U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT STANDARDS ADMINISTRATION

SPECIAL REPORT RELATING TO THE FEDERAL EMPLOYEES' COMPENSATION ACT SPECIAL BENEFIT FUND

September 30, 2009

This report was prepared by KPMG LLP, under contract to the U.S. Department of Labor, Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.

Elliot P. Lewis

U.S. Department of Labor
Assistant Inspector General for Audit

Date Issued: October 29, 2009
Report Number: 22-10-001-04-431

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U.S. Department of Labor

Office of Inspector General
Washington, DC 20210

Assistant Inspector General for Audit's Memorandum

MEMORANDUM FOR: FEDERAL AGENCIES WITH RESPONSIBILITIES FOR THE FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM

Elliot P. Lewis

FROM: ELLIOT P. LEWIS
Assistant Inspector General for Audit

SUBJECT: Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund – FY 2009
Report No. 22-10-001-04-431

Attached is the special report on the Federal Employees' Compensation Act (FECA) Special Benefit Fund (the Fund) that was prepared to assist in the audit of your agency's annual financial statements. The U.S. Department of Labor, Employment Standards Administration, Office of Workers' Compensation Programs (OWCP) administers the Fund, and the DOL Office of Inspector General is responsible for auditing the Fund.

The Office of Inspector General contracted with the independent certified public accounting firm of KPMG LLP (KPMG) to prepare the report on the Fund as of and for the year ended September 30, 2009. This special report consists of two reports. The first report is an *opinion* on the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense of the Fund (the Schedule) as of and for the year ended September 30, 2009. KPMG issued an unqualified opinion on the Schedule. In connection with this audit, KPMG considered DOL's internal control over financial reporting and tested DOL's compliance with laws and regulations related to the Fund. Their consideration of internal control over financial reporting disclosed a significant deficiency titled *Controls Over the Financial Reporting Process Need Improvement*. This significant deficiency, which is a repeat finding from fiscal year 2008, is not considered to be a material weakness. Their testing of compliance with laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The second report is an agreed-upon procedures (AUP) report on the schedules of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense of the Fund by agency as of and for the year ended September 30, 2009. This report includes a description of the procedures performed and the results of those procedures. The sufficiency of the procedures referred to in the AUP is solely the responsibility of the parties specified in this report. Consequently, neither the OIG nor KPMG makes any representations regarding the sufficiency of the procedures. Because the AUP performed did not constitute an examination, KPMG did not express an opinion on any elements, accounts, or items as they pertained to the AUP report. Furthermore, neither the OIG nor KPMG has any obligation to perform any procedures beyond those listed in the attached AUP report.

KPMG is responsible for the attached reports dated October 29, 2009, and the conclusions expressed in the reports. We reviewed KPMG's reports and related documentation and inquired of their representatives. Our review, as differentiated from an audit in accordance with *Government Auditing Standards*, was not intended to enable us to express, and we do not express opinions on: the Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense of the Fund as of and for the year ended September 30, 2009; or the AUP report on the schedules of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense by agency as of and for the year ended September 30, 2009. Our review disclosed no instances where KPMG did not comply, in all material respects, with *Government Auditing Standards*.

If you have any questions or comments, please send your questions or comments via regular mail, facsimile, or e-mail to:

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U.S. Department of Labor
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SECTION 1A

Independent Auditors' Report on the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense

Shelby Hallmark, Acting Assistant Secretary
Employment Standards Administration, U.S. Department of Labor
Government Accountability Office, Office of Management and Budget,
and Agencies Specified in Section 2B of this Report:

We have audited the accompanying Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense for the year ended September 30, 2009, of the U.S. Department of Labor's (DOL) Federal Employees' Compensation Act Special Benefit Fund (the Schedule). The objective of our audit was to express an opinion on the fair presentation of DOL's schedules. In connection with our audit, we also considered DOL's internal control over financial reporting related to the Schedule and tested DOL's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on the Schedule.

SUMMARY

As stated in our Opinion On The Schedule section of this report, we concluded that DOL's Schedule as of and for the year ended September 30, 2009, is presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

Our consideration of internal control over financial reporting resulted in the identification of a significant deficiency related to weaknesses in control over financial reporting. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined in the Internal Control Over Financial Reporting section of this report.

The results of our tests of compliance with certain provisions of laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*.

The following sections discuss our opinion on DOL's Schedule, our consideration of DOL's internal control over financial reporting, our tests of DOL's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

OPINION ON THE SCHEDULE

We have audited the accompanying Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense for the year ended September 30, 2009, of the U.S. Department of Labor's Federal Employees' Compensation Act Special Benefit Fund.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the actuarial liability and net intra-governmental accounts receivable as of September 30, 2009, and benefit expense for the year ended September 30, 2009, in conformity with U.S. generally accepted accounting principles.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of DOL's Schedule will not be prevented, or detected and corrected on a timely basis.

In our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency that is described in Exhibit I. Exhibit I also provides the status of the prior year significant deficiency.

COMPLIANCE AND OTHER MATTERS

The results of our tests of compliance as described in the Responsibilities section of this report disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*.

RESPONSIBILITIES

Management's Responsibilities. Management is responsible for the Schedule; establishing and maintaining effective internal control; and complying with laws and regulations applicable to the Schedule.

Auditors' Responsibilities. Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall Schedule presentation.

We believe that our audit provides a reasonable basis for our opinion.

In planning and performing our audit, we considered DOL's internal control over financial reporting by obtaining an understanding of DOL's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule. The objective of our audit was not to express an opinion on the effectiveness of DOL's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DOL's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Schedule is free of material misstatement, we performed tests of DOL's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of Schedule amounts. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the DOL Schedule. However, providing an opinion on compliance with laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

KPMG

DOL's response to the finding identified in our audit is presented in Exhibit I. We did not audit DOL's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the U.S. Department of Labor, the U.S. Government Accountability Office, Office of Management and Budget, the U.S. Congress, and those Federal agencies with responsibility for the FECA program and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 29, 2009

Exhibit I

Controls Over the Financial Reporting Process Need Improvement

During our FY 2008 audit, we noted deficiencies in the internal control over financial reporting related to the preparation of the FECA Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense (the Schedule) that resulted in a number of errors in the draft Schedule that was later corrected by management.

We recommended that management establish written policies and procedures that would provide those responsible for preparing and reviewing the Schedule with detailed guidance to facilitate the preparing and review of the Schedule and mitigate the risk of misstatements in the future. Furthermore, the policies and procedures should include comparing the balances reported in the Schedule to the DOL general ledger and information posted on the DOL website.

During our FY 2009 audit, we continued to note deficiencies in the internal control over financial reporting related to the preparation of the Schedule that resulted in a number of errors in the draft Schedule and the detailed schedules by agency, including the following:

- Net intra-governmental accounts receivable was understated by approximately $88 million as of September 30, 2009. This amount is related to accrued benefits for benefit payments made as of September 30, 2009, but not yet billed to customer agencies that was reported in the general ledger but inadvertently excluded from the Schedule.

- Although the total actuarial liability was properly reported in the Schedule as of September 30, 2009, the actuarial liability reported in the detailed schedule by agency for a number of Federal agencies was misstated by approximately $55 million due to a clerical error with no effect on the total actuarial liability reported in the detailed schedule by agency as the errors offset one another.

The above errors were subsequently corrected by management in the final schedules.

Per GAO's *Standards of Internal Control in the Federal Government*, "Internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations. It is performed continually and is ingrained in the agency's operations. It includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties."

OMB Circular No. A-123, *Management's Responsibility for Internal Control*, states that "The agency head must establish controls that reasonably ensure that obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports . . ."

Although management developed guidance for preparing the schedules to be used by supervisors during their review, the errors noted above reoccurred in FY 2009 because the Branch of Accounting and Financial Systems' (BAFS) supervisors did not follow the procedures in the guidance and perform a sufficiently detailed review of the schedules to ensure that misstatements and errors are detected and corrected. This increases the risk of misstating the year-end Schedule. In addition, this could result in delays in issuing the year-end FECA special report.

Because BAFS' supervisors did not perform a sufficiently detailed review of the schedules, we consider the recommendation we made in FY 2008 unresolved and open. To close this recommendation, management should ensure that BAFS' supervisors follow the established guidance and perform a more detailed review of the schedules. We also recommend that BAFS establish policies and procedures to prepare and review the Schedule quarterly instead of just at fiscal year end. Preparing and reviewing the Schedule quarterly will help ensure that the Schedule is prepared accurately and timely at fiscal year end in the future.

Management's Response:

Management concurs with the recommendation. Procedures will be updated by December 31, 2009, to address the review process for quarterly preparation of the schedules.

Auditors' Conclusion:

This recommendation is considered **resolved and open**. FY 2010 audit procedures will determine whether this recommendation has been adequately addressed and can be considered closed.

SECTION 1B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense For the Year Ended September 30, 2009

(dollars in thousands)

Actuarial Liability	$ 26,953,704
Net Intra-Governmental Accounts Receivable	$ 5,036,155
Benefit Expense	$ 2,094,044

See accompanying notes to the Schedule.

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SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense For the Year Ended September 30, 2009

1. Significant Accounting Policies

a. Basis of Presentation

The Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense for the year ended September 30, 2009, of the U.S. Department of Labor's Federal Employees' Compensation Act Special Benefit Fund (the Schedule) has been prepared to report the actuarial liability, net intra-governmental accounts receivable, and benefit expense of the U.S. Department of Labor's (DOL) Federal Employees' Compensation Act (FECA) Special Benefit Fund (the Special Benefit Fund). The Special Benefit Fund was established by the Federal Employees' Compensation Act to provide for the financial needs resulting from compensation and medical benefits authorized under the Act. The DOL, Employment Standards Administration (ESA), Office of Workers' Compensation Programs (OWCP) is charged with the responsibility of operating the Special Benefit Fund under the provisions of the Act. The Schedule has been prepared from the accounting records of the Special Benefit Fund.

The actuarial liability, net intra-governmental accounts receivable, and benefit expense of the Special Benefit Fund are considered specified accounts for the purpose of this Schedule. ESA OWCP is responsible for providing this information to the CFO Act agencies and other specified agencies to support and prepare their respective financial statements. Effective November 8, 2009, the ESA will be abolished and OWCP will report directly to the Office of the Secretary of Labor.

The actuarial liability is an accrued estimate of future workers' compensation benefits as of September 30, 2009. Historical benefits paid, inflation and interest rate assumptions, and other economic factors are applied to the actuarial model that calculates the liability estimate. The net intra-governmental accounts receivable is the amount due from Federal agencies for benefit payments paid to or on behalf of employees of the employing agency as of September 30, 2009. The net intra-governmental accounts receivable includes amounts which were billed to the employing agencies through June 30, 2009, but not paid as of September 30, 2009, including prior years, if applicable, plus the accrued receivable for benefit payments not yet billed for the period of July 1, 2009, through September 30, 2009, less credits due from the public. Benefit expense

(continued)

SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense For the Year Ended September 30, 2009

consists of benefits paid and accrued for the period from October 1, 2008, to September 30, 2009, plus the net change in the actuarial liability for the fiscal year.

Benefit payments are intended to provide income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to job-related injury or occupational disease.

b. Basis of Accounting

The Schedule has been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

An estimate of claims that have been incurred but not reported are included in the actuarial liability. Therefore, the actuarial liability represents the estimated present value of future compensation and medical payments based upon approved claims, plus a component for incurred but not reported claims.

2. <u>Actuarial Liability (Future Workers' Compensation Benefits)</u>

The Special Benefit Fund was established under the authority of the Federal Employees' Compensation Act to provide income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers.

The actuarial liability for future workers' compensation of $26,953,704 thousand reported on the Schedule includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases as well as an estimate for those cases incurred but not reported. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The actuarial model uses a Paid Loss Development Method by agency, by defined agency groups, and in total using inflation rate assumptions on both past and future indemnity and medical benefits to adjust past data and project forward.

(continued)

SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense For the Year Ended September 30, 2009

Consistent with past practice and as allowed under U.S. generally accepted accounting principles, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's (OMB) economic assumptions for 10-year Treasury notes and bonds. The interest rate assumptions utilized for discounting was 4.22% in year 1 and 4.72% in subsequent years.

To provide more specifically for the effects of inflation on the liability for future workers' compensation benefits, wage inflation factors (cost of living allowance or COLA), and medical inflation factors (consumer price index-medical or CPI-Med) are applied to the calculation of projected future benefits. These factors are also used to adjust the historical payments to current year constant dollars. The liability is determined assuming an annual payment at mid-year.

The compensation COLA and the CPI-Med used in the model's calculation of estimates were as follows:

FY	COLA	CPI-Med
2010	0.47%	3.42%
2011	1.40%	3.29%
2012	1.50.%	3.48%
2013	1.80%	3.71%
2014	2.00%	3.71%

The medical inflation rates presented represent an average of published quarterly rates covering the benefit payment fiscal year. The compensation factors presented are the blended rates used by the model rather than the published August 25, 2009, FECA-COLA factor from which the blended rates are derived.

3. <u>Net Intra-Governmental Accounts Receivable</u>

Net intra-governmental accounts receivable balance of $5,036,155 thousand represents the total of the amounts billed to Federal agencies through June 30, 2009, that had not been paid as of September 30, 2009, of $4,226,465 thousand, including prior year's amounts billed, if applicable; plus an accrued receivable

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SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2009, and Benefit Expense For the Year Ended September 30, 2009

for benefit payments not yet billed for the period July 1, 2009, through September 30, 2009, of $835,857 thousand, less applicable credits due from the Public of $26,167 thousand. The FECA Special Benefit Fund also receives an appropriation for special cases and older cases where employing agencies are not charged for benefit payments.

Each Federal agency is required by the Federal Employees' Compensation Act to include in their annual budget estimate a request for an appropriation in the amount equal to the agency cost. Agencies not receiving an appropriation are required to pay agency costs from funds directly under their control. In addition, certain corporations and instrumentalities are assessed under the Federal Employees' Compensation Act for a fair share of the costs of administering disability claims filed by their employees. The fair share costs are included in the calculation to determine the net intra-governmental accounts receivable.

4. Benefit Expense

Benefit expense for the year ended September 30, 2009, was comprised of the following (dollars in thousands):

Benefits paid for compensation	$1,857,809
Benefits paid for medical benefits	859,100
Change in accrued benefits	13,065
Change in actuarial liability	(635,930)
Total benefit expense	$2,094,044

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SECTION 2A

Independent Accountants' Report on Applying Agreed-Upon Procedures

Shelby Hallmark, Acting Assistant Secretary
Employment Standards Administration, U.S. Department of Labor
Government Accountability Office, Office of Management and Budget,
and Agencies Specified in Section 2B of this Report:

We have performed the procedures described in Section 2C, Agreed-Upon Procedures and Results, which were agreed to by the U.S. Department of Labor, U.S. Government Accountability Office, Office of Management and Budget, and the Agencies Specified in Section 2B of this Report, solely to assist you and such agencies with respect to the accompanying Schedule of Actuarial Liability by Agency and Net Intra-Governmental Accounts Receivable by Agency as of September 30, 2009, and Benefit Expense by Agency for the year ended September 30, 2009, of the U.S. Department of Labor Federal Employees' Compensation Act Special Benefit Fund (the Schedule). The U.S. Department of Labor is responsible for the Schedule (Section 2B).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Section 2C either for the purpose for which this report has been requested or for any other purpose. Our agreed-upon procedures and results are presented in Section 2C of this report.

We were not engaged to, and did not conduct an examination of the Schedule of Actuarial Liability by Agency, Net Intra-Governmental Accounts Receivable by Agency, and Benefit Expense by Agency, the objective of which would be the expression of an opinion on the Schedule or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the U.S. Department of Labor, the U.S. Government Accountability Office, Office of Management and Budget, and those Federal agencies with responsibility for the FECA program, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 29, 2009

SECTION 2B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Actuarial Liability by Agency
As of September 30, 2009

(dollars in thousands)

AGENCY	Actuarial Liability
Agency for International Development	$ 26,885
Environmental Protection Agency	44,122
General Services Administration	135,953
National Aeronautics and Space Administration	56,912
National Science Foundation	1,319
Nuclear Regulatory Commission	7,628
Office of Personnel Management	21,695
U.S. Postal Service	9,507,251
Small Business Administration	29,640
Social Security Administration	310,636
Tennessee Valley Authority	505,491
U. S. Department of Agriculture	845,995
U. S. Department of the Air Force	1,286,935
U. S. Department of the Army	1,790,270
U. S. Department of Commerce	171,187
U. S. Department of Defense – other	815,854
U. S. Department of Education	16,199
U. S. Department of Energy	95,897
U. S. Department of Health and Human Services	253,312
U. S. Department of Homeland Security	1,826,221
U. S. Department of Housing and Urban Development	69,058

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SECTION 2B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Actuarial Liability by Agency
As of September 30, 2009

(dollars in thousands)

AGENCY	Actuarial Liability
U. S. Department of the Interior	$ 697,210
U. S. Department of Justice	1,233,899
U. S. Department of Labor	216,793
U. S. Department of the Navy	2,425,587
U. S. Department of State	71,621
U. S. Department of Transportation	970,738
U. S. Department of the Treasury	525,430
U. S. Department of Veterans Affairs	1,734,929
Other agencies[1]	1,259,037
Total - all agencies	$ 26,953,704

1 Non-billable and other agencies for which ESA has not individually calculated an actuarial liability.

SECTION 2B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Net Intra-Governmental Accounts Receivable by Agency As of September 30, 2009

(dollars in thousands)

AGENCY	Amounts Billed Not Yet Paid (1)	Amounts Expended Not Yet Billed (2)	Credits Due from Public (3)	Net Intra-Governmental Accounts Receivable (4)
Agency for International Development	$ 6,635	$ 1,129	$ (35)	$ 7,729
Environmental Protection Agency	8,801	1,308	(41)	10,068
General Services Administration	28,960	4,615	(144)	33,431
National Aeronautics and Space Administration	13,066	1,908	(60)	14,914
National Science Foundation	263	48	(2)	309
Nuclear Regulatory Commission	1,498	234	(7)	1,725
Office of Personnel Management	4,082	819	(26)	4,875
United States Postal Service	1,110,654	326,897	(10,233)	1,427,318
Small Business Administration	5,074	793	(25)	5,842
Social Security Administration	51,493	8,528	(267)	59,754
Tennessee Valley Authority	65,288	17,057	(534)	81,811
U. S. Department of Agriculture	146,440	23,542	(737)	169,245
U. S. Department of the Air Force	262,253	41,779	(1,308)	302,724
U. S. Department of the Army	281,671	43,608	(1,365)	323,914
U. S. Department of Commerce	30,484	5,954	(186)	36,252
U. S. Department of Defense – other	179,827	32,608	(1,021)	211,414
U. S. Department of Education	2,999	451	(14)	3,436
U. S. Department of Energy	16,406	3,024	(95)	19,335

(continued)

1 Amount billed through June 30, 2009 (including prior years) but not yet paid as of September 30, 2009.

2 Amounts paid and accrued but not yet billed for the period July 1, 2009 through September 30, 2009.

3 Allocation of credits due from the public through September 30, 2009.

4 Total amount due to the fund for each agency as of September 30, 2009.

SECTION 2B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Net Intra-Governmental Accounts Receivable by Agency As of September 30, 2009

(dollars in thousands)

AGENCY	**Amounts Billed Not Yet Paid** (1)	**Amounts Expended Not Yet Billed** (2)	**Credits Due from Public** (3)	**Net Intra-Governmental Accounts Receivable** (4)
U. S. Department of Health and Human Services	$ 52,105	$ 8,338	$ (261)	$ 60,182
U. S. Department of Homeland Security	325,491	48,673	(1,524)	372,640
U. S. Department of Housing and Urban Development	15,188	2,390	(75)	17,503
U. S. Department of the Interior	119,207	19,067	(597)	137,677
U. S. Department of Justice	205,317	31,942	(1,000)	236,259
U. S. Department of Labor	44,929	8,712	(273)	53,368
U. S. Department of the Navy	482,281	75,968	(2,378)	555,871
U. S. Department of State	16,001	2,343	(73)	18,271
U. S. Department of Transportation	197,192	33,008	(1,033)	229,167
U. S. Department of the Treasury	106,737	16,891	(529)	123,099
U. S. Department of Veterans Affairs	353,994	56,692	(1,775)	408,911
Other agencies	92,129	17,531	(549)	109,111
Total - all agencies	$ 4,226,465	$ 835,857	$ (26,167)	$ 5,036,155

1 Amount billed through June 30, 2009 (including prior years) but not yet paid as of September 30, 2009.

2 Amounts paid and accrued but not yet billed for the period July 1, 2009 through September 30, 2009.

3 Allocation of credits due from public through September 30, 2009.

4 Total amount due to the fund for each agency as of September 30, 2009.

SECTION 2B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Benefit Expense by Agency
As of September 30, 2009

(dollars in thousands)

AGENCY	Benefits Paid and Change in Accrued Benefits	Change in Actuarial Liability	Total Benefit Expense
Agency for International Development	$ 3,440	$ 3,748	$ 7,188
Environmental Protection Agency	4,343	(493)	3,850
General Services Administration	13,970	(27,873)	(13,903)
National Aeronautics and Space Administration	6,044	(7,065)	(1,021)
National Science Foundation	137	121	258
Nuclear Regulatory Commission	745	569	1,314
Office of Personnel Management	2,061	(444)	1,617
United States Postal Service	1,065,726	(36,548)	1,029,178
Small Business Administration	2,330	2,579	4,909
Social Security Administration	26,008	12,704	38,712
Tennessee Valley Authority	53,687	(27,008)	26,679
U. S. Department of Agriculture	73,820	13,982	87,802
U. S. Department of the Air Force	131,630	(108,514)	23,116
U. S. Department of the Army	180,254	(189,987)	(9,733)
U. S. Department of Commerce	17,753	1,607	19,360
U. S. Department of Defense – other	62,697	14,971	77,668
U. S. Department of Education	1,413	(355)	1,058
U. S. Department of Energy	9,344	(8,837)	507
U. S. Department of Health and Human Services	26,789	(29,205)	(2,416)
U.S. Department of Homeland Security	164,693	30,870	195,563

(continued)

SECTION 2B

U.S. Department of Labor
Employment Standards Administration
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Benefit Expense by Agency
As of September 30, 2009

(dollars in thousands)

AGENCY	Benefits Paid and Change in Accrued Benefits	Change in Actuarial Liability	Total Benefit Expense
U. S. Department of Housing and Urban Development	$ 7,423	$ (15,471)	$ (8,048)
U. S. Department of the Interior	59,605	4,821	64,426
U. S. Department of Justice	104,886	97,329	202,215
U. S. Department of Labor	20,411	(18,590)	1,821
U. S. Department of the Navy	238,575	(260,324)	(21,749)
U. S. Department of State	7,622	2,729	10,351
U. S. Department of Transportation	100,077	(14,598)	85,479
U. S. Department of the Treasury	53,429	(67,766)	(14,337)
U. S. Department of Veterans Affairs	180,401	(170,543)	9,858
Other agencies (1)	110,661	161,661	272,322
Total - all agencies	$ 2,729,974	$ (635,930)	$ 2,094,044

1 Non-billable and other agencies for which ESA has not individually calculated an actuarial liability.

SECTION 2C

Agreed-Upon Procedures & Results

ACTUARIAL LIABILITY

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
1) Calculated the actuarial liability as of September 30, 2009, using KPMG's loss development actuarial model[1].	The actuarial liability as of September 30, 2009, calculated using KPMG's loss development actuarial model is approximately $26.7 billion.
2) Recalculated the actuarial liability as of September 30, 2009, using DOL's loss development actuarial model[2].	The actuarial liability as of September 30, 2009, recalculated using DOL's loss development actuarial model, is $1.2 million less than the actuarial liability calculated by DOL.
3) Compared DOL's actuarial liability as of September 30, 2009, using DOL's loss development actuarial model to KPMG's calculation of the actuarial liability as of September 30, 2009, using KPMG's loss development actuarial model.	DOL's actuarial liability as of September 30, 2009, using DOL's loss development actuarial model is approximately $300 million (1.1%) greater than KPMG's calculation of the actuarial liability as of September 30, 2009, using KPMG's loss development actuarial model.

[1] KPMG's model uses actual data to evaluate trends and project future payments. KPMG's model also supplements its methodology with the number of workers related to each agency in injury years 2004 through 2009.
[2] The DOL model uses a Paid Loss Development Method by agency, by defined agency groups, and in total using inflation rate assumptions on both past and future indemnity and medical benefits to adjust past data and project forward.

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Agreed-Upon Procedures & Results

ACTUARIAL LIABILITY

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
4) Compared DOL's actuarial liability as of September 30, 2009, using DOL's loss development actuarial model to KPMG's calculation of the actuarial liability as of September 30, 2009, using DOL's loss development actuarial model. We Identified differences noted and confirmed whether or not DOL corrected the differences identified in DOL's final loss development actuarial model and that the actuarial liability reported in Section 2B of this report reflects the corrected actuarial liability.	DOL's actuarial liability as of September 30, 2009, using DOL's loss development actuarial model is $1.2 million greater than KPMG's calculation of the actuarial liability as of September 30, 2009, using DOL's loss development actuarial model. We confirm that DOL corrected this difference in DOL's final loss development model and that the actuarial liability reported in Section 2B of this report reflects the corrected actuarial liability.
5) Compared the interest rate and inflation (COLA, CPI-Med) assumptions used by the DOL loss development actuarial model as of September 30, 2009, to the interest rate and inflation (COLA, CPI-Med) assumptions used by KPMG's loss development model as of September 30, 2009.	No exceptions were found as a result of applying this procedure.

SECTION 2C

Agreed-Upon Procedures & Results

ACTUARIAL LIABILITY

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
6) Compared the average interest rate and average inflation rate (COLA and CPI-Med) assumptions used by the DOL loss development actuarial model as of September 30, 2008, to the average interest rate and average inflation rate (COLA and CPI-Med) assumptions used by the DOL loss development actuarial model as of September 30, 2009.	The average interest rate used by the DOL loss development actuarial model decreased from 4.73% to 4.70% from September 30, 2008 to September 30, 2009. The average COLA rate used by the DOL loss development actuarial model decreased from 2.48% to 1.92% from September 30, 2008 to September 30, 2009. The average CPI-med rate used by the DOL loss development actuarial model decreased from 3.93% to 3.68% from September 30, 2008 to September 30, 2009.

SECTION 2C

Agreed-Upon Procedures & Results

ACTUARIAL LIABILITY

Procedures and Results

<table>
<tr><th>Agreed-Upon Procedures Performed</th><th>Results of Procedures</th></tr>
<tr><td>7) Calculated the percentage change in the actuarial liability by agency and in the aggregate from September 30, 2008, to September 30, 2009, based on the DOL loss development actuarial model, identified agencies whose actuarial liability changed by more than 10 percent during fiscal year 2009, and for such agencies, calculated the percentage change in benefit payments for the year ended September 30, 2008, to September 30, 2009.</td><td>The actuarial liability decreased in the aggregate from approximately $27.6 billion as of September 30, 2008, to approximately $27.0 billion (2.30%) as of September 30, 2009.

The following agencies had a change in actuarial liability from September 30, 2008, to September 30, 2009, of greater than 10%:</td></tr>
</table>

Agency	Percentage change in actuarial liability	Percentage change in benefit payments
AID	16.2%	1.2%
GSA	(17.0)%	(5.8)%
NASA	(11.0)%	(11.9)%
NSF	10.1%	4.9%
HHS	(10.3)%	3.7%
HUD	(18.3)%	(2.1)%
TREAS	(11.4)%	(0.0)%

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Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
8) Compared the interest rate (used for discounting the future liability to the present value) and inflation rates (COLA and CPI-Med) used by the DOL loss development actuarial model as of September 30, 2009, to the interest rate (used for discounting the future liability to the present value) and inflation rates (COLA and CPI-Med) published by OMB in the Fiscal Year 2009 Mid-Session Review.	No exceptions were found as a result of applying this procedure.
9) Compared the actuarial liability, by agency, as of September 30, 2009, as reported in the Memorandum to the CFOs of Executive Departments issued by DOL's Chief Financial Officer, to the liability calculated by the DOL loss development model and reported on the Projected Liability Reports as of September 30, 2009.	No exceptions were found as a result of applying this procedure.
10) Compared both the fiscal year 2009 benefit payments by agency and the aggregate fiscal years 2004-2009 benefit payments, used by the DOL loss development actuarial model, with the fiscal year 2009 benefit payments by agency and the aggregate fiscal years 2004-2009 benefit payments as reported in the *Summary Chargeback Billing Report*.	No exceptions were found as a result of applying this procedure.

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ACTUARIAL LIABILITY

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
11) Compared the agency groupings used in the DOL loss development actuarial model as of September 30, 2009, with the agency groupings used in the DOL loss development actuarial model as of September 30, 2008.	We found that the agency groupings used in the DOL loss development actuarial model as of September 30, 2009, compared to September 30, 2008, to be the same, except for DOT, DOS, TREAS, and TVA.
12) Compared the fiscal year 2009 benefit payments calculated by the 2008 DOL loss development actuarial model to the actual fiscal year 2009 benefit payments from the DOL *Summary Chargeback Billing Report* and identified agencies where the DOL loss development actuarial model calculated benefit payments varied by more than 20 percent and $2 million from the actual benefit payments made during fiscal year 2009 from the DOL *Summary Chargeback Billing Report*.	No agencies were identified as a result of applying this procedure.

SECTION 2C

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ACTUARIAL LIABILITY

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
13) Compared the net effective rates (interest minus inflation rates) for compensation and medical used in the Postal Service, OPM, SSA, Energy Employees' Occupation Illness Compensation Program, and the Black Lung Disability Trust Fund loss development actuarial models as of September 30, 2009, to the net effective rates for compensation and medical used by the DOL loss development actuarial model as of September 30, 2009.	The net effective rate (interest minus inflation rate[1]) for compensation of 2.93% used in the DOL loss development actuarial model as of September 30, 2009, is greater than the net effective rate used for compensation in the Postal Service, OPM, SSA, Energy Employees' Occupation Illness Compensation Program, and the Black Lung Disability Trust Fund loss development actuarial models as of September 30, 2009, as follows: - Postal Service (1.91%) - OPM (2.75%) - SSA (2.81%) - Energy Employees' Occupation Illness Compensation Program (no compensation rates included in models) - Black Lung Disability Trust Fund (1.55%) The net effective rate (interest rate minus inflation rate[2]) for medical of 1.03% used in the DOL loss development actuarial model as of September 30, 2009, is greater than the net effective rate for medical used in the Energy Employees' Occupation Illness Compensation Program (-1.29%) loss development actuarial model as of September 30, 2009.

[1] COLA
[2] CPI-Med

SECTION 2C

Agreed-Upon Procedures & Results

ACTUARIAL LIABILITY

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
	The net effective rate (interest rate minus inflation rate[2]) for medical of 1.03% used in the DOL loss development actuarial model as of September 30, 2009, is less than the net effective rate for medical used in the Postal Service, and the Black Lung Disability Trust Fund loss development actuarial models as of September 30, 2009, as follows: - Postal Service (0.3%) - Black Lung Disability Trust Fund (1.57%). We did not complete this procedure for net effective rates for medical used by OPM and SSA because the rates were not provided.

[2]CPI-Med

SECTION 2C

Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

<table>
<tr><th>Agreed-Upon Procedures Performed</th><th>Results of Procedures</th></tr>
<tr><td>14) Confirmed accounts receivable balances due as of June 30, 2009, from the Liability for Current Federal Employees' Compensation Act Benefits prepared by the DOL-OCFO and posted on the DOL website[3] for all CFO Act agencies (except DOL) and the U.S. Postal Service and compared confirmed accounts receivable balances as of June 30, 2009, to the amounts posted on the DOL website.</td><td>Confirmations were received from all agencies that were sent a confirmation request. The confirmed accounts receivable balances as of June 30, 2009, agreed with the accounts receivable balances as of June 30, 2009, posted on the DOL website except for the following agency:
<table>
<tr><th>Agency</th><th>Website Amount</th><th>Confirmed Amount</th><th>Difference</th></tr>
<tr><td>DOD-Army</td><td>$116,994,820</td><td>$116,952,114</td><td>$42,706</td></tr>
</table></td></tr>
<tr><td>15) Compared the net intra-governmental accounts receivable balances by Federal agency as reported by the OCFO on the Liability for Current Federal Employees' Compensation Act Benefits report as of September 30, 2008, to the net intra-governmental accounts receivable balances by Federal agency as reported by the OCFO on the Liability for Current Federal Employees' Compensation Act Benefits report as of September 30, 2009.</td><td>The variances between the net intra-governmental accounts receivable balances by Federal agency as reported by the OCFO on the Liability for Current Federal Employees' Compensation Act Benefits report as of September 30, 2008 and the net intra-governmental accounts receivable balances by Federal agency reported by the OCFO on the Liability for Current Federal Employees' Compensation Act Benefits as of September 30, 2009, are identified in Exhibit A.</td></tr>
</table>

[3] http://www.dol.gov/ocfo/media/reports/FECA_liability_2009_3q.pdf

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Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
16) Recalculated the September 30, 2009, net intra-governmental accounts receivable balances for each agency by adding the fiscal year 2009 bills sent to Federal agencies to the September 30, 2008 ending balance from prior year's special report, less 4th quarter of fiscal year 2008 unbilled accounts receivable from the detailed general ledger plus the 4th quarter of fiscal year 2009 unbilled accounts receivable from the detailed general ledger less the cash collections as reported by the OCFO on the SF-224s, and less the 2009 other credits due from the public, net, reported in the detailed general ledger. Compared the recalculated September 30, 2009, net intra-governmental accounts receivable balances for each agency to the balance reported by the OCFO in the *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2009 and identified differences over 1 percent.	No exceptions were found as a result of applying this procedure.

SECTION 2C

Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

<table>
<tr><th>Agreed-Upon Procedures Performed</th><th>Results of Procedures</th></tr>
<tr><td>17) Compared the Summary Chargeback Billing Report for the period, July 1, 2008, through June 30, 2009, to the bills sent to Federal entities dated July 31, 2009.</td><td>Variances between the Summary Chargeback Billing Report for the period July 1, 2008 through June 30, 2009, and the bills sent to the Federal agencies dated July 31, 2009 were noted for the following agencies:

<table>
<tr><th>Agency</th><th>Bill Amount</th><th>Report Amount</th><th>Difference</th></tr>
<tr><td>Dept of Interior-Enrollees</td><td>$ -</td><td>$ 34,420</td><td>($34,420)</td></tr>
<tr><td>Dept of Agriculture –Enrollees</td><td>-</td><td>17,521</td><td>(17,521)</td></tr>
</table></td></tr>
<tr><td>18) Compared the Allocation of Accrued Benefits as of September 30, 2009, recorded on the OCFO Liability for Current Federal Employees' Compensation Act Benefits report as of September 30, 2009, to the accrual calculation worksheet prepared by DOL.</td><td>No exceptions were found as a result of applying this procedure.</td></tr>
<tr><td>19) Compared the fiscal year 2009 4th quarter accounts receivable prepared by the OCFO and reported on the 4th Quarter FECA Liability Report to the fiscal year 2009 4th quarter benefit payments reported on the Summary Chargeback Billing Report.</td><td>The FY 2009 4th quarter accounts receivable estimate prepared by the OCFO was less than the actual payments reported on the Summary Chargeback Billing Report by $13 thousand.</td></tr>
</table>

EXHIBIT A
Results of Procedure 15

SECTION 2C

Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

(dollars in thousands)

	Net Intra-Governmental Accounts Receivable September 30,		
Agency	2009	2008	Change
Agency for International Development	$ 7,729	$ 7,617	$ 112
Environmental Protection Agency	10,068	9,914	154
General Services Administration	33,431	34,571	(1,140)
National Aeronautics and Space Administration	14,914	15,763	(849)
National Science Foundation	309	299	10
Nuclear Regulatory Commission	1,725	1,710	15
Office of Personnel Management	4,875	4,589	286
U.S. Postal Service	1,427,318	272,172	1,155,146
Small Business Administration	5,842	6,005	(163)
Social Security Administration	59,754	57,758	1,996
Tennessee Valley Authority	81,811	25,294	56,517
U.S. Department of Agriculture	169,245	166,085	3,160
U.S. Department of the Air Force	302,724	301,212	1,512
U.S. Department of the Army	323,914	325,014	(1,100)
U.S. Department of Commerce	36,252	34,167	2,085
U.S. Department of Defense - other	211,414	207,618	3,796
U.S. Department of Education	3,436	3,477	(41)
U.S. Department of Energy	19,335	19,807	(472)
U.S. Department of Health and Human Services	60,182	58,003	2,179
U.S. Department of Homeland Security	372,640	366,163	6,477

(continued)

SECTION 2C

Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

(dollars in thousands)

	Net Intra-Governmental Accounts Receivable September 30,		
Agency	2009	2008	Change
U.S. Department of Housing and Urban Development	$ 17,503	$ 18,314	$ (811)
U.S. Department of Interior	137,677	138,149	(472)
U.S. Department of Justice	236,259	226,630	9,629
U.S. Department of Labor	53,368	52,735	633
U.S. Department of Navy	555,871	561,297	(5,426)
U.S. Department of State	18,271	17,614	657
U.S. Department of Transportation	229,167	222,616	6,551
U.S. Department of the Treasury	123,099	122,052	1,047
U.S. Department of Veterans Affairs	408,911	394,555	14,356

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SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
20) Compared the fiscal year 2009 benefit payments recorded in the Integrated Federal Employees Compensation System (iFECS) and Central Bill Process (CBP) databases as of March 31, 2009, and September 30, 2009 to the fiscal year 2009 benefit payments reported in the U.S. Department of the Treasury's SF-224 as of March 31, 2009, and September 30, 2009.	No exceptions were found as a result of applying this procedure.
21) Performed the following procedures over the reconciliation prepared by the Office of Workers' Compensation Programs between the benefit payments reported in the *Chargeback Billings Reports* for the fiscal year ended September 30, 2009, and the benefit payments reported in the iFECS and CBP databases for the fiscal year ended September 30, 2009: A) Compared the benefit expenses in the *Chargeback Billings Reports* reported in the reconciliation to the actual *Chargeback Billings Reports.* B) Compared the Benefit payments from iFECS and the CBP databases reported in the reconciliation to the actual iFECS and the CBP databases. C) Identified differences above 1%.	No exceptions were found as a result of applying this procedure.

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
22) Compared compensation and medical bill payments by agency for the fiscal year ended September 30, 2009, from the *Summary Chargeback Billing Report* prepared by DOL, to the compensation and medical bill payments by agency made for the fiscal year ended September 30, 2008, from the *Summary Chargeback Billing Report* prepared by DOL, and identified any variances over 10 percent.	The following agencies had increases (decreases) over 10% in compensation and medical bill payments for the year ended September 30, 2009, compared to the year ended September 30, 2008: Agency — Variance • NASA (11.9%) • COM 11% Variances for the remaining agencies were 10% or less.
23) For a selection of 129 compensation payments for initially eligible claimants, compared beneficiary name, beneficiary social security number, date of birth, benefit amount, payment date, and other unique identifiers from the applicable Forms CA-1 *Federal Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation*, and CA-2 *Notice of Occupational Disease and Claim for Compensation* to the beneficiary name, beneficiary social security number, date of birth, benefit amount, payment date, and other unique identifiers in iFECS database.	No exceptions were found as a result of applying this procedure.

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
24) For a selection of 129 compensation payments for continuing eligibility and file maintenance, compared beneficiary name, beneficiary social security number, date of birth, benefit amount, payment date, and other unique identifiers from applicable Forms CA-7 *Claim for Compensation*, and CA-1032 *Request for information on Earnings, Dual Benefits, Dependents and Third Party Settlements* to the beneficiary name, beneficiary social security number, date of birth, benefit amount, payment date, and other unique identifiers in iFECS database.	The benefit amount in the CA-1032 *Request for information on Earnings, Dual Benefits, Dependents* was $1,481 less than the benefit amount in the iFECS database for 3 of the 129 compensation payments.
25) For a selection of 129 medical payments, compared the vendor name, date, and other unique identifiers from the medical bill and payment amount on the summary sheet of the Achieve system to the vendor name, payment amount, date, and other unique identifiers in CBP database. .	No exceptions were found as a result of applying this procedure.
26) Calculated the change in the actuarial liability reported on the September 30, 2009, and September 30, 2008, compilation reports prepared by DOL.	The actuarial liability decreased by approximately $636 million on the compilation reports prepared by DOL from September 30, 2008, to September 30, 2009.

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
27) Calculated the fiscal year 2009 projected benefit payments using the following two step process: (a) Calculated the average benefit payment amount per roll during the period of October 1, 2008 to March 31, 2009, by dividing the total medical and compensation benefit payments from the iFECS and CBP databases by the number of rolls in the period from October 1, 2008 to March 31, 2009 from the iFECS and CBP databases; and (b) Multiplied the average benefit payment amount per roll determined in step 27 (a) above by the number of rolls scheduled for fiscal year 2009 in accordance with the FECA. Compared this amount to the actual 12-month total benefit payments as of September 30, 2009, calculated from the Summary Chargeback Billing Reports.	The calculated annual projected benefit payments based on the March 31, 2009 iFECS and CBP databases were approximately $27.6 million (1.03%) less than the actual 12 month total benefit payments as of September 30, 2009, calculated from the *Summary Chargeback Billing Reports*.
28) Compared the fiscal year 2009 4th quarter benefit expense estimate calculated by the OCFO as reported on the Liability for Current Federal Employees Compensation Act Benefits report to the actual fiscal year 2009 4th quarter benefit expense recorded in iFECS and CBP databases.	No exceptions were found as a result of applying this procedure.

Appendix

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ACRONYMS and ABBREVIATIONS

ACS	Affiliated Computer Services
AODF	All Other Defense
AUP	Agreed Upon Procedures
BLS	Bureau of Labor Statistics
CBP	Central Bill Processing System
CFO	Chief Financial Officers' Act
COLA	Cost of Living Allowance
COM	U.S. Department of Commerce
CPI-Med	Consumer Price Index for Medical
DHS	U.S. Department of Homeland Security
DOD	U.S. Department of Defense
DOI	U.S. Department of Interior
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
DOS	U.S. Department of State
DOT	U.S. Department of Transportation
EDU	U.S. Department of Education
EPA	Environmental Protection Agency
ESA	Employment Standards Administration
FECA	Federal Employees' Compensation Act
HUD	Department of Housing and Urban Development
iFECS	Integrated Federal Employees' Compensation System
LBP	Liability to Benefits Paid
NASA	National Aeronautics and Space Administration
NCS	Corp. for National and Community Service
NRC	Nuclear Regulatory Commission
NSF	National Science Foundation
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
OPC	Office of Peace Corps
OPM	Office of Personnel Management
OWCP	Office of Workers' Compensation Programs
SBA	Small Business Administration

(continued)

ACRONYMS and ABBREVIATIONS

SFFAS	Statement of Federal Financial Accounting Standards
SMI	Smithsonian Institution
SSA	Social Security Administration
USAID	U.S. Agency for International Development
USDA	Department of Agriculture
USPS	U.S. Postal Service
TREAS	U.S. Department of the Treasury
TVA	Tennessee Valley Authority