

**Audit of the DAISY/CHICO Component Application of the
RRA Benefit Payment Major Application System
Audit Report No. 07-02, March 9, 2007**

INTRODUCTION

This report presents the results of the Office of Inspector General's (OIG) audit of the Daily Activity Input System/Checkwriting Integrated Computer Operation (DAISY/CHICO) system which is used to process payments issued under the Railroad Retirement Act (RRA).

Background

The Railroad Retirement Board (RRB) administers the retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the RRA and the Railroad Unemployment Insurance Act. These programs provide income protection during old age and in the event of disability, death, temporary unemployment or sickness. The RRB paid over \$9.5 billion in benefits during fiscal year 2006.

The RRB's information system environment consists of two general support systems and six major application systems. In accordance with standards and guidance promulgated by the National Institute of Standards and Technology (NIST), the RRB has designated each of these systems as "moderate impact." A moderate impact system has been defined as a system in which the loss of confidentiality, integrity, or availability could be expected to have a serious adverse effect on organizational operations, organizational assets, or individuals.

The various systems that support benefit adjudication and payment under the RRA comprise one of the RRB's six major application systems. This major application system includes component applications for information input, benefit calculation, initial award and adjustment processing, tax accounting, accounts receivable, mass benefit adjustments, recurring payment processing, and records maintenance. The various component systems have similar characteristics and security requirements.

DAISY/CHICO is the component of the RRA benefit payment major application system that processes payments initiated in other RRB automated systems. DAISY/CHICO receives data input from these other systems, processes it and creates electronic output files. These output files update other RRB automated systems with payment information, including the CHICO Master File which supports the payment of recurring RRA annuities. DAISY/CHICO also processes certain other transactions related to maintaining the benefit payment rolls, such as changes of address and changes in entitlement status.

The U.S. Department of the Treasury (Treasury) issues payments on behalf of the RRB. DAISY/CHICO produces the electronic data file that transmits detailed payment

instructions to Treasury. Prior to release of payment, the RRB must formally authorize Treasury to issue the payments through a separate process known as certification.

DAISY/CHICO performs data edits that may cause individual transactions to be rejected or referred. Rejected transactions are not processed to completion and require manual handling. Referred transactions are generated when data edits disclose discrepancies which are not severe enough to cause the system to reject the transaction such as those that do not impact the current benefit payment amount. Referred transactions are processed to completion but are flagged for further review.

Benefit payment award calculations may be made as much as several days prior to DAISY/CHICO processing, depending upon the input system in which the calculation originates. Additionally, a benefit payment input system may pass more than one data file to DAISY/CHICO in a single processing run. A single DAISY/CHICO processing run may also release more than one data file to Treasury for payment. Changes in processing occur throughout the month, most commonly in the days leading up to and immediately following payment of the recurring monthly annuities. Each month, the Office of Programs prepares an operations calendar showing the various changes in processing. This calendar is used by the Bureau of Information Services to identify the appropriate processing runs.

This audit was conducted pursuant to the E-Government Act of 2002 (P.L. 107-347), Title III, the Federal Information Security Management Act of 2002 (FISMA), which mandates that agencies develop, document, and implement an agency wide information security program. The OIG has the responsibility of evaluating the information security at the RRB.

Objective, Scope and Methodology

The objective of this audit was to determine whether application controls in the DAISY/CHICO system are operating as designed, and meet the requirements established by FISMA. Application controls consist of those pertaining to the input, processing, and the output of data.

To accomplish our objective, we:

- obtained and reviewed the RRB's policies, procedures, and practices pertaining to the application controls in the DAISY/CHICO component system;
- identified and assessed the design of DAISY/CHICO input, processing and output controls;
- performed sampling and non-sampling tests of transactions; and
- interviewed responsible management and staff.

Our tests of transactions included detailed examination of input data and the resulting payment output from system activity between February 17 and March 2, 2006.

- We traced samples of data input from four benefit payment systems, through DAISY/CHICO, to the resulting output data files and systems, to ensure the completeness of DAISY/CHICO processing.¹ The details of our sampling methodology and results are presented in Appendix II.
- We reviewed all rejected and referred payments, changes of address, suspensions/terminations, and miscellaneous non-payment changes to the CHICO master record for a two week period. We verified whether the transaction had been appropriately controlled, corrected, and reprocessed. The details of our sampling methodology and results are presented in Appendix III.
- We verified the accuracy and completeness of payment certifications sent to Treasury for DAISY/CHICO processing for a two week period, including 11 DAISY/CHICO certifications for processing that occurred in the days leading up to, including, and immediately following, the March 2006 payment of recurring annuities.

Our primary sources of criteria for this audit were definitions and requirements published by the Office of Management and Budget (OMB), NIST, and internal control standards established by the Government Accountability Office (GAO).

OMB defines information systems as “a discrete set of information resources organized for the collection, processing, maintenance, transmission, and dissemination of information, in accordance with defined procedures, whether automated or manual.”²

FISMA establishes program management and evaluation requirements, as well as minimum information security requirements, or controls, to be implemented by Federal agencies. In accordance with FISMA, NIST Federal Information Processing Standards Publication 200 establishes the NIST Special Publication (SP) 800-53 as the “Minimum Security Requirements for Federal Information and Information Systems.”³ These requirements include system and information integrity controls such as input accuracy, completeness and validity, error handling, and output handling and retention.

Our work was performed in accordance with generally accepted government auditing standards as applicable to the objective. Fieldwork was conducted at RRB headquarters in Chicago, Illinois during January 2006 through November 2006.

¹ A glossary of systems considered in this audit is included as Appendix I.

² OMB Circular A-130, “Management of Federal Information Resources,” November 28, 2000.

³ NIST SP 800-53, “Recommended Security Controls for Federal Information Systems,” February 2005.

RESULTS OF REVIEW

Application controls over the input of data to the DAISY/CHICO system and processing of data by that system are operating as designed, and meet the requirements established by FISMA. However, output controls do not meet the requirements of FISMA and need to be improved. Our review disclosed weaknesses in output controls over rejected transactions and identified a class of transactions for which the output records do not create adequate transaction history. During our review, we also noted that published payment certification procedures are outdated.

The details of our findings and recommendations follow. Management has agreed to take the recommended corrective actions, with a proposed alternate solution for Recommendation 1. The full text of the Office of Programs' response is included in this report as Appendix IV.

Controls Over Some Rejected Transactions Need Improvement

Application controls over rejected transactions are not effective in ensuring system and information integrity. Our review of rejected transactions showed that, in some situations, DAISY/CHICO produced discrepant output records, and rejected transactions requiring manual handling were not always correctly processed.

NIST standards require that security controls for system and information integrity address the handling and retention of system output.⁴ These standards require that the output from information systems be handled and retained in accordance with organizational policy and operational requirements, and that error conditions be identified and handled expeditiously. Good business practice and effective application controls include the verification of output for accuracy and completeness, and the reporting and controlling of errors to ensure appropriate correction.

Discrepant Output Records

Our review of 55 rejected daily award transactions disclosed three awards for which the results of DAISY/CHICO processing was incorrectly recorded in other systems that maintain information to support benefit adjudication.

In each of the three questioned cases, DAISY/CHICO received two payment actions from two different feeder systems. DAISY/CHICO paid one award, and rejected the other as a duplicate. However, other components of the RRA benefit payment major application system that report the results of DAISY/CHICO processing inconsistently identify the source of the award action.⁵

⁴ NIST SP 800-53, "Recommended Security Controls for Federal Information Systems," February 2005.

⁵ The two feeder systems are ROC and RASI, and the resulting output systems are DATAQ and PREH. See Appendix I for the full name and description of these systems.

Because the system update process is automated, further technical examination of the responsible mainframe computer programs involved will be required to determine the cause of these errors.

As a result, the DATAQ system, which is sometimes described as a “snapshot” of DAISY/CHICO payment activity, contradicts the DAISY/CHICO award and reject listing. In addition, the two systems that received the DAISY/CHICO output contradict each other. The contradictory records give the false impression that more than one payment was issued.⁶

Rejected Transactions Not Processed to Completion

Our review of transactions rejected by DAISY/CHICO disclosed that the Office of Programs does not provide adequate follow-up to ensure that such transactions are processed to completion.

Our review of 133 address changes that were rejected during DAISY/CHICO processing disclosed 32 for which required agency action had not been completed, leaving the old address in the system. We also reviewed six miscellaneous changes to the DAISY/CHICO master record that were rejected during processing and identified two cases that had not been properly corrected. In one case, the annuitant record continued to show an incorrect social security number and, in the other, incorrect annuity entitlement data.

When DAISY/CHICO is unable to process a change as input, the transaction is identified on a reject listing. The Office of Programs distributes the reject listing to its personnel in headquarters and the field service. Personnel that initiate changes are expected to monitor the list, identify rejected transactions that originated with them, and take action to ensure complete processing.

Existing procedures for handling rejected changes of address and other miscellaneous corrections are not fully effective because the Office of Programs does not monitor the disposition of transactions that appear on the change of address and master record change reject listings. In addition, the electronic listing of rejected changes of address, available for review on the RRB’s intranet, is periodically cleared of older items, whether they have been corrected or not.

As a result of weak controls over the handling of rejected transactions, the agency is vulnerable to errors caused by reliance on incorrect data. For example, errors in annuitant address records could result in the release of correspondence or checks to a wrong address, delaying communication or exposing the agency to loss.

⁶ We reviewed the file certified to Treasury for payment, and confirmed that only a single payment was issued.

Other Inconsistent Records

Our review of rejected transactions also included comparison of the corrected data in the DAISY/CHICO master record with the same information in other agency systems. We identified a case in which the date of birth in DAISY/CHICO did not agree with the date of birth in the system that supports Medicare processing. The Office of Programs does not currently have a procedure to identify such discrepancies and refer them for manual correction.

Recommendations

We recommend that the Office of Programs:

1. work with the Bureau of Information Services to identify and correct the cause of the discrepant output records of the kind identified by this audit;
2. use one of the existing automated work scheduling systems to control for the correction of rejected changes of address and master record changes; and
3. develop procedures to identify and refer for correction date of birth discrepancies of the kind identified by this audit.

Management's Response

The Office of Programs concurs with the recommendations, but has proposed an alternate solution for Recommendation 1. They have advised that one of the feeder systems involved is scheduled for obsolescence, and therefore, have agreed to implement additional procedures and training instead of considering program changes. The Office of Programs has also agreed to expand the use of one of the existing automated work scheduling systems, and to develop procedures for the identification and correction of date of birth discrepancies.

Medicare Reimbursement Transactions

The RRB does not maintain adequate records of one-time cash refunds of Medicare premiums.

GAO standards for internal control in the Federal government require that all transactions and other significant events be clearly documented, and the documentation should be readily available for examination.⁷ Such documentation should be complete, accurate, and facilitate tracing the transaction or event and related information from authorization and initiation, through its processing, to completion.⁸ NIST standards specifically require that security controls ensure that system output is handled and

⁷ "Standards for Internal Control in the Federal Government," GAO/AIMD-00-21.3.1 (11/99), page 15.

⁸ "Internal Control Management and Evaluation Tool," GAO-01-1008G (8/01), page 43.

retained in accordance with organizational policy and operational requirements.⁹ Procedures published in the RRB's Retirement Claims Manual state that the PREH database is to be updated daily for entitlement and rate information, including Medicare premium adjustments, for RRB beneficiaries.

Our review disclosed 18 refunds of Medicare premiums that had not been recorded in any electronic history system.¹⁰ The questioned transactions were reimbursements to beneficiaries who had paid premiums which had also been paid by their state's Medicare premium buy-in program.

Upon further inquiry, we were advised that information about this type of refund was deliberately excluded from the automated systems that support general claims processing and Medicare premium collection.¹¹ Although these refunds are included in the electronic audit file for the system where the refund transaction originates, that file is insufficiently detailed to distinguish Medicare premium refunds from other one-time payments.¹² In addition, the audit file of a feeder system is not an adequate substitute for a true record of processed DAISY/CHICO output.

As a result, a comprehensive review of Medicare refund payments would require examination of multiple sources such as electronic audit files, imaged documents, award and reject listings, and a payment support system maintained by Treasury.¹³ Such a cumbersome manual process does not meet either GAO or NIST standards.

Recommendation

4. We recommend that the Office of Programs request programming changes as necessary to ensure that refunds of Medicare premiums are stored in an electronic payment history system which can be easily accessed for subsequent review or analysis.

Management's Response

The Office of Programs concurs with the recommendation and will develop a database to maintain Medicare premium collections and refunds.

⁹ NIST SP 800-53, "Recommended Security Controls for Federal Information Systems," February 2005.

¹⁰ The refunds identified during our audit were initiated through the SURPASS system as one-payment-only awards which are subsequently passed to the DAISY/CHICO system for payment. See Appendix I for the full name and description of this system.

¹¹ Such as the PREH, MIRTEL, or MOLI systems. See Appendix I for the full name and description of these systems.

¹² The audit file refers to a record of transactions processed by the SURPASS system.

¹³ The SURPASS audit file, imaged SURPASS documentation, DAISY/CHICO award and reject listings, and the Treasury PACER system. See Appendix I for the full name and description of these systems.

Payment Certification Procedures Are Out of Date

Payment certification procedures published in the RRB's Retirement Claims Manual are outdated and do not reflect current practice.

GAO standards for internal control in the Federal government require that controls, including policies and procedures, be clearly documented and that documentation be properly managed and maintained.¹⁴ NIST standards require organizations to develop, disseminate, and periodically review and update formal documented procedures to facilitate the implementation of the system and information integrity policies and controls.¹⁵

The Treasury issues payments on behalf of the RRB through a process in which the RRB "certifies" that payment should be made. Sections of the Retirement Claims Manual describing procedures for the certification of payments to Treasury have not been updated since 2003. During our review, we noted that existing procedures refer to an obsolete system which was replaced in 2004.¹⁶ Office of Programs' personnel responsible for certification of payments to Treasury told us they rely solely on the instructional packets they received when training was provided for the replacement system.

Inadequate and outdated procedures increase the risk that transactions will not be processed consistently or accurately.

Recommendation

5. We recommend that the Office of Programs review and revise published procedures for the certification of payments to Treasury.

Management's Response

The Office of Programs concurs with the recommendation and has agreed to revise the procedures for the certification of payments to Treasury.

¹⁴ "Standards for Internal Control in the Federal Government," GAO/AIMD-00-21.3.1 (11/99), page 15.

¹⁵ NIST SP 800-53, "Recommended Security Controls for Federal Information Systems," February 2005.

¹⁶ Electronic Certification System was replaced by Secure Payment System in 2004.

Glossary of Systems

ASTRO - Automated System to Recover Overpayments -- A system designed to monitor the various phases in the overpayment recovery process and to initiate suspension or award actions at the proper time in order to begin or conclude recovery.

CHICO - Checkwriting Integrated Computer Operation -- The benefit payments check writing operation. CHICO screens all awards and suspension/termination actions against the master benefit payment file and updates the master file with the new transactions.

DAISY - Daily Activity Input System -- The system that produces a record of all award activity involving the payment of benefits. DAISY edits all award records to ensure completeness and balances individual voucher batches. DAISY's output becomes the input of the CHICO program.

DAISY COA REJECTS -- An electronic report of rejected change of address transactions. Field offices are responsible for reviewing the report each day and preparing corrected transactions, as necessary.

DATAQ - Data Query -- An on-line system that allows access to selected data in the CHICO file.

IMAGING System -- A system used to store electronic images of documents obtained/created during processing. Documents include correspondence from annuitants and electronic output such as awards, award letters, and rejects from the daily payment processing system.

MIRTEL - Medicare Information Recorded, Transmitted, Edited and Logged -- A system that records and maintains health insurance information for all eligible aged and disabled beneficiaries regardless of enrollment or annuity status.

MOLI - MIRTEL On-Line Inquiry -- An on-line system that allows access to selected data in the MIRTEL file.

PACER - Payments Accounting Claims Enhancements Reconciliation -- A U.S. Department of the Treasury System which allows users to query information, create claims, and request digital images of negotiated checks of all payments issued by their agency.

PARS - Program Accounts Receivable System -- A system which contains an accounts receivable record for every overpaid annuitant under the Railroad Retirement Act. PARS provides for the automation of tracking and maintenance of accounts receivable originating from benefit overpayments.

PAYBACK - On Line Cancelled Payment Data -- A system which provides on-line viewing access of cancelled checks and returned direct deposit/electronic funds transfer payments.

PREH - Payment, Rate, and Entitlement History -- A system which contains entitlement and historical rate information for employee, spouse and survivor railroad annuitants.

RASI - Retirement Adjudication System-Initial -- A system which adjudicates, calculates and awards initial employee and/or spouse annuities.

RESCUE – Recalculate for Service and Compensation Updated to EDM --A system developed to automate annuity adjustments in response to changes in railroad service, railroad compensation, or social security wages posted to the Employment Data Maintenance (EDM) database, and Separation Allowance Lump Sum Annuity (SALSA) payments in response to changes made in the separation payments master records.

REQUEST - RASI Examiner Query Using Electronic System Terminals -- A system which allows on-line access to selected data in the RASI file.

ROC - Retirement On-Line Calculations -- An on-line system for calculating and paying retirement awards.

STAR - System of Tracking and Reporting -- A work management system used to assign and control work. STAR tracks a case from receipt until completion.

SURPASS - Survivor Payments System -- An on-line system for calculating and paying survivor awards. Retirement annuities due but unpaid at the time of death, and one-payment-only awards for the reimbursement of Medicare premiums are also paid through SURPASS.

TAS - Taxation Accounting System -- A database used to account for all payments to, and recoveries from, each beneficiary for tax reporting purposes.

WEB CONNECTOR -- The browser that allows for viewing of documents that are in the Imaging System.

WORKDESK -- An electronic workflow system that is used to manage, assign, control and view documents that are in the Imaging System.

WORKLIST -- An inquiry and update system which is designed to accept and display transaction records from numerous systems used at the RRB. These transactions may be notices of rejects, requests for additional information, situations needing investigation, or any category of work requiring action.

SAMPLING METHODOLOGY AND RESULTS

Completeness of Processing

We used a combination of statistical sampling and 100% review to evaluate the effectiveness of controls in ensuring the completeness of Daily Activity Input System/Checkwriting Integrated Computer Operation (DAISY/CHICO) processing.

Audit Objective

The objective of our test was to determine whether existing controls are effective in ensuring the completeness of DAISY/CHICO processing.

DAISY/CHICO processes payments as well as non-payment corrections such as changes of address. We consider processing complete if all transactions input to DAISY/CHICO are fully processed so that:

- payments are properly certified to Treasury and issued;
- other RRB systems are updated to reflect the results of payment processing according to system design;
- non-payment record corrections correctly update other RRB systems; and
- rejected transactions are properly identified.

Scope

We selected transactions for testing from data input files created between February 17 and March 1, 2006, and processed by the DAISY/CHICO system between February 22 and March 1, 2006.

We did not test all input files processed by DAISY/CHICO during that period; we limited our tests to transactions originating in the following selected applications that support the processing of retirement and survivor benefits:

- Retirement Adjudication System - Initial (RASI),
- Retirement On-Line Calculations (ROC),
- Survivor Payments System (SURPASS), and
- Automated System to Recover Overpayments (ASTRO).

Sampling Methodology

We identified 16 groups of transactions (input files) for testing based on the application in which the transactions originated (input system) and the date on which the input files were created. Each group was treated as a separate universe. The sampling unit was a single input record within that universe.

When the universe was small, we examined 100% of the transactions; larger universes (more than 150 transactions) were evaluated using statistical attribute discovery

SAMPLING METHODOLOGY AND RESULTS

Completeness of Processing

sampling with sample sizes determined based on a desired 90% confidence and 2% tolerable error rate. Using these sampling parameters, if no errors are identified, the auditor may infer with 90% confidence that the occurrence rate of errors does not exceed approximately 2%.

We selected a total of 1,246 transactions for review. Transactions in the attribute discovery samples were selected at random. A table summarizing the transaction groupings, and the number of transactions selected for review from each group is presented on the last page of this appendix.

Review Methodology

To determine completeness of processing, we traced each transaction selected for review to the applicable DAISY/CHICO output which includes:

- a payment on a transaction file sent to Treasury,
- a non-payment record correction,
- a rejected activity.

We also traced each sample item to the automated systems that maintain the historical record of benefit payment processing: the Payment, Rate, and Entitlement History (PREH) and/or Taxation Accounting System (TAS) databases, as applicable.

An error was defined as any input record which could not be traced to the resulting DAISY/CHICO output or had not been properly updated to the applicable historical system.¹⁷

Results of Review

We found that all transactions were processed in accordance with management's directives. However, our tests identified 18 Medicare refunds for which output records are not maintained in other agency systems that support benefit adjudication and payment processing, which is a control weakness.

Conclusion

We conclude with 90% confidence that incomplete processing would not exceed approximately 2% of DAISY/CHICO transactions. We recommend no corrective action.

However, the RRB needs to improve output controls over the refund of Medicare premium refunds. The details of our findings and recommendation are presented in the body of this report.

¹⁷ Transactions that were not updated to PREH or TAS based on their attributes, were verified by the auditors and are not considered errors. For example, a non-taxable payment would not be updated to the TAS database. See Appendix I for the full name and description of these systems.

SAMPLING METHODOLOGY AND RESULTS
Completeness of Processing

The following table details the sources of transactions reviewed during our tests of completeness and the number of transactions reviewed compared to the universe of transactions. It also shows whether we reviewed all the records in the universe or selected records randomly as part of a statistical attribute discovery sample.

INPUT SYSTEM	INPUT SYSTEM DATE	DAISY RUN DATE	UNIVERSE SIZE	SAMPLE SIZE	SELECTION METHODOLOGY
RASI	02/17/06	02/22/06	18	18	100% Review
RASI	02/21/06	02/22/06	16	16	100% Review
RASI	02/22/06	02/24/06	18	18	100% Review
RASI	02/23/06	02/24/06	20	20	100% Review
RASI	02/24/06	02/27/06	642	105	Discovery Acceptance Sampling
RASI	02/27/06	02/28/06	292	95	Discovery Acceptance Sampling
RASI	02/28/06	03/01/06	236	91	Discovery Acceptance Sampling
ROC	02/22/06	02/22/06	106	106	100% Review
ROC	02/24/06	02/24/06	180	85	Discovery Acceptance Sampling
ROC	02/28/06	02/28/06	522	103	Discovery Acceptance Sampling
ROC	03/01/06	03/01/06	192	86	Discovery Acceptance Sampling
SURPASS	02/22/06	02/22/06	161	82	Discovery Acceptance Sampling
SURPASS	02/24/06	02/24/06	205	88	Discovery Acceptance Sampling
SURPASS	02/28/06	02/28/06	668	105	Discovery Acceptance Sampling
SURPASS	03/01/06	03/01/06	201	87	Discovery Acceptance Sampling
ASTRO	02/27/06	02/27/06	141	141	100% Review
Total Number of Transactions Reviewed				1,246	

SAMPLING METHODOLOGY AND RESULTS

Rejected and Referred Transactions

We performed non-sampling tests (100% review) to assess the effectiveness of controls over transactions rejected or referred from Daily Activity Input System/Checkwriting Integrated Computer Operation (DAISY/CHICO).

Audit Objective

The objective of our test was to determine whether rejected and referred transactions had been properly controlled, corrected, and reprocessed.

Scope

We reviewed every transaction that was rejected or referred by DAISY/CHICO during the two week period from February 17 through March 2, 2006, which included eight DAISY/CHICO runs consisting of payments, change of address requests, suspension/termination actions, and miscellaneous non-payment changes to the CHICO master record. A total of 236 transactions fell within the scope of audit testing.

Review Methodology

For each of the transactions within the scope of audit testing, we reviewed supporting input and output systems for evidence of the rejected or referred transaction and/or its subsequent correction and reprocessing. An error was defined as any rejected or referred transaction that had not been properly corrected and reprocessed or that had been inappropriately dropped from processing.

Results of Non-Sampling Tests

Our review of 236 rejected and referred transactions identified 3 rejected awards with discrepant output records; and 32 changes of address and 3 rejected master record changes that had not been adequately controlled, corrected, and reprocessed.

The details of the DAISY/CHICO processing dates, the corresponding number of rejected/referred transactions, and the number of audit exceptions are presented on the next page of this appendix.

Audit Conclusion

Based on the results of our tests, we concluded that the Office of Programs needs to improve controls over rejected transactions. The details of our findings and recommendation are presented in the body of this report.

SAMPLING METHODOLOGY AND RESULTS
Rejected and Referred Transactions

DAISY/CHICO PROCESSING DATE	DAISY/CHICO REJECTED/REFERRED TRANSACTIONS	AUDIT EXCEPTIONS
Daily Awards		
02/17/06	14	0
02/21/06	12	0
02/22/06	3	0
02/24/06	2	0
02/27/06	9	0
02/28/06	9	3
03/01/06	4	0
03/02/06	2	0
Total	55	3
Change of Address Requests		
02/17/06	27	5
02/21/06	0	0
02/22/06	0	0
02/24/06	0	0
02/27/06	64	17
02/28/06	8	0
03/01/06	15	5
03/02/06	19	5
Total	133	32
Suspension and Termination Actions		
02/17/06	11	0
02/21/06	0	0
02/22/06	0	0
02/24/06	0	0
02/27/06	22	0
02/28/06	6	0
03/01/06	0	0
03/02/06	3	0
Total	42	0
Master Record Changes		
02/17/06	0	0
02/21/06	0	0
02/22/06	0	0
02/24/06	0	0
02/27/06	0	0
02/28/06	0	0
03/01/06	0	0
03/02/06	6	3
Total	6	3
All Activity	236	38



UNITED STATES GOVERNMENT
MEMORANDUM

RAILROAD RETIREMENT BOARD

MAR 06 2007

TO: Henrietta Shaw
 Assistant Inspector General, Audit

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

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

SUBJECT: **Draft Report – Audit of the DAISY/CHICO Component Application of the RRA Benefit Payment Major Application System**

Recommendation
 1 We recommend that the Office of Programs work with the Bureau of Information Services to identify and correct the cause of the discrepant output records of the kind identified by this audit.

OP Response

While we concur that there is a problem, we propose a different solution. Attempts to pay an initial supplemental annuity award simultaneously via the ROC and RASI systems cause record discrepancies. However, DAISY edits will prevent duplicate payments from processing within the same run. To prevent the record discrepancies, the pending RASI award must be dumped before setting up a ROC award. The RASI system is scheduled to be obsolete which will eliminate the problem. In view of this, it is not cost-effective to invest resources in system corrections.

Operations is now monitoring all RASI rejects and individual examiner training is being provided as needed. Since October we have identified 5 additional rejects like this, involving two examiners.

Policy & Systems will develop written procedures instructing the claims examiners not to simultaneously attempt to pay an initial supplemental annuity award on both the ROC and RASI systems. We expect to complete the procedures by September 30, 2007.

Recommendation
 2 We recommend that the Office of Programs use one of the existing automated work scheduling systems to control for the correction of rejected changes of address and master record changes.

OP Response	<p>We concur. The COA Reject application on BoardWalk was developed as a stop-gap measure. Our eventual plan is to have the COA rejects loaded to the new Universal STAR to allow access and control. We will initiate steps to move the COA rejects to STAR after the new version of STAR is implemented, which is now scheduled for mid-2007.</p> <p>Regarding the case findings, the Programs Support Division-Clerical Services Section has reviewed the 32 rejected record changes. Of this number, 17 have been corrected and three were of a nature that corrections were not warranted. The remaining cases have been referred to the appropriate field offices and headquarters units for correction and follow-up actions.</p>
Recommendation 3	<p>We recommend that the Office of Programs develop procedures to identify and refer for correction date of birth discrepancies of the kind identified by this audit</p>
OP Response	<p>We concur. P&S will develop additional procedures and clarify existing procedure for handling master record changes. We expect to release the procedure by September 30, 2007.</p> <p>The case in question has been corrected.</p>
Recommendation 4	<p>We recommend that the Office of Programs request programming changes as necessary to ensure that refunds of Medicare premiums are stored in an electronic payment history system which can be easily accessed for subsequent review or analysis</p>
OP Response	<p>We agree that there is a need to develop a system and processing to maintain a record of Medicare premium refunds and collections. There have been insufficient resources, however, to develop and implement such a system. Our plans now are to develop a "premium collections and refunds database" as part of our work on implementing Medicare prescription drug (Part D) premium withholding. We plan to resume work on this initiative later this year, possibly with contractor assistance.</p>
Recommendation 5	<p>We recommend that the Office of Programs review and revise published procedures for the certification of payments to Treasury.</p>

OP Response

We concur. Revision of RCM procedures had not been scheduled because of higher priority work and the availability of substitute procedure in the training materials. This task has now been assigned and we expect to release the procedure by September 30, 2007.

cc: Director of Policy and Systems
Director of Operations
Director of Field Service
Chief of Program Evaluation (Ret/Surv/Medicare/Tax)