



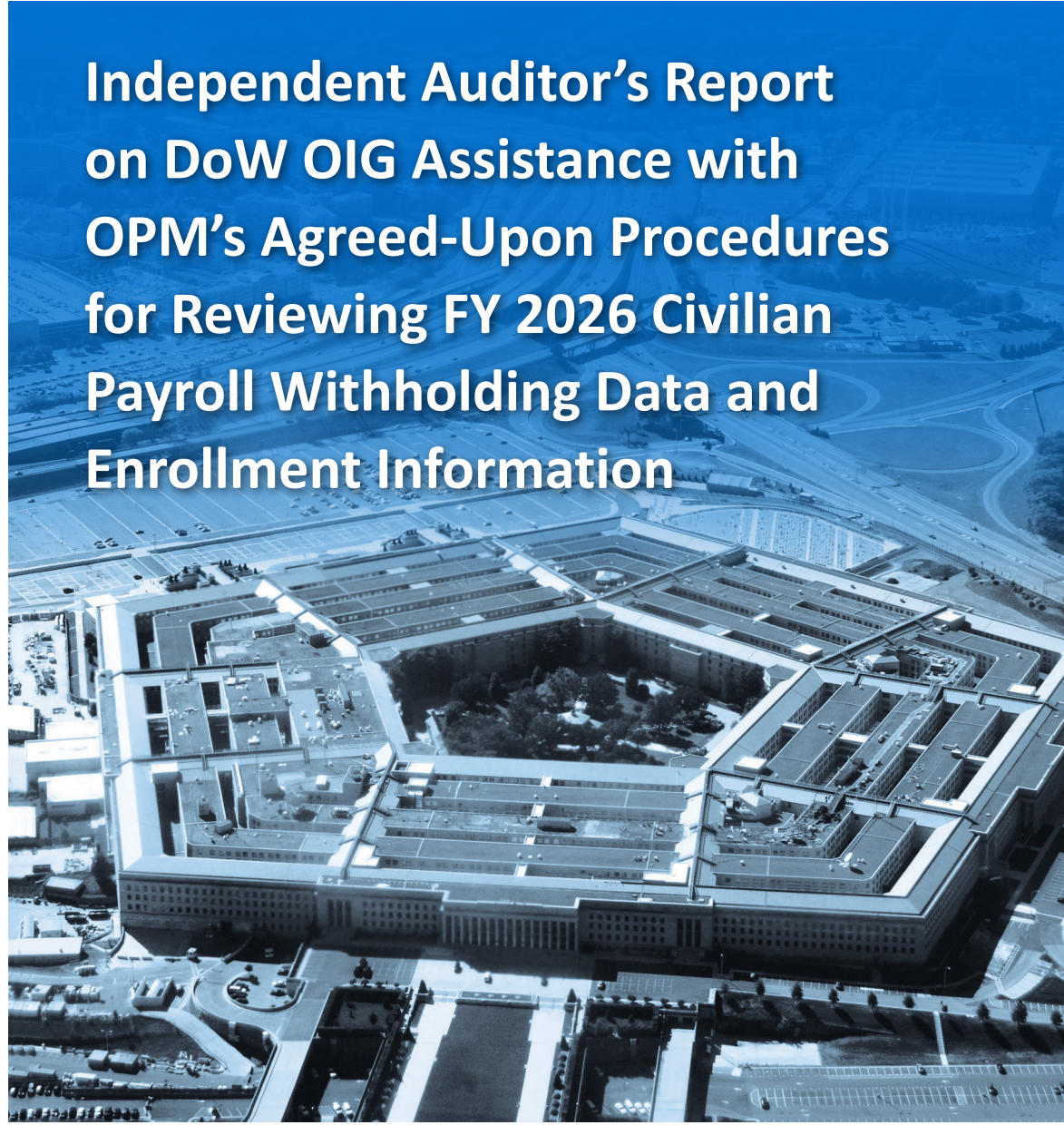
INSPECTOR GENERAL

U.S. Department of War

SEPTEMBER 30, 2026



Independent Auditor's Report on DoW OIG Assistance with OPM's Agreed-Upon Procedures for Reviewing FY 2026 Civilian Payroll Withholding Data and Enrollment Information



INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY



Pursuant to Executive Order 14347, "Restoring the United States Department of War," September 5, 2025, the Department of Defense Inspector General (DoD IG) and Office of Inspector General (DoD OIG) use the secondary titles of the Department of War Inspector General (DoW IG) and Office of Inspector General (DoW OIG), respectively. The use of these secondary titles does not in any way affect the primary statutory title or authorities of the DoD IG under The Inspector General Act of 1978, as amended (5 U.S.C. Chapter 4, Inspectors General), or the authorities or responsibilities of the DoD IG or DoD OIG pursuant to any laws, regulations, or policies.



Results in Brief

Independent Auditor's Report on DoW OIG Assistance with OPM's Agreed Upon Procedures for Reviewing FY 2026 Civilian Payroll Withholding Data and Enrollment Information

September 30, 2026

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 2026, were reasonable.

Background

We performed six procedures agreed to by the OPM Chief Financial Officer and the OPM Inspector General to assist the OPM in assessing the reasonableness of the employee withholdings and employer contributions that the Defense Finance and Accounting Service reported on Standard Form 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 2025 and March 2026. We reviewed the Official Personnel Files of DoW and Department of Veterans Affairs employees. Auditors from the Department of Energy and Department of Health and Human Services Offices of Inspector General performed the agreed-upon procedures to review the Official Personnel Files of Department of Energy and Department of Health and Human Services employees, respectively.

Results

Auditors identified differences in four of the six agreed-upon procedures. For Procedures 2, 3, and 4, auditors identified issues when comparing employees' Official Personnel Files to Defense Civilian Pay System data. Specifically, auditors determined that documents, such as Standard Form 2809, "Health Benefits Election Form," and Standard Form 2817, "The Life Insurance Election Form," were not consistently:

- completed or in each employee's Official Personnel File, or
- matched to Defense Civilian Pay System data.

For Procedure 6, auditors identified differences in Procedures 6.a., 6.b, and 6.d. Specifically, for Procedure 6.a., the Civil Service Retirement System, Federal Employees 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 differences in employee withholdings and agency contribution for selected payroll offices. For Procedure 6.d., auditors identified differences for Options A and C, insurance agency contributions and employee withholdings for selected payroll offices.

Recommendations

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





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

September 30, 2026

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Independent Auditor's Report on DoW OIG Assistance with OPM's
Agreed-Upon Procedures for Reviewing FY 2026 Civilian Payroll
Withholding Data and Enrollment Information
(Report No. DOWIG-2026-125)

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]

A handwritten signature in black ink, reading "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
DEPARTMENT OF WAR
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

September 30, 2026

Michael R. Esser
Deputy Inspector General Performing the Duties of the 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 DoW OIG Assistance with OPM's Agreed-Upon Procedures for Reviewing FY 2026 Civilian Payroll Withholding Data and Enrollment Information (Report No. DOWIG-2026-125)

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 Form 2812, "Report of Withholdings and Contributions for Health Benefits, Life Insurance, and Retirement," for the pay periods ending August 23, 2025, or September 6, 2025; January 24, 2026; and February 21, 2026, or March 7, 2026. 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 2025 and March 2026.¹ The reports submitted to OPM by DFAS included information for the following entities listed in Appendix A of Office of Management and Budget Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements."

- Department of War (DoW)
- 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 1.3 million employees 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 Files (OPFs). Of the 315 OPFs, 180 represented DoW employees, 45 represented DoE employees, 45 represented HHS employees, and 45 represented VA employees.

¹ According to Benefits Administration Letters for September 2025 and March 2026 Headcounts, the reporting periods for payroll paid are the first 15 days of September and March.

² The 11 DFAS payroll data files were from the Army, Navy, Air Force, Other Defense Organizations (ODOs), Military Sealift Command, Overseas Army/DoW, Overseas DoW, Shipyard DoW, 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 DoW 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 on 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, retirement contributions and withholdings, or 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 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.



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

Enclosure:

Agreed-Upon Procedures Performed and Results

Agreed-upon Procedures Performed and Results

This section contains the OPM agreed-upon procedures and the results of completing those procedures. The Defense Finance and Accounting Service (DFAS) is the payroll provider for the DoW. DFAS also provides payroll services to the Department of Veterans Affairs (VA), the Department of Energy (DoE), and Health and Human Services (HHS). Auditors from the DoE and HHS Offices of Inspector General (OIGs) reviewed the official personnel files (OPFs) for their respective agency personnel. DoW OIG auditors reviewed DoW and VA OPFs and performed all other procedures.

Overall Procedure

For employee benefit withholding and contributions:

Obtain the Agency Payroll Provider's (APP's) September 2025 and March 2026 Semiannual Headcount Reports submitted to OPM and a summary of Retirement and Insurance Transfer System (RITS) submissions for September 2025 and the current fiscal year.

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

- Select a total of three RITS submissions for September 2025 and the current FY 2026; the selection will include one with the September 2025 Semiannual Headcount Report, one with the March 2026 Semiannual Headcount Report, and a 3rd between October 1, 2025, and August 31, 2026.
- Obtain payroll information for the periods covered by the selected RITS submissions.³

Results

The DoW OIG auditors obtained the APP's September 2025 and March 2026 Semiannual Headcount Reports submitted to OPM and a summary of RITS submissions for September 2025 and FY 2026.⁴ For each program, the DoW OIG auditors selected three RITS submissions for the pay periods ending August 23, 2025, or September 6, 2025; January 24, 2026; and February 21, 2026, or March 7, 2026; and obtained payroll information for those pay periods.

³ In this report, the term "payroll information" refers to all payroll information, including payroll registers, payroll data files, and other payroll support data.

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

Procedure 1.

Compare RITS submission data to the payroll information by performing the following procedures.⁵

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.

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 an 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

⁵ For cross-servicing agencies, if the internal controls are the same for all agencies serviced, this procedure must only be performed for one agency.

- 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.⁶
 - 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.⁷

Results

Of the 175 OPFs reviewed, 37 documents were processed late, did not match DCPS data, or were missing from the OPF.⁸ For these categories, DoW OIG auditors identified 11 documents (1 document from the Army, 4 documents from the Navy, 4 documents from the Air Force, 1 document from Other Defense Organizations (ODOs), and 1 document from the VA). DoE OIG auditors identified 21 documents, and HHS OIG auditors identified 5 documents that were processed late, 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 processed late, did not match the information in DCPS, or were missing from the OPF.

⁶ 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.

⁷ A new SF-2817 is needed only if an employee changes life insurance coverage.

⁸ The 175 reviewed OPFs 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 Processed Late, Did Not Match, or Were Missing from the Official Personnel File

Form	Organization	Army	Navy	Air Force	ODOs	VA	DOE	HHS	Total
SF-50	Processed Late						12		12
	Did Not Match	1	4	2					7
	Missing						1		1
SF-2809	Did Not Match						1	1	2
	Missing						3	1	4
SF-2817	Did Not Match				1	1	2		4
	Missing			2			2	3	7
	Total	1	4	4	1	1	21	5	37

Source: The DoW 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.

Results

Of the 175 OPFs reviewed, auditors identified a total of 20 differences. DoW OIG auditors identified a total of seven differences (one difference for the Army, four differences for the Navy, two differences for the Air Force) and determined that the provided SF-50s did not match DCPS pay data for those differences. DoE auditors identified 13 differences and determined that the provided SF-50s were processed late for 12 differences and the SF-50 was missing from the OPF for the remaining difference.

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.

Results

Of the 175 OPFs reviewed, auditors identified one difference for this comparison. Specifically, DoE OIG auditors determined that the SF-50 was missing for the one difference.

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 a total of 20 differences. DoW OIG auditors identified a total of seven differences (one difference for the Army, four differences for the Navy, two differences for the Air Force) and determined that the provided SF-50s did not match DCPS pay data for those differences. DoE OIG auditors identified 13 differences and determined that the provided SF-50s were processed late for 12 differences and the SF-50 was missing for the remaining difference.

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 <http://www.opm.gov/insure/health/rates/index.asp>.

Results

Of the 175 OPFs reviewed, auditors identified a total of 6 differences. DoE OIG auditors identified four differences and determined that the SF-2809s were missing for three differences and the SF-2809 did not match DCPS data for the one remaining difference. HHS OIG auditors identified two differences and determined that the SF-2809 was missing for one difference, and the SF-2809 did not match DCPS data for the one remaining difference.

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 a total of 7 differences. DoW auditors identified two differences for the Air Force and determined that the SF-2817 was missing from the employee's OPF for those differences. DoE OIG auditors identified two differences and determined that the SF-2817s were missing for those differences. HHS OIG auditors identified three differences and determined that the SF-2817s were missing for those 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 a total of 20 differences. DoW OIG auditors identified four differences (one for the Navy and three for the Air Force) and determined that the calculations based on the data in the provided SF-50s did not match DCPS data for two differences (one for the Navy and one for the Air Force) and that the SF-2817 was missing from the employee's OPF for the remaining two Air Force differences. DoE OIG auditors identified 13 differences and determined that calculations based on the data in the provided SF-50s did not match DCPS data for 11 differences and the SF-2817 was missing for 2 differences. HHS OIG auditors identified three differences and determined that the SF-2817s were missing for those 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 a total of 11 differences. DoW OIG auditors identified four differences (two for the Air Force, one for the ODOs, and one for the VA) and determined that the SF-2817s were missing from the employee's OPF for two differences for the Air Force and election coverage did not match DCPS data for the two differences (one for the ODOs and one for the VA). DoE OIG auditors identified four differences and determined that the SF-2817s were missing for two differences and that the election coverage did not match DCPS data for two differences. HHS OIG auditors identified three differences and determined that the SF-2817s were missing for those 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 a total of 22 differences. DoW OIG auditors identified six differences (one for the Navy, three for the Air Force, one for the ODOs, and one for the VA) and determined that the:

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

DoE OIG auditors identified 13 differences and determined that calculations based on the data in the provided SF-50s did not match DCPS data for 9 differences, the SF-2817s were missing for 2 differences, and election coverage did not match DCPS data for the remaining 2 differences. HHS OIG auditors identified three differences and determined that the SF-2817s were missing for those 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 selected employee.

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.

Results

Of the 70 OPFs reviewed, auditors identified 2 total differences. Specifically, DoE OIG auditors determined that the SF-2809 did not match DCPS data for the one difference and the SF-2809 was missing for the remaining difference.

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.

Results

Of the 70 OPFs reviewed, auditors identified a total of 4 differences. DoW OIG auditors identified two differences (one for the ODOs and one for the VA) and determined that the SF-2817s were missing from the employee's OPF for those differences. DoE OIG auditors identified one difference and determined that the SF-2817 was missing from the employee's OPF for that difference. HHS OIG auditors identified one difference and determined that the SF-2817 was missing from the employee's OPF for that difference.

Procedure 5.

Calculate the headcount reflected on the September 2025 and March 2026 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
- 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, DoW OIG auditors did not identify any differences for the DoW, VA, DOE, and HHS for Procedure 5.

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

DoW OIG auditors identified six differences greater than 5 percent for the CSRS comparison. The Indianapolis DoW Payroll Office had a 23.3-percent employee withholding difference and a 61.8-percent agency contribution withholding difference for the period ending March 7, 2026. The Cleveland Navy DoW Payroll Office had an 8.5-percent employee withholding difference and a 25.7-percent agency contribution withholding difference for the period ending March 7, 2026. The VA Payroll Office had a 10-percent employee withholding difference and a 16.6-percent agency contribution withholding difference for the period ending March 7, 2026. DFAS management stated that these differences occurred because of manual withholding adjustments made to pay records for affected employees.

DoW OIG auditors identified two differences greater than 5 percent for the FERS comparison. The Indianapolis Overseas DoW Payroll Office had an 8.8-percent employee withholding difference and an 11.9-percent agency contribution withholding difference for the period ending September 6, 2025. DFAS management stated that these differences occurred because of manual withholding adjustments made to pay records for the affected employees.

DoW OIG auditors identified three differences greater than 5 percent for the FERS-Revised Annuity Employee comparison. The Cleveland Navy DoW Payroll Office had a 13.7-percent employee withholding difference and a 6-percent agency

contribution withholding difference for the period ending March 7, 2026. The Indianapolis Army DoW Payroll Office had an 11-percent employee withholding difference for the period ending February 21, 2026. DFAS management stated that these differences occurred because of manual withholding adjustments made to pay records for the affected employees.

For the FERS-Further Revised Annuity Employee Comparisons, DoW 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

DoW OIG auditors identified three differences greater than 5 percent for the FEHB comparison. The Cleveland DoE Payroll Office had a 7.8-percent employee withholding difference and a 5.1-percent agency contribution withholding difference for the period ending January 24, 2026. The Cleveland HHS Payroll Office had a 5.1-percent agency contribution withholding difference for the period ending September 6, 2025. DFAS management stated that these differences occurred because of 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

DoW OIG auditors did not identify any differences greater than 5 percent for the Basic FEGLI comparison.

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.⁹

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

DoW OIG auditors identified two differences greater than 2 percent for Option A. For the period ending January 24, 2026, the Cleveland DoE Payroll Office had a 4.3-percent agency contribution difference. DFAS management stated that this difference occurred because of retroactive adjustments. For the period ending February 21, 2026, the Cleveland DoE Payroll Office had a 2.6-percent employee withholding difference. DFAS management stated that this difference occurred because of an employee's FEGLI debt payroll deduction.

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.

⁹ Unlike Procedure 2.j., the calculation for this procedure is for the entire amount reported on the RITS submissions for the three selected pay periods as opposed to the sample of 25 employees in Procedure 2.j.

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

DoW OIG auditors did not identify any differences for Option B.

DoW OIG auditors identified seven differences greater than 2 percent for Option C employee withholdings. For the period ending January 24, 2026, the Cleveland DoE Payroll Office had a 7.9-percent difference. DFAS management stated that these differences occurred because of debt collections. For the period ending January 24, 2026, the Cleveland HHS Payroll Office had a 4.9-percent difference. DFAS management stated that this difference occurred because of retroactive adjustments.

For the period ending March 7, 2026, the Indianapolis Air Force Payroll Office had a 2.2-percent difference, and the Cleveland HHS Payroll Office had a 2.9-percent difference. DFAS management stated that these differences occurred because selected active employees did not have FEGLI Option C deductions in their pay records.

For the period ending September 6, 2025, the Indianapolis Overseas DoW Payroll Office had an 18.3-percent difference, the Cleveland HHS Payroll Office had a 3.9-percent difference, and the VA Payroll Office had a 2.5-percent difference. DFAS management stated that these differences occurred because of retroactive adjustments.

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	Army	Army officials stated that the pay change was not processed until February 2026, which resulted in retroactive pay in a subsequent pay period.
2	Air Force	Air Force officials stated that one employee separated from the Air Force and his electronic OPF has been transferred to the National Personnel Record Center. For another employee, an exception occurred because their electronic Official Personnel Folder records were incomplete upon transferring to the Air Force. For the remaining exception, Air Force officials stated that the pay increase was not processed until the subsequent pay period.
2	Navy	Navy officials stated that the payroll updates could not be finalized until the necessary pay tables were published by the Defense Civilian Personnel Advisory Service for three exceptions. For the remaining exception, Navy officials stated that the pay increase was not processed until the subsequent pay period.
2	DoE	Management did not provide an explanation.
2	ODOs	Management did not provide an explanation.
2	HHS	Management stated that one exception occurred because the employee transferred to HHS, leaving the required documents missing. No additional explanations were provided.
2	VA	VA officials stated that one exception occurred because Human Resources did not upload the SF 2817 during processing.
3	DoE	Management did not provide an explanation.
4	ODOs	Management did not provide an explanation.
4	DOE	Management did not provide an explanation.
4	HHS	Management did not provide an explanation.
4	VA	Management did not provide an explanation.

Source: The DoW OIG.

Acronyms and Abbreviations

APP	Agency Payroll Provider
CSRS	Civil Service Retirement System
DCPS	Defense Civilian Pay System
DFAS	Defense Finance and Accounting Service
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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