



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Management Information Report

Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022

Report No. 23-03

February 23, 2023



What We Found

The Reports Consolidation Act of 2000 and Office of Management and Budget Circular A-136 require the Inspector 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 2022 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 2022 Performance and Accountability Report.

Our objective was to identify and assess the most serious challenges facing RRB management during fiscal year 2022.

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INTRODUCTION

The Reports Consolidation Act of 2000 and Office of Management and Budget Circular A-136 (OMB A-136) require the Inspectors General to identify what they consider the most serious management challenges facing their respective agency and briefly assess the agency's progress in addressing these challenges.¹ As required, the Inspector General's statement was included in the Railroad Retirement Board's (RRB) fiscal year 2022 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 Act (RRA) and Railroad Unemployment Insurance Act (RUIA). As part of the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.³

In fiscal year 2021, the RRB paid retirement-survivor benefits of nearly \$13.3 billion to about 519,000 beneficiaries and paid unemployment-sickness insurance benefits of approximately \$157 million to about 41,700 claimants. The RRB also paid Coronavirus Aid, Relief, and Economic Security Act (CARES Act) benefits totaling \$112.7 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, OIG investigations, the President's Management Agenda, and areas related to the RRB's core mission.⁴ Many of this year's challenges have been repeatedly included in prior statements. Some have been included in one form or another for at

¹ Office of Management and Budget (OMB), *Financial Reporting Requirements*, Circular No. A-136 Revised (Washington, D.C.: June 3, 2022).

² Railroad Retirement Board (RRB) Office of the Inspector General (OIG), *The Office of Inspector General's Report on the Railroad Retirement Board's Financial Statements in the Fiscal Year 2022 Performance and Accountability Report*, Report No. 23-01 (Chicago, IL: November 15, 2022).

³ Social Security Act (42 U.S.C. § 1842(g)).

⁴ The President's Management Agenda, *The Biden-Harris Management Agenda Vision*, <https://www.performance.gov/pma/>.

least eight years. Because the RRB has either dismissed our concerns or has not taken sufficient actions to address them, we continue to highlight these repeated critical challenges.

Objective, Scope, and Methodology

Our objective was to identify and assess the most serious challenges facing RRB management during fiscal year 2022. 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 2022 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. 23-01.

RESULTS OF REVIEW

This management information report presents the following six major management and performance challenges facing the RRB for fiscal year 2022.

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 potential for fraud, abuse, and mismanagement in the RRB's disability program remains high. We have reported this challenge repeatedly for a number of years and even issued a seven-day letter to Congress.⁶ Over the years, we have issued numerous recommendations in the form of audits, alerts, and memoranda directed toward increasing program integrity within the RRB's disability program. Investigative work in this area continues as well. As a result of my seven-day letter, Congress convened a hearing in 2015 to examine the RRB's actions towards its disability program. RRB, however, has failed to enact substantial change and disability program integrity remains one of my top concerns.⁷

The Long Island Rail Road (LIRR) investigation and successful fraud prosecution acts as a historical reminder of what occurs when internal controls are insufficient and fraud risk is not taken seriously. In fact, the fraud was so rampant that the United States Court of Appeals for the Second Circuit pointed out that “[f]raud at the LIRR was epidemic” and that it was “remarkable...that these percentages raised no red flags for the members of the RRB.” They further stated that “[i]f the RRB members were stupefied, then they were defrauded; if they were complicit (or co-conspirators), that would have been a ground for prosecution, not a defense.”⁸ The RRB's continued culture focused on approving benefits is destined to repeat history if the Board and RRB's management do not make meaningful and impactful program integrity improvements.

The potential for the RRB's exposure to fraud and abuse is compounded by the lack of timely corrective actions and the RRB's rejection of issues identified not only in the past but in more recent audits. For example, five recommendations from two prior audits remain open, with one being over nine years old. Auditors obtained RRB agreement with these five recommendations. There were another 12 previous recommendations that RRB management did not concur even though corrective actions are still required. In response to our previous management challenges, the RRB acknowledged that some recommendations are still open because management's intentions are to complete a detailed analysis of the recommendations and have a commitment to implement those program integrity improvement changes that are considered cost effective. However, fraud risk increases as time passes without the RRB taking timely corrective actions. This area also remains a challenge because the RRB previously

⁶ RRB OIG, *Seven-Day Letter to Congress* (Chicago, IL: February 10, 2014).

⁷ U.S. House of Representatives Committee on Oversight and Government Reform's Subcommittee on Government Operations Hearing, *Is the Railroad Retirement Board Doing Enough to Protect Against Fraud?* (Washington D.C.: May, 1, 2015).

⁸ U.S. v. Rutigliano, 790 F.3d 389, 402 (2nd Cir. 2015).

reported that additional staff are needed to meet its timeliness goals and to ensure payment accuracy. This is discussed in further detail later in this challenge.

Adding support to our concerns, 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, weaknesses in program design, or both."⁹ The GAO report also stated that they identified these and other areas in the occupational disability program that require further evaluation. Because we continue to identify weaknesses in RRB's disability program, the statement in GAO's report remains valid and reflects the further evaluation that is needed in the occupational disability program.

In the RRB's fiscal year 2021 PAR, RRB management explained 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. They stated because of these statutory requirements, the many recommendations made by the OIG will not address the disability approval rate. In addition, RRB management explained that the GAO report cited by the OIG was over a decade old and asserts that the report did not actually make the conclusion that the approval rate was indicative of lax internal controls in RRB's decision-making process, weaknesses in program design, or both. RRB management previously mentioned they addressed the concerns in the 2009 GAO report and subsequent OIG reports by developing the Disability Tracking of Physicians and Patterns (DTOPP) system to identify the issue that occurred in the Long Island Rail Road 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 a single railroad.¹⁰

In the fiscal year 2021 PAR, RRB management stated that 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. They explained that as the examiners continue to increase production, the Division's overall performance will improve. In the Fiscal Year 2023 Budget Justification, RRB management indicated that the Office of Programs (Programs), of which DBD is a part, has been operating at reduced capacity for six years. As of February 1, 2022, 27 percent of staff within Programs can retire within the next year and 34 percent can retire within the next three years. The sustained low staffing levels have led to backlogs in cases that require post award adjustments. As of March 28, 2022, the DBD had backlogs of approximately 1,780 initial disability decisions and 2,700 early Medicare cases pending decisions.

Although RRB management has taken some actions to address the disability program and its performance, many more improvements are needed as recommended by GAO, RRB OIG auditors, and independent public accounting firms. The RRB must not ignore Congressional

⁹ 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). This review of occupational disability claims was limited to the Long Island Rail Road and seven other commuter railroads covered by the Railroad Retirement Act.

¹⁰ GAO-09-821R.

concerns from the past nor comments made by a federal judge. RRB should advocate for legislative changes on behalf of the railroad community to overcome perceived statutory constraints, work expeditiously on closing recommendations, and ensure millions of unwarranted expenses are not paid to ineligible beneficiaries. If nothing changes, the RRB's disability program continues to be at high risk for fraud and abuse, unnecessarily draining the railroad community's social insurance funds. For fiscal year 2021, approximately \$515 million in benefits were paid to 10,753 occupationally disabled annuitants. Additionally, the culture and stress of paying benefits at such a high approval rate could potentially impact the RRB's disability division and its employees. Perhaps a federal disability program that, according to the administering agency, is set up for a near 100 percent approval rate needs to be reassessed by Congress.¹¹

Refer to Appendix A 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? Improving cybersecurity and modernizing the RRB's systems continues to be a challenge for the agency. Secure and modern information technology (IT) systems are vital to support the ability to meet the RRB's core mission and transform its core business processes and services while safeguarding information. Managing cybersecurity risks is critical to the security posture of federal networks and infrastructure. The President's Management Agenda requires a priority of delivering excellent, equitable, and secure Federal services and customer experience. In the RRB's Fiscal Year 2023 Budget Justification, the RRB acknowledged that they continued to have \$65 million available for IT projects. Approximately \$39 million of the \$65 million, was marked for IT modernization. The remaining \$26 million was additional funding related to the 2019 coronavirus pandemic, specifically Congress provided the RRB \$5 million under P.L. 116-136 (CARES Act) and \$21 million under P.L. 117-2 (American Rescue Plan Act of 2021). Using this additional funding, RRB will focus on its fully funded IT initiatives and planned projects.

In fiscal year 2023, the RRB's following priority areas are:

Priority 1 – Mainframe and Legacy Application Optimization in Cloud Environments,

Priority 2 – Implement and Optimize M365,

Priority 3 – Enterprise Telecommunications and Network Infrastructure,

Priority 4 – Establish IT Modernization Program Management Office,

Priority 5 – Cybersecurity,

Priority 6 – Data Model Implementation,

Priority 7 – Adjudication Application/Customer Views,

Priority 8 – Citizen-Centric Services/Online Forms and Portals,

¹¹ The approval rate for occupational disability claims in fiscal year 2021 was 97.47 percent.

Priority 9 – Paperless Processing and Secure Document Management, and

Priority 10 – Payment Application.

In the annual Federal Information System Modernization Act (FISMA) audits for fiscal years 2018, 2019, 2020, and 2021, the RRB did not comply with FISMA legislation or OMB guidance. The 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 did not provide reasonable assurance of adequate security. FISMA requires the RRB to report the status of its information security program to OMB and to the Department of Homeland Security, including an assessment of the cybersecurity of RRB networks and critical infrastructure. In the last published FISMA audit, RRB's policies and procedures were not consistently implemented for several systems and controls, and lessons learned were not used for several domains across the agency.¹² Additionally, the RRB's information security program was not operating effectively because the program's overall maturity did not reach Level 4: Managed and Measurable. A total of 10 detailed audit recommendations were made to address these identified weaknesses. RRB management concurred with all of the recommendations. RRB noted the necessary improvements needed to mature RRB's program and defined the Chief Information Officer and the Chief Information Security Officer as planned actions to address the findings and recommendations presented in the audit report. We have not received any requests to close these recommendations, consequently all 10 remain open. For the prior year FISMA reports, the RRB has implemented 18 recommendations and 44 remain open.

Additional audits outside of FISMA have been completed. In a fiscal year 2022 report, auditors determined the RRB did not have detailed project plans to expend most of the Consolidated Appropriations Act, 2021 and American Rescue Plan Act of 2021 (ARPA) funds marked for the IT modernization initiatives.¹³ Auditors could not evaluate the project progress, timelines, or outcomes for four of the five IT initiatives and determined that \$28,575,000 from four initiatives, or 94.7 percent of the funds, were questioned costs. In the report, auditors explained that in the absence of detailed project plans, the RRB faced an increased risk of inefficient spending, project delays, and overall project failure which hinders the RRB's ability to meet mission needs, address security risks, and reduce operating costs. During the audit, RRB began drafting an Information Resource Management Strategic Plan in accordance with Office of Management and Budget (OMB) Circular A-130 to address the issues. The report included one recommendation for improvement. RRB management partially concurred with the recommendation and it remains open.

In another fiscal year 2022 report, auditors determined the RRB did not implement sufficient internal controls in the mobile phones deployed as a result of the pandemic, did not have a records management and retention system over electronic records, or update policies in place

¹² RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2021*, Report No. 22-04 (Chicago, IL: January 4, 2022).

¹³ RRB OIG, *The Railroad Retirement Board Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds*, Report No. 22-10 (Chicago, IL: June 29, 2022).

for the mobile phones.¹⁴ In addition, RRB's telecommuting policies were outdated and personal usage policies were inconsistent. As a result, auditors explained that a portion of the funding associated with the mobile phone deployment totaling \$310,359 could have been put to better use. The report included 11 recommendations for improvement. RRB management concurred with six recommendations, partially concurred with two recommendations, and did not concur with three recommendations. All the recommendations remain open.

Through the RRB's Performance Plan as included in its Fiscal Year 2023 Budget Justification, the RRB established ten performance indicators for RRB's strategic objective of Legacy Systems Modernization. The primary focus of this strategic objective is to complete the transformation to the new platform and simplify core business processes to improve the effectiveness and efficiency of mission-critical applications and services. This strategic objective supports Strategic Goal I, Modernize Information Technology Operations to Sustain Mission Essential Services. In addition, the RRB expanded its Strategic Goal III, Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources, by increasing its focus on Cybersecurity.

RRB management stated that their information security program was established and is maintained to reasonably protect systems data and resources against internal failures, human errors, attacks, and natural catastrophes that might cause improper disclosure, modification, destruction, or denial of services. In fiscal year 2021, and continuing into 2022, RRB management explained that they have implemented and will expand their information security continuous monitoring strategy. RRB has also partnered with the Department of Homeland Security and believe the partnership will further improve their continuous monitoring compliance towards vulnerability assessment, hardware and software management, configuration management, and privileged account management. RRB management also stated that they continue to manage the risk of the critical aspects of the enterprise infrastructure, specifically in the areas of asset management (hardware and software), remote access, identity management, and network protection.

In response to our narrative for this challenge as presented in the fiscal year 2021 PAR, RRB management acknowledged the IT challenge and explained that they reorganized their efforts to accomplish IT modernization, took a new strategic direction, transitioned the RRB's computer mainframe operations to the cloud, and continued to focus on further stabilizing and securing their legacy infrastructures by implementing additional cloud services. The RRB planned to procure services to begin the modernization of their mainframe beginning with the benefits processing system. RRB management's comments also 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 take very seriously the FISMA mandate which requires adequate security protections for federal information systems and information.

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

¹⁴ RRB OIG, *Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic*, Report No. 22-07 (Chicago, IL: March 17, 2022).
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Challenge 3 – Improve Management of Railroad Medicare

Why is this a serious management challenge? Transparency and the management of Railroad Medicare continues to be a challenge for the RRB. The Railroad Medicare topic fits the President’s Management Agenda priority of delivering excellent and equitable federal services. Additionally, Congress and the American public have required access to what the federal government spends every year and how it spends the money, including appropriations to federal agencies and down to local communities and businesses. Prior RRB OIG audit findings with 79 open recommendations over the years regarding Railroad Medicare have continued to raise issues of concern. RRB management concurred with 2 of these open recommendations and did not concur with 77 recommendations. For the reasons explained later in this challenge, we continue to see the need for corrective action on all open recommendations.

According to 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 disenrollment, premium collection, processing state buy-ins, and selection of a contractor to process Medicare Part B claims. The RRB administers the Railroad Medicare program for railroad workers and, since 2000, has contracted with Palmetto GBA, LLC (Palmetto), to process Medicare Part B claims on behalf of railroad beneficiaries.¹⁵ At the time of this challenge, Palmetto was in the process of recompeting for a new Medicare claims processing contract with the RRB. Initially, the RRB awarded the contract once again to Palmetto, but had to cancel it due to a bid protest submitted by Noridian Healthcare Solutions, LLC (Noridian). A bid protest is a challenge to the terms of a solicitation or the award of a federal contract. This new special contract would potentially cover the next 10 years and cost taxpayers an estimated \$250 million or more.¹⁶ On September 27, 2022, the protest was dismissed by a GAO attorney for unpublished reasons. As of October 7, 2022, the RRB has yet to award a new contract to Palmetto, Noridian, or another vendor. Within the RRB, the Office of Programs is responsible for day to day contract oversight of the Railroad Medicare contract, while RRB’s Acquisition Management Division is responsible for successfully awarding the contract. As discussed here and in the subsequent paragraphs, the RRB is fully responsible for the Railroad Medicare contract.

At the end of fiscal year 2021, approximately 459,300 qualified railroad retirement beneficiaries were enrolled in Medicare Part A, and over 441,600 were also enrolled in Medicare Part B. During fiscal year 2021 and on behalf of the RRB, Palmetto processed more than 7.9 million Railroad Medicare claims and paid approximately \$920 million in benefit payments to providers for Part B services. The Centers for Medicare and Medicaid Services (CMS) transferred/reimbursed RRB for total expenses of \$34.9 million in Railroad Medicare program costs during fiscal year 2021. Of that amount, approximately \$19.7 million was transferred to

¹⁵ Palmetto GBA has been the Railroad Specialty Medicare Administrative Contractor (RRB SMAC) that processes Medicare Part B claims for Railroad Retirement beneficiaries nationwide. As the SMAC, Palmetto had administrative responsibility for processing Railroad Retirement beneficiary claims only.

¹⁶ According to USAspending.gov and the Federal Procurement Data System, the RRB initially awarded Palmetto GBA contract number 60RRBH22C0080 on August 13, 2022 in response to solicitation number 60RRBH21R0011. According to GAO’s bid protest website, a protest was filed under number B-421010.1. The prior contract awarded in 2012 was number RRB12C011.

fund the RRB's Palmetto contract, and \$15.2 million was sent to the RRB for reimbursable expenses incurred for administering the program. CMS paid the RRB for these administrative services through an existing and ongoing cost reimbursement agreement, interagency agreement, and memorandum of understanding. This total expense covered both direct and indirect costs for the RRB, the RRB OIG, and the cost of its Palmetto contract.

During the course of fiscal year 2022 audit fieldwork, we obtained cost per claim information directly from CMS and Palmetto and determined that the RRB pays a far greater claims processing fee than the fee paid by CMS. As it stands, the RRB is approving that Palmetto be paid approximately three times the amount, to process one Railroad Medicare Part B claim, as compared to the average processing fee that CMS pays its contractors. This is a significant difference considering the almost eight million claims processed by Palmetto. We provided this information to RRB management on June 16, 2022.

Over the years, we have disagreed with RRB regarding the Railroad Medicare related responsibilities that 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 Railroad Medicare payment integrity information, it would result in duplicative reporting.

For four years, OIG auditors reported that the RRB did not publish payment integrity information or improper payment data for Railroad Medicare and determined that Railroad Medicare improper payment data was not transparent in the Department of Health and Human Services' (HHS) fiscal year Agency Financial Report. Twenty-nine of our previously reported Railroad Medicare recommendations related to improper payment reporting remain open, spanning fiscal years 2019 through 2022. RRB management's position was that "[t]he [RRB] has consistently acknowledged its responsibilities under the Social Security Act to administer certain provisions of the Medicare program for the railroad [industry], 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." We disagreed and stated that under the RRB's November 2012 SMAC contract and April 2013 Memorandum of Understanding (MOU), the RRB was responsible for SMAC contract administration, oversight, and payment integrity reporting for the Railroad Medicare program.

For over three years, my office has been requesting that the RRB and CMS obtain a new MOU outlining the claimed responsibilities. On August 31, 2022, a new MOU was finally signed by CMS and the RRB outlining each agency's responsibilities for Railroad Medicare. According to the new MOU, CMS is responsible for calculating and reporting the improper payment rate and improper payment reporting for the RRB's SMAC, Palmetto. Therefore, RRB is no longer responsible for reporting Railroad Medicare improper payment information effective August 31, 2022. Our outstanding recommendations related to Railroad Medicare improper payment reporting may be slightly impacted by this change or not at all.

As outlined in our last payment integrity report and previous payment integrity reports, there has been no public transparency regarding the improper payment rate of the Railroad Medicare program.¹⁷ The public and Congress have not been allowed access to Palmetto's performance over the years, including Palmetto's fiscal year 2021 performance in processing over 7.9 million claims to pay various providers \$920 million. Four years of improper payment information is unknown to the public and Congress. The new MOU does not outline who is responsible for taking corrective action on past recommendations made by my office and does not mitigate prior issues identified by OIG auditors and investigators.

In the fiscal year 2021 PAR, RRB management provided actions taken to address the management of Railroad Medicare, such as 1) prepare an annual risk assessment to determine SMAC vulnerabilities, 2) use the Comprehensive Error Rate Testing (CERT) improper payment information to prepare annual medical review strategies, 3) require the SMAC to submit an Improper Payment Activities Report after the final improper payment data is received, and 4) ensure that the SMAC submits regular updates to the RRB if the improper payment rate is above the accepted tolerance levels. RRB's actions are noted, however, we are emphasizing that past payment integrity reporting recommendations should be implemented as required by laws and regulations. For example, in one of our past payment integrity reports, we had a finding regarding the inadequacy of the CERT's sampling approach for Railroad Medicare.¹⁸ Auditors determined the sample size used to calculate the improper payment rate was too small to provide an accurate rate that the RRB could rely on to determine SMAC vulnerabilities, prepare medical review strategies, and use as a driver to reduce improper payments. Our review of nonpublic internal reports substantiated this determination by revealing an unreliable and ever fluctuating Railroad Medicare improper payment rate (i.e., rates from 2 percent up to 13.7 percent).¹⁹

We continue to disagree with RRB management that the RRB is not responsible for the oversight of this \$30 million per year 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 complete administration of the Railroad Medicare program, including contract oversight of Palmetto, the RRB should implement Railroad Medicare related audit recommendations. If not, the Railroad Medicare program will continue to lack transparency and in this weakened state of control, payment integrity will remain vulnerable, as no one would be held accountable for maintaining effective oversight of the SMAC Palmetto GBA contract.

Due to the RRB's indifference to oversight of the Railroad Medicare program and the waste of maintaining it as a separate program, there is no practical reason for its existence, thus total Railroad Medicare program elimination should be strongly considered as a necessary means for

¹⁷ RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021*, Report No. 22-08 (Chicago, IL: June 16, 2022).

¹⁸ 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)

¹⁹ The Comprehensive Error Rate Testing (CERT) report, dated November 2017, contained a Railroad Medicare improper payment rate of 10.5 percent, while the subsequent annual November reports contained a rate of 12.5 percent, 9.3 percent, 13.7 percent, and 2.0 percent. Each CERT report warned readers to proceed with caution when interpreting data because of small sample sizes.

strengthening federal financial integrity and curbing wasteful government spending. During a nine-year period, from fiscal year 2013 through 2021, CMS paid the RRB approximately \$126 million in Railroad Medicare administrative costs plus funded an additional \$160 million for the Palmetto GBA contract. The more than \$30 million in Railroad Medicare costs unnecessarily expended each year could be put to much better use if remedial budgetary oversight action is taken.

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

Challenge 4 – Improve Payment Accuracy and Transparency

Why is this a serious management challenge? Recent audits and reviews have identified many instances where there is a need to improve payment accuracy and transparency at the RRB. Delivering excellent and equitable Federal services is a priority in the President’s Management Agenda. Data, accountability, and transparency are important factors in delivering an excellent and equitable Federal service to the public. This includes providing high quality and timely information for decision-making, determining effectiveness of government programs, and providing accurate and timely spending information.

Payment Accuracy

A series of laws in 2020 and 2021 provided economic relief to the rail community and the RRB during the pandemic. These laws were CARES Act, the Continued Assistance to Rail Workers Act (CARWA), and the ARPA. Each act provided for the payment of enhanced and extended benefits under the Railroad Unemployment Insurance Act to railroad beneficiaries.

Through the CARES Act, Congress provided \$425 million in funding to the RRB. The funding was intended to pay for an 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 coronavirus. ARPA provided the most recent pandemic funding and extended those benefit provisions allowed under the CARES Act. Through ARPA, Congress appropriated an additional \$2 million to fund additional extended unemployment insurance benefits and approximately \$28 million to remain available until expended, to prevent, prepare for, and respond to the pandemic. From May 2020 through August 2021, the RRB made pandemic relief benefit payments of more than \$251 million.

Our oversight of CARES Act funds is ongoing. In our prior reports, we determined that benefit payments continued to be issued without any concurrent checks against state wages and unemployment benefits for the same periods. This action is needed to identify potentially fraudulent payments.²⁰ Auditors determined that 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. We also determined the

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

RRB was not set up to collect recoveries involving CARES Act benefit payments.²¹ In total, we have made five recommendations to address CARES Act findings, four of which remain open two years later. Even though the RRB did not concur with some of the recommendations, we believe that all of these recommendations should still be implemented as reported. Details regarding these prior reports can be found in our previously reported challenges.

Our most recent pandemic funding review, Report No. 22-06, identified inconsistencies regarding \$5 million of CARES Act outlays and obligations reported to OMB.²² Additionally, auditors questioned the hiring process and documentation supporting hiring decisions that were funded by ARPA. To address the weaknesses identified in this review, we made three recommendations. We recommended that 1) RRB reconcile obligations reported to determine the correct total for obligations charged to a \$5 million technology appropriation, 2) RRB establish a group tasked with hiring decisions and that the group use documented and reliable procedures for hiring using ARPA appropriations, and 3) RRB reconsider and revise its plans for hiring based on ARPA appropriations. RRB management did not concur with the three recommendations. We continue to see the need for two of these recommendations.

In a prior year 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.²³ The RRB's projected error rate was 27 percent, putting approximately \$1.3 million in benefit payments at risk for fiscal year 2019. This was discussed in detail in last year's challenge. At the time of this challenge and over a year later, the RRB attempted to close only one of the 23 recommendations. We continue to see the need for these recommendations.

Another recent OIG audit determined that the RRB's Audit Compliance Section (ACS) did not accomplish its mission of verifying creditable service and compensation determinations to determine and verify compliance with the financial reporting requirements of the RRA and RUIA because they did not provide adequate audit coverage over Class I railroads or non-Class I railroads during fiscal years 2017 through 2020.²⁴ As a result, \$143.5 billion in reported creditable compensation was at risk for inaccuracies. To address this weakness, four recommendations were made. RRB management concurred with three recommendations and did not concur with one recommendation.

In the Digital Accountability and Transparency Act of 2014 report, auditors determined that the RRB generally submitted complete, accurate, and excellent quality financial and award data for its first quarter of fiscal year 2021 publication on USASpending.gov.²⁵ However, the report

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

²² RRB OIG, *Railroad Retirement Board's Actions in Response to Pandemic Funding*, Report No. 22-06 (Chicago, IL: March 16, 2022).

²³ RRB OIG, *Improvements Needed for the Designated Change Process at the Railroad Retirement Board*, Report No. 21-11 (Chicago, IL: September 29, 2021).

²⁴ RRB OIG, *Railroad Retirement Board Audit Compliance Section Did Not Provide Adequate Audit Coverage of Railroad Employers*, Report No. 22-05 (Chicago, IL: February 15, 2022).

²⁵ RRB OIG, *Audit of the RRB's DATA Act Submission for the First Quarter of Fiscal Year 2021*, Report No. 22-01 (Chicago, IL: November 5, 2021).

identified exceptions with the timeliness and accuracy of procurement awards where improvements could be made. Auditors did not make a recommendation because this was already a finding in RRB OIG Report No. 20-01 and, at the time of this challenge, the RRB had not taken corrective action to address this recommendation, over 2 years later.

In another recent audit report, we determined that the RRB did not always have sufficient or effective controls to ensure that all RUIA debts were actually recovered.²⁶ Auditors found that approximately \$183,858 in RUIA debts that had been identified for recovery during fiscal year 2019 had not been properly monitored or recovered. The unrecovered RUIA debts occurred because of insufficient controls over the recovery process, multiple disjointed systems, a lack of cross-organizational communication, and ineffective monitoring. The RUIA unrecovered amount for fiscal year 2019 was considered questioned (unsupported) costs and improper payments. Lastly, there is an increased risk that other similar RUIA debts not recovered, will remain unrecovered. We made eight recommendations for improvement and management concurred with these recommendations.

Transparency

The transparency issues discussed below represent our most recent concerns for this area. We have previously reported challenges for these same audit topics over the years. Our previously reported concerns continue to exist and are compounded by new 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 Railroad Medicare in its fiscal year 2021 PAR even though RRB's contractor, Palmetto, processed \$920 million in Railroad Medicare Part B claims. We also determined that Railroad Medicare improper payment data and rate continue not to be transparent in HHS' annual Agency Financial Report. This is in direct opposition of the Office of Management and Budget's intent for transparency and the concept of extended enterprise (i.e. a smaller program being overshadowed by a larger program). My office is deeply concerned with the lack of transparency of a program that is reaching 1 billion in payments per year. This challenge will continue each year as long as the RRB is responsible for the Palmetto contract, the RRB attests that HHS reports the information as required, and Railroad Medicare improper payment data and rate are concealed from Congress and the public. In our latest payment integrity report, we made nine recommendations related to payment integrity compliance and annual data call completeness.²⁷ RRB management did not concur with the eight recommendations. We continue to disagree with the RRB's position and maintain that until CMS absorbs the complete administration of the Railroad Medicare program including oversight of Palmetto, the RRB should implement Railroad Medicare related recommendations. These eight recommendations and other prior recommendations remain open.

²⁶ RRB OIG, *Controls Over Recoverable Unemployment and Sickness Overpayments Need Improvement*, Report No. 22-09 (Chicago, IL: June 24, 2022).

²⁷ RRB OIG, Report No. 22-08.

As discussed in Challenge 2, the RRB did not have detailed project plans to expend most of the appropriated Consolidated Appropriations Act, 2021 and ARPA funds for the IT modernization initiatives.²⁸ OIG auditors could not evaluate the project progress, timelines, and outcomes for four of the five initiatives as part of the audit objectives. Therefore, \$28.6 million in questioned costs from four initiatives were identified by the auditors. The report included one recommendation that RRB management partially concurred. The recommendation remains open.

As discussed in Challenge 2, the RRB did not implement sufficient internal controls in the mobile phones deployed as a result of the pandemic.²⁹ RRB did not have a records management and retention system over electronic records or updated policies in place for the mobile phones. In addition, RRB telecommuting policies were outdated and personal usage policies were inconsistent. As a result, a portion of the funding associated with the mobile phone deployment totaling \$310,359 could have been put to better use. The report included eleven recommendations, which remain open, of which management concurred with six, partially concurred with three and did not concur with two recommendations respectively.

See Appendix A 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, ineffective controls, and use of resources. Our audit opinion on the RRB’s fiscal year 2021 financial statements included two material weaknesses that are discussed in this challenge.

Internal Controls Over Mobile Phones Need Improvement

Auditors determined that the RRB did not implement sufficient internal controls in the mobile phones deployed as a result of the pandemic, did not have an electronic records management and retention system, or update policies in place for the mobile phones. In addition, RRB telecommuting policies were outdated and personal usage policies were inconsistent. Eleven recommendations were made related to improving the RRB’s internal controls over mobile phones. Of the 11 recommendations, RRB management concurred with 6, partially concurred with 2, and did not concur with 3. For the recommendations with which it did not concur, we continue to see the need for these recommendations.

²⁸ RRB OIG, Report No. 22-10.

²⁹ RRB OIG, Report No. 22-07.

Internal Controls Over Unemployment and Sickness Insurance Overpayments Need Improvement

We found that the RRB did not always have sufficient or effective controls to ensure that all RUIA debts, identified to be collected from RRA benefit payments, were actually recovered. We questioned approximately \$183,858 in RUIA debts, identified for recovery during fiscal year 2019, that had not been properly monitored or recovered. Because of the insufficient controls over the recovery process, there is an increased risk that other similar unrecovered RUIA debts might remain uncovered. We made eight recommendations related to improving the RRB's internal controls over unemployment and sickness insurance overpayments. RRB management concurred with all eight recommendations.

RRB Did Not Provide Adequate Audit Coverage of Railroad Employers

Auditors determined that the RRB's Audit Compliance Section (ACS) did not accomplish its mission of verifying creditable service and compensation determinations to determine and verify compliance with the financial reporting requirements of the RRA and RUIA because they did not provide adequate audit coverage over Class I railroads or non-Class I railroads during fiscal years 2017 through 2020. As a result, \$143.5 billion in reported creditable compensation was at risk for inaccuracies. Auditors also determined that RRB ACS did not have an external peer review completed within the 2017 through 2020 review period or acquire adequate staff continuing professional education as required by Generally Accepted Government Auditing Standards (GAGAS). Of the four recommendations provided, RRB management concurred with three and did not concur with one.

Financial Reporting

At the time that this statement was prepared, these areas were being audited as part of our fiscal year 2022 financial statement audit. Therefore, our discussion in this section does not include developments that were included in the Independent Auditor's Report that was published in November 2022.

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 2021 financial statements, the NRRIT held approximately \$28.5 billion of the RRB's \$36.2 billion (79 percent) in assets.

This material weakness for financial reporting has been reported since fiscal year 2014. Within this weakness, we discussed our fiscal year 2021 financial reporting concerns regarding communication with the NRRIT's auditor.

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

The inability to communicate with the NRRIT's auditor has continued into fiscal year 2022. NRRIT did not respond to our June 7, 2021 letter pertaining to its auditor. This lack of cooperation and communication with the NRRIT and its auditor 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 my office is tasked to conduct an audit of the RRB's financial statements. During fiscal year 2022, OIG's contracted auditor encountered the same denial by NRRIT disallowing the required cooperation and communication. Our concern with NRRIT investment decisions and NRRIT's auditor had expanded into other areas of concern and is ongoing as discussed in the following paragraphs.

In response to two Executive Orders regarding investments in Communist Chinese Military Companies (CCMC), RRB management determined that during fiscal year 2021 the NRRIT had liquidated its interests in the CCMCs.³⁰ We could not confirm the accuracy of the NRRIT's statements regarding its investments and remain skeptical because the integrity and competency of the NRRIT's auditor has been an ongoing concern for the RRB and the RRB's annuitants and beneficiaries over the years. However, we determined that on December 10, 2020 the NRRIT's component auditor received a peer review rating of pass, which demonstrated improvement over their prior peer review rating of pass with deficiency. Even though the NRRIT component auditor obtained a rating of pass, the RRB must remain watchful. The Public Company Accounting Oversight Board's (PCAOB) 2019 inspection report for the NRRIT component auditor, dated December 17, 2020, continued to report a significant number of deficiencies in the NRRIT component auditor's financial statement audit opinions and audits of internal controls over financial reporting. This information was brought to the attention of the RRB as part of our Independent Auditor's Report, dated November 15, 2021. We previously recommended that an independent committee be established to identify a functional solution that would enable communication between my office and the NRRIT's component 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.

RRB has become an anomaly among its federal agency peers with its continuous annual acceptance of financial statement disclaimers of opinion issued under audit by accounting professionals. RRB management has reacted with disdain each year and has offered no solution and made no effort to come to the table and resolve the auditor communication and compliance requirement issues at hand. The NRRIT's investments in Communist Chinese Military Companies and prior year PCAOB reports have offered only a glimpse into the NRRIT's operations. RRB's oversight of the more than \$28 billion held by the NRRIT represents the vast majority of the railroad community's retirement assets. Past audit work has determined that RRB's oversight of the NRRIT is limited to occasional meetings and discussions. The law governing this matter was intended to guard the trust assets from investment interference; but, over the years it has served more to conceal potential wrongdoing.

³⁰ Executive Office of the President, Executive Order (EO) 13959 of November 12, 2020, *Addressing the Threat from Securities Investments That Finance Communist Chinese Military Companies*, (Washington, D.C.: November 17, 2020; Amended by: EO 13974, January 13, 2021, Superseded in part by: EO 14032, June 3, 2021). Executive Office of the President, EO 14032 of June 3, 2021, *Addressing the Threat from Securities Investments That Finance Certain Companies of the People's Republic of China*, (Washington, D.C.: June 7, 2021; Supersedes in part: EO 13959, November 12, 2020 Revokes: EO 13974, January 13, 2021).
Management and Performance Challenges Facing the RRB for Fiscal Year 2022 - Report No. 23-03

Deficient Internal Controls at the Agencywide 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. However, RRB management's last successful recommendation closure action for this area of concern occurred in December 2019. This area remains an audit concern and nine recommendations remain open.

- **IT Security and Financial Reporting Controls**

Auditors assessed eight FISMA metric domains as not effective during the fiscal years 2018, 2019, and 2020 FISMA audits. In the fiscal year 2021 FISMA audit, it was determined that the RRB's information security program 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 72 recommendations, of which 54 remain open. As such, information system control risk was assessed as "high" in accordance with GAO's Financial Audit Manual guidance. This agencywide 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. As previously discussed, the RRB is noncompliant with FISMA legislation, this is one example of the RRB's noncompliance with an indirect law and regulation. 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**

After being noncompliant with the RRA in the past, the RRB completed its RRA quality assurance reviews and established RRA compliance for fiscal year 2020 and fiscal year 2021. RRB management previously cited significant staffing shortages as challenges to the completion of their quality assurance reviews. We previously 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; however, 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 ACS established a program of railroad employer audits to review the accuracy of railroad service and compensation. However, this program has not been an effective control for ensuring the accuracy of compensation. Compensation was the basis for approximately \$6.2 billion of payroll taxes received by the RRB during fiscal year 2019 and \$5.1 billion of payroll taxes received during fiscal year 2020. From fiscal year 2017 through fiscal year 2020, ACS only completed two audits. Additionally, ACS has not completed an audit of the largest Class 1 railroads since 2016. According to the RRB, the lack of completed audits by ACS was due to insufficient staffing and funding. RRB noted that as of September 30, 2021, staffing increased to 6.5 FTEs, 1 audit had been completed, and 3 audits were in progress, none of which were Class 1 railroads. Due to the materiality of payroll taxes collected and lack of ACS audits, we continue to see the need to report this deficiency in internal control.

The magnitude and severity of this railroad retirement program deficiency has been concealed for many years from the railroad workers who place their trust in the RRB to ensure the financial integrity of their hard earned wages. Without an effective audit and compliance mechanism, the future may hold dire consequences for the railroad industry and may lead to unforeseen reductions in railroad retirement benefits and program failure. 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 A 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 was noncompliant with various guidance. Noncompliance can have a far-reaching impact on the protection of federal trust funds, assets, information security, governmentwide improper payments, transparency, and the effectiveness of agency operations. Our recent audits found that the RRB was noncompliant in several areas, as discussed in this challenge.

Pandemic Relief Acts

As discussed in Challenge 4, we issued OIG Report No. 22-06 to present recommendations and updates on prior issues raised during our oversight of RRB's actions while implementing the CARES Act and the subsequent related laws.³¹ In addition to the updates provided, we identified inconsistencies regarding \$5 million of CARES Act outlays and obligations reported to OMB and questioned the hiring process and documentation supporting those hiring decisions funded under ARPA. Sections 15010 and 15011 of the CARES Act required Federal agencies to report on the use of these funds in coordination with OMB.³² We recommended that RRB 1) reconcile obligations reported to determine the correct total for obligations charged to a \$5 million technology appropriation, 2) establish a group tasked with hiring decisions and that the group use documented and reliable procedures for hiring using ARPA appropriations, and 3) reconsider and revise its plans for hiring based on ARPA appropriations. RRB management did not concur with the three recommendations. We continue to see the need for these recommendations.

As discussed in Challenge 4, our oversight of CARES Act funds is ongoing. In prior years, we issued OIG Report No. 20-08 which addressed concerns about the RRB's purchase and deployment of mobile phones, as well as CARES Act benefit payments being issued without any concurrent checks against state data for the same periods.³³ We also issued OIG Report No. 21-04 which discussed concerns about identifying potential fraud for CARES Act benefit payments and the resources committed to implement an automated debt recovery process for CARES Act benefit payments.³⁴ For both Report No. 21-04 and Report No. 20-08, we made a total of five recommendations, four of which remain open at the time of this challenge. 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.

As discussed in Challenge 2, auditors determined that the RRB did not have detailed project plans to expend most of the appropriated Consolidated Appropriations Act, 2021 and ARPA funds for the IT modernization initiatives.³⁵ The audit determined that in the absence of detailed project plans, the RRB faces 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. OMB Circular A-130 refers to developing and maintaining information resources by using an Information Resource Management Strategic Plan, which RRB began drafting during this audit. Auditors made one recommendation that the RRB partially concurred with. We continue to see the need for this recommendation.

As discussed in Challenge 2, our recent audit of the mobile phones deployed by the RRB as a result of the pandemic showed the RRB did not implement sufficient internal controls as

³¹ RRB OIG, Report No. 22-06.

³² Pub. L. No. 116-136 (2020).

³³ RRB OIG, Report No. 20-08.

³⁴ RRB OIG, Report No. 21-04.

³⁵ RRB OIG, Report No. 22-10.

required by GAO's Standards for Internal Control.³⁶ Our compliance concerns arose from the fact that the RRB did not have a records management and retention system over electronic records or updated policies in place for the mobile phones.³⁷ In addition, RRB telecommuting policies were outdated and personal usage policies were inconsistent. The report made 11 recommendations. RRB management concurred with six recommendations, partially concurred with two recommendations and did not concur with three recommendations. The recommendations remain open.

Improper Payment Reporting

During our mandated payment integrity audit, we determined that the RRB was noncompliant with the Payment Integrity Information Act of 2019 for the fourth consecutive year for its Railroad Medicare program.³⁸ We cited the RRB with noncompliance because the RRB did not disclose Railroad Medicare payment integrity information or the performance of the RRB's SMAC, Palmetto, to the public, the President, and Congress. During our most recent payment integrity audit, we determined that 1) the RRB had \$122.8 million in projected Railroad Medicare improper payments, 2) the RRB did not have a Railroad Medicare corrective action plan to address root causes and reduce unreported improper payments, 3) the RRB did not publish a corrective action plan for fiscal year 2021, and 4) the RRB had an unpublished and unreported gross improper payment rate of 13.7 percent, above the 10 percent threshold. To date, the Railroad Medicare program is approaching \$1 billion annually. In response to the prior audits, RRB management maintained that CMS was responsible for reporting all past Railroad Medicare data and if it reported the data it would duplicate the data reported by CMS.

As discussed in Challenge 3, the RRB has made some progress addressing these challenges. OIG auditors determined the RRB obtained a new MOU with CMS regarding Railroad Medicare responsibilities. This MOU was signed on August 31, 2022 and indicated that CMS is now responsible for calculating and reporting improper payment information for the performance of RRB's SMAC Palmetto. Conversely, the MOU did not speak to who was responsible for addressing recommendations prior to August 31, 2022. In each of our most recent payment integrity reports, OIG auditors determined that the public or Congress could not ascertain Railroad Medicare information in HHS's annual fiscal year Agency Financial Report. Only access to nonpublic internal reports would reveal the unreliable and ever fluctuating Railroad Medicare improper payment rate (i.e., rates from 2 percent up to 13.7 percent). At the time of this challenge, RRB management had not taken the corrective actions required by legislation on any of the recommendations previous to the August 31, 2022 MOU. The OIG's outstanding recommendations related to Railroad Medicare improper payment reporting may be slightly impacted by the MOU.

As discussed in Challenge 3 and 4, there has been no public transparency regarding the improper payment rate of the Railroad Medicare program. Four years of improper payment information is unknown to the public and Congress. Unless RRB advocates for more transparent

³⁶ RRB OIG, Report No. 22-07.

³⁷ National Archives and Records Administration (NARA), *Guidance on Managing Electronic Messages*, Bulletin 2015-02 (Washington, D.C.: July 29, 2015).

³⁸ RRB OIG, Report No. 22-08.

payment integrity reporting, Palmetto's and the RRB's work in preventing improper payments will continue to be hidden and continue to be noncompliant with OMB Circular A-123.

Information Technology Security

As discussed in Challenge 2, the RRB has been noncompliant with FISMA legislation and OMB guidance for four consecutive years.³⁹ Although agency management acknowledged the need for improvement, corrective actions have only been made for 18 of the 72 recommendations issued in the FISMA reports for fiscal years 2018 through 2021. 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 A 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 report. 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
October 14, 2022

³⁹ RRB OIG, Report No. 22-04.

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 enacted substantial change to address its recommendation to improve program integrity. RRB disagrees with this assessment and cites changes that have been made such as including a second review of all initial decisions and requiring additional forms and documentation for disability decisions. These forms include employer medical, and revised vocational forms. RRB performs investigative work post entitlement and notes it is often based on earnings. To be proactive, the agency obtains earnings queries in all cases prior to adjudication. Queries include information from both Social Security Administration records and a third-party vendor, The Work Number

RRB has been receptive and responsive to recommendations made by the OIG and its contractors, and has worked diligently to implement several 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 change. 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 and the Board.

The open recommendations referenced were partially concurred with and there are no open recommendations impacting the adjudication of the disability program under its current regulations and statutes. Any recommendations not concurred with were only done after analysis of regulations and statutes.

While the Long Island Railroad (LIRR) investigation prosecuted some individuals, it is not reflective of the entire Disability program, nor has such fraud repeated itself. RRB's culture is not focused on approving benefits but on fulfilling its mission to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA). In carrying out this mission, the RRB does its absolute best to pay benefits to the right people, in the right amounts, in a timely manner, and to take appropriate action to safeguard our customers' trust funds.

OIG's summation of benefits presumably draws attention to the amounts paid for occupational annuities. However, it does not account for the significant percentage of individuals also entitled to a disability benefit and early Medicare under the Social Security Act. It is not the role of RRB management to make judgments as to the benefit program amounts established by Congress.

The role of the OIG is not only 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 Although the OIG's discussion of the challenge facing the RRB recognizes the Agency's response, hiring plan, and reduced staffing, it again references a 2009 audit

¹ <https://www.rrb.gov/OurAgency/InspectorGeneral>

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.

The absence of specific findings or recommendations by the OIG directed to the administration of the disability program, suggests that the approval rate is a function of the statutory criteria, and not RRB administration. 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 may not address the disability approval rate.

Finally, OIG states that “RRB must not ignore Congressional concerns from the past nor comments made by a federal judge.” RRB not only advocates for the railroad community as suggested but adheres to the regulations and statutes that apply to both the Railroad Retirement Act and Social Security Act. The railroad community is crucial to the fulfillment of the Agency’s mission. For this reason, RRB does work expeditiously to close recommendations with which the Agency has concurred and works to ensure decisions are made for the right people, in the right amounts in a timely manner. The timeliness concerns raise by OIG reflect the average adjudication time, however more than 60% of the cases adjudicated were adjudicated in less time than the average adjudication; yet the minority of delayed cases exponentially impact the average overall.

CHALLENGE 2 – IMPROVE INFORMATION TECHNOLOGY SECURITY AND SYSTEM MODERNIZATION

The RRB has consistently recognized its responsibilities under the statutes and regulations and 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.

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).

During fiscal year (FY) 2022, the RRB continued to build upon its successes in improving the security posture of the agency. All selected cloud environments, namely IBM zCloud, and Microsoft's (MS) Azure and MS M365 clouds received full Authorities to Operate (ATOs). Additionally, the RRB completed its implementation of shared cybersecurity services for Continuous Diagnostic and Mitigation (CDM), and its modernization of its intrusion detection system. Implementation of the federally directed zero trust architecture strategy continued in FY 2022, with the RRB implementing many controls using tools and services available in MS Azure and M365 cloud environments. These actions directly and strongly impacted our ability to improve the overall risk management posture for the agency. Through these efforts, we addressed and closed 21 POAMs and 23 OIG findings during FY 2022. 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 2022 FISMA audit indicate that Kearney & Company will assess our overall maturity at Level 2 – Defined, maintaining the rating from 2021. It is important to note the FY 2022 FISMA Audit was significantly modified in scope. Much of the success the RRB realized in the implementation of new services and achievement of full authorities was not part of the measured scope of the FY 2022 FISMA audit. The RRB successfully conducted two full disaster recovery tests during the fiscal year, but that significant achievement bore minimal impact on the FY 2022 FISMA scores. The RRB will continue to work to maximize its performance against the measured controls as it continues to modernize its enterprise. 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 FY 2022, multi-year efforts to stabilize infrastructure and modernize our operations will end by the close of FY 2023. Our consistent progress towards operating in secure 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. The RRB does not directly issue Medicare payments to beneficiaries or providers. 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) define 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. To continue to clearly define the roles of both the RRB and the CMS, both agencies worked together to update the MOU. On August 31, 2022, a finalized MOU was executed and signed by both agencies.³ This updated MOU addresses the changes that have occurred and the roles and responsibilities of each agency.

The RRB is responsible for making benefit payments to eligible Railroad beneficiaries under the Railroad Retirement Act, the Railroad Unemployment Insurance Act, as well as extended, enhanced, or other unemployment benefits payments authorized under supplemental appropriations, and therefore, its financial statements reflect the financial results for accounts financing these benefit payments and related operations. To ensure proper preparation of the government-wide consolidated financial statements, RRB and CMS record intra-governmental transactions to reflect business activities conducted between our agencies to include reimbursement to the RRB for its specified Medicare administrative responsibilities, funding transferred for obligation on the contract with Palmetto GBA, LLC as well as results of the annual financial interchange.

While the RRB has certain financial transactions with CMS and specified Medicare administrative responsibilities for railroad annuitants, said transactions and responsibilities do not include financing the Medicare Part B medical services benefit payments issued by Palmetto GBA, LLC. Instead, Palmetto GBA, LLC in accordance with CMS policy has an established Tripartite agreement with CMS and a CMS appointed bank, whereby funding is provided from the Medicare trust funds for Part B medical services benefit payments. The RRB is not a party to the financial transactions to pay the Medicare Part B medical services benefits financed by CMS and issued by Palmetto, GBA LLC. Accordingly, the RRB does not and should not report and/or disclose these financial transactions in its financial statements. In prior audits related to improper payments, CMS confirmed that Palmetto GBA, LLC had claims sampled and reviewed in the calculation of the Medicare Fee-for-Service (FFS) improper payment rate, where said improper payment rate was reported in CMS' financial report. Please note that CMS categorizes Palmetto GBA, LLC as a Medicare Administrative Contractor (MAC) rather than a SMAC¹. Since CMS is responsible for reporting the Medicare FFS program improper payment rate and is a component of HHS, HHS consolidates CMS' financial results and related Medicare improper payment information into its annual Agency Financial Report (AFR). The HHS AFR reports the estimated proper and improper payments and related information for the Medicare FFS program as a whole, to include the results of all MACs including the SMAC. The Medicare FFS improper payment rate is discussed within CMS' financial report as well as in the Payment Integrity Report that HHS publishes in its AFR to accompany its consolidated Principal Financial Statements.

Despite this information, the Office of the Inspector General continues to assert that the RRB is responsible for reporting improper payments related to the Railroad Medicare program and that HHS reporting does not identify improper payments for the Railroad Medicare program. The Payment Integrity Information Act of 2019 (PIIA) states, "An executive agency shall publish

³ *Memorandum of Understanding, MOU22-191*, entered into by the Department of Health and Human Services, Centers for Medicare & Medicaid Services and the Railroad Retirement Board, August 31, 2022 (on file at RRB).

improper payments information with the annual financial statements of the executive agency for the most recent fiscal year and post on the website of the agency that statement, and any accompanying materials required under the guidance of the Office of Management and Budget [31 USC 3351(2)(A)].” As such, it continues to be RRB’s position that improper payments information related to the Medicare Part B medical services benefits payments issued by Palmetto GBA, LLC should not accompany RRB’s financial statements in its annual Performance and Accountability Report. Also maintaining this posture, RRB and CMS continue to provide interested parties with the programmatic cost of the Medicare program in its entirety for comparison to the improper payment information covering the Medicare program.

As mentioned by the OIG, the RRB is currently in the process of recompeting the SMAC. The process began in calendar year 2022 and because of a protest, the process of evaluating and awarding a new SMAC had to be restarted. The RRB anticipates that the evaluation and award process for a new SMAC will be completed by the end of fiscal year 2023.

The RRB remains committed to working with CMS to manage the Railroad Medicare program and take any necessary action in accordance with the updated MOU to protect and properly administer any funding associated with Railroad Medicare.

The actions taken by the RRB to accomplish this include but are not limited to:

- Continue working with CMS to ensure that the MOU is current and accurately reflects each agency’s responsibilities,
- Continue performing annual risk assessments utilizing the risk factors prescribed in Appendix C of OMB Circular A-123, to determine susceptibility to potential payment risks,
- Continue using CERT improper payment information to prepare annual medical review strategies,
- Continue working with the SMAC to submit an Improper Payment Activities Report (IPAR) after receiving the CERT improper payment data information is received from CMS,
- Continue ensuring that the SMAC submits regular updates to the RRB if improper payment rate is below the accepted tolerance levels, and
- Continue providing performance data and other data to CMS, when requested, in order to assist CMS with reporting requirements.

The RRB is aware and understands its responsibilities with respect to managing the Railroad Medicare program and is committed to working with CMS to ensure that the obligations and responsibilities associated with this responsibility are met. The new MOU between CMS and RRB was fully executed, signed and finalized on August 31, 2022.

CHALLENGE 4 – IMPROVE PAYMENT ACCURACY AND TRANSPARENCY

The RRB fully supports delivering excellent, equitable, and secure Federal services and customer experience priority 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:** In regard to the OIG's most recent pandemic funding review, Audit Report No. 22-06, RRB non-concurred with each of the three recommendations as briefly discussed below:
- i. **Recommendation No. 1:** Based upon discussion with OMB as to their continued COVID reporting needs for Fiscal Year 2022 RRB generated and provided the OMB with information concerning the \$5M CARES Act funds on a monthly basis via the OMB Outlay Report. Given the OMB's shift transition from weekly to monthly CARES Act reporting, BFO reconciled the monthly OMB Outlay Report to the DATA Act and Governmentwide Treasury Account Symbol Adjusted Trial-Balance System (GTAS) submissions for the period ending December 2021. We provided the December 2021 information to the OIG, which demonstrated that the \$5M CARES Act obligations and outlays reconcile, as appropriate, to the monthly OMB Outlay report, the DATA Act information via USAspending.gov, and the monthly GTAS reporting. However, the OIG stated via email that "[s]ince the information indicates changes made subsequent to the reporting period, we will not be making a change to the report." Given OMB's transition to monthly reporting and the reconciliation provided to the OIG during the course of the audit, we respectfully non-concurred and considered this matter closed.
 - ii. **Recommendation No. 2:** As previously communicated to the OIG, the Executive Committee (EC) is the group, at the RRB, tasked with determining hiring priorities and the appropriate use of funds, whether from RRB's annual appropriation, the American Rescue Plan Act (ARPA), or any other source of annual or emergency funding. The EC is comprised of the top management officials from each of the RRB's seven major operational divisions. Any other cross-divisional committee, with the insight, authority, and data access to make the hiring decisions contemplated in this finding would be an inefficient redundancy to the EC. Currently, the EC makes hiring decisions and staffing plans based upon Basic Board Order 2, Section 2, entitled "Human Capital Management and Approvals." Pursuant to that section, the RRB has developed a comprehensive Human Capital Plan (HCP) that is based upon an in-depth workforce analysis, conducted by the RRB annually and culminating in the release of an updated HCP each May. The HCP demonstrates the documentation and planning that the EC utilized to determine the staffing and hiring decisions that are the subject of this audit recommendation. Finally, the EC points out that ARPA funding did not create additional hiring but allowed the RRB the flexibility to accelerate hiring already in the multi-year plan to support the increased workloads realized pursuant to the COVID-19 pandemic.
 - iii. **Recommendation No. 3:** RRB Management pointed out that in the details of this recommendation, the OIG questioned the reasoning and support behind the hiring of claims examiners in the Office of Programs and claims representatives in the Bureau of Field Service. Regarding the claims examiners hired by the RRB into the Office of Programs, the RRB

previously provided the briefing document used to support RRB's request for funding to the Committee on Oversight and Reform staff on March 8, 2021, and an additional table which demonstrated that six months after the presentation, Sickness and Unemployment workloads remain extraordinarily high. The 39 staff members reported in the Sickness and Unemployment Benefits Division (SUBS) in the second chart reflected the 15 claims examiners hired under ARPA. RRB management pointed to additional justification for these hires was also found in RRB's HCP. Through supporting documentation provided to the OIG, the RRB reiterated that the ARPA funding simply allowed the RRB to accelerate the hiring of these 10 examiners, with 5 additional hires to immediately begin training and working on the increased SUBS workload due to COVID-19 pandemic claims.

- b. **RRB's Designated Change Process:** The RRB takes waste, fraud and abuse very seriously and agreed with and/or partially agreed with 13 recommendations made by the OIG. The recommendations made were multifaceted and required significant data analysis in order to fulfill the intent of the recommendation. We continue to work on these recommendations with continued analysis, and coordination between units. In the past year the RRB has implemented a quarterly quality review for this fiscal year to track and monitor the use of proper identity verification procedures to support the Designated Change Receipts Assessable Unit Chart of Controls control technique. Results have been reported to the Office of Programs and Field Service management on a quarterly basis.
- c. **Audits of Railroad Employers:** As communicated in our response to Audit Report No. 22-05, we adamantly disagree with the auditor's determination that due to lack of adequate audit coverage "...\$143.5 billion in reported creditable compensation was at risk for inaccuracies." As written, the numerous references of \$143.5 billion (the auditor's projection of unaudited credible compensation for FY 2017 through FY 2020) are misleading. Using the \$143.5 billion figure implies that the Railroad Retirement Board (RRB) has a statutory or federal mandate to conduct compliance audits for the full universe of railroad employers in a given fiscal year to verify creditable service and compensation. This premise is false.

While Section 7 of the Railroad Retirement Act (RRA) and Section 12 of the Railroad Unemployment Insurance Act (RUIA) provide authority for the RRB to conduct compliance audits, the statutes do not expressly instruct the RRB to conduct such audits. The employer compliance audits support RRB's strategic goal to serve as responsible stewards for our customer's trust funds. In accordance with RRB operating procedure, Class I railroads are to be audited once every seven years, non-Class I employers would be audited based on auditing priorities and available resources, and smaller non-Class I employers would be audited on a random basis. As such, during a given fiscal year the Bureau of Fiscal Operations (BFO) would audit a small population of railroad employers and verify creditable service and compensation for those employers selected for audit. Therefore, as presented the references to \$143.5 billion misrepresents and overstates the audit coverage necessary to support the strategic goal of serving as responsible stewards for our customers' trust funds.

Holding the RRB accountable for auditing and verifying creditable service and compensation for the entire population of railroad employers in each fiscal year is entirely unreasonable.

In furtherance of our stewardship responsibilities on behalf of our customers, the RRB has mitigating internal controls to identify potential discrepancies in reported creditable service and compensation. Employers are required to provide creditable service and compensation data to the RRB for all covered employees pursuant to 20 CFR § 209.8, *Employers' Annual Reports of Creditable Service and Compensation*. Employers provide this information via RRB Forms BA-3, *Annual Report of Creditable Compensation* and BA-4, *Report of Creditable Compensation Adjustments*. Using the reported compensation, each year BFO conducts two reconciliations, both of which serve as mitigating controls to identify potential discrepancies within each employer's reported creditable compensation. The first reconciliation is of reported compensation amounts on RRB Forms BA-3 and BA-4 to the taxable compensation reported to the Internal Revenue Service (IRS) on the Form CT-1, *Employer's Annual Railroad Retirement Tax Return* per the Railroad Retirement Tax Act (RRTA). The purpose of the reconciliation is to identify discrepancies between reported compensation that may affect the employer's tax liability. Collection of RRTA taxes is the responsibility of the IRS. Therefore, BFO submits discrepancy reports that identify variances between reported compensation on the BA-3/BA-4 and reported compensation on the CT-1 to the IRS for resolution. The second reconciles the reported compensation amounts on RRB Forms BA-3 and BA-4 to the cumulative compensation reported on the RRB Form DC-1, *Employer's Quarterly Report of Contributions Under the Railroad Unemployment Insurance Act (RUIA)* as required by 20 CFR § 345.111, *Contribution Reports*. This reconciliation identifies variances between the reported compensation on the BA-3/BA-4 and the cumulative DC-1 (i.e. covering all four quarters of the same calendar year) that may impact the employer's contribution amount. As needed, BFO issues notices to employers for resolution.

- d. **DATA Act:** Corrective action has not been completed, to develop a plan to obtain an automated interface between the RRB's benefit paying systems and the RRB's financial system that would ensure RRB's compliance with OMB Management Procedures Memorandum (MPM) 2016-03 and OMB M-17-04. However, as agreed to by the Audit Manager for OIG Report No. 20-01, RRB met the intent of this recommendation by discussing the matter further with the Office of Management and Budget (OMB) in December 2019. On December 5, 2019, OMB granted an extension for this requirement, where OMB and RRB would further discuss the timeline to achieve this recommendation based upon a revised IT modernization plan. BFO will coordinate with the Chief Information Officer and OMB to identify a target timeline to achieve this recommendation pursuant to RRB's current IT modernization plan. Although RRB has not completed corrective action for this recommendation, the auditors in Audit Report No. 22-01 stated that "[b]ased on the results of our statistical and non-statistical testing for RRB's DATA Act audit for fiscal year 2021 quarter 1, RRB scored 98.5225 points, which is a quality rating of *Excellent*." [Emphasis Added].
- e. **RUIA debts recoverable from RRA:** We would like to reiterate our appreciation to the OIG for audit work in this area, which did not identify material

unrecoverable RUIA code 41 amounts from the RRA. We note that the OIG audited 100 percent (totaling \$12,578,310) of RUIA code 41 adjustments and only found \$183,858 (less than 1.5 percent) of these amounts were unrecovered from the RRA. We reiterate that code 41 adjustments are transfer of fund transactions between the RUIA and RRA accounts due to overlapping effective time period for issued sickness and disability benefit payments.

In our opinion, the audit results do not support the auditor's statement that "...insufficient controls over the recovery process, multiple disjointed systems, lack of cross-organizational communication, and ineffective monitoring increased the risk that remaining RUIA debts (improper payments) could remain unrecovered." Nevertheless, we will update our written policies, procedures and flowcharts as well as maintain consistent communication across all applicable organizational units involved with the RUIA code 41 transfer of fund adjustments.

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. IT Modernization Initiatives

In response to the lack of transparency regarding detailed project plans, RRB management holds firm to its response shared at the conclusion of the audit referenced:

First, since the Railroad Retirement Board (RRB) began receiving incremental funding for its IT modernization in 2018, the RRB has consistently and transparently laid out its plans for expenditure of this funding to the Congress and the Office of Management and Budget (OMB). Those plans have been present in the RRB's official budget publications and our performance against related goals and objectives are published within the Agency's annual Performance and Accountability report. Additionally, since 2018 the RRB has provided a status update to the Congress on a quarterly basis regarding our IT modernization progress, being careful to include successes and challenges, lessons learned and any necessary related programmatic adjustments. The RRB's IT modernization efforts have not been without challenges, but the RRB has never expended IT Modernization funding without a plan and the appropriate approval from Agency leadership.

Second, the RRB is modernizing its enterprise using tailored project management processes in accordance with standards issued by the Project Management Institute (PMI). The PMI, issues standards that provide a foundation for project management knowledge and represent the four areas of the profession: project, program, portfolio and the organizational approach to project management. We routinely share project progress with the Executive Committee and the Board. The RRB has established and tailored from the Project Management Body of Knowledge (PMBOK Guide) is PMI's flagship publication to ensure project accomplishment and tangible modernization progress.

Third, we reiterate that the RRB does have a consistent process to track and monitor the use of appropriated funds during modernization project execution. The RRB consistently requires the Bureau of Information Services (BIS) to justify spending requests and seek approval from the RRB's Board; therefore, we strongly disagree with the auditor's observation that the RRB is at increased risk for inefficient spending.

Based on this clarification and considering OMB Circular A-130 requirements that we centralize modernization plans into a strategic document, the RRB partially concurs that we should consolidate our modernization plans into one document. As we stated during the audit, we are drafting an Information Resources Management (IRM) Strategic Plan for Modernization and anticipate its completion during the fourth quarter of this fiscal year. Nevertheless, we strongly disagree with the auditors' assessment that the Agency "...did not have plans to expend most of the appropriated CAA2021 and ARPA2021 for the IT Modernization initiatives." It is less than fair and inaccurate to categorically and repeatedly state in the draft audit referenced above that the Agency has no plans.

Finally, the RRB does not agree with the mischaracterizations concerning the four items listed below. As such, we provide a few clarifications on each topic below.

IBM Mainframe. The RRB did not provide a Mainframe Application Re-platform Phase IV project plan, because such a project plan was not necessary as Phase IV represents, as RMA recognizes in the draft audit report, the steady-state hosting of RRB's mainframe in the IBM zCloud production environment. Further, the multi-phased project was successful, resulting in the decommissioning of the on-premise mainframe and the migration of it and all related legacy applications to the zCloud environment. Furthermore, we successfully executed a full disaster recovery test at the end of the project solidifying the elimination of numerous single points of failure at the heart of the agency's technical environment.

Microsoft 365. For clarity, the RRB developed a project plan to implement each Microsoft 365 capability (i.e., cloud email, SharePoint, etc.).

Enterprise Infrastructure Solutions (EIS). It is true that at the time of the initial audit request, the RRB was in the process of working with the General Services Administration (GSA) to award task orders and confirm related project plans. RRB awarded the last EIS task order in October 2021, and by that time, GSA confirmed and accepted the related project plans GSA.

Records Management. We anticipate that the modernized records management solution will be some iteration of a new document management system. Planning for such a new system will build upon advancements made to optimize newly established cloud infrastructure, which the RRB anticipates beginning in fiscal year 2023.

RRB Management adds the award of the Program Administrative Services contract will assist the RRB to further refine its detailed planning and execution plans for IT Modernization projects.

In response to the lack of transparency regarding the assertions that RRB did not: 1) Implement sufficient internal controls in the mobile phones deployed as a result of the pandemic, 2) Have a records management and retention system over electronic records or updated policies in place for the mobile phones, or 3) Have consistent personal usage policies, the RRB holds firm to its management response.

RRB will update policies related to mobile phones based upon information supplied by NARA for retention requirements related to mobile devices. RRB will work with mobile service provider to determine what retention options are available and will seek solutions based upon technology limitations.

All emails sent using mobile phones are already captured in the email system. RRB mobile devices are used to extend the capability for RRB employees to conduct aspects of official business (*such as internal coordination and scheduling*); however, all official business conducted is still required to be captured in already approved RRB systems of records.

The RRB will 1) continue efforts to update Telecommuting and Mobile Security Computing Policy with current laws and regulations and 2) develop a periodic monitoring control to assess personal usage and address it according to agency guidance.

The RRB intends to comply with NARA requirements to establish and maintain a records management and retention system as it relates to electronic records and specifically as they relate to mobile devices. Additionally, the RRB will update policies related to mobile phones based upon information supplied by NARA for retention requirements related to mobile devices. RRB will work with mobile service provider to determine what retention options are available and will seek solutions based upon technology limitations.

- c. **Mobile Phones:** As referenced in Management's response to the recommendations contained in Audit Report 22-07, RRB management did not initially identify the mobile phones as an assessable unit (AU) at the onset of the pandemic. Since the phones were not designated as AUs within the agency, an internal control assessment was not performed. However, while the RRB has controls in place to monitor IOS and system updates on the mobile phones and if the device is not updated within a 30-day period, the device's MDM capabilities will be suspended. In addition, the RRB had agreed to review and update the policy using Intune as the technical control and have since agreed to incorporate mobile devices into the Networking Services assessable unit.

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 Mobile Phones, Unemployment and Sickness Insurance Overpayments, Audit Coverage of Railroad Employers. Additionally, the OIG 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 Mobile Phones Need Improvement:** As referenced in Challenge 4, Management's response to the recommendations contained in Audit Report 22-07, RRB management did not initially identify the mobile phones as an assessable unit (AU) at the onset of the pandemic. Since the phones were not designated as AUs within the agency, an internal control assessment was not performed. However, the RRB has controls in place to monitor IOS and system updates on the mobile phones. In addition, if the device is not updated within a 30-day period, the device's MDM capabilities are suspended. RRB is currently reviewing and updating the policy using Intune as the technical control and have since agreed to incorporate mobile devices into the Networking Services assessable unit.
2. **Internal Controls Over Unemployment and Sickness Insurance Overpayments Need Improvement:** Again, we disagree that this matter rises to the level of a serious management challenge, when the OIG's audit work in this area, did not identify material unrecoverable RUIA code 41 amounts from the RRA. We note that the OIG audited 100 percent (totaling \$12,578,310) of RUIA code 41 adjustments and only found \$183,858 (less than 1.5 percent) of these amounts were unrecovered from the RRA. We reiterate that code 41 adjustments are transfer of fund transactions between the RUIA and RRA accounts due to overlapping effective time period for issued sickness and disability benefit payments.

In our opinion, the audit results do not support the auditor's statement in Audit Report No. 22-07 that "...insufficient controls over the recovery process, multiple disjointed systems, lack of cross-organizational communication, and ineffective monitoring increased the risk that remaining RUIA debts (improper payments) could remain unrecovered." Nevertheless, we committed to updating our written policies, procedures and flowcharts as well as maintaining consistent communication across all applicable organizational units involved with the RUIA code 41 transfer of fund adjustments.

3. **RRB Did Not Provide Adequate Audit Coverage of Railroad Employers:** As referenced in Challenge 4, Paragraph 1.c., in our response to Audit Report No. 22-05, we adamantly disagree with the auditor's determination that due to lack of adequate audit coverage "...\$143.5 billion in reported creditable compensation was at risk for inaccuracies." As written, the numerous references of \$143.5 billion (the auditor's projection of unaudited credible compensation for FY 2017 through FY 2020) are misleading. Using the \$143.5 billion figure implies that the Railroad Retirement Board (RRB) has a statutory or federal mandate to conduct compliance audits for the full universe of railroad employers in a given fiscal year to verify creditable service and compensation. This premise is false. Please also see our response to this matter above to Challenge 4 (Paragraph 1.c.).

4. **Material Weaknesses:**

- a. **Financial reporting:** The OIG bases this discussion upon fiscal year 2021 financial statement audit results and includes communication with the NRRIT's auditor.

The Agency will continue to cooperate with the OIG and provide all NRRIT related information within its possession which the OIG requests. 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 Budget⁴ 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 pursuant to implementation of the Statement of Federal Financial Accounting Standards 47 (SFFAS 47), effective in fiscal year 2018, the Office of Management and Budget (OMB), the Department of the Treasury (Treasury), and the United States Government Accountability Office (GAO) determined that the NRRIT will be classified as a consolidation entity, for the purposes of the governmentwide financial statements. Based upon this determination, NRRIT's Net Asset Value must be included within RRB's Balance Sheet, even though the NRRIT is independent from the RRB and is a non-governmental entity. In accordance with the SFFAS 47 determination, the NRRIT and GAO signed a Memorandum of Understanding (MOU) in October 2018 that provided the GAO access to information necessary to support inclusion of the NRRIT's financial information in the governmentwide financial statements starting in fiscal year 2018.⁵ The RRB was not a party to this agreement.

Until additional guidance is issued, this reported material weakness and basis for a disclaimer of opinion on RRB's consolidated financial statements will continue to exist

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).

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).

due to an inability for the auditors to perform the audit procedures required by AICPA AU-C Section 600B *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*.

- b. **Deficient internal controls at the agency-wide level:** Again, the OIG bases this discussion upon fiscal year 2021 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; and 5) controls over railroad service compensation.

- 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 completed our second full year cycle as recognized by the OIG who agreed to close Recommendation No. 1, Audit Report 18-07, which suggested that the RRB "[e]stablish an internal control evaluation based on the requirements provided in the revised Office of Management and Budget Circular A-123." Going forward, the RRB will continue to refine ERM reporting and utilize the information reported to assist the decision-making process at the RRB. We continue to be 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 9 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, FY2021 FISMA audits as well as consideration of the preliminary FY 2022 FISMA audit results, we could not find any impactful risk to the FMIS. Finally, and as discussed in our response to Challenge 2, the significant improvements to the security posture of the Agency's systems and applications, while not readily reflected in preliminary FY 2022 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 “the RRB had not established effective policies and procedures for 1) 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 “the RRB had not established effective policies and procedures ... 2) 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 2022 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 and FY 2022 First Six Month Initial and Post Accuracy Rate reports were provided timely to the OIG on September 28, 2021 and September 28, 2022, respectively.

- v. Controls Over Railroad Service and Compensation: As previously communicated to the OIG, and in an effort to increase audit coverage, we were able to increase staffing levels which allowed for one report to be finalized in FY 2021 and the initiation of a Class 1 employer compliance audit in FY 2022. However, it is important to note that while Section 7 of the RRA and Section 12 of the RUIA provide authority for the RRB to conduct compliance audits, the statutes do not mandate that RRB conduct such audits. Whereas, implementing requirements associated with Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by OMB Circular A-123, is federally mandated. As the OIG, mentions lack of completed audits by ACS was due to insufficient staffing and funding, and while we increased staffing level slightly, we needed to redirect our limited resources to satisfy the mandated requirements of the FMFIA. These actions allowed the RRB to establish an agency-wide Enterprise Risk Management (ERM) program that integrates risk management with internal control activities in accordance with federal directives and pursuant to OIG audit recommendations.⁶ See OIG Audit Report No. 18-07, Recommendations 1 and 4. Thus, operating under budgetary constraints BFO allocated the resources available to simultaneously perform mandated FMFIA responsibilities, provide training to new auditors, and conduct external audits of railroad employers.

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. We disagree with the OIG's characterization and consolidation of the following topics into a serious management challenge. The RRB is committed to serving as responsible stewards for its customer's trust funds and agency resources.

1. Pandemic Relief Acts: 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.
2. Improper Payment Reporting: As discussed in the response to Challenge 3, CMS reports a combined overall error rate that includes all Medicare Administrative

⁶ Office of the Inspector General Audit Report 18-07, *Enterprise Risk Management Process At The Railroad Retirement Board Was Not Fully Effective*, Report Date July 9, 2018. Recommendation No. 1 stated: "[w]e recommend that the Management Control Review Committee establish an internal control evaluation based on the requirements provided in the revised Office of Management and Budget Circular A-123." Recommendation No. 4 stated: "[w]e recommend the Executive Committee assign an individual as the Chief Risk Officer, or equivalent, who manages enterprise risk activities as the RRB."

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.

- 3. Information Technology Security:** As discussed above in its response to Challenges 2 and 5, preliminary audit results for the FY 2022 FISMA audit indicate that Kearney & Company will assess the RRB's overall maturity at Level 2 – Defined, maintaining the rating from 2021. Significant improvements to secure cloud environments, implement continuous diagnostic monitoring, fully and successfully test the disaster recovery plan for the mission-critical systems multiple times during the fiscal year, implement modernized intrusion detection and intrusion prevention systems contribute to strengthen the security posture of the RRB enterprise. It is important to note the fiscal year 2022 FISMA Audit was significantly modified in scope due to changes pursuant to the Core Inspector General (IG) Metrics for fiscal year 2022 as determined pursuant to OMB Memorandum, M-22-05, *Fiscal Year 2021-2022 Guidance on Federal Information Security and Privacy Management Requirements*. The reduced scope of the FY 2022 FISMA audit did not fully measure progress achieved by the RRB. Still, the preliminary FY 2022 audit results do 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.

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 Decision 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).

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, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2021*, Report No. 22-04 (Chicago, IL: January 4, 2022).

RRB OIG, *Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic*, Report No. 22-07 (Chicago, IL: March 17, 2022).

RRB OIG, *The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds*, Report No. 22-10 (Chicago, IL: June 29, 2022).

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).

RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021*, Report No. 22-08 (Chicago, IL: June 16, 2022).

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).

RRB OIG, *Audit of the RRB's DATA Act Submission for the First Quarter of Fiscal Year 2021*, Report No. 22-01 (Chicago, IL: November 5, 2021).

RRB OIG, *Railroad Retirement Board Audit Compliance Section Did Not Provide Adequate Audit Coverage of Railroad Employers*, Report No. 22-05 (Chicago, IL: February 15, 2022).

RRB OIG, *Management Information Report - Railroad Retirement Board's Actions in Response to Pandemic Funding*, Report No. 22-06 (Chicago, IL: March 16, 2022).

RRB OIG, *Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic*, Report No. 22-07 (Chicago, IL: March 17, 2022).

RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021*, Report No. 22-08 (Chicago, IL: June 16, 2022).

RRB OIG, *Controls Over Recoverable Unemployment and Sickness Overpayments Need Improvement*, Report No. 22-09 (Chicago, IL: June 24, 2022).

RRB OIG, *The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds*, Report No. 22-10 (Chicago, IL: June 29, 2022).

Financial Management and Reporting Issues

RRB OIG, *Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2021*, Report No. 22-02 (Chicago, IL: November 15, 2021).

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for FY 2021 - Abstract*, Report No. 22-04 (Chicago, IL: January 4, 2022).

RRB OIG, *Railroad Retirement Board Audit Compliance Section Did Not Provide Adequate Audit Coverage of Railroad Employers*, Report No. 22-05 (Chicago, IL: February 15, 2022).

RRB OIG, *Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic*, Report No. 22-07 (Chicago, IL: March 17, 2022).

RRB OIG, *Controls Over Recoverable Unemployment and Sickness Overpayments Need Improvement*, Report No. 22-09 (Chicago, IL: June 24, 2022).

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).

RRB OIG, *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 Fiscal Year 2020*, Report No. 22-04 (Chicago, IL: January 4, 2022).

RRB OIG, *Management Information Report - Railroad Retirement Board's Actions in Response to Pandemic Funding*, Report No. 22-06 (Chicago, IL: March 16, 2022).

RRB OIG, *RRB Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic*, Report No. 22-07 (Chicago, IL: March 17, 2022).

RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021*, Report No. 22-08 (Chicago, IL: June 16, 2022).

RRB OIG, *The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds*, Report No. 22-10 (Chicago, IL: June 29, 2022).