Improvements Needed for the Designated Change Process at the Railroad Retirement Board

Report No. 21-11

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What We Found

A designated change is a change made to either an individual’s name, home address, direct deposit, or representative payee.

The Railroad Retirement Board (RRB) did not always ensure changes to an individual’s name, home address, direct deposit, or representative payee were accurate. Based on our statistical sample, the RRB’s projected error rate was 27 percent, putting approximately $1.3 million in benefit payments at risk for fiscal year 2019. Inaccuracies occurred because RRB management and employees did not follow established designated change policies, procedures, or Government Accountability Office’s Standards for Internal Control in the Federal Government.

Additionally, the RRB designed and documented internal controls over designated changes, including policies and procedures. However, these controls, policies, and procedures were not fully effective or complete to ensure all changes were processed accurately, timely, or barred from possible fraudulent activities.

What We Recommend

To address the exceptions identified in this audit, we made 23 recommendations related to improving the RRB’s policies, procedures, and internal controls for processing designated changes. We also made recommendations directed at resolving the inaccurate changes. Of the 23 recommendations, RRB management concurred with 11, partially concurred with 2, deferred to concur or nonconcur with 3, and did not concur with 7. For the recommendations with which it did not concur, we continue to see the need for these recommendations. For the recommendations with which it concurred, RRB management provided target completion dates as provided in Appendix I.

What We Did

We conducted this audit as part of our annual workplan. If the RRB does not process changes accurately or effectively, annuitants and beneficiaries could be negatively impacted almost immediately. They could lose monthly benefits, identities could be stolen, medical information could be compromised, or they could be wrongly classified as incompetent.

Our objectives of this audit were to determine the accuracy of designated changes and assess the effectiveness of the internal controls over the designated change process.

Our scope included designated change requests processed in fiscal year 2019 for Railroad Retirement Act annuitants and beneficiaries and management control reviews of the designated change process conducted in fiscal years 2018 through 2020.

We identified applicable laws and regulations, reviewed RRB policies and procedures, analyzed management internal control documentation, reviewed a statistically valid sample, and assessed control effectiveness.