

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

**JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2016**

TABLE OF CONTENTS

Executive Summary	1
Proposed Appropriation Language	2
Explanation of Proposed Appropriation Language.....	3
Authorizing Legislation.....	4
Budget Authority and Staffing by Activity	5
Budget Authority by Object Classification	6
Contractual Services.....	7
Personnel Summary	8
Amounts Available for Obligation.....	9
Appropriations History Table.....	10
Staffing History.....	11
Explanation of Fiscal Year 2016 Budget Request.....	12
Office of Audit	13
Office of Investigations.....	14
Fiscal Year 2016 Annual Performance Budget.....	18

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

EXECUTIVE SUMMARY

The fiscal year 2016 President's budget for the Railroad Retirement Board – Office of Inspector General (RRB-OIG) provides \$9,450,000 in budget authority for 54 full-time equivalent (FTEs) staff and miscellaneous expenses. With this funding, the RRB-OIG expects that it will be able to meet the productivity goals set forth in its Performance Budget.

The RRB-OIG will focus its efforts on: (1) conducting independent audits and investigations relating to agency programs and operations; (2) promoting economy, efficiency and effectiveness; (3) detecting fraud and abuse; and (4) keeping the Board Members and Congress informed about problems and recommending corrective actions concerning RRB operations.

The RRB-OIG is requesting \$9,450,000 in fiscal year 2016 to continue audit and investigative coverage of the RRB benefit programs, to identify program weaknesses, and reduce fraud in agency programs. The office will focus resources on operational areas with the greatest impact on RRB activities and related customer service. Investigative resources will be devoted to maintaining the integrity of RRB programs through the investigation of waste, fraud, and abuse.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

LIMITATION ON THE OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of Inspector General for audit, investigatory and review activities, as authorized by the Inspector General Act of 1978, not more than [\$8,437,000]\$9,450,000, to be derived from the railroad retirement accounts and railroad unemployment insurance account.

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2015.)

Explanation of Proposed Appropriation Language

Appropriation language

For expenses necessary for the Office of Inspector General for audit, investigatory and review activities, as authorized by the Inspector General Act of 1978, not more than [\$8,437,000]~~\$9,450,000~~, to be derived from the railroad retirement accounts and railroad unemployment insurance account.

Explanation

This budget requests funding for audit, investigation, and review of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The Limitation on the Office of Inspector General draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Account.

Authorizing Legislation

<u>Legislation</u>	<u>FY 2015</u>		<u>FY 2016</u>	
	<u>Authorized</u>	<u>Current Estimate</u>	<u>Authorized</u>	<u>Appropriation Requested</u>
Authorizing legislation - Inspector General Act of 1978, as amended	Indefinite	\$8,437,000 <u>a/</u>	Indefinite	\$9,450,000

a/ This amount represents the level of funding provided by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

Note: The 1988 amendments to the Inspector General Act of 1978 (P.L. 100-504) included the Railroad Retirement Board as an "establishment " covered by the Inspector General Act. Previously, the Railroad Solvency Act of 1983 (P.L. 98-76) amended the Railroad Retirement Act of 1974 (P.L. 93-445) to provide for an Office of Inspector General at the RRB.

BUDGET AUTHORITY AND STAFFING BY ACTIVITY

	<u>FY 2014</u>		<u>FY 2015</u>		<u>FY 2016</u>	
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>PROJECTED</u>	<u>BUDGET</u>	<u>PROJECTED</u>	<u>BUDGET</u>
	<u>FTES</u>	<u>AMOUNT</u>	<u>FTES</u>	<u>AMOUNT</u>	<u>FTES</u>	<u>AMOUNT</u>
<u>Program by Activity</u>						
Office of Inspector General						
Audit and Investigation	49	\$8,272,000	50	\$8,437,000	54	\$9,450,000
Authorizing Legislation		\$8,272,000 <u>a/</u>		\$8,437,000 <u>b/</u>		\$9,450,000

a/ Reflects the level of funding provided by the Consolidated Appropriations Act, 2014 (P.L. 113-76).

b/ Reflects the level of funding provided by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

BUDGET AUTHORITY BY OBJECT CLASSIFICATION

	FISCAL YEAR 2014 ACTUAL EXPENSES	FISCAL YEAR 2015 ESTIMATE	FISCAL YEAR 2016 BUDGET ESTIMATE	a/ a/	FY 2016 vs. FY 2015 INCREASE/ (DECREASE)
<u>Limitation on the Office of Inspector General</u>					
<u>Direct Obligations by Object Class</u>					
Personnel Compensation:					
Full-time permanent	\$4,805,100	\$5,088,400	\$5,721,300	b/	\$632,900
Other than full-time permanent	168,600	95,000	95,000	b/	0
Other personnel compensation	196,200	110,000	110,000		0
Total Personnel Compensation	5,169,900	5,293,400	5,926,300		632,900
Personnel Benefits: Civilian					
Benefits for former personnel	0	0	0	b/	0
Travel and transportation of persons	342,200	380,000	390,000		10,000
Rental Payments to GSA	300,000	300,000	300,000		0
Communications, utilities, and miscellaneous charges	56,700	130,000	132,000		2,000
Consulting Services	0	0	0		0
Other Services	361,100	387,000	412,000	c/	25,000
Supplies and materials	34,200	58,000	63,000		5,000
Equipment	216,600	75,000	120,000		45,000
Total Direct Obligations	\$8,170,700	\$8,437,000	\$9,450,000		\$1,013,000
Unobligated Balance	101,300	0	0		0
Total Budget Authority	\$8,272,000	\$8,437,000	\$9,450,000	d/ e/	\$1,013,000
 Total Full-Time Equivalent Usage	 49	 50	 54		 4

a/ The Limitation on the Office of Inspector General excludes reimbursable funding the RRB-OIG expects to receive from the Centers for Medicare & Medicaid Services.

b/ Salary and benefit estimates for FY 2016 reflect an Office of Management and Budget policy pay raise assumption of 1.30% effective January 2016.

c/ Includes \$70,000 for RRB-OIG training in FY 2016, which will satisfy our training requirements, and \$25,515 (0.270% of the budget estimate) for support of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) pursuant to the Inspector General Reform Act of 2008 (P.L. 10-409).

d/ Reflects the level of funding provided by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

e/ The RRB Office of Inspector General requested \$9,931,000, including funding for 56 FTEs, for fiscal year 2016 to continue our oversight of agency programs. The request reflected policy pay increase assumptions of 1.0% effective January 2015 and 1.0% effective January 2016.

CONTRACTUAL SERVICES

<u>Program by Activity</u> <u>Contractual Services</u>	<u>FY 2014</u> <u>ACTUAL</u>	<u>FY 2015</u> <u>ESTIMATE</u>	<u>FY 2016</u> <u>ESTIMATE</u>
<u>Contracts</u>			
OPM security investigations	\$19,065	\$25,000	\$30,000
Network management services	17,944	15,000	15,000
Upgrade air conditioning/cooling system and install uninterruptible supply, new computer cabinets, and other necessary upgrades for OIG computer room	133,351	0	0
Audit of Statement of Social Insurance	41,000	43,000	45,000
Contract Program Total	\$211,360	\$83,000	\$90,000

RAILROAD RETIREMENT BOARD - OFFICE OF INSPECTOR GENERAL

PERSONNEL SUMMARY

	<u>FY 2014</u> <u>ACTUAL</u>	<u>FY 2015</u> <u>ESTIMATE</u>	<u>FY 2016</u> <u>ESTIMATE</u>
IG	1	1	1
Subtotal	<u>1</u>	<u>1</u>	<u>1</u>
ES-00	3	3	3
Subtotal	<u>3</u>	<u>3</u>	<u>3</u>
GS/GM-15	2	2	2
GS/GM-14	8	8	8
GS/GM-13	20	20	21
GS-12	11	11	11
GS-11	2	2	4
GS-10	0	0	0
GS-09	2	2	2
GS-08	0	0	0
GS-07	2	1	2
GS-06	0	0	0
GS-05	0	0	0
GS-04	0	0	0
GS-03	0	0	0
GS-02	0	0	0
GS-01	0	0	0
Subtotal	<u>47</u>	<u>46</u>	<u>50</u>
End of Year: total full-time permanent employment	51	50	54
Full-time equivalent (FTE) usage	49	50	54
<u>END OF YEAR</u>			
Average ES Salary	\$170,603	\$175,500	\$178,400
Average GS/GM Grade	12.48	12.60	12.46
Average GS/GM Salary without Premium Pay	\$103,341	\$105,418	\$106,070
Average GS/GM Salary with Premium Pay	\$113,942	\$116,221	\$116,939

LIMITATION ON THE OFFICE OF INSPECTOR GENERAL

AMOUNTS AVAILABLE FOR OBLIGATION

Office of Inspector General

<u>Financing</u>	<u>FY 2014 actual</u>	<u>FY 2015 estimate</u>	<u>FY 2016 estimate</u>
Obligations from new authority	\$8,170,700	\$8,437,000	\$9,450,000
Plus: Unobligated balance	<u>101,300</u>	<u>0</u>	<u>0</u>
Limitation on the Office of Inspector General	\$8,272,000 <u>a/</u>	\$8,437,000 <u>b/</u>	\$9,450,000

Relation of direct obligations to outlays

Obligations incurred	\$8,170,700	\$8,437,000	\$9,450,000
Obligated balance, start of year	0	597,000	597,000
Obligated balance, end of year	<u>(597,000)</u>	<u>(597,000)</u>	<u>(597,000)</u>
Outlays	\$7,573,700	\$8,437,000	\$9,450,000

a/ Represents the level of funding provided by the Consolidated Appropriations Act, 2014 (P.L. 113-76).

b/ Represents the resources provided by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

Note: Funding for the audit and investigative activities of the Railroad Retirement Board - Office of Inspector General is transferred from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit (SSEB) Account, and the Railroad Unemployment Insurance Account (RUIA). The President's budget for fiscal year 2016 reflects budget authority for administrative expenses in the RRA, SSEB Account, and the RUIA. The Limitation on the Office of Inspector General receives spending authority from offsetting collections equal to the appropriation amount.

APPROPRIATIONS HISTORY TABLE

<u>FISCAL YEAR</u>	<u>PRESIDENT'S BUDGET TO CONGRESS</u>	<u>HOUSE ALLOWANCE</u>	<u>SENATE ALLOWANCE</u>	<u>APPROPRIATION</u>	
2006	\$7,195,968	\$7,196,000	\$7,196,000	\$7,124,040	<u>a/</u>
2007	\$7,606,000	\$7,606,000	\$7,606,000	\$7,172,686	<u>b/</u>
2008	\$7,606,000	\$7,606,000	\$8,000,000	\$7,047,688	<u>c/</u>
2009	\$7,806,000	\$7,806,000	\$7,806,000	\$7,806,000	<u>d/</u>
2010	\$8,186,000	\$8,186,000	\$8,186,000	\$8,186,000	<u>e/</u>
2011	\$8,936,000	----	----	\$8,169,628	<u>f/</u>
2012	\$9,259,000	----	----	\$8,154,559	<u>g/</u>
2013	\$8,820,000	----	----	\$7,973,686	<u>h/</u>
2014	\$8,877,000	----	----	\$8,272,000	<u>i/</u>
2015	\$8,750,000	----	----	\$8,437,000	<u>j/</u>
2016	\$9,450,000				

a/ Represents the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149) amount of \$7,196,000, less \$71,960 rescinded in accordance with P.L. 109-148.

b/ Represents \$7,124,040 provided by the Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5), plus an additional \$48,646 to reimburse one-half of the January 2007 pay raise provided by Section 111 of P.L. 110-5.

c/ Represents the Consolidated Appropriations Act, 2008 (P.L. 110-161) amount of \$7,173,000, less \$125,312 rescinded in accordance with P.L. 110-161.

d/ Represents the amount made available by the Consolidated Appropriations Act, 2009 (P.L. 111-8).

e/ Represents the amount made available by the Consolidated Appropriations Act, 2010 (P.L. 111-117).

f/ Represents the amount made available by the Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10), less \$16,372 rescinded in accordance with P.L. 112-10.

g/ Represents the Consolidated Appropriations Act, 2012 (P.L. 112-74) amount of \$8,170,000, less \$15,441 rescinded in accordance with P.L. 112-74.

h/ Represents the level of funding provided by the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

i/ Represents the level of funding provided by the Consolidated Appropriations Act, 2014 (P.L. 113-76).

j/ Represents the level of funding provided by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

STAFFING HISTORY

Railroad Retirement Board - Office of Inspector General Actual and Projected Full-Time Equivalent Employment

<u>Fiscal Year</u>	<u>Total FTEs</u>	<u>Change from previous year</u>	<u>Percent change from previous year</u>	<u>Cumulative FTE Changes</u>	<u>Cumulative percent change since fiscal year 1993</u>
1993	99	---	---	---	---
1994	93	-6	-6.1%	-6	-6.1%
1995	88	-5	-5.4%	-11	-11.1%
1996	74	-14	-15.9%	-25	-25.3%
1997	62	-12	-16.2%	-37	-37.4%
1998	59	-3	-4.8%	-40	-40.4%
1999	59	0	0.0%	-40	-40.4%
2000	54	-5	-8.5%	-45	-45.5%
2001	51	-3	-5.6%	-48	-48.5%
2002	51	0	0.0%	-48	-48.5%
2003	53	2	3.9%	-46	-46.5%
2004	51	-2	-3.8%	-48	-48.5%
2005	50	-1	-2.0%	-49	-49.5%
2006	51	1	2.0%	-48	-48.5%
2007	48	-3	-5.9%	-51	-51.5%
2008	47	-1	-2.1%	-52	-52.5%
2009	48	1	2.1%	-51	-51.5%
2010	53	5	10.4%	-46	-46.5%
2011	53	0	0.0%	-46	-46.5%
2012	52	-1	-1.9%	-47	-47.5%
2013	48	-4	-7.7%	-51	-51.5%
2014	49	1	2.1%	-50	-50.5%
2015	50	<u>a/</u> 1	2.0%	-49	-49.5%
2016	54	<u>a/</u> 4	8.0%	-45	-45.5%

a/ Reflects estimated FTEs to be used.

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

EXPLANATION OF THE FISCAL YEAR 2016 REQUEST

The Office of Inspector General (OIG) at the Railroad Retirement Board (RRB) is responsible for promoting economy, efficiency and effectiveness; and for identifying and preventing fraud, waste and abuse in agency programs. The RRB administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families. It is the Railroad Retirement Board's (RRB) mission to pay accurate and timely benefits. During fiscal year (FY) 2014, the RRB paid approximately \$12 billion in retirement and survivor benefits to 562,000 beneficiaries. It also paid \$86 million in net unemployment and sickness insurance benefits to almost 10,000 unemployment insurance beneficiaries and 16,000 sickness insurance beneficiaries.

The RRB contracts with a separate Medicare Part B carrier to process the Medicare Part B claims of qualified railroad retirement beneficiaries. As of September 30, 2014, there were about 460,000 such beneficiaries enrolled in the Medicare Part B program through the RRB. During FY 2014, the RRB's separate Part B carrier paid approximately \$821 million in benefits.

The OIG conducts audits, management reviews, inspections of RRB program operations, and provides recommendations for improvement to agency management. The OIG also identifies and investigates cases of waste, fraud and abuse in RRB programs, and makes referrals for prosecution and monetary recovery actions.

The FY 2016 Performance Budget, including the President's proposed administrative budget and projected performance statistics for fiscal years 2015 and 2016, is included in this budget justification.

The OIG is requesting \$9,450,000 in FY 2016 to conduct its independent oversight of agency operations. The OIG will continue its efforts to perform fraud investigations, identify operational weaknesses, and detect internal control deficiencies in RRB benefit programs. The OIG will also continue its work with agency managers to ensure implementation of corrective actions.

The Office of Inspector General conducts its operations through two major components: the Office of Audit and the Office of Investigations. A discussion of the priority areas in FY 2016 for audit and investigative activities follows.

OFFICE OF AUDIT

The mission of the Office of Audit (OA) is to (1) promote economy, efficiency, and effectiveness in the administration of RRB programs, and (2) detect and prevent fraud and abuse in such programs. Through the Inspector General, OA keeps the Board Members and the Congress informed of current and potential problems and deficiencies in RRB operations and the status of progress towards corrective action.

During FY 2016, OA will focus on areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste and abuse. In FY 2016, OA will continue its emphasis on long-term systemic problems and solutions, and will address major issues that affect the RRB's service to rail beneficiaries and their families. OA has identified six broad areas of potential audit coverage:

- Financial Accountability
- RRA and RUIA Benefit Program Operations
- RRB Contracts and Contracting Activities
- Railroad Medicare Program Operations
- Security, Privacy and Information Management
- Improper Payments Act of 2010 Oversight

During FY 2016, OA must accomplish the following mandated activities with its own staff:

- Audit of the RRB's Financial Statements pursuant to the requirements of the Accountability of Tax Dollars Act of 2002; and
- Evaluation of Information Security pursuant to the Federal Information Security Management Act (FISMA).
- Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act of 2010.
- Review of IG Requirements for Government Charge Card Abuse and Prevention Act of 2012
- Identification of Performance and Management Challenges for Fiscal Year 2016

During FY 2016, OA will complete the audit of the RRB's FY 2015 financial statements and begin its audit of the agency's FY 2016 financial statements. OA contracts with a consulting actuary for technical assistance in auditing the RRB's Statement of Social Insurance, which became basic financial information effective for FY 2006. In addition to performing the annual evaluation of information security, OA also conducts audits of individual computer application systems that are required to support the annual FISMA evaluation. Our work in this area is targeted toward the identification and elimination of security deficiencies and system vulnerabilities, including controls over sensitive personally identifiable information.

OA undertakes additional projects with the objective of allocating available audit resources to areas in which they will have the greatest value. In making that determination, OA utilizes a strategic planning process to focus on areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste and abuse. OA also considers staff availability, current trends in management, and Congressional and Presidential concerns. The OA annual work plan is the primary tool for directing and controlling OA activities annually.

OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) focuses its efforts on identifying, investigating and presenting cases for prosecution, throughout the United States, concerning fraud in RRB benefit programs. OI conducts investigations relating to the fraudulent receipt of RRB sickness, unemployment, disability, or retirement benefits. OI investigates railroad employers and unions when there is an indication that they have submitted false reports to the RRB. OI also conducts investigations involving fraudulent claims submitted to the Railroad Medicare Program. These investigative efforts can result in criminal convictions, administrative sanctions, civil penalties and the recovery of program benefit funds for any program administered by the RRB.

OI initiates cases based on information from a variety of sources. The RRB conducts computer matching of employment and earnings information reported to state governments and the Social Security Administration with RRB benefits paid data. Fraud referrals are made to OI if a match is found. OI also receives allegations of fraud through the OIG Hotline, contacts with state, local and Federal agencies, and information developed through audits conducted by the OIG's Office of Audit.

OI Investigative Results for FY 2014

<u>Civil Judgments</u>	<u>Indictments/Informations</u>	<u>Convictions</u>	<u>Financial Accomplishments</u>
24	35	89	\$343,500,000 ¹

OI anticipates an ongoing caseload of approximately 400 investigations in FY 2016. During FY 2014, OI opened 184 new cases and closed 236. As of September 30, 2014, OI had cases open in 48 states, the District of Columbia, and Canada, with estimated fraud losses totaling over \$401 million.

OI will concentrate its resources on cases with the highest fraud losses. Typically, these cases are related to the RRB's disability and Medicare programs. Disability fraud cases currently constitute approximately 29% of OI's total caseload. These cases involve more complicated schemes and often result in the recovery of substantial funds for the agency's trust funds. OI will continue to dedicate considerable time and resources in the investigation of nationwide schemes to defraud the RRB disability program. These cases require sizeable resources for travel by special agents to conduct surveillance, or more sophisticated investigative techniques and numerous witness interviews. The schemes are often complex and, in some instances, even include conspiratorial involvement by attorneys. The cases also require very sophisticated financial analysis, since the schemes are often cloaked in what could appear to be legitimate business practices.

Of particular significance is an ongoing disability fraud investigation related to a New York based railroad. To date, 33 individuals have been indicted; 28 of these individuals pleaded guilty and five more were convicted in Federal court. In addition, 44 former employees with the railroad avoided prosecution by admitting their role in the fraud and agreeing to the termination of their benefits. As of September 30, 2014, all individuals prosecuted in connection with this case have been sentenced. In the aggregate, they received 544 months of prison, 594 months of probation, 456 months of supervised release, 57 months of home confinement, 300 hours of community service, and were ordered to pay more than \$614 million in restitution, forfeiture, and fines.

¹ The total amount of financial accomplishments reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal Programs such as Medicare or Social Security, which were included in the disposition resulting from the investigation.

There is a potential for many more indictments in this case. OI agents will likely have to spend a considerable amount of time traveling to New York for trial preparation and investigations during FY 2015 and FY 2016.

The OI continues to work joint cases with other Offices of Inspector General and Federal law enforcement agencies that have responsibility for healthcare fraud matters. Medicare fraud investigations currently represent approximately 18% of OI's total caseload and more than \$192 million in fraud losses. OI's collaborative joint investigative efforts ensure that RRB beneficiaries are protected from sham medical practitioners, and that the Railroad Medicare program's interests are safeguarded from fraudulent schemes.

OI will also continue to investigate fraud violations of railroad employees collecting unemployment or sickness insurance benefits while working and receiving wages from an employer. OI continues to experience heightened referrals related to the RRB's unemployment program. One of the provisions of the American Recovery and Reinvestment Act of 2009 provided for extended unemployment benefits for workers, including those working in the railroad industry. These extended benefits have resulted in an escalation of fraud losses associated with this program. Unemployment fraud cases currently constitute 26% of the total caseload of our investigators.

OI will also investigate retirement fraud which typically involves the theft and fraudulent cashing of U.S. Treasury checks or the withdrawal of electronically deposited RRB benefits. OI will also use the Department of Justice's Affirmative Civil Enforcement Program to recover trust fund monies from cases that do not meet U.S. Attorney's guidelines for criminal prosecution.

In FY 2016, OI will continue to coordinate its efforts with agency program managers to address vulnerabilities in benefit programs that allow fraudulent activity to occur and will recommend changes to ensure program integrity. OI plans to continue proactive projects to identify fraud matters that are not detected through the agency's program policing mechanisms. Findings will be conveyed to agency management through OIG systemic implication reports to alert officials of operational weaknesses that may result in fraud against RRB programs. OI will also continue to work with RRB program managers to ensure the appropriate and timely referral of all fraud matters to the OIG.

OI will also investigate complaints involving administrative irregularities and any alleged misconduct by agency employees.

Conclusion

In FY 2016, the OIG will continue to focus its resources on the review and improvement of RRB operations and will conduct activities to ensure the integrity of the agency trust funds. This office will continue to work with agency officials to ensure the agency is providing quality service to railroad workers and their families. The OIG will also aggressively pursue all individuals who engage in activities to fraudulently receive RRB funds, including RRB Medicare funds.

RAILROAD RETIREMENT BOARD
OFFICE OF INSPECTOR GENERAL

FISCAL 2016 PERFORMANCE BUDGET

The audit and investigative programs of the Office of Inspector General (OIG) are dedicated to protecting the integrity of the Railroad Retirement Board's trust funds and improving the delivery of benefits to the railroad community. The OIG has developed the Fiscal Year 2016 Performance Budget to support our mission by establishing performance measures for our strategic goals.

The OIG is aware that external factors may significantly affect planned activities and the allocation of resources during any given fiscal year. New legislative mandates may necessitate the delay of scheduled projects to ensure that we meet new statutory requirements.

MISSION STATEMENT

The OIG will promote economy, efficiency, and effectiveness in the RRB's programs and operations by focusing our audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community.

VISION STATEMENT

The OIG employs a skilled and professional workforce dedicated to the goals and mission of the Office. The OIG will:

- conduct audits/evaluations, management reviews, and inspections of the RRB's programs and operations;
- provide recommendations for improvement to RRB management;
- prevent and detect fraud, waste, and abuse in the RRB's programs and operations;
- review and make recommendations regarding existing and proposed legislation and regulations relating to the RRB's programs and operations; and
- inform RRB Board Members and the Congress of problems in the RRB's programs and operations.

STRATEGIC GOALS

This plan establishes three strategic goals:

1. Add value to the RRB's programs and operations.
2. Protect the integrity of the RRB's programs, operations, and trust funds.
3. Ensure quality and excellence in the OIG's work and products.

The first goal addresses our independent oversight of the RRB's programs and operations. In support of this goal, we evaluate agency program functions, assess program efficiency, and advise management regarding necessary actions to improve agency performance.

The second goal involves compliance reviews and enforcement activities to identify systemic weaknesses in the RRB's programs and operations. Our objective is to reduce the potential for waste, fraud, and abuse in the RRB's programs and operations and to create a deterrent for future fraudulent activities.

The third goal focuses on the OIG's internal operations. We will identify ways to streamline audits and investigations by utilizing new technologies, providing staff training, and improving planning processes.

Goal 1 – Add value to the RRB's programs and operations.

The OIG's products and services are used by the RRB, the Congress, and other interested parties to improve the efficiency, effectiveness, and integrity of the RRB's programs and operations.

We will achieve this goal by:

- Focusing the OIG's work on major RRB programs and operations. Major areas include the annual financial statement audit, information systems and security, improper payments, and e-Government initiatives. We will review operating performance in both program and administrative functions to ensure that agency activities promote efficiency and minimize the potential for fraud, waste, and abuse.
- Providing accurate, objective, and timely information to the RRB, the Congress, and other interested parties.
- Promoting actions on the OIG's recommendations and providing recommendations that receive a high degree of acceptance.

Goal 2 – Protect the integrity of the agency’s programs, operations, and trust funds.

This goal addresses the third element of the OIG’s vision, to prevent and detect fraud and abuse in the RRB’s programs and operations. To achieve this goal, we will review and investigate allegations of fraud that are referred to our office through a variety of internal and external sources. We will also develop proactive strategies to identify systemic fraud and abuse and make recommendations to address the causes. Based on the recommendations issued by this office, the agency has the responsibility to establish the necessary controls in its programs and operations.

We will achieve this goal by:

- Analyzing RRB programs and operations to identify those that are most susceptible to fraud and abuse and those programs for which the agency’s policing mechanisms are ineffective. We will continue to develop traditional information sources, both within and outside the agency, that provide information concerning allegations of fraud and abuse.
- Taking timely actions in response to allegations of fraud and abuse. We will take a proactive approach to developing electronic information sources and methodologies that will allow us to conduct our investigations and analysis in the most efficient manner. We will provide the necessary support for prosecutors to conduct appropriate criminal or civil actions to address allegations of fraud or abuse.
- Providing all interested parties, i.e., prosecutors, agency officials, the Congress, and others as warranted, with complete, accurate, and timely reports concerning the results of our audit and investigative activities. We will alert agency officials and the Congress regarding significant issues that will impact agency programs and operations. We will encourage publication of judicial results by prosecutors to strengthen the deterrent effect of those actions.
- Conducting timely follow-up actions to ensure the agency addresses our systemic issue recommendations.
- Monitoring progress for all matters referred for judicial action.

Goal 3 – Ensure quality and excellence in the OIG’s work and products.

To carry out its mission in a competent and efficient manner, the OIG must have a skilled and motivated work force. All staff members must have the knowledge and skills required to perform their duties. The OIG’s management will support its staff by providing the means to carry out the mission of the Office and implementing a comprehensive quality assurance program.

We will achieve this goal by:

- Focusing on recruitment and retention of a professional staff that is highly skilled and appropriately developed.
- Ensuring that the staff is fully supported with the necessary tools, services, and direction to carry out their oversight duties effectively and efficiently.
- Implementing a comprehensive quality assurance program that ensures compliance with OIG policies and procedures; the Council of the Inspectors General on Integrity and Efficiency quality standards for Federal Offices of Inspector General; and other requirements.

PERFORMANCE BUDGET

The Annual Performance Budget for FY 2016 provides performance indicators consistent with our strategic goals. Actual performance is provided in the following exhibit for fiscal years 2011 through 2014. Performance for fiscal year 2015 reflects the level of resources provided by the Consolidated and Continuing Appropriations Act, 2015, and fiscal year 2016 performance reflects the President’s proposed budget level of \$9,450,000.

Railroad Retirement Board Office of Inspector General FY 2016 Performance Budget	<u>FY 2011</u> Actual (\$8.170M)	<u>FY 2012</u> Actual (\$8.155M)	<u>FY 2013</u> Actual (\$7.974M)	<u>FY 2014</u> Actual (\$8.272M)	<u>FY 2015</u> Estimate (\$8.437M)	<u>FY 2016</u> Request Level (\$9.450M)
Strategic Goal I: Add value to the RRB's programs and operations.						
The OIG will solicit suggestions for audits and reviews for the annual audit work plan from 100% of the agency's organizational components.	100%	100%	100%	100%	100%	100%
Seventy-five percent of audit reports will be issued within 240 days.	62%	50%	64%	67%	65%	72%
Agency management agrees with 80% of recommendations made in audit, evaluation, and inspection reports.	92%	93%	86%	86%	80%	80%
Reports on the progress of corrective actions for audit recommendations will be issued to the RRB Chairman within 35 days of the six month reporting period.	35 days	35 days				
The OIG will file 100% of reports on time, and acknowledge 100% of requests for information within three working days.	100%	100%	100%	100%	100%	100%
	100%	100%	100%	100%	100%	100%
Strategic Goal II: Protect the integrity of the RRB's programs, operations, and trust funds.						
Percentage of allegations evaluated and submitted for disposition within 30 days of receipt.	70%	87%	80%	90%	90%	92%
Percentage of investigative cases closed during a fiscal year which resulted in a successful action, i.e., criminal indictment, criminal conviction, civil judgment or settlement, administrative action, or monetary recovery	32%	35%	30%			

Railroad Retirement Board Office of Inspector General FY 2016 Performance Budget	<u>FY 2011</u> Actual (\$8.170M)	<u>FY 2012</u> Actual (\$8.155M)	<u>FY 2013</u> Actual (\$7.974M)	<u>FY 2014</u> Actual (\$8.272M)	<u>FY 2015</u> Estimate (\$8.437M)	<u>FY 2016</u> Request Level (\$9.450M)
Percentage of investigative cases closed, or in judicial process, during a fiscal year which resulted in a successful action, i.e., criminal indictment, criminal conviction, civil judgment or settlement, administrative action, or monetary recovery				42%	42%	49%
Percentage of responses to completed case surveys indicating an evaluation of full satisfaction or higher regarding OIG investigative products.	100%	100%	100%			
The OIG will complete 4 projects to identify fraud cases that are not detected through agency policing procedures.	7	7	4	5	5	7
Strategic Goal III: Ensure quality and excellence in the OIG's work and products.						
Percentage of employees meeting the training requirements of their profession.	97%	97%	95%	90%	90%	96%
All auditors hold the appropriate credentials to satisfy government, PCIE and applicable standards.	100%	100%	100%	100%	100%	100%
All auditors will receive 80 hours of continuing professional education over 2 years.	100%	100%	100%	100%	100%	100%
Eighty percent of audits, evaluations, and inspections are subjected to an internal quality assurance review.	100%	100%	100%	100%	100%	100%