Accuracy of PREH Data and Controls Over PREH Referrals
Report No. 99-01, October 14, 1998

This report presents the results of an Office of Inspector General (OIG) review of Payment, Rate and Entitlement History (PREH) system referrals and a study to validate the accuracy of PREH data.

Background

The PREH database was designed to be the primary, central source for accurate and complete benefit data. The RRB uses the PREH system to mechanically adjust annuity payments, process mass adjustments, provide financial management, and for quality control. The system stores, updates, and displays award-related and statistical data for future reference, and reflects historical occurrences for entitlement and payment records processed in June 1995 or later.

The RRB initially created PREH by using data from the RRB's Master Benefit File (MBF) and the Checkwriting Integrated Computer Operations (CHICO) system. All MBF records containing known inaccurate and incomplete data at the time of the initial loading of data into the PREH system were marked with a flag for future reference. According to RRB management, less than one percent of the MBF records were flagged at the time of the initial load.

Events such as benefit terminations, address changes, rate changes or other award activities necessitate changes to the PREH record. Extensive edits are designed into PREH processing to help ensure that data is properly recorded. PREH allows users to see the edits which the record fails and to see an explanation of those edits. When some type of award action or change is made to PREH and the action contains some deficient, discrepant, or missing data, a PREH referral is generated. The action is processed but a referral is generated so that the discrepancy can be manually reviewed and corrected.

The PREH referrals are controlled by a Worklist system. Worklist is an on-line inquiry and update system designed to accept and display transaction records. It provides a paperless environment for accumulating referrals. Worklist maintains a detailed history of referrals for each record. On-line instructions are provided in the Retirement Claims Manual for correcting PREH referrals. PREH referrals are assigned based on the expertise needed to correct the error and the source of the error. The Office of Programs, Operations and Assessment & Training personnel are responsible for referrals assigned to the operating units. The Bureau of Information Services, Statistical Services Section (SSS) personnel are responsible for referrals assigned to SSS.

A PREH Correction system is one method used to correct the PREH database. The PREH Correction system allows on-line, real time data modification. On-line help is available through the correction system including descriptions of the information contained in each field of computer data. The Correction system is designed for editing, auditing

and reporting changes initiated through the system. Effective August 1997, the Correction system was made available to the Office of Programs personnel. A mass correction facility is also used to correct the PREH database. The mass correction facility allows correction of systematic errors through a series of actions mainly controlled by SSS. RRB management indicated that where possible, they prefer to use that system to most efficiently correct erroneous data.

This audit took place during the pilot period in which experienced personnel, in the Office of Programs, utilized the correction capability for the first time. Additional Office of Programs personnel have subsequently been given access to the on-line correction system.

The RRB's Strategic Plan for the years 1997 - 2002 includes an objective to optimize accuracy in providing benefits. This is the first objective in meeting a goal of providing excellent customer service. The plan also includes a goal to expand the use of automation. The RRB's Strategic Information Resource Management (IRM) Plan includes objectives to review all agency systems, to provide customer service through access to agency data and to develop an extranet using agency data. This audit addresses the first two key performance areas.

About one million records are updated annually in mass adjustments. In addition, one million records are updated per year in daily updates. The accuracy of the data in the PREH system is crucial to a financial interchange with the Social Security Administration, mass adjustments and a number of automated payment systems that use PREH to automatically enter data into on-line screens.

Scope and Methodology

The objective of this audit was to determine the adequacy of controls in ensuring accuracy and timeliness of handling PREH referrals. The review included a study to validate the accuracy of selected data on the PREH database. The scope of the review included PREH referrals, corrections, and processed activities for the period June 1, 1997 through November 30, 1997.

To accomplish the objective, the OIG:

--reviewed policies and procedures governing PREH referrals;

--reviewed prior Office of Inspector General reports regarding the PREH system;

--Identified and analyzed SSS's internal controls over PREH referrals to determine adequacy and identify potential improvements;

--interviewed Bureau of Information Services and Office of Programs personnel regarding PREH referrals and corrections;

--reviewed a judgmental sample of 68 PREH referrals from the universe of 1,816 PREH referrals for the period June 1, 1997 through November 30, 1997 to compare the PREH referral data to the source data in the claim folder for accuracy and measure the timeliness of completing referrals;

--reviewed 94 randomly selected PREH records from the universe of 44,737 records with current activity during the period June 1, 1997 through November 30, 1997 to compare selected PREH data elements to the source data in the claim folder for accuracy;

--reviewed a judgmental sample of 126 PREH on-line help screens for accuracy and completeness; and

--analyzed seven data elements in the PREH database to identify records, with inaccurate data. In performing this analysis, we relied on data from the RRB's computer system without further verification.

The OIG conducted the audit in accordance with generally accepted government auditing standards. Auditors performed the field work at the RRB headquarters office in Chicago, Illinois from February 1998 through August 1998.

Results of Review

RRB Management stated that the PREH database is adequate for current uses even though this review reflected that the database contains some discrepant data and does not contain all relevant data. The errors and missing data exists even though controls are generally adequate to ensure the timeliness and accuracy of handling PREH referrals. Referrals were closed in an average of 14 days in SSS and 24 days in the Office of Programs. These average times are reasonable since some referrals must wait for further actions to be closed out. In eighty-one percent of the cases sampled, the PREH referrals were handled accurately. The RRB can improve accuracy by verifying compliance with procedures for handling PREH referrals as part of the quality review process.

Accuracy of PREH Data

For 25 of the 94 records sampled, the PREH record reflected some discrepant data. For example the primary insurance amounts, tier 2 amount, service months, date of birth or current connection indicator on PREH were inaccurate or missing. The primary insurance amounts are used to compute various components of an annuity. The PREH data, for the cases sampled, was inaccurate because discrepant data was passed to PREH and procedures to verify the data when an examiner worked the case were not effective. Inaccurate data in PREH reduces the reliability of data for future reference and could result in incorrect benefit payments.

The RRB is aware that the PREH database is missing some data and contains discrepant data. When PREH was first established, agency management decided to enter existing

inaccurate and incomplete Master Benefit File data into the PREH system since less than one percent of the MBF records were identified as potentially having errors. This decision expedited the development of PREH for automated processing. However, there is no consolidated list of the data elements with inaccurate or missing data and no reference to a valid source of data. To strengthen award processing, the RRB designed the payment systems with front-end edits which must be satisfied before awards can be released for authorization and payment. The front end edits in the payment systems help to ensure the accuracy of payments and allows the RRB to meet its customer service goal of optimizing accuracy in providing benefits.

The RRB's IRM Plan identifies future needs and plans that may involve changes to PREH. SSS has begun an effort to identify all users of each data element in PREH, planning to produce documentation which will allow them to further identify and meet user needs. Future development may include replacing other systems and tailoring PREH files to meet users' needs.

Following the plan for PREH, the RRB recently implemented the following procedures to expand the correction capacity so that corrections are handled expeditiously by those who initiate award or adjustment actions:

--provided Office of Programs personnel access to the PREH correction system;

--conducted a training session for new users;

--developed detailed procedures for correcting discrepant PREH data; and

--started reviewing current disability freeze activities to identify and add the disability onset date to the necessary records.

These steps should help improve the accuracy of PREH data. The RRB now needs to review and modify the PREH system so it will effectively and efficiently support future agency needs and strategic goals. RRB personnel have expressed opinions that some data elements should be eliminated, others added, and some modified.

The RRB has limited resources to add missing data and to correct all the inaccurate data in PREH. In fiscal year 1995, the RRB was allocated 1,675 full time equivalent employees (FTE). In fiscal year 1998, the RRB's allocation was reduced to 1,230 FTEs. Current resources are dedicated to higher priority assignments such as the Year 2000 project plan to ensure that mission-critical systems will be year 2000 compliant.

Recommendation

The Bureau of Information Services (BIS) and Office of Programs should review the PREH system design, identify enhancements that will improve accuracy and accommodate

folderless and paperless processing, develop an action plan and identify resources needed to complete the action plan (Recommendation No. 1).

If the RRB does not have the resources needed to implement this recommendation, the Board should consider working with the Office of Management and Budget, to obtain funding. The RRB's prior agreement with the Office of Management and Budget for funding to eliminate the RRB's backlogs of work is an example of how the current situation could be addressed.

Management's Response

The BIS and Office of Programs do not agree that a special review is needed. The Chief Information Officer (CIO) continually reviews all systems to determine future needs and reflect long term requirements in the IRM plan. As issues arise, CIO staff cooperates with the Office of Programs to achieve goals and objectives. See attachments for complete responses.

OIG's Response

The IRM plan does include a request for statistical data analysis tools to support the integrity and accuracy of the RRB's primary databases. However, this plan does not include a timetable for reviewing the PREH system design or correcting inaccurate PREH data. The inaccurate PREH data will limit the agency's ability to use the requested data analysis tools to produce reliable results.

The agency has developed methods to work around the inaccurate and incomplete data in PREH and without a schedule for corrective action, appears willing to live with this situation.

Although the agency is currently meeting customer service goals for payment accuracy, the OIG is concerned that discrepancies in the agency's official record will hamper the agency's ability to improve efficiency and expand automated processing. The recommendations in this report were designed to help improve the accuracy and completeness of data stored in the RRB's official records.

The following sections highlight specific areas with inaccurate data and recommendations for improvement.

Accuracy of Data for Disability Cases

The OIG analyzed the PREH database and identified 1,344 disability records, with disability freeze dates entered between June 1995 and April 1998, that contain inaccurate data.

The database analysis identified disability cases initially paid without a disability freeze determination. A disability freeze is used to preserve an annuitant's earnings record, which can result in an increase in the amount of benefits. Subsequently, a freeze determination was granted and updated primary insurance amounts should have been entered into PREH. In some cases, PREH did not receive this updated data and this could result in an incorrect payment in the future when the disability annuitant attains age 62 and does not receive a vested dual benefit.

As the RRB's primary, central source for accurate and complete benefit data, the PREH database should store primary insurance amounts for mechanical adjustment of annuity payments and for future reference. As the RRB continues to automate annuity processing, in a folderless environment, the PREH database will become the legal record of payment and entitlement data.

The RRB was aware that programming limitations in the Search system cause some primary insurance amounts stored in PREH to be erroneous. To address these problems, the RRB established procedures requiring examiners to verify primary insurance amounts when they review a case. These procedures are not effective.

There are no referrals or edits to alert examiners when primary insurance amounts in PREH may be inaccurate. A PREH referral or edit to identify inaccurate primary insurance amounts would serve as a reminder for examiners to verify this data. Inaccurate primary insurance amounts on PREH could result in incorrect benefit payments. It also adversely impacts the RRB's goals for folderless processing.

Management officials indicated that they could not address the programming limitations at this time. The RRB has limited resources and the Year 2000 programming priorities must be completed before any other programming changes can occur. Reinforcing procedures will help to ensure the integrity of PREH data until the programming limitations can be addressed.

Recommendation

The Office of Programs should request that BIS create a PREH relational edit indicating when primary insurance amounts and disability freeze data are inconsistent (Recommendation No. 2).

Management's Response

The Office of Programs does not concur with this recommendation. They indicated that the underlying issues pointed out by the findings in this report are being addressed in conjunction with the recently completed audit of the accuracy of the Vested Dual Benefit amounts. The Office of Programs believes that it will be more effective to address problems at the front end, as opposed to putting something into the system that is merely the repository of the data.

OIG's Response

Although we recognize that addressing problems at the front end will help to correct current problems, this procedure will not address all the existing problems in the PREH database. An additional edit in the PREH database would help ensure that existing data is identified for correction whenever a case is worked or reviewed.

Missing Disability Onset Date

The OIG analyzed the PREH database and identified 1,854 records, with annuity beginning dates between June 1995 and December 1997, that do not contain disability onset dates.

Under the Railroad Retirement Act, the disability onset date can be used in determining the annuity onset date. It can also be a factor for determining the eligibility year used for calculating various portions of the annuity.

The PREH database was designed to be the primary, central source for accurate and complete benefit data. The disability onset date should be stored in the PREH database for future reference.

The RRB verified that the disability onset date is not automatically entered into PREH when the disability freeze is initially established. Until a programming change is completed, SSS personnel review current disability freeze activities daily to identify and add the disability onset date to the PREH record. The process of manually reviewing and updating data that could be updated mechanically, while inefficient, is necessary at this time.

A programming change to correct this problem has been postponed until the Year 2000 work is completed. This programming change will create automatic entry of the disability onset date into the PREH database for incoming disability cases. However, it will not address the cases currently in the PREH database that do not have a disability onset date.

Recommendation

The Office of Programs should analyze the PREH database to identify and correct records with missing disability onset dates (Recommendation No. 3).

Management's Response

The Office of Programs concurs with this recommendation. Office of Programs and BIS staff will work together to find an expeditious way of updating PREH with these dates. The target completion date is April 1999.

Availability of Current Connection Data

The OIG analyzed the PREH database and identified 26,033 PREH records with both current connection indicators of unknown and a spouse potentially entitled to survivor benefits. A current connection is required for entitlement to survivor benefits under the Railroad Retirement Act. It is also required for eligibility to an occupational disability annuity, supplemental annuity and vested dual benefit, in certain cases.

The current connection indicators in these records are unavailable because the field contains a blank or "unknown" code caused by past processing limitations. As of 1994, processing was changed and PREH records initially processed since 1994 reflect a current connection indicator of either "yes" or "no."

As the RRB's primary central source for accurate and complete benefit data, the PREH record should reflect the correct current connection indicator to allow automatic processing of survivor benefits and to demonstrate that the current connection indicator is consistent with other data in the record such as eligibility to certain benefits.

In 1997, a fully automated system was developed to process initial survivor benefits without manual intervention. However, automated survivor benefit processing cannot occur seamlessly for any claim with an unknown current connection indicator stored in the deceased annuitant's record. A correction must be manually entered into the computer system during processing which interrupts the calculation of the survivor benefit and limits the efficiency of the computer system.

On March 26, 1998 and July 30, 1998, the Office of Programs implemented additional procedures to correct the current connection indicator on PREH. Examiners were instructed to determine current connection status whenever an error was detected. Currently, the PREH correction system is used to correct the current connection indicator. These new procedures will correct the PREH record in cases being worked for other reasons.

Management made the policy decision to correct the current connection indicator in PREH for cases with current activity only, because of limited resources and higher priorities. There are no plans to identify and correct PREH records with no current activity. Although the current connection indicators will not be corrected immediately, the new procedures will help to improve the accuracy of this information over time. Recognizing the agency's budget constraints, the OIG is not recommending further corrective action in this area.

However, improvements can be made in other areas. Although the PREH system has nine update edits that check the consistency of data when a current connection indicator is present, these edits do not detect all of the unknown current connection indicators in the PREH database. A PREH relational edit to identify all unknown current connection indicators would alert examiners whenever the current connection indicator is questionable, help to ensure the accuracy of benefit payments and allow management to monitor the effectiveness of the new procedures.

RRB management has suggested that changes to survivor processing systems could minimize the impact of unknown current connection indicators.

Recommendation

The Office of Programs should conduct a study to explore alternative ways to minimize the impact unknown current connection indicators have on survivor processing (Recommendation No. 4).

Management's Response

The Office of Programs does not concur with this recommendation. The Office of Programs personnel stated that they have analyzed the impact of unknown current connections. They state that they structured processing based on the results. Based on their expectations that the volume was low and that most unknown current connections would bear a "no current connection" decision they decided to refer the cases for manual handling. They believe the decision was valid, as payments are not delayed.

OIG's Response

We recognize the agency's ability to pay benefits timely, however, further analysis could identify methods to allow automatic processing without referring cases for manual handling.

Recommendation

The Office of Programs should request that BIS create a PREH edit which would be produced whenever an activity is updated and the current connection indicator is "unknown" (Recommendation No. 5).

Management's Response

The Office of Programs does not concur with this recommendation. The Office of Programs sees no reason to handle these situations at any other point than when the information is pertinent – at the handling of the survivor application. The findings do not include any information as to the benefit of spending resources in resolving these cases earlier in the process. The way the agency has controls placed, "just-in-time" the agency spends resources on only those records where a determination is needed, not on all 26,000 cases.

OIG's Response

We recognize that the agency has limited resources and has developed methods to work around these inaccuracies in order to meet customer service goals. However, based on the current practices, some records will never be corrected and other records will have to

be corrected in the future, resulting in manual vs. automatic handling. The OIG's position is that all the data included in the RRB's official record is pertinent and should be accurate allowing for automatic processing.

Completeness of Military Service Data

In two of 30 survivor cases sampled, survivor benefits were underpaid a total of $15 per month because military service data was not used in computing the survivor benefit. In one case, the military service data was stored in the PREH database but not used in computing the survivor benefit. In the other case, the military service data was not stored in the PREH database. It was documented in the claim folder but not used in computing the survivor benefit. More of these situations could exist.

Under the Railroad Retirement Act, military service is used in certain situations to increase the amount of retirement and survivor benefits. Military service used in computing retirement benefits is stored in the PREH retirement record. The military service must be entered into the Survivor Payment System (SURPASS) to be considered in the survivor benefit calculations. The military service can be prefilled or manually entered into the survivor computer system.

Although the PREH system was designed to be the primary, central source for accurate and complete benefit data, the PREH database does not include a military service indicator for survivor records. Military service data used by SURPASS to calculate survivor benefits is purged after six months and no record of the military service usage is recorded for future reference. A military service indicator on PREH would allow SSS to develop a PREH edit or referral to identify survivor records with inconsistent or conflicting military service data. It would also improve customer service by ensuring that survivor benefits are accurately computed based on military service.

Recommendations

The Office of Programs should request that BIS:

--program PREH to store an indicator for military service usage in survivor records (Recommendation No. 6), and

--develop processing to create and pass the military service information from SURPASS to the PREH database (Recommendation No. 7).

Management's Response

The Office of Programs agrees that there is a problem with ensuring accurate handling of military service in survivor cases. They do not agree with the specifics of the recommendations. Instead, they proposed the following actions:

The Office of Programs will:

--remind examiners of the importance of looking for this information and review the calculations in a biweekly training session. The Office of Programs will complete this action by November 1998.

--stress the importance of military service consideration when they establish an end-of-line review in the Survivor Initial Section during FY 1999.

--establish a work group which will include representatives of SSS and the Actuary to look at the whole issue in context of the technological changes on the horizon. They expect the group to complete their work and make recommendations by the end of FY 1999.

OIG's Response

The proposed corrective actions should improve the accuracy of survivor cases. The OIG will review the results of the work group to determine if their recommendations address the issue of storing military service usage data for future reference.

Accuracy of Data on the PREH System Help Screens

The PREH on-line help screens do not always provide accurate or complete information. In 15 of 126 on-line help screens sampled, information was either incomplete or inaccurate. Two on-line help screens for military service and supplemental annuity contained inaccurate information. According to RRB management, SSS knew these two screens were inadvertently switched during update. Thirteen on-line help screens did not provide complete information. For example, the help screens for tier one age reduction, tier two gross amount, employee annuity beginning date and social security disability insurance indicator were incomplete.

The PREH on-line help screens were initially created with information from the Master Benefit File (MBF). The MBF was the precursor to PREH. Documentation from the MBF tape records was used to write the on-line help screens in PREH. Since these descriptions were originally intended for user analysts of the MBF system and not the general users of the PREH system, the descriptions for some fields should have been amended at the time of the transition. SSS planned to expand the help screens, as resources became available.

The PREH on-line help screens provide descriptions for each data element. The on-line help screens are supposed to assist examiners in making on-line corrections. The importance of having accurate detailed on-line help is key to examiners entering correct data into PREH via the correction system. If examiners cannot understand the instructions, they could enter the wrong data.

Recommendation

BIS should develop an action plan to review the PREH on-line help screens for accuracy and completeness and make necessary changes (Recommendation No. 8).

Management's Response

The CIO concurred with this recommendation. The CIO will develop an action plan for this proposal by April 30, 1999.

Compliance with Procedures for Resolving PREH Referrals

Controls were not effective to ensure that RRB personnel resolved PREH referrals correctly. For 13 of the 68 cases sampled, RRB personnel did not comply with procedures for resolving PREH referrals. Procedures provide that RRB personnel are to review and complete PREH referrals as soon as possible. In addition, they should address all edits resulting from their action either correcting or referring them to SSS. The PREH referral should be closed out after the discrepant data is corrected.

RRB personnel closed out the 13 PREH referral cases but did not correct discrepant data such as the tier 2 ending date, supplemental annuity data, social security number and relational edits on PREH.

The handling of PREH referrals is not included in the RRB's quality assurance program. Including the handling of PREH referrals in the quality assurance program would allow the RRB to monitor performance and identify areas for improvement. If PREH referrals are not resolved, PREH data will not be reliable for future reference.

Recommendation

BIS should perform a quality review of the handling of PREH referrals to verify SSS's compliance with procedures. (Recommendation No. 9).

Management's Response

The CIO concurred with this recommendation. The CIO will complete a quality review by July 1999.

Recommendation

The Office of Programs should perform a quality review of the handling *o*f PREH referrals to verify the Office of Programs' compliance with procedures. (Recommendation No. 10).

Management's Response

The Office of Programs concurred with this recommendation. The Office of Programs will complete a quality review by July 1999.

EXHIBIT -SAMPLE RESULTS

REVIEW OF PREH DATA

Type	Sample Size	Number of Errors	Percentage of Errors	Discrepant Data
Employee	34	7	21%	PIA 7, 8 & 9 Average Monthly Compensation RRA Maximum Indicator Current Connection Indicator
Spouse	30	7	23%	PIA 7 & 8 Military Service Average Monthly Compensation RRA Maximum Indicator Work Deduction Monitoring Indicator Current Connection Indicator Last Person Employer date
Survivor	30	11	37%	Tier 2 Service Months Date of Birth Eligibility Year Indicator Current Connection Indicator
Total	94	25	27%	

REVIEW OF PREH REFERRALS

Unit	Sample Size	Number of Errors	Percentage of Errors	Discrepant Data
SSS	23	4	17%	Supplemental annuity status and history data Tier 2 ending date Unresolved Relational Edits
PROGRAMS	45	9	20%	Social security number Gross 1959 Earnings Indicator Date of Birth Unresolved Relational Edits
TOTAL	68	13	19%	