



U.S. RAILROAD RETIREMENT BOARD

**OFFICE OF INSPECTOR GENERAL**

# Management Information Report

## Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic

Report No. 21-04

March 26, 2021

**OFFICE OF INSPECTOR GENERAL**  
**U.S. RAILROAD RETIREMENT BOARD**  
*Management Information Report*  
*Interim Review of Railroad Retirement Board*  
*CARES Act Benefit Payments During the Pandemic*

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## What We Found

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, boosts unemployment and sickness benefits for railroad workers impacted by the pandemic. CARES Act benefit payments were made in three phases. Over \$13 million in payments have been made through December 2020 for phase I. Over \$135 million in payments have been made through December 2020 for phase II. Over \$7 million in payments have been made through December 2020 for phase III. Railroad Retirement Board (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 Office of Inspector General (OIG) in a timely manner. In addition, RRB is not set up to collect recoveries involving CARES Act benefit payments.

## What We Recommend

To address the issue about identifying potential fraud for CARES Act benefit payments, we recommended that the Office of Programs allocate resources to work on fraud referrals. For collecting recoveries, we recommended that the Executive Committee commit additional resources to implement an automated debt recovery process for CARES Act benefit payments.

RRB management concurred with the first recommendation about allocating resources to make fraud referrals. RRB management did not concur with the second recommendation about committing additional resources to implement an automated debt recovery process for CARES Act benefit payments. We continue to see the need for the second recommendation.

## What We Did

The OIG works to provide oversight to all aspects of agency responsibility, which includes monitoring the implementation of significant provisions of laws and regulations and major projects to identify at-risk situations. Consistent with this approach, we examined the lack of fraud referrals and the lack of an automated debt recovery system for CARES Act benefit payments.

The objective of our continued interim review is to provide RRB management with information that will assist them in ensuring compliance, transparency, and fiscal accountability under the CARES Act.

The scope of this review is the RRB's actions and implementation of controls over CARES Act benefit payments from April 2020 through December 2020.

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## INTRODUCTION

This interim report presents additional concerns identified by the Office of Inspector General (OIG) as part of our ongoing oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) implementation at the Railroad Retirement Board (RRB).<sup>1</sup> This report addresses concerns about controls being applied to RRB issued CARES Act benefit payments. On March 11, 2020, the World Health Organization announced that the coronavirus outbreak could be characterized as a pandemic. The CARES Act, signed into law on March 27, 2020, boosts unemployment and sickness benefits for railroad workers impacted by the pandemic.

### Objective, Scope, and Methodology

The objective of our continued interim review is to provide RRB management with information that will assist them in ensuring compliance, transparency, and fiscal accountability under the CARES Act.

The scope of this review is the RRB's actions and implementation of controls over CARES Act benefit payments from April 2020 through December 2020.

To accomplish the review objective, we:

- identified criteria for benefit payments from the CARES Act;
- identified and reviewed RRB internal communication and documentation;
- interviewed RRB officials; and
- requested and reviewed source documentation from RRB.

We conducted our oversight work at RRB headquarters in Chicago, Illinois from August 2020 through February 2021.

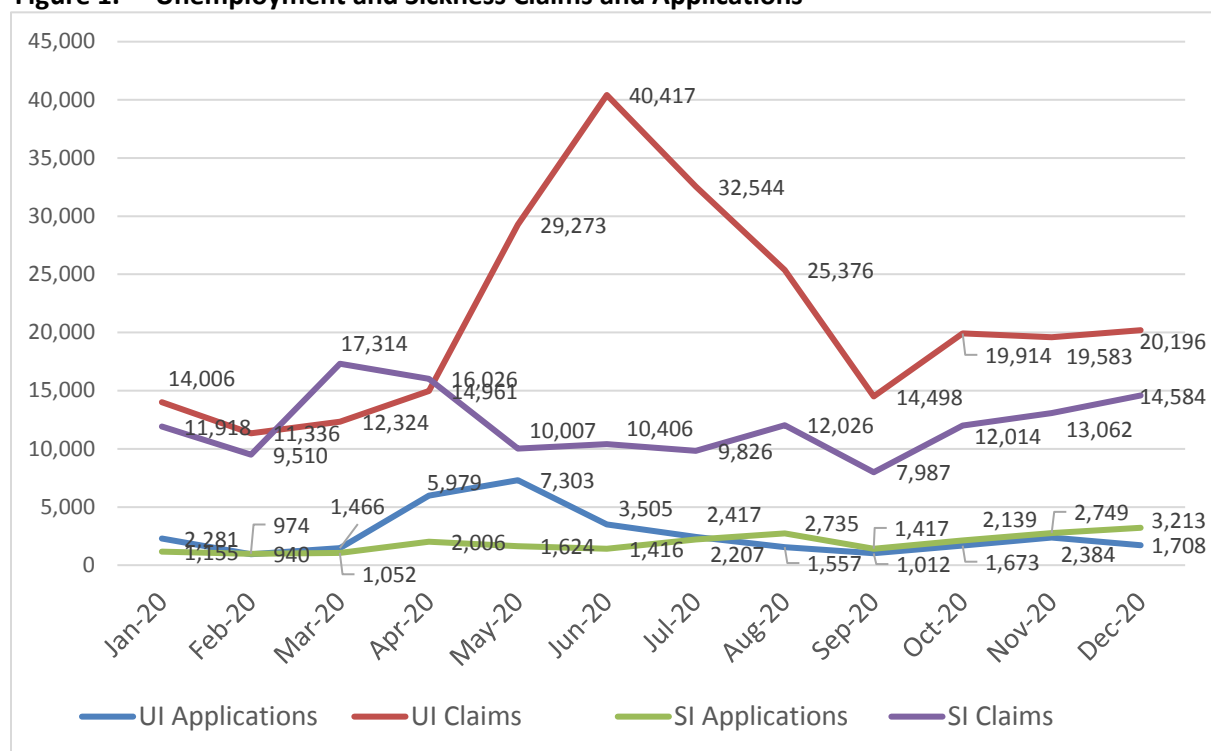
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<sup>1</sup> Pub. L. No. 116-136 (2020).

## Background

The RRB is an independent agency in the executive branch of the Federal Government. The RRB administers the unemployment and sickness insurance benefit programs for railroad workers and their families under the Railroad Unemployment Insurance Act (RUIA).<sup>2</sup> These RRB programs provide income protection in the event of temporary unemployment or sickness. During fiscal year 2020, the RRB paid net unemployment-sickness benefits of \$188 million to approximately 41,000 claimants. The maximum biweekly rate for unemployment and sickness benefits was \$800 prior to sequestration. The RRB experienced dramatic increases in both unemployment and sickness applications and claims from March to August 2020 and they remain greater than pre-pandemic levels. See figure 1 for a graphic illustration of these dramatic increases.

**Figure 1. Unemployment and Sickness Claims and Applications**



Source: OIG generated based on information provided by RRB's Office of Programs.

## The CARES Act

The CARES Act contains several provisions that affect railroad workers. Under the CARES Act, the one-week waiting period required before railroad workers can receive unemployment or sickness benefits is temporarily eliminated. This change applies to an employee's first two-week registration period for continuing sickness or unemployment beginning after the effective date of the law and ending on or before December 31, 2020. In addition, the amount of unemployment benefits is increased by \$1,200 per two-week period. This increase is in addition

<sup>2</sup> 45 U.S.C. Sections 351-369, *Railroad Unemployment Insurance*.

to the current biweekly maximum. This increased amount applies to any two-week registration period beginning on or after April 1, 2020, through July 31, 2020.

Funding provided for the RRB consisted of an appropriation of \$425 million to pay for the increase in unemployment benefits and an additional \$50 million to cover the cost of eliminating the waiting period. If these funds are exhausted, the new provisions will no longer apply. The RRB was also awarded an additional amount of \$5 million, this amount will remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, including the purchase of information technology equipment to improve the mobility of the workforce and provide for additional hiring or overtime hours as needed to administer the RUIA.

The CARES Act also authorizes payment of extended unemployment benefits to rail workers who received unemployment benefits from July 1, 2019, to June 30, 2020. Under the legislation, railroad workers with less than 10 years of service may be eligible for up to 65 days of extended benefits within 7 consecutive two-week registration periods. Workers with 10 or more years of railroad service, who were previously eligible for up to 65 days in extended benefits, may now receive benefits for up to 130 days within 13 consecutive two-week registration periods. The payment of these extended unemployment benefits uses remaining funds previously appropriated under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009.

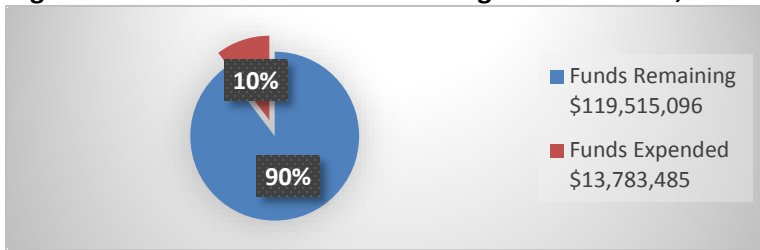
### **RRB's Actions under the CARES Act**

The RRB chose to distribute the payments under the CARES Act in three phases. The phases corresponded to the different provisions provided under the CARES Act as follows:

- Phase I was implemented for the extended unemployment insurance benefits.
- Phase II was implemented to pay an extra \$1,200 CARES Act recovery payment for unemployment benefits.
- Phase III was implemented to pay the days of the waiting period for both unemployment insurance (UI) and sickness insurance (SI).

Phase I is being funded with money from prior appropriations under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009 as allowed under the CARES Act. The remaining amount from these appropriations is approximately \$133 million. The RRB issued the first extended unemployment benefit payments under Phase I in May 2020. The RRB has issued extended unemployment benefits of over \$13 million or about 10 percent of the total amount remaining, under this provision through December 2020 as illustrated in figure 2.

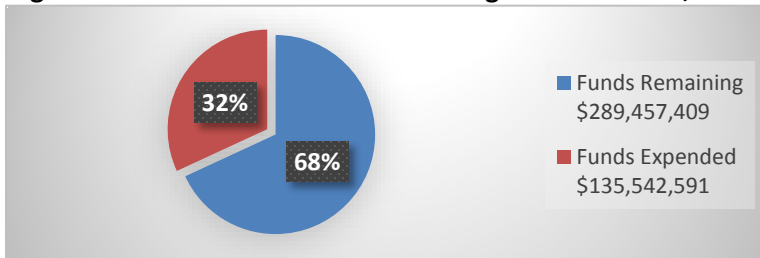
**Figure 2. Phase I Benefits Paid through December 31, 2020**



Source: OIG generated based on information provided by RRB’s Bureau of Fiscal Operations.

The RRB issued the first CARES Act recovery payment of enhanced unemployment benefit payments under Phase II on May 28, 2020. The RRB received an appropriation of \$425 million to fund these payments under the CARES Act. The RRB has issued CARES Act benefit payments of over \$135 million or about 32 percent under this appropriation through December 2020 as illustrated in figure 3.

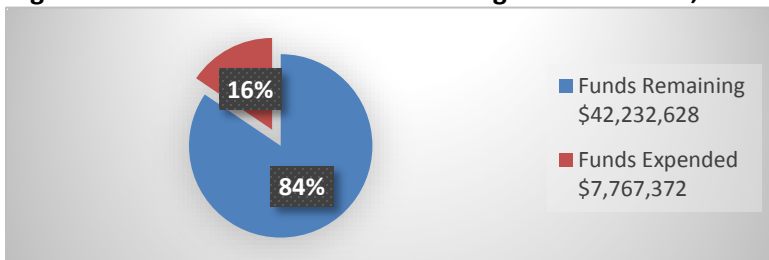
**Figure 3. Phase II Benefits Paid through December 31, 2020**



Source: OIG generated based on information provided by RRB’s Bureau of Fiscal Operations.

The RRB issued Phase III CARES Act benefit payments for the waiver of the first waiting periods for unemployment and sickness in two releases. The first release began to issue payments for new unemployment and sickness waiting periods and was implemented on July 13, 2020. The second release was for the retroactive payment of the first unemployment and sickness waiting periods and was completely implemented on August 13, 2020. These benefit payments were funded with a \$50 million appropriation under the CARES Act. The RRB has issued CARES Act benefit payments for Phase III exceeding \$7 million or about 16 percent through December 2020 under this appropriation as illustrated in figure 4.

**Figure 4. Phase III Benefits Paid through December 31, 2020**



Source: OIG generated based on information provided by RRB’s Bureau of Fiscal Operations.

## **RRB Actions in Response to the Coronavirus Pandemic and the CARES Act**

In response to safety concerns, the RRB closed field offices in March 2020 and provided the railroad public with services through alternate means. In addition to the field offices, RRB has served railroad workers and railroad employers online and through its national toll-free number. In fiscal year 2019, approximately 46,000 of the railroad public visited field offices for service. In response to the pandemic, and to ensure the safety of the railroad public and RRB employees, all RRB field offices have been closed to the public since March 2020 and telework maximized. RRB had to ensure the vast majority of its approximately 812 RRB employees, of which approximately 227 work in the field offices, had the resources needed to telework so it could help manage the increased customer traffic to its online services and toll-free number.

In August 2020, the RRB released the *RRB's Return to Facilities at the RRB Plan* (Plan), which describes a framework that will guide RRB through the pandemic. This Plan sets forth a phased approach, based upon specific health metrics (i.e. Coronavirus Disease 2019 (COVID-19) positivity rate and trend of new COVID-19 cases) to guide the RRB's movement forward or backward through the various phases. The Plan also describes the condition of the RRB's telework posture and public facing operations of each phase. This Plan allows the RRB to transition back to in-person agency operations, while balancing the health and safety needs of RRB's employees, as well as the public they serve. The Plan describes a phased approach that would shift staffing from a status of maximum telework, which was implemented in response to the pandemic, to resuming unrestricted staffing of worksites, with some continued precautions, as local conditions allow. Additionally, the RRB developed training to further inform agency staff about the pertinent elements of the Plan and discuss how employees can continue to reduce the spread of COVID-19. On July 31, 2020, the Board approved this plan and shared the Plan with RRB employees on August 21, 2020.

RRB continues to monitor the communities in which the field offices are located. As of January 2021, RRB field offices remain on a maximum telework schedule after a brief reopening for two weeks in October 2020.

## **OIG Oversight of CARES Act Funds at RRB**

On May 15, 2020, the RRB OIG issued a CARES Act Oversight Plan.<sup>3</sup> This plan detailed the RRB OIG's plan of action for monitoring agency implementation of the CARES Act and the issuance of the economic considerations. The objective is to provide RRB management with information that will assist them in ensuring compliance, transparency, and fiscal accountability with the CARES Act.

This plan detailed the OIG's planned actions that included reviewing procedures for implementing the provisions of the CARES Act; monitoring the RRB's approved expenditure

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<sup>3</sup> Railroad Retirement Board (RRB) Office of Inspector General (OIG), *Railroad Retirement Board's Office of Inspector General Coronavirus Aid, Relief, and Economic Security Act Oversight Plan* (Chicago, IL: May 15, 2020).



plans to ensure that they meet the purposes as defined in the CARES Act; and communicating OIG concerns to management's attention timely during the ongoing oversight process.

This interim report is being issued under the oversight plan to provide transparency to the public and to ensure that RRB can review and respond to areas of concern in a timely manner. This report addresses concerns with the controls over the CARES Act benefit payments.

## **Continued Assistance to Rail Workers**

On December 27, 2020, the President signed into law H.R. 133, the Consolidated Appropriations Act of 2021.<sup>4</sup> The bill includes a \$900 billion comprehensive package to provide COVID-19 relief to businesses and individuals, including an extension of unemployment insurance. H.R. 133 is the largest assistance package to be considered since passage of the CARES Act in March 2020.

This law includes Subchapter III – Continued Assistance to Rail Workers Act (CARWA). CARWA extends the unemployment and sickness benefits that were paid under the CARES Act. The provisions that detail the benefit payments for periods beginning December 26, 2020 through March 14, 2021 are detailed in sections 231 through 235.

Since these benefits will be issued after the end of fieldwork for this report, they will not be included in the scope of this report. The oversight of the CARWA benefits will be included in a subsequent OIG CARES Act report.

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<sup>4</sup> H.R.133 - *Consolidated Appropriations Act of 2021* (116th Congress 2019-2020), Pub. L. No. 116-260.

## RESULTS OF REVIEW

This interim report details the review of the benefit payment controls and the monitoring of the unemployment and sickness payments in response to the CARES Act. The full text of management's response to the recommendations is included in Appendix I and II.

### Resources Not Committed to Fraud Identification

The RRB's Office of Programs (OP) coordinates and directs services to the beneficiaries and all claims processing operations. The Unemployment and Programs Support Division (UPSD) performs several functions for the OP, including issuing unemployment and sickness benefit payments. The Sickness and Unemployment Benefit Section (SUBS) within the UPSD, makes adjudicative decisions on information and issues unemployment and sickness benefit payments. Internal procedures place responsibility on SUBS for making fraud determinations involving unemployment and sickness applications and claims. SUBS makes the referrals to the OIG if SUBS determines fraud may be involved.

Agency 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. RRB began issuing CARES Act benefit payments in May 2020. From May 2020 through September 15, 2020 no fraud referrals were sent from SUBS to OIG. During this time, RRB paid approximately \$151 million in CARES Act benefit payments through September 16, 2020.

Since mid-September 2020, one fraud referral has been sent to OIG concerning payments involving the CARES Act and it was only provided after the OIG expressed concerns regarding the lack of fraud referrals. The individual in SUBS assigned to prepare UI and SI fraud determinations for OIG referral left RRB in March 2020.

For fiscal years 2017, 2018, and 2019, the RRB provided a total of 99 referrals to the OIG, Office of Investigations (OI), for an average of 33 referrals per year. Prior to CARES Act legislation, from October 2019 through April 2020, the RRB provided 18 fraud referrals to OIG OI.

RRB procedures provided in the Adjudication Instruction Manual, part 16, require personnel in SUBS to make fraud determinations and to refer suspected cases to OIG for fraud investigations. RRB employees that suspect fraud in UI or SI claims refer the suspected claims to SUBS.

In June 2020 the OIG OI informed RRB that for UI and SI fraud notifications, OIG needs to receive these referrals as soon as RRB becomes aware of them and that every CARES Act payment case should be sent, and to disregard monetary thresholds.

OP management explained that SUBS resources are directed to adjudicate and to issue both unemployment and sickness benefit payments, staff has not been assigned to work on fraud referrals. The one CARES Act referral that was sent to OIG was worked directly by OP management.

Without fraud referrals from SUBS, the RRB cannot identify fraudulent situations timely. Delays in the identification of these situations reduces the effectiveness of the investigation. The investigation and prosecution of coronavirus fraudulent schemes, including CARES Act benefit payments, was made a priority by the Department of Justice in March 2020. The sooner these cases are provided to OIG OI for investigation, the opportunity for successfully pursuing prosecution increases.

On February 18, 2021 the Inspector General sent a memorandum to the RRB Chairman addressing the lack of UI and SI fraud referrals. The Inspector General encouraged the RRB to increase oversight and seek immediate solutions to the lack of fraud referrals.

### ***Recommendation***

We recommend that the Office of Programs

1. allocate resources for the RRB Unemployment and Programs Support Division – Sickness and Unemployment Benefit Section to work on fraud referrals as provided in the Adjudication Instruction Manual, Part 16, and as instructed by the Office of Inspector General, Office of Investigations.

### ***Management's Comments***

The Office of Programs concurred with our recommendation.

### **Lack of Automated Debt Recovery Process**

The RRB's Debt Recovery Section (DRS) has the responsibility to record, manage, collect and account for all debts under the RUIA. This includes mechanically calculating and establishing RUIA debts based on information provided by the OP, promptly releasing notices of delinquent debts, responding to inquiries regarding delinquent debts, promptly and correctly employing all appropriate collection tools and techniques, accurately and efficiently accounting for all collections, adjudicating waiver requests, and reporting on the status of debts and collections.

In September 2020 the OIG asked the OP about debt collection activities involving CARES Act benefit payments. OIG learned that RRB is not set up to collect recoveries involving CARES Act benefit payments. OIG was told that CARES Act benefits are funded through four different funds. While RRB can pay benefits using these sources, they are not yet set up to establish recoveries for these various funds. OIG confirmed in February 2021 that RRB has not yet finalized a process to establish recoveries for CARES Act benefit payments. The RRB has been actively developing a debt recovery process for CARES Act benefit payments since June 2020 and it is scheduled to be final in mid-March 2021.

Throughout the CARES Act Oversight project, OIG has received routine updates from OP about the work that is underway at RRB for CARES Act updates. A recent update from the OP indicated that they continue to work with Bureau of Fiscal Operations (BFO) and Bureau of Information Services (BIS) on establishing overpayments for CARES Act benefits.

The RRB has established an Executive Committee (EC) that is directed by and overseen by the Senior Executive Officer. The EC is responsible for oversight and problem-solving regarding cross-organizational internal control issues. It is composed of the Senior Executive Officer who is currently also the Director of Administration. Other members are the General Counsel, the Chief Financial Officer, the Director of Programs, the Chief Information Officer, the Director of Field Service, and the Chief Actuary.

The RRB has concentrated most of their efforts on issuing CARES Act benefit payments. As a result, the development of the debt recovery process has not been completed despite the ongoing efforts of OP, BFO, and BIS. These CARES Act benefit payments have been issued since May 2020 with no debt recovery procedures yet developed for establishing recoveries and recording debt concerning CARES Act benefit payments made in error. BFO has confirmed that they are manually keeping a record of all CARES Act benefits that were offset to recover traditional UI and SI benefits that were paid in error. RRB confirmed that a final process is underway and they recognized that the existing internal controls are deficient and must be modified to establish recoveries and record debt for CARES Act benefit payments.

On May 27, 2020, the RRB's Office of General Counsel advised the OP that recovery of CARES Act benefits under section 2(a)(5)(A) of the RUIA are subject to overpayment recovery in the same way as other RUIA benefits. According to the Government Accountability Office's *Standards for Internal Control in the Federal Government*, management should identify, analyze, and respond to significant changes that could impact the internal control system.<sup>5</sup> These standards also specify that automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient.

An automated debt recovery process for CARES Act benefits does not exist because the RRB has not dedicated enough resources necessary to develop and implement a debt recovery process for CARES Act benefits. The RRB continues to work on developing a debt recovery process for the CARES Act benefits.

The recording and tracking of the debts as well as the recovery of debts is more susceptible to errors, including omission, when there is no process used for recording and tracking debts. Without management designing and implementing control activities to respond to risks, including risks of CARES Act benefit payments paid incorrectly, the control deficiencies are not remediated.

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<sup>5</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO 14-704G (Washington, D.C.: September 2014).

### ***Recommendation***

We recommend that the Executive Committee

2. commit additional resources necessary to ensure the implementation of an automated debt recovery process for CARES Act payments.

### ***Management's Comments and Our Response***

The Executive Committee non-concurred with the recommendation. The full text of the comments is found in Appendix II. The Executive Committee stated that the three bureaus impacted by updating the existing debt recovery system had made progress from June 2020 through March 2021 and were able to work with the financial system vendor to successfully put in production a modified system that included CARES Act debt establishment and subsequent collection. They said that the modifications were in production as of March 15, 2021.

The OIG 's recommendation that the Executive Committee commit additional resources necessary to ensure the implementation of an automated debt recovery process for CARES Act benefit payments remains unchanged. We recognized that recording and tracking of debts and recovery of debts is susceptible to errors and omissions when there was no process for CARES Act benefit payments that were paid incorrectly. While progress by the RRB has been noted, we remain concerned about CARES Act debt establishment and subsequent collection.

As stated in this report, we acknowledge that the RRB continues to work on developing a debt recovery process for CARES Act benefits. OIG did receive an email from RRB on February 19, 2021 with an attachment as described in the management comments. We have not verified implementation, so the recommendation remains valid and open to ensure the implementation of an automated debt recovery process for CARES Act benefit payments. Because this audit recommendation will remain open, an audit closure request should be submitted to the OIG from the Executive Committee following the routine process that includes evidence of implementation. We will review the evidence to determine whether the recommendation can be closed as implemented.

## **UPDATES ON RECOMMENDATIONS IN THE RRB OIG'S SEPTEMBER 28, 2020 INTERIM REPORT**

### **Deployment of Mobile Phones to RRB Employees**

RRB approved an operating plan for the \$5 million appropriation under the CARES Act. As part of this plan, the RRB purchased 685 mobile phones that were received in the RRB's inventory as of April 17, 2020. The RRB expected to complete deployment of all the mobile phones by August 31, 2020. In our September 28, 2020 OIG Report 20-08 *Interim Report Regarding CARES Act Expenditures and Controls*, we recommended that the RRB's EC reconsider the need for all RRB employees to have the mobile phone and the related recurring costs and make the mobile phone numbers available internally for the RRB employees since these are considered secondary contact methods.<sup>6</sup>

The RRB's EC did not concur with the recommendation to reconsider the need for all RRB employees to have mobile phones, but did concur to make the phone numbers available internally. The RRB completed the deployment of all the mobile phones by November 2020.

### **Timely Comparison of CARES Act Payments to State Data**

The RRB has continued to issue additional unemployment and sickness benefits under the provisions of the CARES Act since May 2020. These benefit payments continue to be issued without any concurrent checks against state wages and unemployment benefits for the same periods. In our September 28, 2020 OIG Report 20-08 *Interim Report Regarding CARES Act Expenditures and Controls*, we recommended that the RRB's EC obtain state wage and unemployment data in a timelier manner in order to match with RRB CARES Act benefit payments; thereby identifying potential fraudulent CARES Act benefit payments quicker and increasing program integrity.<sup>7</sup> The RRB's EC did not concur with the recommendation.

In our interim report response, the OIG 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 such as The Work Number. The Work Number is used in certain circumstances to get timely wage and employment information in cases of continuing disability reviews. In fact, RRB examiners are required to obtain and verify employment and income using The Work Number for all Railroad Retirement Act disability claims and all Social Security Act disability claims when developing for continuing disability reviews.

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<sup>6</sup> RRB OIG, *Interim Report Regarding CARES Act Expenditures and Controls*, Report No. 20-08 (Chicago, IL: September 28, 2020).

<sup>7</sup> RRB OIG, Report No. 20-08.

## APPENDIX I: MANAGEMENT COMMENTS



UNITED STATES GOVERNMENT

### Memorandum

FORM G-115F (01-92)

RAILROAD RETIREMENT BOARD  
CHICAGO, IL

MARCH 23, 2021

**TO :** Debra Stringfellow-Wheat  
Assistant Inspector General for Audit

**FROM :** Crystal Coleman      CRYSTAL  
Director of Programs      COLEMAN      Digitally signed by CRYSTAL  
COLEMAN  
Date: 2021.03.23 14:36:35  
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**SUBJECT:** Office of Programs Response to Draft Interim Report - Review of  
RRB CARES Act Benefit Payments During the Pandemic

Please refer to the Office of Programs response below to the Office of Inspector General's Draft Management Information Report - Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic

The OIG recommended that the Office of Programs

1. allocate resources for the RRB's Unemployment and Programs Support Division – Sickness and Unemployment Benefit Section to work on fraud referrals as provided in the Adjudication Instruction Manual, Part 16, and as instructed by the Office of Inspector General, Office of Investigations.

RRB Management Concur with this Recommendation.

The RRB is already in the process of hiring additional examiners in the Sickness and Unemployment Benefit Section (SUBS). The RRB has also worked out an interim process for the referral of cases which need to be reviewed for the possibility of fraud.

As illustrated on page 4 of the OIG's report, a dramatic increase in unemployment and sickness applications and claims has significantly increased SUBS workload during the review period. Due to budget constraints, the RRB had not previously been able to hire additional resources to address this increase. Funding appropriated to the RRB in the American Rescue Plan Act of 2021 will allow the RRB to hire an additional 15 claims examiners in SUBS to handle the increased workload.

Under the RRB's process, the Bureau of Field Service (Field Service) compares wage data received from States with unemployment benefits awarded by the RRB (State Wage Match). For those cases in which Field Service finds a match for individuals who were credited with wages and received unemployment benefits for the same days, the file would be sent to SUBS. SUBS would then review the material it receives from Field Service, verify the accuracy of any overpayment, and in those cases which meet the OIG's overpayment criteria, create a summary worksheet for the OIG.

In addition to taking steps to summarize information for the OIG, SUBS also takes the steps necessary to establish a debt before referring cases to the OIG. The part of the Adjudication Instruction Manual referenced by the OIG requires that a debt be established prior to the referral being made. Though Field Service was reviewing the State Wage Match data, SUBS was not able to perform the steps to summarize this data for the OIG (which typically takes two days per case) because of a lack of resources, and was not able to establish the debts while the RRB worked to establish its automated debt recovery system for CARES and CARW Act payments (further detail is provided in Management's response to the OIG's second recommendation). For these reasons, SUBS was not forwarding referrals to the OIG. Given the concerns raised by the OIG, the RRB initiated a discussion with the OIG Special Agent-In-

Charge of Investigations to establish an interim procedure to get State Wage Match data to the OIG in spite of the challenges set forth in the foregoing paragraph. As a result of that discussion, the OIG agreed to allow SUBS to temporarily forward State Wage Match referrals received from Field Service without the final analysis and debt establishment completed by a SUBS Examiner.

After an initial review of the 140 cases that the RRB sent, the OIG agreed to identify those cases within that pool for which it would like SUBS to perform an immediate review, but does not want the RRB to send any additional cases, regardless of CARES Act exposure without SUBS going through the complete process set forth above.

With respect to the updated recommendation regarding State Wage Match and The Work Number on page 12 of the OIG's draft report, the OIG recommended that the RRB use The Work Number as a source of wage information that could help in the identification of fraudulent payments. The Work Number was implemented as a result of an OIG recommendation and is used to verify earnings before submitting a disability case for authorization. While The Work Number is a useful tool in performing queries, it is a manual process requiring individual searches. That being the case, attempting to go through the tens of thousands of claimants during any period would create an administrative burden such that the time it would take to run the inquiries would thwart the goal of receiving concurrent wage data.

cc: Executive Committee Members  
Timothy Hogueisson - Director of Audit Affairs and Compliance



## APPENDIX II: MANAGEMENT COMMENTS



UNITED STATES GOVERNMENT

### Memorandum

FORM G-115F (01-92)

RAILROAD RETIREMENT BOARD  
CHICAGO, IL

MARCH 22, 2021

**TO :** Debra Stringfellow-Wheat  
Assistant Inspector General for Audit

**FROM :** Daniel J. Fadden  
Senior Executive Officer / Director of Administration

**SUBJECT:** Executive Committee (EC) Response to Draft Interim Report -  
Review of RRB CARES Act Benefit Payments During the Pandemic

DANIEL  
FADDEN

Digitally signed by DANIEL  
FADDEN  
Date: 2021.03.22 16:22:16  
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Please refer to the response below on behalf of the Executive Committee (EC) to the Office of Inspector General's Draft Management Information Report - Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic

The OIG further recommended that the Executive Committee:

2. commit additional resources necessary to ensure the implementation of an automated debt recovery process for CARES Act payments.

#### RRB Management Non-Concurs with this Recommendation

The OIG stated that an automated debt recovery process for CARES Act benefits does not exist because the RRB has not dedicated enough resources necessary to develop and implement a debt recovery process for CARES Act benefits. The RRB continues to work on developing a debt recovery process for the CARES Act benefits.

The OIG further stated that the recording and tracking of the debts as well as the recovery of debts is more susceptible to errors, including omission, when there is no process used for recording and tracking debts. Without management designing and implementing control activities to respond to risks, including risks of CARES Act benefit payments paid incorrectly, the control deficiencies are not remediated.

To clarify, RRB has an existing automated debt recovery process to establish and recover benefit overpayments. However, the systems involved required programming changes to allow for the proper establishment and recovery of CARES and CARW Act overpayments. Starting in June 2020, after completing the necessary programming changes to pay CARES Act benefits those same subject matter experts turned their attention to re-programming and testing the systems in order to properly establish and recover CARES and now CARW Act overpayments. As of March 15, 2021, the automated debt recovery process is in place to establish and recover overpayments of CARES and CARW Act benefits.

In response to the OIG's notice of finding and recommendation (NFR), on February 19, 2021 we provided additional information to support that RRB had (1) dedicated significant resources spanning across organizations and (2) made substantial progress toward finalizing the programming changes

necessary to ensure proper establishment and recovery of CARES and CARW Act overpayment. Specifically, we provided a listing of the subject matter experts (i.e. dedicated resources) assigned to implement programming changes necessary to the existing automated debt recovery process. Additionally, we provided a high-level description and a chronological summary of the actions taken between June 2020 and February 2021 by the Office of Programs, Bureau of Fiscal Operations, the Bureau of Information Services and CGI Federal, the vendor for our financial management system (FMIS), to implement programming changes necessary for proper debt establishment and subsequent collection. Further, in our February 19, 2021 communication, we informed the OIG that we were preparing to cutover into production on March 15, 2021. We are pleased to report that we completed the programming work during the second week of March and went into production on March 15, 2021 as planned.

CC: Executive Committee Members  
Timothy Hogueisson - Director of Audit Affairs and Compliance