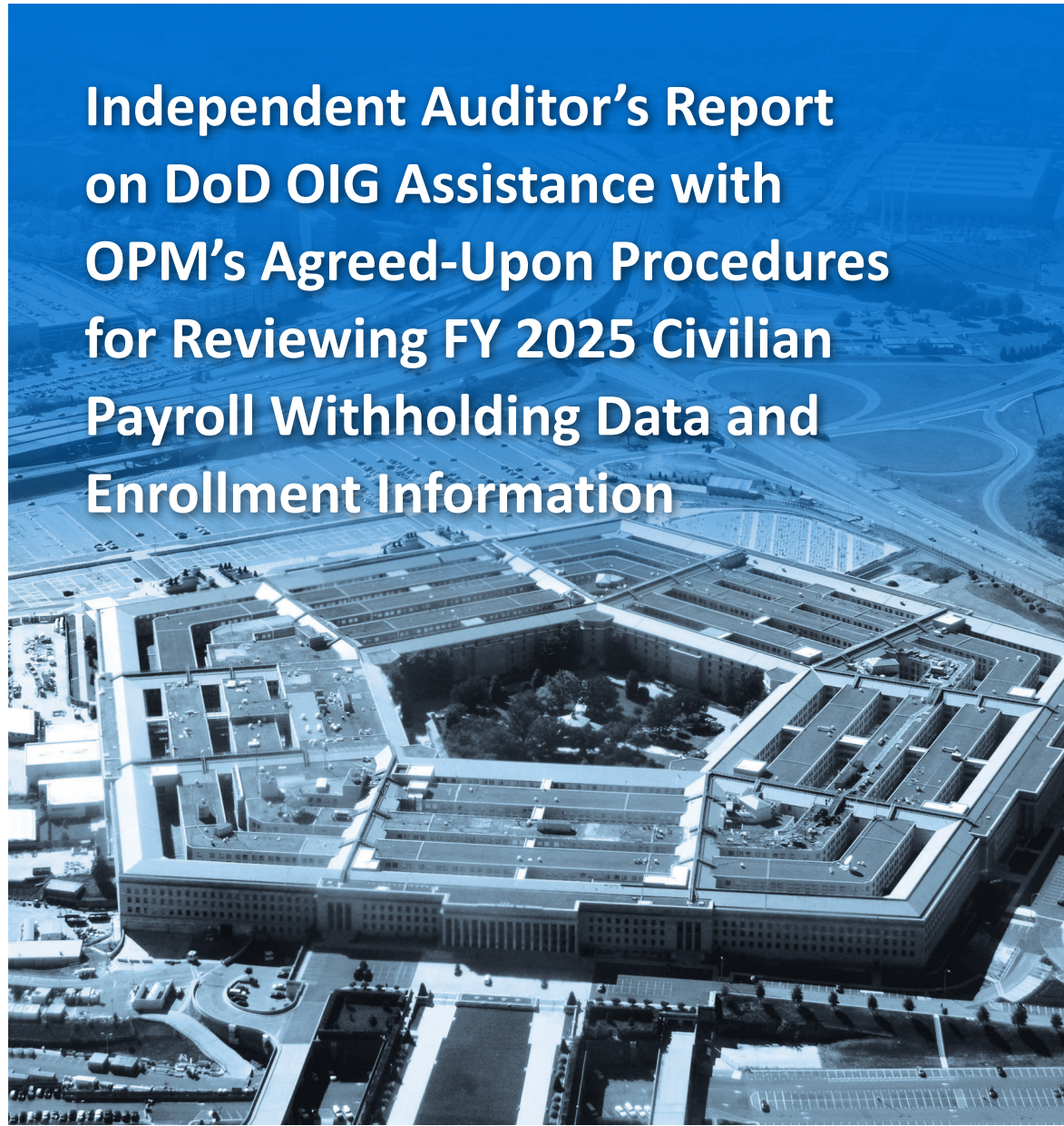




INSPECTOR GENERAL

U.S. Department of Defense

SEPTEMBER 29, 2025



Independent Auditor's Report on DoD OIG Assistance with OPM's Agreed-Upon Procedures for Reviewing FY 2025 Civilian Payroll Withholding Data and Enrollment Information

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY





Results in Brief

Independent Auditor's Report on DoD OIG Assistance with OPM's Agreed-Upon Procedures for Reviewing FY 2025 Civilian Payroll Withholding Data and Enrollment Information

September 29, 2025

Objective

The objective of this attestation was to assist the Office of Personnel Management (OPM) in assessing whether retirement, health benefits, and life insurance withholdings and contributions, as well as enrollment information submitted through the Semiannual Headcount Report by the Defense Finance and Accounting Service for FY 2025, were reasonable.

Background

We performed six procedures agreed to by the OPM Chief Financial Officer and the OPM Inspector General to assist OPM in assessing the reasonableness of the employee withholdings and employer contributions that the Defense Finance and Accounting Service reported on Standard Form (SF) 2812, "Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement," for specific pay periods. We also performed these procedures to assist OPM in assessing the reasonableness of the amounts reported in the Supplemental Semiannual Headcount Reports as of September 2024 and March 2025. We reviewed the Official Personnel Files (OPFs) of DoD and Department of Veterans Affairs employees. Auditors from the Department of Energy (DoE) and Department of Health and Human Services (HHS) Offices of Inspector General performed the agreed-upon procedures to review the OPFs of DoE and HHS employees, respectively.

Results

Auditors identified differences in five of the six agreed-upon procedures. For Procedures 2, 3, and 4, auditors identified issues when comparing employee OPFs to Defense Civilian Pay Service (DCPS) data. Specifically, auditors determined that documents, such as SF 2809s, "Health Benefits Election Form," and SF 2817s, "The Life Insurance Election Form," were not consistently:

- completed or in each employee's OPF; or
- matched to DCPS data.

For Procedure 5, based on comparing Semiannual Headcount Reports to DCPS data, auditors identified differences in the headcounts and base pay for selected payroll offices.

For Procedure 6, auditors identified differences in Procedures 6.a. through 6.d. Specifically, for Procedure 6.a., the Civil Service Retirement System and Federal Employees Retirement System Revised Annuity Employee comparisons, auditors identified differences in employee withholdings and agency contributions for selected payroll offices. For Procedure 6.b., the Federal Employees Health Benefits comparison, auditors identified a difference in agency contribution for a selected payroll office. For Procedure 6.c., the Basic Life Insurance comparison, auditors identified a difference in an agency contribution for a selected payroll office. For Procedure 6.d., auditors identified differences for Option B, insurance employee withholdings for a selected payroll office.

Recommendations

We did not make any recommendations in this report. No management action is required.





OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

September 29, 2025

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Independent Auditor's Report on DoD OIG Assistance with OPM's Agreed-Upon Procedures for Reviewing FY 2025 Civilian Payroll Withholding Data and Enrollment Information (Report No. DODIG-2025-174)

We are providing this final report for your information and use.

We appreciate the courtesies extended to the staff. Please direct questions to me at

[REDACTED]

Lorin T. Venable

Lorin T. Venable, CPA
Assistant Inspector General for Audit
Financial Management and Reporting

Distribution:

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OFFICE OF INSPECTOR GENERAL
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4800 MARK CENTER DRIVE
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September 29, 2025

Norbert E. Vint
Deputy Inspector General
U.S. Office of Personnel Management
1900 E Street NW, Room 6400
Washington, D.C. 20415-0001

SUBJECT: Independent Auditor's Report on DoD OIG Assistance with OPM's Agreed-Upon Procedures for Reviewing FY 2025 Civilian Payroll Withholding Data and Enrollment Information (Report No. DODIG-2025-174)

We performed the procedures described in the Enclosure to this document. These procedures were agreed to by the Chief Financial Officer and the Inspector General of the U.S. Office of Personnel Management (OPM). We performed these procedures solely to assist in assessing the reasonableness of the employee withholdings and employer contributions that the Defense Finance and Accounting Service (DFAS) reported on Standard Forms 2812, "Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement," for the pay periods ending August 24, 2024, or September 7, 2024; January 25, 2025; and February 22, 2025, or March 8, 2025. We also performed these procedures to assist OPM in assessing the reasonableness of the amounts reported in the Supplemental Semiannual Headcount Reports as of September 2024 and March 2025.¹ The reports submitted to OPM by DFAS included information for the following entities listed in Appendix A of the Office of Management and Budget Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements."

- Department of Defense (DoD)
- Department of Energy (DoE)
- Department of Health and Human Services (HHS)
- Department of Veterans Affairs (VA)

We randomly selected a sample of 315 out of 1.4 million employees from the January 25, 2025 pay period from 11 DFAS payroll data files.² We compared the sample of 315 employees' pay and withholdings and agency contributions in the Defense Civilian Pay System (DCPS) to the documentation in each employee's Official Personnel File (OPF). Of the 315 OPFs, 180 represented DoD employees, 45 represented DoE employees, 45 represented HHS employees, and 45 represented VA employees.

¹ According to the Benefits Administration Letters for September 2024 and March 2025 Headcounts, the reporting periods for payroll paid are the first 15 days of September and March for weekly and bi-weekly pay cycles.

² The 11 DFAS payroll data files were from the Army, Navy, Air Force, Other Defense Organizations (ODOs), Military Sealift Command, Overseas Army/DoD, Overseas DoD, Shipyard DoD, DoE, HHS, and VA. In addition, we grouped the population based on the associated Department and then randomly selected a sample number, dictated by the OPM guidance, from each Department.

We performed the agreed-upon procedures to review the OPFs of DoD and VA employees. Auditors from the DoE and HHS Offices of Inspector General (OIG) performed the agreed-upon procedures to review OPFs of DoE and HHS employees, respectively. We believe the evidence obtained during the reviews provides a reasonable basis for our conclusions based on our attestation objective.

We performed the agreed-upon procedures in accordance with generally accepted government auditing standards, which incorporate financial audit and attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the OPM Chief Financial Officer and the OPM Inspector General. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to express an opinion on whether the health benefits, life insurance, and retirement contributions and withholdings, or the enrollment information submitted by DFAS to OPM were reasonable and accurate. Accordingly, we did not conduct such an examination, nor did we express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you. We provided a discussion draft of this report to the entities listed in the transmittal memorandum. None of the responses to the discussion draft report affected the accuracy of the report or required significant changes to the report.

This report is intended solely for the information and use of the OPM Chief Financial Officer and the OPM Inspector General and is not intended to be used by those who have not agreed to the procedures or have not taken responsibility for the sufficiency of the procedures for their purposes. However, the report is a matter of public record, and its distribution is not limited; thus, we will post the report on our website and provide copies upon request.

Sincerely,

A handwritten signature in dark ink, reading "Lorin T. Venable". The signature is written in a cursive, flowing style.

Lorin T. Venable, CPA
Assistant Inspector General for Audit
Financial Management and Reporting

Enclosure:
Agreed-Upon Procedures Performed and Results

Enclosure: Agreed-Upon Procedures Performed and Results

This section contains the OPM Agreed-Upon Procedures and the results of completing those procedures.

Overall Procedure

For employee benefit withholding and contributions:

- Obtain the Agency Payroll Provider's (APPs) September 2024 and March 2025 Semiannual Headcount Reports submitted to OPM and a summary of Retirement and Insurance Transfer System (RITS) submissions for September 2024 and the current fiscal year.

For each program (Retirement, Health Benefits, and Life Insurance):

- Select a total of three RITS submissions for September 2024 and the current FY 2025; the selection will include one with the September 2024 Semiannual Headcount Report, one with the March 2025 Semiannual Headcount Report, and a 3rd between October 1, 2024, and August 31, 2025.
- Obtain payroll information for the periods covered by the RITS submissions selected.

Note: Hereinafter, the term "payroll information" refers to all payroll information, whether it is payroll registers, payroll data files, or other payroll support data.³

Procedure 1

Compare RITS submission data to the payroll information by performing the following procedures.⁴

Procedure 1.a.

Recalculate the mathematical accuracy of the payroll information.

Procedure 1.b.

Recalculate the mathematical accuracy of each RITS submission for the payroll information recalculated in Procedure 1.a.

³ We use the term "auditors" in this report to refer to all three OIG audit teams (DoD, DoE, and HHS). We will specify OIG teams for procedures that pertain to a specific OIG audit team's findings. Furthermore, DoE and HHS auditors were responsible to perform only Procedures 2, 3, and 4 for their respective agencies.

⁴ 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.

Procedure 1.c.

Compare the employee withholding information at the aggregate level for Retirement, Health Benefits, and Life Insurance (as adjusted for reconciling items) shown on the payroll information obtained in Procedure 1.a. to the related amounts shown on the RITS submission for the corresponding period.

Report any differences for each of the Retirement, Health Benefits, and Life Insurance (categories) for Procedure 1.c. that are over 1 percent of the aggregate amount reported for each of the three categories. Provide calculation details, if necessary. Obtain and document an explanation from a management official, including the official's name, telephone number, and email address for any differences above the 1-percent threshold.

Results

The OIG auditors did not identify any differences over 1 percent for this comparison.

Procedure 2

Perform detail testing of a random sample of transactions as follows.

Procedure 2.a.

Randomly select 25 individuals who were in the payroll system for all three of the RITS submissions selected above that meet 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
- Covered by at least one Federal Employees' Group Life Insurance (FEGLI) optional coverage (option A, B, or C)

Procedure 2.b.

Obtain the following documents, either in electronic or hardcopy format, from the Official Personnel File (OPF) for everyone selected in Procedure 2.a. Hardcopies can be originals or certified copies.

- Standard Form (SF) 50, "All Notifications of Personnel Actions," covering the pay periods in the RITS submissions chosen.

- SF 2809, “The Health Benefits Election Form,” covering the pay periods in the RITS submissions chosen or, if applicable, obtain a report (through the agency personnel office) from the agency’s automated system that allows participants to change benefits (for example, Employee Express), for any Health Benefits transactions in that system for the individuals selected in Procedure 2.a.⁵
 - For Health Benefits, compare the date of the payroll transaction with the date on the certified copy of the SF 2809, or the agency’s automated system report, obtained above to identify whether the health benefit information to be used in Procedure 2.f. covers the pay periods in the RITS submissions chosen.
- SF 2817, “The Life Insurance Election Form,” covering the pay period in the RITS submission chosen.⁶

Results

Of the 175 OPFs reviewed, 40 documents were incomplete, did not match DCPS data, or were missing from the OPF.⁷ For these categories, DoD OIG auditors identified eight documents from the Army, two documents from the Navy, four documents from the Air Force, nine documents from the Other Defense Organizations (ODOs), and three documents from the VA. DoE OIG auditors identified six documents, and HHS OIG auditors identified eight documents, that were incomplete, did not match the information in the DCPS, or were missing from the OPF. See Table 1 for the number and type of documents, by organization, that were incomplete, did not match the information in the DCPS, or were missing from the OPF.

⁵ A new SF 2809 is needed only if an employee changes health benefit plans. If an SF 2809 equivalent is used, the equivalent document must contain all items included in an SF 2809.

⁶ A new SF 2817 is needed only if an employee changes life insurance coverage.

⁷ The 175 OPFs reviewed comprised 25 OPFs from each of the seven Components, as shown in Table 1, and applies to Procedures 2.b. through 2.j.

Table 1. Number and Type of Documents That Were Incomplete, Did Not Match DCPS Data, or Were Missing from the Official Personnel File

Form	Organization	Army	Navy	Air Force	Other Defense Organizations	Veterans Affairs	Department of Energy	Health and Human Services	Total
SF 50	Did Not Match	3	1	2	4	0	1	0	11
	Missing	0	0	0	0	0	0	0	0
SF 2809	Did Not Match	1	0	0	0	2	1	0	4
	Missing	0	0	0	0	0	2	6	8
SF 2817	Incomplete	0	0	0	0	0	1	0	1
	Did Not Match	4	1	1	3	0	0	0	9
	Missing	0	0	1	2	1	1	2	7
	Total	8	2	4	9	3	6	8	40

Source: The DoD OIG.

Procedure 2.c.

For each individual selected in Procedure 2.a., compare the base salary used for payroll purposes, and upon which withholdings and contributions generally are based, to the base salary reflected on the employee's SF 50. Report any differences resulting from this procedure and obtain management's explanation for the differences.⁸

Results

Of the 175 OPFs reviewed, auditors identified a total of 11 differences—3 for the Army, 1 for the Navy, 2 for the Air Force, 4 for the ODOs, and 1 for the DoE. Specifically, DoD and DoE OIG auditors determined that the calculations based on the data in the SF 50s provided did not match DCPS pay data for these differences.

Procedure 2.d.

Retirement for everyone in Procedure 2.a., compare the retirement plan code from the employee's SF 50 to the plan code used in the payroll system. Report any differences resulting from this procedure and obtain management's explanation for the differences.

⁸ See the Appendix for management's explanation for any differences resulting from this procedure.

Results

Of the 175 OPFs reviewed, auditors did not identify any differences for this comparison.

Procedure 2.e.

For each individual selected in Procedure 2.a., calculate the retirement amount to be withheld and contributed for the plan code from the employee's SF 50 by multiplying the base salary from the employee's SF 50 by the official withholding and contribution rates required by law. Compare the calculated amounts to the actual amounts withheld and contributed for the retirement plan. Report any differences and obtain management's explanation for the differences.

Results

Of the 175 OPFs reviewed, auditors identified 11 differences—3 for the Army, 1 for the Navy, 2 for the Air Force, 4 for the ODOs, and 1 for the DoE. Specifically, DoD and DoE OIG auditors determined that the calculations based on the data in the SF 50s provided did not match DCPS pay data for these differences.

Procedure 2.f.

For Health Benefits for each individual in Procedure 2.a., compare the employee withholdings and agency contributions to the official subscription rates issued by OPM for the plan and option elected by the employee, as documented by an SF 2809 in the employee's OPF or automated system that allows the participant to change benefits (for example, Employee Express). Report any differences resulting from this procedure and obtain management's explanation for the differences. The Health Benefits rates are on OPM's website at <https://www.opm.gov/healthcare-insurance/healthcare/plan-information/premiums>.

Results

Of the 175 OPFs reviewed, auditors identified 12 differences—1 for the Army, 2 for the VA, 3 for the DoE, and 6 for HHS. Specifically, DoD OIG auditors determined that the SF 2809 did not match DCPS data for three differences—one for the Army and two for the VA. DoE OIG auditors determined that the SF 2809s were missing for two differences, and the SF 2809 did not match DCPS data for the one remaining difference. HHS OIG auditors determined that the SF 2809 were missing for six differences.

Procedure 2.g.

For Life Insurance for everyone selected in Procedure 2.a., confirm that Basic Life Insurance was elected by the employee by inspecting the SF 2817 documented in the employee's OPF. Report any differences resulting from this procedure and obtain management's explanation for the differences.

Results

Of the 175 OPFs reviewed, auditors identified 15 differences—3 for the Army, 1 for the Navy, 1 for the Air Force, 5 for ODOs, 1 for the VA, 2 for the DoE, and 2 for the HHS. Specifically, DoD OIG auditors determined that:

- the calculations based on the data in the SF 50s provided did not match DCPS data for seven differences—three for the Army, one for the Navy, and three for the ODOs; and
- an SF 2817 was missing from the employee's OPF for four differences—one for the Air Force, two for the ODOs, and one for the VA.

DoE OIG auditors determined that the SF 2817 was missing for one difference, and the SF 2817 was incomplete for the remaining difference. HHS OIG auditors determined that the SF 2817s were missing for two differences.

Procedure 2.h.

For everyone selected in Procedure 2.a., calculate the withholding and agency contribution amounts for Basic Life Insurance using the following procedures.

- For employee withholdings, round the employee's annual base salary up to the nearest thousand dollars and add \$2,000. Divide this total by 1,000 and multiply by the rate required by law. The Life Insurance rates are on OPM's website at <http://www.opm.gov/insure/life/rates/index.asp>.
- For agency contributions, divide the employee withholdings calculated above by two.

Compare the calculated employee withholdings and agency contributions to the actual amounts withheld and contributed for Basic Life Insurance. Report any differences resulting from this procedure and obtain management's explanation for the differences.

Results

Of the 175 OPFs reviewed, auditors identified 15 differences—3 for the Army, 1 for the Navy, 1 for the Air Force, 5 for ODOs, 1 for the VA, 2 for the DoE, and 2 for the HHS. Specifically, DoD OIG auditors determined that:

- the calculations based on the data in the SF 50s provided did not match DCPS data for seven differences—three for the Army, one for the Navy, and three for the ODOs; and
- an SF 2817 was missing from the employee’s OPF for four differences—one for the Air Force, two for the ODOs, and one for the VA.

DoE OIG auditors determined that the SF 2817 was missing for one difference, and that the SF 2817 was incomplete for the remaining difference. HHS OIG auditors determined that the SF 2817s were missing for two differences.

Procedure 2.i.

For Life Insurance for everyone selected in Procedure 2.a., compare optional coverage elected as documented on the SF 2817 in the employee’s OPF to the optional coverage documented in the payroll system. Report any differences resulting from this procedure and obtain management’s explanation for the differences.

Results

Of the 175 OPFs reviewed, auditors identified 16 differences—4 for the Army, 1 for the Navy, 2 for the Air Force, 4 for the ODOs, 1 for the VA, 2 for the DoE, and 2 for the HHS. DoD OIG auditors determined that the:

- calculations based on the data in the SF 50s provided did not match DCPS data for six differences—three for the Army, one for the Navy, and two for the ODOs;
- SF 2817s were missing from the employee’s OPF for four differences—one for the Air Force, two for the ODOs, and one for the VA; and
- election coverage did not match DCPS data for two differences—one for the Army and one for the Air Force.

DoE OIG auditors determined that the SF 2817 was missing for one difference, and the SF 2817 was incomplete for the remaining difference. HHS OIG auditors determined that the SF 2817s were missing for two differences.

Procedure 2.j.

For everyone selected in Procedure 2.a., calculate the withholding amounts for optional life insurance using the following methods. The optional life insurance rates are on OPM’s website at <https://www.opm.gov/healthcare-insurance/life-insurance/reference-materials/publications-forms/fegli-handbook/>.

- **Option A.** Locate the employee’s age group using the age groups provided for Option A in the FEGLI Program Handbook. The withholding amount to be used is the rate listed in the FEGLI Program Handbook for that age group. Compare the

calculated amount to the amount withheld for Option A Life Insurance. Report any differences resulting from this procedure and obtain management's explanation for the differences.

- **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 Handbook. Round the employee's annual rate of basic pay up to the next 1,000, divide it by 1,000, and then multiply it by the rate for the respective age group. Multiply this amount by the number of multiples chosen for Option B Life Insurance. Compare the calculated amount to the amount withheld for Option B Life Insurance. Report any differences resulting from this procedure and obtain management's explanation for the differences.
- **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 Handbook. Multiply the rate for the age group by the number of multiples selected for Option C Life Insurance. Compare the calculated amount to the amount withheld for Option C Life Insurance. Report any differences resulting from this procedure and obtain management's explanation for the differences.

Results

Of the 175 OPFs reviewed, auditors identified 16 differences—4 for the Army, 1 for the Navy, 2 for the Air Force, 4 for the ODOs, 1 for the VA, 2 for the DoE, and 2 for the HHS. DoD OIG auditors determined that the:

- calculations based on the data in the SF 50 provided did not match DCPS data for six differences—three for the Army, one for the Navy, and two for the ODOs;
- SF 2817s were missing from the employee's OPF for four differences—one for the Air Force, two for the ODOs, and one for the VA; and
- election coverage did not match DCPS data for two differences—one for the Army and one for the Air Force.

DoE OIG auditors determined that the SF 2817 was missing for one difference, and the SF 2817 was incomplete for the remaining difference. HHS OIG auditors determined that the SF 2817s were missing for two differences.

Procedure 3

Randomly select a total of 10 employees who do not have Health Benefits withholdings from the payroll information corresponding to the three RITS submissions selected above and perform the following for each employee selected.

Procedure 3.a.

Obtain SF 2809s covering the pay periods in the RITS submissions chosen, either in electronic or hardcopy format, from the selected employee's OPF or, if applicable, obtain a report (through the agency personnel office) from the agency's automated system that allows participants to change benefits (for example, Employee Express), for any Health Benefit transactions in that system for the individuals selected. Hardcopies can be originals or certified copies. Inspect the documentation (that is, SF 2809 or the agency's system-generated report) to identify whether health benefits coverage was not elected. This can be identified in the following ways.

- An absence of an SF 2809 in the OPF and no election of coverage made through the agency's automated system that allows participants to change benefits (for example, Employee Express); or
- An SF 2809 in the OPF with Section E checked (indicating cancellation of coverage) and no later election of coverage through the agency's automated system that allows participants to change benefits (for example, Employee Express); or
- Cancellation of coverage through the agency's automated system that allows participants to change benefits (for example, Employee Express) and no later election of coverage with an SF 2809

Procedure 3.b.

Compare the results in Procedure 3.a. to the RITS submissions. Report any differences resulting from this procedure and obtain management's explanation for the differences.⁹

Results

Of the 70 OPFs reviewed, auditors identified two differences for the DoE. Specifically, DoE OIG auditors determined that the SF 2809s were missing for two differences.

⁹ See the Appendix for management's explanation for any differences resulting from this procedure.

Procedure 4

Randomly select 10 employees who do not have Life Insurance withholdings from the payroll information corresponding to the three RITS submissions selected above and perform the following for each employee selected.

Procedure 4.a.

Obtain the SF 2817s covering the pay periods in the RITS submissions selected, either in electronic or hardcopy format, from the selected employee's OPF. Hardcopies can be originals or certified copies. Inspect the SF 2817 to identify whether the employee waived or cancelled Basic Life Insurance coverage.

Procedure 4.b.

Compare the results in Procedure 4.a. to the RITS submissions. Report any differences resulting from this procedure and obtain management's explanation for the differences.¹⁰

Results

Of the 70 OPFs reviewed, auditors identified 9 differences—1 for the Air Force, 2 for the Navy, 1 for the ODOs, 2 for the VA, and 3 for the DoE. DoD OIG auditors determined that:

- the SF 2817s were missing from the employee's OPF for three differences—two for the Navy and one for the VA;
- an SF 2817 was processed late for one Air Force difference; and
- the SF 2817s were incomplete for two differences—one for the ODOs and one for the VA.

DoE OIG auditors determined that the SF 2817s were missing from the employee's OPF for two differences, and the SF 2817 election coverage did not match DCPS data for one difference.

Procedure 5

Calculate the headcount reflected on the September 2024 and March 2025 Semiannual Headcount Report selected, by following the methods below:

Procedure 5.a.

Obtain existing payroll information (from Procedure 1.a.) that supports each Supplemental Semiannual Headcount report. If existing payroll data are not available, obtain a payroll system query that summarizes detailed payroll data supporting each Supplemental Semiannual Headcount Report, as listed below:

- Benefit Category (see Semiannual Headcount Report)
- Dollar Amount of withholdings and contributions

¹⁰ See the Appendix for management's explanation for any differences resulting from this procedure.

- Number Enrolled (deductions made or no deductions)
- Central Personnel Data File Code
- Aggregate Base Salary

Procedure 5.b.

Recalculate the headcount reflected on each Semiannual Headcount Report. If an electronic file is not available, use the suggested method below to recalculate the headcount:

- Estimate the number of employees per payroll register page by counting the employees listed on several pages.
- Count the number of pages in the payroll register.
- 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.

Procedure 5.c.

Compare the payroll information obtained in Procedure 5.a. and the calculated headcount from Procedure 5.b. to the information shown on each respective Semiannual Headcount Report. Report any differences (for example, gross rather than net) greater than 2 percent. Obtain a management official name, telephone number, email address, and explanation for the differences.

Results

Of the 22 Semiannual Headcount Reports reviewed, DoD OIG auditors identified four differences greater than 2 percent.¹¹ Two differences were in the September Semiannual Headcount Reports. The Indianapolis Overseas Army DoD Payroll Office had a difference of 2 percent in the headcount for the period ending August 24, 2024. In addition, the Cleveland Military Sealift Command Payroll Office had a difference of 32.6 percent in the headcount for the period ending September 7, 2024.

Defense Finance and Accounting Service (DFAS) management stated that these differences occurred because the financial pay records contained data of intermittent and seasonal employees who had an active status but may not be participants for the deductions on the Semiannual Headcount Report. Therefore, these participants would not be included in the employee total for the Semiannual Headcount Report.

The remaining two base pay differences were in the September and the March Semiannual Headcount Reports. DoD OIG auditors identified two differences of 53.51 percent and 52.8 percent in base pay in the September and the March Semiannual Headcount Reports

¹¹ The 22 Semiannual Headcount Reports comprise 11 DFAS payroll data files from the September 2024 and March 2025 pay periods.

for the VA Payroll Office. DFAS management stated that the differences in the base pay for September and March occurred because the Semiannual Headcount Report displayed the total base pay with a truncated value because the system did not have enough numerical positions to show a billionth digit. DFAS management also stated that a new system change was opened to correct these differences with no set implementation date.

Procedure 6

Calculate employer and employee contributions for Retirement, Health Benefits, and Basic Life Insurance, as described below.

Procedure 6.a.

Calculate employer and employee contributions for the three pay periods selected in Procedure 1.a., as described below:

Procedure 6.a.i.

Multiply the CSRS and FERS payroll base by the withholding and employer contribution rates required by law.

Procedure 6.a.ii.

Compare the calculated totals from Procedure 6.a.i. to the related amounts shown on the RITS submissions. Report any differences (for example, gross rather than net) between the calculated amounts and the amounts reported on the RITS submissions that are greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results

DoD OIG auditors identified two differences greater than 5 percent for the CSRS comparison. The Indianapolis Overseas Army DoD Payroll Office had a 5.1-percent agency contribution difference for the period ending August 24, 2024. DFAS management stated that this difference occurred due to a negative adjustment made to pay records for affected employees. The VA Payroll Office had an 11.1-percent agency contribution withholding difference for the period ending January 25, 2025. DFAS management stated that these differences occurred due to manual withholding adjustments made to pay records for affected employees.

DoD OIG auditors identified seven differences greater than 5 percent for the FERS-Revised Annuity Employee comparison. For the period ending September 7, 2024, the Indianapolis DoD Payroll Office had a 6.2-percent employee withholding difference, and the Indianapolis Overseas DoD Payroll Office had a 35.7-percent employee withholding difference. For the period ending January 25, 2025, the Indianapolis Army DoD Payroll Office had a 5.4-percent employee withholding difference, and the Indianapolis Overseas DoD Payroll Office had a 66.3-percent employee withholding difference. For the period ending February 22, 2025, the Indianapolis Army DoD Payroll Office had a 5.9-percent employee withholding difference, and

the Indianapolis Overseas Army DoD Payroll Office had a 10.6-percent employee withholding difference. For the period ending March 8, 2025, the Indianapolis Air Force Payroll Office had a 7.4-percent employee withholding difference. DFAS management stated that these differences occurred due to manual withholding adjustments made to pay records for the affected employees.

For the FERS and FERS-Further Revised Annuity Employee Comparisons, DoD OIG auditors did not identify any differences greater than 5 percent.

Procedure 6.b.

Calculate employee withholdings and employer contributions for Health Benefits for the three pay periods selected in Procedure 1.a. as follows:

Procedure 6.b.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.

Procedure 6.b.ii.

Sum the totals in Procedure 6.b.i., and compare the results with the Health Benefit withholding and contribution 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 that are greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results

DoD OIG auditors identified one difference greater than 5 percent for the FEHB comparison. For the period ending September 7, 2024, the Cleveland Military Sealift Command Payroll Office had a 5.3-percent agency contribution difference. DFAS management stated that this difference occurred due to negative retroactive adjustments made to pay records for affected employees.

Procedure 6.c.

Calculate the Basic Life Insurance employee withholdings and employer contributions for the three pay periods selected in Procedure 1.a. as follows:

Procedure 6.c.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.

Procedure 6.c.ii.

For employee withholdings, add the product of 2,500 times the number of employees with Basic Life Insurance coverage from Procedure 6.c.i above to the aggregate annual basic pay for all employees with Basic Life Insurance from Procedure 6.c.i above to calculate the estimated total Basic Life Insurance coverage. Divide this calculated total by 1,000 and multiply it by the withholding rate required by law. The Basic Life Insurance withholding rates are in the FEGLI Program Handbook on OPM's website.

Procedure 6.c.iii.

Compare the results in Procedure 6.c.ii. to the withholdings for Basic Life Insurance coverage reported on the RITS submission. Report any difference (for example, gross rather than net) between the estimate and the amount of withholdings reported on the RITS submission greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the difference.

Procedure 6.c.iv.

For agency contributions, divide the results of Procedure 6.c.ii. by two—this approximates agency contributions, which are one-half of employee withholdings. Compare this result to the amount reported on the RITS submission. Report any differences (for example, gross rather than net) between the estimated amount and the actual amount reported on the RITS submission that are greater than 5 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results

DoD OIG auditors identified one difference greater than 5 percent for the Basic FEGLI comparison. For the period ending August 24, 2024, the Cleveland DoE Payroll Office had an 8.2-percent agency contribution difference. DFAS management stated that this difference occurred due to a manual withholding adjustment made to pay records for an affected employee.

Procedure 6.d.

Calculate the Option A, Option B, and Option C Basic Life Insurance coverage withholdings for the three pay periods selected by using the detailed payroll reports used to reconcile the RITS reports in Procedure 1 on page two. In addition to the information used for Procedure 1, the reports should include the employees' date of birth, annual rate of basic pay, and number of multiples selected for Option B and C.¹²

¹² Although similar to Procedure 2.j., the calculation for this procedure is for the entire amount reported on the RITS submissions for the three pay periods selected, as opposed to the sample of 25 employees in Procedure 2.j.

Procedure 6.d.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 Handbook.

Procedure 6.d.ii.

Compare the results in Procedure 6.d.i. to the amounts for Option A reported on the RITS submissions. Report any differences (for example, gross rather than net) greater than 2 percent of the amounts on the RITS submission and obtain management's explanation for the differences.

Results

DoD OIG auditors did not identify any differences for Option A.

Procedure 6.d.iii.

Segregate the reports for Option B and Option C insurance into the age groups shown in the FEGLI Program Handbook. For Option B, round the employee's annual rate of basic pay up to the next 1,000, then divide it by 1,000, then multiply this amount by the rate for the age group, then multiply this by the number of multiples.

*Annual rate of basic pay (rounded up)/1,000*rate*multiples).*

For Option C, multiply the rate for the age group by the number of multiples chosen for each employee.

Procedure 6.d.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 (for example, gross rather than net) greater than 2 percent of the amounts on the RITS submission for Option B or Option C and obtain management's explanation for the differences.

Results

DoD OIG auditors identified three differences greater than 2 percent for Option B employee withholdings. The Cleveland Military Sealift Command Payroll Office had a 4.2-percent difference for the period ending September 7, 2024, a 2.9-percent difference for the period ending January 25, 2025, and a 4.1-percent difference for the period ending March 8, 2025. DFAS management stated that these differences occurred because selected active employees did not have FEGLI Option B deductions in their pay records.

DoD OIG auditors did not identify any differences for Option C.

Appendix

Management Explanations to Procedures 2, 3, and 4

Table 2. Management Explanations for Differences Resulting from Procedures 2, 3, and 4

Procedure	Organization	Management Explanation
2.c. and 2.e.	Army	Army officials deferred to DFAS to provide an explanation for the differences. DFAS officials stated that the Human Resource Office (Army) interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period.*
2.c. and 2.e.	Air Force	DFAS officials stated that the Human Resource Office (Air Force) interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period.
2.c. and 2.e.	Navy	Navy officials stated that the pay change was not processed until February 2025. Furthermore, DFAS officials stated that the Human Resource Office (Navy) interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period.
2.c. and 2.e.	ODOs	Defense Health Agency (DHA) officials stated that the SF 50 to initiate a pay increase was not processed until the next pay period for these differences. Further, DFAS officials stated that the Human Resource Office interfaced the SF 50 after the effective date which resulted in retroactive pay in a subsequent pay period.
2.c. and 2.e.	DoE	DFAS officials stated that the difference was due to the pay rate that varied based on duties performed.
2.f.	Army	Army officials stated that this error occurred due to an employee transferring from another Government agency and location.
2.c.–j.	DoE	Management did not provide an explanation.
2.c.–j.	HHS	Management did not provide an explanation.
2.c.–j.	VA	Management did not provide an explanation.
2.g. and 2.h.	Army	DFAS officials stated that the Human Resource Office (Army) interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period.
2.g. and 2.h.	Air Force	Management did not provide an explanation.
2.g. and 2.h.	Navy	Navy officials stated that the pay change was not processed until February 2025. Furthermore, DFAS management stated that the Human Resource Office (Navy) interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period.
2.g. and 2.h.	ODOs	DHA officials stated that the SF 50 to initiate a pay increase was not processed until the next pay period for three of the five differences. No additional explanations were provided. Furthermore, DFAS officials stated that the Human Resource Office interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period for three of the five differences.

Table 2. Management Explanations for Differences Resulting from Procedures 2, 3, and 4

Procedure	Organization	Management Explanation
2.i. and 2.j.	Army	Army officials stated that an error occurred due to an employee transferring from another Government agency and location for one difference. DFAS officials stated that the Human Resource Office (Army) interfaced the SF 50 after the effective date, which resulted in retroactive pay in a subsequent pay period for three of these differences.
2.i. and 2.j.	Air Force	Management did not provide an explanation.
2.i. and 2.j.	Navy	Navy officials stated that the pay change was not processed until February 2025. Further, DFAS officials stated that the Human Resource Office (Navy) interfaced the SF 50 after the effective date which resulted in retroactive pay in a subsequent pay period.
2.i. and 2.j.	ODOs	DHA officials stated that the SF 50 to initiate a pay increase was not processed until the next pay period for three of the four differences. No additional explanations were provided. Further, DFAS officials stated that the Human Resource Office interfaced the SF 50 after the effective date which resulted in retroactive pay in a subsequent pay period for three of the four differences.
3	DoE	Management did not provide an explanation.
4	Air Force	Management did not provide an explanation.
4	Navy	Navy officials stated that these differences occurred because two employees waived FEGLI but did not have the forms in their eOPF because they transferred from other organizations in the Government.
4	ODOs	Management did not provide an explanation.

*Interface is a common DFAS term referring to communicating or linking data between independent systems.
Source: The DoD OIG.

Acronyms and Abbreviations

APP	Agency Payroll Provider
CSRS	Civil Service Retirement System
DCPS	Defense Civilian Pay System
DoE	Department of Energy
FEGLI	Federal Employees' Group Life Insurance
FERS	Federal Employees Retirement System
HHS	Department of Health and Human Services
ODO	Other Defense Organization
OPF	Official Personnel File
OPM	Office of Personnel Management
RITS	Retirement and Insurance Transfer System
VA	Department of Veterans Affairs

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