

OTHER ACCOMPANYING INFORMATION

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President's Management Agenda

The President's Management Agenda is designed to promote management improvements throughout the Federal government in the strategic management of human capital, competitive sourcing, improved financial performance, expanded electronic government, and budget and performance integration. The following sections summarize the RRB's progress in these five areas.

Strategic Management of Human Capital

Strategic management of human capital is a primary initiative of the President's Management Agenda. Accordingly, the RRB has focused on several aspects of the human capital standards. Furthermore, we are using the Human Capital Assessment and Accountability Framework as a guide to help us meet the standards. The following are some of the initiatives we have undertaken in this area.

To effectively plan and address the non-technical training and development needs of RRB managers, a contractor was selected to conduct a comprehensive training needs assessment.

In the area of succession planning, we completed a detailed analysis that covered employee eligibility, historical retirement trends, and projections for the future. We concluded that the succession problem is not limited to the executive and top management ranks, but extends to all levels of employment. This requires us to prepare employees in the middle grades to move up into management and to find ways to bring in entry-level employees. However, we realize the impact of limited budget resources on our ability to hire new employees.

In the area of organizational analysis, we completed an analysis in March 2002, that identified opportunities to reduce managerial/supervisory positions/layers and to strengthen front-line positions. In fiscal year 2003, we began implementing our recommendations and reexamining the RRB's structure in light of changes made or new opportunities that may arise. In fiscal year 2004, we will analyze our agency structure again to assess the impact of technological changes and employee movement in order to increase the ratio of employees to supervisors.

In the area of technological improvements, we took a major step during fiscal year 2002 toward introducing automation into the human resources environment. Through the use of Employee Express, a government-wide Internet-based transaction system sponsored by OPM, we streamlined much of the routine paperwork involved with many human resources transactions. We signed a subscription in mid-2002 and completed implementation early fiscal year 2003. This system has improved the service provided to employees by enabling them to complete their personal transactions on-line, in the office or from home.

For fiscal year 2003, the RRB piloted an on-line Virtual University. The Virtual University is available on the Internet for access any time of the day or night, through any agency PC, or any home PC set up to use a virtual area network (VAN). Employees are not required to obtain supervisor's approval while taking courses during non-duty work hours. The Virtual University is provided as an employee benefit and is strictly voluntary. There is no limitation of usage during non-duty hours. At the end of 2003, we made the transition to using GOLEARN.GOV.

The RRB affords participating employees up to 8 hours a month for on-line training activities (or 24 hours a quarter). This recommendation is based on best practice criteria established by the Malcolm Baldrige National Quality Award, which is an annual award to recognize business excellence and quality achievement.

RRB employees participating in the on-line training courses are responsible for identifying, selecting and completing courses to obtain skills and knowledge to enhance current job performance or personal development.

Competitive Sourcing

The component of the President's Management Agenda dealing with competitive sourcing calls for procurement of government services according to the "discipline of competition." The agency already has this basic framework in place, as its Strategic Plan envisions that the RRB "consistently pays the lowest price for products and services commensurate with quality, service, delivery and reliability."

The agency has accomplished this by promoting full and open competition to the maximum extent practical, taking past performance of potential contractors into account and using performance-based contracts. In addition, the RRB has closely managed solicitations and resulting contracts. These efforts include the timely award of contracts, with the resulting timely delivery of good and services, and use of simplified acquisition procedures where appropriate. In the process of meeting these goals, the RRB complies with all statutory requirements, the Federal Acquisition Regulation and related guidance from OMB and GSA.

A significant portion of the emphasis on competitive sourcing in the President's Management Agenda is embodied in recent revisions to OMB Circular A-76 on Performance of Commercial Activities. This initiative builds on the requirements of the Federal Activities Inventory Reform (FAIR) Act of 1998. The FAIR Act requires agencies to identify and publish notice of commercial activities performed by Federal employees. The RRB has satisfied the requirements of that law, filing its annual inventory of commercial activities with OMB and publishing it on the agency web site.

Under the previous version of Circular A-76, the RRB conducted cost comparisons of certain commercial activities in order to determine if another entity (private or governmental) could provide the service at a lesser cost. The agency will continue to follow Circular A-76 criteria in conducting cost comparisons, including any directives concerning the number of positions subject to review. In all likelihood, such comparisons will be conducted using a streamlined procedure contained in the revised circular.

The RRB will also take the necessary steps to participate in the new government-wide Integrated Acquisition Environment (IAE), which also relates to the e-Government component of the President's Management Agenda. The agency already uses the FedBizOpps web site to announce procurement opportunities in an electronic format. Under the new IAE initiative, nearly all government vendors will be listed on a centralized registry, and agencies will need to report procurement activity to a new Federal Procurement Data Center according to the vendor's Dun and Bradstreet identification number. The RRB is also taking steps to comply with other e-Government initiatives that have procurement-related aspects, including consolidation of agency payroll systems (fiscal year 2004) and travel management systems (fiscal year 2006).

Improved Financial Performance

In January 2003, the RRB's OIG issued an unqualified ("clean") opinion on the RRB's 2002 financial statements. In their evaluation of internal controls, the OIG noted two material weaknesses. While RRB management does not agree that there is a material weakness in the overall control environment, significant efforts are underway to correct a material weakness regarding information security training and access controls. In support of the President's initiative to improve financial performance, we have prepared this combined fiscal year 2003 Performance and Accountability Report for submission to the President and the Congress.

The President's Management Agenda also includes a government-wide initiative for improved financial performance through the reduction of improper payments. GAO has identified the systematic measurement of the extent of improper payments as a key step in addressing this problem. The RRB OIG issued a report (Evaluation of the Sufficiency of Existing Data to Estimate the Impact of Improper Payments on the Railroad Retirement Act Benefit Program- Report No. 03-12) that assisted our Office of Programs in developing a methodology for estimating improper payments. Using OMB guidance, M-03-13, for implementing the Improper Payments Information Act of 2002, the Office of Programs concluded the amount of the RRB's estimated improper payments does not meet the OMB definition of significant improper payments. Accordingly, following the OMB guidance, it determined that the RRB does not need to develop or report on additional action plans for reducing improper payments. However, that office has developed in-house action plans to address estimated improper payments involving pending workloads.

Expanded Electronic Government

The RRB is committed to meeting the President's Management Agenda concerning expanded use of the Internet for services to citizens. This agenda item matches our goal to address our customers' needs and expectations, providing them with a range of choices for conducting business, including more Internet options that are private and secure.

In November 2002, the RRB established the agency's first Internet application giving rail employees electronic access, via the agency's web site, to their individual railroad retirement records of service months and compensation. This was the first of many planned Internet services designed to expand access to information and to permit our customers to conduct business transactions with appropriate privacy and security safeguards. The goal of our *Main Line Internet Services* is to provide our customers with the option to conduct their business with the RRB online.

There are many facets to the success of this project. Following are the major components of the project.

- **Established online connectivity to data residing on the RRB mainframe** – In order to provide individualized online services, the RRB first developed the methodologies required to access the agency's mainframe databases from an Internet application. This required research and development in the use of middleware technologies, to provide secure and private access to sensitive information.

- **Established PIN/Password system** – Once the development team was able to access mainframe data, they focused on methodologies for establishing customer identity and security of transactions. With contractor assistance, the team implemented a PIN/Password system to authenticate identity of customers of RRB Internet services. This is used in conjunction with Secure Sockets Layer technology to ensure complete privacy for RRB customers.
- **Established Service and Compensation History application** – The team then established the application giving rail employees electronic access to their individual railroad retirement records of service months and compensation. This required the integration of mainframe data access, identity authentication, and the processing and formatting of individual information. The team also developed a means to ensure that rail employees are able to access only their own information.
- **Established gateway to Internet services** – The team then established a new gateway to the improved services. This required development of new graphics and web design to focus attention on our new interactive services. The team also developed processes to safeguard the application, rejecting users without a proper PIN/Password.

The efforts described above have laid the groundwork for additional services either planned or nearing implementation. Those nearing implementation include the Retirement Planner application, which will provide online retirement annuity estimates; and, RUIAnet, which will provide the ability to file applications and claims for unemployment insurance benefits, and claims for sickness insurance benefits via the Internet.

This application was built on the foundation of the agency web site. The quality of the RRB's web site was documented in a San Francisco State University survey that ranked the RRB's web site 12th out of 148 Federal government web sites studied for excellence, as determined by the quality of their site services, help features, navigation, legitimacy, and accessibility. The RRB earned a total excellence score of 26, out of a possible 55, only 5 points below the highest score of 31. The survey studied Federal web sites between January and April 2002, as part of broader research that analyzes government web sites in comparison to other public sector sites, attempting to improve the quality and the services provided to users through government web sites.

The Employer Reporting System (ERS) was developed to meet the needs of covered rail employers and labor organizations and complies with the Government Paperwork Elimination Act. When completed, the ERS will provide employers the option of using the internet to exchange information with the RRB as well as to simplify and unify the current numerous paper forms. About 20 percent of employers are currently using the web-based Form DC-1, Employer's Quarterly Report of Contributions under the RUIA, which was implemented in March 2002. An additional three forms are nearing implementation. The web-based forms reduce the reporting burden on employers and improve accuracy and timeliness through the use of pre-filled data, unified functions, real-time reconciliation of data, e-mail reminders of reporting requirements, and reports of processing results.

During fiscal year 2005, we plan to complete development of systems that allow railroad employees and spouses to file applications for retirement annuities on-line. We also plan to complete development of interactive applications involving on-line entry of direct deposit and change of address information. Work will also continue on the Employer Reporting System.

During fiscal years 2006 and 2007, we plan to develop interactive applications that would provide the option of filing on-line applications for survivor annuities and lump-sum death benefits. Finally, our plans also provide for the option of submitting certain supporting statements or questionnaires via these interactive applications. Also, work will be completed or nearly completed on the additional phases of ERS.

Budget and Performance Integration

Our annual performance plans have been formatted to show a direct link between expected performance, resources requested, and resources consumed. They describe the planned and actual use of resources at the program activity level in terms of measurable results.

We use performance plans to hold managers accountable for achieving program results and to improve program effectiveness and public accountability by promoting a renewed focus on results, service quality, and customer satisfaction. We also use the plans to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.

Management Control Review Program

The RRB continually evaluates the effectiveness and efficiency of its operations using ongoing assessments and reviews of management controls, internal and external audits, quality control and assurance reviews, program integrity activities and customer satisfaction surveys.

Under the direction of a Management Control Review Committee (MCRC) composed of senior managers from its program, information services, administrative, and financial operations, the RRB has divided these operations functionally into 45 assessable units. The number of assessable units varies from year to year as operations are restructured to accommodate changes precipitated by such factors as new and revised missions, reduced resources, and increased automation.

The mission, key performance indicators, workflow, control objectives and techniques, guidance, automated systems support, impact, and vulnerability of each assessable unit are documented. The RRB maintains and annually updates a 5-year plan for review of the assessable units. The official responsible for each assessable unit prepares an annual assessment of key indicators and open or new issues requiring management's attention. High impact and vulnerable assessable units are scheduled for periodic, in-depth reviews as deemed necessary by the MCRC in consultation with senior management.

During fiscal year 2003, responsible officials performed in-depth reviews of 4 assessable units, assessed all 45, and certified 44. Since passage of the FMFIA in 1982, the RRB has identified 72 material weaknesses and corrected 71. An action plan for elimination of the one open material weakness is being implemented and should result in certification of the assessable unit by September 2004.

Summary of Audit Follow-up Statistics

While the RRB continues to place a high priority on implementing audit recommendations, the number of recommendations pending final action increased in fiscal year 2003. During fiscal year 2003, the number of open audit recommendations increased from 72, as of October 1, 2002, to 96, as of September 30, 2003.

Recommendations on hand: October 1, 2002	72
Recommendations issued: October 1, 2002 – September 30, 2003	<u>59</u>
Total Recommendations:	131
Final Disposition (Completed, closed, rejected):	<u>35</u>
Balance pending final action:	<u>96</u>

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