

USAID

OFFICE OF INSPECTOR GENERAL

**APPLICATION OF AGREED-UPON PROCEDURES ON
USAID'S RETIREMENT, HEALTH BENEFITS, AND
LIFE INSURANCE WITHHOLDING/CONTRIBUTIONS
AND SUPPLEMENTAL SEMI-ANNUAL HEADCOUNT
REPORTED TO THE OFFICE OF FINANCIAL
MANAGEMENT**

**Audit Report (Report No. 0-000-01-001-F)
December 15, 2001**

**U.S. Agency for
International Development**





U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

December 15, 2000

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

We have performed the procedures described in attachment I, which were agreed to by the Inspector General, Chief Financial Officer, and the Associate Director for Retirement and Insurance of the U.S. Office of Personnel Management (OPM), solely to assist with respect to 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 June 3, 2000, July 1, 2000, and August 26, 2000 and Semiannual Headcount Report as of August 26, 2000. The engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Inspector General, Chief Financial Officer, and the Associate Director for Retirement and Insurance of OPM. Consequently, we make no representation regarding the sufficiency of the procedures described in attachment I either for the purpose for which this report has been requested or for any other purpose.

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 Report of USAID. 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 use of the Inspector General, Chief Financial Officer, and the Associate Director for Retirement and Insurance of OPM and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Office of Inspector General
December 15, 2000

cc: Chief Financial Officer of OPM
Associate Director of Retirement and Insurance of OPM

REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

The procedures and the associated findings are as follows:

Procedure 1:

We obtained an understanding of USAID's payroll office procedures for preparing the RITS submissions and the most recent Supplemental Semiannual Headcount Report 17/2000-August 26, 2000

We selected and reviewed RITS submission data for the pay periods listed below:

- 11/2000-June 3, 2000
- 13/2000-July 1, 2000
- 17/2000-August 26, 2000

We compared the RITS submission data to the payroll information as follows:

- footed the payroll information,
- traced the employee withholding information to the corresponding RITS submission data,
- footed each RITS submission data

Results:

The amounts entered on each of the 3 RITS submissions data were accurate.

Procedure 2:

We reconciled the payroll information, including the RITS submission data to the agency's general ledger.

Results:

There were no differences between the Retirement Benefits shown on the payroll records and those shown on the general ledger.

There were no material differences between the Health Benefits shown on the payroll records and those shown on the general ledger for each of the 3 payroll periods.

There were no differences between the Life Insurance Benefits shown on the payroll records and those shown on the general ledger.

There were no differences between the gross payroll shown on the payroll records and those shown on the general ledger.

We did not find any evidence from the review of records or discussion with USAID's payroll department personnel that the payroll department conducts reconciliation of the general ledger. OPM requires that we report the failure of the payroll department to conduct the reconciliation.

Procedure 3:

We verified whether salaries, authorized withholdings and agency contributions for the various benefits categories were accurate. To accomplish this, we made a random selection of 25 employees who participated in the Retirement, Health Benefits and Life Insurance programs. We compared their salaries and withholdings to information in their personnel files.

Results:

The authorized withholdings and the agency contributions for the various benefits categories were correct in all instances except one. In that instance, the withholding from the employee exceeded the approved amount.

Procedures 4 and 5:

We randomly selected 10 employees for whom there were no withholdings for Health Benefits or Life Insurance during the 3 pay periods previously chosen. We reviewed their personnel files for evidence of rejection of coverage.

Results:

We found written documentation in each of the 10 personnel files that showed the employee rejected the Health Benefits and Life Insurance coverage. There were no exceptions.

Procedure 6

We verified the headcount reported on the Supplemental Semiannual Headcount Report for pay period 17/2000-August 26, 2000.

Results:

Our re-computation resulted in a headcount of 2,112, while USAID reported 2,127, a difference of 15. We consider this difference immaterial.

Procedure 7

We calculated the total withholdings and agency contributions for Retirement, Health Benefits and Life Insurance for the 3 pay periods selected.

Results:

We randomly selected employees in each retirement system from the Employees Retirement Reports and multiplied their base salary per the Payroll Roster to the established retirement rate to verify the accuracy of the withholding for the employees. We traced the total for all employees in each retirement system to the RITS. No discrepancies were noted.

For selected health benefit plans, we multiplied the number of employees enrolled in the plan by the employee withholdings and agency contributions. We traced the results to the RITS. No discrepancies were noted.

We randomly selected employees in the basic Life Insurance program from the Life Insurance Reports and multiplied their base salary by 15 and one half cents, the applicable rate. We traced the totals to the RITS. No discrepancies were noted.