



United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

OCT -1 2012

U.S. Office of Personnel Management  
Office of Inspector General  
Attention: W. W. Scott, Jr.  
Room 6400  
1900 E Street, N.W.  
Washington, DC 20415

Dear Mr. Scott:

Enclosed for your information is the report *Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management* (AUD-FM-13-01, Oct. 2012).

The report, prepared at the direction of the Office of Inspector General by Kearney & Company, P.C., is required by Office of Management and Budget Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The procedures were performed to assist the Office of Personnel Management (OPM) in assessing the reasonableness of the retirement, health benefits, and life insurance withholdings and contributions, as well as semiannual headcount information, submitted to OPM by the Department of State. The procedures will also assist OPM in identifying and correcting errors relating to processing and distributing Combined Federal Campaign payroll deductions.

If you have any questions about this report, please have your staff contact Gayle L. Voshell, Director of the Financial Management Division, at (703) 284-2681 or by e-mail at [voshellg@state.gov](mailto:voshellg@state.gov). You may also contact Evelyn R. Klemstine, Assistant Inspector General for Audits, at (202) 663-0372 or by e-mail at [klemstinee@state.gov](mailto:klemstinee@state.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "H. Geisel", written in a cursive style.

Harold W. Geisel  
Deputy Inspector General

Enclosure: As stated.

cc: CGFS – James L. Millette  
DCFO – Christopher H. Flaggs



# **U.S. Department of State**

## **Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management**

**AUD-FM-13-01**

**October 1, 2012**

**KEARNEY &  
COMPANY**

*Point of Contact:  
Jeff Green, Senior Partner  
1701 Duke Street, Suite 500  
Alexandria, VA 22314  
703-931-5600, 703-931-3655 (fax)  
[jgreen@kearneyco.com](mailto:jgreen@kearneyco.com)*

*Kearney & Company's TIN is 54-1603527, DUNS is 18-657-6310, Cage Code is 1S114*

**Independent Accountant's Report  
on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings,  
Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the  
Office of Personnel Management**

The Honorable Patrick E. McFarland  
U.S. Office of Personnel Management

Kearney & Company, P.C. (referred to as "we" in this report), performed the procedures described in the enclosure to this report, which were agreed to by the Inspector General and the Chief Financial Officer of the U.S. Office of Personnel Management (OPM). These procedures were performed 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 by the Department of State (Department) for the payroll periods ended August 27, 2011, February 11, 2012, and February 25, 2012. In addition, the procedures were performed to assist OPM in identifying and correcting errors relating to processing and distributing Combined Federal Campaign payroll deductions.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. The sufficiency of these procedures and related subject matter 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 the enclosure either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the enclosure.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the withholdings and contributions for retirement, health benefits, and life insurance, the Semiannual Headcount Reports, and the Combined Federal Campaign payroll deductions of the Department. 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. However, the report is a matter of public record, and its distribution is not limited.



Alexandria, Virginia  
October 1, 2012

Enclosure

Procedures Agreed Upon	Findings/Comments
<p>Obtain the agency payroll provider’s (APP) September 2011 and March 2012 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 2011 and the current fiscal year. For Retirement, Health Benefits, and Life Insurance, select a total of three RITS submissions for September 2011 and the current fiscal year; two will coincide with the September 2011 and March 2012 Semiannual Headcount Report. Obtain payroll information for the periods covered by the RITS submissions selected.</p>	<p>Completed. Selected pay periods 17 and 4, which coincided with the September 2011 and March 2012 Semiannual Headcount Reports, respectively. The third pay period selected was pay period 3.</p>
<p><b>1.</b> 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.):</p> <p><b>1.a.</b> Recalculate the mathematical accuracy of the payroll information.</p> <p><b>1.b.</b> Recalculate the mathematical accuracy of each RITS submission for the payroll information selected in step 1.a.</p> <p><b>1.c.</b> Compare the employee withholding information at the aggregate level for Retirement, Health Benefits, and Life Insurance (as adjusted for reconciling items) shown on the payroll information obtained in step 1.a. to the related amounts shown on the RITS submission for the corresponding period.</p> <p>Report any differences for each of the Retirement, Health Benefits, and Life Insurance (categories) for step 1.c. that are over one percent of the aggregate amount reported for each of the three categories. Obtain from management a management official name, an explanation, telephone number, and an e-mail address for the differences above the one percent threshold.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>Completed. The comparison of Federal Employees Group Life Insurance (FEGLI) Option C withholdings for pay period 3 resulted in a difference over one percent. The amount of FEGLI Option C withholdings reported in the RITS submission was \$408.50 (3.4 percent) less than the amount in the payroll register. Management stated that the difference was due to the changes made in employee base pay and dependent eligibility, and adjustments were made after the original PP 03/12 cycle closed.</p> <p>Contact Information: Paul McVicker Director, Financial Coordination and</p>

Procedures Agreed Upon	Findings/Comments
	<p>Reports Division mcvickerpj@state.gov (843) 202-3858</p> <p>Jeff Mounts Managing Director Global Compensation mountsjc@state.gov (843) 308-5301</p>
<p><b>2.a.</b> Randomly select a total of 25 individuals who were in the payroll system for all three of the RITS submissions selected above that meet all the following criteria:</p> <ul style="list-style-type: none"> <li>• Covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS);</li> <li>• Enrolled in the Federal Employees Health Benefits Program;</li> <li>• Covered by Basic Life Insurance; and</li> <li>• Covered by at least one FEGLI optional coverage (Option A, B, or C).</li> </ul> <p><b>2.b.</b> Obtain the following documents, either in electronic or hard-copy format, from the Official Personnel File (OPF) for each individual selected in step 2.a. Hard copies can be originals or certified copies.</p> <ul style="list-style-type: none"> <li>• All Notifications of Personnel Actions (SF-50) covering the pay periods in the RITS submissions chosen;</li> <li>• 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 personnel office) from the agency’s automated system that allows participants to change benefits (e.g., Employee Express) for any Health Benefits transactions in that system for the individuals selected in step 2.a. (Note: A new SF-2809 is needed only if an employee is changing health benefit plans; therefore, the form could be many years old.); and</li> <li>• For Health Benefits, compare date of transaction with date on the certified copy of the SF-2809 or the agency’s automated system report obtained above to identify whether the health benefit information to be used in step 2.f. covers the pay periods in the RITS submissions chosen.</li> <li>• The Life Insurance Election Form (SF-2817) covering the pay periods in the RITS submission chosen. (Note: A new SF-</li> </ul>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p>

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<p>2817 is needed only if an employee is changing life insurance coverage; therefore, the form could be many years old.)</p> <p><b>2.c.</b> For each individual selected in step 2.a., compare the base salary used for payroll purposes and upon which withholdings and contributions generally are based with the base salary reflected on the employee’s SF-50. Report any differences resulting from this step, and obtain management’s explanation for the differences.</p> <p><b>2.d.</b> For Retirement for each individual selected in step 2.a., compare the retirement plan code from the employee’s SF-50 with the plan code used in the payroll system. Report any differences resulting from this step, and obtain management’s explanation for the differences.</p> <p><b>2.e.</b> For each individual selected in step 2.a., calculate the retirement amount to be withheld and contributed for the plan code from the employee’s SF-50 by multiplying the base salary from the employee’s SF-50 by the official withholding and contribution rates required by law. Compare the calculated amounts with the actual amounts withheld and contributed for the retirement plan. Report any differences resulting from this step, and obtain management’s explanation for the differences.</p> <p><b>2.f.</b> For Health Benefits for each individual selected in step 2.a., compare the employee withholdings and agency contributions with 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 (e.g., Employee Express). Report any differences resulting from this step and obtain management’s explanation for the differences. The Health Benefits rates can be found on OPM’s website at <a href="http://www.opm.gov/insure/health/rates/index.asp">http://www.opm.gov/insure/health/rates/index.asp</a>.</p> <p><b>2.g.</b> For Life Insurance for each individual selected in step 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 step, and obtain management’s explanation for the differences.</p> <p><b>2.h.</b> For each individual selected in step 2.a., calculate the withholding and contribution amounts for Basic Life Insurance</p>	<p>Completed. No differences were found as a result of applying this procedure.</p> <p>Completed. No differences were found as a result of applying this procedure.</p> <p>Completed. No differences were found as a result of applying this procedure.</p> <p>Completed. No differences were found as a result of applying this procedure.</p> <p>Completed. The Department was unable to provide the SF-2817 for two of 25 employees. No differences were found for 22 of the remaining 23 employees. However, one employee waived coverage based on the SF-2817 but was covered by Basic Life Insurance. Management was unable to provide an explanation for this difference.</p>

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<p>using the following:</p> <ul style="list-style-type: none"> <li>For employee withholdings: Round the employee's annual base salary up to the nearest thousand dollars and add \$2,000. Divide this total by 1,000, and multiply by the rate required by law. The Life Insurance rates can be found in the FEGLI Program Booklet on OPM's website at <a href="http://www.opm.gov/insure/life/rates/index.asp">http://www.opm.gov/insure/life/rates/index.asp</a>.</li> <li>For agency contributions: Divide the employee withholdings calculated above by two.</li> </ul> <p>Compare the calculated employee withholdings and agency contributions with the actual amounts withheld and contributed for Basic Life Insurance. Report any differences resulting from this step, and obtain management's explanation for the differences.</p> <p><b>2.i.</b> Also, for Life Insurance for each individual selected in step 2.a., compare optional coverage elected as documented on the SF-2817 in the employee's OPF to the optional coverage documented in the payroll system. Report any differences resulting from this step, and obtain management's explanation for the differences.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed. The Department was unable to provide the SF-2817 for two of 25 employees. No differences were found for 22 of the remaining 23 employees as a result of applying this procedure. However, for one employee who waived Basic Life Insurance on the SF-2817 (see step 2.g.), the Department withheld \$14.25 and contributed \$7.13 for Basic Life Insurance each pay period. Management was unable to provide an explanation for this difference.</p> <p>Completed. The Department was unable to provide the SF-2817 for two of 25 employees. No differences were found for 21 of the remaining 23 employees as a result of applying this procedure. However, for two employees, the optional coverage election in the SF-2817 did not agree with the optional coverage documented in the payroll system. Specifically, the SF-2817 for one employee indicated that the employee elected Basic, Option B (4x), and Option C (4x), but the payroll system indicated that the employee elected Basic, Option B (5x) and Option C (4x). The SF-2817 for another employee indicated that the employee waived coverage, but the payroll system indicated that the employee elected Basic and Option A. Management was unable to provide an explanation for these differences.</p>

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<p><b>2.j.</b> For each individual selected in step 2.a., calculate the withholding amounts for optional life insurance using the following:</p> <ul style="list-style-type: none"> <li>For Option A: Locate the employee’s age group using the age groups provided for Option A in the FEGLI Program Booklet. The withholding amount to be used is the rate listed in the FEGLI Program Booklet for that age group. Compare the calculated amount with the amount withheld for Option A Life Insurance. Report any differences resulting from this step, and obtain management’s explanation for the differences.</li> <li>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 1000, divide by 1000, and multiply 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 with the amount withheld for Option B Life Insurance. Report any differences resulting from this step, and obtain management’s explanation for the differences.</li> <li>For Option C: Inspect the SF-2817 to obtain the number of multiples chosen for Option C. Locate the employee’s age group using the age groups provided for Option C in the FEGLI Program Booklet. Multiply the rate for the age group by the number of multiples chosen for Option C Life Insurance. Compare the calculated amount with the amount withheld for Option C Life Insurance. Report any differences resulting from this step, and obtain management’s explanation for the differences.</li> </ul>	<p>Completed. The Department was unable to provide the SF-2817 for two of 25 employees. No differences were found for 22 of the remaining 23 employees as a result of applying this procedure. However, the SF-2817 for one employee indicated that the employee waived coverage, but the payroll system indicated that the employee elected Basic and Option A (see step 2.i.). The Department withheld \$0.90 each pay period for Option A coverage. Management was unable to provide an explanation for this difference.</p> <p>Completed. The Department was unable to provide the SF-2817 for two of 25 employees. No differences were found for 22 of the remaining 23 employees as a result of applying this procedure. However, the SF-2817 for one employee indicated that the employee elected Option B (4x), while the payroll system indicated that the employee elected Option B (5x) (see step 2.i.). The Department withheld \$78.00 each pay period for Option B coverage, which was \$15.60 more than the \$62.40 calculated based on the SF-2817 election. Management was unable to provide an explanation for this difference.</p> <p>Completed. The Department was unable to provide the SF-2817 for two of 25 employees. No differences were found for the remaining 23 employees as a result of applying this procedure.</p>

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<p><b>3.</b> Randomly select a total of 10 employees who have no Health Benefits withholdings from the payroll information corresponding to the three RITS submissions selected above, and perform the following steps for each employee selected:</p> <p><b>3.a.</b> Obtain SF-2809s covering the pay periods in the RITS submissions chosen, either in electronic or hard-copy format, from the selected employee’s OPF or, if applicable, obtain a report (via the agency personnel office) from the agency’s automated system that allows participants to change benefits (e.g., Employee Express) for any Health Benefit transactions in that system for the individuals selected. Hard copies can be originals or certified copies. Inspect the documentation (i.e., 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:</p> <ul style="list-style-type: none"> <li>• absence of an SF-2809 in the OPF and no election of coverage made through the agency’s automated system that allows participants to change benefits (e.g., Employee Express), or</li> <li>• 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</li> <li>• 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.</li> </ul> <p><b>3.b.</b> Compare the result in step 3.a. with the RITS submissions. Report any differences resulting from this step, and obtain management’s explanation for the differences.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed. No differences were found as a result of applying this procedure.</p>
<p><b>4.</b> Randomly select a total of 10 employees who have no Life Insurance withholdings from the payroll information corresponding to the three RITS submissions selected above, and perform the following steps for each employee selected:</p> <p><b>4.a.</b> 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 that the employee waived or cancelled Basic Life Insurance coverage.</p> <p><b>4.b.</b> Compare the result in step 4.a. with the RITS submissions.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p>

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<p>Report any differences resulting from this step, and obtain management’s explanation for the differences.</p>	<p>No differences were found for nine of 10 employees as a result of applying this procedure. However, the Department was unable to provide the SF-2817 for one employee. Management was unable to provide an explanation for this difference.</p>
<p><b>5.</b> Calculate the headcount reflected on the September 2011 and March 2012 Semiannual Headcount Report selected as follows:</p> <p><b>5.a.</b> Obtain existing payroll information (from step 1.a.) supporting 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 follows:</p> <ul style="list-style-type: none"> <li>• Benefit Category (see Semiannual Headcount Report).</li> <li>• Dollar Amount of withholdings and contributions.</li> <li>• Number Enrolled (deductions made/no deductions).</li> <li>• Central Personnel Data File Code.</li> <li>• Aggregate Base Salary.</li> </ul> <p><b>5.b.</b> Recalculate the Headcount reflected on each Semiannual Headcount Report. If an electronic file is not available, a suggested method of recalculating the Headcount is as follows: (1) estimate the number of employees per payroll register page by counting the employees listed on several pages, (2) count the number of pages in the payroll register, and (3) multiply the number of employees per page by the number of pages or count (using a computer audit routine) the number of employees on the payroll data file for the period.</p> <p><b>5.c.</b> Compare the payroll information obtained in step 5.a. and the calculated headcount from step 5.b. with the information shown on each respective Semiannual Headcount Report.</p> <p><b>5.d.</b> Report any differences (i.e., gross rather than net) greater than two percent between the Headcount reporting on each respective agency Semiannual Headcount Report and payroll information from step 5.a. and the calculated Headcount from step 5.b. Obtain from management a management official name, telephone number, an email address, and an explanation for the differences.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>Completed. One difference greater than two percent was observed in pay periods 17, 3, and 4 related to the U.S. Trade Representative Headcount Reports. The Department reported a total headcount of 13 in the Semiannual Headcount Report; the total headcount in the payroll register was 15. Based on inquiry, the difference is due to the inclusion of records for two individuals who are personal services</p>

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	<p>contractors (PSC). PSCs are not employees and do not contribute to FEGLI, FEHB, or retirement; the Department accounts for PSCs for tax withholding purposes.</p> <p>Contact Information:  Paul McVicker  Director, Financial Coordination and Reports Division  mcvickerpj@state.gov  (843) 202-3858</p> <p>Jeff Mounts  Managing Director  Global Compensation  mountsjc@state.gov  (843) 308-5301</p>
<p><b>6.</b> Calculate employer and employee contributions for Retirement, Health Benefits, and Life Insurance as follows:</p> <p><b>6.a.</b> Calculate Retirement withholdings and contributions for the three pay periods selected in step 1.a., as follows:</p> <ul style="list-style-type: none"> <li>i. Multiply the CSRS and FERS payroll base by the withholding and employer contribution rates required by law.</li> <li>ii. Compare the calculated totals from step 6.a.i. with the related amounts shown on the RITS submissions. Report any differences (i.e., gross rather than net) between the calculated amounts and the amounts reported on the RITS submissions greater than five percent of the amounts on the RITS submission, and obtain management’s explanation for the differences.</li> </ul> <p><b>6.b.</b> Calculate employee withholdings and employer contributions for Health Benefits for the three pay periods selected in step 1.a. as follows:</p> <ul style="list-style-type: none"> <li>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.</li> <li>ii. Sum the totals in step 6.b.i., and compare the result with the Health Benefit withholding and contribution amounts shown on the RITS submissions. Report any differences</li> </ul>	<p>Completed.</p> <p>Completed.  No differences greater than five percent were found as a result of applying this procedure.</p> <p>Completed.</p> <p>Completed.  No differences greater than five percent were found as a result of applying this</p>

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<p>(i.e., gross rather than net) between the calculated amounts and the amounts reported on the RITS submissions greater than five percent of the amounts on the RITS submission, and obtain management’s explanation for the differences.</p> <p><b>6.c.</b> Calculate the Basic Life Insurance employee withholdings and employer contributions for the three pay periods selected in step 1.a. as follows:</p> <ul style="list-style-type: none"> <li>i. Obtain a payroll system query from APP personnel to obtain the total number of employees with Basic Life Insurance coverage and the aggregate annual basic pay for all employees with Basic Life Insurance.</li> <li>ii. For employee withholdings: Add the product of 2,000 times the number of employees with Basic Life Insurance coverage from step 6.c.i. above to the aggregate annual basic pay for all employees with Basic Life Insurance from step 6.c.i. above to calculate the estimated total Basic Life Insurance coverage. Divide this calculated total by 1,000 and multiply by the withholding rate required by law. The Life Insurance withholding rates can be found in the FEGLI Program Booklet on OPM’s website.</li> <li>iii. Compare the result in step 6.c.ii. with the withholdings for Basic Life Insurance coverage reported on the RITS submission. Report any difference (i.e., gross rather than net) between the estimate and the amount of withholdings reported on the RITS submission greater than five percent of the amounts on the RITS submission, and obtain management’s explanation for the difference.</li> <li>iv. For agency contributions: Divide the results of step 6.c.ii. by two—this approximates agency contributions, which are one-half of employee withholdings. Compare this result with the amount reported on the RITS submission. Report any differences (i.e., gross rather than net) between the estimated amount and the actual amount reported on the RITS submission greater than five percent of the amounts on the RITS submission, and obtain management’s explanation for the differences.</li> </ul> <p><b>6.d.</b> Calculate the Option A, Option B, and Option C Life Insurance coverage withholdings for the three pay periods selected by using detailed payroll reports used to reconcile the RITS reports in step 1. In addition to the information used for step 1, the reports should include the employee's date of birth, annual rate of basic</p>	<p>procedure.</p> <p>Completed.</p> <p>Completed.</p> <p>Completed. No differences greater than five percent were found as a result of applying this procedure.</p> <p>Completed. No differences greater than five percent were found as a result of applying this procedure.</p>

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<p>pay, and number of multiples selected for Options B and C. (Note: While similar to step 2.j., the calculation at this step is for the entire amount reported on the RITS submissions for the three pay periods selected, as opposed to the sample of 25 employees in step 2.j.)</p> <ul style="list-style-type: none"> <li>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.</li> <li>ii. Compare the result in step 6.d.i. with the amounts for Option A reported on the RITS submissions. Report any differences (i.e., gross rather than net) greater than two percent of the amounts on the RITS submission, and obtain management’s explanation for the differences.</li> <li>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 1000, divide by 1000, multiply by the rate for the age group, and multiply this by the number of multiples:  (Annual rate of basic pay [rounded up] /1000*rate*multiples).  For Option C, multiply the rate for the age group by the number of multiples chosen for each employee.</li> <li>iv. Compare the result in step 6.d.iii. with the amounts for Option B and Option C, respectively, reported on the RITS submissions. Report any differences (i.e., gross rather than net) greater than two percent of the amounts on the RITS submission for Option B or Option C, and obtain management’s explanation for the differences.</li> </ul>	<p>Completed.</p> <p>Completed. No differences greater than two percent were found as a result of applying this procedure.</p> <p>Completed.</p> <p>Completed. No differences greater than two percent were found as a result of applying this procedure.</p>
<p>For the Combined Federal Campaign (CFC) payroll deductions, obtain the following documentation for the federal agencies serviced by the APP:</p> <ul style="list-style-type: none"> <li>a) A list of all field offices/duty stations in existence during the Fall 2011 CFC solicitation period (September 1, 2011 through December 15, 2011) for each federal agency serviced. The list must include the OPM Official Duty Station Code or the county, city, state, and zip code for the field office.</li> <li>b) A list of all local CFC campaigns and the areas they cover. This list should be obtained directly from the OPM Office</li> </ul>	<p>Completed.</p> <p>Completed.</p>

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<p>of CFC (OCFC).</p> <p>c) A list of accounting codes used by the APP to identify each local CFC campaign. The list should include the accounting code, name of campaign, name of Principal Combined Fund Organization (PCFO) for that campaign, and address of PCFO.</p> <p>d) A report of all employees with CFC deductions from the RITS submission selected to coincide with the March 2012 Semiannual Headcount. The report must include each employee's official duty station location and the APP's accounting code identifying the campaign to which each employee's funds are being distributed.</p>	<p>Completed.</p> <p>Completed.</p>
<p><b>7.</b> Compare the list of field offices/duty stations to the list of local CFC campaigns obtained from OPM's OCFC.</p> <p><b>7.a.</b> Determine in which campaign each field office/duty station is located. (Note: It is possible for a field office/duty station to be in a location with no local CFC campaign.)</p>	<p>Completed.</p>
<p><b>8.</b> Compare the list of accounting codes with the identified campaigns for each field office/duty station.</p> <p><b>8.a.</b> Determine the accounting code for each field office/duty station.</p> <p><b>8.b.</b> Determine if the name of the campaign, the PCFO, and address of the PCFO in the APP system agree to the information for that field office/duty station on the list of local CFC campaigns obtained from OPM's OCFC.</p>	<p>Completed.</p> <p>Completed. No differences were found as a result of applying this procedure.</p>
<p><b>9.</b> Sort the report of all employees with CFC deductions by Official Duty Station.</p> <p><b>9.a.</b> Compare the Official Duty Stations with the campaigns identified for those locations.</p>	<p>Completed.</p> <p>The comparison of Official Duty Stations with the campaigns identified for those locations identified one instance, of the 234 Official Duty Stations, in which the Official Duty Station did not match the campaign identified for that location. All employees at the Melbourne, Florida, duty station contributed to the CFC of the National Capital Area (CFC Location Code 990) rather than the Spacecoast CFC (CFC Location Code 181). Management was unable to provide an</p>

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<p><b>9.b.</b> Compare the Accounting Codes for each employee with CFC deductions to the accounting code for that employee’s Official Duty Station.</p> <ul style="list-style-type: none"> <li>Determine if this agrees to the accounting code identified for that field/duty station.</li> </ul>	<p>explanation for this discrepancy.</p> <p>Completed. The Department uses the CFC location code to ensure that CFC deductions are being made to the correct campaign based on the employee’s Official Duty Station. Accordingly, we compared each employee’s CFC location code to the city and state of the employee’s Official Duty Station. Of the 2,696 individual contributions tested, we identified 34 instances in which the employee’s Official Duty Station did not agree to the CFC location code or insufficient data was provided to compare the CFC code to the employee’s Official Duty Station. Management was unable to provide an explanation for these discrepancies.</p>
<p><b>10.</b> From the list of accounting codes that do not agree with the field office/duty station, select a judgmental sample of two pledges per federal agency and request the hard copy pledge form from the agency.</p> <ul style="list-style-type: none"> <li>Determine if the pledge form used was for the correct campaign based on the official duty station.</li> </ul>	<p>Completed. From the 34 instances identified in step 9.b., we selected two pledges from the U.S. Department of State and two pledges from the U.S. Trade Representative. For one of the pledges selected, the employee completed the pledge form for the correct campaign based on the employee’s official duty station. For the remaining three pledges selected, the employees completed a pledge form from a campaign area other than their official duty station. Management indicated that this may have resulted from a manual processing error.</p>
<p><b>CFC AUP Evaluation:</b> Report as a finding the following:</p> <ul style="list-style-type: none"> <li>All instances in which the name of the campaign, PCFO, or address of the PCFO on the list of accounting codes from</li> </ul>	<p>No instances were identified in which the name of the campaign, PCFO, or address</p>

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<p>the Federal Payroll Office does not agree to the information on the list of all local CFC campaigns obtained from OPM's OCFC. A chart detailing the differences should be included. Obtain management's explanation for the differences and corrective action plan.</p> <ul style="list-style-type: none"> <li>• All instances in which a federal agency has a CFC deduction for an employee whose official duty station is in an area with no local CFC campaign. A chart listing the Federal agency, the duty station code, and the campaign receiving the funds should be included. Obtain management's explanation for the differences and a corrective action plan.</li> <li>• All instances in which the accounting code for an employee with CFC deductions does not agree to the accounting for that employee's Official Duty Station. A chart listing the Federal agency, the duty station code, the campaign used, and the correct campaign should be included. Obtain management's explanation for the differences and a corrective action plan.</li> <li>• All instances in which the incorrect pledge form was used by the employee. A chart listing the Federal agency, the correct campaign, and the campaign used should be included.</li> </ul>	<p>of the PCFO on the list of accounting codes from the Federal Payroll Office did not agree to the information on the list of all local CFC campaigns obtained from OPM's OCFC.</p> <p>No instances were identified in which the Department had a CFC deduction for an employee whose official duty station was in an area with no local CFC campaign.</p> <p>We identified 34 instances in which the employee's Official Duty Station did not agree to the CFC location code or insufficient data was provided to compare the CFC code to the employee's Official Duty Station. A chart listing the Federal agency, the duty station code, the campaign used, and the correct campaign is attached to this report. Management was unable to provide an explanation for these discrepancies.</p> <p>We identified three instances in which an incorrect pledge form was completed by the employee. A chart listing the Federal agency, the correct campaign, and the campaign used is attached to this report.</p>

### Combined Federal Campaign Agreed-Upon Procedures Evaluation - Step C

Number	Name	Federal Agency	Duty Station Location (City)	Duty Station Location (Country/State)	Campaign Used	Correct Campaign
1	(b) (6)	19 - State Department	KABUL	AFGHANISTAN	Atlantic Coast CFC	CFC of the National Capital Area
2		19 - State Department	WASHINGTON	DC	Atlantic Coast CFC	CFC of the National Capital Area
3		19 - State Department	PORTSMOUTH	NEW HAMPSHIRE	CFC of Eastern Massachusetts	Northern New England CFC
4		19 - State Department	WASHINGTON	DC	CFC of Eastern Massachusetts	CFC of the National Capital Area
5		19 - State Department	CARACAS	VENEZUELA	CFC of New York City	CFC of the National Capital Area
6		19 - State Department	WASHINGTON	DC	CFC of New York City	CFC of the National Capital Area
7		19 - State Department	BAGHDAD	IRAQ	CFC of New York City	CFC of the National Capital Area
8		19 - State Department	Room 103	Not Provided	Southeastern Pennsylvania & Lehigh Valley Area CFC	Insufficient Data Provided
9		19 - State Department	CA/PPT/NPC	Not Provided	Dallas-Fort Worth (DFW) Metroplex CFC	Insufficient Data Provided
10		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
11		19 - State Department	Not Provided	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
12		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
13		19 - State Department	Pol/Econ	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
14		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
15		19 - State Department	US EMBASSY	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
16		19 - State Department	Not Provided	Not Provided	CFC of the National Capital Area	Insufficient Data Provided

Number	Name	Federal Agency	Duty Station Location (City)	Duty Station Location (Country/State)	Campaign Used	Correct Campaign
17	(b) (6)	11 – Trade Representative	MELBOURNE	FLORIDA	CFC of the National Capital Area	Spacecoast CFC
18		19 - State Department	CHARLESTON	SOUTH CAROLINA	CFC of the National Capital Area	Coastal Carolina CFC
19		19 - State Department	DADE, MIAMI	FLORIDA	CFC of the National Capital Area	Atlantic Coast CFC
20		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
21		19 - State Department	DENVER	COLORADO	CFC of the National Capital Area	Metropolitan Denver Area CFC
22		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
23		19 - State Department	NEW YORK CITY	NEW YORK	CFC of the National Capital Area	CFC of New York City
24		11 - Trade Representative	MELBOURNE	FLORIDA	CFC of the National Capital Area	Spacecoast CFC
25		19 - State Department	Not Provided	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
26		11 – Trade Representative	MELBOURNE	FLORIDA	CFC of the National Capital Area	Spacecoast CFC
27		19 - State Department	Not Provided	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
28		19 - State Department	NEW ORLEANS	LOUISIANA	CFC of the National Capital Area	Greater New Orleans Area CFC
29		19 - State Department	Not Provided	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
30		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
31		19 - State Department	Consul/General	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
32		19 - State Department	Suite 101	Not Provided	CFC of the National Capital Area	Insufficient Data Provided
33		19 - State Department	KHARTOUM	SUDAN	CFC Norcal	CFC of the National Capital Area
34		19 - State Department	WASHINGTON	DC	CFC Norcal	CFC of the National Capital Area

**Combined Federal Campaign Agreed-Upon Procedures Evaluation - Step D**

Number	Employee Name	Federal Agency	Correct Campaign	Campaign Used
1	(b) (6)	19 - State Department	CFC of the National Capital Area	Atlantic Coast CFC
2		11 - Trade Representative	Spacecoast CFC	CFC of the National Capital Area
3		11 - Trade Representative	Spacecoast CFC	CFC of the National Capital Area