Pledge Form by Organization*

Federal Organization	Correct Campaign Code	Campaign Code Used
Department of Energy	0481	0792
Health and Human Services (HHS)		
HHS-Office of the Secretary	0405	0990
	0211	0990
HHS-PSC Public Health Service	0634	0990
HHS-Food and Drug Administration	0923	0931
	0924	0931
HHS-Indian Health Service	0560	0052
	0606	0990
HHS-National Institutes of Health	0407	0990
	0405	0990
HHS-Centers for Disease Control & Prevention	0211	0990
	0990	0211
HHS-Centers for Medicare and Medicaid Services	0990	0405
	0096	0405

## Acronyms and Abbreviations

<b>AUPs</b>	Agreed-Upon Procedures
<b>CFC</b>	Combined Federal Campaign
<b>CSRS</b>	Civil Service Retirement System
<b>DFAS</b>	Defense Finance and Accounting Service
<b>DOE</b>	Department of Energy
<b>EPA</b>	Environmental Protection Agency
<b>FEGLI</b>	Federal Employees Group Life Insurance
<b>FERS</b>	Federal Employees Retirement System
<b>FERS-RAE</b>	Federal Employees Retirement System-Revised Annuity Employees
<b>HHS</b>	Department of Health and Human Services
<b>OCFCO</b>	Office of Combined Federal Campaign Operations
<b>ODO</b>	Other Defense Organizations
<b>OPF</b>	Official Personnel File
<b>OPM</b>	Office of Personnel Management
<b>PCFO</b>	Principal Combined Fund Organization
<b>RITS</b>	Retirement and Insurance Transfer System
<b>SF-50</b>	Notification of Personnel Action
<b>SF-2809</b>	Health Benefits Election Form
<b>SF-2817</b>	Life Insurance Election Form
<b>VA</b>	Department of Veterans Affairs



# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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