



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Audit of the Utilization of Information Technology Modernization Funds at the Railroad Retirement Board as of Fiscal Year 2023

Report No. 24-04

March 6, 2024



What RMA Found

RMA Associates, LLC (RMA) determined that the Railroad Retirement Board's (RRB) management of information technology (IT) modernization funds continued to need improvement in fiscal year 2023. Similar issues were originally identified by RMA in a prior Office of Inspector General (OIG) audit (RRB OIG Report No. 22-10).

RMA determined that the: 1) RRB could not provide detailed project plans to expend approximately \$26.5 million in IT modernization funding, and 2) RRB provided conflicting and incomplete information regarding the status of available funds for IT projects. From the \$26.5 million in funds, \$6.6 million in obligated funds were potentially spent on non-IT modernization projects, leaving the RRB at risk for failing to secure and modernize IT. These issues occurred because the RRB's Bureau of Information Services continued to use alternative understandings and methods for tracking projects rather than detailed project plans specific to the requirements, and continued to lack a consistent process to track/monitor appropriated funds.

As a result, there was an increased risk of overall project failure, inefficient spending, and project delays, hindering RRB's ability to reduce operating costs, meet mission needs, and address security risks. Additionally, the RRB faced an increasing risk of not providing relief to citizens and businesses, not facilitating oversight, and not creating accountability for results. While improvements were observed, the RRB was at risk of failing to protect information as appropriate, not applying sound data management principles to make evidence-based decisions, and not providing open data for analysis and public use.

What RMA Recommended

To address the identified weaknesses, RMA made seven recommendations concerning the lack of detailed project plans and the availability of IT modernization funding information. RRB management concurred with all seven recommendations.

What We Did

RRB OIG engaged RMA to conduct an audit of the utilization of IT modernization funds at the RRB as of fiscal year 2023. This was a follow-up audit to the RRB OIG Report No. 22-10 issued June 29, 2022.

RMA conducted this audit in accordance with performance audit standards established by generally accepted government auditing standards. RMA is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the conclusions presented in RMA's audit report.

The overall audit objective was to determine whether the RRB had sufficient controls in place to effectively and efficiently expend the IT modernization funds. The eight specific audit objectives are detailed in the Objectives section of RMA's audit report.

The scope of this audit was RRB's utilization of \$28.6 million in questioned costs identified in RRB OIG Report No. 22-10, as part of the \$30.2 million RRB received for IT modernization.

Railroad Retirement Board
Office of Inspector General

Audit of the Utilization of Information Technology
Modernization Funds at the Railroad Retirement Board as
of Fiscal Year 2023

Final Performance Audit Report

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February 28, 2024

RMA Associates, LLC (RMA) conducted a performance audit of the utilization of information technology (IT) modernization funds at the Railroad Retirement Board (RRB) as of fiscal year 2023.

Our audit objectives were to 1) obtain, review, and assess agency plans to expend IT modernization funds; 2) assess the agency's documented internal controls applicable for the subject matter of this audit; 3) determine the status of the agency's planned spending for its IT initiatives as described in the RRB Justification of Budget Estimate Fiscal Year 2023;¹ 4) analyze each IT initiative and measure the progress being achieved against the designated timelines, applicable criteria, or best business practices, if delays are identified, assess the reasons for delay; 5) determine if the RRB is effectively and efficiently providing management and oversight of these IT modernization efforts to ensure that the goals and objectives are achieved in the timeframes designated for completion; 6) determine if the RRB provided agency staff and contractors with timely and adequate resources (such as access, speed, funding, staffing, data storage/space utilization, equipment, etc.) to achieve IT modernization project objectives and completion in the designated timeframes; 7) determine which IT Modernization Initiative projects have been completed, for those that have been completed, evaluate the outcomes of the project relative to the goals and objectives of the project; and 8) assess the adequacy of agency resources and progress to address the recommendation in the audit report issued June 29, 2022; if the recommendation was closed and implemented, determine if the actions fixed the problems identified in that audit report.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards.² Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As a result of our audit, we identified two findings and issued seven recommendations, which are included in the accompanying report.

Respectfully,



RMA Associates, LLC

¹ Railroad Retirement Board (RRB) Justification of Budget Estimates, Fiscal Year 2023, March 28, 2022.

² Government Auditing Standards, GAO-21-368G, April 2021.

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Introduction

This report presents the results of RMA Associates, LLC's (RMA) performance audit of the utilization of information technology (IT) modernization funds at the Railroad Retirement Board (RRB) as of fiscal year 2023. This performance audit is a follow-on audit to address the \$28,575,000 in IT funding described as questioned costs in the RRB Office of Inspector General (OIG) audit report (RRB OIG Report No. 22-10)³ issued on June 29, 2022. The \$28,575,000 was allotted⁴ to the following RRB IT Modernization Initiatives:

- Legacy Systems Modernization Services (LSMS);
- Enterprise Infrastructure Solutions (EIS);
- Records Management; and
- Legacy Systems Re-platform Services (LSRS).

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

1. Obtain, review, and assess agency plans to expend IT modernization funds.
2. Assess the agency's documented internal controls applicable for the subject matter of this audit.
3. Determine the status of the agency's planned spending for its IT initiatives as described in the RRB Justification of Budget Estimate Fiscal Year 2023.⁵
4. Analyze each IT initiative and measure the progress being achieved against the designated timelines, applicable criteria, or best business practices, if delays are identified, assess the reasons for delay.
5. Determine if the RRB is effectively and efficiently providing management and oversight of these IT modernization efforts to ensure that the goals and objectives are achieved in the timeframes designated for completion.
6. Determine if the RRB provided agency staff and contractors with timely and adequate resources (such as access, speed, funding, staffing, data storage/space utilization, equipment, etc.) to achieve IT modernization project objectives and completion in the designated timeframes.

³ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

⁴ An allotment is an authorization by either the agency head or another authorized employee to his/her subordinates to incur obligations within a specified amount.

⁵ RRB Justification of Budget Estimates, Fiscal Year 2023, March 28, 2022.

7. Determine which IT Modernization Initiative projects have been completed, for those that have been completed, evaluate the outcomes of the project relative to the goals and objectives of the project.
8. Assess the adequacy of agency resources and progress to address the recommendation in the audit report issued June 29, 2022;⁶ if the recommendation was closed and implemented, determine if the actions fixed the problems identified in that audit report.

Scope

The scope of the audit was RRB's utilization of \$28,575,000 in IT funding described as questioned costs in the RRB OIG audit report (RRB OIG Report No. 22-10)⁷ issued June 29, 2022, found as part of the \$30.2 million RRB received for IT modernization.

Methodology

To address and accomplish the audit objectives, we used the following evidence-gathering and evidence-analysis techniques:

- Identified, reviewed, and gained an understanding of applicable criteria from RRB internal guidance and publications;
- Identified, reviewed, and gained an understanding of applicable internal controls from the Government Accountability Office (GAO) Standards for Internal Control in the Federal Government;⁸
- Identified, reviewed, and gained an understanding of Office of Management and Budget (OMB) memorandums and requirements, as well as criteria from other guidance, as applicable and relevant to utilization of IT modernization funds;
- Reviewed prior OIG and GAO audit reports relevant to utilization of IT modernization funds;
- Interviewed applicable management, staff, and key personnel to assess whether their policies, processes, and practices were current and complete;
- Reviewed other agency documentation, as needed to address the audit objectives; and
- Performed data reliability assessments as applicable and as required per GAO's Assessing Data Reliability.⁹

The overall strategy and methodology of our audit considered the following criteria and prior RRB OIG and GAO audits:

⁶ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

⁷ Ibid.

⁸ GAO Standards for Internal Control in the Federal Government, GAO-14-704G, September 2014.

⁹ Assessing Data Reliability, GAO-20-283G, December 2019.

- GAO Standards for Internal Control in the Federal Government, September 2014;
- OMB Circular No. A-130, Managing Information as a Strategic Resource, July 2016;
- OMB Memorandum M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), April 10, 2020;
- Public Law 116-260, Consolidated Appropriations Act, 2021 (CAA2021), December 27, 2020;
- Public Law 117-2, American Rescue Plan Act of 2021 (ARPA2021), March 11, 2021;
- Information Resources Management (IRM) Strategic Plan for IT Modernization for Fiscal Years 2022-2026;
- RRB OIG – The RRB Did Not Have Detailed Project Plans to Expend IT Modernization Funds (RRB OIG Report No. 22-10), June 29, 2022;
- RRB OIG – Audit of the Updated Information Technology Initiatives Legacy Systems Modernization Services: Re-engineering Mission Essential Programs (RRB OIG Report No. 21-10), September 23, 2021;
- RRB OIG – Audit of the Updated Information Technology Initiatives Legacy Systems Re-Platform Services (RRB OIG Report No. 21-09), September 23, 2021; and
- GAO – Agencies Need to Develop and Implement Modernization Plans for Critical Legacy Systems, GAO-21-524T, April 27, 2021.

RMA assessed the reliability of data relevant to the utilization of IT modernization funds by verifying the data using documentary evidence available. However, RRB was missing project plans, contracts, and invoices for LSRS, LSMS, EIS, and Records Management for the \$30.2 million appropriated in CAA2021¹⁰ and ARPA2021.¹¹ We determined that the data were not reliable for the purposes of responding to our objectives. RRB lacked detailed project plans to support its initiatives and RRB's data relevant to the utilization of IT modernization funds were conflicting and incomplete. RMA discussed these issues in two findings 1) Lack of Detailed Project Plans, and 2) Conflicting and Incomplete Information Regarding Available Funds.

We conducted this performance audit in accordance with generally accepted government auditing standards.¹² Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted our fieldwork at RMA headquarters in Arlington, Virginia from September 2022 through September 2023.

¹⁰ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

¹¹ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

¹² Government Auditing Standards, GAO-21-368G, April 2021.

Background

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 Act (RRA)¹³ and the Railroad Unemployment Insurance Act (RUIA).¹⁴ 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.

The RRB was created in the 1930s by legislation establishing a retirement benefit program for the nation's railroad workers. The railroad industry had pioneered private industrial pension plans, with the first industrial pension plan in North America established by a railroad in 1874. By the 1930s, railroad pension plans were far more developed than in most other businesses or industries, but these plans had serious defects which the Great Depression magnified.

Under the RRA, railroad workers with at least 10 years of service can receive retirement and disability annuities. Such annuities are also payable to workers with five years of service if performed after 1995. Under the RUIA, unemployment insurance benefits are paid to railroad workers who are unemployed but ready, willing, and able to work, and sickness benefits to railroad workers unable to work because of illness or injury. The RRB also operates a placement service to help unemployed railroaders secure employment.

One of RRB's strategic goals is to modernize its IT operations to sustain mission-essential services. In 2021, RRB received additional funds for its IT investment initiatives. CAA2021¹⁵ was signed into law on December 27, 2020. Division H, Title IV, Section 407 provided that \$9 million remains available to supplement existing resources devoted to operations and improvements for RRB's IT investment initiatives. ARPA2021¹⁶ was signed into law on March 11, 2021. Section 2904 appropriated \$21,175,000 for supplementing the Board's IT investment initiatives. These combined additional funds for IT modernization totaled approximately \$30.2 million.

On behalf of the RRB OIG, RMA conducted an audit of the \$30.2 million RRB received for its IT modernization efforts. RMA found that RRB did not have documented plans to expend approximately \$28.6 million of these funds. Because of the lack of RRB's progress, RMA could not evaluate project progress, timeliness, or outcomes for most IT initiatives. In the absence of agency plans, RRB faced an increased risk of inefficient spending, project delays, and overall project failure hindering RRB's ability to meet mission needs, address security risks, and reduce operating costs. RMA made a recommendation for corrective action in the RRB OIG audit report (RRB OIG Report No. 22-10) issued June 29, 2022.¹⁷ As a result of the agency not having

¹³ Public Law 93-445, The Railroad Retirement Act of 1974, October 16, 1974.

¹⁴ The Railroad Unemployment Insurance Act, as amended, October 9, 1996.

¹⁵ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

¹⁶ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

¹⁷ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

documented plans to expend the remaining \$28.6 million, RRB OIG determined a follow-on audit was needed.

From December 2021 through August 2023, the \$28.6 million in questioned cost have been deposited/available in the RRB's 060-X-8237-000 account. The funding is no-year appropriations that does not expire but must be used in accordance with the purpose statute¹⁸ and applicable federal appropriations laws. RMA determined that CAA2021¹⁹ and ARPA2021²⁰ do not provide the authority to earn interest. However, RRB risks losing purchasing power of remaining available funds by not using it timely given the impact of inflation.

Results of Audit

RRB's management of IT modernization funds continued to need improvement in fiscal year 2023. Similar issues were originally identified by RMA in RRB OIG Report No. 22-10.²¹

RMA recognizes that the RRB's Bureau of Information Services (BIS) made improvements since the last audit report. RMA determined BIS completed the Financial Management Integrated System (FMIS) Upgrade project – code 9505. The FMIS Upgrade from version 7.6 to version 7.9 was completed on time and within the \$1.6 million budget. In March 2022, FMIS version 7.9 went live and was available for RRB users. However, when RMA requested detailed plans for other projects allocated under CAA2021²² and ARPA2021,²³ and BIS did not produce any relevant materials. RMA determined that several of the RRB's IT Modernization Initiatives were purchases such as software programs that did not warrant project plans. However, \$26.5 million of the \$28.6 million of BIS's expenditures were not purchases of goods but services that required project plans.

In assessing RRB's documented internal controls, RMA determined that RRB's monitoring controls for IT modernization expenditures were insufficient, such as tracking the balance of appropriated funds. RMA was also unable to determine status of planned spending for several of the RRB's IT initiatives such as the LSRS project – code 9501, the LSMS project – code 9502, the EIS project – code 9503, and the Records Management project – code 9506. These projects did not have detailed project plans.

Without detailed project plans that included performance metrics, RMA was unable to determine project deadlines, milestone status, or progress made. RMA was also unable to determine the reason for delays or a potential resolution because BIS lacked any timeline of project progress and completion. Further, RMA was unable to determine if BIS provided agency staff and contractors with timely and adequate resources (such as access, speed, funding, staffing, data storage/space

¹⁸ 31 U.S.C Ch. 13: Appropriations § 1301. Application.

¹⁹ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

²⁰ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

²¹ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

²² Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

²³ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

utilization, equipment) to achieve IT modernization project objectives and completion in the designated timeframes.

RMA determined that RRB's management and oversight of IT modernization efforts were not effective or efficient in ensuring that goals and objectives were achieved within the designated completion timeframes due to a lack of corresponding project management information such as associated project plans.

RRB was able to partially address RMA's recommendation in the prior year's audit report from fiscal year 2022 by finalizing an IRM Strategic Plan for IT Modernization²⁴ that included agency goals. However, regarding the project plans and milestones that the previous report recommended, RRB did not provide the project plans instrumental to RMA's ability to complete testing procedures.

RMA's analysis of the audit objectives revealed the following findings with regard to aspects of RRB's utilization of IT modernization funds:

- Lack of detailed project plans; and
- Conflicting and incomplete information regarding available funds.

We provided additional details on these two findings in the following sections and recommendations for corrective action.

Lack of Detailed Project Plans

At the time of this audit, the RRB could not provide detailed project plans to expend approximately \$26,514,193 in funding, \$7,400,000 of which was appropriated by the CAA2021²⁵ and \$19,114,193 of which was appropriated by the ARPA2021.²⁶ RRB OIG Report No. 22-10²⁷ recommended that RRB issue detailed project plans for this funding, and although the RRB BIS provided monthly status reports, Gantt charts, software program reviews, customer success plans, customer service delivery reviews, and other materials that the agency used to support project outcomes, RRB BIS did not provide any detailed project plans to include the agency's goals, project milestones, and a description of the work necessary. The total amount of \$26,514,193 associated with missing project plans, whether obligated or not yet obligated to specific projects and intended to support the following five IT Modernization Initiatives are listed by project code and separated by funding source below.

²⁴ Information Resources Management (IRM) Strategic Plan for Information Technology (IT) Modernization for Fiscal Years 2022-2026.

²⁵ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

²⁶ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

²⁷ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

Under CAA2021²⁸

- (9502) LSMS
 - Amount Allocated: \$4,900,000
 - Amount Associated with Missing Project Plans: \$4,900,000
- (9503) EIS
 - Amount Allocated: \$1,500,000
 - Amount Associated with Missing Project Plans: \$1,500,000
- (9505) FMIS Upgrade
 - Amount Allocated: \$1,600,000
 - Amount Associated with Missing Project Plans: \$0
- (9506) Records Management
 - Amount Allocated: \$1,000,000
 - Amount Associated with Missing Project Plans: \$1,000,000

Under ARPA2021²⁹

- (9501) LSRS
 - Amount Allocated: \$5,000,000
 - Amount Associated with Missing Project Plans: \$4,470,148
- (9502) LSMS
 - Amount Allocated: \$16,175,000
 - Amount Associated with Missing Project Plans: \$14,644,049

Total amount associated with missing project plans: \$26,514,193

From this total amount associated with missing project plans, \$6,592,720 was related to obligated funds. This amount continued to remain as part of the original questioned costs³⁰ identified in Report 22-10.³¹ As such, we will not identify this amount as questioned costs again to avoid duplicative reporting. The remaining \$19,921,473 has not been obligated and is found in RRB's 060-X-8237-000 account as available funds. Therefore, this amount is no longer considered questioned costs.

According to OMB M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19),³² agencies need to manage these new funds and awards consistent with their respective mission performance objectives and plans.

²⁸ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

²⁹ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

³⁰ The IG Act of 1978, revised December 27, 2022, Section 405(a)(4)(B) defines "questioned cost" as: "The term "questioned cost" means a cost that is questioned by the Office because of – (B) a finding that, at the time of the audit, the cost is not supported by adequate documentation."

³¹ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

³² OMB M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), April 10, 2020.

Agencies also must incorporate reporting of performance on COVID-19 relief funding into their established mission performance plans and reports, and must review progress as part of their performance, evidence-building, and enterprise risk management routines to the maximum extent possible.

OMB Circular A-130³³ further requires agencies to be responsible for establishing a decision-making process that shall cover the life of each information system and include explicit criteria for analyzing the projected and actual costs, benefits, and risks, including information security and privacy risks, associated with the IT investments. The IT investment processes shall encompass planning, budgeting, procurement, management, and assessment.

As of June 2023, RMA determined that the RRB BIS continued to use alternative understandings and methods for tracking projects other than detailed project plans, an issue that was identified in the prior audit (RRB OIG Report No. 22-10).³⁴ RMA reviewed RRB's Justification of Budget Estimates for Fiscal Year 2023³⁵ and Fiscal Year 2024³⁶ and determined that as management stated, RRB did identify its strategic goals regarding IT modernization, three phases to carry it out (stabilize, modernize, and perform), as well as performance metrics by which the agency self-evaluates against those strategic goals. However, RRB's Justification of Budget Estimates for Fiscal Year 2023³⁷ and Fiscal Year 2024³⁸ did not include stages of capital programming, including planning, budgeting, procurement, management, and assessment.

RMA reviewed documentation from RRB that supported appropriate approvals obtained from Agency leadership when expending IT Modernization funding. RMA also reviewed the RRB IT Modernization Annual Report – 2022.³⁹ According to RRB, the 2022 annual report was prepared in response to requirements in the Joint Explanatory Statement for the Fiscal Year 2022 Consolidated Appropriations Act enacted on March 15, 2022 (P.L. 117-103, Division H)⁴⁰ which establishes reporting terms and conditions. Although RRB included in the report summary level information with quarterly project progress and contracts and agreements, the report did not include detailed project plans. RMA determined that RRB did successfully publish an IRM Strategic Plan for IT Modernization⁴¹ to address only that part of the recommendation from the prior audit report, RRB OIG Report No. 22-10.⁴²

The lack of detailed project plans for IT Modernization Initiatives increases the risk of inefficient spending, project delays, and overall project failure, hindering RRB's ability to meet mission

³³ OMB Circular A-130, Managing Information as a Strategic Resource, July 2016.

³⁴ The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

³⁵ RRB Justification of Budget Estimates, Fiscal Year 2023, March 28, 2022.

³⁶ RRB Justification of Budget Estimates, Fiscal Year 2024, March 13, 2023.

³⁷ RRB Justification of Budget Estimates, Fiscal Year 2023, March 28, 2022.

³⁸ RRB Justification of Budget Estimates, Fiscal Year 2024, March 13, 2023.

³⁹ RRB IT Modernization Annual Report – 2022.

⁴⁰ Public Law 117-103, Consolidated Appropriations Act, 2022, March 15, 2022.

⁴¹ IRM Strategic Plan for IT Modernization for Fiscal Years 2022-2026.

⁴² The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds, RRB OIG Report No. 22-10, June 29, 2022.

needs, address security risks, and reduce operating costs. Approximately \$6,592,720 in CAA2021⁴³ and ARPA2021⁴⁴ funding was potentially spent on non-IT Modernization projects, leaving the RRB at risk in failing to secure and modernize IT. Specifically, in failing to use and document detailed project plans, RRB also risks duplication of efforts in its IT modernization, risks the failure to direct funds to their highest use, and risks the failure to provide strategic analysis of projects and progress. Further, RRB risks losing purchasing power of \$19,921,473 in remaining available funds by not using it timely given the impact of inflation.

Recommendation

The issue regarding a lack of detailed project plans persisted since the prior year audit. RMA has determined that last year's recommendation remained open and will issue a modified recommendation.

RMA recommends that the Bureau of Information Services:

1. Identify and document detailed project plans for their Information Technology Modernization Initiatives, to include the agency's goals, project milestones, a description of the work necessary, and designated timelines for completion, as required by the Office of Management and Budget Circular A-130's specifications for IT investment processes, including planning, budgeting, procurement, management, and assessment.

Management's Comments and RMA's Response

BIS concurred with recommendation one and provided an estimated completion date of September 30, 2024. BIS's target completion date meets the intent of promptly implementing the audit recommendation.

Conflicting and Incomplete Information Regarding Available Funds

RRB BIS provided conflicting and incomplete information regarding the status of available funds for projects 9503 EIS and 9506 Records Management under CAA2021.⁴⁵

In addition to the requirement described in the issue associated with the lack of detailed project plans, OMB M-20-21⁴⁶ also requires the accurate recording and tracking of funding for awards made under the new relief legislation, which is essential to providing relief to citizens and businesses, facilitating oversight, and creating accountability for results. Agencies should continue to apply sound data management principles to make evidence-based decisions, protect information as appropriate, and provide open data for analysis and public use.

⁴³ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

⁴⁴ Public Law 117-2, American Rescue Plan Act of 2021, March 11, 2021.

⁴⁵ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

⁴⁶ OMB M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), April 10, 2020.

Furthermore, GAO Standards for Internal Control in the Federal Government, Section 16.05,⁴⁷ requires management to perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

BIS provided inaccurate and incomplete information regarding the status of available funds for the 9503 and 9506 projects because BIS continued to lack a consistent process to track/monitor appropriated funds.

In April 2023, RRB provided a screenshot of the balance of the appropriated funds from CAA2021,⁴⁸ showing that the \$1.5 million allocated for project 9503 and the \$1 million allocated for project 9506 had yet to be obligated as of April 7, 2023. However, in August 2023, RRB provided information that RRB had awarded contracts under project 9503. Furthermore, RRB informed RMA that the funding (\$1 million) for project 9506 was reallocated to support RRB Board Order 21-41,⁴⁹ which was approved on July 27, 2021. This RRB Board Order approved BIS's proposal to realign and reorganize BIS in support of accelerating the RRB IT Modernization Program and maximizing the overall efficiency and effectiveness of the BIS organization. RMA determined that CAA2021⁵⁰ does not explicitly prohibit the reallocating of funds. According to CAA2021,⁵¹ \$9 million is to remain available to the RRB until expended and shall be used to supplement existing resources devoted to operations and improvements for the Board's IT investment initiatives. RMA determined that the realignment and reorganization is for BIS; therefore, the reallocation of funds still meets the intent of CAA2021 for the operations and improvements of the Board's IT investment initiatives.

Based on this new information, RMA subsequently asked follow-up questions and requested supporting documentation. As of August 17, 2023, RRB had not provided the information. According to RRB, the questions involved work by other offices at the agency.

Conflicting and incomplete information regarding the status of available funds led to the inaccurate recording and tracking of funding in accordance with OMB guidance, therefore increasing the risk of not providing relief to citizens and businesses, not facilitating oversight, and not creating accountability for results. Furthermore, RRB risked the failure of applying sound data management principles to make evidence-based decisions, protect information as appropriate, and provide open data for analysis and public use.

⁴⁷ GAO Standards for Internal Control in the Federal Government, GAO-14-704G, September 2014.

⁴⁸ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

⁴⁹ RRB Board Order 21-41, Order to Realign and Reorganize the Bureau of Information Services, July 27, 2021.

⁵⁰ Public Law 116-260, Consolidated Appropriations Act, 2021, December 27, 2020.

⁵¹ Ibid.

Recommendations

RMA recommends that the Bureau of Information Services:

2. Develop and implement a monitoring plan to track agency spending for their Information Technology Modernization Initiatives, which should include how the information technology funds were allocated, reallocated, and spent.
3. Coordinate and work with the Bureau of Fiscal Operations to use existing resources to track, analyze, monitor, and report on the use of Information Technology Modernization Initiatives funding provided through the Consolidated Appropriations Act, 2021 and American Rescue Plan Act of 2021. This should include setting up a centralized system/location/spreadsheet for tracking and monitoring funds and providing training for staff on how to use it.
4. Establish a clear reporting structure, including the roles and responsibilities of different departments and staff members within the Bureau of Information Services to increase accountability for the tracking and monitoring of the Information Technology Modernization Initiatives funds.
5. Regularly analyze the use of Information Technology Modernization Initiatives funds, to ensure they are being used effectively and to identify any potential issues. This should continue until all Consolidated Appropriations Act, 2021 and American Rescue Plan Act of 2021 funds have been obligated, returned, or expired.
6. Use the new Information Technology Modernization Initiatives funds monitoring plan to conduct reviews of the funds' management process to ensure compliance with established guidelines and procedures. These reviews should identify any areas for improvement and make necessary adjustments.
7. Assign a dedicated team or person responsible for monitoring the Information Technology Modernization Initiatives funds. The dedicated team/person should have the necessary resources and authority to carry out their responsibilities.

Management's Comments and RMA's Response

BIS concurred with recommendations two through seven and provided an estimated completion date of September 30, 2024 for all recommendations. BIS's target completion dates meet the intent of promptly implementing the audit recommendations.

In response to BIS's request to combine recommendations five and six and recommendations four and seven, our recommendations will remain as written. When BIS is ready to submit their closure requests, RRB OIG is not averse to receiving consolidated closure requests that encompass multiple recommendations.

Appendix I: Management's Comments



UNITED STATES GOVERNMENT
MEMORANDUM

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

February 22, 2024

TO : Marc Hebert
RMA Associates
1005 N. Glebe Rd., Suite 610
Arlington, VA 22201

FROM : Terryne F. Murphy
Chief Information Officer, RRB

TERRYNE MURPHY
Digitally signed by TERRYNE MURPHY
Date: 2024.02.22 09:43:16 -0600

SUBJECT: Management Response – Audit of the Utilization of Information Technology Modernization Funds at the Railroad Retirement Board as of Fiscal Year 2023

Thank you for the opportunity to comment on the referenced draft report that we received on February 5, 2024. The following is management's response to your findings and recommendations:

Finding: Lack of detailed project plans

It is clear from the audit report the audit team was looking for a specifically detailed project plans, as described in Section 55 of the Office of Management and Budget's Circular A-130. We agree that the Bureau of Information Services (Information Services) did not produce project plans in accordance with the specifications of Circular A-130. We appreciate the audit team highlighting and acknowledging the artifacts submitted by Information Services – Gantt charts, monthly, quarterly, and annual IT Modernization status reports, customer service delivery reviews, and other materials, which supports project planning, progress, and outcomes.

Recommendation No. 1: Identify and document detailed project plans for their Information Technology Modernization Initiatives, to include the agency's goals, project milestones, a description of the work necessary, and designated timelines for completion, as required by the Office of Management and Budget Circular A-130's specifications for IT investment processes, including planning, budgeting, procurement, management, and assessment.

Management Response No. 1: Concur. Information Services concurs and will identify and document detailed project plans for its Agile and non-Agile projects supporting the agency's modernization goals by 09/30/2024. Information Services notes some detail specified in Circular A-130 may not be available for Agile projects.

Finding: Conflicting and incomplete information regarding available funds

Recommendation No. 2: Develop and implement a monitoring plan to track agency spending for their Information Technology Modernization Initiatives, which should include how the information technology funds were allocated, reallocated, and spent.

Management Response No. 2: Concur. The RRB consistently implements monitoring to keep track of all agency funding and expenditures, including funding for IT Modernization Initiatives, through reports provided by the Bureau of Fiscal Operations (BFO). Information Services consistently used existing agency processes to plan, seek, and gain agency approval for the allocation and expenditure of IT Modernization funds. Information Services concurs with this recommendation to improve Information Services-internal monitoring and tracking of IT Modernization allocations and expenditures. As sufficient staffing becomes available, Information Services expects to implement improvements by 09/30/2024. Information Services regrettably acknowledges the conflicting information, and, in some cases, incomplete information provided to the audit team.

Recommendation No. 3: Coordinate and work with the Bureau of Fiscal Operations to use existing resources to track, analyze, monitor, and report on the use of Information Technology Modernization Initiatives funding provided through the Consolidated Appropriations Act, 2021 and American Rescue Plan Act of 2021. This should include setting up a centralized system/location/spreadsheet for tracking and monitoring funds and providing training for staff on how to use it.

Management Response No. 3: Concur. Information Services already uses the agency's financial management information system as its source of truth for funding status and receives a periodic report on the status of all IT Modernization funds from BFO. Information Services has created a centralized location to monitor and track IT Modernization fund status and meets weekly internally to discuss any issues that may arise. Information Services will work with BFO to improve its insights to the financial management information system's allocations and expenditures for IT Modernization funds. Information Services will work to complete these updates to its processes by 09/30/2024.

Recommendation No. 4: Establish a clear reporting structure, including the roles and responsibilities of different departments and staff members within the Bureau of Information Services to increase accountability for the tracking and monitoring of the Information Technology Modernization Initiatives funds.

Management Response No. 4: Concur. Information Services will review its organizational structure and relocate the responsibility accordingly. Information Services plans to implement these improvements by 9/30/2024.

Recommendation No. 5: Regularly analyze the use of Information Technology Modernization Initiatives funds, to ensure they are being used effectively and to identify any potential issues. This should continue until all Consolidated Appropriations Act, 2021 and American Rescue Plan Act of 2021 funds have been obligated, returned, or expired.

Management Response No. 5: Concur. Information Services concurs, though we maintained our use of rigorous agency tracking and approval processes for any expenditures that used American Rescue Plan Act of 2021 funding and at this time all such funds have been expended. As the RRB enters its Modernize phase, and we continue to improve upon our governance of the IT Modernization, Information Services has proposed,

with recent agency approval, to establish a subcommittee, comprised of senior leaders from each bureau and office to establish more effective and efficient governance of its IT Modernization Initiatives. The RRB intends to enable this subcommittee to establish and ensure agency priority alignment to the resource allocation and expenditure of IT Modernization funding for as long the agency receives IT Modernization funding, whether through enacted legislation, TMF investment, or legislative authorities. Information Services expects to close this recommendation by 09/30/2024.

Recommendation 6: Use the new Information Technology Modernization Initiatives funds monitoring plan to conduct reviews of the funds' management process to ensure compliance with established guidelines and procedures. These reviews should identify any areas for improvement and make necessary adjustments.

Management Response 6: Concur. Information Services requests that RMA combine this recommendation with recommendation 5 above. Information Services already has established processes and procedures and obtain funding information from the RRB's financial management system and reports provided by BFO. As presented in Management Response No. 5, the establishment of the IT Modernization Subcommittee presents the necessary forum to conduct periodic reviews to ensure compliance with guidelines and alignment to agency priorities. These reviews will be documented within the governance charter for the IT Modernization Subcommittee by 09/30/2024.

Recommendation 7: Assign a dedicated team or person responsible for monitoring the Information Technology Modernization Initiatives funds. The dedicated team/person should have the necessary resources and authority to carry out their responsibilities.

Management Response 7: Concur. Recommendation No. 4 already highlights this need and this finding is duplicative. Information Services requests that RMA combine this recommendation with recommendation 4 above. Additionally, Information Services has reassigned the responsibility for audit support within its team from Business Operations to the Policy and Compliance Department.

cc: Shanon Holman, Assistant Inspector General for Audit
Shawna Weekley, Chief Financial Officer/Chair of Executive Committee
Chiquita Lowery, Director of Audit Affairs and Compliance

Appendix II: Glossary of Acronyms

Acronym	Description
ARPA2021	American Rescue Plan Act of 2021
BIS	Bureau of Information Services
CAA2021	Consolidated Appropriations Act, 2021
COVID-19	Coronavirus Disease 2019
EIS	Enterprise Infrastructure Solutions
FMIS	Financial Management Integrated System
GAO	Government Accountability Office
IRM	Information Resources Management
IT	Information Technology
LSMS	Legacy Systems Modernization Services
LSRS	Legacy Systems Re-platform Services
OIG	Office of Inspector General
OMB	Office of Management and Budget
RMA	RMA Associates, LLC
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act