

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, 2014

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.

Eeliot P. Lewis

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

Date Issued: November 3, 2014
Report Number: 22-15-001-04-431

Table of Contents

Assistant Inspector General for Audit's Memorandum.....	1
1. Financial Section.....	3
A. Independent Auditors' Report on the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable and Benefit Expense.....	5
B. Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable and Benefit Expense	11
C. Notes to the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable and Benefit Expense.....	13
2. Agreed-Upon Procedures Section.....	17
A. Independent Accountants' Report on Applying Agreed-Upon Procedures.....	19
B. Schedules by Agency	
I. Schedule of Actuarial Liability by Agency	21
II. Schedule of Net Intra-Governmental Accounts Receivable by Agency.....	23
III. Schedule of Benefit Expense by Agency	25
C. Agreed-Upon Procedures and Results	
I. Actuarial Liability.....	27
II. Net Intra-Governmental Accounts Receivable.....	34
III. Benefit Expense.....	37
Appendix	
Acronyms and Abbreviations	43

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Inspector General's Report

November 3, 2014

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

A handwritten signature in blue ink that reads "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 2014
Report No. 22-15-001-04-431

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, 2014. 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, 2014, for which KPMG issued an unmodified 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 a significant deficiency in internal control over reporting of Actuarial Liability titled "Improvements Needed in the Review of the Federal Employees' Compensation Act (FECA) Actuarial Liability". This significant deficiency is 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, 2014. 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 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 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 30, 2014, 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 schedule of actuarial liability, net intra-governmental accounts receivable, and benefit expense of the Fund as of, and for the year ended, September 30, 2014; 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, 2014. 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

Section 1

Financial Section

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



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

Section 1A

Independent Auditors' Report

Mr. Gary A. Steinberg, Acting Director
Office of Workers' Compensation Programs, U.S. Department of Labor

Report on the Schedule

We have audited the accompanying schedule of actuarial liability and net intra-governmental accounts receivable as of September 30, 2014, and of benefit expense for the year then ended, of the U.S. Department of Labor's (DOL) Federal Employees' Compensation Act Special Benefit Fund (the Fund), and the related notes (hereinafter referred to as the schedule).

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the



schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Schedule

In our opinion, the schedule referred to above presents fairly, in all material respects, the actuarial liability and net intra-governmental accounts receivable of the DOL's Federal Employees' Compensation Act Special Benefit Fund as of September 30, 2014, and benefit expense for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

We draw attention to Note 1.b to the schedule, which describes the basis of presentation. The schedule was prepared by management for the purpose of providing information to the Chief Financial Officers Act agencies and other specified agencies to support and prepare their respective financial statements. The schedule is not intended to be a complete presentation of the Fund's financial position, its net costs, changes in net position or budgetary resources. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

Internal Control Over Financial Reporting

In planning and performing our audit of the schedule as of and for the year ended September 30, 2014, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the schedule, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

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 the entity's financial statements will not be prevented, or detected and corrected, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in Exhibit 1, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*.

The Fund's Response to the Finding

The Fund's response to the finding identified in our audit is described in the accompanying Exhibit I. The Fund's response was not subjected to the auditing procedures applied in the audit of the schedule and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

October 30, 2014

Improvements Needed in the Review of the Federal Employees' Compensation Act (FECA) Actuarial Liability

The U.S. Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP) uses an actuarial projection model (the model) to estimate the federal government's total outstanding liability for FECA workers' compensation claims incurred through September 30, 2014. The model projects future cash flows based on the inherent payment pattern of historical benefit payments, assumptions regarding future exposure levels, and average loss trends. The actuarial projections are also adjusted by certain economic factors to account for cost of living adjustments, medical consumer price index trends, and interest rates (to discount future cash flows to reflect the present value). Historically, the interest rate assumption was derived from the forecasted interest rates on Treasury notes and bonds developed jointly by the U.S. Department of the Treasury (Treasury), the Office of Management and Budget (OMB), and the Council of Economic Advisors, and reported in the OMB Mid-Session Review.

During our fiscal year (FY) 2014 testing of the FECA actuarial liability, we reviewed the historical accuracy of the forecasted interest rates used to discount the actuarial projections. Based on our review, we noted that the forecasted interest rates had a tendency to over predict the actual interest rates published by Treasury for the related outcome years. We also compared the forecasted interest rates used to discount the FY 2014 actuarial projections to the nominal interest rates on Treasury marketable securities as of September 30, 2014, and noted the forecasted interest rates used by OWCP were higher than the actual interest rates published by Treasury. OWCP subsequently performed an independent analysis of the interest rate assumption, and ultimately adjusted the interest rates used in the estimate to reflect the rates published by Treasury.

We also performed procedures to assess the completeness of the historical benefit payment data used in the model, and identified \$1.8 million of benefit payments that were excluded. OWCP estimated that the exclusion of \$1.8 million of benefit payment data resulted in an understatement to the actuarial liability of approximately \$21 million, which represented 0.06 percent of the total estimated liability. This difference was not corrected as of September 30, 2014, because management believed it was immaterial.

The conditions above occurred because OWCP had not implemented policies and procedures that required a periodic review of the assumptions to determine if they were still reasonable and to validate the completeness and accuracy of the underlying benefit payment data used in estimating the actuarial liability.

Exhibit 1

Appendix A, Section I, of OMB Circular No. A-123, *Management's Responsibility for Internal Controls*, states:

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting. Reliability of financial reporting means that management can reasonably make the following assertions:

- All reported transactions actually occurred during the reporting period and all assets and liabilities exist as of the reporting date (existence and occurrence);
- All assets, liabilities, and transactions that should be reported have been included and no unauthorized transactions or balances are included (completeness); and,
- All assets and liabilities have been properly valued, and where applicable, all costs have been properly allocated (valuation).

To address the deficiencies above, the Acting Director of OWCP should:

- 1) Design and implement policies and procedures, at an appropriate level of precision, to periodically assess the assumptions used to estimate the FECA actuarial liability, and to revise its methodology, if needed, based on the outcome of the assessment.
- 2) Design and implement policies and procedures to validate the completeness and accuracy of benefit payment data used to estimate the FECA actuarial liability.

Management's Response: OWCP has historically used the economic assumptions provided in the Mid-Session Review (MSR) as the basis for discounting the actuarial liability of the FECA program. The MSR is used by all federal agencies as a definitive source of economic assumptions for future budgeting and was considered appropriate by DOL for FECA actuarial liability projections since agency chargeback payments to FECA in the out-years will come largely from appropriated funds. In particular, the Treasury rates forecast in MSR are consensus projections put forward by experts at Treasury, OMB, and the Council of Economic Advisors. OWCP's practice in utilizing these projections in our actuarial model had not been previously questioned formally. When auditors suggested this year that the difference between the MSR projected rates and actual treasury rates was considered significant, we considered several alternatives to the MSR rates. Ultimately, we settled on rates determined from published U.S. Treasury Spot rates to discount FECA liability. This change was considered reasonable by DOL and the auditors.

OWCP utilizes agency chargeback records as the data source for computing actuarial liability. In utilizing this data, OWCP knowingly excludes certain minimal expenses that

are not charged back to other government agencies and are not considered actuarially significant. This year's understatement of six one hundredths of one percent is consistent with our past practice and our future intentions.

Management does not believe that these issues, either separately or in combination rise to the level of a significant deficiency. In the future, management will better document its consideration of these factors. OWCP has provided increased focus on its modeling efforts in FY 14 reflecting a continuing and increasing commitment to accurately projecting actuarial liability.

Auditors' Response: In accordance with auditing standards generally accepted in the United States of America, we considered the deficiencies identified above in our FY 2014 audit individually and in the aggregate. In our professional judgment, the aggregation of these findings results in a significant deficiency. Although management stated that they do not concur with our categorization of identified deficiencies as a significant deficiency, they plan on taking steps to address the deficiencies identified. We will conduct follow-up procedures in FY 2015 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, 2014, and Benefit Expense
For the Year Ended September 30, 2014
(Dollars in Thousands)**

Actuarial Liability	<u>\$ 36,550,420</u>
Net Intra-Governmental Accounts Receivable	<u>\$ 5,311,829</u>
Benefit Expense	<u>\$ 2,792,421</u>

See accompanying notes to the schedule.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SECTION 1C

**Notes to the Schedule of Actuarial Liability and Net Intra-Governmental
Accounts Receivable as of September 30, 2014, and Benefit Expense
For the Year Ended September 30, 2014**

1. Significant Accounting Policies

a. Reporting Entity

The U.S. Department of Labor's (DOL) Federal Employees' Compensation Act (FECA) Special Benefit Fund (the Fund) was established by FECA 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 DOL, Office of Workers' Compensation Programs (OWCP) is charged with the responsibility of operating the Fund under the provisions of FECA.

b. Basis of Presentation

The Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2014, and Benefit Expense for the year ended September 30, 2014, 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 Fund. OWCP is responsible for providing this information to the Chief Financial Officers Act (CFO Act) agencies and other specified agencies to support and prepare their respective financial statements. The schedule has been prepared from the accounting records of the Fund. The actuarial liability, net intra-governmental accounts receivable, and benefit expense of the Fund are considered specified accounts for the purpose of this schedule. The schedule is not intended to be a complete presentation of the Fund's financial position, its net cost, changes in net position or budgetary resources.

c. Basis of Accounting

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

d. Actuarial Liability (Future Workers' Compensation Benefits)

The actuarial liability for future workers' compensation benefits 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.

As required under U.S. generally accepted accounting principles, these projected annual benefit payments have been discounted to present value. OWCP used discount rates derived from the Treasury Nominal Coupon-Issue Yield Curve based on an average of the quarterly spot rates presented from September 30, 2013, through June 30, 2014. Specific rates were selected by interpolation for Treasury notes with maturities that matched average FECA compensation and medical cash flow duration.

To provide more specifically for the effects of inflation on the liability for future workers' compensation benefits, a wage inflation factor (cost-of-living allowance) (COLA), and a medical inflation factor (consumer price index-medical) (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 medical inflation rates used in the actuarial model represent an average of published quarterly rates covering the benefit payment fiscal year. The compensation factors are the blended COLA factor rates used by the model. COLA rates for FECA are updated March 1st of each calendar year by the Division of Federal Employees' Compensation and remain applicable until the end of February of the next year. As such, the actuarial model overlaps two COLA rate periods; therefore, the COLA factor rates are a blend of the rates for the two periods.

e. Net Intra-governmental Accounts Receivable

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, 2014. Intra-governmental accounts receivable are considered fully collectible.

2. Actuarial Liability (Future Workers' Compensation Benefits)

The interest rate used to discount compensation benefits in fiscal year (FY) 2014 was 3.455 percent. The interest rate used to discount medical benefits in FY 2014 was 2.855 percent.

The compensation COLA and the CPI-Med used in the actuarial model calculation of estimates for FY 2014 were as follows:

<u>FY</u>	<u>COLA</u>	<u>CPI-Med</u>
2015	1.73%	2.93%
2016	2.17%	3.76%
2017	2.13%	3.86%
2018	2.23%	3.90%
2019	2.30%	3.90%

3. Net Intra-Governmental Accounts Receivable

Net intra-governmental accounts receivable for the year ended September 30, 2014, consisted of the following (dollars in thousands):

Billed, but not paid as of year end	\$ 4,503,089
Benefit payments not yet billed	831,031
Credits due from the Public	<u>(22,291)</u>
 Total net intra-governmental accounts receivable	 \$ <u>5,311,829</u>

The 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 FECA 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 FECA 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, 2014, consisted of the following (dollars in thousands):

Benefits paid for compensation	\$ 2,029,942
Benefits paid for medical benefits	993,291
Change in accrued benefits	6,561
Change in actuarial liability	<u>(237,373)</u>
Total benefit expense	<u>\$ 2,792,421</u>

5. Material Concentration of Risk

The U.S. Postal Service (USPS) represents 44 percent of the actuarial liability and 33 percent of the net intra-governmental accounts receivable to the Fund as of September 30, 2014. The USPS's portion of the FECA actuarial liability and net intra-governmental accounts receivable as of September 30, 2014, together with the USPS's poor financial condition, represent a material concentration of risk for the Fund.

In October 2014, the USPS timely reimbursed the Fund for costs incurred on its behalf during the 12 months ended June 30, 2014. In the USPS FY 2014 quarterly report for the 9 months ended June 30, 2014, USPS disclosed in the notes to its unaudited interim financial statements its severe lack of liquidity.

Section 2

Agreed-Upon Procedures Section

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



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

Agencies Specified in Section 2B of this Report

We have performed the procedures enumerated in Section 2C, Agreed-Upon Procedures and Results, which were agreed to by the U.S. Department of Labor (DOL) Office of Workers' Compensation Programs (OWCP) and federal agencies participating in the Federal Employees' Compensation Act (FECA) program specified in Section 2B (federal agencies), solely to assist you in evaluating the accompanying Schedules of Actuarial Liability by Agency and Net Intra-Governmental Accounts Receivable by Agency for the year ended September 30, 2014, and Schedule of Benefit Expense by Agency for the year then ended, of the DOL FECA Special Benefit Fund (hereinafter referred to as the schedules).

Management 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 the *Government Auditing Standards* issued by the Comptroller General of the United States.

The sufficiency of these procedures is solely the responsibility of those 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. 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 DOL OWCP and the federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 30, 2014

SECTION 2B

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

**I. Schedule of Actuarial Liability by Agency
As of September 30, 2014
(Dollars in Thousands)**

AGENCY	Actuarial Liability
Agency for International Development	\$26,520
Environmental Protection Agency	49,060
General Services Administration	132,817
National Aeronautics and Space Administration	47,600
National Science Foundation	1,330
Nuclear Regulatory Commission	6,669
Office of Personnel Management	25,692
U.S. Postal Service	16,022,492
Small Business Administration	34,627
Social Security Administration	348,538
Tennessee Valley Authority	427,367
U. S. Department of Agriculture	954,753
U. S. Department of the Air Force	1,395,204
U. S. Department of the Army	1,866,670
U. S. Department of Commerce	226,371
U. S. Department of Defense – Other	856,734
U. S. Department of Education	16,328
U. S. Department of Energy	102,200
U. S. Department of Health and Human Services	288,214
U. S. Department of Homeland Security	2,539,846
U. S. Department of Housing and Urban Development	74,365

(continued)

SECTION 2B

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

**I. Schedule of Actuarial Liability by Agency
As of September 30, 2014
(Dollars in Thousands)**

AGENCY	Actuarial Liability
U. S. Department of the Interior	\$821,633
U. S. Department of Justice	1,679,244
U. S. Department of Labor	234,974
U. S. Department of the Navy	2,412,365
U. S. Department of State	96,054
U. S. Department of Transportation	999,991
U. S. Department of the Treasury	615,139
U. S. Department of Veterans Affairs	2,263,351
Other agencies and non-billable ¹	1,984,272
Total – all agencies	\$36,550,420

¹ This amount represents other agencies for which OWCP has not individually calculated an actuarial liability, as well as the actuarial amounts of non-billable payments.

SECTION 2B

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

**II. Schedule of Net Intra-Governmental
Accounts Receivable by Agency
As of September 30, 2014
(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	\$7,117	\$1,330	\$(36)	\$8,411
Environmental Protection Agency	8,861	1,155	(31)	9,985
General Services Administration	26,278	3,702	(99)	29,881
National Aeronautics and Space Administration	9,258	1,170	(31)	10,397
National Science Foundation	325	39	(1)	363
Nuclear Regulatory Commission	1,384	223	(6)	1,601
Office of Personnel Management	4,628	645	(17)	5,256
United States Postal Service	1,372,118	387,604	(10,397)	1,749,325
Small Business Administration	5,408	636	(17)	6,027
Social Security Administration	50,596	6,998	(188)	57,406
Tennessee Valley Authority	54,128	12,139	(326)	65,941
U. S. Department of Agriculture	143,047	19,369	(520)	161,896
U. S. Department of the Air Force	246,926	32,485	(871)	278,540
U. S. Department of the Army	273,832	35,152	(943)	308,041
U. S. Department of Commerce	30,183	4,001	(107)	34,077
U. S. Department of Defense – Other	182,739	28,461	(763)	210,437
U. S. Department of Education	3,215	327	(9)	3,533
U. S. Department of Energy	16,118	2,787	(75)	18,830

(continued)

1 Amount billed through June 30, 2014 (including prior years) but not yet paid as of September 30, 2014.

2 Amounts paid and accrued but not yet billed for the period July 1, 2014 through September 30, 2014.

3 Allocation of credits due from the public through September 30, 2014.

4 Total amount due to the fund for each agency as of September 30, 2014.

SECTION 2B

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

**II. Schedule of Net Intra-Governmental
Accounts Receivable by Agency
As of September 30, 2014
(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	\$53,082	\$6,871	\$(184)	\$59,769
U. S. Department of Homeland Security	360,970	53,568	(1,437)	413,101
U. S. Department of Housing and Urban Development	13,990	1,921	(52)	15,859
U. S. Department of the Interior	117,221	16,888	(453)	133,656
U. S. Department of Justice	237,078	33,934	(910)	270,102
U. S. Department of Labor	42,182	6,554	(176)	48,560
U. S. Department of the Navy	436,388	57,293	(1,537)	492,144
U. S. Department of State	18,520	2,331	(63)	20,788
U. S. Department of Transportation	183,081	24,061	(645)	206,497
U. S. Department of the Treasury	106,596	14,291	(383)	120,504
U. S. Department of Veterans Affairs	399,969	59,514	(1,596)	457,887
Other agencies	97,851	15,582	(418)	113,015
Total – all agencies	\$4,503,089	\$831,031	\$(22,291)	\$5,311,829

1 Amount billed through June 30, 2014 (including prior years) but not yet paid as of September 30, 2014.

2 Amounts paid and accrued but not yet billed for the period July 1, 2014 through September 30, 2014.

3 Allocation of credits due from public through September 30, 2014.

4 Total amount due to the fund for each agency as of September 30, 2014.

SECTION 2B

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

**III. Schedule of Benefit Expense by Agency
As of September 30, 2014
(Dollars in Thousands)**

AGENCY	Benefits Paid and Change in Accrued Benefits	Change in Actuarial Liability	Total Benefit Expense
Agency for International Development	\$3,958	\$473	\$4,431
Environmental Protection Agency	4,281	(2,757)	1,524
General Services Administration	13,195	(5,840)	7,355
National Aeronautics and Space Administration	4,349	(3,222)	1,127
National Science Foundation	163	(95)	68
Nuclear Regulatory Commission	738	(354)	384
Office of Personnel Management	2,318	941	3,259
United States Postal Service	1,336,501	197,580	1,534,081
Small Business Administration	2,531	924	3,455
Social Security Administration	24,950	(19,680)	5,270
Tennessee Valley Authority	44,979	(33,108)	11,871
U. S. Department of Agriculture	70,801	(31,565)	39,236
U. S. Department of the Air Force	120,006	(46,757)	73,249
U. S. Department of the Army	164,915	(60,612)	104,303
U. S. Department of Commerce	15,517	(16,319)	(802)
U. S. Department of Defense – other	64,036	(31,760)	32,276
U. S. Department of Education	1,442	(1,247)	195
U. S. Department of Energy	9,286	867	10,153
U. S. Department of Health and Human Services	25,596	(4,661)	20,935
U.S. Department of Homeland Security	184,448	32,617	217,065

(continued)

SECTION 2B

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

**III. Schedule of Benefit Expense by Agency
As of September 30, 2014
(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	\$6,850	\$(2,539)	\$4,311
U. S. Department of the Interior	59,965	(25,001)	34,964
U. S. Department of Justice	120,800	46,538	167,338
U. S. Department of Labor	18,916	(8,638)	10,278
U. S. Department of the Navy	212,013	(80,313)	131,700
U. S. Department of State	7,929	7,628	15,557
U. S. Department of Transportation	89,033	(47,463)	41,570
U. S. Department of the Treasury	52,660	(3,464)	49,196
U. S. Department of Veterans Affairs	205,740	42,953	248,693
Other agencies and non-billable ⁽¹⁾	161,878	(142,499)	19,379
Total – all agencies	\$3,029,794	\$(237,373)	\$2,792,421

1 This amount represents other agencies for which OWCP has not individually calculated an actuarial liability, as well as the amounts associated with non-billable payments.

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures
1) Compare the actuarial liability, by agency, as of September 30, 2014, as reported in the <i>Memorandum to the Chief Financial Officers (CFO) of Executive Departments</i> issued by DOL's Office of the Chief Financial Officer, to the liability calculated by the DOL Loss Development (DOL model) ¹ actuarial model as of September 30, 2014. Report any differences.	No differences were noted as a result of applying this procedure.
2) Calculate the actuarial liability as of September 30, 2014, using KPMG's loss development actuarial model (KPMG model) ² , and compare it to the actuarial liability per DOL's model as of September 30, 2014. Report any differences.	The actuarial liability calculated using the KPMG model was greater than the actuarial liability per the DOL model by \$466,428,500, or 1.28 percent of the actuarial liability per the DOL model, as of September 30, 2014.

(continued)

1 The DOL model used a Paid Loss Development Method by agency, by defined agency groups, and in total. The DOL model uses inflation rate assumptions on both past and future indemnity and medical benefits to adjust past data and project forward.

2 KPMG's model used actual data to evaluate trends and project future payments. In addition, the KPMG model uses an interest rate by agency based on the average duration of cash flows for the particular agency.

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures
3) Recalculate the actuarial liability as of September 30, 2014, using the DOL model, and compare it to the liability calculated by DOL in their DOL model as of September 30, 2014. For any identified difference, determine if DOL corrected the difference in their final DOL model by agreeing (a) KPMG's recalculated actuarial liability as of September 30, 2014, using DOL's final model to (b) the actuarial liability reported in the <i>Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund</i> . Report any differences.	No differences were noted as a result of applying this procedure.

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures															
<p>4) Compare the interest rate and inflation (Cost of living allowance (COLA), Consumer price index – medical (CPI-Med)) assumptions used by the DOL model as of September 30, 2014, to the interest rate and inflation (COLA, CPI-Med) assumptions used by KPMG's model as of September 30, 2014. Report any differences.</p>	<p>The DOL model calculated the duration of expected cash flow payments for compensation and medical separately in total, for all agencies combined. KPMG's model included separate interest rate by agency based on the average duration of cash flows for the particular agency. See below for the DOL and KPMG interest rates:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Projection</th> <th style="text-align: center;">DOL Interest Rate</th> <th style="text-align: center;">KPMG Interest Rate</th> </tr> </thead> <tbody> <tr> <td>Compensation – Year 1</td> <td style="text-align: center;">3.455%</td> <td style="text-align: center;">2.778-3.204%</td> </tr> <tr> <td>Compensation – Year 2 and after</td> <td style="text-align: center;">3.455%</td> <td style="text-align: center;">2.778-3.204%</td> </tr> <tr> <td>Medical – Year 1</td> <td style="text-align: center;">2.855%</td> <td style="text-align: center;">2.651-2.996%</td> </tr> <tr> <td>Medical – Year 2 and after</td> <td style="text-align: center;">2.855%</td> <td style="text-align: center;">2.651-2.996%</td> </tr> </tbody> </table> <p>In addition, 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.</p>	Projection	DOL Interest Rate	KPMG Interest Rate	Compensation – Year 1	3.455%	2.778-3.204%	Compensation – Year 2 and after	3.455%	2.778-3.204%	Medical – Year 1	2.855%	2.651-2.996%	Medical – Year 2 and after	2.855%	2.651-2.996%
Projection	DOL Interest Rate	KPMG Interest Rate														
Compensation – Year 1	3.455%	2.778-3.204%														
Compensation – Year 2 and after	3.455%	2.778-3.204%														
Medical – Year 1	2.855%	2.651-2.996%														
Medical – Year 2 and after	2.855%	2.651-2.996%														

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures															
<p>5) Compare the average interest rate and average inflation rate (COLA and CPI-Med) assumptions used in the DOL model as of September 30, 2013, to the average interest rate and average inflation rate (COLA and CPI-Med) assumptions used in the DOL model as of September 30, 2014. Report any variances.</p>	<p>The average interest rate and inflation rate variances are as follows:</p> <table border="1" data-bbox="852 640 1421 976"> <thead> <tr> <th data-bbox="852 640 1079 745">Average Rate</th> <th data-bbox="1088 640 1209 745">2013</th> <th data-bbox="1218 640 1421 745">2014 Increase/ (Decrease)</th> </tr> </thead> <tbody> <tr> <td data-bbox="852 745 1079 829">Interest – compensation</td> <td data-bbox="1088 745 1209 829">3.11%</td> <td data-bbox="1218 745 1421 829">0.34%</td> </tr> <tr> <td data-bbox="852 829 1079 903">Interest – medical</td> <td data-bbox="1088 829 1209 903">2.85%</td> <td data-bbox="1218 829 1421 903">0.01%</td> </tr> <tr> <td data-bbox="852 903 1079 934">COLA</td> <td data-bbox="1088 903 1209 934">2.17%</td> <td data-bbox="1218 903 1421 934">0.10%</td> </tr> <tr> <td data-bbox="852 934 1079 976">CPI-Med</td> <td data-bbox="1088 934 1209 976">3.81%</td> <td data-bbox="1218 934 1421 976">0.06%</td> </tr> </tbody> </table>	Average Rate	2013	2014 Increase/ (Decrease)	Interest – compensation	3.11%	0.34%	Interest – medical	2.85%	0.01%	COLA	2.17%	0.10%	CPI-Med	3.81%	0.06%
Average Rate	2013	2014 Increase/ (Decrease)														
Interest – compensation	3.11%	0.34%														
Interest – medical	2.85%	0.01%														
COLA	2.17%	0.10%														
CPI-Med	3.81%	0.06%														
<p>6) Calculate the percentage change in the actuarial liability for each agency by subtracting their respective actuarial liability as of September 30, 2013, from the September 30, 2014 balance, based on the DOL model, and by dividing this difference by the actuarial liability balance as of September 30, 2013. Identify agencies whose actuarial liability changed by more than 10 percent during fiscal year (FY) 2014, and for such agencies, calculate the percentage change in benefit payments by comparing the benefit payment amounts from the <i>Summary Chargeback Billing Report</i> for the year ended September 30, 2013, to September 30, 2014. Report the names of any agency identified and the percentage change in the benefit payment.</p>	<p>No agency had a change in actuarial liability of greater than 10 percent during FY 2014.</p>															

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures
7) Compare the interest rates (used to derive the discount rate ³) and inflation rate (COLA and CPI-Med) assumptions used in the DOL model as of September 30, 2014, to the interest rates and inflation rates (COLA and CPI-Med) published by the U.S. Department of the Treasury and Office of Management and Budget (OMB) in the FY 2015 OMB Mid-Session Review, respectively. Report any differences.	No differences were noted as a result of applying this procedure.
8) Compare both the benefit payments by agency for the chargeback year ended June 30, 2014, and the aggregate benefit payments for the chargeback years ended June 30, 2009 - 2014 used in the DOL model, with the benefit payments by agency for the chargeback year ended June 30, 2014, and the aggregate benefit payments for the chargeback years ended June 30, 2009 - 2014, as reported in the <i>Summary Chargeback Billing Report</i> . Report any differences.	No differences were noted as a result of applying this procedure.

(continued)

³ The discount rate is used for discounting the future liability to the present value.

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures						
<p>9) Compare the estimated benefit payments calculated by the 2013 DOL model for the chargeback year ended June 30, 2014 to the actual benefit payments for the chargeback year ended June 30, 2014 from the DOL <i>Summary Chargeback Billing Report</i>. Identify and report the agencies where the 2013 DOL model estimated benefit payments varied by more than 20 percent and \$2 million from the actual benefit payments made during the year ended June 30, 2014 from the DOL <i>Summary Chargeback Billing Report</i>.</p>	<p>As a result of applying this procedure, we identified the following agency that varied by more than 20 percent and \$2 million:</p> <table border="1" data-bbox="847 676 1419 829"> <thead> <tr> <th data-bbox="847 676 1047 751">Agency</th> <th data-bbox="1047 676 1247 751">Dollar Difference</th> <th data-bbox="1247 676 1419 751">Percent Difference</th> </tr> </thead> <tbody> <tr> <td data-bbox="847 751 1047 829">Peace Corp Enrollees</td> <td data-bbox="1047 751 1247 829">\$2,687,494</td> <td data-bbox="1247 751 1419 829">23.34%</td> </tr> </tbody> </table>	Agency	Dollar Difference	Percent Difference	Peace Corp Enrollees	\$2,687,494	23.34%
Agency	Dollar Difference	Percent Difference					
Peace Corp Enrollees	\$2,687,494	23.34%					

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

I. Actuarial Liability

Agreed-Upon Procedures Performed	Results of Procedures																														
<p>10) Compare the net effective rates (interest minus inflation rates) for compensation and medical used in the U.S. Postal Service (USPS), Office of Personnel Management (OPM), Social Security Administration (SSA), Energy Employees' Occupation Illness Compensation Program (EEOICP), and the Blank Lung Disability Trust Fund (BLDTF) loss development actuarial models as of September 30, 2014, to the net effective rates for compensation and medical used by the DOL model as of September 30, 2014. Report any differences.</p>	<p>The net effective rate (interest rate - inflation rate⁴) for compensation used in the DOL model as of September 30, 2014 is different than the net effective rate used for compensation as noted below:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="text-align: center;">Agency</th> <th style="text-align: center;">Net Effective Rate</th> <th style="text-align: center;">Difference Increase/ (Decrease)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">USPS</td> <td style="text-align: center;">(0.10%)</td> <td style="text-align: center;">(1.29%)</td> </tr> <tr> <td style="text-align: center;">OPM</td> <td style="text-align: center;">2.00%</td> <td style="text-align: center;">0.81%</td> </tr> <tr> <td style="text-align: center;">SSA</td> <td style="text-align: center;">2.54%</td> <td style="text-align: center;">1.35%</td> </tr> <tr> <td style="text-align: center;">EEOICP</td> <td style="text-align: center;">2.66%</td> <td style="text-align: center;">1.47%</td> </tr> <tr> <td style="text-align: center;">BLDTF</td> <td style="text-align: center;">1.47%</td> <td style="text-align: center;">0.28%</td> </tr> </tbody> </table> <p>The net effective rate (interest rate – inflation rate⁵) for medical used in the DOL model as of September 30, 2014 is different than the net effective rate used for medical as noted below:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="text-align: center;">Agency</th> <th style="text-align: center;">Net Effective Rate</th> <th style="text-align: center;">Difference Increase/ (Decrease)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">USPS</td> <td style="text-align: center;">(6.00%)</td> <td style="text-align: center;">(4.99%)</td> </tr> <tr> <td style="text-align: center;">EEOICP</td> <td style="text-align: center;">1.56%</td> <td style="text-align: center;">2.57%</td> </tr> <tr> <td style="text-align: center;">BLDTF</td> <td style="text-align: center;">1.59%</td> <td style="text-align: center;">2.60%</td> </tr> </tbody> </table> <p>We did not complete this procedure for net effective rates for medical used by OPM and SSA because the rates were not provided.</p>	Agency	Net Effective Rate	Difference Increase/ (Decrease)	USPS	(0.10%)	(1.29%)	OPM	2.00%	0.81%	SSA	2.54%	1.35%	EEOICP	2.66%	1.47%	BLDTF	1.47%	0.28%	Agency	Net Effective Rate	Difference Increase/ (Decrease)	USPS	(6.00%)	(4.99%)	EEOICP	1.56%	2.57%	BLDTF	1.59%	2.60%
Agency	Net Effective Rate	Difference Increase/ (Decrease)																													
USPS	(0.10%)	(1.29%)																													
OPM	2.00%	0.81%																													
SSA	2.54%	1.35%																													
EEOICP	2.66%	1.47%																													
BLDTF	1.47%	0.28%																													
Agency	Net Effective Rate	Difference Increase/ (Decrease)																													
USPS	(6.00%)	(4.99%)																													
EEOICP	1.56%	2.57%																													
BLDTF	1.59%	2.60%																													

⁴ COLA

⁵ CPI-Med

SECTION 2C

Agreed-Upon Procedures and Results

II. Net Intra-governmental Accounts Receivable

Agreed-Upon Procedures Performed	Results of Procedures																
<p>11) Obtain a list of appropriate representatives for all CFO Act agencies and the USPS from OWCP, and send letters to confirm the total accounts receivable balances due for the chargeback year July 1, 2013 through June 30, 2014. Compare the confirmed accounts receivable balances to the amounts reported by the OCFO in the <i>Liability for Current Federal Employees' Compensation Act Benefit</i> report as of September 30, 2014 posted on the DOL website. Report any differences.</p>	<p>As a result of the procedures performed, we identified the following differences:</p> <table border="1" data-bbox="847 640 1393 814"> <thead> <tr> <th>Agency</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>DOT</td> <td>\$2,891.71</td> </tr> <tr> <td>DOD</td> <td>(\$25,085,011.00)</td> </tr> <tr> <td>TREAS</td> <td>(\$612,326.68)</td> </tr> </tbody> </table>	Agency	Difference	DOT	\$2,891.71	DOD	(\$25,085,011.00)	TREAS	(\$612,326.68)								
Agency	Difference																
DOT	\$2,891.71																
DOD	(\$25,085,011.00)																
TREAS	(\$612,326.68)																
<p>12) Recalculate the September 30, 2014, net intra-governmental accounts receivable balances for each agency by a) adding the FY 2014 bills sent to Federal agencies to the prior-year ending balance from prior year's special report; b) subtracting the current year's cash collections as reported by the OCFO on the SF-224s; and c) adding the change in the fourth quarter unbilled accounts receivable from FY 2013.</p> <p>Compare the recalculated September 30, 2014 net intra-governmental accounts receivable balances to the FY 2014 amount reported in the detailed general ledger less the FY 2014 change in other credits due from the public reported in the detailed general ledger. Report any differences.</p>	<p>As a result of the procedures performed, we identified the following differences:</p> <table border="1" data-bbox="847 1171 1349 1549"> <thead> <tr> <th>Agency</th> <th>Difference Increase/ (Decrease)</th> </tr> </thead> <tbody> <tr> <td>DOT</td> <td>(\$22,869)</td> </tr> <tr> <td>GSA</td> <td>\$963</td> </tr> <tr> <td>SBA</td> <td>(\$130,011)</td> </tr> <tr> <td>TREAS</td> <td>(\$20,924)</td> </tr> <tr> <td>DOS</td> <td>(\$1,533)</td> </tr> <tr> <td>DOL</td> <td>\$2,248</td> </tr> <tr> <td>USDA</td> <td>(\$8,688)</td> </tr> </tbody> </table>	Agency	Difference Increase/ (Decrease)	DOT	(\$22,869)	GSA	\$963	SBA	(\$130,011)	TREAS	(\$20,924)	DOS	(\$1,533)	DOL	\$2,248	USDA	(\$8,688)
Agency	Difference Increase/ (Decrease)																
DOT	(\$22,869)																
GSA	\$963																
SBA	(\$130,011)																
TREAS	(\$20,924)																
DOS	(\$1,533)																
DOL	\$2,248																
USDA	(\$8,688)																

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

II. Net Intra-governmental Accounts Receivable

Agreed-Upon Procedures Performed	Results of Procedures						
13) Compare the total recalculated September 30, 2014, net intra-governmental accounts receivable balance less the FY 2014 change in other credits due from the public reported in the detailed subsidiary ledger to the FY 2014 net intra-governmental accounts receivable balance reported in the general ledger. Report any differences.	As a result of the procedures performed, we identified a difference of \$182,746.						
14) Compare the recalculated September 30, 2014, net intra-governmental accounts receivable balance for each agency to the balances reported by the OCFO in the <i>Liability for Current Federal Employee's Compensation Act Benefit</i> report as of September 30, 2014, and report any differences above 1 percent.	As a result of applying this procedure, we identified the following agency that had a difference above 1 percent: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Agency</th> <th style="text-align: center;">Dollar Difference</th> <th style="text-align: center;">Percent Difference</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">SBA</td> <td style="text-align: center;">(\$130,011)</td> <td style="text-align: center;">(2.16%)</td> </tr> </tbody> </table>	Agency	Dollar Difference	Percent Difference	SBA	(\$130,011)	(2.16%)
Agency	Dollar Difference	Percent Difference					
SBA	(\$130,011)	(2.16%)					
15) Compare the <i>Summary Chargeback Billing Report</i> for the period July 1, 2013, through June 30, 2014, to the total 2014 chargeback benefit costs presented on the bills sent to Federal entities dated July 31, 2014. Report any differences.	No differences were identified as a result of applying this procedure.						
16) Compare Accrued Benefits as of September 30, 2014, recorded on the OCFO <i>Liability for Current Federal Employees' Compensation Act Benefits</i> report as of September 30, 2014, to the accrual calculation worksheet prepared by DOL. Report any differences.	No differences were identified as a result of applying this procedure.						

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

II. Net Intra-governmental Accounts Receivable

Agreed-Upon Procedures Performed	Results of Procedures
<p>17) Recalculate the allocation of Accrued Benefits for each agency as of September 30, 2014, as the ratio between the amount reported for the agency per the Chargeback Period Ending 9/30/14 column presented in the <i>Liability for Current Federal Employees Compensation Act Benefit</i> report as of September 30, 2014, and the total for all agencies reported in that column. Multiply the agency's ratio by total Accrued Benefits presented on the accrual calculation worksheet prepared by DOL. Compare the allocation of Accrued Benefits for each agency to the allocation of Accrued Benefits recorded on the OCFO's <i>Liability for Current Federal Employees' Compensation Act Benefits</i> report as of September 30, 2014. Report any differences.</p>	<p>No differences were identified as a result of applying this procedure.</p>
<p>18) Compare the amount per the Chargeback Period Ending 9/30/14 column presented in the <i>Liability for Current Federal Employees Compensation Act Benefit</i> report as of September 30, 2014 to the FY 2014 fourth quarter benefit payments reported on the <i>Summary Chargeback Billing Report</i>. Report any differences.</p>	<p>The FY 2014 fourth quarter accounts receivable reported on the <i>Liability for Current Federal Employees' Compensation Act Benefits</i> was less than the FY 2014 fourth quarter benefit payments reported on the <i>Summary Chargeback Billing Report</i> by \$21,351.</p>

SECTION 2C

Agreed-Upon Procedures and Results

III. Benefit Expense

Agreed-Upon Procedures Performed	Results of Procedures
<p>19) Compare the FY 2014 benefit payments recorded in the Integrated Federal Employees Compensation System (iFECS) and Central Bill Process (CBP) databases as of March 31, 2014, and September 30, 2014 to the FY 2014 benefit payments reported in the U.S. Department of the Treasury's SF-224 as of March 31, 2014, and September 30, 2014. Report any differences.</p>	<p>As a result of applying this procedure, we identified a difference of \$64,748 and \$348,424 for the months of March 2014 and September 2014, respectively.</p>
<p>20) Perform the following procedures over the reconciliation prepared by the OWCP between the benefit payments reported in the <i>Chargeback Billings Reports</i> and the benefit payments reported in the iFECS and CBP databases for the fiscal year ended September 30, 2014:</p> <ul style="list-style-type: none"> a) Compare the benefit payments in the <i>Chargeback Billings Reports</i> reported in the reconciliation to the actual <i>Chargeback Billings Reports</i>. b) Compare the benefit payments from iFECS and CBP databases reported in the reconciliation to the actual iFECS and CBP databases. c) Identify and report any differences above 1 percent. 	<p>No differences above 1 percent were identified as a result of applying this procedure.</p>

(continued)

SECTION 2C

Agreed-Upon Procedures & Results

III. Benefit Expense

Agreed-Upon Procedures Performed	Results of Procedures																
<p>21) For all agencies, compare compensation and medical bill payments by agency for the FY ending September 30, 2014, from the <i>Summary Chargeback Billing Report</i> prepared by DOL, to the compensation and medical bill payments by agency reported for the FY ending September 30, 2013, for the <i>Summary Chargeback Billing Report</i> prepared by DOL. Report any variances over 10 percent.</p>	<p>As a result of applying this procedure, we identified the following agencies that had variances over 10 percent:</p> <table border="1" data-bbox="836 714 1412 1039"> <thead> <tr> <th data-bbox="836 724 1144 766">Agency</th> <th data-bbox="1153 724 1412 766">Variance</th> </tr> </thead> <tbody> <tr> <td data-bbox="836 766 1144 808">DOS</td> <td data-bbox="1153 766 1412 808">(14.98%)</td> </tr> <tr> <td data-bbox="836 808 1144 850">NRC</td> <td data-bbox="1153 808 1412 850">11.28%</td> </tr> <tr> <td data-bbox="836 850 1144 892">USAID</td> <td data-bbox="1153 850 1412 892">12.93%</td> </tr> <tr> <td data-bbox="836 892 1144 934">EDU</td> <td data-bbox="1153 892 1412 934">(11.76%)</td> </tr> <tr> <td data-bbox="836 934 1144 976">NCS</td> <td data-bbox="1153 934 1412 976">(12.97%)</td> </tr> <tr> <td data-bbox="836 976 1144 1018">OPC</td> <td data-bbox="1153 976 1412 1018">(25.29%)</td> </tr> <tr> <td data-bbox="836 1018 1144 1060">GPO</td> <td data-bbox="1153 1018 1412 1060">(12.26%)</td> </tr> </tbody> </table>	Agency	Variance	DOS	(14.98%)	NRC	11.28%	USAID	12.93%	EDU	(11.76%)	NCS	(12.97%)	OPC	(25.29%)	GPO	(12.26%)
Agency	Variance																
DOS	(14.98%)																
NRC	11.28%																
USAID	12.93%																
EDU	(11.76%)																
NCS	(12.97%)																
OPC	(25.29%)																
GPO	(12.26%)																
<p>22) For a selection of 107 compensation payments for initially eligible claimants, compare beneficiary name, beneficiary social security number (SSN), date of birth, pay rate or grade/step at the time of injury, date of injury (DOI) or date disability began (DDB), and dependent information from the applicable Forms CA-1 <i>Federal Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation</i>, and CA-2 <i>Notice of Occupational Disease and Claim for Compensation</i> to the beneficiary name, beneficiary SSN, date of birth, pay rate or grade/step at the time of injury, DOI/DBB, and dependent information in the iFECS database. Report any differences in claimant information.</p>	<p>No differences were identified as a result of applying this procedure.</p>																

(continued)

SECTION 2C

Agreed-Upon Procedures and Results

III. Benefit Expense

Agreed-Upon Procedures Performed	Results of Procedures
<p>23) For a selection of 107 compensation payments for initially eligible claimants, recalculate the compensation pay rate in accordance with chapter 2-0900 of the FECA Procedure Manual. Compare the recalculated compensation pay rate to the rate in the iFECs database. Report any differences.</p>	<p>No differences were identified as a result of applying this procedure.</p>
<p>24) For a selection of 135 compensation payments for continuing eligibility and file maintenance, compare the related beneficiaries' name, SSN, date of birth, pay rate or grade/step at the time of injury, date of injury, and dependent information from applicable Forms CA-7 <i>Claim for Compensation</i>, and CA-1032 <i>Request for Information on Earnings, Dual Benefits, Dependents, and Third Party Settlements</i> to the beneficiaries' name, SSN, date of birth, pay rate or grade/step at the time of injury, and date of injury, and dependent information in the iFECs database. Report any differences in claimant information.</p>	<p>Two differences were identified as a result of applying this procedure. Specifically, the dependent information on Form CA-1032 did not agree to the dependent information in the iFECs database for two claimants.</p>
<p>25) For a selection of 14 medical payments, compare the vendor name and date, 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 the CBP database. Report any differences.</p>	<p>No differences were noted as a result of applying this procedure.</p>

SECTION 2C

Agreed-Upon Procedures and Results

III. BENEFIT EXPENSE

Agreed-Upon Procedures Performed	Results of Procedures
26) Compare the FY 2014 fourth quarter benefit expense estimate as reported on the <i>Liability for Current Federal Employees' Compensation Act Benefits</i> report to the sum of the actual FY 2014 fourth quarter benefit expenses recorded in the iFECS and CBP databases. Report any difference.	The FY 2014 fourth quarter benefit expense estimate as reported on the <i>Liability for Current Federal Employees' Compensation Act Benefits</i> report was less than the actual FY 2014 fourth quarter benefit expenses recorded in the iFECS and CBP databases by \$21,351.

Appendix

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

ACRONYMS and ABBREVIATIONS

BLDTF	Black Lung Disability Trust Fund
CBP	Central Bill Processing System
CFO	Chief Financial Officers
COLA	Cost of Living Allowance
CPI-Med	Consumer Price Index for Medical
DDB	Date Disability Began
DOD	U.S. Department of Defense
DOI	Date of Injury
DOL	U.S. Department of Labor
DOS	U.S. Department of State
DOT	U.S. Department of Transportation
EDU	U.S. Department of Education
EEOICP	Energy Employees' Occupation Illness Compensation Program
FECA	Federal Employees' Compensation Act
FY	Fiscal Year
GSA	General Services Administration
GPO	U.S. Government Printing Office
HUD	U.S. Department of Housing and Urban Development
iFECS	Integrated Federal Employees' Compensation System
NCS	Corporation For National & Community Service
NRC	Nuclear Regulatory Commission
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
OPC	Office of Peace Corp
OPM	Office of Personnel Management
OWCP	Office of Workers' Compensation Programs
SBA	Small Business Administration
SSA	Social Security Administration
SSN	Social Security Number
TREAS	U.S. Department of the Treasury
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USPS	U.S. Postal Service

TO REPORT FRAUD, WASTE OR ABUSE, PLEASE CONTACT:

Online: <http://www.oig.dol.gov/hotlineform.htm>
Email: hotline@oig.dol.gov

Telephone: 1-800-347-3756
202-693-6999

Fax: 202-693-7020

Address: Office of Inspector General
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room S-5506
Washington, D.C. 20210