

# **RAILROAD RETIREMENT ACT DOCUMENT IMAGING PROCESS: RELIABILITY OF IMAGES FROM SCANNED PAPER DOCUMENTS**

**Audit Report No. 04-02, May 12, 2004**

## **INTRODUCTION**

This report presents the results of the Office of Inspector General's (OIG) review of the reliability of electronic images created through the scanning of Railroad Retirement Act (RRA) documents.

### **Background**

The Railroad Retirement Board's (RRB) mission is to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families. During fiscal year (FY) 2003, the RRB paid approximately \$8.9 billion in railroad retirement and survivor benefits to about 666,000 beneficiaries. The RRB also paid benefits of \$94 million to 37,000 claimants under the Railroad Unemployment and Sickness Insurance Act (RUIA).

The agency's document imaging system produces electronic folders of documents used to support the agency's RRA and RUIA programs. Agency personnel scan paper documents into the imaging system to create electronic documents. Other documents enter the imaging system directly from other RRB computer systems. Document imaging enhances efficiency and effectiveness of operations by increasing the accessibility of the documentary evidence that is required to support benefit payments and claims adjudication. The RRA portion of the system was initially developed in FY 1999 and is scheduled to be fully implemented in FY 2004.

The Office of Programs is responsible for the content and accuracy of the imaging system. The Bureau of Information Services is responsible for maintenance of the system including security, back-up and recovery. A group of officials from the Office of Programs, Bureau of Information Services, Bureau of Law, and OIG have addressed document retention issues to ensure the integrity of imaged records and the proper retention of the paper input documents.

Although the RRA and RUIA processes are separate, they share similar procedures and controls. The same agency personnel process documents for both agency programs using the same equipment. The OIG has performed the following reviews evaluating various aspects of the imaging system:

- Assessed the viability of RRA imaging and the adequacy of the Cost Benefit Analysis (Audit Report No. 99-15, issued August 1999).
- Evaluated the reliability of the RUIA document imaging (Audit Report No. 01-01, November 2000). This review noted several procedural and control deficiencies related to the reliability of the imaged documents, access to the imaging system,

backup and recovery of the imaging system, and retention of the system's paper input documents.

- Monitored the design and implementation of the RRA imaging to ensure that adequate controls were developed and that the RRB was following its system development life cycle policies (Audit Report No. 01-07, June 2001). We determined that most RUIA imaging deficiencies noted in our prior review apply to RRA imaging because the two processes use similar procedures and controls.
- Re-examined the RUIA imaging reliability, as a follow-up review (Audit Report No. 02-09, August 2002). We reported that controls were now adequate to ensure that paper documents were scanned into the system and that the scanned images had been properly indexed to permit future retrieval. However, controls were insufficient to ensure that RUIA images were complete and legible, and that original paper input documents were properly retained and easily retrievable.

The RRB's 2003-2008 strategic plan contains two goals: (1) provide excellent customer service and (2) serve as responsible stewards for RRB customers' trust funds and agency resources. The efficiencies gained through document imaging should help the RRB achieve both of these goals.

### **Objective, Scope and Methodology**

The objectives of this review were to determine whether the:

1. original paper documents are retained in accordance with applicable laws and regulations; and
2. document imaging system contains complete, legible electronic reproductions of the scanned paper documents.

To accomplish these objectives, we reviewed a statistically valid random sample of 300 documents scanned into the RRA portion of the imaging system from October 2002 through June 2003. We also analyzed policies, procedures and internal controls relevant to the discrepancies observed during our sample review.

For purposes of this review, we classified the various errors identified as either "high risk" or "low risk." High risk errors are critical errors affecting case adjudication, management reporting, or the image retrieval (e.g. wrong social security number or name). Low risk errors are any other discrepancies that did not constitute a critical error. Only high risk errors were considered in assessing the need for corrective action.

The OIG plans to examine controls over documents sent from other RRB computer systems to the imaging system in a future audit. A subsequent OIG review will evaluate controls over the completeness of the imaging system.

This audit was conducted in accordance with generally accepted government auditing standards as applicable to the objectives and scope of this review. Fieldwork was conducted at the RRB headquarters in Chicago, Illinois from October 2003 through March 2004.

## **RESULTS OF REVIEW**

Our review of paper documents scanned into the RRA document imaging system indicates that controls are adequate to ensure that the images have been properly indexed to permit future retrieval. However, controls are not adequate to ensure that original paper input documents are properly retained and that the images on the system are complete and legible.

These control weaknesses are similar to the weaknesses brought to management's attention in the OIG's reports on RUIA document imaging. Weaknesses persist because the agency has not properly implemented quality control procedures designed to address these areas. In addition, agency procedures have not been adequately updated to reflect the change from paper files to imaged records.

The details of our findings and recommendations follow.

### **Document Retention**

Agency personnel do not always file RRA paper input documents in the proper location. In our sample of 300 documents, we were unable to locate two paper input documents. We also found eight documents with proposed seven year retentions misfiled with documents proposed for destruction after 120 days. In addition to the documents specifically in our sample, we found several other long-term paper documents attached to short-term retention batches. The misfiled documents were all clearly listed as seven year documents in the agency's procedures.

The RRB has submitted a Request for Records Disposition Authority to the National Archives and Records Administration (NARA). The request proposes that certain documents and any attached correspondence should be destroyed seven years after the close of the fiscal year that the documents were entered into the system. All other documents will be destroyed 120 days after they are entered into the imaging system. Per Federal regulations, the RRB cannot destroy any RRA input documents until NARA approves the Disposition Authority.

The Office of Programs has designed several quality control procedures for the document imaging system. One procedure consists of a periodic random sampling of input documents in which the reviewer checks the documents against a published document retention list to determine if documents are attached to the proper batches. Another procedure includes a monthly image to paper review to determine if the input documents are attached to the proper batch and filed in the proper location. In addition,

staff are to perform a weekly 10% random sample of scanned documents to determine if batches are filed in the proper location based on scan date and retention period.

The agency is misfiling certain documents because the individuals sending documents to be scanned have not been adequately trained on which documents require long-term retention. The individuals sending documents appear to be systematically attaching some long-term documents to short-term batches. For example, our sample included seven "Employee Certifications," a long-term document, that were incorrectly attached to short-term batches. Moreover, we found several other "Employee Certifications" that were not part of our sample in short-term batches.

The Office of Programs did not detect misfiling because their staff has not adequately conducted the required quality assurance reviews. Management acknowledged that they did not perform the periodic comparison of input documents to published retention schedules or the monthly image to paper review during our sample period. They could not provide the OIG with documentation for any quality assurance reviews performed during our sample period. Thus, we cannot confirm that the reviews were performed adequately. Once we questioned management about quality assurance, they advised that the reviews had been reinstated as of February 26, 2004.

Management also informed the OIG that, prior to destruction, each batch of documents will be examined to prevent the improper destruction of documents that should have been retained. The agency has not performed this final review because the RRB cannot destroy any RRA imaging documents until NARA approves the proposed retention. However, the agency's written procedures do not mention this review. In addition, the agency has sent documents to the Federal Records Center, an off-site storage facility, without performing a final review.

Federal regulation prohibits removal or destruction of any record in Federal custody unless provided for in an approved disposition authority.<sup>1</sup> Each agency head is required to establish safeguards against the loss of records.<sup>2</sup> The RRB will be in violation of Federal regulations if it destroys documents prior to their designated retention period. Forensic evidence will also be lost if these documents are improperly destroyed.

### Recommendations

The OIG recommends that the Office of Programs

1. Provide additional training for all individuals who batch documents or who have the authority to send documents for scanning.
2. Perform and document the Office of Programs' required quality assurance reviews related to retention of paper documents.

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<sup>1</sup> 36 CFR §1228.100

<sup>2</sup> 44 U.S.C. §3105

3. Review all RRA documents filed in short-term batches scanned prior to March 2004 and move all identified long-term documents to the appropriate location.
4. Document a procedure for RRA documents scanned after February 2004 to review short-term documents prior to destruction or off-site storage.

### Management's Response

The Office of Programs concurs with all four recommendations. On March 15, 2004, they provided training to individuals with responsibility for batching and sending documents for scanning. They restarted the required quality assurance reviews on February 26, 2004 and will provide the OIG with documentation by June 15, 2004. They will complete a review of short-term batches scanned prior to March 2004 and will re-file applicable documents to long-term by May 28, 2004 for the documents that are still on site. All documents previously sent off-site will be designated as long-term batches, which eliminates the need for the review. In addition, the Office of Programs documented the recommended procedure for short-term documents scanned after February 2004.

A complete copy of the Office of Programs' response is included in Appendix I of this report.

### **Quality Controls over Completeness and Legibility**

The RRA electronic documents on the imaging system are not always complete or legible. In our statistical sample of 298 records we found six documents that did not contain all pages of the original paper-input documents.<sup>3</sup> The missing pages contained date stamps that were on the paper but not the imaged document. We also found two imaged documents with illegible date stamps used by the agency for tracking timeliness for customer service purposes.

Federal regulations require the preservation of complete records.<sup>4</sup> Because the RRB uses the imaging system as the record copy, the documents on the imaging system must contain all the information on the input documents. A document may be comprised of multiple pages, with information on both the front and back.

The missing and illegible date stamps had not been detected by the Office of Programs because they had not performed their quality assurance reviews. Office of Programs procedures require a weekly random review of scanned batches to ensure that all scanned images are legible and complete. The procedures stress that the agency should image both sides of all pages of paper documents, including all document pages

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<sup>3</sup> The OIG selected 300 sample items but could not locate two of the paper input documents. The OIG chose not to replace these two items because the missing documents would not have skewed the sample results.

<sup>4</sup> 36 CFR §1222.50

with date stamps. The procedures also require an Office of Programs supervisor to perform a similar quality assurance review every month using random samples of scanned documents. The Office of Programs did not perform these reviews during our sample period.

Missing information can lead to faulty adjudicative decisions. It may be difficult to use records from the imaging system as evidence in a court of law because of reliability and completeness deficiencies. In addition, the agency cannot accurately assess timeliness of processing if date stamps are not scanned.

#### Recommendation:

The OIG recommends that the Office of Programs

5. Perform and document the quality assurance reviews contained in Office of Programs procedures related to legibility and completeness.

#### Management's Response

The Office of Programs agreed with the recommendation. They have re-started the quality assurance reviews and will provide documentation by June 15, 2004. A complete copy of the response is included in Appendix I.

#### **Inadequate Guidance for Image Records**

Agency procedures do not contain adequate guidance on what constitutes a complete record on the imaging system. In our review of a random sample of 298 documents, the OIG found six documents with several pages of supporting materials that were not part of the imaged record. They were documents used for transferring jurisdiction of certain survivor benefits to the Social Security Administration (SSA transfers). The materials consisted of printouts of information from other RRB computer systems. The OIG initially believed that the imaged records for these six documents were incomplete, but RRB management disagreed and advised that they implemented a policy to exclude screen prints from the imaged record. They instructed staff not to image this information because it is available on the other RRB computer systems. The OIG confirmed that, for the six documents, the information is available from other computerized sources. The RRB's Records Officer and the OIG agree that screen prints with redundant information do not have to be included in the imaged record.

The OIG could not find adequate guidance on what items should be included in the imaged record. RRB management provided us with several memoranda that were issued to staff, but they contained conflicting guidance and are not part of the agency's official procedures. Management also directed us to the official procedures for authorizing benefit awards. While these procedures provide some guidance on screen prints, the procedures:

- make no reference to document imaging;
- contain no statement that material required for benefit authorization needs to be part of the imaged records;
- provide no instructions on how to include the material in the imaged records; and
- contain no instructions on the proper handling and eventual disposal of the materials that are not part of the imaged record.

In addition, the agency's official procedures for processing adjudicative actions without the annuitant's paper claim folder (folderless processing) have not been updated to reflect the existence of the document imaging system. The procedures provide guidance on what materials should be matched to the claim folder, but the guidance has not been updated to reflect the proper disposition of these materials now that the agency has stopped using claim folders for most activities.

Federal regulations require agencies to establish and implement procedures for maintaining record and non-record material separately.<sup>5</sup> The RRB has sent a proposed retention schedule to NARA. The proposed schedule includes a description of the records that will be maintained on the imaging system. These records include "applications for benefits, evidence of entitlement; the RRB's decisions and awards and underlying computations; changes in benefit status, including suspension and termination of benefits; and related correspondence, word processing records and E-mails."

The RRB maintains its official written procedures on its online Procedures, References, and Information Source Material (PRISM) system. The agency has not adequately updated the procedures on PRISM to include document imaging. The agency has primarily relied on memoranda to inform staff about procedural changes related to imaging.

The inadequate and outdated procedures increase the risk of the imaging system containing incomplete records and violating Federal laws and regulations on document retention. In particular, there is a risk that the folderless processing materials may contain record documents that the agency should either have imaged or put in the claims folder.

#### Recommendations:

The OIG recommends that the Office of Programs, in conjunction with the RRB's Records Officer,

6. Update official agency procedures on PRISM to include guidance on the documentation that is required for inclusion on the imaging system and the proper disposition for materials that are not needed for the imaged record.

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<sup>5</sup> 36 CFR §1222.50

7. Review a sample of the materials used in the folderless processing of SSA transfers to evaluate compliance with retention regulations. The review should cover transfers processed from March 2001, the date the agency started imaging these documents, until implementation of the revised procedures.

#### Management's Response

The Office of Programs agreed with both recommendations. They will complete procedure and guidance, in conjunction with the RRB's Records Officer, by December 31, 2004. They will also review a sample of documents used in folderless processing of SSA transfers and will set a target date for this review after completing the procedures and guidance.

The Bureau of Information Systems, which employs the RRB's Records Officer, had no comments on the recommendations. Complete copies of responses from the Office of Programs and Bureau of Information Services are included in Appendix I and II, respectively.





UNITED STATES GOVERNMENT

# MEMORANDUM

FORM G-115f (1-92)  
RAILROAD RETIREMENT BOARD

MAY 07 2004

**TO:** Henrietta Shaw  
Assistant Inspector General, Audit

**FROM:** for Catherine A. Leyser *Georgianna Cobb*  
Director of Assessment and Training

**THROUGH:** Dorothy Isherwood *D. Isherwood*  
Director of Programs

**SUBJECT:** Draft Report- RRB's Railroad Retirement Act Document Imaging Process:  
Reliability of Images from Scanned Paper Documents

## Response to the Draft Report

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**General  
comments**

We have read the draft report and concur with the findings and recommendations. We wish to express our appreciation of your staff's efforts in the development of this report and their responsiveness to our concerns in the discussion phase. The attachment addresses the specifics of the seven recommendations presented in the report.

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**Attachment**

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**Copies**

Director of Operations  
Director of Retirement Benefits  
Acting Director of Survivor Benefits  
Chief of Program Support Division  
Director of Policy and Systems  
Chief of Record Analysis and Systems  
Chief of Systems & Technology Development Section  
Records Officer, Information Resources Management Center  
Chief, Program Evaluation, Ret/Sur/Tax/Medicare

# Response to the Recommendations

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**Recommendation**

1

The OIG recommends that the Office of Programs:

Provide additional training for individuals who batch documents for scanning. All individuals with the authority to send documents for scanning should receive this training (Recommendation #1).

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**OP Response**

We concur. The training was given on March 15, 2004.

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**Recommendation**

2

The OIG recommends that the Office of Programs:

Perform and document the Office of Programs' required quality assurance reviews related to retention of paper documents (Recommendation #2).

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**OP Response**

We concur. The reviews have been restarted as of February 26, 2004. We will provide documentation of these reviews by June 15, 2004.

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**Recommendation**

3

The OIG recommends that the Office of Programs:

Review all RRA documents filed in short-term batches scanned prior to March 2004 and move all identified long-term documents to the appropriate location (Recommendation #3).

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## Response to the Recommendations, Continued

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**OP Response** We agree. The RRA documents scanned prior to March 2004 fall into several groups. We will treat each group as follows:

<b>Those scanned between:</b>	<b>Location</b>	<b>Action</b>
February 2000 through December 2001:	At the Federal Records Center	When the retention schedule is finalized, these records will be designated for long-term storage (despite currently being labeled for short-term) and then there will be no reason to review them.
January 2002 through March 2004	RRB headquarters	These boxes are being reviewed, and those long-term documents which are erroneously filed with the short-term material will be re-filed with the long-term material. This review will be completed by May 28, 2004.

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**Recommendation** The OIG recommends that the Office of Programs:

4

Document a procedure for RRA documents scanned after February 2004 to review short-term documents prior to destruction or off-site storage (Recommendation # 4).

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**OP Response** We agree. The procedure has been issued. Your office was provided documentation on March 26, 2004. We have been informed by your staff that this documentation is acceptable and the recommendation is closed.

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## Response to the Recommendations, Continued

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**Recommendation 5** The OIG recommends that the Office of Programs perform and document the quality assurance reviews contained in Office of Programs procedures related to legibility and completeness (Recommendation # 5).

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**OP Response** We agree. The reviews are now being completed. We will provide documentation of these reviews by June 15, 2004.

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**Recommendation 6** The OIG recommends that the Office of Programs, in conjunction with the RRB's Records Officer:

Update official agency procedures on PRISM to include guidance on what documentation is required for inclusion on the imaging system and the proper disposition of materials not needed for the imaged record (Recommendation #6);

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**OP Response** We agree. We will have the procedures and guidance completed by December 31, 2004.

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**Recommendation 7** The OIG recommends that the Office of Programs, in conjunction with the RRB's Records Officer:

Review a sample of the materials used in the folderless processing of SSA transfers to evaluate compliance with retention regulations. The review should cover transfers processed from March 2001, the date the agency started imaging these documents, until implementation of the revised procedures.

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**OP Response** We agree. We will review a sample of this material for conformance to the guidance being developed in response to recommendation #6. The target date for completion will be set within 2 months of when the guidance has been finalized.

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Reid, Wendell

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**From:** Shaw, Henrietta  
**Sent:** Thursday, April 29, 2004 11:43 AM  
**To:** Reid, Wendell; Halbe, Ed  
**Subject:** FW: Draft Report - Reliability of Images Scanned

FYI

*Henrietta B. Shaw*

-----Original Message-----

**From:** Zoll, Ken  
**Sent:** Thursday, April 29, 2004 10:40 AM  
**To:** Shaw, Henrietta  
**Cc:** Isherwood, Dorothy; Schmiedeknecht, Margaret  
**Subject:** Draft Report - Reliability of Images Scanned

In response to your memo of April 23, 2004 requesting comments, this is to advise that BIS has no comments to offer.