



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

INDEPENDENT ACCOUNTANTS' REPORT

Independent Accountants' Report on Agreed-Upon Procedures for the U.S. Department of the Interior, U.S. Department of Education, U.S. Department of Transportation, National Aeronautics and Space Administration, Nuclear Regulatory Commission, National Science Foundation, and Social Security Administration



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

SEP 28 2010

The Honorable Patrick E. McFarland
Inspector General
Office of Personnel Management
1900 E Street, NW, Room 6400
Washington, D.C. 20415
Attention: W.W. Scott, Jr.

Re: X-IN-MOA-0006-2010

Dear Mr. McFarland:

Enclosed is the Independent Accountants' Report on Applying Agreed-Upon Procedures for the U.S. Department of the Interior, U.S. Department of Education, U.S. Department of Transportation, National Aeronautics and Space Administration, Nuclear Regulatory Commission, National Science Foundation, and Social Security Administration as required by Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

The report was prepared by KPMG LLP under contract with the Department of the Interior. OMB Bulletin No. 07-04 requires that the Agreed-Upon Procedures be conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants.

KPMG is responsible for the report and for the conclusions expressed in the report.

If you have any questions concerning this matter, please contact me at 202-208-5745 or staff may contact Mr. Robert Romanynshyn, Deputy Assistant Inspector General for Financial Audits at 202-208-5603.

Sincerely,

Mary L. Kendall
Acting Inspector General

Enclosure



KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202-3499

**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

The Inspector General
United States Department of the Interior:

We have performed the procedures enumerated in Exhibit I, which were agreed to by the Inspector General and the Chief Financial Officer of the United States Office of Personnel Management (OPM), solely to assist OPM in evaluating the reliability of the employee withholdings, employer contributions and headcounts reported in the United States Department of the Interior (DOI), United States Department of Education (ED), United States Department of Transportation (DOT), National Aeronautics and Space Administration (NASA), National Science Foundation (NSF), Nuclear Regulatory Commission (NRC), and Social Security Administration (SSA) Reports of Withholdings and Contributions for Retirement, Health Benefits, and Life Insurance for the payroll periods in the 12-month period ended August 31, 2010 and the Semiannual Headcount Reports for September 2009 and March 2010. DOI, ED, DOT, NASA, NSF, NRC, and SSA are responsible for reporting withholdings and contributions for retirement, health benefits, and life insurance, and for related semiannual headcount reporting.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these 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 in Exhibit I, either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and the associated findings are presented in Exhibit I.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the employee withholdings, employer contributions, and headcounts reported in the DOI, ED, DOT, NASA, NSF, NRC, and SSA Reports of Withholdings and Contributions for Retirement, Health Benefits, and Life Insurance, for the payroll periods in the 12-month period ended August 31, 2010 and the Semiannual Headcount Reports for September 2009 and March 2010. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Inspector General and the Chief Financial Officer of OPM and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 10, 2010

**Attachment to the Independent Accountants' Report
on Applying Agreed-Upon Procedures
Submitted to the United States Office of Personnel Management
For the United States Department of the Interior, United States Department of Education, United States
Department of Transportation, National Aeronautics and Space Administration, National Science
Foundation, Nuclear Regulatory Commission, and Social Security Administration**

Procedures and Findings

Procedure A

- A. Obtain the United States Department of the Interior (DOI), United States Department of Education (ED), United States Department of Transportation (DOT), National Aeronautics and Space Administration (NASA), National Science Foundation (NSF), Nuclear Regulatory Commission (NRC), and Social Security Administration (SSA) (Agencies) September 2009 and March 2010 Semiannual Headcount Reports submitted to the U.S. Office of Personnel Management (OPM) and a summary of Retirement and Insurance Transfer System (RITS) submissions for September 2009 and for the period October 1, 2009 through August 31, 2010. For the Retirement, Health Benefits, and Life Insurance Withholdings and Contributions, select the Agency's RITS submissions for August 29, 2009 and February 27, 2010 and select one additional RITS submission for the period October 1, 2009 through August 31, 2010. Two of the three pay periods selected will coincide with the September 2009 and March 2010 Semiannual Headcount Reports (August 29, 2009 and February 27, 2010), and the additional payroll period selected ended April 10, 2010. Obtain Agency Federal Personnel Payroll System (FPPS) Payroll Employee Lists (employee lists), and Payroll Summary Report (payroll information) for the periods covered by the RITS submissions selected.

Finding A

We obtained the Agencies September 2009 and March 2010 Semiannual Headcount Reports submitted to OPM and a summary of RITS submissions for September 2009 and for the period October 1, 2009 through August 31, 2010. We haphazardly selected the following three RITS submissions from the summary of RITS submissions, two of which coincide with September 2009 and March 2010 Semiannual Headcount Reports (August 29, 2009 and February 27, 2010), and the additional payroll period selected ended April 10, 2010. We obtained the Agencies' employee lists and payroll information for the periods associated with the following RITS submissions.

Exhibit I

Pay period number	Payroll period ended	Selections ¹
200918	August 29, 2009	Bureau of Ocean Energy Management, Regulation and Enforcement formerly known as the Minerals Management Service (DOI), Indian Affairs (DOI), Bureau of Reclamation (DOI), Office of Inspector General (DOI), ED, Federal Aviation Administration (DOT), Federal Highway Administration (DOT), Federal Railroad Administration (DOT), Federal Transit Administration (DOT), Kennedy Space Center (NASA), Johnson Space Center (NASA), Stennis Space Center (NASA), Marshall Space Center (NASA), NSF, NRC, and SSA
201005	February 27, 2010	Office of Surface Mining, Reclamation and Enforcement (DOI), Office of the Secretary of the Interior (DOI), United States Fish and Wildlife Service (DOI), ED, National Highway Traffic Safety Administration (DOT), Office of Inspector General (DOT), United States Maritime Administration (DOT), Federal Motor Carrier Safety Administration (DOT), Glenn Research Center (NASA), Ames Research Center (NASA), Headquarters (NASA), NSF, NRC, and SSA
201008	April 10, 2010	Bureau of Land Management (DOI), National Park Service (DOI), United States Geological Survey (DOI), Office of Special Trustee for American Indians (DOI), ED, Pipeline Hazardous Materials Safety Administration (DOT), Office of the Secretary of Transportation (DOT), Research and Innovative Technology Administration (DOT), Saint Lawrence Seaway Development Corporation (DOT), Surface Transportation Board (DOT), Goddard Space Center (NASA), Dryden Flight Research Center (NASA), Langley Research Center (NASA), NSF, NRC, and SSA

Procedure 1

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.) As DOI-NBC, the Agencies' cross-servicing agency, utilizes the same internal controls for all agencies serviced, perform this procedure for only NSF:
 - 1.a. Recalculate the mathematical accuracy of the payroll information selected in procedure A. (that is, calculate the total of the amounts as reported on the FPPS Payroll Summary Reports, and compare the results of the calculated amounts to the corresponding amounts reported on the FPPS Payroll Summary Reports).

¹ DOI, DOT, and NASA prepare RITS submissions for each bureau within their agency each payroll period and combine all respective bureaus together prior to submission to OPM. We selected bureaus within each agency for each payroll period so each bureau would be tested in one of the payroll periods selected.

- 1.b. Recalculate the mathematical accuracy of each RITS submission for the payroll information selected in procedure A. (that is, calculate the total of the amounts as reported on the RITS submissions, and compare the results of the calculated amounts to the corresponding amounts reported on the RITS submissions).
- 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 A. to the related amounts shown on the RITS submission for the corresponding payroll periods noted.
- 1.d. Report any differences resulting from procedure 1.c. for Retirement, Health Benefits, and Life Insurance (categories) that are over one-percent of the aggregate amount reported for each of the three categories, and obtain management's contact information (that is, a management official's name, telephone number, and e-mail address) and management's explanation for the differences above the one-percent threshold.

Finding 1

We calculated the total of the amounts on the FPPS Payroll Summary Reports and compared the results of the calculated amounts to the corresponding amounts reported on the FPPS Payroll Summary Reports. We identified differences between the calculated total amounts on the FPPS Payroll Summary Reports and the actual total amounts on the FPPS Payroll Summary Reports that exceeded the one-percent threshold, which are presented in Schedule A. Refer to Attachment A received from management providing reasons for the differences. No additional procedures were performed with respect to management's representations as to the reasons for the differences.

We calculated the total of the amounts as reported on the RITS submissions and compared the results of the calculated amounts to the corresponding amounts reported on the RITS submissions. We identified differences between the calculated amounts on the RITS submission and the actual amounts on the RITS submission that exceeded the one-percent threshold, which are presented in Schedule B. Refer to Attachment A from management providing reasons for the differences. No additional procedures were performed with respect to management's representations as to the reasons for the differences.

We compared the employee withholding at the aggregate level for Retirement, Health Benefits, and Life Insurance (as adjusted for reconciling items) shown on the payroll information to the related amounts shown on the RITS submissions for the payroll periods noted in finding A above. We found such amounts to be below the threshold.

Procedure 2

2. Calculate the employee withholdings and employer contributions for Retirement, Health Benefits, and Life Insurance for a sample of individuals (that is, employees) as follows:
 - 2.a. Randomly select a total of 25 individuals for each of the following agencies: DOI, ED, DOT, NASA, NSF, NRC, and SSA and who were on the payroll system for all three of the RITS submissions selected above that meet all the following criteria:
 - covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS);

- enrolled in the Federal Employees Health Benefits Program;
 - covered by Basic Life Insurance; and
 - covered by at least one Federal Employees' Group Life Insurance (FEGLI) optional coverage (Option A, B, or C).
- 2.b. Obtain the following documents, either in electronic or hard copy format, from the Official Personnel File (OPF) for each individual selected in procedure 2.a. Hard copies can be originals or certified copies.
- all Notifications of Personnel Actions (SF-50) covering the pay periods in the RITS submissions chosen;
 - the Health Benefits Election Form (SF-2809) covering the pay periods in the RITS submissions chosen or, if applicable, obtain a report (via the agency's 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 procedure 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 the date of transaction with the date on the certified copy of the SF-2809 or a report from the agency's automated system (e.g., Employee Express) obtained above to identify whether the health benefit information to be used in the procedure 2.f. covers the pay periods in the RITS submissions chosen.
 - the Life Insurance Election Form (SF-2817) covering the pay periods in the RITS submission chosen (note: a new SF-2817 is needed only if an employee is changing life insurance coverage, therefore, the form could be many years old).
- 2.c. For each individual selected in procedure 2.a., compare the base salary used for payroll purposes (upon which withholdings and contributions generally are based) as noted on the employee's Leave and Earnings Statement (LES) to the base salary reflected on the employee's respective SF-50. Report any differences resulting from this procedure and obtain management's explanation of the differences.
- 2.d. For Retirement for each individual selected in procedure 2.a., compare the retirement plan code on the employee's respective SF-50 to the plan code used in the payroll system as noted on the employee's LES. Report any differences resulting from this procedure and obtain management's explanation of the differences.
- 2.e. For each individual selected in procedure 2.a., calculate the retirement employee withholding and employer contribution 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 retirement employee withholding and employer contribution amounts to the actual amounts withheld and contributed for the retirement plan as noted on the employee's LES. Report any differences resulting from this procedure and obtain management's explanation of the differences.

- 2.f. For Health Benefits for each individual selected in procedure 2.a., compare the employee health benefit withholdings and employer health benefit contributions from the LES 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 a report from the Agencies' automated system that allows the participant to change benefits (e.g., Employee Express). The Health Benefits rates can be found on OPM's website at <http://www.opm.gov/insure/health/rates/index.asp>. Report any differences resulting from this procedure and obtain management's explanation of the differences.
- 2.g. For Basic Life Insurance for each individual selected in procedure 2.a., inspect the Life Insurance Election Form (SF-2817) documented in the employee's OPF and note whether the employee elected Basic Life Insurance. Report any differences in which the election does not agree to the LES resulting from this procedure and obtain management's explanation of the differences.
- 2.h. For each individual selected in procedure 2.a., calculate the employee withholding and employer contribution amounts for Basic Life Insurance using the following:
- For employee withholdings: Round the employee's annual base salary from the SF-50 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 OPM's website at: http://www.opm.gov/insure/life/rates/em_rates.asp.
 - For employer contributions: Divide the employee withholdings calculated above by two.
- Compare the calculated employee withholding and employer contribution amounts to the actual amounts withheld and contributed as noted on the employee's LES for Basic Life Insurance. Report any differences resulting from this procedure and obtain management's explanation of the differences.
- 2.i. For Optional Life Insurance coverage for each individual selected in procedure 2.a., compare the optional life insurance coverage elected as documented on the SF-2817 in the employee's OPF to the optional coverage documented in the payroll system as noted on the employee's LES. Report any differences resulting from this procedure and obtain management's explanation of the differences.
- 2.j. For each individual selected in procedure 2.a., calculate the employee withholding amounts for optional life insurance using the following:
- For Option A: Inspect the SF-50 to obtain the employee's date of birth in order to determine his or her age. Locate the employee's age group using the age groups provided for Option A in the OPM 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 employee withholding amount based on the FEGLI Program Booklet to the amount withheld for Option A Life Insurance as noted on the employee's LES. Report any differences resulting from this procedure and obtain management's explanation of the differences.
 - For Option B: Inspect the SF-2817 to obtain the number of multiples chosen for Option B. Inspect the SF-50 to obtain the employee's date of birth in order to determine his or her age. Locate the employee's age group using the age groups provided for Option B in the OPM

FEGLI Program Booklet. Round the employee's annual rate of basic pay from the SF-50 up to the next 1,000, divide it by 1,000, and multiply it by the FEGLI rate for the respective age group from the FEGLI Program Booklet. Multiply this result by the number of multiples chosen for Option B Life Insurance shown on the SF-2817. Compare the calculated amount to the actual amount withheld as noted on the employee's LES for Option B Life Insurance. Report any differences resulting from this procedure and obtain management's explanation of the differences.

- For Option C: Inspect the SF-2817 to obtain the number of multiples chosen for Option C. Inspect the SF-50 to obtain the employee's date of birth in order to determine his or her age. 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 from the FEGLI Program Booklet by the number of multiples chosen for Option C Life Insurance shown on the SF-2817. Compare the calculated amount to the amount withheld as noted on the employee's LES for Option C Life Insurance. Report any differences resulting from this procedure and obtain management's explanation of the differences.

Finding 2

We randomly selected a total of 25 employees (presented in the accompanying Schedule C for DOI, Schedule D for ED, Schedule E for DOT, Schedule F for NASA, Schedule G for NRC, Schedule H for NSF, and Schedule I for SSA) from the payroll information related to the RITS submissions noted in finding 1 that met all of the criteria noted in procedure 2.a. above. For each employee listed in Schedules C, D, E, F, G, H, and I, we obtained the originals or certified copies of the documents as referenced in procedure 2.b. above.

We compared the date of the transactions with the date on the certified copy of the SF-2809 obtained from the OPF or, if applicable, the Agencies' Employee Express reports, and noted that the health benefit information used in procedure 2.f. covered the pay periods in the RITS submissions selected in procedure A. No exceptions were found as a result of applying the procedure.

For each employee listed in Schedules C, D, E, F, G, H, and I:

- We compared the base salary used for payroll purposes (upon which withholdings and contributions generally are based) as noted on the employee's LES to the base salary reflected on the employee's respective SF-50 obtained from the employee's OPF as indicated in procedure 2.c. We identified differences between the base salary as noted on the employee's LES as compared to the employee's respective SF-50, which are presented in Schedule J. Refer to Attachment B received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.
- We compared the retirement plan code on the employee's respective SF-50 to the plan code used in the payroll system as noted on the employee's LES as indicated in procedure 2.d. We found such information to be in agreement.
- We calculated the retirement employee withholdings and employer contributions as indicated in procedure 2.e. above and compared the calculated retirement employee withholdings and employer contribution amounts to the actual retirement employee withholding and employer contribution amounts as noted on the employee's LES. We identified differences between the calculated retirement employee withholding and employer contributions and the actual retirement employee withholding and employer contribution

Exhibit I

amounts as noted on the employee's LES, which are presented in Schedules K and L. Refer to Attachment B received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

- We compared the health benefits rates for the employee withholdings and employer contributions from the LES 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) obtained from the employee's OPF or the Agency's Employee Express report as indicated in procedure 2.f. We identified differences between the health benefit rates for the employee withholdings and employer contributions from the LES to the official subscription rates issued by OPM, which are presented in Schedules M and N. Refer to Attachment B received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.
- We inspected the Life Insurance Election Form (SF-2817) obtained from the employee's OPF for the basic life insurance election, and noted that each of the employees elected basic life insurance as indicated in procedure 2.g. above and compared the life insurance election per the employee's SF-2817 and the election status per the LES. We found such information to be in agreement.
- We calculated the employee withholding and employer contribution amounts for basic life insurance as indicated in procedure 2.h. above and compared the calculated amounts to the actual employee withholding and employer contribution amounts as noted on the employee's LES for basic life insurance. We found such information to be in agreement.
- We compared the optional life insurance election on the SF-2817 obtained from the employee's OPF to the optional life insurance coverage as noted on the employee's LES as indicated in procedure 2.i. above and compared the optional life insurance election per the employee's SF-2817 and the election status per the LES. We found such information to be in agreement.
- We calculated the employee withholding amount for Option A Life Insurance as indicated in procedure 2.j. above and compared the calculated employee withholding amount based on the FEGLI Program Booklet to the employee withholding amount as noted on the employee's LES for Option A Life Insurance. We identified differences between the calculated employee withholding amount for Option A Life Insurance and the employee withholding amount as noted on the employee's LES, which are presented in Schedule O. Refer to Attachment C received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.
- We calculated the employee withholding amount for Option B Life Insurance as indicated in procedure 2.j. above and compared the calculated employee withholding amount to the actual employee withholding amount as noted on the employee's LES for Option B Life Insurance. We identified differences between the calculated employee withholding amount for Option B Life Insurance and the employee withholding amount as noted on the employee's LES, which are presented in Schedule O. Refer to Attachment C received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.
- We calculated the employee withholding amounts for Option C Life Insurance as indicated in procedure 2.j. above and compared the calculated employee withholding amount to the actual employee withholding amount as noted on the employee's LES for Option C Life Insurance. We identified differences between the calculated employee withholding amount for Option C Life Insurance and the employee withholding

amount as noted on the employee's LES, which are presented in Schedule O. Refer to Attachment C received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

Procedure 3

3. Randomly select a total of 10 employees who have no Health Benefits withholdings for each of the following agencies: DOI, ED, DOT, NASA, NSF, NRC, and SSA, from the payroll information corresponding to the three RITS submissions (the submissions noted in procedure A.) and perform the following for each employee selected:
 - 3.a. Obtain the SF-2809s covering the pay periods in the RITS submissions chosen, either in electronic or hard copy format, from the selected employee's OPF or, if applicable, obtain a report (via the agency personnel office) from the Agency's automated system that allows participants to change benefits (e.g., Employee Express) for any Health Benefits transactions in that system for the employees selected. Hard copies can be originals or certified copies. Inspect the documentation (that is, SF-2809 or a report from the Agency's automated system that allows participants to change benefits) 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);
 - an SF-2809 in the OPF with Section E checked (indicating cancellation of coverage) and no later election of coverage through the Agency's automated system that allows participants to change benefits (e.g., Employee Express); or
 - cancellation of coverage through the Agency's automated system that allows participants to change benefits (e.g., Employee Express), and no later election of coverage with an SF-2809.
 - 3.b. Compare the result in procedure 3.a. to the RITS submissions. Report any differences resulting from this procedure and obtain management's explanation of the differences.

Finding 3

We randomly selected 10 employees (presented in the accompanying Schedule P for DOI, Schedule Q for ED, Schedule R for DOT, Schedule S for NASA, Schedule T for NSF, Schedule U for NRC, and Schedule V for SSA) who had no health benefits withholdings from the payroll information corresponding to the three RITS submissions.

For each employee listed in Schedules P, Q, R, S, T, U, and V, we obtained the respective SF-2809s or the agency's Employee Express reports, covering the pay periods noted in procedure A., from the employees' OPF, and inspected the SF-2809s or reports noting that there was no health benefit coverage election. We compared the no health benefits coverage election status from the LES to the information on the RITS submissions obtained in procedure A. We found such information to be in agreement.

Procedure 4

4. Randomly select a total of 10 employees who have no Life Insurance withholdings for each of the following agencies: DOI, ED, DOT, NASA, NSF, NRC, and SSA from the payroll information corresponding to the three RITS submissions (the submissions noted in procedure A.) and perform the following for each employee selected:
 - 4.a. Obtain the SF-2817s covering the pay periods in the RITS submissions chosen, either in electronic or hard copy format, from the selected employee's OPF. Hard copies can be originals or certified copies. Inspect the SF-2817 to identify whether the employee waived or canceled Basic Life Insurance coverage.
 - 4.b. Compare the result in procedure 4.a. to the RITS submission. Report any differences resulting from this procedure and obtain management's explanation of the differences.

Finding 4

We randomly selected 10 employees (presented in the accompanying Schedule W for DOI, Schedule X for ED, Schedule Y for DOT, Schedule Z for NASA, Schedule AA for NSF, Schedule BB for NRC, and Schedule CC for SSA) who had no life insurance withholdings from the payroll information corresponding to the three RITS submissions noted in procedure A.

For each employee listed in Schedules W, X, Y, Z, AA, BB, and CC, we obtained the respective SF-2817s covering the pay periods noted in procedure A., from the employees' OPF, and inspected the SF-2817s noting that the employee waived or canceled basic life insurance coverage. We compared the basic life insurance coverage waiver or cancellation status to the information on the RITS submissions obtained in procedure A. We identified differences between the SF-2817 and the employee withholding amount as noted on the employee's LES, which are presented in Schedule DD. Refer to Attachment D received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

Procedure 5

5. Calculate the headcount reflected on the September 2009 and March 2010 Semiannual Headcount Reports selected, as follows:
 - 5.a. Obtain existing FPPS Payroll Summary Reports (from procedure 1.a.) supporting each Supplemental Semiannual Headcount report. If existing payroll data is not available, obtain a FPPS payroll system query that summarizes detailed payroll data supporting each Supplemental Semiannual Headcount Report, as follows:
 - Benefit Category (see Semiannual Headcount Report)
 - Dollar Amount of withholdings and contributions
 - Number Enrolled (deductions made/no deductions)
 - Central Personnel Data File Code
 - Aggregate Base Salary.

- 5.b. Recalculate the headcount reflected on each Semiannual Headcount Report (that is, calculate the headcount using the payroll data obtained in procedure 5.a.). 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 the number of employees on the payroll data file for the period.
- 5.c. Compare the headcount reporting on each of the Agency's respective Semiannual Headcount Report and payroll information obtained in procedure 5.a. to the calculated headcount from procedure 5.b.
- 5.d. Report any differences (i.e., gross rather than net) greater than two percent resulting from procedure 5.c., and obtain management's contact information (that is, a management official's name, telephone number, and e-mail address) and management's explanation of the differences.

Finding 5

We obtained the FPPS Payroll Summary Reports supporting each Supplemental Semiannual Headcount Report, and calculated the headcount using the payroll data. We compared the headcount on each agency's respective Semiannual Headcount Report and FPPS Payroll Summary Report obtained in procedure 5.a. to the calculated headcount from procedure 5.b. obtained from an electronic file. We found such amounts to be below the threshold.

Procedure 6

- 6. Calculate employee withholdings and employer contributions for Retirement, Health Benefits, and Life Insurance as follows:
 - 6.a. Calculate employee withholdings and employer contributions for Retirement for the three pay periods selected in procedure A., as follows:
 - i. Multiply the CSRS and FERS payroll base obtained from payroll queries provided by the DOI-NBC by the employee withholding and employer contribution rates required by law (Civil Service Retirement Act of 1930).
 - ii. Compare the calculated totals from procedure 6.a.i. to the related actual amounts shown on the RITS submissions. Report any differences (i.e., gross rather than net) between the calculated retirement amounts and the actual retirement amounts reported on the RITS submissions greater than five percent of the amounts reported on the RITS submission, and obtain management's explanation of the differences.
 - 6.b. Calculate employee withholdings and employer contributions for Health Benefits for the three pay periods selected in procedure A., as follows:
 - i. Multiply the number of employees enrolled in each Health Benefits plan and plan option from the RITS submissions by the employee withholdings and employer contributions for the plan and option from the payroll queries provided by the DOI-NBC.

- ii. Sum the totals in procedure 6.b.i. and compare the result with the Health Benefit employee withholding and employer contribution amounts shown on the RITS submissions. Report any differences (i.e., gross rather than net) between the calculated health benefit amounts and the actual health benefit amounts reported on the RITS submissions greater than five percent of the amounts reported on the RITS submission, and obtain management's explanation of the differences.
- 6.c. Calculate the Basic Life Insurance employee withholdings and employer contributions for the three pay periods selected in procedure A., as follows:
- i. Obtain a payroll system query from the DOI-NBC 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 2,000 times the number of employees with Basic Life Insurance coverage obtained in procedure 6.c.i. to the aggregate annual basic pay for all employees with Basic Life Insurance obtained in procedure 6.c.i. to calculate the estimated total Basic Life Insurance coverage. Divide this calculated total (the estimated total Basic Life Insurance coverage) by 1,000 and multiply by the withholding rate required by law. The Life Insurance withholding rates can be found in the FEGLI Program Booklet on OPM's website.
 - iii. Compare the result in procedure 6.c.ii. to the employee withholdings for Basic Life Insurance coverage reported on the RITS submission. Report any difference (i.e., gross rather than net) between the calculated basic life insurance amount and the actual amount of withholdings reported on the RITS submission greater than five percent of the amounts reported on the RITS submission, and obtain management's explanation of the difference.
 - iv. For employer contributions: Divide the results of procedure 6.c.ii. by two (this approximates the employer contributions, which are one-half of employee withholdings). Compare this result to the actual amount of employer contributions reported on the RITS submission. Report any differences (i.e., gross rather than net) between the calculated basic life insurance amount and the actual amount of contributions reported on the RITS submission greater than five percent of the amounts reported on the RITS submission, and obtain management's explanation of the differences.
- 6.d. Calculate the Option A, Option B, and Option C Life Insurance coverage withholdings for the three pay periods selected in procedure A. In addition to the information used for procedure 1.a., the reports used for this procedure 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 here 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 from the payroll information 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 (i.e., gross rather than net) greater than two percent of the amounts reported on the RITS submission for Option A, and obtain management's explanation of the differences.
- iii. For Option B and Option C Life Insurance, determine participants by the age groups shown in the FEGLI Program Booklet. For Option B, round the employee's annual rate of basic pay from the payroll information up to the next 1,000, divide by 1,000, multiply by the rate for the age group from FEGLI Program Booklet, multiply this by the number of multiples from the payroll information: (Annual rate of basic pay (rounded up)/1,000*rate*multiples). For Option C, multiply the rate for the age group from the FEGLI Program Booklet by the number of multiples chosen for each employee from the payroll information.
- iv. Compare the results in procedure 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 of the differences.

Finding 6

We calculated the employee withholdings and employer contributions for Retirement for the three pay periods, selected in procedure A., as indicated in procedure 6.a. above. We compared the calculated total employee withholding and employer contribution amounts for retirement to the related actual employee withholding and employer contribution amounts for retirement as reported on the RITS submissions. We found such information to be below the threshold.

We calculated the employee withholdings and employer contributions for Health Benefits for the three pay periods, selected in procedure A., as indicated in procedure 6.b. above. We compared the calculated total employee withholding and employer contribution amounts for health benefits to the related actual employee withholding and employer contribution amounts for health benefits as reported on the RITS submissions. We identified differences between the calculated amounts and the actual amounts on the RITS submissions that exceeded the five-percent threshold, which are presented in Schedule EE. Refer to Attachment A received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

We calculated the employee withholdings and employer contributions for Basic Life Insurance for the three pay periods, selected in procedure A., as indicated in procedure 6.c. above. We compared the calculated total employee withholding and employer contribution amounts for basic life insurance to the related actual employee withholding and employer contribution amounts for basic life insurance as reported on the RITS submissions. We identified differences between the calculated amounts and the actual amounts on the RITS submissions that exceed the five-percent threshold, which are presented in Schedule FF. Refer to Attachment A received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

We calculated the employee withholdings for Option A Life Insurance for the three pay periods, selected in procedure A., as indicated in procedure 6.d. above. We compared the calculated Option A Life Insurance total employee withholding amounts to the related actual Option A Life Insurance employee withholding amounts as reported on the RITS submissions. We identified differences between the calculated amounts and the actual

Exhibit I

amounts on the RITS submissions that exceeded the two-percent threshold, which are presented in Schedule GG. Refer to Attachment A received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

We calculated the employee withholding amounts for Option B Life Insurance for the three pay periods, selected in procedure A., as indicated in procedure 6.d. above. We compared the calculated Option B Life Insurance total employee withholding amounts to the related actual Option B Life Insurance employee withholding amounts as reported on the RITS submissions. We identified differences between the calculated amount and the actual amount on the RITS submissions that exceeded the two-percent threshold, which is presented in Schedule HH. Refer to Attachment A received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

We calculated the employee withholding amounts for Option C Life Insurance for the three pay periods, selected in procedure A., as indicated in procedure 6.d. above. We compared the calculated Option C Life Insurance total employee withholding amounts to the related actual Option C Life Insurance employee withholding amounts as reported on the RITS submissions. We identified differences between the calculated amounts and the actual amounts on the RITS submission that exceeded the two-percent threshold, which are presented in Schedule II. Refer to Attachment A received from management providing reasons for the differences. No additional procedures were performed with respect to managements' representations as to the reasons for the differences.

NATIONAL SCIENCE FOUNDATION (NSF)
 FPPS Recalculation to FPPS Payroll Summary Report Differences

Agency	Payroll period	Category	Difference	Explanation (see Exhibit I, procedure 1.a.)
NSF	200918	Life – Basic	\$ (247.20)	a
NSF	200918	Life – Gov't	(126.53)	a

a DOI-NBC management determined that differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, we based our calculations on annualized biweekly wages. Per DOI-NBC management, a more precise calculation should be based on annual salary and tour of duty.

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL SCIENCE FOUNDATION (NSF)
RITS Submission Recalculation to RITS Submission Differences

Agency	Payroll period	Category	Difference	Explanation (see Exhibit I, procedure 1.b.)
NSF	200918	Life – Basic	\$ (247.20)	a
NSF	200918	Life – Gov't	(126.53)	a

a DOI-NBC management determined that differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, we based our calculations on annualized biweekly wages. Per DOI-NBC management, a more precise calculation should be based on annual salary and tour of duty.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR
 Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Bureau or office
1	Indian Affairs
2	Indian Affairs
3	Bureau of Land Management
4	Bureau of Land Management
5	Bureau of Land Management
6	Bureau of Land Management
7	Bureau of Reclamation
8	Bureau of Reclamation
9	U.S. Fish and Wildlife Service
10	U.S. Fish and Wildlife Service
11	U.S. Fish and Wildlife Service
12	U.S. Fish and Wildlife Service
13	Mineral Management Service
14	National Park Service
15	National Park Service
16	National Park Service
17	National Park Service
18	National Park Service
19	National Park Service
20	National Park Service
21	National Park Service
22	Office of the Secretary
23	United States Geological Survey
24	United States Geological Survey
25	United States Geological Survey

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF EDUCATION (ED)
Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Agency
1	ED
2	ED
3	ED
4	ED
5	ED
6	ED
7	ED
8	ED
9	ED
10	ED
11	ED
12	ED
13	ED
14	ED
15	ED
16	ED
17	ED
18	ED
19	ED
20	ED
21	ED
22	ED
23	ED
24	ED
25	ED

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF TRANSPORTATION

Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Bureau or office
1	Federal Aviation Administration
2	Federal Aviation Administration
3	Federal Aviation Administration
4	Federal Aviation Administration
5	Federal Aviation Administration
6	United States Maritime Administration
7	Federal Aviation Administration
8	Federal Aviation Administration
9	Federal Aviation Administration
10	Federal Aviation Administration
11	Federal Aviation Administration
12	Federal Aviation Administration
13	Federal Aviation Administration
14	Federal Aviation Administration
15	Federal Aviation Administration
16	Federal Aviation Administration
17	Federal Aviation Administration
18	Research and Innovative Technology Administration
19	Office of the Secretary of Transportation
20	Federal Aviation Administration
21	Federal Aviation Administration
22	Federal Aviation Administration
23	Federal Aviation Administration
24	Federal Aviation Administration
25	Federal Aviation Administration

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Agency
1	NASA
2	NASA
3	NASA
4	NASA
5	NASA
6	NASA
7	NASA
8	NASA
9	NASA
10	NASA
11	NASA
12	NASA
13	NASA
14	NASA
15	NASA
16	NASA
17	NASA
18	NASA
19	NASA
20	NASA
21	NASA
22	NASA
23	NASA
24	NASA
25	NASA

See accompanying independent accountants' report on applying agreed-upon procedures.

NUCLEAR REGULATORY COMMISSION (NRC)
Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Agency
1	NRC
2	NRC
3	NRC
4	NRC
5	NRC
6	NRC
7	NRC
8	NRC
9	NRC
10	NRC
11	NRC
12	NRC
13	NRC
14	NRC
15	NRC
16	NRC
17	NRC
18	NRC
19	NRC
20	NRC
21	NRC
22	NRC
23	NRC
24	NRC
25	NRC

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL SCIENCE FOUNDATION (NSF)

Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Agency
1	NSF
2	NSF
3	NSF
4	NSF
5	NSF
6	NSF
7	NSF
8	NSF
9	NSF
10	NSF
11	NSF
12	NSF
13	NSF
14	NSF
15	NSF
16	NSF
17	NSF
18	NSF
19	NSF
20	NSF
21	NSF
22	NSF
23	NSF
24	NSF
25	NSF

See accompanying independent accountants' report on applying agreed-upon procedures.

SOCIAL SECURITY ADMINISTRATION (SSA)

Employees With Retirement, Health Benefits, and Life Insurance

Sample item	Agency
1	SSA
2	SSA
3	SSA
4	SSA
5	SSA
6	SSA
7	SSA
8	SSA
9	SSA
10	SSA
11	SSA
12	SSA
13	SSA
14	SSA
15	SSA
16	SSA
17	SSA
18	SSA
19	SSA
20	SSA
21	SSA
22	SSA
23	SSA
24	SSA
25	SSA

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)

Annual Base Salary Differences

Bureau	Payroll period	Sample item	Difference	Explanation (see Exhibit I, procedure 2.c.)
Bureau of Reclamation (BOR)	200918	8	\$ 24.44	a
BOR	201005	8	7.52	a
BOR	201008	8	5.64	a

a DOI-BOR management determined that differences noted were due to the employee performing higher grade work and being paid at a higher level for those hours than per the base salary.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)

Retirement Withholding Recalculation Differences – Employee Contributions

Agency	Payroll period	Sample item	Difference	Explanation (see Exhibit I, procedure 2.e.)
Bureau of Reclamation (BOR)	200918	8	\$ 0.20	a
BOR	201005	8	0.06	a
BOR	201008	8	0.05	a

a DOI-BOR management determined that differences noted were due to the employee performing higher grade work and being paid at a higher level for those hours than per the base salary.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)

Retirement Withholding Recalculation Differences – Employer Contributions

Agency	Payroll period	Sample item	Difference	Explanation (see Exhibit I, procedure 2.e.)
Bureau of Reclamation (BOR)	200918	8	\$ 2.74	a
BOR	201005	8	0.84	a
BOR	201008	8	0.63	a

a DOI-BOR management determined that differences noted were due to the employee performing higher grade work and being paid at a higher level for those hours than per the base salary.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)

Health Benefits Withholding Recalculation Differences – Employee Withholdings

Agency	Payroll period	Sample item	Difference	Explanation (see Exhibit I, procedure 2.f.)
U.S. Fish and Wildlife Service (FWS)	200918	11	\$ 149.14	a
FWS	201005	11	150.17	a
FWS	201008	11	150.17	a

a DOI-FWS management determined this employee transferred to DOI from a another agency, and the respective SF-2809 was not transferred with the employee, and as such, was not available for our review.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)

Health Benefits Withholding Recalculation Differences – Employer Contributions

Agency	Payroll period	Sample item	Difference	Explanation (see Exhibit I, procedure 2.f.)
U.S. Fish and Wildlife Service (FWS)	200918	11	\$ 352.56	a
FWS	201005	11	376.04	a
FWS	201008	11	376.04	a

a DOI-FWS management determined this employee transferred to DOI from a another agency, and the respective SF-2809 was not transferred with the employee, and as such, was not available for our review.

See accompanying independent accountants' report on applying agreed-upon procedures.

National Science Foundation (NSF)
Optional Life Insurance Withholding Recalculation Differences

<u>Agency</u>	<u>Payroll period</u>	<u>Sample item</u>	<u>Difference</u>	<u>Explanation (see Exhibit I, procedure 2.j.)</u>
NSF	200918	5	\$ 0.90	a
NSF	200105	5	0.90	a
NSF	201008	5	0.90	a

a NSF management determined that the employee elected coverage for Option A, B, and/or C; however, the agency noted that when this selection was made in 1999, the employee's agency at the time (U.S. Postal Service) did not properly update the SF-2817 action resulting in an under deduction.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR

Employees With No Health Benefits

Sample item	Bureau or office
1	Indian Affairs
2	Bureau of Land Management
3	Bureau of Land Management
4	Bureau of Reclamation
5	U.S. Fish and Wildlife Service
6	U.S. Fish and Wildlife Service
7	National Park Service
8	National Park Service
9	National Park Service
10	United States Geological Survey

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF EDUCATION (ED)

Employees With No Health Benefits

Sample item	Agency
1	ED
2	ED
3	ED
4	ED
5	ED
6	ED
7	ED
8	ED
9	ED
10	ED

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF TRANSPORTATION

Employees With No Health Benefits

Sample item	Bureau or office
1	Federal Aviation Administration
2	Federal Motor Carrier Safety Administration
3	Federal Aviation Administration
4	Federal Aviation Administration
5	Federal Aviation Administration
6	Federal Aviation Administration
7	Federal Aviation Administration
8	Federal Aviation Administration
9	Federal Motor Carrier Safety Administration
10	Federal Aviation Administration

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

Employees With No Health Benefits

Sample item	Agency
1	NASA
2	NASA
3	NASA
4	NASA
5	NASA
6	NASA
7	NASA
8	NASA
9	NASA
10	NASA

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL SCIENCE FOUNDATION (NSF)

Employees With No Health Benefits

Sample item	Agency
1	NSF
2	NSF
3	NSF
4	NSF
5	NSF
6	NSF
7	NSF
8	NSF
9	NSF
10	NSF

See accompanying independent accountants' report on applying agreed-upon procedures.

NUCLEAR REGULATORY COMMISSION (NRC)

Employees With No Health Benefits

Sample item	Agency
1	NRC
2	NRC
3	NRC
4	NRC
5	NRC
6	NRC
7	NRC
8	NRC
9	NRC
10	NRC

See accompanying independent accountants' report on applying agreed-upon procedures.

SOCIAL SECURITY ADMINISTRATION (SSA)

Employees With No Health Benefits

Sample item	Agency
1	SSA
2	SSA
3	SSA
4	SSA
5	SSA
6	SSA
7	SSA
8	SSA
9	SSA
10	SSA

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR

Employees With No Life Insurance

Sample item	Bureau or Office
1	Indian Affairs
2	Bureau of Land Management
3	Bureau of Land Management
4	Bureau of Reclamation
5	U.S. Fish and Wildlife Service
6	U.S. Fish and Wildlife Service
7	National Park Service
8	National Park Service
9	National Park Service
10	United States Geological Survey

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF EDUCATION (ED)

Employees With No Life Insurance

Sample item	Agency
1	ED
2	ED
3	ED
4	ED
5	ED
6	ED
7	ED
8	ED
9	ED
10	ED

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF TRANSPORTATION

Employees With No Life Insurance

Sample item	Bureau or office
1	Federal Aviation Administration
2	Office of the Secretary of Transportation
3	Federal Aviation Administration
4	Federal Aviation Administration
5	Federal Aviation Administration
6	Federal Aviation Administration
7	Federal Aviation Administration
8	Federal Aviation Administration
9	Federal Aviation Administration
10	Federal Aviation Administration

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

Employees With No Life Insurance

Sample item	Agency
1	NASA
2	NASA
3	NASA
4	NASA
5	NASA
6	NASA
7	NASA
8	NASA
9	NASA
10	NASA

See accompanying independent accountants' report on applying agreed-upon procedures.

NATIONAL SCIENCE FOUNDATION (NSF)

Employees With No Life Insurance

Sample item	Agency
1	NSF
2	NSF
3	NSF
4	NSF
5	NSF
6	NSF
7	NSF
8	NSF
9	NSF
10	NSF

See accompanying independent accountants' report on applying agreed-upon procedures.

NUCLEAR REGULATORY COMMISSION (NRC)

Employees With No Life Insurance

Sample item	Agency
1	NRC
2	NRC
3	NRC
4	NRC
5	NRC
6	NRC
7	NRC
8	NRC
9	NRC
10	NRC

See accompanying independent accountants' report on applying agreed-upon procedures.

SOCIAL SECURITY ADMINISTRATION (SSA)

Employees With No Life Insurance

Sample item	Agency
1	SSA
2	SSA
3	SSA
4	SSA
5	SSA
6	SSA
7	SSA
8	SSA
9	SSA
10	SSA

See accompanying independent accountants' report on applying agreed-upon procedures.

Nuclear Regulatory Commission (NRC)

No Life Insurance Election Differences

Bureau	Payroll period	Sample item	Explanation (see Exhibit I, procedure 4.b.)
NRC	200918	8	a
NRC	201005	8	a
NRC	201008	8	a

a NRC management determined that there is no SF-2817 indicating that the employee waived all life insurance coverage. The most current SF-2817 reflects the election of life insurance coverage.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)
UNITED STATES DEPARTMENT OF EDUCATION (ED)
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)
NUCLEAR REGULATORY COMMISSION (NRC)
SOCIAL SECURITY ADMINISTRATION (SSA)

Variances Exceeding Five Percent – Health Benefits – Calculated Amount Versus RITS Submission

Agency/Bureau or Office	Payroll period	Enrollment code	Difference	Explanation (see Exhibit I, procedure 6.b.)
DOI – Bureau of Indian Affairs	200918	A32	-7.14%	a
DOI – Bureau of Indian Affairs	200918	CY2	-9.41%	b
DOI – Bureau of Indian Affairs	200918	LP1	-23.08%	b
DOI – Bureau of Indian Affairs	200918	M52	-22.22%	b
DOI – Bureau of Indian Affairs	200918	P21	-7.73%	b
DOI – Bureau of Indian Affairs	200918	P24	-10.42%	b
DOI – Bureau of Indian Affairs	200918	Q11	-6.02%	a ,b
DOI – Bureau of Indian Affairs	200918	RU1	100.00%	b
DOI – Bureau of Indian Affairs	200918	SI2	-22.22%	b
DOI – Bureau of Indian Affairs	200918	WQ1	-6.82%	b
DOI – Bureau of Indian Affairs	200918	104	-7.85%	a, b
DOI – Bureau of Indian Affairs	200918	111	-7.43%	a, b
DOI – Bureau of Indian Affairs	200918	224	-7.55%	b
DOI – Bureau of Indian Affairs	200918	311	-9.66%	a, b
DOI – Bureau of Indian Affairs	200918	314	-9.87%	a, b
DOI – Bureau of Indian Affairs	200918	321	-8.69%	b
DOI – Bureau of Indian Affairs	200918	341	-12.81%	b
DOI – Bureau of Indian Affairs	200918	402	-18.52%	b
DOI – Bureau of Indian Affairs	200918	A71	-8.70%	b
DOI – Bureau of Indian Affairs	200918	CY1	-9.41%	b
DOI – Bureau of Indian Affairs	200918	LP2	-9.31%	b
DOI – Bureau of Indian Affairs	200918	M51	-16.00%	b
DOI – Bureau of Indian Affairs	200918	P22	-9.75%	a, b
DOI – Bureau of Indian Affairs	200918	P25	-11.35%	b
DOI – Bureau of Indian Affairs	200918	SI1	-22.22%	b
DOI – Bureau of Indian Affairs	200918	105	-6.57%	a, b
DOI – Bureau of Indian Affairs	200918	112	-7.04%	a, b
DOI – Bureau of Indian Affairs	200918	2X2	-8.70%	b
DOI – Bureau of Indian Affairs	200918	222	-12.50%	a
DOI – Bureau of Indian Affairs	200918	225	-12.77%	b
DOI – Bureau of Indian Affairs	200918	312	-10.58%	a, b
DOI – Bureau of Indian Affairs	200918	315	-7.16%	a, b
DOI – Bureau of Indian Affairs	200918	322	-8.70%	b
DOI – Bureau of Indian Affairs	200918	414	-13.41%	a, b
DOI – Bureau of Indian Affairs	200918	415	-9.35%	a, b
DOI – Bureau of Indian Affairs	200918	455	-5.93%	a, b
DOI – Bureau of Indian Affairs	200918	482	-17.87%	b
DOI – Bureau of Indian Affairs	200918	621	-20.09%	b, c
DOI – Bureau of Indian Affairs	200918	454	-9.04%	a, b
DOI – Bureau of Indian Affairs	200918	471	-17.44%	a, b
DOI – Bureau of Indian Affairs	200918	622	-18.00%	b
DOI – Minerals Management Service	200918	SI2	-33.33%	a
DOI – Minerals Management Service	200918	SJ2	-100.00%	a
DOI – U.S. Fish and Wildlife Service	201005	JN4	-16.50%	a

UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)
UNITED STATES DEPARTMENT OF EDUCATION (ED)
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)
NUCLEAR REGULATORY COMMISSION (NRC)
SOCIAL SECURITY ADMINISTRATION (SSA)

Variances Exceeding Five Percent – Health Benefits – Calculated Amount Versus RITS Submission

Agency/Bureau or Office	Payroll period	Enrollment code	Difference	Explanation (see Exhibit I, procedure 6.b.)
DOI – Office of the Secretary	201005	JP2	71.18%	a
DOI – Office of the Secretary	201005	321	-10.00%	a
DOI – Office of the Secretary	201005	455	5.53%	a
DOI – Office of the Secretary	201005	JP1	-36.37%	a
DOI – Office of the Secretary	201005	M51	300.65%	a
DOI – Bureau of Land Management	201008	L12	-119.37%	a
DOI – National Park Service	201008	E31	26.27%	a
DOI – National Park Service	201008	DK4	-33.37%	a
DOI – National Park Service	201008	F81	-62.39%	a
DOI – U.S. Geological Survey	201008	EA1	-14.26%	a
DOI – U.S. Geological Survey	201008	EA2	33.32%	a
ED	201008	642	599.93%	a
DOT – Federal Aviation Administration	200918	D62	-9.30%	a
DOT – Federal Aviation Administration	200918	ED2	-41.05%	a
DOT – Federal Aviation Administration	200918	ED1	75.06%	a
DOT – Federal Aviation Administration	200918	IK2	5.88%	a
DOT – Federal Aviation Administration	200918	JN2	21.64%	a
DOT – Federal Aviation Administration	200918	MK4	-106.67%	a
DOT – Federal Highway Administration	200918	591	-41.67%	a
DOT – Federal Motor Carrier Safety Administration	201005	112	-9.27%	a
NASA	200918	472	-50.00%	a
NASA	200918	471	-100.00%	a
NRC	200918	E32	5.43%	a
SSA	200918	ED2	8.67%	a
SSA	200918	HA2	9.93%	a
SSA	200918	JC5	-7.14%	a
SSA	200918	K91	14.20%	a
SSA	200918	ZJ1	-15.38%	a
SSA	200918	115	-112.50%	a
SSA	200918	512	-18.35%	a
SSA	200918	515	-146.24%	a
SSA	200918	571	15.08%	a
SSA	200918	452	-100.00%	a
SSA	201005	E92	29.89%	a
SSA	201005	515	-19.97%	a
SSA	201005	801	-6.82%	a
SSA	201005	802	22.33%	a
SSA	201008	ED1	-100.00%	a
SSA	201008	F85	-20.07%	a
SSA	201008	415	10.00%	a
SSA	201008	7D1	6.21%	a
SSA	201008	9R1	-6.51%	a
SSA	201008	9R2	6.66%	a

a DOI-NBC management determined that health benefit differences noted were due to retroactive adjustments processed.

b DOI-NBC management determined that health benefit differences noted were due to current year adjustments processed.

c DOI-NBC management determined that health benefit differences noted were due to current year adjustments that were readjusted.

See accompanying independent accountants' report on applying agreed-upon procedures.

UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)

Variance Exceeding Five Percent – Basic Life Insurance –
Calculated Amount Versus RITS Submission

Agency/Bureau or office	Payroll period	Employee or Employer	Withholdings difference	Explanation (see Exhibit I, procedure 6.c.)
DOT – Office of Inspector General	201005	Employer	(5.01)%	a

a DOI-NBC management determined that differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, we based our calculations on annualized bi-weekly wages. Per DOI-NBC management, a more precise calculation should be based on annual salary and tour of duty.

See accompanying independent accountants' report on applying agreed-upon procedures.

**UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)
NATIONAL AERONAUTIC AND SPACE ADMINISTRATION (NASA)**

Variance Exceeding Two Percent – Option A Life Insurance –
Calculated Amount Versus RITS Submission

Agency/Bureau or office	Payroll period	Withholdings difference	Explanation (see Exhibit I, procedure 6.d.)
DOI – Bureau of Indian Affairs	200918	(6.72)%	a
NASA	201005	(4.93)	b

a DOI-NBC management determined that the difference noted was due to contract educators that have the 12 months of deductions taken in nine months.

b DOI-NBC management determined that the difference noted was due to retroactive adjustments processed.

See accompanying independent accountants' report on applying agreed-upon procedures.

**UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)**

Variance Exceeding Two Percent – Option B Life Insurance –
Calculated Amount Versus RITS Submission

Bureau or office	Payroll period	Withholdings difference	Explanation (see Exhibit I, procedure 6.d.)
DOI – Office of Inspector General	200918	3.95%	a
DOT – Research and Innovative Technology Administration	201008	5.02	b

a DOI-NBC management determined that the difference noted was due to employees who exceed the Grade 15 Step 10 level, which results in pay being limited to the Grade 15 Step 10 maximum pay.

b DOI-NBC management determined that the difference noted was due to employees whose life insurance is prorated because they work a part-time schedule.

See accompanying independent accountants' report on applying agreed-upon procedures.

**UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)
NATIONAL AERONAUTIC AND SPACE ADMINISTRATION (NASA)
SOCIAL SECURITY ADMINISTRATION (SSA)**

Variance Exceeding Two Percent – Option C Life Insurance –
Calculated Amount Versus RITS Submission

Agency or bureau/office	Payroll period	Withholdings Difference	Explanation (see Exhibit I, procedure 6.d.)
DOI – Bureau of Indian Affairs	200918	(7.31)%	a
DOT – Federal Highway Administration	200918	7.70%	b
NASA	200918	2.08	b
NASA	201005	4.09	b
SSA	200918	2.12	b
SSA	201008	2.83	b

a DOI-NBC management determined that the difference noted was due to contract educators that have the 12 months of deductions taken in nine months.

b DOI-NBC management determined that the differences noted were due to retroactive adjustments processed.

See accompanying independent accountants' report on applying agreed-upon procedures.

ATTACHMENT A

**United States Department of the Interior National Business Center
Differences Representation Letter**



United States Department of the Interior
NATIONAL BUSINESS CENTER
Washington, DC 20240



September 10, 2010

To: KPMG LLP

From: U.S. Department of the Interior – National Business Center

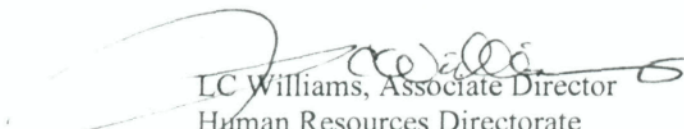
Subject: Agreed-Upon Procedures Report

KPMG has performed procedures in connection with an engagement to apply agreed-upon procedures, which were agreed to by the Office of Inspector General and the Chief Financial Officer of the U.S. Office of Personnel Management (OPM). Those procedures were conducted solely to assist OPM in evaluating the reliability of the employee withholdings and employer contributions reported in the United States Department of the Interior (DOI), United States Department of Education's (ED), United States Department of Transportation's (DOT), National Aeronautics and Space Administration's (NASA), Nuclear Regulatory Commission's (NRC), National Science Foundation's (NSF), and Social Security Administration's (SSA) Reports of Withholdings and Contributions for Retirement, Health Benefits, and Life Insurance for the payroll periods ended August 29, 2009, February 27, 2010, and April 10, 2010, and for the Semiannual Headcount Reports as of August 29, 2009, and February 27, 2010 (hereinafter referred to as the OPM data submissions). These procedures were intended to validate the accuracy of the data either by comparison with other Federal Personnel and Payroll System reports or by applying calculations to infer the reasonableness of results. While many steps resulted in no variances, some variances did exist.

Based on the variances noted during the review of the Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement (SF-2812) and the Semiannual Headcount Reports we have prepared the attached explanations. OPM's formulas for reasonable results and the comparison of the reports identified variances that are readily explained and supported as related to specific programs or routine adjustments.

Please feel free to contact Trina Crosser at 303-969-7372 if you have any questions.

Sincerely,


LC Williams, Associate Director
Human Resources Directorate

Enclosure



Schedule	Step	Agency	ID	Explanation
A	1.a.	NSF – FEGLI Basic	0918	Differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, KPMG based its calculations on annualized bi-weekly wages. A more precise calculation should be based on annual salary and tour of duty.
A	1.a.	NSF – FEGLI Gov't	0918	Differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, KPMG based its calculations on annualized bi-weekly wages. A more precise calculation should be based on annual salary and tour of duty.
B	1.b.	NSF – FEGLI Basic	0918	Differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, KPMG based its calculations on annualized bi-weekly wages. A more precise calculation should be based on annual salary and tour of duty.
B	1.b.	NSF – FEGLI Gov't	0918	Differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, KPMG based its calculations on annualized bi-weekly wages. A more precise calculation should be based on annual salary and tour of duty.
EE	6.b.	DOI – BIA	0918	Differences noted were due to retroactive adjustments processed, contract educators that have the 12 months of deductions taken in nine months, inclusion for the total withholding and contribution and number of enrolled for temporary employees, and cutback/forced deduction causing readjustment to count of contract educators.
EE	6.b.	DOI – MMS	0918	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOI – FWS	1005	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOI – SOS	1005	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOI – BLM	1008	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOI – NPS	1008	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOI - USGS	1008	Differences noted relate to retroactive adjustments processed.
EE	6.b.	ED	1008	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOT – FAA	0918	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOT – FHWA	0918	Differences noted relate to retroactive adjustments processed.
EE	6.b.	DOT – FMCSA	1005	Differences noted relate to retroactive adjustments processed.
EE	6.b.	NASA	0918	Differences noted relate to retroactive adjustments processed.
EE	6.b.	NRC	0918	Differences noted relate to retroactive adjustments

Schedule	Step	Agency	ID	Explanation
				processed.
EE	6.b.	SSA	0918	Differences noted relate to retroactive adjustments processed.
EE	6.b.	SSA	1005	Differences noted relate to retroactive adjustments processed.
EE	6.b.	SSA	1008	Differences noted relate to retroactive adjustments processed.
FF	6.c.	DOT – OIG – Employer	1005	Differences noted were due to differences in calculations. Per the OPM agreed-upon procedures, KPMG based its calculations on annualized bi-weekly wages. A more precise calculation should be based on annual salary and tour of duty.
GG	6.d.	DOI – BIA – Option A	0918	Differences noted relate to contract educators that have the 12 months of deductions taken in nine months.
II	6.d.	DOI – BIA – Option C	0918	Differences noted relate to contract educators that have the 12 months of deductions taken in nine months.
HH	6.d.	DOI – OIG – Option B	0918	Difference noted was due to employees who exceed the Grade 15 Step 10 level, which results in pay being limited to the Grade 15 Step 10 maximum pay.
HH	6.d.	DOT – RITA – Option B	1008	Differences noted were due to the calculation required for part time employees.
II	6.d.	DOT – FHWA – Option C	0918	Differences noted were due to retroactive adjustments processed.
GG	6.d.	NASA – HQR – Option A	1005	Differences noted were due to retroactive adjustments processed.
II	6.d.	NASA – MFC – Option C	0918	Differences noted were due to retroactive adjustments processed.
II	6.d.	NASA – HQR – Option C	1005	Differences noted were due to retroactive adjustments processed.
II	6.d.	SSA – Option C	0918	Differences noted were due to retroactive adjustments processed.
II	6.d.	SSA - Option C	1008	Differences noted were due to retroactive adjustments processed.

ATTACHMENT B

United States Department of the Interior
Differences Representation Letter



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Memorandum

SEP 10 2010

To: KPMG LLP

From: U.S. Department of the Interior

Subject: Agreed-Upon Procedures Report

KPMG LLP (KPMG) has performed procedures in connection with an engagement to apply agreed-upon procedures, which were agreed to by the Office of Inspector General and the Chief Financial Officer of the U.S. Office of Personnel Management (OPM). Those procedures were conducted solely to assist OPM in evaluating the reliability of the employee withholdings and employer contributions reported in the United States Department of the Interior's (Interior) Reports of Withholdings and Contributions for Retirement, Health Benefits, and Life Insurance for the payroll periods ended August 29, 2009, February 27, 2010, and April 10, 2010, and for the Semiannual Headcount Reports as of August 29, 2009 and February 27, 2010 (hereinafter referred to as the OPM data submissions). These procedures were intended to validate the accuracy of the data either by comparison with other Federal Personnel and Payroll System reports or by applying calculations to infer the reasonableness of results. While many steps resulted in no variances, some variances did exist.

Interior confirms the following:

Schedule(s)	Agency	Explanation
J, K, L	Interior – Bureau of Reclamation	The difference in the base salary between the SF-50 and the LES relates to the employee being paid a higher amount for hours worked during the pay period performing higher grade work.
M, N	Interior – Fish and Wildlife Service	The employee transferred to Interior from another agency, and the respective SF-2809 was not transferred with the employee, and as such, was not available for KPMG's review.

Please feel free to contact Ed King at (202) 208-3425 if you have any questions.

Sincerely,

Pamela Haze

Deputy Assistant Secretary, Budget and Business Management

ATTACHMENT C
National Science Foundation
Differences Representation Letter

NATIONAL SCIENCE FOUNDATION
4201 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22230

MEMORANDUM

To: KPMG LLP

From: National Science Foundation

Subject: Agreed-Upon Procedures Report

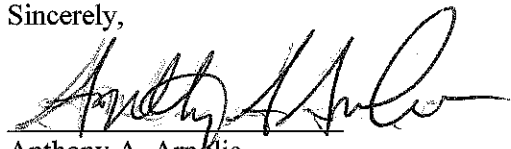
Date: September 10, 2010

KPMG has performed procedures in connection with an engagement to apply agreed-upon procedures, which were agreed to by the Office of Inspector General and the Chief Financial Officer of the U.S. Office of Personnel Management (OPM). Those procedures were conducted solely to assist OPM in evaluating the reliability of the employee withholdings and employer contributions reported in the National Science Foundation's (NSF) Reports of Withholdings and Contributions for Retirement, Health Benefits, and Life Insurance for the payroll periods ended August 29, 2009, February 27, 2010, and April 10, 2010, and for the Semiannual Headcount Reports as of August 29, 2009 and February 27, 2010 (hereinafter referred to as the OPM data submissions). These procedures were intended to validate the accuracy of the data either by comparison with other Federal Personnel and Payroll System (FPPS) reports or by applying calculations to infer the reasonableness of results. While many steps resulted in no variances, some variances did exist.

In relation to Schedule O of the report, NSF confirms that the employee's elected coverage for Option A, B and C in 1999 on the SF-2817 in the OPF file, which was not properly updated by the employee's agency at the time (U.S. Postal Service), resulting in an under-deduction.

Please feel free to contact Angela Ameen at 703-292-4334 if you have any questions.

Sincerely,



Anthony A. Arnolite
Chief Human Capital Officer

ATTACHMENT D

**Nuclear Regulatory Commission
Differences Representation Letter**



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

September 10, 2010

Mr. Jeff Morris
KPMG LLP
2001 M Street, N. W.
Washington, DC 20036

Dear Mr. Norris:

KPMG has performed procedures in connection with an engagement to apply agreed-upon procedures, which were agreed to by the Office of Inspector General and the Chief Financial Officer of the U.S. Office of Personnel Management (OPM). Those procedures were conducted solely to assist OPM in evaluating the reliability of the employee withholdings and employer contributions reported in the Nuclear Regulatory Commission's (NRC) Reports of Withholdings and Contributions for Retirement, Health Benefits, and Life Insurance for the payroll periods ended August 29, 2009, February 27, 2010, and April 10, 2010, and for the Semiannual Headcount Reports as of August 29, 2009 and February 27, 2010 (hereinafter referred to as the OPM data submissions). These procedures were intended to validate the accuracy of the data either by comparison with other Federal Personnel and Payroll System (FPPS) reports or by applying calculations to infer the reasonableness of results. While many steps resulted in no variances, some variances did exist.

In relation to Schedule DD of the report, NRC confirms that there is no SF-2817 in the employee's e-OPF to support the change in FEGLI personnel action that was processed by the Small Business Administration effective May 23, 1999, waiving her life insurance coverage. NRC is taking appropriate corrective action to collect the premiums.

Please feel free to contact Katherine Schmidt at 301-492-2297 if you have any questions.

Sincerely,

A handwritten signature in dark ink, which appears to read "James F. McDermott", is written over a horizontal line.

James F. McDermott
Director, Office of Human Resources

Report Fraud, Waste, and Mismanagement



Fraud, waste, and mismanagement in government concern everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to Departmental or Insular Area programs and operations. You can report allegations to us in several ways.



By Mail:

U.S. Department of the Interior
Office of Inspector General
Mail Stop 4428 MIB
1849 C Street, NW
Washington, D.C. 20240

By Phone:

24-Hour Toll Free
Washington Metro Area

800-424-5081
703-487-5435

By Fax:

703-487-5402

By Internet:

www.doioig.gov