U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Management Information Report - Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021

Report No. 22-03

December 20, 2021

OFFICE OF INSPECTOR GENERAL
U.S. RAILROAD RETIREMENT BOARD

Management Information Report – Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021

What We Found

The Reports Consolidation Act of 2000 and Office of Management and Budget Circular A-136 require the Inspectors General to make a statement on what they consider to be the most serious management and performance challenges facing the agency and assess the agency's progress in addressing those challenges. As required, the Inspector General's statement was included in the Railroad Retirement Board's (RRB) fiscal year 2021 Performance and Accountability Report.

We present the following six major management and performance challenges facing the RRB:

1. Improve Agency Disability Program Integrity
2. Improve Information Technology Security and Complete System Modernization
3. Improve Management of Railroad Medicare
4. Improve Payment Accuracy and Transparency
5. Financial Management and Reporting Issues
6. Compliance Concerns Identified

Management's Comments and Our Response

RRB provided written comments, which are reprinted in Appendix I. While RRB management provided comments and disagreements with some of the challenges we identified, our assessment of the major challenges facing the RRB remains unchanged.

What We Did

Our identification of management and performance challenges facing the RRB was based on recent audits, reviews, investigations, follow-up activities, and issues of concern to the Office of Inspector General.

We previously provided these management challenges to the RRB for inclusion in its fiscal year 2021 Performance and Accountability Report.

Our objective was to identify and assess the most serious challenges facing RRB management during fiscal year 2021.

Contents

INTRODUCTION

The Reports Consolidation Act of 2000 and Office of Management and Budget Circular A-136 (OMB A-136) require the Inspectors General to make a statement on what they consider to be the most serious management and performance challenges facing the agency and assess the agency's progress in addressing those challenges.[1] As required, the IG's statement was included in the Railroad Retirement Board's (RRB) fiscal year 2021 Performance and Accountability Report (PAR).[2]

The RRB is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement-survivor and unemployment-sickness benefit programs for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts. As part of the retirement program, the RRB also has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.[3]

In fiscal year 2020, the RRB paid retirement-survivor benefits of nearly $13.1 billion to about 528,000 beneficiaries. The RRB also paid net unemployment-sickness benefits of $188 million to about 41,000 claimants and paid Coronavirus Aid, Relief, and Economic Security Act (CARES Act) benefits totaling $154.8 million. This year's management challenges are:

- Improve Agency Disability Program Integrity
- Improve Information Technology Security and Complete System Modernization
- Improve Management of Railroad Medicare
- Improve Payment Accuracy and Transparency
- Financial Management and Reporting Issues
- Compliance Concerns Identified

The challenges this year include items relating to prior Office of Inspector General (OIG) concerns or those identified in prior audits, the President's Management Agenda, and areas related to the RRB's ability to meet its core mission.[4]

---

[1] Office of Management and Budget (OMB), *Financial Reporting Requirements*, Circular No. A-136 (Washington, D.C.: August 10, 2021).
[2] Railroad Retirement Board Office of the Inspector General (RRB OIG), *Report on the Railroad Retirement Board's Financial Statements in Fiscal Year 2021 Performance and Accountability Report*, Report No. 22-02 (Chicago, IL: November 15, 2021).
[3] Social Security Act (42 U.S.C. § 1842(g)).
[4] The President's Management Agenda, *Modernizing Government for the 21st Century*, https://trumpadministration.archives.performance.gov/PMA/PMA.html.

Objective, Scope, and Methodology

Our objective was to identify and assess the most serious challenges facing RRB management during fiscal year 2021. Our identification of management and performance challenges facing the RRB was based on recent audits, reviews, investigations, follow-up activities, and issues of concern to the OIG.

Management's Comments and Our Response

As required, these management and performance challenges were provided to RRB for inclusion in its fiscal year 2021 PAR.[5] Subsequently, RRB management provided written comments in its PAR, and we provided the full text of these comments in Appendix I.

In its comments, RRB management acknowledged some of the challenges identified by OIG and disagreed with some of the concerns, indicating that they do not give rise to a serious management concern or challenge. RRB management described actions implemented, approaches taken, and improvements underway to improve the functions and operations of the agency to address the challenges identified by the Inspector General. Some of the actions described by the RRB did not always meet the intent of OIG recommendations nor do they always address the weaknesses that remain.

While RRB management provided comments and rebuttals, our assessment of the major challenges facing RRB remains unchanged. As responsible public stewards, RRB management must implement an effective control system to ensure that all agency programs are managed efficiently.

[5] RRB OIG, Report No. 22-02.

RESULTS OF REVIEW

This management information report presents the following six major management and performance challenges facing the RRB for fiscal year 2021.

The full text of management's response has been included in Appendix I.

Challenge 1 – Improve Agency Disability Program Integrity

Why is this a serious management challenge? The OIG has been concerned for a number of years regarding fraud and abuse in the disability program and the lack of timely corrective actions taken by the RRB to correct our audit recommendations related to the disability program. Five prior OIG recommendations for 2 audits, concurred with by RRB management, remained open, with the oldest being 104 months old. There were another 11 prior recommendations that RRB management did not concur with that we continue to see the need for corrective actions. RRB management's comments for our previous management challenges acknowledged that some of the OIG recommendations are still open due to RRB management's intent for a detailed analysis of the recommendations and commitment to implement those changes that are cost effective to improving program integrity. However, fraud risk increases as time passes without corrective actions being implemented by the RRB.

This area also remains a challenge because the RRB reported that additional staff is needed to meet its timeliness goals and to ensure payment accuracy. This is discussed in further detail later in this challenge.

In support of OIG concerns and timely corrective action, a prior audit report, issued by the Government Accountability Office (GAO), conducted of the RRB's occupational disability program reported that "…a nearly 100-percent approval rate in a federal disability program is troubling, and could indicate lax internal controls in RRB's decision making process, weakness in program design, or both."[6] The RRB's approval rate for occupational disabilities was 99.02 percent during fiscal year 2020. The GAO report also stated that they identified these and other areas in the occupational disability program that require further evaluation. OIG audits and contracted audits have continued to identify weaknesses in RRB's disability program and our open recommendations buttress the need for further evaluation of areas of concerns and other areas identified by the GAO report. Therefore, OIG continues to see the need to reference the statement in GAO's report as a reflection of the further evaluation that is needed in the occupational disability program.

The RRB adjudicates and processes disability benefit payments to railroad employees in support of total and permanent and occupational disabilities. Occupational disabilities are awarded if a physical or mental impairment permanently disqualifies the railroad employee from performing their regular railroad occupation, even though the employee may be able to perform other

[6] Government Accountability Office (GAO), *Railroad Retirement Board: Review of Commuter Railroad Occupational Disability Claims Reveals Potential Program Vulnerabilities*, GAO-09-821R, (Washington, D.C.: September 9, 2009).

types of work. During fiscal year 2020, the RRB paid approximately $570 million to 11,900 occupationally disabled annuitants. The average monthly occupational disability annuity was $3,345.

Management has overall responsibility for establishing internal controls to manage the risk of fraud. Fraud can jeopardize an agency's mission by diverting resources from their intended purpose. The OIG recently conducted an audit of the RRB's Disability Briefing Document Program (D-BRIEF) and determined that the process was not fully effective to ensure that examiner rationales for their decisions were completely documented. As a result, doubt exists regarding whether information recorded in the output of D-BRIEF was consistent with supporting documentation in the electronic case file. The audit also found that there was a lack of transparency in RRB disability records that increased the risk for potential fraud in the disability determination process.

To address the weaknesses identified in the D-BRIEF audit, we made three recommendations related to (1) updating policies and procedures in the Disability Claims Manual to require that all medical evidence considered in the determination of conflicting medical evidence is entered into D-BRIEF and discussed on the Disability Briefing Document; (2) updating policies and procedures to ensure that all relevant medical evidence and supporting documentation pertaining to the applicant's claim for disability is documented in D-BRIEF and the electronic case file, prior to the finalization of the initial disability decision; and (3) ensuring that the Disability Benefits Division works with Policy and Systems to implement system modifications to D-BRIEF to ensure that the Disability Briefing Documents do not contain an incorrect statement.

The Office of Programs (Programs) concurred with the first two recommendations. Although the RRB did not concur with the third recommendation, they stated that procedures will be revised to improve the accuracy of statements in D-BRIEF. These recommendations remain open. Because these three recommendations, and many others from other reports remain open, the RRB's disability program continues to be at risk of fraud and abuse.

This paragraph, and the other paragraphs that follow, summarize some of the actions RRB management has taken to address its disability program and related performance. In response to our performance and management challenge related to disability program integrity outlined in the fiscal year 2020 PAR, RRB management stated that the approval rate has remained steady over the years and that it reflects the statutory requirements for approval more than a measure of program integrity. RRB management also mentioned that they addressed the concerns in the 2009 GAO report and subsequent OIG reports by developing "The Disability Tracking of Physicians and Patterns (DTOPP)" to identify the issue that occurred in the Long Island Railroad cases where three physicians provided a majority of the medical evidence, and that they are tracking patterns of disability or sickness claims reported out of the single railroad.[7] RRB management stated that they have implemented some program integrity changes which include some of those discussed in our prior year discussion of this management challenge. In addition, they discussed the following program integrity changes: making updates to the disability application form, second level reviewer for all disability decisions, improved

[7] GAO-09-821R.

fraud training for agency staff, the Chief Medical Officer (CMO) is to review a sampling of cases each month where the CMO did not review the medical information prior to adjudication and prepare an annual report for the Board at the end of February with findings and corrective actions, etc.

In the fiscal year 2020 PAR, RRB management stated that in an effort to reduce the number of pending cases and to improve timeliness, the Disability Benefits Division (DBD) hired additional initial claims examiners. The initial training phase took approximately 8 months and the new hires began production in fiscal year 2020. RRB management also stated that the focus will be on the current applications and this will reflect in the Division's overall performance. In the Fiscal Year 2022 Budget Justification, RRB management acknowledged that DBD has 50 percent fewer post examiners needed to timely authorize the work of initial examiners and conduct continuing disability reviews. Currently, 17 percent are retirement eligible now and an additional 9 percent will become eligible to retire within the next 3 years. RRB management reiterated the need for additional staff in order to meet its timeliness goals for disability decisions and reviews necessary to ensure payment accuracy.

RRB management stated that they are committed to administering the disability program in a manner that will maintain or improve program integrity. RRB management also mentioned that they have incorporated many of the recommendations and suggestions made by the OIG for program improvements into the way cases are processed and adjudicated.

Although RRB management has taken some actions to address the disability program and its performance, many more improvements are needed, and the RRB's disability program continues to be at risk for fraud and abuse.

Refer to Appendix II for a list of relevant reports for this challenge.

Challenge 2 – Improve Information Technology Security and Complete System Modernization

Why is this a serious management challenge? Managing cybersecurity risks is critical to improvement of the security posture of the federal networks and critical infrastructure. Improving cybersecurity and modernizing the RRB's systems is vital to support the ability to meet its core mission and transform its core business processes and customer service capabilities. Executive Order 13800 emphasizes the importance of strengthening the cybersecurity of federal networks. In the Fiscal Year 2022 RRB Budget Justification, RRB acknowledged that they had a total budgeted cost of $65.175 million as of May 2021, towards Information Technology (IT) Modernization and Related Supplemental Funds. Approximately $39 million of this cost is for the IT Modernization Funds (Annual Appropriations) which is comprised of the RRB's Stabilize phase ($19,559,374) and the Modernize phase ($19,440,626). The remaining $26.175 million of this cost is the additional funding to prevent, prepare for, and respond to coronavirus, specifically ($5 million was provided under P.L. 116-136, CARES Act, and $21.175 million under P.L. 117-2, the American Rescue Plan Act of 2021). RRB management stated that they will not submit budget requests for additional IT funds, because the IT modernization program has been fully funded. Therefore, in fiscal year 2022, RRB's current IT initiatives and planned projects will be focused on the following priority areas: Priority 1 – Mainframe Modernization, Priority 2 – Collaboration Tools, Priority 3 – Business Rules Implementation, Priority 4 – Data Model Implementation, Priority 5 – Adjudication Application/Customer Views, Priority 6 – Citizen-Centric Services/Online Forms and Portals, Priority 7 – Paperless Processing and Secure Document Management and Priority 8 – Payment Application.

RRB is required by the Federal Information System Modernization Act (FISMA) to report the status of its information security program to OMB and FISMA metrics to the Department of Homeland Security. An annual independent assessment of the agency's IT program is performed for the cybersecurity of RRB networks and critical infrastructure. In the annual FISMA audits for fiscal years 2018, 2019, and 2020, the OIG's contractor found that RRB did not comply with FISMA legislation and OMB guidance and that sampled security controls selected from National Institute of Science and Technology Special Publication 800-53, Rev 4 demonstrated ineffectiveness, and thus the RRB's Information Security Program (ISP) did not provide reasonable assurance of adequate security.

In the fiscal year 2020 FISMA audit, the OIG's contractor determined that policies and procedures were not regularly updated and had not been developed for a number of systems and controls, and standard operating procedures had not been developed for a majority of the tools procured to improve incident response. The contractor also reported that the RRB's ISP was not operating effectively because the program's overall maturity did not reach Level 4: Managed and Measurable. A total of 12 detailed recommendations were made to address these identified weaknesses. RRB management concurred with all of the recommendations. RRB management comments noted recognition of necessary improvements to mature RRB's ISP and defined the planned actions by the Chief Information Officer (CIO) and the Chief Information Security Officer to address the findings and recommendations presented in the report. We have not received any requests to close any of these recommendations, thus all 12 remain open.

For the fiscal year 2019 FISMA audit, the OIG contractors made a total of 19 detailed recommendations to address identified weaknesses. RRB management concurred with all of the recommendations. OIG has recently received request to close 1 of these recommendations, thus all 19 currently remain open. For the fiscal year 2018 FISMA audit, although findings were consistent with prior FISMA audit results, RRB management disagreed with the conclusion that the RRB's ISP was not providing adequate assurance of adequate security. The report included 31 recommendations for improvement. The RRB has implemented 12 of these recommendations and 19 remain open.

In the fiscal year 2020 PAR, RRB management stated that significant investment is essential to update the agency's outdated IT systems, reduce cybersecurity risk, and sustain mission operations. They also stated that RRB's Annual Performance Plan for fiscal year 2020 reflects the strategic objective that focuses on the specifics of achieving this goal of legacy systems modernization. Also, in the fiscal year 2020 PAR, RRB stated that in fiscal year 2021, they plan to continue IT modernization efforts executing the tailored blueprint, outsourcing non-core services, and re-engineering the agency's core benefit processing and payment systems. In addition, the contract, which was to assess RRB's core current businesses and develop a blueprint for modernization, was completed in fiscal year 2020. RRB also stated they are currently contracting re platform services and software to transition mission essential program from end of life mainframe hardware. This contract for re-platform services was paused in fiscal year 2020 due to some challenges with the re-platform approach.

In the fiscal year 2021 *Audit of the Updated IT Initiatives Legacy Systems Re-Platform Services*, the OIG's contracted auditor determined that a system security plan was not approved in accordance with the IT governance and information security requirements and also that changes in contract requirements were not formally documented. The report included three recommendations for improvement. RRB management concurred with all of the recommendations and they remain open.

The RRB's Performance Plan as included in its Fiscal Year 2022 Budget Justification indicated that the RRB had established five performance goals for RRB's Transformation (formerly Legacy Systems Modernization), which are all related to the strategic goal I, to modernize IT operations that will sustain mission essential services.

In the fiscal year 2021 *Audit of the Updated IT Initiatives Legacy Systems Modernization Services: Re-engineering Mission Essential Programs*, the OIG's contracted auditor determined that RRB (1) did not provide evidence of deliverable certification and acceptance in contract management; (2) did not review and update the Systems and Services Acquisition Policy for IT governance; and (3) did not validate that information security requirements were found in the contract for IT governance. The OIG contractor made three recommendations to address identified weaknesses. RRB management concurred with all of the recommendations and they remain open.

In response to our narrative for this challenge as presented in the fiscal year 2020 PAR regarding improving the RRB's IT security and system modernization, RRB management's comments acknowledged the OIG's concern to establish and maintain a secure and reliable IT environment for its data, applications, and systems. They stated that they intend to comply with FISMA to ensure adequate security protections for federal information systems and information. RRB management stated they anticipate that the cybersecurity posture of the agency will improve and be sustained at an acceptable level, as they continue with the development and implementation of the IT modernization initiatives. They also stated that the RRB will continue to make incremental steps to reach the overall maturity goal of Level 4 – Managed and Measurable. The RRB stated that an initiative "On Track to Tomorrow," introduced by the previous CIO in 2019, has transitioned to a three-phased approach to IT modernization and will continue into fiscal year 2021 as they seek to emerge from the Stabilize phase to Modernize phase.

Refer to Appendix II for a list of relevant reports for this challenge.

Challenge 3 – Improve Management of Railroad Medicare

Why is this a serious management challenge? The Medicare topic is included on the President's Management Agenda. Prior OIG audit findings with 69 open recommendations over the years regarding Medicare topic has continued to raise issues of concern to the OIG. RRB management concurred with 5 of these open recommendations and did not concur with 64 recommendations. However, for the reasons explained later in this challenge, we continue to see the need for corrective action on all 69 open recommendations.

Under the Social Security Act (42 U.S.C. § 1842(g)), the RRB has the authority to administer certain aspects of the Medicare program for qualified railroad beneficiaries. Some of these provisions include eligibility determination, enrollment or removal from enrollment, premium collection, processing state buy-ins, and selection of a contractor to process Medicare Part B claims. The RRB administers the Railroad Medicare (RM) program for railroad workers and, since 2000, has contracted with Palmetto GBA, LLC (Palmetto), to process Medicare Part B claims on behalf of RRB beneficiaries.[8] Within the RRB, Office of Programs is responsible for quality assurance and contract oversight of the RM contract with Palmetto.

At the end of fiscal year 2020, approximately 463,500 qualified railroad retirement beneficiaries were enrolled in RM Part A, and approximately 453,000 were also enrolled in RM Part B. During fiscal year 2020, Palmetto processed more than 7.7 million RM claims and made approximately $855.8 million in benefit payments for Part B medical services. The Centers for Medicare and Medicaid Services (CMS) transferred/reimbursed RRB a total expense of $34.1 million in RM program costs during fiscal year 2020. Of that amount, approximately $19.9 million was transferred to fund the RRB's Specialty Medicare Administrative Contractor (SMAC), Palmetto, and $14.2 million was reimbursed for RRB expenses incurred for administering the program. CMS paid the RRB for these administrative services through an existing and ongoing cost reimbursement agreement. The total expense covered both direct and indirect costs for the RRB and the RRB OIG and the cost of its Palmetto contract to support the separate RM program.

Over the years, the OIG has disagreed with RRB as to which RM related responsibilities belonged to the RRB, Palmetto, or CMS. In response to our recent audits, agency management continued to state that CMS is responsible for the Medicare program as a whole, that the RRB's Medicare responsibilities were limited overall, and that if RRB publishes RM payment integrity information, it would result in duplicative reporting.

In May 2021, an OIG audit found that the RRB did not publish payment integrity information or improper payment data for RM and determined that RM improper payment data was not transparent in the Department of Health and Human Services' (HHS) fiscal year 2020 Agency Financial Report. Five of the seven recommendations that OIG made were directly related to RM. RRB disagreed with all five recommendations and stated that "[t]he [RRB] has consistently

---

[8] Palmetto GBA is the Railroad Specialty Medicare Administrative Contractor (RRB SMAC) that process Medicare Part B claims for Railroad Retirement beneficiaries nationwide. As the SMAC, Palmetto has administrative responsibility for processing Railroad Retirement beneficiary claims only.

acknowledged its responsibilities under the Social Security Act to administer certain provisions of the Medicare program for the railroad, including the administration of the [SMAC] contract with [Palmetto]. RRB does not issue Medicare payments to beneficiaries or providers directly. Notwithstanding the Agency's specified Medicare responsibilities for railroad annuitants, the [CMS], a component of the [HHS], administers the Medicare program as a whole." OIG disagreed and stated that under the RRB's current SMAC contract and Memorandum of Understanding (MOU), the RRB is responsible for SMAC contract administration, oversight, and payment integrity reporting for the RM program. OIG also stated that RRB should be reporting RM improper payment data because OMB did not formally grant the RRB approval to discontinue reporting RM. OMB indicated that the RRB and CMS should resolve this issue amongst themselves. Since a revised MOU that clearly states that CMS is responsible for reporting improper payment data for the RM program is not in effect, the RRB remains responsible for reporting RM improper payment data.

At the time of our May 2021 report, RRB and CMS have not formalized an agreement for reporting RM. Although the MOU was expected to be finalized by the end of 2020, RRB management explained that actions have been postponed due to CMS' administrative changes and its shifting of resources to address coronavirus activities. RRB management stated that the meetings are expect to resume in fiscal year 2021. Until the MOU is finalized, RRB's position was that they have a tentative agreement with CMS that RM reporting responsibilities belonged to CMS. Programs' recent update stated that the RRB has continued to reach out to CMS to discuss modifications and to finalizing a new agreement. Programs also indicated that on August 17, 2021 the RRB received confirmation from CMS that the MOU between CMS and the RRB needs to move forward. Also, on September 15, 2021, CMS and RRB participated in a conference call to discuss adding language to the MOU to address payment suspensions. Revisions to the proposed language are due to CMS by close of business September 24, 2021. Programs expects that a new MOU will be in place no later than the end of the fiscal year 2022, but are hopeful that the MOU will be in place by the end of calendar year 2021.

In the fiscal year 2020 PAR, RRB management listed some of the actions it has taken to address improvement to the management of RM which include but are not limited to (1) work with CMS on a regular basis to ensure that the MOU is current and accurately reflects each agencies responsibilities; (2) preparing annual risk assessment to determine SMAC vulnerabilities; (3) utilizing the Comprehensive Error Rate Testing (CERT) improper payment rate information to prepare annual medical review strategies; (4) require the SMAC to submit an Improper Payment Activities Report after the final improper payment rate data is received; and (5) ensure that the SMAC submits regular updates to the RRB if the improper payment rate is not equal to accepted tolerance levels. RRB management also stated that the RRB confirmed with CMS that CMS is responsible for the Medicare program as a whole, including CMS' responsibility to report on Medicare improper payments in the HHS annual Agency Financial Report. As such, CMS and RRB agreed that RRB would no longer separately report CERT information and RRB shared this decision with OMB. RRB management indicated that CMS and RRB will continue their efforts to finalize an MOU.

Because of RRB management's stance on this matter, they did not concur with many of our previous recommendations for the RM program. We continue to disagree with RRB management that the RRB is not responsible for oversight and reporting responsibilities for this program. We stand by the recommendations made in our recent audit reports, many of which remain open. It is the RRB OIG's position that until CMS absorbs the administration of RM, including contract oversight of Palmetto, the RRB should continue to report RM payment integrity data and implement RM related audit recommendations. If not, there is a lack of transparency, as the RRB would not be held accountable for its role in maintaining effective oversight of Palmetto.

Due to the RRB's indifference to oversight of the RM program and the inefficiency of maintaining it as a separate program, there is no practical reason for its existence, thus elimination should be considered.

See Appendix II for a list of relevant reports for this challenge.

Challenge 4 – Improve Payment Accuracy and Transparency

Why is this a serious management challenge? The topics of data, accountability, and transparency are included on the President's Management Agenda.

One of the key drivers in the President's Management Agenda is an initiative to improve delivery of better results to the public and improving accountability to taxpayers. A strategy to accomplish this initiative is to improve the data and information available for decision-making and accountability for the Federal Government. This includes providing high quality and timely information for decision-making, determining effectiveness of government programs, and providing accurate and timely spending information. Recent audits and reviews have identified instances where there is a need to improve payment accuracy and transparency at RRB.

Payment Accuracy

The CARES Act provided funding for the RRB that consisted of an appropriation of $425 million to pay for the increase in unemployment benefits, with an additional $50 million provided to cover the cost of eliminating a waiting period for unemployment or sickness benefits. CARES Act funding also included $5 million to prevent, prepare for, and respond to the coronavirus. From March 2020 through March 2021, the RRB made CARES Act benefit payments totaling approximately $155 million.

Our oversight of CARES Act funds is ongoing, we issued OIG Report No. 20-08 *Interim Report Regarding CARES Act Expenditures and Controls* and OIG Report No. 21-04 *Interim Review RRB CARES Act* to discuss our concerns. In our reports, we determined that benefit payments continued to be issued without any concurrent checks against state wages and unemployment benefits for the same periods. We indicated that the lack of timely matching of CARES Act benefit payments with state data should result in the RRB performing some additional procedures outside of the normal state wage matching process. The RRB has still not attempted to identify other sources of wage information that could help in the identification and review of fraudulent payments. The RRB needs to use other tools that could be used for CARES Act benefit payments. Furthermore, RRB management has not addressed their responsibilities to increase efforts to identify potential fraud for CARES Act benefit payments and the need to send fraud referrals to the OIG in a timely manner. During our most recent review, Report No. 21-04, we determined the RRB was not set up to collect recoveries involving CARES Act benefit payments. We made two recommendations to address these concerns (1) that the Office of Programs allocate resources to work on fraud referrals; and (2) that the Executive Committee commit additional resources to implement an automated debt recovery process for CARES Act benefit payments. Agency management concurred with the first recommendation and did not concur with the second recommendation. We continue to see the need for our second recommendation to be implemented. For Report No. 20-08, we made three recommendations that remain open one year later. The RRB did not concur with two of the three recommendations. These recommendations should still be implemented as we previously reported in last year's challenges.

In our audit of the RRB's designated change process, we determined that RRB did not always ensure changes to an individual's name, home address, direct deposit, or representative payee were accurate. 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 GAO's *Standards for Internal Control in the Federal Government*. The RRB's controls, policies, and procedures were not fully effective or complete to ensure all changes were processed accurately, timely, or barred from possible fraudulent activities. To address the exceptions identified in the audit, we made 23 recommendations. 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 and these recommendations remain open.

Transparency

The transparency issues discussed below represent our most recent concerns for these areas. We previously reported challenges for these same audit topics. Our previously reported concerns continue to exist and are compounded by these newer audit findings.

Agencies are required to report improper payment data for the programs it administers in the payment integrity portion of the agency's PAR. As discussed in Challenge 3, our most recent payment integrity information report determined that the RRB did not publish payment integrity information or improper payment data for RM in its fiscal year 2020 PAR. We also determined that RM improper payment data was not transparent in HHS' fiscal year 2020 Agency Financial Report. This occurred because the RRB believed that since HHS was already reporting RM improper payment information the reporting by the RRB would be duplicate reporting. HHS reporting does not identify improper payments for the RM program. A reader of the PAR would be confused as the PAR's Payment Integrity section states that the RRB has a RM benefit payment program, but then makes no further explanation as to why no additional information is included in the PAR. We made eight recommendations related to payment integrity compliance, annual data call completeness, and supplemental data call completeness. RRB management did not concur with the eight recommendations. We continue to disagree with the RRB's position and maintain that the RRB is responsible for RM reporting. We continue to see the need for our recommended corrective actions. These eight recommendations and other prior recommendations remain open.

In the audit of the RRB's D-BRIEF process, we determined that the D-BRIEF process did not always ensure that disability decision rationales were completely documented and doubt exists regarding the consistency and transparency of some responses. This lack of transparency in RRB annuitant disability records indicated that the D-BRIEF process was not being fully utilized for its intended purpose, which increased the risk for potential fraud in the initial disability decision making process. Claims examiners could have prepared cases containing conflicting medical evidence without acknowledging the conflict or documenting how they resolved the conflict. Also, an authorizer may not have recognized the existence of conflicting medical evidence if it was not recorded, therefore, they were not afforded an opportunity to review and assess examiner decisions. As discussed in Challenge 1, our audit made three recommendations to address the identified weaknesses. RRB management concurred with the first two recommendations but did not concur with the third recommendation. We continue to see the need for our recommended corrective actions. These three recommendations and other prior recommendations remain open.

See Appendix II for a list of relevant reports for this challenge.

Challenge 5 – Financial Management and Reporting Issues

Why is this a serious management challenge? Financial management and reporting issues continue to be a challenge for RRB management, as is outlined in many of our prior audit reports. This challenge encompasses financial management and reporting issues stemming from our concerns regarding internal controls, effectiveness of organizational functions, and agency operations. We discuss issues surrounding communication with the National Railroad Retirement Investment Trust's (NRRIT) auditor, social insurance valuation, ineffective controls, and use of resources. Our audit opinion on the RRB's fiscal year 2020 financial statements included two material weaknesses that are discussed in this challenge.

Internal Controls Over Designated Changes Need Improvement

A designated change is a change made to either an individual's name, home address, direct deposit, or representative payee. In our audit over these changes, we determined that these controls were not fully effective or complete to ensure all changes were processed accurately, timely, or barred from possible fraudulent activities. RRB's management is responsible for the design, implementation, and effectiveness of these internal controls. We estimated that approximately $1.3 million in benefit payments were at risk for inaccuracies. We made 23 recommendations related to improving the RRB's processing of designated changes and 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.

Functions of the Bureau of Fiscal Operations

We engaged an independent public accounting (IPA) firm to conduct a performance audit on some of the Bureau of Fiscal Operations' (BFO) sections. The IPA concluded that five weakness significantly affected the effectiveness and efficiency of BFO's Treasury, Debt Recovery, and Financial Systems Sections' operations, including inefficiencies that affect the optimum use of resources. The IPA also found exceptions and errors in criminal restitution debt and employer contribution transactions. Additionally, the IPA concluded that communication between BFO and Programs was inadequate for the unapplied cash function. The IPA made 18 recommendations to address these findings. RRB management concurred with six recommendations, partially concurred with five, and did not concur with seven recommendations.

Financial Reporting

At the time that this statement was prepared, these areas were being audited as part of our fiscal year 2021 financial statement audit. Therefore, our discussion in this section would not include any recent developments that might be discussed in our Independent Auditor's Report that will be rendered in November 2021.

Since fiscal year 2013, we have rendered a disclaimer audit opinion on the RRB's financial statements because OIG auditors have not been permitted to communicate with the RRB's component auditor (NRRIT's auditor), as required by financial statement audit guidance. As reported in the RRB's fiscal year 2020 financial statements, the NRRIT held approximately $24.8 billion of the RRB's $32.2 billion (77 percent) in assets.

This material weakness for financial reporting has been reported since fiscal year 2014. Within this weakness, we discussed our fiscal year 2020 financial reporting concerns regarding communication with the NRRIT's auditor and social insurance valuation.

- **Communication with the NRRIT's Auditor**

Our inability to communicate with the NRRIT's auditor has continued into fiscal year 2021. NRRIT did not respond to our July 27, 2020 letter pertaining to its auditor. This lack of cooperation and communication with the NRRIT and its auditors prevents OIG auditors from obtaining sufficient appropriate audit evidence regarding the RRB's financial statements. Even though the NRRIT and the GAO entered into an MOU giving GAO access to their audit records for use in the governmentwide financial statements, the RRB continues to believe that we should not be included in this matter even though the RRB OIG is tasked to conduct an audit of the RRB's financial statements.

Our concern with NRRIT investment decisions and NRRIT's auditor has heightened and has been substantiated for reasons described in the following paragraphs.

On July 7, 2020, the White House National Security Advisor and the Director of the National Economic Council questioned the NRRIT's investments. According to the letter, the NRRIT was believed to have been investing hundreds of millions in railroad worker's retirement assets in investments directly supporting the People's Republic of China. In addition to being a national security risk, the investments are a much greater economic risk to railroad retirees, leaving railroad retiree assets vulnerable and exposed to significant and unnecessary financial risks and fiduciary concerns. On July 8, 2020, the RRB responded that the NRRIT's investment authority was not subject to direct oversight or approval by the RRB. Instead of reaching out to an independent oversight body, such as GAO, it appeared the RRB only reached out to the NRRIT regarding the July 7, 2020 inquiry. As such, the NRRIT responded to the RRB that it had not invested in the two Chinese companies cited in the letter, it relies on the Office of Foreign Assets Control to identify sanctioned companies, and investments in Chinese companies were justified. The accuracy of NRRIT's statements could not be validated by the OIG.

Furthermore, the integrity and competency of the NRRIT's auditor should be of great concern to the RRB and the RRB's annuitants and beneficiaries. On March 21, 2018, the NRRIT's auditor received a peer review rating of pass with deficiency. Then on June 17, 2019, the SEC issued a cease and desist order censuring the NRRIT's auditor and assessing them a $50 million civil penalty. The SEC concluded that the NRRIT's auditor willfully violated ethical standards, failed to maintain integrity, and failed to comply with professional standards.

This information was brought to the attention of the RRB as part of our Independent Auditor's Report, dated November 16, 2020. RRB's management did not comment on the Chinese investments, the NRRIT auditor's peer review, or the integrity and competency of the NRRIT's auditor.

We previously recommended that an independent committee be established to identify a functional solution that would enable communication between OIG and NRRIT's auditor. RRB management continued to not concur with this recommendation or take corrective action, we will continue to cite this issue and the need for corrective action.

- **Social Insurance Valuation**

In our report on the RRB's financial statements for fiscal year 2020, our actuarial contractor determined that the RRB's statement of social insurance contained inaccurate amounts. Our contractor identified a material understatement of $0.7 billion for the reported open group surplus amount as of October 1, 2019. In addition, we recommended that RRB's Bureau of Actuary and Research (BAR) use the RRB's actual rate of return instead of an estimated Thrift Savings Plan rate of return. RRB management did not concur with our recommendation. We continue to find the need for our recommendation.

Deficient Internal Controls at the Agency-Wide Level

In this section we discuss deficient internal controls at the agency-wide level, which is the second material weakness. This material weakness was originally reported in 2018 and relates to our audit concerns in several areas, including concerns regarding railroad service and compensation.

- **Ineffective Standards for Internal Control**

According to OMB guidance, an evaluation of internal controls must be performed for the agency as a whole. We determined that the overall system of internal control was not operating effectively and we reported an entity-level control material weakness. The five required components of internal control consist of: control environment, risk assessment, control activities, information and communication, and monitoring. This occurred because each of the required components of internal control were not designed, implemented, and operating effectively, consistent with GAO and OMB guidance. RRB management disagrees that our reporting of an entity-level control material weakness contributes to a material weakness affecting the preparation and fair presentation of the financial statements. RRB management stated that some corrective actions have been taken and others are in progress. This area remains an audit concern and our finding will remain unchanged.

- **IT Security and Financial Reporting Controls**

Eight FISMA metric domains were assessed not effective by our FISMA contractor for the fiscal years 2018 and 2019 FISMA audits. In fiscal year 2020 FISMA audit, our contractor reported that the RRB's ISP was not operating effectively, because the program's overall maturity did not reach Level 4: Managed and Measurable. This shortfall in IT security controls resulted in a total of 50 open recommendations. As such, information system control risk was assessed as "high" in accordance with GAO's Financial Audit Manual guidance. This agency-wide assessment of high risk directly impacts the RRB's controls supporting the agency's financial reporting system. RRB management disagreed with this audit finding. We continue to see the need for corrective actions.

- **Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements**

We determined that the RRB had not established effective policies and procedures for 1) preventing agency noncompliance with indirect laws, regulations, and contracts; and 2) identifying treaties and international agreements impacting the RRB or the NRRIT. These policies and procedures are required by Financial Audit Manual guidance. RRB management did not concur with our recommendations for corrective action. Due to the significance of these audit concerns, we continue to see the need for corrective actions and prior audit recommendations remain open.

- **Compliance with RRA Benefit Payment Provisions**

RRB management was not able to ensure compliance with RRA benefit payment provisions for fiscal years 2019 and 2020 or the CARES Act for fiscal year 2020. RRB management cited significant staffing shortages and other mission critical priorities as challenges to completion. We recommended that the Office of Programs acquire additional staffing and resources for its quality assurance reviews to ensure timely completion of its compliance determinations during each fiscal year. RRB management concurred with our recommendation and the recommendation remains open.

- **Controls Over Railroad Service and Compensation**

We determined that RRB controls over creditable and taxable compensation were inadequate due to insufficient audit coverage. The RRB's Audit and Compliance Section established a program of railroad employer audits to review the accuracy of railroad service and compensation on which payroll taxes are based. However, this program of railroad employer audits is not an effective control for ensuring the accuracy of compensation which was the basis for approximately $6.2 billion of payroll taxes received by the RRB during fiscal year 2019. RRB management acknowledged the need for improvement and explained that they have made significant strides to add staff resources and increase audit coverage for fiscal years 2019 and 2020.

Due to these audit concerns, the lack of corrective actions for most of these recommendations, and unimplemented corrective actions for prior reports with financial management and reporting concerns, agency action is needed to address this challenge.

Refer to Appendix II for a list of relevant reports for this challenge.

Challenge 6 – Compliance Concerns Identified

Why is this a serious management challenge? Recent OIG audits have determined that the RRB has been noncompliant with various guidance. Noncompliance can have a far-reaching impact on the protection of federal trust funds, assets, information security, governmentwide improper payments, and the effectiveness of agency operations.

Our recent audits found that the RRB was noncompliant in several areas, as discussed in this challenge.

RRB's Purchase Card Program

We engaged an IPA firm to conduct a performance audit on the RRB's purchase card program. The IPA determined that RRB's purchase card program substantially complied with laws and regulations; however, the IPA identified some areas that needed improvement. They identified one instance of noncompliance with the OMB Circular A-123, Appendix B, A Risk Management Framework for Government Charge Card Programs and one instance of noncompliance with the Government Charge Card Abuse Prevention Act of 2012. Additionally, the IPA determined that the RRB could improve on its oversight and monitoring of the cardholder account opening procedures. Our audit made three recommendations for improving internal controls and compliance with the purchase card program laws and regulations. RRB management concurred with all with three. All three recommendations remain open.

BFO's Policies and Procedures

We engaged an IPA firm to conduct a performance audit on some of BFO's sections. As discussed in Challenge 5, the IPA concluded that five weaknesses significantly affected the effectiveness and efficiency of BFO's operations, including inefficiencies that affected the optimum use of resources. Effectiveness and efficiency of agency programs would be difficult to achieve without adherence to established and adequate policies, procedures, and compliance to applicable laws and regulations. Our compliance concerns rose from BFO's lack of inadequate policies and procedures to serve as authoritative base for the its sections operations. One of the key weaknesses identified in each of BFO's section was the lack of an adequate comprehensive set of written policies and procedures to guide and hold personnel accountable in the performance of control activities, including outsourcing function, transition management, and succession. In addition to the policy and procedures issue, the IPA concluded that seven of eight key functions identified within BFO's Debt Recovery section were outsourceable, one of the four key functions identified within BFO's Treasury section was outsourceable, and three of five functions in BFO's Financial Systems section were outsourceable, of which two are already outsourced.

The IPA made 13 recommendations to address the weaknesses discussed in this challenge. RRB management concurred with six recommendations, partially concurred with two recommendations, and did not concur with five recommendations. The 13 recommendations related to this challenge remain open.

CARES Act

As discussed in Challenge 4, our oversight of CARES Act funds is ongoing, we issued OIG Report No. 20-08 *Interim Report Regarding CARES Act Expenditures and Controls* and OIG Report No. 21-04 *Interim Review RRB CARES Act* to discuss our concerns. For both Report No. 21-04 and Report No. 20-08, we made a total of five recommendations that remain open. The intent of our corrective actions is to assist RRB management in ensuring compliance, transparency, and fiscal accountability under the CARES Act. We continue to see the need for these recommendations to be implemented.

Improper Payment Reporting

Our mandated payment integrity audit determined that the RRB was noncompliant with the Payment Integrity Information Act of 2019 for the third consecutive year for its RM program. We cited the RRB with noncompliance because the RRB did not disclose RM payment integrity information or the performance of the RRB's SMAC, Palmetto GBA to the public, the President, and Congress. During our audit, we determined that 1) the RRB had $81.2 million in projected RM improper payments, 2) the RRB did not have a RM corrective action plan to reduce the prior year's improper payment rate, which was 12.5 percent, 3) the RRB did not publish a corrective action plan for fiscal year 2020, and 4) the RRB had an unpublished and unreported gross improper payment rate of 9.3 percent, below the 10 percent threshold.

Although the RRB was required to report RM improper payment data in its PAR, it did not report RM data because RRB management believed that CMS was responsible for reporting all Medicare data and if it reported the data it would duplicate the data reported by CMS. As discussed in Challenge 3, we continue to disagree that CMS is responsible for the RM program. It is RRB's responsibility to continue publishing this required improper payment information until the RRB and CMS sign a MOU clearly detailing who is responsible for RM. Because RRB management does not agree that they are noncompliant, they did not concur with our recommended actions this year or in the previous years. Our prior year audit recommendations addressed these weaknesses and remained open. In addition, we recommended five corrective actions to comply with improper payment legislation. However, RRB management has not taken the corrective actions required by legislation.

Information Technology Security

As discussed in Challenge 2, the RRB has been noncompliant with FISMA legislation and OMB guidance for three consecutive years. Although agency management acknowledged the need for improvement, corrective actions have only been made for 12 of the 62 recommendations issued in the FISMA reports for fiscal years 2018, 2019 and 2020.

Compliance with applicable authoritative guidance continues to be a challenge for RRB management as discussed in the audit reports referenced for this challenge, as well as other prior compliance audits conducted by our office or through our contracted audits. Many compliance related recommendations from our prior reports remain open. We remain concerned about RRB's efforts to be compliant with authoritative guidance.

Refer to Appendix II for a list of relevant reports for this challenge.

Through audits, investigations, and other follow-up activities, we will continue our oversight of the challenges discussed in this letter. We encourage RRB to take meaningful action to address these challenges to prevent fraud, waste, and abuse in RRB programs and operations, and to adhere to applicable authoritative guidance.

Original Signed By:

Martin J. Dickman
Inspector General

APPENDIX I: MANAGEMENT'S COMMENTS

Management's Comments

These are Management's Comments on the Management and Performance Challenges identified by the Railroad Retirement Board (RRB) Office of Inspector General (OIG).

CHALLENGE 1 – IMPROVE AGENCY DISABILITY PROGRAM INTEGRITY

The OIG asserts that Railroad Retirement Board (RRB) management has not been responsive to its recommendation to improve program integrity. Further, because some recommendations made by the OIG or its contractors remain open, the RRB's disability program is at risk of fraud and abuse without additional actions. The fact that only some of the recommendations remain open is evidence that the RRB has been receptive and responsive to OIG recommendations to improve program integrity. A decision not to implement a recommendation as suggested, after a detailed analysis of that recommendation, does not reflect a reticence to implement changes. Rather, such action represents a fulfillment of RRB management's responsibility to implement those changes that are cost effective and will, if adopted, improve program integrity. The integrity of the programs administered by the RRB are of the utmost concern to RRB management.

While the role of the OIG is to search for fraud, waste and abuse in our agency, it is also "to promote economy, efficiency, and effectiveness in the administration of Railroad Retirement Board programs[1]." The OIG's discussion of the challenge as facing the RRB in 2020 begins by again referencing a 2009 audit performed by the Government Accountability Office (GAO).[2] That report, now over a decade old, noted the high approval rate of disability applications and the possibility the rate could be indicative of "lax internal controls in RRB's decision-making process, weakness in program design, or both." However, the GAO did not conclude that the approval rate did, indeed, reflect a weakness in the program or in the RRB's internal processes or its decision making, and subsequent reports have not cited a lack of program integrity.

Program design, the statutory criteria for eligibility, is a legislative issue and not part of the mission of the RRB. As the OIG notes, the RRB administers a disability program for railroad employees who are either totally or occupationally disabled and those who are occupationally disabled are awarded annuities even though the employee may be able to perform other types of work in the national economy. Most annuities are awarded under the occupational program and the approval rate, which has remained steady since the inception of the program in the 1940's, is more a reflection of those statutory requirements for approval than a measure of program integrity.

The absence of specific findings or recommendations by the OIG directed to the administration of the disability program, in other words, the things the RRB can control, suggests that the approval rate is a function of the statutory criteria, and not RRB administration. However, because of the statutory provisions defining RRB's disability program, the many recommendations made by the OIG as to record keeping, documentation, and other procedural steps will not address the disability approval rate.

Finally, the OIG notes the average occupational disability annuity rate, presumably to draw attention to the amount and the fact that the monthly annuity rate is not inconsequential. It is not

[1] https://www.rrb.gov/OurAgency/InspectorGeneral

[2] Government Accountability Office (GAO), *Railroad Retirement Board: Review of Commuter Railroad Occupational Disability Claims Reveals Potential Program Vulnerabilities*, GAO-09-821R, Page 7 (Washington, D.C.: Sept. 9, 2009).

the role of management to make judgments as to how generous the benefit programs, established by Congress, are.

CHALLENGE 2 – IMPROVE INFORMATION TECHNOLOGY SECURITY AND SYSTEM MODERNIZATION

The RRB acknowledges the OIG's concern with the RRB's ability to establish and maintain a secure and reliable information technology environment for its data, applications, and systems. We understand and take very seriously the mandate of the Federal Information Security Management Act of 2002 (FISMA), as amended by the Federal Information Security Modernization Act of 2014, to ensure adequate security protections for Federal information systems and information. As we migrate to the IBM z-Cloud, Office M365 suite, and Microsoft Azure, the RRB understands implementing information security into those systems is paramount. Our Chief Information Security Officer and his team are leading the way for cyber security by implementing the guidelines set forth in the NIST Cybersecurity Framework, managing supply chain threats as required by the Presidential Executive Order for Cybersecurity, developing a Zero Trust strategy, and implementing an Identity, Credential, and Access Management (ICAM) strategy that will support not only the RRB, but the Railroad community.

During fiscal year (FY) 2021, leading up to the execution of the FY 2021 FISMA audit, the RRB successfully migrated its mainframe to a secure cloud environment and continued to focus its efforts on addressing open findings as well as implementing an information security continuous monitoring strategy through the Department of Homeland Security (DHS) Cybersecurity & Infrastructure Security Agency (CISA) Continuous Diagnostic and Mitigation (CDM) Group F Program. These actions directly and positively impact our ability to improve the overall risk management posture for the agency. Through these efforts, we addressed and closed 20 POAMs and 15 OIG findings during FY 2021. As the RRB continues to develop and implement its IT modernization initiatives, we will proactively address the remaining findings and recommendations in order to improve the Agency's security posture and to sustain at acceptable levels.

Preliminary audit results for the FY 2021 FISMA audit indicate that Kearney & Company will assess our overall maturity at Level 2 – Defined, maintaining the rating from 2020. The RRB realized nine significant improvements across each of the eight domains, improving several lower level ratings of Ad Hoc to Defined and continuing to improve the FISMA level goal towards the Level 4 – Managed and Measurable status. Additionally, for the Risk Management and Contingency Planning domains, the Agency improved from Level 1 – Ad-Hoc to Level 2 – Defined this year.

The preliminary FY 2021 audit results further demonstrate progress in improving our information security program and practices across the Agency as required by FISMA, OMB policy and guidelines, and National Institute of Science and Technology standards and guidelines. The RRB will continue to make incremental steps to reach the overall maturity goal of Level 4 – Managed and Measurable.

The RRB would like to highlight the successful relocation of its mainframe to a cloud environment during FY 2021. As previously reported in FY 2020, the RRB has performed a thorough analysis, based on industry standards and best practices, of our options for stabilizing the mainframe. The outcome of our analysis and subsequent research helped us identify a partner with the skillset and expertise to accomplish our goal of stabilizing our mainframe operations. As a result of this research and in conjunction with our partner, the RRB completed the mainframe migration to the cloud without any delay or unanticipated expenditure.

The RRB would also like to acknowledge that in FY2021, the effort stabilize and modernize our operations continued by transitioning to Microsoft's M365 cloud environment for communications and collaboration technologies. As of this writing, the RRB is more than 50% complete with the enterprise email migration to M365 with the completion of the entire project by early December 2021. Our strategic move in operating in cloud environments illustrates the RRB's commitment to stabilizing and modernizing our systems to better support the citizens we serve.

CHALLENGE 3 – IMPROVE MANAGEMENT OF RAILROAD MEDICARE

The RRB acknowledges its responsibilities under the Social Security Act to administer certain provisions of the Medicare program for railroad employees including the administration of the Specialty Medicare Administrative Contract (SMAC) with Palmetto GBA, LLC and working with beneficiaries and/or providers directly. Notwithstanding the Agency's specified Medicare responsibilities for railroad annuitants, the Centers for Medicare & Medicaid Services (CMS), a component of the Department of Health and Human Services (HHS), administers the Medicare program as a whole.

The Office of Inspector General (OIG) states that over the years, RRB management and the OIG have disagreed on which Medicare responsibilities belonged to the RRB, Palmetto, and/or CMS. The RRB asserts that all Medicare responsibilities are clearly defined. The Memorandum of Understanding (MOU) between the HHS, CMS and the RRB (MOU 13-61)[3] defines the scope of the relationship for both CMS and RRB and defines roles and responsibilities under the SMAC contract. MOU 13-61 addresses the responsibilities of CMS and the RRB relating to Medicare Part B claims processing and payment services, in support of the Medicare fee-for-service (FFS) program for a nationwide jurisdiction. MOU 13-61 dictates that while the RRB will assess the SMAC performance, CMS provides overall program guidance.

After continued discussions between CMS and the RRB, CMS has confirmed that CMS, and not the RRB, is responsible for the Medicare program as a whole, including but not limited to CMS' responsibility to report on Medicare improper payments in the HHS annual Agency Financial Report (AFR) and that the RRB is responsible for assessing the SMAC's performance.

The RRB is responsible for working with the SMAC to utilize improper payment (Comprehensive Error Rate Testing (CERT)) information provided by CMS to help reduce improper FFS program payments. The actions taken by the RRB to accomplish this include but are not limited to:

- Working with CMS to ensure that the MOU is current and accurately reflects each agencies responsibilities,
- Performing annual risk assessments utilizing the risk factors prescribed in Appendix C of OMB Circular A-123, to determine susceptibility to potential payment risks,
- Use CERT improper payment information to prepare annual medical review strategies,

[3] *Memorandum of Understanding, MOU13-61,* entered into by the Department of Health and Human Services, Centers for Medicare & Medicaid Services and the Railroad Retirement Board, April 12, 2013 (on file at RRB).

- Working with the SMAC to submit an Improper Payment Activities Report (IPAR) after receiving the CERT improper payment data information is received from CMS,
- Ensuring that the SMAC submits regular updates to the RRB if improper payment rate is below the accepted tolerance levels, and
- Providing performance data and other data to CMS, when requested, in order to assist CMS with reporting requirements.

CMS and RRB are working to finalize a new MOU by the end of fiscal year 2022.

CHALLENGE 4 – IMPROVE PAYMENT ACCURACY AND TRANSPARENCY

The RRB fully supports the Data, Accountability, and Transparency Cross-Agency Priority (CAP) goal as outlined in the President's Management Agenda. The RRB takes very seriously its responsibility for payment accuracy and transparency to ensure delivery of high quality data for internal and external customers. The RRB disagrees that the elements discussed, individually or collectively, rise to the level of a serious management concern or challenge.

1. **Payment Accuracy:**

   a. **CARES Act:** The RRB disagrees with the assertion that the RRB's ability to recover fraudulent benefit payments is diminished because of the timing of the State Wage Match program. State Wage matches are done two times per year with each state, except for New York, which is conducted four times per year. We also match twice yearly with the District of Columbia. The states must first receive, process, and post payroll/wage records from the employers within their states. It is our understanding that states may receive the data quarterly, but each state has a different timeframe for uploading the information. Illinois, for example, has informed us that it is six to nine months after the quarter ends before the data is loaded. Other states that we have contacted indicate that it can be one month to 10 weeks after the quarter ends before new data is uploaded. We have no control over how quickly each state updates its internal records. To conduct matches more frequently would require renegotiating 51 separate agreements, would be more costly and would not provide data that is more relevant. Further, the RRB is able to determine eligibility for benefits based on our own internal records. The agency provides for pre-payment verification with the railroad employer for each unemployment and sickness claim we receive. The railroad employer has 3 days to refute an unemployment or sickness claim for anyone who may be currently working. This procedure allows the RRB to identify railroad employees who attempt to claim benefits while still working at a railroad, and could potentially expose instances of identity theft. The current State Wage Match program identifies those workers who obtain employment outside of the railroad industry while also claiming RRB benefits by the timeliest means available.

   Further, related to Report No. 21-04 dated March 26, 2021, in which the OIG recommended that the Executive Committee commit additional resources to implement an automated debt recovery process for CARES Act benefits payments, the RRB non-concurred with the recommendation. As communicated previously to the OIG, as of March 15, 2021, the RRB had implemented the programming changes within its existing automated debt recovery system necessary to establish and recover overpayments of CARES Act benefits. As such, during fiscal year 2021 the RRB established 599 CARES Act debts totaling $861,193. Of the 599 established CARES Act debts, collection for 114 debts totaling $452,393 was, however, suspended pending the OIG investigation.

b. **RRB's Designated Change Process:** The OIG states the RRB's projected error rate was 27%, putting approximately 1.3 million in benefit payments at risk for fiscal year 2019. The OIG's audit 21-11, *Improvements Needed for the Designated Change Process at the Railroad Retirement Board*, dated September 29, 2021 made three recommendations referencing errors made by the RRB during designated processes. The RRB requested to see the errors identified for each of these recommendations. The RRB has not yet been provided the identifying information. The RRB takes waste, fraud and abuse very seriously and agreed with and/or partially agreed with 13 recommendations made by the OIG. The RRB will make the needed modifications to the designated change process cited in these recommendations to minimize risk and improve the overall process.

2. **Transparency**:

a. **Medicare:** The OIG states that the RRB should report Medicare payment information associated with the SMAC's results under CMS' CERT program. CMS informed RRB that if the RRB reported the SMAC's CERT results, that reporting would be duplicative of reporting already being done by CMS in the HHS annual AFR and would result in an overstatement of the Medicare improper payment reporting by the Federal Government as a whole. Specifically, CMS reports a combined overall error rate that includes all Medicare Administrative Contractors (MACs) and the RRB SMAC. CMS and the RRB agreed that the RRB would no longer separately report CERT information. RRB shares this information with OMB. Therefore, the RRB's reporting is not an attempt to mask any significant improper payment rates, but rather an effort to ensure correct improper payment reporting consistent with CMS' administration of its Medicare program. Adopting the OIG's suggestion would lead to incorrect and misleading government reporting.

b. **dBrief**: In fiscal year 2021, OIG resumed the dBrief audit concluding with three recommendations, two of which RRB concurred. OIG's statement regarding a lack of transparency is based on a limited sample of 41 cases. As RRB management noted in responses to the recommendations, current procedures guide examiners to document determinations; however, procedure will be expounded to clarify expectations. The existence of current procedure satisfies a basic level of transparency. Further clarification of existing procedure does not imply that there is a lack of transparency nor an increased risk for fraud.

CHALLENGE 5 – FINANCIAL MANAGEMENT AND REPORTING ISSUES

Through this management challenge, the OIG discusses financial management and reporting issues stemming from their concerns regarding internal controls over RRB's "Designated Changes" function as well as effectiveness and efficiency of the Bureau of Fiscal Operations, Treasury, Debt Recovery, and Financial Systems section. Additionally, the OIG discusses its continued issuance of a disclaimer of opinion on the RRB financial statements as well as asserts the need for improvements related to two material weaknesses identified in the financial statement audit particularly related to 1) financial reporting and 2) deficient internal controls at the agency-wide level. We continue to design and implement cost effective internal controls striving toward optimal operational efficiency. Though more improvements will come, we disagree with the OIG's characterization and consolidation of these matters into a serious management challenge. Specific comments are included below:

1. **Internal Controls Over Designated Changes Need Improvement:** As stated in our response to Challenge 4 above, the OIG states the RRB's projected error rate was 27%, putting approximately 1.3 million in benefit payments at risk for fiscal year 2019. The OIG's audit 21-11, *Improvements Needed for the Designated Change Process at the Railroad Retirement Board*, dated September 29, 2021 made three recommendations referencing errors made by the RRB during designated processes. The RRB requested to see the errors that were made for each of these recommendations. The RRB has not yet been provided with the copies of the errors found for each of the recommendations made by the OIG. The RRB takes waste, fraud and abuse very seriously and agreed with and/or partially agreed with 13 recommendations made by the OIG. The RRB will make the needed modifications to the designated change process cited in these recommendations to minimize risk and improve the overall process.

2. **Functions of the Bureau of Fiscal Operations**: Without addressing each of the characterizations cited in the applicable audit report for the OIG's audit of BFO's Treasury, Debt Recovery, and Financial Systems (TDSD) section, RRB will work toward developing and maintaining a comprehensive set of procedures written at a granular or step-by-step level. These more detailed procedures will supplement our existing procedural and internal control documentation and help to improve the overall effectiveness and efficiency of TDSD's operations. As previously communicated to the OIG, we disagree with the auditors' conclusions that exceptions and errors existed in criminal restitution debt and employer contributions transactions. TDSD will improve internal communications for the unapplied cash function.

3. **Disclaimer Audit Opinion**: The Agency will continue to cooperate with the OIG and provide all NRRIT related information within its possession which the OIG requests. The RRB does not have the authority to compel the NRRIT auditors to provide their work papers to, or speak with the OIG. We have provided the OIG access to NRRIT related information in accordance with the 2002 Memorandum of Understanding between the RRB, NRRIT, Department of the Treasury and the Office of Management and Budget[4] and all other information related to NRRIT in our possession and control that the OIG requested in support of its audit. Without addressing the various mischaracterizations discussed under this management challenge, the OIG has long been dissatisfied with its lack of authority and consequent inability to audit the activities of the NRRIT. It is unfortunate that they have chosen to evidence dissatisfaction by criticizing RRB's management for failing to exercise authority which, quite simply and clearly, Congress chose not to grant to the RRB.

   It is important to note that the NRRIT and the United States Government Accountability Office (GAO) entered into a Memorandum of Understanding (MOU) giving GAO access to information necessary to support inclusion of NRRIT's financial information in the

[4] MOU for the *Budgetary, Accounting, and Financial Reporting Responsibilities Respecting Assets Held by the National Retirement Investment Trust* entered into by the RRB, NRRIT, Department of the Treasury (Treasury), Office of Management and Budget (OMB), October 2002 (on file at RRB).

government-wide financial statements.[5] Therefore, the RRB disagrees with the OIG's inclusion of this matter as both a basis for a disclaimer of opinion and as a component of the financial reporting material weakness.

4. **Material Weaknesses:**

   a. **Financial reporting**: The OIG bases this discussion upon fiscal year 2020 financial statement audit results and included three components: 1) ineffective internal controls, 2) communication with the NRRIT's auditor, and 3) social insurance valuation.

      i. *Communication with NRRIT*: As stated above, the RRB does not have the authority to compel the NRRIT auditors to provide their work papers to, or speak with the OIG. Further, the GAO, through an MOU with the NRRIT, has gained access to information regarding NRRIT's annual financial statements and related financial statement audit in support of the U.S. Government's consolidated financial statements.

      ii. *Social Insurance Valuation:* The OIG has stated that their actuarial contractor determined that the RRB's statement of social insurance contained inaccurate amounts. Their contractor identified a material understatement of $2.3 billion for the reported open group surplus amount as of October 1, 2018, and a material understatement of $0.7 billion for the reported open group surplus amount as of October 1, 2019. RRB management did not concur with their recommended corrective action, which was to adopt the calculation method of the contractor; the reasons were detailed in RRB's response dated November 15, 2019 to the fiscal year 2019 financial statement audit report.[6]

      The RRB further rejects the finding of material weakness because Bureau of the Actuary and Research believes that the actuarial contractor's recommended method was flawed. The contractor's recommended method will overstate the surplus when actual return is less than their assumption and understate the surplus when actual return exceeds their assumption. The methodology chosen by Bureau of the Actuary and Research provides a more accurate position of a surplus than would result from adopting the OIG contractor's methodology.

      We further believe it is inappropriate to continue referring to this issue because OIG's actuarial contractor in its July 12, 2021, memo proposed a new and different calculation method that produces much smaller differences in the open group surplus. This recommendation effectively withdraws the OIG's prior recommendation and the inaccuracy cited here by OIG. In subsequent discussions with OIG, Bureau of the Actuary and Research proposed an alternative calculation method addressing OIG concerns and consistent with the OIG actuarial contractor's newly proposed method. This method change was implemented for FY 2021 and thoroughly described in

---

[5] MOU for the *NRRIT Inclusion in Government-Wide financial Statements and GAO Access to Information,* entered into by the National Railroad Retirement Investment Trust (NRRIT) and the U.S. Government Accountability Office (GAO), dated October 31, 2018 (on file at RRB).

[6] Memorandum from Frank Buzzi, Chief Actuary, RRB, to Debra Stringfellow-Wheat, Deputy Assistant Inspector General for Audit, OIG, November 15, 2019 (published on page 124 of RRB's FY 2019 Performance and Accountability Report, available on RRB's website at: https://www.rrb.gov/sites/default/files/2019-11/par2019.pdf).

Note 13 of this year's performance and accountability report. The new method also produces much smaller differences in the open group surplus than cited here.

OIG additionally recommended that RRB's Bureau of the Actuary and Research use the RRB's actual rate of return instead of an estimated Thrift Savings Plan rate of return for estimating future investment return. We agreed this approach is preferred when practicable. Our understanding is that this recommendation was implemented as of June 3, 2021, consistent with our prior partial concurrence.

b. **Deficient internal controls at the agency-wide level:** Again, the OIG bases this discussion upon fiscal year 2020 financial statement audit results and included five components: 1) implementation of GAO and OMB standards for internal of control; 2) information technology security and financial reporting controls; 3) compliance with indirect laws, regulations, contracts, treaties, and international agreements; 4) compliance with Railroad Retirement Act benefit payments provisions; 5) controls over railroad service compensation; and 6) RRB's DATA Act Policies and Procedures Need Improvement.

i. *Ineffective Standards for Internal Control:* We acknowledge the OIG's concern and have continued making strides in implementing Enterprise Risk Management (ERM) at the RRB by leveraging the Management Control Review (MCR) infrastructure already in place. In fiscal year 2020, we incorporated an ERM based reporting structure into the MCR guide aimed at enhancing our ability to identify potential events that may affect the agency and manage the related risks within our risk appetite. In fiscal year 2021, we fully implemented ERM into the MCR reporting process with risk assessments based on likelihood, impact, and control effectiveness along with training of responsible officials on the new process. In fiscal year 2022, we will continue to refine ERM reporting and utilize the information reported to assist the decision making process at the RRB. We are committed to strong internal controls and will move forward with the next phase of ERM implementation.

ii. *Information Technology Security and Financial Reporting Controls*: We continue to disagree with the OIG's assertion that the RRB's FISMA maturity level directly impacts the financial reporting system. Specifically, the Agency accomplishes its major financial reporting objectives through its financial management system, which is a comprehensive proprietary software application from CGI Federal – Momentum Enterprise Solution – that resides on a cloud hosting service. The Agency's system is referred to as the Financial Management Integrated System (FMIS). CGI Federal has been FedRAMP authorized since January 2013. CGI Federal offers its FedRAMP Authorized financial management system as a shared service to the federal government and is currently servicing 11 other federal agencies. FMIS is separate and distinct from the Agency's internally managed Agency Enterprise General Information Systems (AEGIS), Benefit Payment Operations (BPO) and Financial Interchange (FI) system.

Additionally, after review of the open recommendations associated with the FY 2018, FY 2019, FY 2020 FISMA audits as well as consideration of the preliminary FY 2021 FISMA audit results, we could not find any impactful risk to the FMIS. Finally and as discussed in our response to Challenge 2, the preliminary FY 2021 audit results further demonstrate progress in improving our information security program and practices across the Agency as required by FISMA, OMB policy and guidelines, and National Institute of Science and Technology standards and guidelines.

iii. *Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements:* The OIG states that "RRB management has not established effective policies and procedures for preventing agency noncompliance with indirect laws, regulations and contracts." We disagree with this statement and have previously communicated to the OIG that compliance with laws and regulations is intertwined throughout various agency policy and procedure documents, such as our administrative circulars, as well as throughout the extensive documentation compiled to comply with the Federal Manager's Financial Integrity Act of 1982 (FMFIA). The Agency's Management Control Review (MCR) program directly fulfills the requirements of FMFIA and is an example of a well-established policy and procedure to help ensure compliance with indirect laws, regulations, and contracts.

Additionally, in its findings, the OIG states that RRB management has not "established effective policies and procedures … for identifying treaties and international agreements impacting the RRB or the NRRIT." We again note the OIG has not cited any specific instance of our failure to identify a treaty or international agreement impacting the RRB or NRRIT. Both treaties and international agreements are either entered into with the advice and consent of the Senate or reported to Congress by the State Department. Accordingly, any policies and procedures that provide for regular monitoring and reporting of actions in Congress would necessarily result in the identification of either type of agreement. As noted in the FY 2019, FY 2020, and FY 2021 Financial Statement Audit, Laws and Regulations, Cycle Synopsis documents that were provided to the OIG, the RRB monitors for changes in laws through the Office of Legislative Affairs, which "monitors legislation and notifies RRB officials of new developments." Such monitoring specifically serves to notify the General Counsel of any treaties and/or international agreements involving and/or affecting the RRB or NRRIT. It is then within the General Counsel's regular duties to review, analyze, interpret, and provide relevant guidance relating to any law, regulation, or policy, to include treaties and international agreements, which impacts the RRB or NRRIT. The RRB, therefore, believes that its current policies and procedures are effective and further notes that it is unnecessary to establish, as previously noted by the OIG, a "policy or procedure to obtain Department of State assurance" regarding the impact of any treaty or international agreement on the RRB or NRRIT as the OIG did not provide any explanation as to why such assurance would be necessary in light of the above.

iv. *Compliance with RRA Benefit Payment Provisions:* The First Six Month Initial and Post Accuracy Rate report was not accomplished on time (09/30/19) due to significant staffing shortages in the unit. The report was completed and provided to the OIG on October 31, 2019. For FY 2020, the First Six Month Initial Accuracy Rate report was submitted timely to the OIG on September 25, 2020. The RRB has worked to address the staffing shortages that were caused by retirements and unexpected departures. In April 2021, the quality assurance unit hired four GS-11 Quality Assurance Specialists and the FY 2021 First Six Month Initial and Post Accuracy Rate report was provided timely to the OIG on September 28, 2021.

v. *Controls Over Railroad Service and Compensation:* The RRB takes its responsibility for ensuring that employers accurately report Tier I and Tier II creditable service and taxable compensation very seriously. As previously communicated to the OIG, and in an effort to increase audit coverage, we retrained and transitioned an existing employee into an audit role and have retained three of the four auditors hired since fiscal year 2019. Currently, the RRB has two audits in progress and finalized one audit during fiscal year 2021.

CHALLENGE 6 – COMPLIANCE CONCERNS IDENTIFIED

The OIG has identified a management challenge that asserts that the RRB has been noncompliant with various guidance, which could influence the protection of federal trust funds, assets, government wide improper payments, and effectiveness of Agency operations. The RRB is committed to serving as responsible stewards for its customer's trust funds and agency resources. We disagree with the OIG's characterization and consolidation of the following topics into a serious management challenge.

1. **RRB's Purchase Card Program:** The Audit of the RRB's Purchase Card Program, cited by the OIG, was titled "Audit of the Purchase Card Program at the Railroad Retirement Board" (Report No. 21-06) completed on May 27, 2021 by the independent audit firm Harper, Rains, and Knight. As pointed out by the OIG, the auditors found that the RRB could improve on oversight and monitoring of cardholder accounts, improving internal controls, and general compliance with purchase card program laws and regulations. The Office of Administration (OA) is the organization of the RRB charged with oversight and management of the RRB's Purchase Card Program policy and procedure. OA responded to the findings in the audit by concurring with all findings and setting a target date of September 30, 2021 for the relevant policies and procedures to be updated. OA has limited staff available with the requisite knowledge of the purchase card program to conduct a thorough update and re-write of the relevant policies, procedures and internal controls. OA has brought in additional staff with policy-writing background that will be able to work with the subject matter expert for the Purchase Card Program and expects to have draft policies to the Board for approval by March of 2022.

2. **BFO's Policies and Procedures:** As discussed in our response to Challenge 5, the RRB acknowledges its need to develop and maintain granular level step-by-step procedures to improve the effectiveness and efficiency of operations. However, while BFO did not provide a comprehensive set of procedures written at the most granular or step-by-step level as requested during the course of the audit, BFO did provide documentation to demonstrate step-by-step processing at the business process level. Therefore, we disagree with the auditor's characterizations in this report and reiterate that policies and procedures supporting management's commitment to internal control do exist as part of the Management Control Review (MCR) program at the RRB. Lastly, the RRB disagrees with the auditors' findings regarding outsourceable functions performed by the Debt Recovery Section (DRS). In its opinion, the functions performed by DRS support the proper administration and stewardship of the railroad retirement trust fund system and are considered inherently governmental pursuant to FAR 7.503 (c) (19).

3. **CARES Act.** As discussed in its response to Challenge 4, the RRB disagrees with the assertion that the RRB's ability to recover fraudulent benefit payment is diminished because of the timing of the State Wage Match program. The RRB is able to determine eligibility for benefits based on our own internal records, whereby the RRB is able to identify railroad employees who attempt to claim benefits while still working at a railroad and potentially expose instances of identity theft.

   Further, the RRB disagrees with the OIG's assertion that the RRB needs to allocate additional resources to implement an automated debt recovery process for CARES Act benefit payments. To reiterate, the RRB communicated to the OIG prior to issuance of Report No. 21-04 that the RRB had already implemented the programming changes within its *existing* automated debt recovery system necessary to establish and recover overpayments of CARES Act benefits prior to issuance of the referenced audit report.

4. **Improper Payment Reporting:** As discussed in the response to Challenge 3, CMS reports a combined overall error rate that includes all Medicare Administrative Contractors (MACs) and the RRB SMAC. CMS and the RRB agreed that the RRB would no longer separately report CERT information. RRB shares this information with OMB. Therefore, it is the RRB's assertion that its reporting is not an attempt to mask any significant improper payment rates, but rather an effort to ensure correct improper payment reporting consistent with CMS' administration of its Medicare program. Adopting the OIG's suggestion would lead to incorrect and misleading government reporting.

5. **Information Technology Security:** As discussed above in its response to Challenges 2 and 5, preliminary audit results for the FY 2021 FISMA audit indicate that Kearney & Company will assess the RRB's overall maturity at Level 2 – Defined, maintaining the rating from 2020. The RRB realized nine significant improvements across each of the eight domains, improving several lower level ratings of Ad Hoc to Defined and continuing to improve the FISMA level goal towards the Level 4 – Managed and Measurable measurement. Additionally, for the Risk Management and Contingency Planning domains, the Agency improved from Level 1 – Ad-Hoc to Level 2 – Defined this year. The preliminary FY 2021 audit results further demonstrate progress in improving our information security program and practices across the Agency as required by FISMA, OMB policy and guidelines, and National Institute of Science and Technology standards and guidelines.

APPENDIX II: AUDIT REPORTS

Please visit https://www.rrb.gov/OurAgency/InspectorGeneral/Library for our audit reports listed in this appendix.

Challenge 1 – Improve Agency Disability Program Integrity

Railroad Retirement Board (RRB) Office of Inspector General (OIG), *Audit of Job Duty Verification Procedures for Long Island Rail Road Occupational Disability Applicants,* Report No. 13-02 (Chicago, IL: January 15, 2013).

RRB OIG, *Control Weaknesses Diminish the Value of Medical Opinions in the Railroad Retirement Board Disability Determination Process,* Report No. 16-05 (Chicago, IL: March 9, 2016).

RRB OIG, *The Implementation of the Disability Program Improvement Plan at the Railroad Retirement Board Did Not Result in a Fully Established Fraud Risk Assessment Process,* Report No. 19-15 (Chicago, IL: September 27, 2019).

RRB OIG, *The Railroad Retirement Board Disability Programs Do Not Effectively Consider Fraud Risk Indicators in the Disability Process,* Report No. 19-16 (Chicago, IL: September 27, 2019).

RRB OIG, *The Use of Medical Experts During Disability Determinations at the Railroad Retirement Board Can Be Improved,* Report No. 19-17 (Chicago, IL: September 27, 2019).

RRB OIG, *The Railroad Retirement Board's Disability Briefing Document Process Was Not Fully Effective*, Report No. 21-07 (Chicago, IL: August 16, 2021).

Challenge 2 – Improve Information Technology Security and Complete System Modernization

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2018,* Report No. 19-03 (Chicago, IL: December 19, 2018).

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2019,* Report No. 20-04 (Chicago, IL: December 18, 2019).

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2020,* Report No. 21-03 (Chicago, IL: January 14, 2021).

RRB OIG, *Audit of the Updated Information Technology Initiatives Legacy Systems Re-platform Services,* Report No. 21-09 (Chicago, IL: September 23, 2021).

RRB OIG, *Audit of the Updated IT Initiatives Legacy Systems Modernization Services: Re-engineering Mission Essential Programs,* Report No. 21-10 (Chicago, IL: September 23, 2021).

Challenge 3 – Improve Management of Railroad Medicare

RRB OIG, *Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs in Accordance with Federal Requirements,* Report No. 16-10 (Chicago, IL: August 22, 2016).

RRB OIG, *Audit of Railroad Retirement Board's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 Performance and Accountability Report,* Report No. 19-09 (Chicago, IL: May 30, 2019).

RRB OIG, *Railroad Medicare Controls Over Evaluation and Management Services Were Not Fully Adequate,* Report No. 19-10 (Chicago, IL: August 5, 2019).

RRB OIG, *Audit of Railroad Retirement Board's Compliance with Improper Payments Reporting in the Fiscal Year 2019 Performance and Accountability Report,* Report No. 20-06 (Chicago, IL: May 12, 2020).

RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2020,* Report No. 21-05 (Chicago, IL: May 17, 2021).

Challenge 4 – Improve Payment Accuracy and Transparency

RRB OIG, *Management Information Report: Interim Report Regarding CARES Act Expenditures and Controls,* Report No. 20-08 (Chicago, IL: September 28, 2020).

RRB OIG, *Management Information Report: Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic Report,* Report No. 21-04 (Chicago, IL: March 26, 2021).

RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2020,* Report No. 21-05 (Chicago, IL: May 17, 2021).

RRB OIG, *The Railroad Retirement Board's Disability Briefing Document Process Was Not Fully Effective*, Report No. 21-07 (Chicago, IL: August 16, 2021).

RRB OIG, *Improvements Needed for the Designated Change Process at the Railroad Retirement Board*, Report No. 21-11 (Chicago, IL: September 29, 2021).

Challenge 5 – Financial Management and Reporting Issues

RRB OIG, *Fiscal Year 2014 Financial Statement Audit Letter to Management,* Report No. 15-05 (Chicago, IL: March 31, 2015).

RRB OIG, *Report on the Railroad Retirement Board’s Financial Statements Fiscal Year 2019,* Report No. 20-02 (Chicago, IL: November 15, 2019).

RRB OIG, *Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2020*, Report No. 21-01 (Chicago, IL: November 16, 2021).

RRB OIG, *Railroad Retirement Board Bureau of Fiscal Operations Sections' Functions Need Improvement,* Report No. 21-08 (Chicago, IL: September 1, 2021).

RRB OIG, *Improvements Needed for the Designated Change Process at the Railroad Retirement Board*, Report No. 21-11 (Chicago, IL: September 29, 2021).

Challenge 6 – Compliance Concerns Identified

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2018,* Report No. 19-03 (Chicago, IL: December 19, 2018).

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2019,* Report No. 20-04 (Chicago, IL: December 18, 2019).

RRB OIG, *Audit of Railroad Retirement Board's Compliance with Improper Payments Reporting in the Fiscal Year 2019 Performance and Accountability Report,*
Report No. 20-06 (Chicago, IL: May 12, 2020).

RRB OIG, *Management Information Report: Interim Report Regarding CARES Act Expenditures and Controls,* Report No. 20-08 (Chicago, IL: September 28, 2020).

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2020,* Report No. 21-03 (Chicago, IL: January 14, 2021).

RRB OIG, *Management Information Report: Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic Report,*
Report No. 21-04 (Chicago, IL: March 26, 2021).

RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2020,* Report No. 21-05 (Chicago, IL: May 17, 2021).

RRB OIG, *Audit of the Purchase Card Program at the Railroad Retirement Board,*
Report No. 21-06 (Chicago, IL: May 27, 2021).

RRB OIG, *Railroad Retirement Board Bureau of Fiscal Operations Sections' Functions Need Improvement,* Report No. 21-08 (Chicago, IL: September 1, 2021).