



United States Department of Agriculture

Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management FY 2020



Audit Report 11401-0005-31

September 2020

OFFICE OF INSPECTOR GENERAL

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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.

REVIEWED

We performed agreed-upon audit procedures as required on Federal employee benefits enrollment information as of August 31, 2020. 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 United States Agency for International Development and the Small Business Administration.

RECOMMENDS

We do not make any recommendations in this report.

WHAT OIG FOUND

The 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 audit procedures, the Office of Inspector General (OIG) identified differences through calculations, analyses, and comparisons. For example, we noted an employee (and/or annuitant) headcount that differed from NFC's by more than 2 percent. To address this difference, NFC is planning to take corrective actions with the goal of having the corrections in place by the March 2021 Semiannual Headcount Report. NFC provided reasons for the differences we identified.

Our sample document review found a total of 152 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.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: September 22, 2020

AUDIT
NUMBER: 11401-0005-31

TO: The Honorable Norbert Vint
Acting 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: Gil H. Harden
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 FY 2020

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, 2020.

Our review included information for the following agencies (listed in Appendix A of the Office of Management and Budget (OMB) Bulletin 19-03, Audit Requirements for Federal Financial Statements, dated August 27, 2019): 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) 720-6945, or have a member of your staff contact Larry Ellis, Assistant Director, at (816) 926-7922.

cc: Dennis D. Coleman, Chief Financial Officer, Office of Personnel Management

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Independent Auditors' Report

To: Mr. Norbert Vint
Acting Inspector General
U.S. Office of Personnel Management

The U.S. 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, 2020. The reports submitted by NFC included information for the following agencies listed in Appendix A of the Office of Management and Budget Bulletin 19-03, *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 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, 2019 (August 18–31, 2019, paid September 9, 2019), pay period 25, 2019 (December 8–21, 2019, paid December 30, 2019), and pay period 4, 2020 (February 16–29, 2020, paid March 9, 2020). Pay period 17, 2019 and pay period 4, 2020 coincided with the OPM 1523 September 2019 and March 2020 *Supplemental Semiannual Headcount Reports*, respectively.

This report is intended solely for the use of the Inspector General 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.

Gil H. Harden
Assistant Inspector General for Audit

September 22, 2020

Abbreviations

CSRS.....	Civil Service Retirement System
DHS.....	Department of Homeland Security
DOC	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
TREAS.....	Department of the Treasury
USAID	United States Agency for International Development
USDA.....	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:

There were no differences over 1 percent.

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 each individual 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.)
 - 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:

During our review of the 225 sampled employees (25 individuals per the 9 agencies selected) and 675 sampled pay periods (225 employees per 3 pay periods), the agency personnel officers were unable to provide complete sets of documents for 233 pay periods to support either the calculations for salary, retirement, health benefits, or life insurance.

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 44 of 675 base salaries, which included 7 from USDA, 17 from the United States Agency for International Development (USAID), 2 from the Department of Justice (DOJ), 9 from the Department of Homeland Security (DHS), 6 from the Small Business Administration (SBA), and 3 from the Department of Treasury (TREAS) because the agency personnel officers were unable to provide the SF-50 forms to support the base salaries reflected on the three RITS submissions.

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

2.d. For retirement for each individual 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 44 retirement plan codes because the agency personnel officers were unable to provide the SF-50 forms that covered the three RITS submissions to confirm retirement plan codes, which included 7 from USDA, 17 from USAID, 2 from DOJ, 9 from DHS, 6 from SBA, and 3 from TREAS.

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 88 retirement plan codes because the agency personnel officers were unable to provide the SF-50 forms that covered three RITS submissions to confirm retirement plan codes, which included 14 from USDA, 34 from USAID, 4 from DOJ, 18 from DHS, 12 from SBA, and 6 from TREAS.

We also found 14 differences from DHS (7), Housing and Urban Development (HUD) (1), and TREAS (6) in either the employee withholdings or the agency contribution amounts for retirement. We requested management's explanation for the differences. Agency personnel officers from DHS and TREAS did not respond to our request for an explanation. Agency personnel officers from HUD said it appears NFC's calculations are correct.

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 website at <http://www.opm.gov/insure/health/rates/index.asp>.

Results:

We were unable to compare 126 employee withholdings and agency contributions for health insurance because the agency personnel officers were unable to provide the SF-2809 forms that covered the three RITS submissions, which included 18 from USAID, 6 from DOJ, 30 from SBA, and 72 from TREAS.

We also found 39 differences from USAID (30) and DOJ (9) in either the employee withholdings or the agency contribution amounts for individual health benefits. We requested management's explanation for the differences. Agency personnel officers from USAID did not respond to our request for an explanation. Agency personnel officers from DOJ said one employee's change in health coverage had not been updated in NFC's system. DOJ officials could not explain why the other sampled employee's information in NFC's system was incorrect since this employee made no other elections.

2.g. For life insurance for each individual 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 129 elections because the agency personnel officers were unable to provide the SF-2817 forms that covered all three RITS submissions to confirm that the employee elected for basic life insurance, which included 3 from USDA, 18 from USAID, 12 from DOC, 21 from DHS, 3 from HUD, 15 from the SBA, and 57 from TREAS.

There were no differences found for this procedure.

2.h. For each individual 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 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 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 322 calculations because the agency personnel officers were unable to provide either the SF-50 or the SF-2817 forms that covered all three RITS submissions, which included 20 from USDA, 64 from USAID, 24 from DOC, 4 from DOJ, 42 from DHS, 6 from HUD, 42 from SBA, and 120 from TREAS.

We also found 8 differences from TREAS (6) and DHS (2) in either the employee withholdings or the agency contribution amounts for basic life insurance. We requested management's explanation for the differences. Agency personnel officers from TREAS did not respond to our request for an explanation. Agency personnel officers from DHS said it appears that NFC is using the actual hourly rate before rounding instead of using an hourly rate rounded to two decimal places.

2.i. For life insurance for each individual 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 111 elections because the agency personnel officers were unable to provide the SF-2817 forms that covered all three RITS submissions to confirm that the employee elected for optional coverage, including 3 from USDA, 12 from DOC, 21 from DHS, 3 from HUD, 15 from SBA, and 57 from TREAS.

Additionally, we found 33 differences where the SF-2817 documentation provided by the agency personnel officers did not match the documented information in the payroll system for each RITS submission, including 3 from USDA, 18 from USAID, and Department of Commerce (DOC) and DOJ both had 6 differences. Officials from USDA and USAID did not respond to our request for an explanation. According to DOC officials, they made an administrative error for one employee and did not load the correct SF-2817 into the employee's personnel file for the other difference. DOJ officials acknowledged that they keyed in the wrong code for one employee. DOJ officials did not respond to our request for an explanation for the other difference.

2.j. For each individual 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 website at <https://www.opm.gov/healthcare-insurance/life-insurance/reference-materials/publications-forms/fegli-handbook/>.

- 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 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 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 Booklet. 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 9 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 129 elections due to missing SF-2817 forms. Agency personnel officers were unable to provide the SF-2817 forms that covered each RITS submission, including 3 from USDA, 18 from USAID, 12 from DOC, 21 from DHS, 3 from HUD, 15 from SBA, and 57 from TREAS.

Our recalculations did not match NFC's calculations in 18 instances, including 9 from USAID, 6 from the DOC, and 3 from DOJ. We reached out to USAID, DOC, and DOJ officials to obtain an explanation for our differences. USAID officials and DOJ officials did not respond to our request for an explanation. According to DOC officials, they made an administrative error for one employee and did not load the correct SF-2817 into the employee's personnel file for the other difference.

For Option B, we were unable to recalculate the withholdings in 159 elections due to missing SF-50 or SF-2817 forms. Agency personnel officers were unable to provide these forms that covered each RITS submission, including 11 from USDA, 29 from USAID, 12 from DOC, 2 from DOJ, 21 from DHS, 3 from HUD, 21 from SBA, and 60 from TREAS.

Our recalculations did not match NFC's calculations in 22 instances, including 2 from USDA, 14 from USAID, 3 from the DOC, and 3 from TREAS. We reached out to officials from each agency to obtain an explanation for our differences. USDA, USAID, and TREAS officials did not respond to our request for an explanation. According to DOC officials, they did not load the correct SF-2817 into the employee's personnel file.

For Option C, we were unable to recalculate the withholdings in 129 elections due to missing SF-2817 forms. Agency personnel officers were unable to provide the SF-2817 forms that covered each RITS submission, including 3 from USDA, 18 from USAID, 12 from DOC, 21 from DHS, 3 from HUD, 15 from SBA, and 57 from TREAS.

Our recalculations did not match NFC's calculations in 18 instances, including 12 from USAID, 3 from DOC, and 3 from DOJ. We reached out to officials from each agency to obtain an explanation for our differences. USAID officials did not respond to our request for an explanation. According to DOC officials, they did not load the correct SF-2817 into the employee's personnel file. DOJ officials acknowledged they keyed in the wrong code for one employee.

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-2809 forms 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:

Agency personnel officers were unable to provide the SF-2809 forms for 60 pay periods (20 samples per 3 pay periods) that were needed to determine whether the employee waived or cancelled basic health insurance coverage, which included 3 from HUD, 6 from DOC, 6 from DOJ, 12 from DHS, 15 from SBA, and 18 from TREAS. There were 3 miscodings from USAID. However, we did not take exception since there was no withholding involved.

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:

Agency personnel officers were unable to provide the SF-2817 forms for 42 pay periods (14 samples per 3 pay periods) that identified whether the employee waived or cancelled basic life insurance coverage, including 3 from USDA, 15 from TREAS, and 24 from SBA.

There were 3 miscodings from DOC. However, we did not take exception since there was no withholding involved.

There were no differences found for this procedure.

5. Calculate the headcount reflected on the September 2019 and March 2020 Semiannual Headcount Reports 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, and
- 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:

- (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 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 two 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) that 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 pay period 17, 2019, we noted differences greater than 2 percent in the headcounts in Basic, Option A, and Option B Life Insurance with the “no deduction” count for the following agencies:

- Basic Life Insurance—USDA;
- Standard Option A Life Insurance—USAID;
- Option B Life Insurance “40-44” category—DOJ;
- Option B Life Insurance “50-54” category—USDA; and
- Option B Life Insurance “55-59” category—USDA.

Although we followed the agreed-upon procedures, when we presented our differences to NFC, they attributed these differences to how NFC and OIG calculated late-processed time and attendances (T&As).

For pay period 17, 2019, we noted differences greater than 2 percent in the headcounts for CSRS, FERS, and total retirement, for the following agencies:

- CSRS Salary Offset—USDA, DOC, DOJ, Department of Labor (DOL), DHS, HUD, SBA, and TREAS;

- FERS Regular Withholdings (Code K) with no deduction count—USDA and SBA;
- FERS Law Enforcement/Firefighters Withholdings (Codes M, O) with the deduction count—DHS;
- FERS Law Enforcement/Firefighters Withholdings (Codes M, O) with the no deduction count—USDA and DHS;
- FERS Salary Offsets—USDA, USAID, DOC, DOJ, DOL, DHS, HUD, SBA, and TREAS; and
- Total Retirement—DHS.

For these differences, NFC responded by saying it agrees this is a difference that should be reported. NFC stated part of the corrective action was implemented in pay period 04, 2020, and NFC plans to implement additional corrective actions no later than pay period 04, 2021.

For pay period 04, 2020, we noted 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;
- Option B Life Insurance “40-44” category—DOJ;
- Option B Life Insurance “55-59” category—USDA; and
- Option B Life Insurance “60 & up” category—USDA and DHS.

Although we followed the agreed-upon procedures, when we presented our differences to NFC, they attributed these differences to how NFC and OIG calculated late-processed T&As.

For pay period 04, 2020, we noted differences greater than 2 percent in the headcounts for health benefits for “Payer of Full Premiums” for DOJ. Although we followed the agreed-upon procedures, when we presented our differences to NFC, they attributed these differences to how NFC and OIG calculated adjustments in the same pay period as the live T&As.

For pay period 04, 2020, we noted differences greater than 2 percent in the headcounts for CSRS and FERS for the following agencies:

- CSRS Regular Withholdings (Code 1) with no deduction count—USDA and DHS;
- CSRS Regular Withholdings for Offset Employee (Code C) with no deduction count—TREAS;
- CSRS Salary Offset—USDA, DOC, DOJ, DOL, DHS, HUD, SBA, and TREAS;
- FERS Regular Withholdings (Code K) with no deduction count—HUD;
- FERS Law Enforcement/Firefighters Withholdings (Codes M, O) with the no deduction count—DHS; and
- FERS Salary Offsets—USDA, USAID, DOC, DOJ, DOL, DHS, HUD, SBA, and TREAS.

For these differences, NFC responded by saying NFC agrees this is a difference that should be reported. NFC stated part of the corrective action was implemented in pay period 04, 2020, and NFC plans to implement additional corrective actions no later than pay period 04, 2021.

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 (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.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 agency payroll provider 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 Booklet 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.
- 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 5 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 similar to 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 Booklet.

- 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 Booklet. For Option B, round the employee's annual rate of basic pay up to the next 1,000, then divide it by 1,000, and then multiply this amount by the rate for the age group, then 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 respect to the employee withholdings and employer contributions reported by the USDA's 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 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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