

FY 2021 BUDGET SUBMISSION



**Office of Inspector General
Railroad Retirement Board**



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 11, 2019

Mr. Russell T. Vought
Acting Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Vought:

We are respectfully submitting the fiscal year 2021 budget request for the Office of Inspector General (OIG) of the Railroad Retirement Board (RRB). This request was prepared in compliance with Office of Management and Budget (OMB) Circular No. A-11. In accordance with Section 7(f) of the Railroad Retirement Act, our request is being submitted concurrently to OMB and the Congress.

The OIG focuses its audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community. The OIG provides comprehensive oversight of all RRB operations and programs and is the exclusive provider of financial and internal audit services to the agency. The OIG also operates a nationwide investigative program to address allegations of fraud and employee misconduct.

We are requesting \$13,620,000 in fiscal year 2021 to continue our oversight of agency programs. This represents the amount needed to fund our requested staff level of 57 FTEs; to adequately fund required contracts, indirect costs, and other miscellaneous expenses; and to provide the necessary resources for the OIG to continue its efforts to perform fraud investigations, detect operational weaknesses, and identify internal control deficiencies in RRB benefit programs.

In compliance with OMB guidance provided on June 21, 2019, our budget submission also includes a fiscal year 2021 budget level of \$10,450,000 (the fiscal year 2021 level for the RRB OIG in the fiscal year 2020 Budget with a 5% reduction per OMB guidance).

Our current fiscal year 2019 appropriation of \$11,000,000 has made it possible for the RRB OIG to evaluate and upgrade its information technology environment and obtain assistance in improving its information technology infrastructure. Continuing funding at a level of \$11,000,000, or higher, will make it possible for us to advance our primary goal, which is to hire additional staff. We have begun to hire additional auditors and investigators, and we hope to be able to continue with our hiring plans. If we were to receive our request level of \$13,620,000 in

fiscal year 2021, we would be able to fund a staffing level of 57 FTEs, which would optimally fulfill our audit and investigative responsibilities.

We anticipate that providing funding for the RRB OIG at the OMB guidance level of \$10,450,000 in fiscal year 2021 would significantly and negatively impact our ability to retain current staff and meet statutory obligations; significant staff reductions are likely at that level.

Without adequate funding, our ability to perform in all areas of the Inspector General's statutory mission and to provide independent oversight of agency operations would be limited. If we are unable to maintain or increase our funding level, mandated annual audit requirements would dominate our efforts, and our ability to perform additional audits and investigate allegations of fraud, waste, and abuse would be curtailed.

Adequate resources are vital to maintain our ability to effectively pursue investigations. Insufficient resources would adversely impact our ability to pursue investigations of fraud schemes targeting RRB programs or beneficiaries, thereby creating an incentive for those who would otherwise be deterred by more effective investigative and prosecutorial actions.

This budget submission includes the OIG's Performance Budget for fiscal year 2021, which provides actual performance data for fiscal years 2016 through 2018 and projected performance for fiscal years 2019 through 2021.

We are also requesting the following change to our oversight and enforcement authority:

- The RRB OIG requests the authority to utilize an independent accounting (IPA) firm or the Government Accountability Office (GAO) to conduct its financial statement audit. There are currently 20 OIG Offices of Audit with between 10 and 100 auditors (including the RRB OIG Office of Audit). The RRB OIG is the only office of this size to conduct the financial audit with its own audit staff.

Permitting the RRB OIG to contract with an IPA or the GAO to conduct the financial statement audit would allow the RRB OIG to pursue additional audit priorities such as RRB benefit program operations, RRB contracting activity, improper payments, and security, privacy, and information management. With additional staff availability, the RRB OIG will complete more audits and provide better oversight of RRB operations.

This office will continue to efficiently use all available resources to improve agency program operations, reduce fraud against agency benefit programs, and help ensure the agency provides the highest level of service to its constituents.

Sincerely,

original signed

Martin J. Dickman, Inspector General

Enclosure



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 11, 2019

The Honorable Michael R. Pence
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Mr. President:

We are respectfully submitting the fiscal year 2021 budget request for the Office of Inspector General (OIG) of the Railroad Retirement Board (RRB). This request was prepared in compliance with Office of Management and Budget (OMB) Circular No. A-11. In accordance with Section 7(f) of the Railroad Retirement Act, our request is being submitted concurrently to OMB and the Congress.

The OIG focuses its audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community. The OIG provides comprehensive oversight of all RRB operations and programs and is the exclusive provider of financial and internal audit services to the agency. The OIG also operates a nationwide investigative program to address allegations of fraud and employee misconduct.

We are requesting \$13,620,000 in fiscal year 2021 to continue our oversight of agency programs. This represents the amount needed to fund our requested staff level of 57 FTEs; to adequately fund required contracts, indirect costs, and other miscellaneous expenses; and to provide the necessary resources for the OIG to continue its efforts to perform fraud investigations, detect operational weaknesses, and identify internal control deficiencies in RRB benefit programs.

In compliance with OMB guidance provided on June 21, 2019, our budget submission also includes a fiscal year 2021 budget level of \$10,450,000 (the fiscal year 2021 level for the RRB OIG in the fiscal year 2020 Budget with a 5% reduction per OMB guidance).

Our current fiscal year 2019 appropriation of \$11,000,000 has made it possible for the RRB OIG to evaluate and upgrade its information technology environment and obtain assistance in improving its information technology infrastructure. Continuing funding at a level of \$11,000,000, or higher, will make it possible for us to advance our primary goal, which is to hire additional staff. We have begun to hire additional auditors and investigators, and we hope to be able to continue with our hiring plans. If we were to receive our request level of \$13,620,000 in

fiscal year 2021, we would be able to fund a staffing level of 57 FTEs, which would optimally fulfill our audit and investigative responsibilities.

We anticipate that providing funding for the RRB OIG at the OMB guidance level of \$10,450,000 in fiscal year 2021 would significantly and negatively impact our ability to retain current staff and meet statutory obligations; significant staff reductions are likely at that level.

Without adequate funding, our ability to perform in all areas of the Inspector General's statutory mission and to provide independent oversight of agency operations would be limited. If we are unable to maintain or increase our funding level, mandated annual audit requirements would dominate our efforts, and our ability to perform additional audits and investigate allegations of fraud, waste, and abuse would be curtailed.

Adequate resources are vital to maintain our ability to effectively pursue investigations. Insufficient resources would adversely impact our ability to pursue investigations of fraud schemes targeting RRB programs or beneficiaries, thereby creating an incentive for those who would otherwise be deterred by more effective investigative and prosecutorial actions.

This budget submission includes the OIG's Performance Budget for fiscal year 2021, which provides actual performance data for fiscal years 2016 through 2018 and projected performance for fiscal years 2019 through 2021.

We are also requesting the following change to our oversight and enforcement authority:

- The RRB OIG requests the authority to utilize an independent accounting (IPA) firm or the Government Accountability Office (GAO) to conduct its financial statement audit. There are currently 20 OIG Offices of Audit with between 10 and 100 auditors (including the RRB OIG Office of Audit). The RRB OIG is the only office of this size to conduct the financial audit with its own audit staff.

Permitting the RRB OIG to contract with an IPA or the GAO to conduct the financial statement audit would allow the RRB OIG to pursue additional audit priorities such as RRB benefit program operations, RRB contracting activity, improper payments, and security, privacy, and information management. With additional staff availability, the RRB OIG will complete more audits and provide better oversight of RRB operations.

This office will continue to efficiently use all available resources to improve agency program operations, reduce fraud against agency benefit programs, and help ensure the agency provides the highest level of service to its constituents.

Sincerely,

original signed

Martin J. Dickman, Inspector General

Enclosure

cc: Honorable, Richard Shelby
Chairman, Senate Committee on Appropriations

Honorable Patrick J. Leahy
Vice Chairman, Senate Committee on Appropriations

Honorable Roy Blunt
Chairman, Senate Appropriations Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Honorable Patty Murray
Ranking Member, Senate Appropriations Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 11, 2019

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 Capitol Building
Washington, D.C. 20515

Dear Madam Speaker:

We are respectfully submitting the fiscal year 2021 budget request for the Office of Inspector General (OIG) of the Railroad Retirement Board (RRB). This request was prepared in compliance with Office of Management and Budget (OMB) Circular No. A-11. In accordance with Section 7(f) of the Railroad Retirement Act, our request is being submitted concurrently to OMB and the Congress.

The OIG focuses its audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community. The OIG provides comprehensive oversight of all RRB operations and programs and is the exclusive provider of financial and internal audit services to the agency. The OIG also operates a nationwide investigative program to address allegations of fraud and employee misconduct.

We are requesting \$13,620,000 in fiscal year 2021 to continue our oversight of agency programs. This represents the amount needed to fund our requested staff level of 57 FTEs; to adequately fund required contracts, indirect costs, and other miscellaneous expenses; and to provide the necessary resources for the OIG to continue its efforts to perform fraud investigations, detect operational weaknesses, and identify internal control deficiencies in RRB benefit programs.

In compliance with OMB guidance provided on June 21, 2019, our budget submission also includes a fiscal year 2021 budget level of \$10,450,000 (the fiscal year 2021 level for the RRB OIG in the fiscal year 2020 Budget with a 5% reduction per OMB guidance).

Our current fiscal year 2019 appropriation of \$11,000,000 has made it possible for the RRB OIG to evaluate and upgrade its information technology environment and obtain assistance in improving its information technology infrastructure. Continuing funding at a level of \$11,000,000, or higher, will make it possible for us to advance our primary goal, which is to hire additional staff. We have begun to hire additional auditors and investigators, and we hope to be able to continue with our hiring plans. If we were to receive our request level of \$13,620,000 in

fiscal year 2021, we would be able to fund a staffing level of 57 FTEs, which would optimally fulfill our audit and investigative responsibilities.

We anticipate that providing funding for the RRB OIG at the OMB guidance level of \$10,450,000 in fiscal year 2021 would significantly and negatively impact our ability to retain current staff and meet statutory obligations; significant staff reductions are likely at that level.

Without adequate funding, our ability to perform in all areas of the Inspector General's statutory mission and to provide independent oversight of agency operations would be limited. If we are unable to maintain or increase our funding level, mandated annual audit requirements would dominate our efforts, and our ability to perform additional audits and investigate allegations of fraud, waste, and abuse would be curtailed.

Adequate resources are vital to maintain our ability to effectively pursue investigations. Insufficient resources would adversely impact our ability to pursue investigations of fraud schemes targeting RRB programs or beneficiaries, thereby creating an incentive for those who would otherwise be deterred by more effective investigative and prosecutorial actions.

This budget submission includes the OIG's Performance Budget for fiscal year 2021, which provides actual performance data for fiscal years 2016 through 2018 and projected performance for fiscal years 2019 through 2021.

We are also requesting the following change to our oversight and enforcement authority:

- The RRB OIG requests the authority to utilize an independent accounting (IPA) firm or the Government Accountability Office (GAO) to conduct its financial statement audit. There are currently 20 OIG Offices of Audit with between 10 and 100 auditors (including the RRB OIG Office of Audit). The RRB OIG is the only office of this size to conduct the financial audit with its own audit staff.

Permitting the RRB OIG to contract with an IPA or the GAO to conduct the financial statement audit would allow the RRB OIG to pursue additional audit priorities such as RRB benefit program operations, RRB contracting activity, improper payments, and security, privacy, and information management. With additional staff availability, the RRB OIG will complete more audits and provide better oversight of RRB operations.

This office will continue to efficiently use all available resources to improve agency program operations, reduce fraud against agency benefit programs, and help ensure the agency provides the highest level of service to its constituents.

Sincerely,

original signed

Martin J. Dickman, Inspector General

Enclosure

cc: Honorable, Nita M. Lowey
Chairwoman, House Committee on Appropriations

Honorable Kay Granger
Ranking Member, House Committee on Appropriations

Honorable Rosa L. DeLauro
Chairwoman, House Appropriations Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Honorable Tom Cole
Ranking Member, House Appropriations Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Fiscal Year 2021 Budget Submission

Table of Contents

Limitation on the Office of Inspector General Fiscal Year 2021 Budget	1
Administrative Appropriation Request for Fiscal Year 2021	2
Analysis of Resources	4
Full Time Equivalent Staff by Grade.....	5
Office of Audit	6
Office of Investigations	8
Requested Change in Operational Authority.....	11
Fiscal Year 2021 Performance Budget	12
Performance Budget	15
Agency Workforce Plan	21

Limitation on the Office of Inspector General Fiscal Year 2021 Budget

The Office of Inspector General (OIG) at the Railroad Retirement Board (RRB) is responsible for promoting economy, efficiency, and effectiveness; and for identifying and preventing fraud, waste, and abuse in agency programs.

The RRB administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families. In fiscal year 2018, the agency paid approximately \$13.1 billion in retirement and survivor benefits to about 540,000 beneficiaries. The RRB also paid \$100.2 million in net unemployment and sickness insurance benefits. Approximately 9,000 railroad workers received unemployment benefits and 15,900 received sickness insurance benefits.

The RRB contracts with a separate Medicare Part B carrier to process the Medicare Part B claims of qualified railroad retirement beneficiaries. As of September 30, 2018, there were about 455,300 railroad retirement beneficiaries enrolled in the Medicare Part B program. During fiscal year 2018, the RRB's separate Part B carrier paid nearly \$868 million in claims.

The OIG conducts audits, management reviews, inspections of RRB program operations, and provides recommendations for improvement to agency management. The OIG also identifies and investigates cases of waste, fraud, and abuse in RRB programs, and makes referrals for prosecution and monetary recovery actions.

The OIG is requesting \$13,620,000 in fiscal year 2021 to conduct its independent oversight of agency operations. At this level of funding, the OIG will have the resources needed to support a requested staff level of 57 FTEs and to continue its efforts to conduct fraud investigations, identify operational weaknesses, and detect internal control deficiencies in RRB benefit programs. The OIG will also continue its work with agency managers to ensure implementation of corrective actions.

The fiscal year 2021 budget submission also includes a budget level of \$10,450,000 (equal to a 5 percent reduction below the net Non-Defense Discretionary total provided in the fiscal year 2021 column of the fiscal year 2020 Budget), in compliance with the Office of Management and Budget memorandum of June 21, 2019.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

The fiscal year 2021 Performance Budget, including performance statistics at the fiscal year 2021 budget levels, projected performance statistics for fiscal years 2019 – 2020, and actual results for fiscal years 2016 – 2018, is included in this budget document.

**Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

**Administrative Appropriation Request for Fiscal Year 2021
(in thousands of dollars)**

	Fiscal Year 2020 Administration Proposed <u>Level</u>	<u>Fiscal Year 2021</u>	
		OMB <u>Level*</u>	RRB OIG Request <u>Level</u>
Limitation on the Office of Inspector General	11,000	10,450	13,620
Full-time equivalent staff years (FTEs)	54	51	57

*OMB level includes the 5% reduction pursuant to OMB’s June 21, 2019 memorandum and guidance; at that level FTEs are an estimate based on average 2019 salaries.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

OMB Object Class	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		
	Current Appropriation	President's Budget	OMB Level	Change	RRB OIG Request Level
Personnel Compensation:					
11.1 Full-Time Permanent	5,583	6,775	6,440	860	7,300 a/
11.3 Other Than Full-Time Permanent	55	67	60	(60)	0
11.5 Other Personnel Compensation	130	158	150	50	200
11.9 Total Personnel Compensation	<u>5,768</u>	<u>7,000</u>	<u>6,650</u>	<u>850</u>	<u>7,500</u>
12.0 Personnel Benefits: Civilian	2,112	2,000	1,900	850	2,750
13.0 Benefits for Former Personnel	0	0	0	0	0
21.0 Travel and Transportation	303	230	220	110	330
23.0 Communications, Utilities, and Rent	363	255	245	130	375
25.0 Other Services	1,994	867	820	1,030	1,850 b/
26.0 Supplies and Materials	70	39	35	25	60
31.0 Equipment	<u>390</u>	<u>609</u>	<u>580</u>	<u>175</u>	<u>755</u> c/
Total OIG Direct Obligations	<u>11,000</u>	<u>11,000</u>	<u>10,450</u>	<u>3,170</u>	<u>13,620</u> d/
Reimbursable Obligations	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total OIG Obligations	<u>12,500</u>	<u>12,500</u>	<u>11,950</u>	<u>3,170</u>	<u>15,120</u>
OIG Funded FTE Allocation	47	54	51	6	57

a/ Provides full FY 2021 funding for the entire OIG staff plus a new, senior data scientist position.

b/ The RRB OIG has been informed by GSA's Public Building Service that our current office will be relocated. The OIG FY 2021 request level includes \$300,000 for contract assistance to prepare for this relocation. In addition, this object includes 0.33 percent of the appropriation amount for support of the Council of the Inspectors General on Integrity and Efficiency in fiscal year 2021.

c/ To protect the OIG's mission-critical IT equipment from water damage in the event of fire, the OIG requests \$400,000 to assess, design, install and maintain a clean agent fire suppression system which includes architectural, electrical, HVAC, fire alarm and fire protection improvements for our IT equipment room to comply fully with NFPA 75 requirements.

d/ The RRB OIG request level of \$13,620,000 for fiscal year 2021 would allow the RRB OIG to fund a staff level of 57 FTEs and provide additional funding for miscellaneous expenses.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

**Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

**Analysis of Resources
(in thousands of dollars)**

	FY 2019	FY 2020	FY 2021		
	Current	President's	OMB	RRB OIG	
	<u>Appropriation</u>	<u>Budget</u>	<u>Level**</u>	<u>Request</u>	
				<u>Level</u>	
Budget Authority.....	11,000	11,000	10,450	13,620	
Outlays.....	11,000	11,000	10,450	13,620	
Full-time Equivalent Employment (Work Years):					
Total Funded.....	47	54	51	57	
	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Budget Authority:					
OMB Level.....	12,920	12,920	12,920	12,920	12,920
RRB OIG Request Level.....	*	*	*	*	*
Outlays:					
OMB level.....	12,920	12,920	12,920	12,920	12,920
RRB OIG Request Level.....	*	*	*	*	*

*Amounts for these years to be determined.

** OMB level includes the 5% reduction pursuant to OMB's June 21, 2019 memorandum and guidance; at that level FTEs are an estimate based on average 2019 salaries.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

**Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

Full Time Equivalent Staff by Grade

<u>Personnel Series</u>	<u>Grade Level</u>	<u>FY 2019 Current Appropriation *</u>	<u>FY 2020 Administration Proposed Level</u>	<u>FY 2021</u>	
				<u>OMB Level**</u>	<u>RRB OIG Request Level</u>
Executive	IG	1	1	1	1
Senior Executive Service	SES	1	3	3	3
General Schedule	GS-15	2	1	0	1
	GS-14	9	10	9	12
	GS-13	17	19	19	19
	GS-12	13	17	16	18
	GS-11	3	2	2	2
	GS-10	0	0	0	0
	GS-09	1	1	1	1
	GS-08	0	0	0	0
	GS-07	0	0	0	0
	GS-06	0	0	0	0
	GS-05	0	0	0	0
	GS-04	0	0	0	0
Total FTEs Funded		47	54	51	57

* The FTE total for fiscal year 2019 reflects projected FTE usage.

** OMB level includes the 5% reduction pursuant to OMB's June 21, 2019 memorandum and guidance; at that level FTEs are an estimate based on average 2019 salaries and the chart presents one possible scenario to achieve a reduction.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

The OIG conducts its operations through two major components: the Office of Audit and the Office of Investigations. A discussion of the priority areas in fiscal year 2021 for audit and investigative activities follows.

Office of Audit

The mission of the Office of Audit (OA) is to (1) promote economy, efficiency, and effectiveness in the administration of RRB programs and (2) detect and prevent fraud and abuse in such programs. Through the Inspector General, OA keeps the Board Members and the Congress informed of current and potential problems and deficiencies in RRB operations and the status of progress towards corrective action.

During fiscal year 2021, OA will focus on meeting its mandated audit requirements; areas affecting program performance; the efficiency and effectiveness of agency operations; and areas of potential fraud, waste, and abuse. In fiscal year 2021, OA will continue its emphasis on long term systemic problems and solutions, and will address major issues that affect the RRB's service to rail beneficiaries and their families. OA has identified six broad areas of potential audit coverage:

- financial accountability;
- Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) benefit program operations;
- RRB contracts and contracting activities;
- Railroad Medicare program operations;
- security, privacy, and information management; and
- Improper Payments Elimination and Recovery Act of 2010 oversight.

During fiscal year 2021, OA must accomplish the following mandated activities in addition to other program audits:

- audit of the RRB's financial statements pursuant to the requirements of the Accountability of Tax Dollars Act of 2002;
- audit of information security pursuant to the Federal Information Security Modernization Act of 2014 (FISMA);
- audit of the RRB's compliance with the Improper Payments Elimination and Recovery Act of 2010;
- audit of the Digital Accountability and Transparency Act of 2014;

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

- review of Inspector General requirements for the Government Charge Card Abuse and Prevention Act of 2012;
- identification of performance and management challenges; and
- semiannual reporting in accordance with the Inspector General's Act of 1978, as amended.

During fiscal year 2021, unless budget authority and funding is provided for a contract to perform the financial audit (see page 13), OA will complete the audit of the RRB's fiscal year 2020 financial statements and begin its audit of the agency's fiscal year 2021 financial statements. OA contracts with a consulting actuary for technical assistance in auditing the RRB's Statement of Social Insurance. In addition to the mandated annual evaluation of information security, OA also conducts audits of individual computer application systems that are required to support the annual FISMA evaluation. OA work in this area is targeted toward the identification and elimination of security deficiencies and system vulnerabilities, including controls over sensitive personally identifiable information. Finally, OA will begin its required Peer Review of another federal OIG Office of Audit and will undergo a peer review of its functions.

In fiscal year 2019, OA expects to complete 16 reports, 6 of which address mandated requirements and most of which are completed under Generally Accepted Government Auditing Standards. To date in fiscal year 2019, OA has issued 79 recommendations for improvement to the agency and reviewed and accepted agency requests to close 23 prior audit recommendations. In addition, in fiscal year 2019, OA reported that the RRB is noncompliant with the Improper Payments Elimination and Recovery Act (IPERA) for the Railroad Medicare program and needs to improve accuracy and completeness of improper payment reporting. OA also reported that improvements are needed for internal controls for financial operations. OA also reported on continuing, systemic weaknesses in RRB's information technology security program.

OA undertakes additional projects with the objective of allocating available audit resources to areas in which they will have the greatest value. In making that determination, OA utilizes a strategic planning process to focus on areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste, and abuse. OA also considers staff availability, current trends in management, and Congressional and Presidential concerns. The OA annual work plan is the primary tool for directing and controlling OA fiscal year activities.

Office of Investigations

The Office of Investigations (OI) focuses its efforts on identifying, investigating and presenting cases for prosecution, throughout the United States, concerning fraud in RRB benefit programs. OI conducts investigations relating to the fraudulent receipt of RRB sickness, unemployment, disability, or retirement benefits. OI investigates railroad employers and unions when there is an indication that they have submitted false reports to the RRB. OI also conducts investigations involving fraudulent claims submitted to the Railroad Medicare Program. These investigative efforts may result in criminal convictions, civil penalties, administrative sanctions, and the recovery of RRB program benefit funds.

OI initiates cases based on information from a variety of sources. For instance, the RRB conducts computer matching of employment and earnings information reported to state governments and the Social Security Administration with RRB benefits paid data. Fraud referrals are made to OI if a match is found. OI also receives allegations of fraud through the OIG Hotline, contacts with state, local, and federal agencies, and information developed through OIG audits.

Fraud referrals from the RRB have varied over the last several fiscal years. The OIG will continue their commitment to proactively design projects aimed at promoting economy, efficiency, and effectiveness in the RRB's program and operations. In addition to identifying potential targets previously undetected through the RRB's standard program integrity measures, OIG will make the necessary recommendations to resolve identified program weaknesses and prevent future occurrences.

OI Investigative Results for FY 2019

<u>Civil Judgments</u>	<u>Indictments/Informations</u>	<u>Convictions</u>	<u>Financial Accomplishments</u>
13	21	31	\$106,089,303.60 ^a

OI anticipates an ongoing caseload of approximately 250 investigations in fiscal year 2021. During fiscal year 2019, OI opened 135 new cases and closed 114. As of late July 2019, OI had

^a The total amount of financial accomplishments reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other federal programs such as Medicare or Social Security, which were included in the disposition resulting from the investigation.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

cases open in 41 states and the District of Columbia, with estimated fraud losses totaling more than \$211 million.^b

OI will concentrate its resources on cases with the highest fraud losses. Typically, these cases are related to the RRB's disability and Medicare programs. Disability fraud cases currently constitute approximately 33 percent of OI's total caseload. These cases involve more complicated schemes and often result in the recovery of substantial funds for the agency's trust funds. OI will continue to dedicate considerable time and resources in the investigation of schemes to defraud the RRB disability program. These types of cases require sizeable resources for travel by special agents to conduct surveillance, or more sophisticated investigative techniques, and numerous witness interviews. The schemes are often complex. These cases also require very sophisticated financial analysis, since the schemes are often cloaked in what could appear to be legitimate business practices.

The OI continues to work joint cases with other Offices of Inspector General and federal law enforcement agencies that have responsibility for healthcare fraud matters. Medicare fraud investigations currently represent approximately 23 percent of OI's total caseload and more than \$195 million in potential fraud losses. OI's collaborative joint investigative efforts ensure that RRB beneficiaries are protected from sham medical practitioners, and that the Railroad Medicare program's interests are safeguarded from fraudulent schemes.

OI will continue to investigate fraud violations of railroad employees collecting unemployment or sickness insurance benefits while working and receiving wages from an employer. Unemployment fraud cases currently constitute approximately 19 percent of OI's total caseload.

OI will also investigate retirement fraud which typically involves the theft and fraudulent cashing of U.S. Treasury checks or the withdrawal of electronically deposited RRB benefits. OI will continue to utilize the Department of Justice's Affirmative Civil Enforcement Program to recover trust fund monies from cases that do not meet U.S. Attorney's guidelines for criminal prosecution.

In fiscal year 2021, OI will continue to coordinate its efforts with agency program managers to address vulnerabilities in benefit programs that allow fraudulent activity to occur and will recommend changes to ensure program integrity. OI plans to continue proactive projects to

^b This reflects potential fraud amounts related to programs administered exclusively by the RRB and potential fraud amounts from other federal programs such as Medicare or Social Security which have been identified during OI's joint investigative work.

identify fraud matters that are not detected through the agency's program policing mechanisms. Findings will be conveyed to agency management through OIG systemic implication reports to alert officials of operational weaknesses that may result in fraud against RRB programs. OI will also continue to work with RRB program managers to ensure the appropriate and timely referral of all fraud matters to the OIG. The OIG will continue their commitment to proactively designing projects aimed at promoting economy, efficiency, and effectiveness in the RRB's program and operations. In addition to identifying potential targets previously undetected through the RRB's standard program integrity measures, OIG will make the necessary recommendations to resolve identified program weaknesses and prevent future occurrences.

OI will also investigate complaints involving administrative irregularities and any alleged misconduct by agency employees.

Conclusion

In fiscal year 2021, the OIG will continue to focus its resources on the review and improvement of RRB operations and will conduct activities to ensure the integrity of the agency trust funds. This office will continue to work with agency officials to ensure the agency is providing quality service to railroad workers and their families. The OIG will also aggressively pursue all individuals who engage in activities to fraudulently receive RRB funds, including Railroad Medicare funds.

Requested Change in Operational Authority

Outsourcing the Financial Statement Audit of the Railroad Retirement Board

In accordance with the Accountability of Tax Dollars Act of 2002, the RRB is required to produce audited financial statements. Prior requirements of the Chief Financial Officers Act of 1990 required the preparation and audit of RRB trust funds. The RRB OIG has conducted audits of the RRB's financial statements using OIG staff since fiscal year 1997. The OIG was directed to do so by Congress, as noted in both Senate and House Reports related to the fiscal year 1994 appropriation. In accordance with the legislative intent communicated by Congress, the OIG financial statement audit opines on the Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, Combined Statement of Budgetary Resources, and Statement of Social Insurance and the Statement of Change in Social Insurance Amounts.

There are currently 20 OIG Offices of Audit with between 10 and 100 auditors (including the RRB OIG Office of Audit). Of these, all but the RRB OIG utilized an independent public accounting (IPA) firm or the Government Accountability Office to conduct its financial statement audit. Of the agencies defined in the Chief Financial Officers Act, in recent years, all but five issue a financial statement audit opinion issued by an IPA, while many of the remaining rely on IPAs to conduct much of the audit work.

The RRB OIG requests the authority to utilize an IPA to conduct the financial statement audit and the budgetary resources to do so. The most significant advantage of utilizing an IPA is that OIG staff could be utilized on other audit activities. During the peak of financial statement audit work, up to 10 of 18 OIG auditors are working on the financial statement audit. Work on the financial statement audit, including additional audits supporting the financial statement audit, is equivalent to four to five FTEs each year—nearly a third of the current RRB OIG audit staff. We estimate that the cost of utilizing an IPA for the financial statement audit will be between \$700,000 and \$850,000. A formal procurement process would be undertaken to ensure the IPA is selected in the most cost effective manner and to ensure continued OIG independence in conducting the financial statement audit.

Permitting the RRB OIG to contract with an IPA for the financial statement audit will allow the RRB OIG to pursue additional audit priorities, such as RRB benefit program operations, RRB contracting activity, improper payments, and security, privacy, and information management. The OA maintains an audit universe of over 100 audit ideas and determines which audits to conduct after considering various risk analyses such as program size, potential for fraud and abuse, improving efficiency at the RRB, effect on RRB's noncompliance with the Improper Payments Elimination and Recovery Act of 2010, as well as Congressional interest. With

additional staff availability, we will be able to complete more of these audits and further develop expertise across the RRB's varied and complex program areas in order to provide better oversight of the RRB.

Fiscal Year 2021 Performance Budget

The audit and investigative programs of the OIG are dedicated to protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community. The OIG has developed the fiscal year 2021 Performance Budget to support our mission by establishing performance measures for our strategic goals.

The OIG is aware that external factors may significantly affect planned activities and the allocation of resources during any given fiscal year. New legislative mandates may necessitate the delay of scheduled projects to ensure that we meet new statutory requirements.

Mission Statement

The OIG will promote economy, efficiency, and effectiveness in the RRB's programs and operations by focusing our audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community.

Vision Statement

The OIG employs a skilled and professional workforce dedicated to the goals and mission of the Office. The OIG will:

- conduct audits/evaluations, management reviews, and inspections of the RRB's programs and operations;
- provide recommendations for improvement to RRB management;
- prevent and detect fraud, waste, and abuse in the RRB's programs and operations;
- review and make recommendations regarding existing and proposed legislation and regulations relating to the RRB's programs and operations; and
- inform RRB Board Members and the Congress of problems in the RRB's programs and operations.

Strategic Goals

This plan establishes the following three strategic goals.

1. Add value to the RRB's programs and operations.
2. Protect the integrity of the RRB's programs, operations, and trust funds.
3. Ensure quality and excellence in the OIG's work and products.

The first goal addresses our independent oversight of the RRB's programs and operations. In support of this goal, we evaluate agency program functions, assess program efficiency, and advise management regarding necessary actions to improve agency performance.

The second goal involves compliance reviews and enforcement activities to identify systemic weaknesses in the RRB's programs and operations. Our objective is to reduce the potential for waste, fraud, and abuse in the RRB's programs and operations and to create a deterrent for future fraudulent activities.

The third goal focuses on the OIG's internal operations. We will identify ways to streamline audits and investigations by utilizing new technologies, providing staff training, and improving planning processes.

Goal 1 – Add value to the RRB's programs and operations.

The OIG's products and services are used by the RRB, the Congress, and other interested parties to improve the efficiency, effectiveness, and integrity of the RRB's programs and operations.

We will achieve this goal by:

- Focusing the OIG's work on major RRB programs and operations. Major areas include the annual financial statement audit, information systems and security, improper payments, and e-Government initiatives. We will review operating performance in both program and administrative functions to ensure that agency activities promote efficiency and minimize the potential for fraud, waste, and abuse.
- Providing accurate, objective, and timely information to the RRB, the Congress, and other interested parties.
- Promoting actions on the OIG's recommendations.

Goal 2 – Protect the integrity of the agency’s programs, operations, and trust funds.

This goal addresses the third element of the OIG’s vision, to prevent and detect fraud and abuse in the RRB’s programs and operations. To achieve this goal, we review and investigate allegations of fraud that are referred to our office through a variety of internal and external sources. We develop proactive strategies to identify systemic fraud and abuse and make recommendations to address the causes. Based on the recommendations issued by this office, the agency has the responsibility to establish the necessary controls in its programs and operations.

We will achieve this goal by:

- Analyzing RRB programs and operations to identify those that are most susceptible to fraud and abuse and those programs for which the agency’s policing mechanisms are ineffective. We will continue to develop traditional information sources, both within and outside the agency, that provide information concerning allegations of fraud and abuse.
- Taking timely actions in response to allegations of fraud and abuse. We will take a proactive approach to developing electronic information sources and methodologies that will allow us to conduct our investigations and analysis in the most efficient manner. We will provide the necessary support for prosecutors to conduct appropriate criminal or civil actions to address allegations of fraud or abuse.
- Providing all interested parties, i.e., prosecutors, agency officials, the Congress, and others as warranted, with complete, accurate, and timely reports concerning the results of our audit and investigative activities. We will alert agency officials and the Congress regarding significant issues that will impact agency programs and operations. We will encourage publication of judicial results by prosecutors to strengthen the deterrent effect of those actions.
- Conducting timely follow-up actions to ensure the agency addresses our systemic issue recommendations.
- Monitoring progress for all matters referred for judicial action.
- Encouraging prosecutors to complete a satisfaction survey at the conclusion of all judicial proceedings to provide honest feedback regarding OI’s investigative activities.

Goal 3 – Ensure quality and excellence in the OIG’s work and products.

To carry out its mission in a competent and efficient manner, the OIG must have a skilled and motivated work force. All staff members must have the knowledge and skills required to perform their duties. The OIG’s management will support its staff by providing the means to carry out the mission of the office and implementing a comprehensive quality assurance program.

We will achieve this goal by:

- Focusing on recruitment and retention of a professional staff that is highly skilled and appropriately developed.
- Ensuring that the staff is fully supported with the necessary tools, services, and direction to carry out their oversight duties effectively and efficiently.
- Implementing a comprehensive quality assurance program that ensures compliance with OIG policies and procedures; the Council of the Inspectors General on Integrity and Efficiency quality standards for federal Offices of Inspector General; and other requirements.

Performance Budget

The Performance Budget for fiscal year 2021 provides performance indicators consistent with our strategic goals. Actual performance is provided in the following exhibit for fiscal years 2016 through 2018. Performance for fiscal year 2019 reflects the level of resources provided by the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019, and fiscal year 2020 performance reflects the President’s proposed budget level of \$11,000,000.

Performance data for fiscal year 2021 reflects funding at the fiscal year 2021 OMB guidance level of \$10,450,000 (reflecting the reduction in OMB’s June 21, 2019 memorandum and guidance) and at the RRB OIG budget request level of \$13,620,000.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

Railroad Retirement Board Office of Inspector General FY 2021 Performance Budget	FY 2016 Actual \$8.437M	FY 2017 Actual \$10.000M	FY 2018 Actual \$11.000M	FY 2019 Actual \$11.000M	FY 2020 President's Budget \$11.000M	FY 2021 OMB Level \$10,450M	FY 2021 RRB OIG Request Level \$13,620M
Strategic Goal I: Add value to the RRB's programs and operations.							
<i>The OIG will solicit suggestions for audits and reviews for the annual audit work plan from 100 percent of the agency's organizational components.</i>	100%	100%	100%	100%	100%	100%	100%
<i>Seventy-five percent of audit reports will be issued within 240 days of entrance, or by the mandated reporting deadline.</i>	67%	75%	100%	69%	65%	80%	85%
<i>Agency management agrees with 80 percent of recommendations made in audit, evaluation, and inspection reports.</i>	75%	76%	92%	61%	75%	80%	90%
<i>Reports on the progress of corrective actions for audit recommendations will be issued to the RRB Chairman within 35 days of the six month reporting period.</i>	35 days	35 days	35 days	35 days	35 days	35 days	35 days
<i>The OIG will file 100 percent of reports on time, and acknowledge 100 percent of requests for information within three working days.</i>	100%	100%	100%	90%	100%	100%	100%

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

<i>Railroad Retirement Board Office of Inspector General FY 2021 Performance Budget</i>	FY 2016 Actual \$8.437M	FY 2017 Actual \$10.000M	FY 2018 Actual \$11.000M	FY 2019 Actual \$11.000M	FY 2020 President's Budget \$11.000M	FY 2021 OMB Level \$10,450M	FY 2021 RRB OIG Request Level \$13,620M
Strategic Goal II: Protect the integrity of the RRB's programs, operations, and trust funds.							
Percentage of allegations evaluated and submitted for disposition within 30 days of receipt.	93%	99%	98%	93%	95%	95%	95%
Percentage of investigative cases closed, or in judicial process, during a fiscal year which resulted in a successful action, i.e., criminal indictment, criminal conviction, civil judgment or settlement, administrative action, or monetary recovery.	36%	27%	26%	n/a	n/a	n/a	n/a
Percentage of investigative cases opened during the fiscal year that were closed by the end of the fiscal year (updated 2019)	n/a	n/a	n/a	20%	20%	20%	20%
The OIG will complete four projects to identify fraud cases that are not detected through agency policing procedures.	10	8	7	8	7	7	7

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

Railroad Retirement Board Office of Inspector General FY 2021 Performance Budget	FY 2016 Actual \$8.437M	FY 2017 Actual \$10.000M	FY 2018 Actual \$11.000M	FY 2019 Actual \$11.000M	FY 2020 President's Budget \$11.000M	FY 2021 OMB Level \$10,450M	FY 2021 RRB OIG Request Level \$13.620M
Strategic Goal III: Ensure quality and excellence in the OIG's work and products.							
Percentage of employees meeting the training requirements of their profession.	100%	100%	100%	100%	100%	100%	100%
All auditors hold the appropriate credentials to satisfy government, CIGIE, and applicable standards.	100%	100%	100%	100%	100%	100%	100%
All auditors will receive 80 hours of continuing professional education over 2 years.	100%	100%	100%	100%	100%	100%	100%
Eighty percent of audits, evaluations, and inspections are subjected to an internal quality assurance review.	100%	100%	66.7%	100%	80%	90%	100%

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

As described in OMB’s Memorandum on fiscal year 2021 Budget Guidance, the OIG has several activities that support the President’s Management Agenda (PMA) priority areas. The guidance notes the following priority areas:

- IT Modernization;
- Data, Accountability and Transparency;
- People: Developing a Workforce for the 21st Century;
- Improving Customer Experience;
- Sharing Quality Services;
- Shifting From Low-Value to High-Value Work; and
- Acquisition Modernization.

RRB OIG is responsible for promoting economy, efficiency, and effectiveness; and for identifying and preventing fraud, waste, and abuse in agency programs. As part of strategic planning, we have often focused audit work on assessments in these priority areas and would continue to conduct audits and evaluations in these areas in support of the PMA.

Several OIG identified major management challenges facing RRB are related to PMA priority areas as shown in the table below.

OIG Identified Major Management Challenge Facing RRB	Associated PMA Priority Areas	RRB OIG Planned Projects/Audits
IT Security and System Modernization	IT Modernization	Audits of RRB large scale system modernization recently funded for \$10 million Annual FISMA audit to assess agency wide IT security
Human Capital Management	People: Developing a Workforce for the 21st Century	Telework Audit
Material Weaknesses Related to Financial Statement Reporting and the Control Environment	Data, Accountability, and Transparency	Audit of Cash Statement Annual financial statement audit Audit of financial systems including unapplied cash and debt waivers
Lack of RRB Oversight of the NNRIT	Data, Accountability, and Transparency	None

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

In addition, several other management challenges relate to payment accuracy weaknesses such as challenges in program integrity related to the RRB disability program, management of the Railroad Medicare program, and RRB's noncompliance with improper payment reporting.

Given the significant parallels between the PMA and RRB OIG's strategic planning related to RRB major management challenges, we dedicate significant OIG resources to review and provide recommendations for improvement to RRB management to make its activities more efficient and cost effective, in support of the PMA.

Agency Workforce Plan

The Office of Inspector General (OIG) is committed to fostering a culture that motivates and rewards employees not only for their performance but also for their longevity of service, innovative ideas and their contributions to the office.

The OIG strives to ensure that all personnel are committed to achieving results aligned with our office's strategic goals. One of our major human capital goals is to develop a performance management system that distinguishes between high and low performers, links individual/team/unit performance to organization goals, and motivates and rewards staff for high performance. The agency has a robust Incentive Awards Program that allows for the ongoing use of awards and recognition throughout the year to reward high performing employees.

In FY2020, the RRB projects awards spending of approximately \$150,000, which neither includes Quality Step Increases (QSI) nor Time-Off Awards. Awards spending decisions will be decided by the Inspector General. All spending decisions will adhere to the OIG's Incentive Awards Program.

Awards and Recognition

The OIG recognizes employees for their accomplishments and contributions to the OIG and service to the railroad public. The office's Incentive Awards Program improves office operations by encouraging employees to submit constructive suggestions, to perform the duties of their position in a superior manner, to make significant accomplishments in the area of public service, and to help promote equal employment opportunities in the Federal Service. Following are the various ways in which an individual can be rewarded and recognized:

- **Performance Awards** are recommended annually based on an employee's rating of record. The rating of record must show that an employee's performance substantially exceeds an acceptable level of competence. The amount of the performance award is calculated in accordance with the performance awards scale, with higher ratings receiving higher award amounts. This category of awards also includes Quality Step Increases. It should be noted that only employees with an outstanding rating of record can be considered for a Quality Step Increase.

OFFICE OF INSPECTOR GENERAL - RAILROAD RETIREMENT BOARD

- **Superior Accomplishment Awards** are used to motivate employees to increase productivity and creativity by rewarding their contributions resulting in tangible benefits or savings and/or intangible benefits to the office. A contribution means an accomplishment achieved through an individual or group effort in the form of a suggestion or a special act or service in the public interest connected with or related to their official employment.
- **Time-off Incentive Awards** recognize a superior accomplishment or an exceptional personal effort that contributes to the quality, efficiency or economy of agency operations. Individual employees or entire teams can be granted time off in one-hour increments with a maximum of eight hours per nomination. An employee may only receive a maximum of 16 hours in a calendar year.
- **The RRB Award for Excellence Program** is designed to recognize outstanding employees for their accomplishments and contributions to the office and service to the railroad public. All OIG employees, supervisors, and work teams have the opportunity to be recognized for their contributions to the office and agency. The nominees, finalists and winners are all honored at an annual ceremony where they receive an award for their achievements.

Office employees are also recognized for their career longevity. Employees with 15+ years of service are eligible to receive a **Career Service Recognition Award**. The awards are commensurate with the number of years that the employee has served in federal service.

