U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE OFFICE OF WORKERS' COMPENSATION PROGRAMS

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

September 30, 2020

KPMG LLP reports included herein were prepared under contract with the U.S. Department of Labor, Office of Inspector General, and by acceptance, they become reports of the Office of Inspector General.

Elliot P. Lewis

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

Date Issued: October 30, 2020
Report Number: 22-21-001-04-431

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U.S. Department of Labor

Office of Inspector General
Washington, DC. 20210

October 30, 2020

To: 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 2020
Report No. 22-21-001-04-431

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's (DOL) Office of Workers' Compensation Programs (OWCP) administers the Fund, while DOL's Office of Inspector General (OIG) is responsible for auditing the Fund. OIG contracted with KPMG LLP, an independent certified public accounting firm, to prepare the report on the Fund as of, and for the year ended, September 30, 2020.

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, 2020, 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 deficiency in internal control over reporting of benefit expense titled, "Improvements Needed in the Claims Examiners' Review of Federal Employees' Compensation Act (FECA) Claims." This significant deficiency was not considered 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, 2020. This report includes a description of the procedures performed and the results of those procedures. The OIG and DOL OWCP have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Federal agencies listed in the AUP section in evaluating the accompanying schedules. The appropriateness of these procedures for the intended purpose is solely the responsibility of the OIG. Because the AUPs performed did not constitute an examination, KPMG did not express an opinion on any elements, accounts, or items as they pertained to the AUP report. Furthermore, neither 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, 2020, 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, 2020; nor 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, 2020, in the AUP report. 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 them via e-mail to:

Sean Gilkerson
Audit Director
U.S. Department of Labor
Office of Inspector General

gilkerson.sean@oig.dol.gov

Attachment

Section 1

Financial Section

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

Section 1A

Independent Auditors' Report

Ms. Julia Hearthway, 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, 2020, and benefit expense for the year then ended (hereinafter referred to as the schedule), of the United States (U.S.) Department of Labor's (DOL) Federal Employees' Compensation Act Special Benefit Fund (Fund), and the related notes to 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 this 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 DOL's Federal Employees' Compensation Act Special Benefit Fund as of September 30, 2020, and its 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 DOL or 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, 2020, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in Exhibit I, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's schedule as of and the year ended September 30, 2020 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 schedule. 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 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

Washington, D.C.
October 30, 2020

Exhibit

Exhibit I

Improvements Needed in the Claims Examiners' Review of Federal Employees' Compensation Act (FECA) Claims

Since fiscal year (FY) 2017, we have reported a significant deficiency related to ineffective controls related to the Claims Examiners' (CEs) review of FECA claims. During our FY 2020 audit, we tested controls related to the CEs' review of claimants' files for continuing eligibility, accuracy of compensation payments, accuracy of schedule award payments, and accuracy of final payments for terminated claims. As a result of our testing, we continued to identify certain instances of ineffective internal controls related to the CEs' review of FECA claims.

For a sample of 127 claims selected to test the control related to the CEs' review of the claimants' continuing eligibility to receive benefits in accordance with the FECA Procedure Manual (the Manual), we noted the following:

a. For one claim, the Periodic Entitlement Review (PER) was not completed by the CE in the Integrated Federal Employees' Compensation System (iFECS), as required by section 2-0812(15) of the Manual. On April 22, 2019, the claimant submitted an updated EN-1032 form, which is a report of earnings, dual benefits, dependents, and third party settlements; however, the PER has not been completed as of October 15, 2020.

b. For two claims, the CEs completed PERs even though the claimants failed to submit the medical evidence with the frequency required by section 2-0812(5) of the Manual. For these two claims with a case status of "PR", medical evidence is required to be obtained annually; however, the most recent medical evidence in the claimant's files was received in March 2018 and April 2016, respectively.

c. For one claim, the most recent EN-1032 submitted by the claimant did not contain pages 3 and 5, which includes information regarding the claimant's dependents, other federal benefits and payments, and third party settlements. The CE did not follow-up with the claimant regarding the missing information prior to completing the PER on August 5, 2019, as required by section 2-0812(13) of the Manual.

d. For one claim, the CE did not update iFECS for the changes reported on the updated EN-1032, as required by section 1-500(9) of the Manual. Specifically, the CE did not update iFECS for an address change reported by the claimant in Part G – Corrections of the EN-1032.

e. For one claim, the CE did not adjust the amount paid to the claimant based on information reported on the EN-1032, as required by section 2-0812(8) of the

Exhibit I

Manual. Specifically, the CE did not issue an overpayment for the period of January 7, 2018 through December 7, 2019 related to a change in dependent status reported by the claimant on the EN-1032 forms received in November 2018 and November 2019.

Further, for a sample of 50 claimant terminations selected to test the control related to the CEs' review of the terminated claims to determine whether the final payments were processed accurately and in accordance with the Manual, we noted the following:

a. For four claimant terminations, the final payment to the claimant covered a period beyond the termination effective date communicated in the termination decision letter.

b. For one claimant termination, the final payment to the claimant did not cover the entire pay period up to the termination effective date communicated in the termination decision letter.

In addition, for a sample of 78 compensation payments selected to test the control related to the CEs' review of payments to determine whether the payments were processed accurately and in accordance with the Manual, we noted the following:

a. For one payment, the certifying CE did not detect that the compensation rate used to determine the payment amount entered into iFECS for the period from February 10, 2020 to February 21, 2020 was inconsistent with the dependent status reported on the claimant's form CA-7, which is a claim for compensation.

b. For one payment, the certifying CE did not detect that the claimant's annual salary used to determine the payment amount entered into iFECS for the period from January 15, 2020 to February 14, 2020 was based on a 40 hour per week schedule, which was inconsistent with the 20 hour per week schedule reported on the claimant's form CA-7.

Further, for a sample of 50 schedule award payments selected to test the control related to the CEs' review of schedule award payments to determine whether the claims were processed accurately and in accordance with the Manual, we noted an instance in which the CE did not obtain an impairment percentage authorized by a Direct Medical Advisor (DMA) prior to the payment, as required by section 2-0808(6) of the Manual.

The exceptions noted above were due to insufficient controls, such as monitoring controls, and the need for additional training to ensure that the CEs' review of the claims were performed adequately and in accordance with the Manual.

Exhibit I

Insufficient controls over the CEs' review of claims increases the risk of errors in benefit payments made to claimants.

The following criteria were considered in the determination and evaluation of the findings noted above:

- Section 2-0812(5) of the Manual provides the requirement for the CE to obtain medical and non-medical evidence to determine continued entitlement. This includes requirements for completion of Form EN-1032 and review of medical evidence on a periodic basis.

- Section 2-0812(8) of the Manual provides the requirement for the CE to request clarification from the claimant if there are questions pertaining to the status of the claimant's dependents reported on the EN-1032.

- Section 2-0812(13) of the Manual provides the requirement for the CE to follow-up with the claimant in response to outstanding issues on the EN-1032.

- Section 2-0812(15) of the Manual provides the requirement for the CE to enter PER Development Codes in iFECS when further case development action is required, and to enter PER Closure Codes when the periodic entitlement review is complete.

- Section 1-500(9) of the Manual provides the requirement for the CE to update iFECS for changes in the claimant's address.

- Section 2-1400(3) of the Manual provides the requirement that the date of the disallowance for claimant terminations should match the date of the applicable coding entered in iFECS.

- Section 2-0901(8)(b) of the Manual provides the requirement for the CE to calculate the claimant's annual salary based on a calendar day basis if the employee has an irregular work schedule.

- Section 2-0901(12) of the Manual provides the requirement for determining compensation rates when the claimant has one or more eligible dependents as defined in section 8110 of the FECA.

- Section 2-0808(6) of the Manual provides the requirement for the CE to route schedule award payments to the DMA for opinion concerning the nature and percentage of impairment, and to request clarification or a supplemental report from the DMA if rationale for the percentage of impairment is not provided.

- The Government and Accountability Office *Standards for Internal Control in the Federal Government*, Section 10 provides the requirements related to designing control activities.

- The Government and Accountability Office *Standards for Internal Control in the Federal Government*, Section 16 provides the requirements related to management's monitoring of the internal control system.

<u>*Recommendations:*</u>

Consistent with prior year, we continue to recommend that the Director of the Office of Workers' Compensation Programs (OWCP) provide additional training to the CEs to address the identified deficiencies.

In addition, we recommend that the Director of OWCP:

1. Complete follow-up actions to determine the claimants' continuing eligibility and the correct amount of the payments, as applicable, and the appropriate resolution of any differences.

2. Revise the design of the control in place related to the periodic secondary review of the PERs to require that:

   - the review covers the entire fiscal year, and

   - the documentation maintained related to the review is sufficiently detailed to include information such as the specific attributes reviewed for each case, the quantitative impact of exceptions identified, and follow-up actions performed to address them.

Management's Response:

The program agrees to provide additional training to the CEs responsible for the identified deficiencies.

The program agrees to complete any necessary follow up actions on the identified deficiencies to determine the claimant's continuing eligibility. As applicable, the program will correct payment amounts and resolve any differences.

The program agrees to revise the design of the control related to periodic secondary reviews so that they are conducted throughout the fiscal year. The program also agrees to maintain documentation showing what attributes of the record were reviewed, the impact of any identified errors, and the follow-up actions performed to address them.

Auditors' Response:

We will conduct follow-up procedures in FY 2020 to determine whether the corrective actions have been sufficiently 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, 2020, and Benefit Expense For the Year Ended September 30, 2020
(Dollars in Thousands)

Actuarial Liability	$	35,840,587
Net Intra-Governmental Accounts Receivable	$	4,724,390
Benefit Expense	$	1,369,163

See accompanying notes to the Schedule

SECTION 1C

Notes to the Schedule of Actuarial Liability and Net Intra-Governmental Accounts Receivable as of September 30, 2020, and Benefit Expense For the Year Ended September 30, 2020

1. Significant Accounting Policies

a. Reporting Entity

The United States (U.S.) Department of Labor's (DOL) Federal Employees' Compensation Act (FECA) Special Benefit Fund (the Fund) was established by the 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 Special Benefit 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, 2020, and Benefit Expense for the year ended September 30, 2020, 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 estimate, 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 (GAAP).

d. Actuarial Liability Estimate (Future Workers' Compensation Benefits)

The actuarial liability for future workers' compensation benefits reported on the schedule includes the projected liability for death, disability, medical and miscellaneous costs for approved cases as well as an estimate for those cases incurred but not reported. The preparation of the actuarial liability requires management to make certain estimates and assumptions that affect the reported amount. Actual results could differ from the estimated amounts.

The actuarial liability comprises of two components, one associated with claims that are billed to employing agencies and the other is a non-billable component, which includes War Hazards Compensation Act (WHCA) claims. In fiscal year 2020, OWCP changed its methodology to estimate the actuarial liability for the claims billed to employing agencies from the Paid Loss Development method to the Case Reserve method. The Case Reserve method utilizes specific characteristics of the open billable claims to estimate a case reserve for each claim and then applies loss development in aggregate to estimate the total liability and the liability for each individual agency. OWCP continued to use the Paid Loss Development method to estimate the actuarial liability associated with the non-billable WHCA component, and the annuity method for the non-billable, non-WHCA component. The Loss Development method uses historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The annuity method estimates an average annuity value for each remaining open case based on the claimant's average age and life expectancy. Both billable and non-billable components use inflation rate assumptions on both past and future indemnity and medical benefits to adjust past data and project forward.

As required under U.S. GAAP, these projected annual benefit payments have been discounted to present value. Consistent with last year's practice, OWCP derived its discount rates from averages of Treasury Nominal Coupon-Issue Yield Curves that are published by the U.S. Department of the Treasury (Treasury). OWCP used discount rates derived from the Treasury Nominal Coupon-Issue Yield Curve based on an average of the quarterly spot rates presented from July 1, 2015 through June 30, 2020. The discount rates were selected by interpolation of the yield curve averages with maturities that matched average FECA compensation and medical cash flow durations.

To provide more specifics for the effects of inflation on the liability for future workers' compensation benefits, a wage inflation factor (Cost of Living Adjustment) (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 compensation and medical inflation rates used in the actuarial model represent five year averages of published inflation rates ending with the benefit payment fiscal year. The compensation inflation rates are derived from FECA COLA rates that are updated March 1st of each year by the Division of Federal Employees' Compensation. The medical inflation rates are derived from CPI - Med rates published by the Office of Management and Budget.

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, 2020. Intra-governmental accounts receivable are considered fully collectible based on historical experience.

2. Actuarial Liability Estimate (Future Workers' Compensation Benefits)

In fiscal year (FY) 2020, the interest rates used to discount billable and non-billable compensation and medical benefits were 2.414 percent and 2.303 percent, respectively.

The compensation COLA and CPI - Med rates entered into the actuarial model to calculate FY 2020 liability estimates were as follows:

FY	COLA	CPI - Med
2021	1.8667	3.2116
2022	2.1400	3.2277
2023	2.1867	3.6029
2024	2.2333	4.0101
2025+	2.3000	3.9360

The actuarial liability for future workers' compensation benefits as of September 30, 2020 was attributed to other federal agencies as follows (dollars in thousands):

Agency for International Development	$27,586
Environmental Protection Agency	50,451
General Services Administration	123,746
National Aeronautics and Space Administration	29,747
National Science Foundation	1,219
Nuclear Regulatory Commission	4,573
Office of Personnel Management	7,118
U.S. Postal Service	15,744,758
Small Business Administration	30,576
Social Security Administration	280,438
Tennessee Valley Authority	343,840
U. S. Department of Agriculture	678,903
U. S. Department of the Air Force	1,184,394
U. S. Department of the Army	1,593,860
U. S. Department of Commerce	146,325
U. S. Department of Defense – other	642,813
U. S. Department of Education	13,422
U. S. Department of Energy	99,497
U. S. Department of Health and Human Services	283,394
U. S. Department of Homeland Security	2,494,936
U. S. Department of Housing and Urban Development	65,796
U. S. Department of the Interior	575,024
U. S. Department of Justice	1,653,281
U. S. Department of Labor	172,132
U. S. Department of the Navy	1,916,558
U. S. Department of State	97,657
U. S. Department of Transportation	789,774
U. S. Department of the Treasury	572,757
U. S. Department of Veterans Affairs	2,463,981
Other agencies[1]	667,395
Non-billable portion	3,084,636
Total Liability	$35,840,587

[1] This amount represents other agencies for which OWCP has not individually calculated an actuarial liability.

3. Net Intra-Governmental Accounts Receivable

Net intra-governmental accounts receivable for the year ended September 30, 2020, consisted of the following (dollars in thousands):

Billed, but not paid as of year end	$ 4,038,427
Benefit payments not yet billed	713,729
Credits due from the Public	(27,766)
Total net intra-governmental accounts receivable	$ 4,724,390

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, 2020, consisted of the following (dollars in thousands):

Benefits paid for compensation	$ 2,200,197
Benefits paid for medical benefits	745,816
Change in accrued benefits	7,382
Change in actuarial liability	(1,584,232)
Total benefit expense	$ 1,369,163

5. Material Concentration of Risk

The U.S. Postal Service (USPS) represents 44 percent of the actuarial liability and 35 percent of the net intra-governmental accounts receivable to the Fund as of September 30, 2020.

The USPS disclosed its lack of liquidity in its FY 2019 audited financial statements and its interim, unaudited financial statements for the third quarter of FY 2020. The USPS's portion of the FECA actuarial liability and net intra-governmental accounts receivable as of September 30, 2020, together with the USPS's current financial condition, represents a material concentration of risk for the Fund. On October 15, 2020, USPS paid their FY 2020 Chargeback bills totaling $1,320,025,307.

Section 2

Agreed-Upon Procedures Section

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

Section 2A

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Larry D. Turner, Acting Inspector General
Office of Inspector General, U.S. Department of Labor

Ms. Julia K. Hearthway, Director
Office of Workers' Compensation Programs, U.S. Department of Labor

We have performed the procedures enumerated in Section 2C, Agreed-Upon Procedures and Findings on the accompanying Schedules of Actuarial Liability by Agency and Net Intra-Governmental Accounts Receivable by Agency as of September 30, 2020, and the Schedule of Benefit Expense by Agency for the year then ended, of the United States (U.S.) Department of Labor (DOL) FECA Special Benefit Fund (hereinafter referred to as the schedules) included in Section 2B. Management of the DOL Office of Workers' Compensation Programs (OWCP) is responsible for the schedules.

The DOL Office of Inspector General (OIG) and DOL OWCP have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Federal agencies listed in Section 2B in evaluating the accompanying schedules. The appropriateness of these procedures for the intended purpose is solely the responsibility of the DOL OIG and we make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose. No other parties have provided us with agreement to the procedures or acknowledgement that the procedures are appropriate for this or any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and findings are presented in Section 2C of this report.

We were engaged by the DOL OIG to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and in accordance with the standards applicable to attestation engagements contained in the *Government*

Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the schedules. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the DOL OWCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

KPMG LLP

Washington, D.C.
October 30, 2020

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, 2020
(Dollars in Thousands)

AGENCY	Actuarial Liability
Agency for International Development	$27,586
Environmental Protection Agency	50,451
General Services Administration	123,746
National Aeronautics and Space Administration	29,747
National Science Foundation	1,219
Nuclear Regulatory Commission	4,573
Office of Personnel Management	7,118
United States (U.S.) Postal Service	15,744,758
Small Business Administration	30,576
Social Security Administration	280,438
Tennessee Valley Authority	343,840
U. S. Department of Agriculture	678,903
U. S. Department of the Air Force	1,184,394
U. S. Department of the Army	1,593,860
U. S. Department of Commerce	146,325
U. S. Department of Defense – other	642,813
U. S. Department of Education	13,422
U. S. Department of Energy	99,497
U. S. Department of Health and Human Services	283,394
U. S. Department of Homeland Security	2,494,936

(continued)

See accompanying Independent Accountants' Report in Section 2A and Agreed-Upon Procedures and Findings in Section 2C.

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, 2020
(continued)
(Dollars in Thousands)

AGENCY	Actuarial Liability
U. S. Department of Housing and Urban Development	$65,796
U. S. Department of the Interior	575,024
U. S. Department of Justice	1,653,281
U. S. Department of Labor	172,132
U. S. Department of the Navy	1,916,558
U. S. Department of State	97,657
U. S. Department of Transportation	789,774
U. S. Department of the Treasury	572,757
U. S. Department of Veterans Affairs	2,463,981
Other Agencies (1)	667,395
Non-Billable	3,084,636
Total	$35,840,587

(1) This amount represents other agencies for which the Office of Workers' Compensation Programs has not individually calculated an actuarial liability.

See accompanying Independent Accountants' Report in Section 2A and Agreed-Upon Procedures and Findings in Section 2C.

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, 2020 (Dollars in Thousands)

AGENCY	**Amounts Billed Not Yet Paid** (1)	**Amounts Expended Not Yet Billed** (2)	**Credits Due from Public** (3)	**Net Intra-Governmental Accounts Receivable** (4)
Agency for International Development	$6,325	$780	($30)	$7,075
Environmental Protection Agency	8,142	1,126	(44)	9,224
General Services Administration	20,104	1,044	(41)	21,107
National Aeronautics and Space Administration	5,681	652	(25)	6,308
National Science Foundation	276	27	(1)	302
Nuclear Regulatory Commission	849	108	(4)	953
Office of Personnel Management	2,238	237	(9)	2,466
United States (U.S.) Postal Service	1,320,027	342,912	(13,340)	1,649,599
Small Business Administration	4,811	766	(30)	5,547
Social Security Administration	44,821	5,975	(232)	50,564
Tennessee Valley Authority	0	8,684	(338)	8,346
U. S. Department of Agriculture	116,568	13,984	(544)	130,008
U. S. Department of the Air Force	191,642	24,640	(959)	215,323
U. S. Department of the Army	205,492	26,309	(1,024)	230,777
U. S. Department of Commerce	21,211	3,182	(124)	24,269
U. S. Department of Defense – other	153,686	22,757	(885)	175,558

(continued)

1 Amount billed through June 30, 2020 (including prior years) but not yet paid as of September 30, 2020.

2 Amounts paid and accrued but not yet billed for the period July 1, 2020 through September 30, 2020.

3 Allocation of credits due from the public through September 30, 2020.

4 Total amount due to the fund for each agency as of September 30, 2020.

See accompanying Independent Accountants' Report in Section 2A and Agreed-Upon Procedures and Findings in Section 2C.

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, 2020 (continued) (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 Education	$2,134	($178)	$7	$1,963
U. S. Department of Energy	15,788	1,765	(69)	17,484
U. S. Department of Health and Human Services	45,835	5,866	(228)	51,473
U. S. Department of Homeland Security	424,578	55,845	(2,173)	478,250
U. S. Department of Housing and Urban Development	11,313	1,449	(56)	12,706
U. S. Department of the Interior	95,475	12,502	(486)	107,491
U. S. Department of Justice	248,661	33,475	(1,302)	280,834
U. S. Department of Labor	40,411	5,208	(203)	45,416
U. S. Department of the Navy	334,276	43,866	(1,707)	376,435
U. S. Department of State	16,571	2,496	(97)	18,970
U. S. Department of Transportation	149,736	19,898	(774)	168,860
U. S. Department of the Treasury	86,891	11,342	(441)	97,792
U. S. Department of Veterans Affairs	383,347	53,731	(2,090)	434,988
Other agencies	81,538	13,281	(517)	94,302
Total - all agencies	$4,038,427	$713,729	($27,766)	$4,724,390

1 Amount billed through June 30, 2020 (including prior years) but not yet paid as of September 30, 2020.
2 Amounts paid and accrued but not yet billed for the period July 1, 2020 through September 30, 2020.
3 Allocation of credits due from public through September 30, 2020.
4 Total amount due to the fund for each agency as of September 30, 2020.

See accompanying Independent Accountants' Report in Section 2A and Agreed-Upon Procedures and Findings in Section 2C.

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, 2020
(Dollars in Thousands)

AGENCY	Benefits Paid and Change in Accrued Benefits	Change in Actuarial Liability	Total Benefit Expense
Agency for International Development	$2,917	$5,779	$8,696
Environmental Protection Agency	4,063	8,408	12,471
General Services Administration	8,235	8,013	16,248
National Aeronautics and Space Administration	2,570	(8,964)	(6,394)
National Science Foundation	95	(170)	(75)
Nuclear Regulatory Commission	438	(34)	404
Office of Personnel Management	400	(15,457)	(15,057)
United States (U.S) Postal Service	1,219,816	(625,525)	594,291
Small Business Administration	2,315	1,782	4,097
Social Security Administration	22,037	(19,287)	2,750
Tennessee Valley Authority	30,707	13,836	44,543
U. S. Department of Agriculture	54,497	(103,662)	(49,165)
U. S. Department of the Air Force	91,573	(64,645)	26,928
U. S. Department of the Army	129,691	(130,929)	(1,238)
U. S. Department of Commerce	11,341	(21,689)	(10,348)
U. S. Department of Defense – other	51,083	(68,502)	(17,419)
U. S. Department of Education	717	2,274	2,991

(continued)

See accompanying Independent Accountants' Report in Section 2A and Agreed-Upon Procedures and Findings in Section 2C.

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, 2020
(continued)
(Dollars in Thousands)

AGENCY	Benefits Paid and Change in Accrued Benefits	Change in Actuarial Liability	Total Benefit Expense
U. S. Department of Energy	$8,329	$2,648	$10,977
U. S. Department of Health and Human Services	21,892	6,936	28,828
U.S. Department of Homeland Security	204,995	(599,770)	(394,775)
U. S. Department of Housing and Urban Development	5,386	5,281	10,667
U. S. Department of the Interior	44,676	(107,844)	(63,168)
U. S. Department of Justice	124,128	(158,067)	(33,939)
U. S. Department of Labor	16,760	(58,180)	(41,420)
U. S. Department of the Navy	158,816	(185,188)	(26,372)
U. S. Department of State	7,717	6,700	14,417
U. S. Department of Transportation	73,166	(64,386)	8,780
U. S. Department of the Treasury	41,651	5,762	47,413
U. S. Department of Veterans Affairs	187,525	76,559	264,084
Other agencies and non-billable (1)	425,859	504,089	929,948
Total - all agencies	$2,953,395	($1,584,232)	$1,369,163

1 This amount represents other agencies for which the Office of Workers' Compensation Programs has not individually calculated an actuarial liability, as well as the amounts associated with non-billable payments.

See accompanying Independent Accountants' Report in Section 2A and Agreed-Upon Procedures and Findings in Section 2C.

SECTION 2C

Agreed-Upon Procedures and Findings

I. Actuarial Liability

Agreed Upon Procedures Performed	Findings
1) Compared the actuarial liability, by agency, as of September 30, 2020, as reported in the *Memorandum to the Chief Financial Officers (CFO) of Executive Departments*, issued by DOL's Office of the Chief Financial Officer (OCFO), to the liability calculated by the DOL Case Reserve[1] actuarial model (DOL model) as of September 30, 2020 and reported any differences.	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

[1] The DOL model uses historical benefit payment data with specific claimants' characteristics to project the future indemnity and medical benefits by claim, by agency, and in total.

SECTION 2C

Agreed-Upon Procedures and Findings

I. Actuarial Liability, continued

Agreed Upon Procedures Performed	Findings
2) Recalculated the actuarial liability as of September 30, 2020, using the DOL model, and compared it to the liability calculated by DOL in its DOL model as of September 30, 2020. For any identified difference(s), identified if DOL corrected the difference(s) in its final DOL model by agreeing (a) KPMG's recalculated actuarial liability as of September 30, 2020, using the final DOL model, to (b) the actuarial liability reported in the *Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund*. Reported any differences identified and any differences corrected by DOL.	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

I. Actuarial Liability, continued

<table>
<tr><th>Agreed Upon Procedures Performed</th><th>Findings</th></tr>
<tr><td>3) Compared the average interest rate and average inflation rate (Cost of Living Adjustment (COLA) and Consumer Price Index – Medical (CPI-Med)) assumptions used in the DOL Paid Loss Development model[2] as of September 30, 2019, to the average interest rate and average inflation rate (COLA and CPI Med) assumptions used in the DOL model as of September 30, 2020 and reported any differences.</td><td>The average interest rate and inflation rate differences are as follows:
<table>
<tr><th>Average Rate</th><th>2020 Rate</th><th>Increase/ (Decrease)</th></tr>
<tr><td>Interest – compensation</td><td>2.41%</td><td>(0.20%)</td></tr>
<tr><td>Interest – medical</td><td>2.30%</td><td>(0.05%)</td></tr>
<tr><td>COLA</td><td>2.28%</td><td>0.10%</td></tr>
<tr><td>CPI-Med</td><td>3.87%</td><td>0.06%</td></tr>
</table></td></tr>
<tr><td>4) Compared the interest rate (used to derive the discount rate) and inflation rate (COLA and CPI-Med) assumptions used in the DOL model as of September 30, 2020, to the source documentation of the interest rates and inflation rates (COLA and CPI-Med) selected by DOL and reported any differences.</td><td>No differences were noted as a result of applying this procedure.</td></tr>
</table>

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

[2] The DOL Paid Loss Development model as of September 30, 2019 used 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.

SECTION 2C

Agreed-Upon Procedures and Findings

I. Actuarial Liability, continued

Agreed Upon Procedures Performed	Findings
5) Compared the benefit payments, by agency, for the chargeback year ended June 30, 2020 used in the DOL model, with the benefit payments, by agency, for the chargeback year ended June 30, 2020, as reported in the *Chargeback Agency Billing List Summary* and reported any differences.	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

I. Actuarial Liability, continued

Agreed Upon Procedures Performed	Findings
6) For a selection of 40 claimants included in the listing of benefit payments for the chargeback year ended June 30, 2020, used in the DOL model as of September 30, 2020 (2020 underlying data), performed the following procedures: a) Compared the agency code, date of birth, date of injury, date of death, injury zip code, and anatomical location, used in the 2020 underlying data to the agency code, date of injury, date of birth, date of death, injury zip code, and anatomical location in the listing of benefit payments for the chargeback year ended June 30, 2019 used in the DOL Paid Loss Development model as of September 30, 2019 (2019 underlying data).	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

I. Actuarial Liability, continued

Agreed Upon Procedures Performed	Findings
b) For any claimants not found in the 2019 underlying data or differences identified in claimants' information between the 2020 underlying data and the 2019 underlying data, agreed the agency code, date of injury, date of birth, date of death, injury zip code, and anatomical location from the 2020 underlying data to the agency code, date of injury, date of birth, date of death, injury zip code, and anatomical location from applicable Forms CA-1, *Federal Notice of Traumatic Injury and Claim for Continuation of Pay/ Compensation*, CA 2, *Notice of Occupational Disease and Claim for Compensation*, CA-5, *Claim for Compensation by Widow*, Widower, or Children, CA-6, *Official Supervisor's Report for Employee's Death*, CA-7, *Claim for Compensation*, or CA-1032, *Request for Information on Earnings, Dual Benefits, Dependents, and Third Party Settlements*, and reported any differences in claimants' information.	

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

II. Net Intra-governmental Accounts Receivable

Agreed Upon Procedures Performed	Findings
7) For a selection of 21 federal agencies, obtained a list of appropriate representatives from the Office of Workers' Compensation Programs (OWCP), and sent letters to confirm the total accounts receivable balances due per the bills sent to the agencies, dated August 13, 2020, for the chargeback year July 1, 2019, through June 30, 2020. Compared the confirmed accounts receivable balances, less any pre-payments received prior to September 30, 2020, to the billed and due in FY 2021 and FY 2022 amounts reported by the OCFO in the *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2020, posted on the DOL website, and reported any differences and any confirmations not received.	We received all confirmations and no differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

II. Net Intra-governmental Accounts Receivable, continued

Agreed Upon Procedures Performed	Findings
8) Recalculated the September 30, 2020, net intra-governmental accounts receivable balances for each agency by: a) adding the bills sent to federal agencies, dated August 13, 2020, to the prior-year ending balance from the *Special Report Relating to the FECA Special Benefit Fund* as of September 30, 2019; b) subtracting the current year's cash collections as reported by the OCFO on the CARS IPAC supporting listing and collection voucher support listing reports; c) adding the change in the fourth quarter unbilled accounts receivable from FY 2019; and d) subtracting the FY 2020 credits due from the public reported in the detailed subsidiary ledger. Compared the recalculated September 30, 2020, net intra-governmental accounts receivable balances for each agency to the FY 2020 amount reported in the detailed subsidiary ledger and reported any differences exceeding 1 percent of the balances reported in the detailed subsidiary ledger.	No differences exceeding 1 percent of the balances reported in the detailed subsidiary ledger were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

II. Net Intra-governmental Accounts Receivable, continued

Agreed Upon Procedures Performed	Findings
9) Compared the total recalculated September 30, 2020, net intra-governmental accounts receivable balance to the September 30, 2020, net intra-governmental accounts receivable balance reported in the general ledger and reported any differences exceeding 1 percent of the balance reported in the general ledger.	No differences exceeding 1 percent of the balance reported in the general ledger were noted as a result of applying this procedure.
10) Compared the recalculated September 30, 2020, net intra-governmental accounts receivable balance for each agency to the balances reported by the OCFO in the *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2020, and reported any differences exceeding 1 percent of the balances reported by the OCFO in the *Liability for Current Federal Employees' Compensation Act Benefits* report.	No differences exceeding 1 percent of the balances reported by the OCFO in the *Liability for Current Federal Employees' Compensation Act Benefits* report were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

II. Net Intra-governmental Accounts Receivable, continued

Agreed Upon Procedures Performed	Findings
11) Compared the total amount on the *Chargeback Agency Billing List Summary* for the period of July 1, 2019, through June 30, 2020, for each agency, less the chargeback amounts coded as non-billable, to the Total Benefit Costs line on the bill sent to the agency dated July 29, 2020, and reported any differences.	No differences were noted as a result of applying this procedure.
12) Compared accrued benefits as of September 30, 2020, recorded on the OCFO *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2020, to the accrual calculation worksheet prepared by DOL as of September 30, 2020, and reported any differences.	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

II. Net Intra-governmental Accounts Receivable, continued

Agreed Upon Procedures Performed	Findings
13) Recalculated the allocation of accrued benefits for each agency as of September 30, 2020, as the ratio between the amount reported for the agency per the Chargeback Period Ending September 30, 2020, column presented in the *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2020, and the total for all agencies reported in that column. Multiplied the agency's ratio by total accrued benefits presented on the accrual calculation worksheet prepared by DOL. Compared the allocation of accrued benefits for each agency to the allocation of accrued benefits recorded on the OCFO's *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2020, and reported any differences.	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

II. Net Intra-governmental Accounts Receivable, continued

Agreed Upon Procedures Performed	Findings
14) Compared the amount per the Chargeback Period Ending September 30, 2020, column presented in the *Liability for Current Federal Employees' Compensation Act Benefits* report as of September 30, 2020, to the FY 2020 fourth quarter benefit payments reported on the *Chargeback Agency Billing List Summary*, less the chargeback amounts coded as non-billable and reported any differences.	No differences were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense

Agreed Upon Procedures Performed	Findings
15) Compared the total of: 1) benefit payments recorded in the Integrated Federal Employees Compensation System (iFECS); 2) benefit payments recorded in the Central Bill Process (CBP) and Workers' Compensation Medical Bill Process (WCMBP) auto roll payment databases; and 3) manual payments recorded in the general ledger for the months of March 31, 2020, and September 30, 2020, to the gross disbursements (which relate to benefit payments) reported in Treasury's CARS Government-Wide Accounting and Reporting (GWA) Account Statement for the Agency Location Codes (ALCs) assigned to FECA, for the same two months and reported any differences exceeding 1 percent.	No differences exceeding 1 percent were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
16) Calculated the difference between the total benefit payments per the Chargeback Agency Billing List Summary and the total benefit payments per the iFECS and CBP/WCMBP databases for each agency, as reported in the Chargeback Reconciliation Reports prepared by OWCP for the periods October 1, 2019, through June 30, 2020, and July 1, 2020, through September 30, 2020, and then divided the difference by the total benefit payments per the Chargeback Agency Billing List Summary and reported differences for any agency exceeding 1 percent of the amounts in the Chargeback Agency Billing List Summary.	As a result of applying this procedure, we identified the following agency that had a difference exceeding 1 percent of the amounts in the Chargeback Agency Billing List Summary: **Agency** | **Difference ($)** | **Difference (%)** EDU | $404,695 | 56.6%

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
17) For the Chargeback Reconciliation Reports for the periods October 1, 2019, through June 30, 2020, and July 1, 2020, through September 30, 2020: a) Compared the total benefit payments in the *Chargeback Agency Billing List Summary* reported in the reconciliation to the actual *Chargeback Agency Billing List Summary* and identified and reported any differences exceeding 1 percent of the actual *Chargeback Agency Billing List Summary*. b) Compared the total benefit payments from the iFECS and CBP/WCMBP databases reported in the reconciliation to the actual iFECS and CBP/WCMBP databases and identified and reported any differences exceeding 1 percent of the actual iFECS and CBP/WCMBP database.	No differences exceeding 1 percent of the actual iFECS and CBP/WCMBP database were noted as a result of applying this procedure.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
18) For all agencies, compared compensation and medical bill payments by agency for the fiscal year ended September 30, 2020, from the *Chargeback Agency Billing List Summary* prepared by DOL, to the compensation and medical bill payments by agency reported for the fiscal year ended September 30, 2019, from the *Chargeback Agency Billing List Summary* prepared by DOL and reported any differences over 10 percent of the amount reported in the *Chargeback Agency Billing List Summary* as of September 30, 2019.	As a result of applying this procedure, we identified the following agencies that had differences over 10 percent of the amount reported in the *Chargeback Agency Billing List Summary* as of September 30, 2019:

Agency	Difference
AID	(10.5)%
CNS	(29.7)%
EDU	(34.9)%
GSA	(21.0)%
NSF	(39.6)%
OPM	(75.2)%
PCC	(10.4)%
SMI	(26.8)%
TVA	(10.4)%

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
19) For a selection of 81 compensation payments made for initially eligible claimants during the fiscal year ended September 30, 2020, compared beneficiary name, beneficiary social security number (SSN), date of birth, pay rate or grade/step at the time of injury, date of injury or date disability began, dependent information, and employing agency from the applicable Forms CA-1, *Federal Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation*, CA 2, *Notice of Occupational Disease and Claim for Compensation*, CA-5, *Claim for Compensation by Widow, Widower, or Children*, CA-6, *Official Supervisor's Report for Employee's Death*, CA-7 *Claim for Compensation*, and supporting agency wage details to the beneficiary name, beneficiary SSN, date of birth, pay rate or grade/step at the time of injury, date of injury or date disability began, dependent information, and chargeback code in the iFECS database, and reported any differences.	No differences were noted as a result of applying this procedure, except for the following: a) One payment in which iFECS reflected a weekly pay rate of $1,131, whereas the beneficiary reported a weekly pay rate of $537 on Form CA-7. b) One payment in which the dependent information in iFECS reflected that the beneficiary had no dependents, whereas the beneficiary reported a dependent on Form CA-7.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
20) For a selection of 81 compensation payments made for initially eligible claimants during the fiscal year ended September 30, 2020, recalculated the compensation pay rate and benefit amount in accordance with chapter 2-0900 of the FECA Procedure Manual. Compared the recalculated compensation pay rate and benefit amount to the compensation pay rate and benefit amount in the iFECS database and reported any differences.	No differences were noted as a result of applying this procedure, except for the following: a) For one payment, the recalculated compensation pay rate and benefit amount exceeded the compensation pay rate and benefit amount in iFECS by $540 and $1,864, respectively. b) For one payment, the recalculated benefit amount was less than the benefit amount in iFECS by $24.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
21) For a selection of 120 compensation payments made during the fiscal year ended September 30, 2020 for continuing eligibility and file maintenance, compared the related beneficiaries' name, SSN, date of injury or date disability began, and dependent information 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 beneficiaries' name, SSN, date of injury or date disability began, and dependent information in the iFECS database and reported any differences in claimants' information.	No differences were noted as a result of applying this procedure, except for one sample item where we were not able to complete the procedure because the CA-1032 form was missing the pages with the dependent information.

(continued)

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

SECTION 2C

Agreed-Upon Procedures and Findings

III. Benefit Expense, continued

Agreed Upon Procedures Performed	Findings
22) For a selection of 65 medical payments made during the fiscal year ended September 30, 2020, compared the vendor name and date from the medical bill, and payment amount on the summary sheet from the Achieve/WCMBP system to the vendor name, payment amount and date in the CBP/WCMBP database and reported any differences.	No differences were noted as a result of applying this procedure.
23) Compared the FY 2020 fourth quarter benefit expense estimate as reported on the *Liability for Current Federal Employees' Compensation Act Benefits* report to the sum of the actual FY 2020 fourth quarter benefit expenses recorded in the iFECS and CBP/WCMBP databases and reported any differences.	As a result of applying this procedure, we noted that the FY 2020 fourth quarter benefit expense estimate as reported on the *Liability for Current Federal Employees' Compensation Act Benefits* was less than the FY 2020 benefit expenses recorded in the iFECS and CBP/WCMBP databases by $1,656,771.

See accompanying Independent Accountants' Report in Section 2A and schedules in Section 2B.

Appendix

ACRONYMS and ABBREVIATIONS

AID	U.S. Agency for International Development
CARS	Central Accounting Reporting System
CBP	Central Bill Processing System
CFO Act	Chief Financial Officers Act
CNS	Corporation for National and Community Service
COLA	Cost-of-Living Adjustment
COM	U.S. Department of Commerce
CPI-Med	Consumer Price Index for Medical
DOL	U.S. Department of Labor
EDU	U.S. Department of Education
FECA	Federal Employees' Compensation Act
FY	Fiscal Year
GSA	U.S. General Services Administration
iFECS	Integrated Federal Employees' Compensation System
IPAC	Intragovernmental Payment and Collection
NSF	National Science Foundation
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OWCP	Office of Workers' Compensation Programs
PCC	Panama Canal Commission
SMI	Smithsonian Institution
SSN	Social Security Number
TVA	Tennessee Valley Authority
USPS	U.S. Postal Service
WHCA	War Hazards Compensation Act

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