

# OFFICE OF INSPECTOR GENERAL

## **Audit Report**

Review of the Accuracy of the Financial Interchange as  
Executed for the Year Ended September 30, 2008

This report was prepared by KPMG LLP, under contract to the U.S. Railroad Retirement Board, Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.

*Original Signed by....*

Martin J. Dickman  
Inspector General  
U.S. Railroad Retirement Board

**Report No. 10-10**  
**May 25, 2010**



## **RAILROAD RETIREMENT BOARD**



**KPMG LLP**  
2001 M Street, NW  
Washington, DC 20036

**Independent Accountants' Report  
on Applying Agreed-Upon Procedures**

Office of Inspector General  
U.S. Railroad Retirement Board:

We have performed the procedures enumerated in the attached Exhibit, which were agreed to by the Office of Inspector General (OIG) of the U.S. Railroad Retirement Board (RRB), solely to assist you in reviewing the accuracy of the 57<sup>th</sup> determination of the Financial Interchange (FI) as executed between RRB and the Social Security Administration, and between RRB and the Centers for Medicare and Medicaid Services for the year ended September 30, 2008. RRB's management is responsible for the accuracy of the 57<sup>th</sup> determination of the FI as executed. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the RRB OIG. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Exhibit either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are summarized in the Exhibit.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accuracy of the FI calculation as executed by RRB. 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 RRB OIG and management, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

May 20, 2010

**Agreed Upon Procedures and Findings for the Review of the Accuracy of the the 57<sup>th</sup> Determination of the Financial Interchange as Executed**

**Procedure 1**

Through inspection of electronic and non-electronic media supporting the 57th Determination of the Financial Interchange (FI) Model (the Model), determine whether the statistical methods, approach and methodology utilized by the Bureau of the Actuary are accurately executed.

**Findings**

Through inspection of electronic and non-electronic media supporting the 57th Determination of the FI Model, we determined that the statistical methods, approach and methodology utilized by the Bureau of the Actuary are accurately executed.

**Procedure 2**

Identify the data inputs at each step in the modeling process. Determine if the data inputs are complete and accurate.

**Findings**

We identified the data inputs at each step in the modeling process, including data from the Master Benefits file, the Wage Study file and other data sources.<sup>1</sup> We determined the data inputs to be complete and accurate in the 57<sup>th</sup> Determination FI transfer amounts.

**Procedure 3**

Determine if the Model's design, implementation and execution are documented such that the FI calculation can be replicated by someone who is unfamiliar with the process.

**Findings**

We determined that the Model's design, implementation and execution are not documented such that the FI calculation can be replicated by someone who is unfamiliar with the process.

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<sup>1</sup> The determination of the FI requires an extensive number of primary and intermediate data inputs, and as such, the volume of such data inputs precludes us from including a complete listing in this report.