U.S. Department of Labor

Office of Inspector General—Office of Audit

OFFICE OF WORKERS' COMPENSATION PROGRAMS

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

September 30, 2012

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

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

Date Issued: October 26, 2012
Report Number: 22-13-001-04-431

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U.S. Department of Labor

Office of Inspector General
Washington, DC 20210

October 26, 2012

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 2012
Report No. 22-13-001-04-431

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

The OIG 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, 2012. 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 as of, and for the year ended, September 30, 2012, for which KPMG issued an unqualified opinion. In connection with this audit, KPMG performed certain tests of controls and compliance with laws and regulations related to the Fund. Its testing of controls disclosed an instance of deficiency in internal control over financial reporting titled "Insufficient Review of the Accrued Benefit Expense" that KPMG considered to be a significant deficiency. This significant deficiency was not considered to be a material weakness. KPMG's testing of compliance disclosed no instances of noncompliance or other matters that are required to be reported under generally accepted government auditing standards (GAGAS).

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, 2012. 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 made any representations regarding the sufficiency of the procedures. Because the AUPs performed did not constitute an audit, 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 had any obligation to perform any procedures beyond those listed in the attached report.

KPMG is responsible for the attached reports dated October 26, 2012, and the conclusions expressed therein. We reviewed KPMG's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we did not express opinions on the actuarial liability, net intra-governmental accounts receivable, and benefit expense of the Fund in total as of, and for the year ended, September 30, 2012; or the 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, 2012. Our review disclosed no instances where KPMG did not comply, in all material respects, with GAGAS.

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

Joseph L. Donovan, Jr.
Audit Director, Financial Statement Audits
U.S. Department of Labor
Office of Inspector General
200 Constitution Ave., N.W., Room S-5512
Washington, D.C. 20210

Fax: (202) 693-5169
E-mail: donovan.joseph@oig.dol.gov

Attachment

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

SECTION 1A

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

Mr. Gary A. Steinberg, Acting Director
Office of Workers' Compensation Programs, U.S. Department of Labor
U.S. 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, 2012, and Benefit Expense for the year ended September 30, 2012, 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 the Schedule. 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, we concluded that DOL's Schedule as of and for the year ended September 30, 2012, 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 deficiency that we consider to be a significant deficiency, as defined in the Internal Control Over Financial Reporting section of this report, related to controls over the year-end benefit expense accrual. 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, 2012, and Benefit Expense for the year ended September 30, 2012, 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, 2012, and benefit expense for the year ended September 30, 2012, in conformity with U.S. generally accepted accounting principles.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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 material weakness is a deficiency, or a 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.

Our consideration of 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 internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 described in Exhibit I that we consider to be a significant deficiency in internal control over financial reporting. 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.

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, but not for the purpose of expressing 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 DOL. 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

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 26, 2012

Exhibit I

Insufficient Review of the Accrued Benefit Expense

During our audit, we determined there was insufficient review of the accrued benefit expense year-end journal entry. Specifically, the accrued benefit expense computation did not accurately capture the number of days used to estimate benefit expenses incurred in fiscal year (FY) 2012, but not paid as of September 30, 2012. This resulted in an overstatement of accrued benefit expenses, benefit expenses and intra-governmental accounts receivable balances of approximately $51.1 million as of September 30, 2012. This error, which management determined to be immaterial, was not corrected in the accompanying Schedule.

As part of its review of the year-end accrued benefit expense, the Office of Workers' Compensation Program's (OWCP) review was not sufficient to ensure the accuracy of the number of days used to calculate the accrued benefit expense.

Without effective controls surrounding the review of the calculation of the accrued benefit expense, there is an increased risk that the accrued benefit expense, benefit expense, and intra-governmental accounts receivable balances may be materially misstated in the Schedule at fiscal year end.

U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, state,

> 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.

To address the issued noted above, we recommend that OWCP management emphasize the importance of performing and documenting a detailed review of the accrued benefit expense calculation, including but not limited to, verifying the use of correct number of days to accrue for, and verifying the accuracy of the calculation. This detailed review by OWCP should be explicitly documented.

Management's Response

OWCP will reiterate the requirement for performing and documenting a detailed review of the accrued benefit expense calculation, including but not limited to, verifying the use of the correct number of days for the accrual and the accuracy of the calculation. The details of the review will be documented. Completion is targeted for January 31, 2013.

Auditors' Response

We will conduct follow-up procedures in FY 2013 to determine whether corrective actions have been developed and implemented.

SECTION 1B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2012, and Benefit Expense For the Year Ended September 30, 2012

(dollars in thousands)

Actuarial Liability	$ 34,260,124
Net Intra-Governmental Accounts Receivable	$ 5,439,409
Benefit Expense	$ 5,941,880

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, 2012, and Benefit Expense For the Year Ended September 30, 2012

1. Significant Accounting Policies

a. Basis of Presentation

The Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2012, and Benefit Expense for the year ended September 30, 2012, 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 (Act) to provide for the financial needs resulting from compensation and medical benefits authorized under the Act. The DOL, 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. OWCP is responsible for providing this information to the Chief Financial Officers (CFO) Act agencies and other specified agencies to support and prepare their respective financial statements.

The actuarial liability of $34,260,124 thousand is an accrued estimate of future workers' compensation benefits as of September 30, 2012. 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, 2012. The net intra-governmental accounts receivable includes amounts which were billed to the employing agencies through June 30, 2012, but not paid as of September 30, 2012, including prior years, if applicable, plus the accrued receivable for benefit payments not yet billed for the period of July 1, 2012, through September 30, 2012, less credits due from the public. Benefit expense consists of benefits paid for the period from October 1, 2011, to September 30, 2012, plus the net change in the actuarial liability and accrued benefits payable for the fiscal year.

(continued)

SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2012, and Benefit Expense For the Year Ended September 30, 2012

Benefit payments are intended to provide income and medical cost protection to covered Federal civilian employees who were injured on the job, employees who incurred a work-related occupational disease, and beneficiaries of employees whose deaths were 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. Actuarial Liability (Future Workers' Compensation Benefits)

The Special Benefit Fund was established under the authority of the Act to provide income and medical cost protection to covered Federal civilian employees who were injured on the job, employees who incurred a work-related occupational disease, and beneficiaries of employees whose deaths were 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 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, 2012, and Benefit Expense For the Year Ended September 30, 2012

As required under U.S. generally accepted accounting principles, these projected annual benefit payments have been discounted to present value. Consistent with past practice, DOL used 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 2.29 percent in year 1 and 3.14 percent 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
2013	2.83%	3.65%
2014	2.03%	3.66%
2015	1.93%	3.72%
2016	2.00%	3.73%
2017	2.03%	3.81%

The medical inflation rates represent an average of published quarterly rates covering the benefit payment fiscal year. The compensation factors are the blended FECA-COLA factor rates used by the model. COLA rates for FECA are updated March 1st of each calendar year from the Office of Personnel Management, and remain applicable until the end of February of the next year. As such, the FECA Liability Model overlaps two COLA rate periods; the FECA-COLA factor rates are a blend of the rates for the two periods.

3. Net Intra-Governmental Accounts Receivable

Net intra-governmental accounts receivable balance of $5,439,409 thousand represents the total of the amounts billed to Federal agencies through June 30, 2012, that had not been paid as of September 30, 2012, of $4,603,018 thousand, including prior year's amounts billed, if applicable; plus an accrued receivable

(continued)

SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2012, and Benefit Expense For the Year Ended September 30, 2012

for benefit payments not yet billed for the period July 1, 2012, through September 30, 2012, of $860,167 thousand, less applicable credits due from the Public of ($23,776) 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 Act to include in its 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 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, 2012, consisted of the following (dollars in thousands):

Benefits paid for compensation	$ 2,050,880
Benefits paid for medical benefits	914,073
Change in accrued benefits	59,367
Change in actuarial liability	2,917,560
Total benefit expense	$ 5,941,880

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

SECTION 2A

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Gary A. Steinberg, Acting Director
Office of Workers' Compensation Programs, U.S. Department of Labor
U.S. 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 in evaluating the accompanying Schedules of Actuarial Liability by Agency and Net Intra-Governmental Accounts Receivable by Agency as of September 30, 2012, and Benefit Expense by Agency for the year ended September 30, 2012, of the U.S. Department of Labor Federal Employees' Compensation Act Special Benefit Fund (the Schedules). The U.S. Department of Labor is responsible for the Schedules (Section 2B).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *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. The procedures we performed and the associated results are presented in Section 2C of this report.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Schedules 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.

KPMG

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 26, 2012

SECTION 2B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Actuarial Liability by Agency
As of September 30, 2012

(dollars in thousands)

AGENCY	Actuarial Liability
Agency for International Development	$ 23,582
Environmental Protection Agency	46,905
General Services Administration	132,802
National Aeronautics and Space Administration	50,389
National Science Foundation	1,366
Nuclear Regulatory Commission	7,224
Office of Personnel Management	23,291
U.S. Postal Service	14,404,031
Small Business Administration	31,591
Social Security Administration	350,329
Tennessee Valley Authority	456,908
U. S. Department of Agriculture	944,353
U. S. Department of the Air Force	1,383,963
U. S. Department of the Army	1,882,561
U. S. Department of Commerce	227,990
U. S. Department of Defense – other	847,082
U. S. Department of Education	16,641
U. S. Department of Energy	93,349
U. S. Department of Health and Human Services	273,372
U. S. Department of Homeland Security	2,229,503
U. S. Department of Housing and Urban Development	75,577

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SECTION 2B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Actuarial Liability by Agency
As of September 30, 2012

(dollars in thousands)

AGENCY	Actuarial Liability
U. S. Department of the Interior	$ 802,555
U. S. Department of Justice	1,474,279
U. S. Department of Labor	231,995
U. S. Department of the Navy	2,427,697
U. S. Department of State	78,941
U. S. Department of Transportation	1,017,770
U. S. Department of the Treasury	576,308
U. S. Department of Veterans Affairs	2,014,108
Other agencies[1]	2,133,662
Total - all agencies	$ 34,260,124

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

SECTION 2B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Net Intra-Governmental Accounts Receivable by Agency As of September 30, 2012

(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	$ 7,266	$ 995	($ 28)	$ 8,233
Environmental Protection Agency	9,154	1,356	(37)	10,473
General Services Administration	28,227	3,828	(106)	31,949
National Aeronautics and Space Administration	11,489	1,391	(38)	12,842
National Science Foundation	327	41	(1)	367
Nuclear Regulatory Commission	1,585	218	(6)	1,797
Office of Personnel Management	4,579	630	(17)	5,192
United States Postal Service	1,388,210	385,488	(10,656)	1,763,042
Small Business Administration	5,124	703	(19)	5,808
Social Security Administration	53,928	7,572	(209)	61,291
Tennessee Valley Authority	60,155	13,724	(379)	73,500
U. S. Department of Agriculture	146,573	21,318	(589)	167,302
U. S. Department of the Air Force	268,826	38,556	(1,066)	306,316
U. S. Department of the Army	274,679	37,631	(1,040)	311,270
U. S. Department of Commerce	32,963	5,351	(148)	38,166
U. S. Department of Defense – other	190,777	30,811	(852)	220,736
U. S. Department of Education	3,679	456	(13)	4,122
U. S. Department of Energy	16,646	2,766	(76)	19,336

(continued)

1 Amount billed through June 30, 2012 (including prior years) but not yet paid as of September 30, 2012

2 Amounts paid and accrued but not yet billed for the period July 1, 2012 through September 30, 2012

3 Allocation of credits due from the public through September 30, 2012

4 Total amount due to the fund for each agency as of September 30, 2012

SECTION 2B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Net Intra-Governmental Accounts Receivable by Agency As of September 30, 2012

(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	$ 54,222	$ 7,703	($ 213)	$ 61,712
U. S. Department of Homeland Security	344,431	51,720	(1,430)	394,721
U. S. Department of Housing and Urban Development	16,254	2,349	(65)	18,538
U. S. Department of the Interior	121,373	18,026	(498)	138,901
U. S. Department of Justice	228,663	32,899	(909)	260,653
U. S. Department of Labor	46,700	7,661	(351)	54,010
U. S. Department of the Navy	476,214	65,220	(1,667)	539,767
U. S. Department of State	17,259	2,716	(72)	19,903
U. S. Department of Transportation	199,754	27,085	(749)	226,090
U. S. Department of the Treasury	109,506	15,991	(442)	125,055
U. S. Department of Veterans Affairs	385,178	57,728	(1,596)	441,310
Other agencies	99,277	18,234	(504)	117,007
Total - all agencies	$ 4,603,018	$ 860,167	($ 23,776)	$ 5,439,409

1 Amount billed through June 30, 2012 (including prior years) but not yet paid as of September 30, 2012

2 Amounts paid and accrued but not yet billed for the period July 1, 2012 through September 30, 2012

3 Allocation of credits due from public through September 30, 2012

4 Total amount due to the fund for each agency as of September 30, 2012

SECTION 2B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Benefit Expense by Agency
As of September 30, 2012

(dollars in thousands)

AGENCY	Benefits Paid and Change in Accrued Benefits	Change in Actuarial Liability	Total Benefit Expense
Agency for International Development	$ 3,602	$ 1,407	$ 5,009
Environmental Protection Agency	4,582	2,072	6,654
General Services Administration	13,934	607	14,541
National Aeronautics and Space Administration	5,383	(689)	4,694
National Science Foundation	170	94	264
Nuclear Regulatory Commission	765	(21)	744
Office of Personnel Management	2,229	1,578	3,807
United States Postal Service	1,306,584	2,185,357	3,491,941
Small Business Administration	2,404	961	3,365
Social Security Administration	26,479	16,246	42,725
Tennessee Valley Authority	48,206	(18,182)	30,024
U. S. Department of Agriculture	71,761	40,619	112,380
U. S. Department of the Air Force	130,881	34,104	164,985
U. S. Department of the Army	171,863	53,589	225,452
U. S. Department of Commerce	18,456	(7,992)	10,464
U. S. Department of Defense – other	68,429	53,074	121,503
U. S. Department of Education	1,811	411	2,222
U. S. Department of Energy	9,232	(716)	8,516
U. S. Department of Health and Human Services	27,344	4,299	31,643
U.S. Department of Homeland Security	177,197	174,278	351,475

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SECTION 2B

U.S. Department of Labor
Office of Workers' Compensation Programs
Federal Employees' Compensation Act Special Benefit Fund

Schedule of Benefit Expense by Agency
As of September 30, 2012

(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	$ 7,904	($ 298)	$ 7,606
U. S. Department of the Interior	60,988	55,344	116,332
U. S. Department of Justice	115,152	114,918	230,070
U. S. Department of Labor	19,056	5,839	24,895
U. S. Department of the Navy	231,370	33,640	265,010
U. S. Department of State	8,575	5,112	13,687
U. S. Department of Transportation	97,442	40,136	137,578
U. S. Department of the Treasury	55,039	17,920	72,959
U. S. Department of Veterans Affairs	198,101	123,473	321,574
Other agencies (1)	139,381	(19,620)	119,761
Total - all agencies	$ 3,024,320	$ 2,917,560	$ 5,941,880

1 Non-billable and other agencies for which OWCP 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, 2012, using KPMG's Loss Development actuarial model[1].	The actuarial liability as of September 30, 2012, calculated using KPMG's Loss Development actuarial model is $33,810,760 thousand.
2) Recalculated the actuarial liability as of September 30, 2012, using DOL's Loss Development actuarial model[2].	No exceptions were noted as a result of applying this procedure.
3) Compared DOL's actuarial liability as of September 30, 2012, using DOL's Loss Development actuarial model to KPMG's calculation of the actuarial liability as of September 30, 2012, using KPMG's Loss Development actuarial model and reported any difference.	DOL's actuarial liability as of September 30, 2012, using DOL's Loss Development actuarial model is $449,364 thousand (1.33%) greater than KPMG's calculation of the actuarial liability as of September 30, 2012, 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 2007 through 2012.

[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

4) Compared DOL's actuarial liability as of September 30, 2012, using DOL's Loss Development actuarial model to KPMG's calculation of the actuarial liability as of September 30, 2012, using DOL's Loss Development actuarial model as calculated in procedure 2). For any identified differences, determined that DOL corrected the differences in the DOL's final Loss Development actuarial model by agreeing (a) KPMG's calculation of the actuarial liability as of September 30, 2012, using DOL's final Loss Development actuarial model to (b) the actuarial liability reported in the special report and reported any difference.	No exceptions were noted as a result of applying this procedure.
5) Compared the interest rate and inflation (COLA, CPI-Med) assumptions used by the DOL Loss Development actuarial model as of September 30, 2012, to the interest rate and inflation (COLA, CPI-Med) assumptions used by KPMG's Loss Development actuarial model as of September 30, 2012 and reported any differences.	No exception was noted in our comparison of the interest rate assumption. KPMG's model uses an implicit inflation rate included in the loss development patterns selected and therefore does not use an explicit inflation rate assumption.

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Agreed-Upon Procedures & Results

ACTUARIAL LIABILITY

Procedures and Results

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, 2011, 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, 2012, and reported any differences.	The average interest rate used by the DOL Loss Development actuarial model decreased from 4.01% to 3.11% from September 30, 2011 to September 30, 2012. The average COLA rate used by the DOL Loss Development actuarial model increased from 2.01% to 2.05% from September 30, 2011 to September 30, 2012. The average CPI-med rate used by the DOL Loss Development actuarial model increased from 3.68% to 3.79% from September 30, 2011 to September 30, 2012.

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ACTUARIAL LIABILITY

Procedures and Results

<table>
<tr>
<td>7) Calculated the percentage change in the actuarial liability by agency and in the aggregate by subtracting the actuarial liability as of September 30, 2011, from the September 30, 2012 balance, based on the DOL Loss Development actuarial model, and by dividing this difference by the actuarial liability balance as of September 30, 2011. Identified agencies whose actuarial liability changed by more than 10 percent during fiscal year 2012, and for such agencies, calculated the percentage change in benefit payments by comparing the benefit payment amounts from the Summary Chargeback Billing Report for the year ended September 30, 2011, to September 30, 2012 and reported any agency names identified and the percentage change in the benefit payment.</td>
<td>The actuarial liability increased in the aggregate 9.31% from $31,342,564 thousand as of September 30, 2011, to $34,260,124 thousand as of September 30, 2012.

The following agency had a change in actuarial liability from September 30, 2011, to September 30, 2012, of greater than 10%. For this agency, we noted the following changes in benefit expense from September 30, 2011, to September 30, 2012:

<table>
<tr><th>Agency</th><th>Percentage change in actuarial liability</th><th>Percentage change in benefit payments</th></tr>
<tr><td>USPS</td><td>17.89%</td><td>2.15%</td></tr>
</table>
</td>
</tr>
</table>

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ACTUARIAL LIABILITY

Procedures and Results

8) Compare 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, 2012, 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 2012 Mid-Session Review and reported any differences.	No exceptions were noted as a result of applying this procedure.

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9) Compared the actuarial liability, by agency, as of September 30, 2012, 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 actuarial model as of September 30, 2012 and reported any differences.	No exceptions were noted as a result of applying this procedure.
10) Compared both the benefit payments by agency for the chargeback year ended June 30, 2012, and the aggregate benefit payments for the chargeback years ended June 30, 2007-2012 used by the DOL Loss Development actuarial model, with the benefit payments by agency for the chargeback year ended June 30, 2012, and the aggregate benefit payments for the chargeback years ended June 30, 2007-2012, as reported in the *Summary Chargeback Billing Report* and reported any differences.	No exceptions were noted as a result of applying this procedure.

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Procedures and Results

11) Compared the agency groupings used in the DOL Loss Development actuarial model as of September 30, 2012, with the agency groupings used in the DOL Loss Development actuarial model as of September 30, 2011 and reported any difference. .	No exceptions were found as a result of applying this procedure.

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ACTUARIAL LIABILITY

Procedures and Results

<table>
<tr><th>Agreed-Upon Procedures Performed</th><th>Results of Procedures</th></tr>
<tr><td>12) Compared the estimated fiscal year 2012 benefit payments calculated by the 2011 DOL Loss Development actuarial model to the actual fiscal year 2012 benefit payments from the DOL Summary Chargeback Billing Report. Identified and reported the agencies where the 2011 DOL Loss Development actuarial model estimated benefit payments varied by more than 20 percent and $2 million from the actual benefit payments made during fiscal year 2012 from the DOL Summary Chargeback Billing Report.</td><td>The benefit payments calculated by the 2011 DOL Loss Development actuarial model varied by more than 20% and $2 million from the agency's actual fiscal year 2012 benefit payments from the DOL Summary Chargeback Billing Report for the following agencies.
<table>
<tr><th>Agency</th><th>Percent variance</th><th>Dollar Variance</th></tr>
<tr><td>GSA</td><td>21.18%</td><td>$2,538,831</td></tr>
<tr><td>COM</td><td>(20.03%)</td><td>($4,800,546)</td></tr>
<tr><td>DOS</td><td>42.82%</td><td>$2,585,786</td></tr>
<tr><td>DOT</td><td>22.94%</td><td>$19,082,932</td></tr>
<tr><td>DOL</td><td>(20.48%)</td><td>($5,155,709)</td></tr>
</table></td></tr>
</table>

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ACTUARIAL LIABILITY

Procedures and Results

13) Compared the net effective rates (interest minus inflation rates) for compensation and medical used in the USPS, OPM, SSA, Energy Employees' Occupation Illness Compensation Program, and the Black Lung Disability Trust Fund Loss Development actuarial models as of September 30, 2012, to the net effective rates for compensation and medical used by the DOL Loss Development actuarial model as of September 30, 2012 and reported any differences.	The net effective rate (interest minus inflation rate[1]) for compensation of 1.06% used in the DOL Loss Development actuarial model as of September 30, 2012, is greater than the net effective rate used for compensation in the USPS development actuarial models, less than the net effective rate used for compensation in the Black Lung Disability Trust Fund, SSA, and OPM loss development models as of September 30, 2012, as follows: - Postal Service (-0.80%) Energy Employees' Occupation Illness Compensation Program (no compensation rates included in models) - OPM 2.0% - Black Lung Disability Trust Fund 4.43% - SSA 2.61% The net effective rate (interest rate minus inflation rate[2]) for medical of (-0.68%) used in the DOL Loss Development actuarial model as of September 30, 2012, is greater than the net effective rate for medical used in the Postal Service (-6.8%) loss development actuarial models as of September 30, 2012. (continued)

[1]COLA
[2]CPI-Med

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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 (-0.68%) used in the DOL loss development actuarial model as of September 30, 2012, is less than the net effective rate for medical used in the Energy Employees' Occupation Illness Compensation Program (1.138%) and the Black Lung Disability Trust Fund (1.68%) loss development actuarial models as of September 30, 2012. 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

Agreed-Upon Procedures Performed	Results of Procedures
14) Obtained a list of appropriate representatives for all CFO Act agencies (except for DOL) and the USPS from OWCP, and sent confirmation letters to confirm the gross accounts receivable balances due as of June 30, 2012 from the *Liability for Current Federal Employees' Compensation Act Benefits* prepared by the DOL-OCFO and posted on the DOL website. Compared the confirmed accounts receivable balances as of June 30, 2012, to the amounts posted on the DOL website, and reported any differences.	Complete confirmations were received from all agencies that were sent a confirmation request, with the exception of the U.S. Department of Commerce who provided an incomplete confirmation. The confirmed gross accounts receivable balances as of June 30, 2012, agreed with the gross accounts receivable balances as of June 30, 2012, posted on the DOL website, with the exception of Department of Homeland Security that reported a difference of $174.15.
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, 2011, 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, 2012 and reported any differences.	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, 2011 and 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* as of September 30, 2012, are identified in Exhibit A of this report.

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Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

16) Recalculated the September 30, 2012, net intra-governmental accounts receivable balances for each agency by adding the fiscal year 2012 bills sent to Federal agencies to the prior-year ending balance from prior year's special report, less the current year's cash collections as reported by the OCFO on the SF-224s, plus the change in the 4th quarter unbilled accounts receivable from fiscal year 2011 to fiscal year 2012 reported in the detailed general ledger, and less the fiscal year 2012 change in net other credits due from the public reported in the detailed general ledger. Reported any differences.	As a result of performing the procedure we noted a difference in net intra-governmental accounts receivable balances as of September 30, 2012 of $49,121,683. This difference is primarily a result of an error in DOL's calculation of the 4th quarter FY 2012 billable accrued benefits of $49,321,000.

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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 recalculated September 30, 2012, 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 Benefit report as of September 30, 2012, and identified differences above 1 percent.</td><td>As a result of applying this procedure, we identified the following agencies that had differences above 1 percent:
<table><tr><th>Agency Name</th><th>Percent Variance</th></tr><tr><td>TVA</td><td>(1.07%)</td></tr><tr><td>USPS</td><td>(1.25%)</td></tr><tr><td>DOL</td><td>(10.76%)</td></tr></table></td></tr>
<tr><td>18) Compared the Summary Chargeback Billing Report for the period, July 1, 2011, through June 30, 2012, to the bills sent to Federal entities dated July 31, 2012 and reported any differences.</td><td>As a result of applying this procedure, we identified three Federal entities whose billed amounts from the Summary Chargeback Billing Report for the period, July 1, 2011 through June 30, 2012 were different compared to the bills sent to the Federal entities dated July 31, 2012. Specifically:

- NASA billed amount reported on the Summary Chargeback Billing Report was $100 greater than the amount billed.
- DOI billed amount reported on the Summary Chargeback Billing Report was $42,357 less than the amount billed.
- USDA billed amount reported on the Summary Chargeback Billing Report was $39,999 less than the amount billed.</td></tr>
</table>

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Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

19) Compared the Allocation of Accrued Benefits as of September 30, 2012, recorded on the OCFO *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2012, to the accrual calculation worksheet prepared by DOL, and reported any differences.	No exceptions were found as a result of applying this procedure.
20) Compared the fiscal year 2012 4th quarter accounts receivable prepared by the OCFO and reported on the 4th Quarter *Liability for Current Federal Employees Compensation Act Benefit* report to the fiscal year 2012 4th quarter benefit payments reported on the *Summary Chargeback Billing Report* and reported any differences.	The FY 2012 4th quarter accounts receivable prepared by the OCFO and reported on the 4th quarter *Liability for Current Federal Employees' Compensation Act Benefits* report was less than the fiscal 2012 4th quarter benefit payments reported on the *Summary Chargeback Billing Report* by $21,501.

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Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

Net Intra-Governmental
Accounts Receivable as reported by the OCFO on the
Liability for Current Federal Employees' Compensation Act Benefits as of
September 30, 2012

(dollars in thousands)

Agency	2012	2011	Variance
Agency for International Development	$ 8,233	$ 8,030	$ 203
Environmental Protection Agency	10,473	10,115	358
General Services Administration	31,949	31,734	215
National Aeronautics and Space Administration	12,842	13,053	(211)
National Science Foundation	367	345	22
Nuclear Regulatory Commission	1,797	1,752	45
Office of Personnel Management	5,192	5,089	103
U.S. Postal Service	1,763,042	1,691,269	71,773
Small Business Administration	5,808	5,850	(42)
Social Security Administration	61,291	60,621	670
Tennessee Valley Authority	73,500	76,024	(2,524)
U.S. Department of Agriculture	167,133	168,246	(1,113)
U.S. Department of the Air Force	306,316	304,628	1,688
U.S. Department of the Army	311,270	316,243	(4,973)
U.S. Department of Commerce	38,166	28,986	9,180
U.S. Department of Defense - other	220,736	218,836	1,900
U.S. Department of Education	4,122	3,910	212
U.S. Department of Energy	19,336	19,408	(72)
U.S. Department of Health and Human Services	61,712	59,440	2,272
U.S. Department of Homeland Security	394,721	377,622	17,099

(continued)

EXHIBIT A
Results of Procedure 15

SECTION 2C

Agreed-Upon Procedures & Results

NET INTRA-GOVERNMENTAL ACCOUNTS RECEIVABLE

Procedures and Results

Net Intra-Governmental
Accounts Receivable as reported by the OCFO on the
Liability for Current Federal Employees' Compensation Act Benefits as of
September 30, 2012

(dollars in thousands)

Agency	2012	2011	Variance
U.S. Department of Housing and Urban Development	$ 18,549	$ 18,349	$ 200
U.S. Department of Interior	138,901	136,824	2,077
U.S. Department of Justice	260,653	250,627	10,026
U.S. Department of Labor	59,041	54,892	4,149
U.S. Department of Navy	534,837	543,899	(9,062)
U.S. Department of State	19,803	18,271	1,532
U.S. Department of Transportation	226,090	226,691	(601)
U.S. Department of the Treasury	125,055	123,532	1,523
U.S. Department of Veterans Affairs	441,310	425,197	16,113

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

Agreed-Upon Procedures Performed	Results of Procedures
21) Compared the fiscal year 2012 benefit payments recorded in the Integrated Federal Employees Compensation System (iFECS) and Central Bill Process (CBP) databases as of March 31, 2012, and September 30, 2012 to the fiscal year 2012 benefit payments reported in the U.S. Department of the Treasury's SF-224 as of March 31, 2012, and September 30, 2012, and reported any differences.	No exceptions were noted as a result of applying this procedure.
22) 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* and the benefit payments reported in the iFECS and CBP databases for the fiscal year ending September 30, 2012: A) Compared the benefit payments in the *Chargeback Billings Reports* reported in the reconciliation to the actual *Chargeback Billings Reports.* B) Compared the benefit payments from iFECS and CBP databases reported in the reconciliation to the actual iFECS and CBP databases. C) Identified and reported any differences above 1 percent.	No exceptions were found as a result of applying this procedure.

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

23) For all agencies, compared compensation and medical bill payments by agency for the fiscal year ending September 30, 2012, 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, 2011, from the *Summary Chargeback Billing Report* prepared by DOL, and identified any variances over 10 percent.	The following agencies had increases over 10% in compensation and medical bill payments for the year ended September 30, 2012, compared to the year ended September 30, 2011: <u>Agency</u> <u>Variance</u> NSF 22.17% COM (25.52%) Variances for the remaining agencies were 10% or less.
24) For a selection of 132 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. Reported any differences.	No exceptions were noted as a result of applying this procedure.

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

25) For a selection of 132 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. Reported any differences.	One exception was noted where the claimant's marital status reported on the CA-1032 did not agree to the related compensation rate within the iFECS database.
26) For a selection of 78 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. Reported any differences.	No exceptions were noted as a result of applying this procedure.
27) Calculated the change in the actuarial liability from September 30, 2011, to September 30, 2012, as calculated by the DOL Loss Development actuarial model.	The actuarial liability increased by $2,917,560 thousand on the compilation reports prepared by DOL from September 30, 2011, to September 30, 2012.

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

28) Calculated the fiscal year 2012 projected benefit payments using the following two step process: (A) Calculated the average benefit payment amount per roll during the period of October 1, 2011, to March 31, 2012, 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, 2011, to March 31, 2012 from the iFECS and CBP databases; and (B) Multiplied the average benefit payment amount per roll determined in step 28 (a) above by the number of rolls scheduled for fiscal year 2012 in accordance with the FECA to obtain the annualized expected benefit payments. (C) Compared the calculated amount from step 28 (b) to the actual 12 month total benefit payments as of September 30, 2012, calculated from the *Summary Chargeback Billing Report* and reported any difference.	The calculated annual projected benefit payments based on the March 31, 2012 iFECS and CBP databases of $2,817,171 thousand were less than the actual 12 month total benefit payments as of September 30, 2012, calculated from the *Summary Chargeback Billing Reports* of $2,892,252 thousand by $75,081 thousand (2.60%).

SECTION 2C

Agreed-Upon Procedures & Results

BENEFIT EXPENSE

Procedures and Results

29) Compared the fiscal year 2012 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 2012 4th quarter benefit expense by summing up the 4th quarter benefit expense recorded in iFECS and CBP databases and reported any difference.	The FY 2012 4th quarter benefit expense estimate calculated by the OCFO was less than the actual fiscal year 2012 4th quarter benefit expense recorded in iFECS and CBP databases by approximately $21,501.

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Appendix

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 Officer
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
FY	Fiscal Year
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

(continued)

ACRONYMS and ABBREVIATIONS

OWCP	Office of Workers' Compensation Programs
SBA	Small Business Administration
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