

OFFICE OF INSPECTOR GENERAL

Audit Report

**Examination of Management's Assertion of Compliance with
the Extended Unemployment Benefit Payment Provisions
of the American Recovery and Reinvestment Act of 2009**

**Report No. 10-05
March 24, 2010**



RAILROAD RETIREMENT BOARD



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

To the Board Members:

The following report presents the results of the Office of Inspector General's (OIG) examination of the Railroad Retirement Board's (RRB) assertion that it has complied with section 2006(a) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). This section appropriated funding for a temporary increase in extended unemployment benefits under the Railroad Unemployment Insurance Act (RUIA) to employees receiving normal unemployment benefits for days between July 1, 2008 and June 30, 2009.

AUDITOR'S OPINION

We have examined the RRB's assertion of compliance with section 2006(a) of the Recovery Act through September 3, 2009. In our opinion, management's assertion that the RRB complied with the aforementioned requirements, is fairly stated, in all material respects.

CONSIDERATION OF INTERNAL CONTROL

In planning and performing our examination, we considered the RRB's internal control over compliance with section 2006(a) of the Recovery Act. We did this to determine our procedures for examining the RRB's assertion of compliance and not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over compliance with the aforementioned requirements.

Evaluation of internal control was not an objective of our examination and our internal control work would not necessarily disclose all deficiencies in internal control that might be material weaknesses or other significant deficiencies.¹

¹ A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, or correct errors in assertions made by management on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the subject matter will not be prevented or detected. A significant deficiency is a deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria or framework such that there is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected.

BACKGROUND

The Recovery Act appropriated funds for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization. Within the Recovery Act, Title II — Assistance for Unemployed Workers and Struggling Families, provided for a temporary increase in extended unemployment benefits under the RUIA. Section 2006(a) appropriated funding for a temporary increase in extended unemployment benefits under the RUIA to employees receiving normal unemployment benefits for days between July 1, 2008 and June 30, 2009. The full text of the provisions of the law, upon which management asserted its compliance, is presented as Attachment 1 to this report.

OBJECTIVES, SCOPE, AND METHODOLOGY

RRB management is responsible for complying with the requirements of the Recovery Act as applicable to the RRB. Our responsibility is to express an opinion on the RRB's assertion of compliance based on our examination. In order to fulfill this responsibility, we:

- examined, on a test basis, evidence supporting extended unemployment benefit payments made by the RRB pursuant to the requirements in section 2006(a) of the Recovery Act, through September 3, 2009; and
- obtained an understanding of the RRB's operations as they pertain to compliance with section 2006(a) of the Recovery Act, including applicable internal controls.

We limited our assessment of internal control to selected controls over compliance with section 2006(a) of the Recovery Act. Because of inherent limitations in internal control, error, fraud or other losses may nevertheless occur and not be detected by our examination. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. We also caution that our internal control testing may not be sufficient for other purposes.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and U.S. generally accepted government auditing standards. Those standards require examining, on a test basis, evidence supporting the RRB's assertion of compliance with section 2006(a) of the Recovery Act, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the RRB's compliance with specified requirements.

RRB MANAGEMENT'S COMMENTS

RRB management expressed appreciation for both the OIG's examination and our concurrence with management's assertion that the RRB complied with the extended unemployment benefit payment provisions of the Recovery Act. They stated that they are particularly proud of the work accomplished by their staff which involved significant system and procedural changes within a brief period of time.

The full text of management's response follows as Attachment 2 to this report.

Original Signed by...

Martin J. Dickman
Inspector General
March 10, 2010

**American Recovery and Reinvestment Act of 2009
Provisions Subject to Management's Assertion**

SEC. 2006. TEMPORARY INCREASE IN EXTENDED UNEMPLOYMENT BENEFITS UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT.

(a) IN GENERAL.—Section 2(c)(2) of the Railroad Unemployment Insurance Act (45 U.S.C. 352(c)(2)) is amended by adding at the end the following:

“(D) TEMPORARY INCREASE IN EXTENDED UNEMPLOYMENT BENEFITS.—

“(i) EMPLOYEES WITH 10 OR MORE YEARS OF SERVICE.—Subject to clause (iii), in the case of an employee who has 10 or more years of service (as so defined), with respect to extended unemployment benefits—

“(I) subparagraph (A) shall be applied by substituting ‘130 days of unemployment’ for ‘65 days of unemployment’; and

“(II) subparagraph (B) shall be applied by inserting ‘(or, in the case of unemployment benefits, 13 consecutive 14-day periods)’ after ‘7 consecutive 14-day periods’.

“(ii) EMPLOYEES WITH LESS THAN 10 YEARS OF SERVICE.—Subject to clause (iii), in the case of an employee who has less than 10 years of service (as so defined), with respect to extended unemployment benefits, this paragraph shall apply to such an employee in the same manner as this paragraph would apply to an employee described in clause (i) if such clause had not been enacted.

“(iii) APPLICATION.—The provisions of clauses (i) and (ii) shall apply to an employee who received normal benefits for days of unemployment under this Act during the period beginning July 1, 2008, and ending on June 30, 2009, except that no extended benefit period under this paragraph shall begin after December 31, 2009. Notwithstanding the preceding sentence, no benefits shall be payable under this subparagraph and clauses (i) and (ii) shall no longer be applicable upon the exhaustion of the funds appropriated under clause (iv) for payment of benefits under this subparagraph.

“(iv) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there are appropriated \$20,000,000 to cover the cost of additional extended unemployment benefits provided under this subparagraph, to remain available until expended.”



UNITED STATES
GOVERNMENT
MEMORANDUM

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

MAR 22 2010

TO: Diana Kruehl
Acting Assistant Inspector General for Audit

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

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

SUBJECT: **Draft Report – Examination of Management’s Assertion of Compliance with the Extended Unemployment Benefit Payment Provisions of the American Recovery and Reinvestment Act of 2009**

EXAMINATION OF MANAGEMENT’S ASSERTION OF COMPLIANCE WITH THE EXTENDED UNEMPLOYMENT BENEFIT PAYMENT PROVISIONS OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

**Overall
Comments**

We appreciate the OIG’s examination and their concurrence with our assertion that the RRB complied with the requirements of the American Recovery and Reinvestment Act of 2009 with regard to the Extended Unemployment Benefit Payments. We are particularly proud of the work accomplished by our staff which involved significant system and procedural changes within a very brief period of time.

cc: Director of Policy and Systems