

RAILROAD RETIREMENT BOARD

Relationship of Programs to Account Structure
(in thousands of dollars)

	<u>2005 Estimates</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
60-0111-0-1-601 Dual Benefits Payments Account.....	108,003	108,003
60-0113-0-1-601 Federal Payments to the Railroad Retirement Accounts.....	614,042	614,042
60-8010-0-7-601 Social Security Equivalent Benefit Account.....	5,703,000	5,692,000
60-8011-0-7-601 Railroad Retirement Account.....	2,462,000	2,462,000
60-8118-0-7-601 National Railroad Retirement Investment Trust.....	3,801,000	3,793,000
60-8237-0-7-601 Limitation on Administration		
Guidance level.....	102,000	102,000
Agency request level.....	110,938	110,938

RAILROAD RETIREMENT BOARD
Relationship of Programs to Account Structure
(in thousands of dollars)

Summary	2005 Estimates	
	Budget Authority	Outlays
Federal funds (see previous page) <u>a/</u>	722,045	722,045
Trust funds (see previous page) <u>b/</u>	11,966,000	11,947,000
Deductions for offsetting receipts:		
Intrafund transactions (OASDI transfer) <u>c/</u>	(3,904,000)	(3,904,000)
Intrafund transactions (NRRIT transfers) <u>c/</u>	(2,596,000)	(2,596,000)
Proprietary receipts from the public <u>d/</u>	(899,000)	(899,000)
Interfund transactions <u>e/</u>	<u>(614,042)</u>	<u>(614,042)</u>
TOTAL	<u>4,675,003</u>	<u>4,656,003</u>

a/ Represents budget authority and outlays for the Dual Benefits Payments Account and the Federal Payments to the Railroad Retirement Accounts.

b/ Represents budget authority and outlays for the Social Security Equivalent Benefit Account, the Railroad Retirement Account, and the National Railroad Retirement Investment Trust (NRRIT). Excludes the Limitation on Administration.

c/ Represents the financial interchange transfer amount of \$3,904,000,000 expected from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds and transfers of \$2,462,000,000 from the Railroad Retirement Account and \$134,000,000 from the Social Security Equivalent Benefit Account to the NRRIT.

d/ Estimate of interest and dividends on non-Federal securities earned by the NRRIT.

e/ Represents budget authority and outlays for the Federal Payments to the Railroad Retirement Accounts.

RAILROAD RETIREMENT BOARD

Program Evaluation Agenda as of August 2003

<u>Program</u>	<u>Description</u>	<u>Scheduled Completion</u>
Medicare	<p>Contractor performance evaluation</p> <p>RRB's Resource Management Center evaluates operations of the Medicare contractor serving RRB annuitants. The evaluations include measuring the contractor's performance against established criteria and standards for the Medicare program.</p>	Series of reviews each year
Retirement and Survivor	<p>Quality assurance analyses</p> <p>Quality assurance staff within the RRB's Assessment and Training Section provide key indicators of the effectiveness of various processes within the retirement and survivor program through review of randomly sampled process outputs. Examples are studies of the accuracy of application processing and post-adjudication processing.</p>	Series of reviews each year
Unemployment and Sickness Insurance	<p>Reviews of claims processing</p> <p>The Assessment and Training Section conducts an end-of-line review of randomly selected unemployment and sickness insurance claims to determine whether they were correctly adjudicated.</p>	Series of reviews each year
RRA and RUIA Debt	<p>The Program Evaluation Section within Assessment and Training prepares annual comparative analyses of Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) entitlement debt. Staff members develop profiles that compare such elements as:</p> <p>RRA -- categories of debt, number of debts established, dollar amount of debts established, the number of debts related to cases in pay status, and ratios for the number of debts to cases in pay status and the amount of debt to dollars of RRA benefits paid.</p>	Annual review

RAILROAD RETIREMENT BOARD**Program Evaluation Agenda as of August 2003**

<u>Program</u>	<u>Description</u>	<u>Scheduled Completion</u>
	<p>RUIA -- categories of debt, number of debts established, dollar amount of debts established, amount of benefits paid, number of claims received and ratios for the number of debts to claims and the amount of debt to the amount of RUIA benefits paid.</p> <p>The analyses also provide information on why significant increases or decreases in the number and dollar amounts of debt occurred by category.</p>	

RAILROAD RETIREMENT BOARD

Schedule of Program Evaluation Resources
(in thousands of dollars)

		<u>FY 2003</u>			<u>FY 2004</u>			<u>FY 2005</u>		
		<u>BA</u>	<u>O</u>	<u>FTE</u>	<u>BA</u>	<u>O</u>	<u>FTE</u>	<u>BA</u>	<u>O</u>	<u>FTE</u>
Organizational area: <u>Resource Management Center</u>										
In-house costs:	FTE	249	249	3	254	254	3	263	263	3
	Other	<u>6</u>	<u>6</u>	<u>n/a</u>	<u>10</u>	<u>10</u>	<u>n/a</u>	<u>10</u>	<u>10</u>	<u>n/a</u>
	Subtotal	255	255	3	264	264	3	273	273	3
Organizational area: <u>Quality Assurance</u>										
In-house costs:	FTE	466	466	7	476	476	7	492	492	7
	Other	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>-</u>	<u>n/a</u>
	Subtotal	466	466	7	476	476	7	492	492	7
Organizational area: <u>Operations</u>										
In-house costs:	FTE	210	210	3	214	214	3	221	221	3
	Other	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>-</u>	<u>n/a</u>
	Subtotal	210	210	3	214	214	3	221	221	3
<u>Agency Totals</u>										
In-house costs:	FTE	925	925	13	944	944	13	976	976	13
	Other	<u>6</u>	<u>6</u>	<u>n/a</u>	<u>10</u>	<u>10</u>	<u>n/a</u>	<u>10</u>	<u>10</u>	<u>n/a</u>
	Total	931	931	13	954	954	13	986	986	13

RAILROAD RETIREMENT BOARD

Financial Management

Vision Statement

The Railroad Retirement Board (RRB) is committed to integrated and automated financial management systems that focus on the agency's mission and accountability. The RRB strives to maintain an environment in which program and financial managers work in partnership to ensure the integrity of financial information and use that information to make decisions, measure performance, and monitor outcomes. In this environment, we envision integrated financial management systems with appropriate internal review and controls that provide agency managers with timely, accurate, and easily accessible information. We expect managers throughout the agency to use that information to achieve program objectives in a cost-effective manner and to ensure accountability.

Progress Toward the Target Financial Management System

Accomplishment of this vision requires an accurate, timely, reliable, and flexible source for all financial and management information within the framework of requirements established by legislative mandates, the Joint Financial Management Improvement Program, the U.S. General Accounting Office, the Office of Management and Budget, and the Department of the Treasury (Treasury).

The RRB is progressing toward its target financial system structure. Core financial management functions are centralized in mainframe-based Federal Financial System (FFS) software developed by American Management Systems (AMS), Inc. FFS meets the Core Financial System Requirements established by the Joint Financial Management Improvement Program, including support of the U.S. Government Standard General Ledger and prompt payment legislation requirements. It also fulfills the requirements of the Federal Financial Management Improvement Act to standardize and modernize Federal government financial systems and the Federal Managers' Financial Integrity Act to establish fiscal accountability.

Core FFS components support budget formulation and execution, general ledger and trust fund accounting, procurement and accounts payable, travel management, and fixed assets and inventory control. A Program Accounts Receivable (PAR) system, developed from the accounts receivable component of FFS, supports management of receivables arising from benefit payment programs and complies with debt collection legislation.

AMS is transitioning from the current FFS system to a server-based version called Momentum. RRB is assessing its options for addressing this transition as part of our commitment to implementation of the E-Government Act of 2002. Since both FFS and PAR will continue in operation for an extended period before selection and budgetary processes for a conversion are completed, AMS has stated their commitment to supporting the current systems through the transition period of their Federal and other governmental clients.

RAILROAD RETIREMENT BOARD

Financial Management

The RRB has already completed or committed to several efforts to implement the E-Government Act of 2002. RRB is already using the travel management services of the Bureau of Public Debt for change-of-station and will use the consolidated Government-wide travel management services currently under development.

RRB payroll and human resources system support will be transferred to the General Services Administration (GSA) as part of the Administration initiative to consolidate Government payroll operations. This will replace the current mainframe-based payroll and human resources system, which used off-the-shelf software offered by Tesseract Corporation.

Data on distribution of labor cost that is currently provided by the Tesseract system will be provided by the GSA payroll system.

The RRB Enterprise Wide Technical Architecture (EWTA) is providing ever-increasing inter-connectivity between the RRB headquarters mainframe, networks, and intranet (Boardwalk); improved environmental security; enhanced network reconfiguration capabilities; and scalable bandwidth to support imaging, the intranet, and future needs. This enables RRB staff to operate more efficiently and effectively while performing fiscal administrative tasks including collection and dissemination of financial management information and guidance.

A virtual private network (VPN) extends the efficiency and effectiveness of these systems to RRB field staff by providing full access to all RRB internal systems from remote locations through a secure platform.

Goals and Strategies

To guide the RRB in its progress toward its target financial systems structure, the Chief Financial Officer has established broad financial management planning goals and implementing strategies to fully realize the overall financial management objectives. Where appropriate, these goals and strategies are integrated with the RRB Strategic Information Resources Management Plan. The goals and the strategies are as follows:

COMPLIANCE. Ensure that financial operations continue to comply with applicable laws, regulations, standards, and guidelines and conform to financial systems, management controls, and information resources management requirements and standards.

Strategy: Integrate financial system automation requirements into the RRB Strategic Information Resources Management Plan and into the guiding principles, information requirements, and environmental trends of the RRB's Enterprise Architecture Project.

RAILROAD RETIREMENT BOARD

Financial Management

Stay current with the latest versions of vendor-provided, benchmarked financial software by updating to newer versions on a regular schedule. Comply with all applicable laws, regulations, and Board Orders.

Implement recommendations of the RRB Inspector General arising from annual audits of the financial statements and other reviews of the financial operations of the RRB.

Provide for ongoing review of financial management controls in conjunction with the Management Control Program.

Status: This goal is being fully met.

SUPPORT. Identify requirements for financial systems support to ensure timely and complete accomplishment of current, expanded, and new activities.

Strategy: Maintain adequate levels of internal system analyst and system accountant staffing, and provide training to all staff as appropriate.

Define system and application needs that are essential in performing current, expanded, and new activities.

Integrate new and revised financial system automation requirements into the RRB Strategic Information Resources Management Plan and into the guiding principles, information requirements, and environmental trends of the RRB's Enterprise Architecture Project.

Status: This goal is being met to the extent permitted by limited resources.

ACCESS. Improve and facilitate user access to financial information.

Strategy: Integrate off-the-shelf management information software products that can supplement the existing core financial systems by retrieving information from the mainframe software in end-user specified formats or office suite formats, with the intent of meeting user requirements.

Status: A data retrieval software product gives users the ability to generate specific reports from FFS and other mainframe databases without involving technical staff.

Consumable supplies are procured on-line through the Internet web site of a competitively selected vendor.

RAILROAD RETIREMENT BOARD

Financial Management

We will explore the additional opportunities offered by our transition to the successors to FFS and Tesseract.

EFFICIENCY. Reduce redundant data entry, storage, and processing, and minimize human intervention.

Strategy: Analyze additional automated interfaces among the benefit program payment systems, and the successor to the FFS system and implement the most cost-beneficial ones.

Implement paperless dissemination of financial management information and guidance and paperless collection of financial information wherever appropriate and practical.

Implement paperless drafting, editing, review, and finalization of written products.

Keep current with Treasury's "paperless" financial systems initiative by expanding on-line links to Treasury, the Internal Revenue Service, and the RRB's financial depositories. These links are replacing paper forms and reports and computer tapes as the primary method of exchanging financial information.

Status: Implementation of quarterly financial statements eliminated all redundant data entry from trial balance reports to the financial statements.

Automation of interfaces between the benefit payments systems, PAR, and FFS are underway. Due to limitations of the legacy benefit payment systems, automation has been limited to providing a common point of control for entry of recoveries into the PAR system, which interfaces electronically with FFS.

Paperless collection and dissemination of financial information is progressing well. Financial statements, justification of budget requests, Congressional testimony on budget and management issues, and actuarial reports are available to the public on the RRB web site (www.rrb.gov).

Budget preparation, management control, Prompt Payment Act, and transit benefit program guidance is available to all RRB staff on Boardwalk.

Employee Express allows employees to view and update selected information in their personnel and payroll records.

RAILROAD RETIREMENT BOARD

Financial Management

Paperless drafting, editing, reviewing, and finalization of written materials are being used for various products.

Currency with Treasury initiatives is being maintained.

SECURITY, CONTROL, AND DISASTER RECOVERY. Improve security, control, and disaster recovery capability for information processed and stored on mainframe, local area network, and PC systems.

Strategy: In accordance with agency-wide guidance, develop, test, and maintain a disaster recovery plan for financial systems.

Status: This goal is being met within the agency-wide disaster recovery plan.

AUDIT OF FINANCIAL STATEMENTS. The RRB complies with the provisions of the Chief Financial Officers Act of 1990 pertaining to independent audit of financial statements. The Office of Inspector General (OIG) funded fixed price contracts for fiscal years 1993 through 1996 to audit the financial statements. The OIG audited the fiscal year 1997 through fiscal year 2002 financial statements. The purpose of the audits is to determine whether the financial statements present fairly the financial position and the results of financial operations in conformity with generally accepted accounting principles.

The *Auditor's Report* on page 33 of the RRB Financial Statements for Fiscal Year 2002 concludes that the financial statements present fairly, in all material respects, the financial position of the RRB as of September 30, 2002, and 2001; its consolidated net cost of operations and change in net position; combined budgetary resources; reconciliation of consolidated net cost to budgetary resources; and custodial activity for the fiscal years then ended in conformity with the accounting principles generally accepted in the United States of America.

The auditor's *Report on Compliance with Laws and Regulations* on page 40 of the RRB Financial Statements for Fiscal Year 2002 states that the audit disclosed no instances of non-compliance that are required to be reported under Government Accounting Standards or OMB Bulletin 01-02.

However, the *Report on Compliance with Laws and Regulations* and *Report on Internal Control* disclosed instances where the RRB's financial management systems did not substantially comply with Federal financial management systems requirements for information security. The reports identified deficiencies in information security training and access controls as a material weakness in the RRB's information security program.

RAILROAD RETIREMENT BOARD**Financial Management**

Although reported in the context of the audit of the RRB fiscal year 2001 financial statements, the material weakness did not adversely affect the integrity of the fiscal years 2001 and 2002 financial statements. However, it exposes the financial systems to risks that must be eliminated by implementation of a corrective action plan as prescribed by the Federal Managers' Financial Integrity Act. The action plan expands initiatives that were underway at the time of the Inspector General's reports by addressing the findings and recommendations of the reports. The plan provides for comprehensive position-based information security management training for all RRB personnel, correction of specific deficiencies identified in the Inspector General's reports, and establishment of a risk management assessable unit subject to annual certification to the Board Members within our internal FMFIA assurance process. We expect to report elimination of the material weakness in our November 2004 accountability report.

Electronic Funds Transfer/ Vendor Express

Electronic funds transfer (EFT)

- Provisions of the Debt Collection Improvement Act of 1996 (DCIA) and 31 CFR 208 require the use of electronic funds transfer for most Federal payments effective January 2, 1999. Waivers are available for individuals who determine that payment by EFT would impose a hardship and for individuals without bank accounts.
- The RRB has worked with the Department of the Treasury to implement the provisions of the DCIA since Treasury issued interim regulations effective July 26, 1996. (Treasury issued final regulations on September 25, 1998.) Payments by EFT during fiscal year 2003 (through June) compare with non-EFT activity as follows:

	<u>Direct Deposit</u>	<u>Treasury Check</u>
<u>RRA payments</u> <u>1/</u>		
Number of payments	4,904,331	1,084,638
Percent of payments	81.9%	18.1%
Amount of payments	\$5,975,281,802	\$1,118,095,750
Percent of RRA payment amount	84.2%	15.8%
<u>RUIA payments</u> <u>2/</u>		
Number of payments	172,685	36,282
Percent of payments	82.6%	17.4%
Amount of payments	\$83,020,294	\$16,321,246
Percent of RUIA payment amount	83.6%	16.4%

1/ In June 2002, 81.36 percent of RRA payments were through EFT; in June 2003, 82.51 percent of RRA payments were through EFT.

2/ In June 2002, 83.91 percent of RUIA payments were through EFT; in June 2003, 82.64 percent of RUIA payments were through EFT.

Electronic Funds Transfer/Vendor Express

Vendor Express

- Vendor Express is the payment system used to make EFT payments to RRB vendors.
- Vendor Express payments during fiscal year 2003 (through June) compare with non-vendor express activity as follows:

	<u>Vendor Express</u>	<u>Treasury Check</u>
Number of payments (invoices)	15,196	2,246 *
Percent of payments	87.1%	12.9%
Amount of payments	\$6,464,116	\$2,360,192
Percent of payment amount	73.3%	26.7%

* In some cases, multiple invoices were paid with a single check. The total number of checks prepared was 2,184.

Space Budget Justification

Agency <u>Railroad Retirement Board</u> Bureau <u>Railroad Retirement Board</u> GSA Bureau Code <u>6000</u> Date <u>September 9, 2003</u>									
Railroad Retirement Board (obligations in thousands of dollars)									
	FY 2003		FY 2004		FY 2005		FY 2006		
	Sq. Ft.	\$							
OMB approved inflation factor:		2.10%		1.70%		1.50%		1.50%	
PART 1: RENTAL PAYMENTS TO GSA									
GSA rent estimate	414,552	\$6,554	414,552	\$7,774	414,552	\$7,073	414,552	\$7,179	
Agency adjustments to the bill:									
Chargebacks:	0	\$0	0	\$0	0	\$0	0	\$0	
Other adjustments (Trust Fund)	0	(\$2,554)		(\$3,814)		(\$3,553)		(\$3,607)	
Statutorily imposed rent caps	0	\$0							
Planned changes to inventory:									
FY2003	0	\$0	0	\$0	0	\$0	0	\$0	
FY2004			0	\$0	0	\$0	0	\$0	
FY2005					0	\$0	0	\$0	
FY2006							0	\$0	
Requested program changes:									
FY2003			0	\$0	0	\$0	0	\$0	
FY2004					0	\$0	0	\$0	
FY2005							0	\$0	
FY2006							0	\$0	
Total, net rental payments to GSA	414,552	\$4,000	414,552	\$3,960	414,552	\$3,520	414,552	\$3,572	
FUNDING SOURCES FOR RENTAL PAYMENTS TO GSA									
Funded by direct appropriations:									
Account title and ID code:									
Acct. 1 Limitation on Administration 446-00-8011		\$4,000		\$3,960		\$3,520		\$3,572	
Acct. 2		\$0		\$0		\$0		\$0	
Acct. 3		\$0		\$0		\$0		\$0	
Acct. 4		\$0		\$0		\$0		\$0	
Acct. 5		\$0		\$0		\$0		\$0	
Acct. 6		\$0		\$0		\$0		\$0	
Acct. 7		\$0		\$0		\$0		\$0	
Acct. 8		\$0		\$0		\$0		\$0	
Subtotal, direct appropriations		\$4,000		\$3,960		\$3,520		\$3,572	
Funded by other sources:									
Account title and ID Code:									
Acct. 1		\$0		\$0		\$0		\$0	
Acct. 2		\$0		\$0		\$0		\$0	
Acct. 3		\$0		\$0		\$0		\$0	
Acct. 4		\$0		\$0		\$0		\$0	
Acct. 5		\$0		\$0		\$0		\$0	
Acct. 6		\$0		\$0		\$0		\$0	
Subtotal, other funding sources		\$0		\$0		\$0		\$0	
Total funding sources (object class 23.1)		\$4,000		\$3,960		\$3,520		\$3,572	
Control difference		\$0		\$0		\$0		\$0	
PART 2: RENTAL PAYMENTS TO OTHERS									
Non-Federal sources (object class 23.2)	0	\$0	0	\$0	0	\$0	0	\$0	0
Federal sources (object class 25.3)	0	\$0	0	\$0	0	\$0	0	\$0	0
Total rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0	0

**FY 2005 FUNDING REQUEST FOR
ENERGY AND TRANSPORTATION EFFICIENCY MANAGEMENT**

Agency: Railroad Retirement Board (Headquarters)
Date: 15-Jul-03

Prepared by: Henry M. Valiulis
Phone: (312) 751-4520

1.1 IDENTIFICATION OF FUNDS FOR ENERGY EFFICIENCY MANAGEMENT AS REQUIRED BY E.O. 13123

	2003		2004		2005		Page(s) in Budget Submission to OMB
	Amount (thou. \$)	Account(s)	Amount (thou. \$)	Account(s)	Amount (thou. \$)	Account(s)	
ESPC and/or UESC negotiation/administration	0		0		0		
Direct spending on energy efficiency	15		15		15		
Direct spending on training	2		2		2		
Energy Star ® building design/construction incremental costs							
"Green Power" purchases	4		4		4		
On-site generation and renewable power generation	0		0				
Other (please specify) _____	0		0				
Total	21		21		21		

1.2 IDENTIFICATION OF FUNDS FOR TRANSPORTATION EFFICIENCY MANAGEMENT AS REQUIRED BY E.O. 13149 *

	2003		2004		2005		Page(s) in Budget Submission to OMB
	Amount (thou. \$)	Account(s)	Amount (thou. \$)	Account(s)	Amount (thou. \$)	Account(s)	
Acquisition of alternative fuel vehicles							
Infrastructure development and use of alternative fuels							
Implementation of compliance strategy, including any modifications							
Direct spending on training							
Procurement of environmentally preferable motor vehicle products							
Other (please specify) _____							
Total							

* The Railroad Retirement Board has no vehicles for its operations.

RAILROAD RETIREMENT BOARD

Employee Relocation Costs

Budget Object Code	Fiscal Year 2003 Budgeted	Fiscal Year 2004 Planned	Fiscal Year 2005 Proposed
126. Change-of-station	\$ 102,766	\$ 48,000	\$ 50,000
210. Travel	3,509	800	800
220. Transportation of things	23,305	9,700	12,000
255. Storage of household goods	17,448	6,300	9,000
Total	\$ 147,028	\$ 64,800	\$ 71,800

OFFICE OF INSPECTOR GENERAL
AUDIT RECOMMENDATIONS

October 1, 2002 - July 31, 2003

Report	Recommendation	Status
<p>Effectiveness of the RRA Quality Assurance Program in Estimating Exposure to Improper Payments, 03-01, October 9, 2002</p> <p>This audit addressed a government-wide initiative for improved financial performance through the reduction of improper payments, as outlined in the President's Management Agenda.</p>	<ol style="list-style-type: none">1. Develop a comprehensive methodology for estimating the number and monetary impact of improper payments.2. Develop comprehensive documentation for all aspects of its assessment methodology.3. Modify the time frames for studies of case and payment accuracy to permit a final decision about the accuracy of all sample cases prior to publication of the study results.4. Provide responsible management and staff with additional training in applied statistics.5. Develop a control to ensure that changes to the assessment methodology are made in consultation with individuals who have the knowledge, skill and abilities to recognize all potential impacts.	<p>Action by the Office of Programs is pending the completion of an audit by the Office of Inspector General (OIG) that will determine the sufficiency of existing agency processes to support an estimate of improper payments.</p> <p>The Office of Programs plans to complete the documentation by March 2004.</p> <p>IMPLEMENTED. The Office of Programs will publish case and payment accuracy numbers as preliminary statistics for the Annual Performance Report until cases are finalized.</p> <p>The Office of Programs will determine a strategy and develop a plan for implementation.</p> <p>The Office of Programs will include the control in its documentation for its quality assurance assessment methodology.</p>

OFFICE OF INSPECTOR GENERAL
AUDIT RECOMMENDATIONS

October 1, 2002 - July 31, 2003

Report	Recommendation	Status
Effectiveness of the RRA Quality Assurance Program in Estimating Exposure to Improper Payments, 03-01, October 9, 2002 (Continued from preceding page.)	6. Reassess the treatment of constructive awards in evaluations of case and payment accuracy. 7. Consider developing a methodology to measure the monetary impact of errors that are later corrected as a result of system edits, review referrals and other controls. 8. Consider developing a methodology to measure the monetary impact of errors for which later correction is anticipated, as in the case of temporary work deductions. 9. Consider developing a methodology to measure the monetary impact of errors that do not affect recurring payment rates.	IMPLEMENTED. The Office of Programs completed a reassessment and will retain the current treatment of constructive awards. The treatment of temporary work deductions will be changed to recognize material error. IMPLEMENTED. Same as 6, above. IMPLEMENTED. Same as 6, above. The Office of Programs is reviewing this recommendation to develop options for implementation.

OFFICE OF INSPECTOR GENERAL
AUDIT RECOMMENDATIONS

October 1, 2002 - July 31, 2003

Report	Recommendation	Status
<p>Evaluation of the Self-Assessment Process for Information System Security, 03-02, December 27, 2002</p> <p>Auditors performed this audit to evaluate the agency's application of the National Institute of Standards and Technology (NIST) guidelines to achieve adequate security over computer systems.</p>	<ol style="list-style-type: none">1. Ensure that, whether performed by agency personnel or specialists under contract to the agency, the self-assessment process is comprehensive with respect to NIST objectives, elements and techniques.2. Ensure that, whether performed by agency personnel or specialists under contract to the agency, the self-assessment process provides a consistent basis for assessing changes in the agency's security status from year to year.3. Develop controls to ensure that the self-assessment process is complete and credible.4. Ensure that the information gathered during the RRB's self-assessment process, whether performed by agency staff or specialists under contract to the agency, is clearly documented and maintained.	<p>The Bureau of Information Services (BIS) will use the automated strategy tool developed by NIST to conduct all future assessments of major applications and general support systems.</p> <p>BIS will implement a consistent process that will be used from year to year.</p> <p>BIS will utilize the NIST software to gather all system assessments and to conduct an independent assessment and verification of the submitted results.</p> <p>The NIST software will provide the necessary means to obtain documented results of each self-assessment conducted beginning with the initial use in calendar year 2003 and any subsequent updates.</p>

OFFICE OF INSPECTOR GENERAL
AUDIT RECOMMENDATIONS

October 1, 2002 - July 31, 2003

Report	Recommendation	Status
<p>Evaluation of RRB E-Government Initiative: RUIA Contribution Internet Reporting and Payment, 03-03, December 27, 2002</p> <p>This audit examined the RRB's Employer Reporting Initiative that permits railroad employers to electronically submit quarterly reports of contributions and payments under the Railroad Unemployment Insurance Act.</p>	<ol style="list-style-type: none">1. Revise Internet enrollment forms to clearly explain that use of the user ID, password and PIN constitutes certification of a Form DC-1. The form should include a section requiring the applicant to acknowledge their understanding and approval of this fact by written signature.2. Obtain new enrollment forms for all individuals currently enrolled in the system.3. Revise the RRBLink Users Manual and include information on the RRBLink website screens to clearly explain that use of the user ID, password and PIN constitutes certification of a Form DC-1.4. Revise the RRBLink Users Manual to include a section on password security and provide a copy of this revision to the enrolled users. This section should include, at a minimum, statements (a) prohibiting the sharing of passwords and logging on of unauthorized users, and (b) explaining the risk to the system and its data of improper password usage.	<p>The Bureau of Fiscal Operations conferred with U.S. Bank and action will be completed by September 30, 2003.</p> <p>Same as 1, above.</p> <p>Same as 1, above.</p> <p>Same as 1, above.</p>

OFFICE OF INSPECTOR GENERAL
AUDIT RECOMMENDATIONS

October 1, 2002 - July 31, 2003

Report	Recommendation	Status
Evaluation of RRB E-Government Initiative: RUIA Contribution Internet Reporting and Payment, 03-03, December 27, 2002 (Continued from preceding page.)	5. Include information regarding password security on the RRBLink website.	Same as 1, above.
	6. Include a statement regarding password security on the confirmation of enrollment forms provided to individuals granted access.	IMPLEMENTED. The updated enrollment form has been revised to include sufficient language regarding password security.
	7. Implement a control to limit the number of invalid logon attempts.	IMPLEMENTED. U.S. Bank has developed and implemented a new control process for invalid logon attempts.
	8. Implement a policy to record invalid attempts in an exception report and review the report for potential follow-up action.	IMPLEMENTED. U.S. Bank now records this information and provides reports to the RRB's Chief Security Officer for any necessary follow-ups.
	9. Consult with the RRB's Office of General Counsel to determine additional details, including those stated above, that are needed for the Memorandum of Understanding (MOU), and revise the MOU accordingly.	BFO, the Office of General Counsel and Treasury's Financial Management Services staff are discussing revisions to the MOU.

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Report	Recommendation	Status
<p>Evaluation of RRB E-Government Initiative: RUIA Contribution Internet Reporting and Payment, 03-03, December 27, 2002</p> <p>(Continued from preceding page.)</p>	<p>10. Revise the MOU to state how the agency will monitor compliance with the privacy and security provisions of the agreement.</p> <p>11. Implement a plan to encourage increased railroad participation in the Internet system.</p>	<p>Same as 9, above.</p> <p>BFO is working with U.S. Bank and the Office of Programs to develop a plan to encourage expanded use of the Internet system.</p>
<p>Review of the Railroad Retirement Board's Progress in Meeting Selected Federal Financial Management Requirements, 03-04, March 18, 2003</p> <p>The objective of this review was to assess the RRB's progress in meeting selected financial management requirements of OMB Circular A-127 during fiscal year 2002.</p>	<p>1. Develop and implement a strategy to accelerate the financial reporting process.</p> <p>2. Require periodic evaluations of Joint Financial Management Improvement Program compliance as part of the agency's existing management control review process.</p>	<p>BFO has implemented the FASTTRACK system that will automatically populate the financial statement working papers from the general ledger. Two additional projects are underway to provide other enhancements.</p> <p>BFO is developing a process to coordinate the management control and computer security assessment and review processes. Compliance with the Joint Financial Management Improvement Program requirements will be addressed as part of this effort.</p>

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Report	Recommendation	Status
<p>Strategic Initiatives Related to the President's Management Agenda, 03-05, March 31, 2003</p> <p>In this report, the OIG updated previous proposals for improving the management and performance of the agency, and for meeting objectives established in the President's Management Agenda.</p>	<ol style="list-style-type: none">1. Complete the redesign of the organization structure by eliminating management layers and delegating decision-making authority to a Chief Executive Officer and senior agency managers.2. Reduce the size and scope of the field service operations and utilize existing technology to provide an expanded menu of services to the customers of the agency.3. Develop and present to appropriate oversight officials a strategic plan to identify the steps needed to transfer the administration of tier I benefits to the Social Security Administration.4. Request a change in the entity structure of the RRB to function as a government corporation under the direction of a Chief Executive Officer. Alternately, the agency could be reorganized as part of the National Railroad Retirement Investment Trust.	<p>The Board Members are discussing this recommendation.</p> <p>Same as 1, above.</p> <p>Same as 1, above.</p> <p>Same as 1, above.</p>

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Report	Recommendation	Status
Inspection of Unverified Records in the Railroad Retirement Board's Employment Data Maintenance (EDM) System, 03-06, March 20, 2003	1. Fully document current procedures related to the verification of EDM accounts.	The Office of Programs will develop a comprehensive plan to improve the verification process and implement the recommendation.
This inspection evaluated the RRB's current procedures and controls for verifying workers' social security numbers submitted by railroad employers in reports of service and compensation.	2. Perform a one-time match of all unverified EDM records against the records of the Social Security Administration (SSA) to determine the impact of unverified social security numbers on the accuracy of service and compensation records as well as the potential for benefit underpayments.	Same as 1, above.
	3. Establish procedures for the periodic re-submission of unverified accounts for comparison with the records of the SSA during the automated matching process.	Same as 1, above.
	4. Establish procedures for the tracking and documentation of any action taken to resolve unverified EDM accounts.	Same as 1, above.
	5. Establish procedures to ensure that EDM accounts are verified prior to payment of benefits.	Same as 1, above.

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Report	Recommendation	Status
Inspection of Unverified Records in the Railroad Retirement Board's Employment Data Maintenance (EDM) System, 03-06, March 20, 2003 (Continued from preceding page.)	6. Periodically identify and consolidate service and compensation when a worker is known to have multiple SSN's. 7. Review all new unverified EDM accounts to determine whether service and compensation can be associated with previously established EDM accounts.	Same as 1, above. Same as 1, above.
Management Information Report - Compliance with SFFAS #17: "Accounting for Social Insurance," 03-07, May 22, 2003 This report presented the results of the OIG's assessment of agency compliance with requirements for disclosure of supplementary information for social insurance programs.	1. The Bureau of Fiscal Operations should work with the Bureau of the Actuary to ensure future compliance with the requirements of SFFAS #17.	BFO agreed to take action based upon any new information from the Federal Accounting Standards Advisory Board.