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GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL'S
INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE OFFICE OF PERSONNEL MANAGEMENT
REPORT NUMBER: A090110/S/F/S09003
SEPTEMBER 9, 2009

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Restricted Report

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**Office of Inspector General
General Services Administration**



Office of Audits

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U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

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SEP 09 2009

Honorable Patrick E. McFarland
Inspector General
U.S. Office of Personnel Management
1900 F Street, NW, Room 6400
Washington, DC 20415

Dear Mr. McFarland:

In accordance with the requirements of the Office of Management and Budget Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements," I am transmitting the results of our agreed-upon procedures engagement. This engagement was performed to assist the U.S. Office of Personnel Management in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions, and employee headcount data which the General Services Administration's National Payroll Branch submitted to the U.S. Office of Personnel Management during Fiscal Year 2009.

I would be pleased to discuss this report with you at any time. If your staff has any questions concerning this report, please contact Mr. Jeffrey Womack, Deputy Assistant Inspector General for Finance and Administrative Audits on (202) 501-0006.

Sincerely,

Brian D. Miller
Inspector General

Enclosure

cc: Mr. Mark Reger, Chief Financial Officer

1800 F Street, NW, Washington, DC 20405-0002

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**General Services Administration
Office of Inspector General's Independent Report
on Applying Agreed-Upon Procedures
To The Office of Personnel Management**

To the Inspector General
U.S. Office of Personnel Management

We have performed the procedures enumerated below, which were agreed to by the Inspector General and Chief Financial Officer of the U.S. Office of Personnel Management (OPM), solely to assist you in connection with the employee withholdings and employer contributions reported on the "Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement" for the payroll periods ended August 30, 2008, February 28, 2009, and April 25, 2009. The procedures were also applied to withholdings and contributions reported on the Semiannual Headcount Report as of August 30, 2008 and February 28, 2009. This agreed-upon procedures (AUPs) engagement was conducted in accordance with the attestation standards 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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We compared the payroll system data files to the "Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement" (Standard Form 2812), for the Retirement and Insurance Transfer System (RITS) submission data for the payroll periods ended August 30, 2008, February 28, 2009, and April 25, 2009. To accomplish this, we:
 - Compared and verified the mathematical accuracy of the Consolidated Payroll Reports and the Earnings to Net Report.
 - Compared and verified the data from the Earnings to Net Feeder Report for each agency that GSA provides payroll services for, to the Grand Earnings to Net Report.
 - Verified the mathematical accuracy of each of the SF-2812s sampled and traced the totals back to Grand Earnings to Net Report.

No exceptions were found as a result of applying the procedure.

2. We randomly selected a sample of 25 GSA employees and 25 OPM employees for the payroll period ended April 25, 2009 who met 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).

Using the official personnel files of the selected employees, we:

- Compared and agreed the base salary shown in the payroll data to approved amounts reflected on the employees' Notification of Personnel Action (Standard Form 50).
- Compared and agreed the retirement plan codes indicated on the employees' Standard Form 50 to the plan codes reported in the payroll system. We also verified that the retirement withholdings and contributions for participants in the FERS and CSRS retirement plans were the official amounts required by law.
- Tested to determine if the health benefit codes indicated on the employees' "Health Benefits Registration Form" (Standard Form 2809) agreed with the plan codes reported in the payroll system. We also verified that the employee withholdings and agency contributions agreed with the official subscription rates issued by OPM for the plan and option elected by each employee selected.
- Tested to determine if the basic and optional life insurance coverage indicated on the employees' Life Insurance Election Form (Standard Form 2817) agreed with the life insurance coverage reported in the payroll system, and that the life insurance withholdings and contributions agreed with the official life insurance rates issued in OPM's FEGLI Program Booklet.

No exceptions were found as a result of applying the procedure.

3. For the payroll period ended April 25, 2009, we randomly selected a sample of 10 GSA employees and 10 OPM employees who did not have health benefit withholdings from the universe of GSA and OPM employees. We compared the information in the payroll system data files to corresponding information in the individual employee's official personnel files and verified that the employees elected to be excluded from health benefit coverage.

No exceptions were found as a result of applying the procedure.

4. For the payroll period ended April 25, 2009, we randomly selected a sample of 10 GSA employees and 10 OPM employees who did not have life insurance withholdings from the universe of GSA and OPM employees. We compared the information in the payroll system data files to corresponding information in the individual employee's official personnel files and verified that the employees elected to be excluded from life insurance coverage.

No exceptions were found as a result of applying the procedure.

5. We performed analytical procedures to compare the total number of employees listed in GSA's Payroll Accounting and Reporting (PAR) System to the total number of employees reported to OPM in the Supplemental Semiannual Headcount Reports for the payroll periods ended August 30, 2008 and February 28, 2009.

No exceptions were found as a result of applying the procedure.

6. We identified the total number of GSA and OPM employees enrolled in each retirement plan (CSRS and FERS); each health benefits plan option; and each life insurance option for the payroll periods ended August 30, 2008, February 28, 2009, and April 25, 2009. Using the payroll base subject to each of the contributions, we:

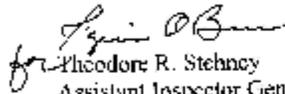
- Calculated the total retirement employee withholdings and employer contributions by multiplying the CSRS and FERS payroll base by the withholding and contribution rates required by law for both GSA and OPM. We then compared the calculated total with the corresponding amounts shown on the RITS supporting documentation. We found no differences in excess of the tolerable 5% threshold established in the AUPs.
- Calculated the health benefit employee withholdings and employer contributions by multiplying the number of employees enrolled in each health benefit plan option by the employee and employer premiums for that plan option, for both GSA and OPM. We compared the calculated total with the health benefit withholding and contribution amounts shown on the RITS supporting documentation. We found no differences in excess of the tolerable 5% threshold established in the AUPs.
- Calculated the basic life insurance employee withholdings and employer contributions by using the formula described in Step 6.c of OMB Bulletin No. 07-04, Section 11, for both GSA and OPM. We compared the results to the employee withholdings and employer contributions for basic life insurance coverage reported on the RITS supporting documentation. We found no differences in excess of the tolerable 5% threshold established in the AUPs.
- Calculated the Option A, Option B, and Option C life insurance employee withholdings by using the formulas described in Step 6.d of OMB Bulletin No. 07-04, Section 11, for both GSA and OPM. We compared the results to the employee withholdings for Option A, Option B, and Option C life insurance coverage reported on the RITS supporting documentation. We found no differences in excess of the tolerable 2% threshold established in the AUPs.

No exceptions were found as a result of applying the procedure.

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We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the withholdings and contributions for health benefits, life insurance, and retirement, and the headcount reports prepared by GSA's National Payroll Branch. 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 Chief Financial Officer of OPM and is not intended to be and should not be used by anyone other than these specified parties.


for Theodore R. Stehney
Assistant Inspector General for Auditing

September 9, 2009