

No recommendations or suggestions are being made and a response to this report is not required. We appreciate the cooperation of your staff during our review.

A handwritten signature in black ink, appearing to read "Rickey R. Hass". The signature is fluid and cursive, with a large initial "R" and "H".

Rickey R. Hass
Assistant Inspector General
for Environment, Science, and Corporate Audits
Office of Inspector General

Attachment

cc: Audit Liaison, Office of Chief Financial Officer, CF-1.2
Audit Liaison, Office of Human Capital Management, HC-30

SCOPE AND METHODOLOGY

We reviewed amounts withheld and contributed by Department of Energy (Department) employees for the pay period ending October 27, 2007, in accordance with procedures under the Memorandum of Agreement (MOA) with the Department of Defense (DOD) Office of Inspector General (OIG) and steps 2 through 4 in Section 11 of the Office of Management and Budget Bulletin No. 07-04 (Bulletin). The audit was performed from February to July 2008 at program offices in Germantown, MD and Washington, DC.

To accomplish the audit objective, we:

- Obtained a random sample of 64 Department employees from the DOD OIG, of which 34 had retirement, health benefits, and life insurance; 15 had no health benefits; and 15 had no life insurance;
- Reviewed Section 11 of the Bulletin, "Audit Requirements for Federal Financial Statements," Agreed-Upon Procedures;
- Contacted the responsible personnel official at each site to obtain copies of relevant supporting information from each employee's official personnel file (OPF);
- Reviewed OPFs and obtained copies of employees' Notification of Personnel Action (SF-50); Health Benefits Election Form (SF-2809); Life Insurance Election Form (SF-2807); Thrift Savings Plan Election Form (TSP-1) and agency automated system reports;
- Calculated gross pay, health benefits, life insurance, and retirement withholdings and contributions for accuracy;
- Analyzed each document to verify that employees' withholdings and contributions were consistent with Defense Finance and Accounting Service data;
- Analyzed each document for anomalies;
- Spoke with Human Resources Officers and Personnel Specialists responsible for maintaining OPFs at each site to request additional documents; and,
- Summarized our analysis of each of the 64 sample items and provided the results to the DOD OIG.

We conducted the audit in accordance with generally accepted Government auditing standards for financial audits. Our test work was limited to the procedures listed under the MOA and contained in Section 11 of the Bulletin. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. A draft of this report was provided to National Nuclear Security Administration and Office of Human Capital Management representatives on July 8, 2008, both of whom agreed with the report.