



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL



Railroad Retirement Board's Office of Inspector General Coronavirus Aid, Relief, and Economic Security Act Oversight Plan

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INTRODUCTION

This report presents the Railroad Retirement Board's Office of Inspector General (RRB-OIG) plan for oversight of agency implementation of the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The CARES Act, signed into law on March 27, 2020, boosts unemployment and sickness insurance benefits for railroad workers impacted by the coronavirus disease 2019 (COVID-19).

The Railroad Retirement Board

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal government. The RRB administers the unemployment and sickness insurance benefit programs for railroad workers and their families under the Railroad Unemployment Insurance Act (RUIA). RRB programs provide income protection in the event of temporary unemployment or sickness. The RRB paid net unemployment-sickness benefits of \$88 million to approximately 23,000 claimants during fiscal year 2019. The maximum biweekly rate for unemployment and sickness benefits was \$780 before sequestration. The RRB has reported an increase in unemployment and sickness claims from January 2020 to April 2020.

The Office of Inspector General

The Inspector General is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to both the Board and the Congress. It is the Inspector General's responsibility to promote economy, efficiency, and effectiveness in the RRB's programs. To that end, the RRB-OIG conducts audits, management reviews, and inspections of RRB programs and operations. As a result of these efforts, the RRB-OIG provides recommendations for agency improvement to management. The RRB-OIG also identifies and investigates cases of waste, fraud and abuse in agency programs. The RRB-OIG works closely with Federal prosecutors and makes the appropriate referrals for criminal prosecution, civil prosecution, or monetary recovery.

The RRB-OIG has three operational components: the immediate Office of the Inspector General; the Office of Audit; and the Office of Investigations.

The health and welfare of our nation's railroad workers and their families rely on the economy, efficiency, and effectiveness in the RRB's programs. The RRB-OIG works proactively to provide a continuing program of oversight to these essential programs. The key elements of this program and how they apply to the CARES Act are described in this report.

¹ Pub. L. No. 116-136 (2020).
CARES Act Oversight Plan

The CARES Act

The CARES Act, recently signed into law by President Trump, contains a number of provisions that affect railroad workers. Under the CARES Act, the one-week waiting period required before railroad workers can receive unemployment or sickness benefits is temporarily eliminated. This applies to an employee's fourteen day registration period for a period of continuing sickness or unemployment beginning after the effective date of the law and ending on or before December 31, 2020. In addition, the amount of unemployment benefits is increased by \$1,200 per two-week period. This is in addition to the current biweekly maximum of \$733.98 received by most claimants. This increased amount applies to any fourteen day registration period beginning on or after April 1, 2020, through July 31, 2020.

Funding provided for the RRB consisted of an appropriation of \$425 million to pay for the increase in unemployment benefits, with an additional \$50 million provided to cover the cost of eliminating the waiting period. If these funds are exhausted, the new provisions will no longer apply. The RRB was also awarded an additional amount of \$5 million, this amount will remain available until September 30, 2021, to prevent, prepare for, and respond to COVID-19, including the purchase of information technology equipment to improve the mobility of the workforce and provide for additional hiring or overtime hours as needed to administer the RUIA.

The CARES Act also authorizes payment of extended unemployment benefits to rail workers who received unemployment benefits from July 1, 2019, to June 30, 2020. Under the legislation, railroad workers with less than 10 years of service may be eligible for up to 65 days of extended benefits within 7 consecutive fourteen day registration periods. Workers with 10 or more years of railroad service, who were previously eligible for up to 65 days in extended benefits, may now receive benefits for up to 130 days within 13 consecutive fourteen day registration periods.

Some of the directives the Office of Management and Budget (OMB) gave to agencies, which expands on the language of the relief bills, include:

- Work with OMB's resource management offices to resolve any questions on program design before issuing such funds.
- Work with OMB's evaluation officers and performance improvement officers to document new program processes, identify risks, and project outcomes.
- Report to OMB monthly on obligations or expenditures of large covered funds, which exceed \$150,000. The CARES Act also requires OMB, the Council of Economic Advisors, Treasury Department, and Small Business Administration to report quarterly on the effect of COVID-19 relief funds on employment, estimated economic growth.
- Incorporate performance reporting of COVID-19 programs into agency mission plans and reports.
- Make sure qualified agency personnel are overseeing program awards.
- Streamline regulations when feasible to expedite giving out awards.
- Prioritize using evidence-based programs.

- Communicate with state, local and tribal governments and nonprofits on fund use.
- Use plain language to describe award programs.
- Ensure data from funding use is reported for public consumption and internal decision-making.
- Consider amending other reporting and audit deadlines over the next 60 days in order to prioritize pandemic-related work.²

OMB Memorandum M 20-21 further breaks down sections 15010 and 15011 of the CARES Act, which describe reporting requirements in the most expensive bill in U.S. history.³ These sections require federal agencies and recipients to report on the use of covered funds, agencies in coordination with OMB to provide user-friendly means for recipients to meet these requirements, and the Pandemic Response Accountability Committee to leverage existing technology and resources to the greatest extent practicable to meet the requirements of these sections.

Oversight – An Ongoing Process

The RRB-OIG works to provide oversight to all aspects of agency responsibility, which includes monitoring the implementation of significant provisions of laws and regulations and major projects to identify at-risk situations. Consistent with this approach, the RRB-OIG has taken the following actions in response to the CARES Act.

Interviewed Agency Management

The RRB-OIG held a conference with responsible RRB senior management to inquire about planned approaches, assigned staff, resource requirements, and project timing. The RRB has established a project team and the RRB-OIG will closely monitor the weekly status reports of the project.

With respect to the CARES Act, the RRB-OIG has:

- met with the senior agency officials that oversee the RRB’s activities related to the CARES Act and inquired about the agency’s overall approach to the Act’s requirements;
- met with the senior agency officials that oversee the RRB’s activities related to the CARES Act to identify an effective method of ensuring that the RRB-OIG remains fully informed of the progress and development of critical issues; and
- obtained information about management plans to spend the administrative funding provided by the CARES Act.

² Government Executive, *White House Advises Agencies on COVID-19 Spending and Reporting*, Courtney Bublé, April 13, 2020.

³ Office of Management and Budget (OMB), *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, Memorandum M-20-21 (Washington, D.C.: April 10, 2020).
CARES Act Oversight Plan

Reviewed Documentation of Plans and Activities

Based on our preliminary interviews and inquiries, we determined the timing and extent of documentary evidence that will be required to support our oversight efforts.

We will continue our inquiries and interviews concerning RRB implementation of the CARES Act and have placed a broad request for documentary evidence generated in connection with implementation of the CARES Act. This will allow the RRB-OIG to monitor progress and compare the roll-out of events with management's plans as they have been communicated to us. We have begun building an information bank to assist us in scheduling additional contacts and identifying at-risk activities.

Considerations in Plan

The RRB-OIG uses information obtained through interviews, inquiries, and document gathering to develop our oversight strategy. We use this preliminary information to identify the key elements of the project that are considered when developing the RRB-OIG oversight plan. With respect to the CARES Act, the RRB-OIG has developed this formal oversight plan which is presented in detail. In addition, we will include the CARES Act benefits in our standard program of fraud identification.

System Modifications

System modifications will be required to accommodate additional periods of entitlement to unemployment benefits under the RUIA. Modifications will be needed to support accounting, payment, and entitlement, including prevention of over/underpayment. In addition to payment control and accounting, system modifications will be required to account for the funds directly allocated to the CARES Act.

System modifications carry their own unique risk that the newly modified system will not function as planned. In response to this risk, the RRB-OIG will:

- interview the responsible officials and confirm what system modifications will be required to support extended periods of entitlement under the RUIA;
- obtain information about the scope and impact of planned system modifications; and
- continue to monitor agency activity, gather information, and design such additional detailed tests as may be appropriate in the circumstances.

Fraud Identification

Benefit payment programs are inherently vulnerable to fraud. The RRB-OIG maintains a public website offering a Fraud, Waste, and Abuse Hotline as a direct avenue of communication. In addition, the RRB-OIG has established an ongoing program of fraud identification from data matching initiatives. Extended RUIA unemployment benefits paid under the CARES Act will be covered by our program of developing fraud referrals from the wage matching programs with

individual states. This program identifies individuals who have reported earnings while receiving unemployment benefits.

Developed a Detailed Plan

The RRB-OIG has developed a CARES Act oversight plan as part of our ongoing program of oversight to the RRB. Our oversight plan is based on the provisions of the CARES Act and interviews of responsible agency management for the plans and activities. We expect to review and revise our approach to CARES Act oversight as new information about the progress of agency implementation becomes available.

THE CARES ACT OVERSIGHT PLAN

This plan articulates the RRB-OIG's plan of action for monitoring agency implementation of the CARES Act and the issuance of the economic considerations. Our objective will be to provide RRB management with information that will assist them in ensuring compliance, transparency, and fiscal accountability with the CARES Act.

Key Considerations and Risk Factors

We have identified four key considerations that will govern our approach and execution of the oversight plan:

1. agency modifications to the established processes and controls;
2. monetary impact of the benefit provisions;
3. the impact of mandated reporting requirements on agency performance; and
4. timely notification of any RRB-OIG concerns.

With respect to the benefit and financing provisions of the CARES Act, the RRB-OIG has planned its oversight program using a risk-based approach which considers:

- monetary exposure;
- complexity of the action required by the CARES Act provisions;
- the need for coordination with other Federal agencies;
- applicability/availability of agency expertise; and
- the potential for uncorrected weaknesses in internal control to adversely impact agency performance.

Following is a description of the general approach that we will apply for oversight of the RRB's implementation of the economic benefits of the CARES Act.

Overall Approach

The RRB's responsibilities under the CARES Act fall within the scope of its routine activities under the RUIA. We expect the expenditure of funds made available under the CARES Act, for benefits as well as administrative activities, will require changes to the procedures and controls that apply to normal agency operations. The RRB-OIG will:

1. review all procedures developed or modified to implement the provisions of the CARES Act;
2. identify established controls that are being overridden or eliminated;
3. monitor management's milestones to ensure that they meet established deadlines under the CARES Act;
4. verify the RRB's identification and tracking of funding from the CARES Act;
5. monitor the RRB's approved expenditure plans to ensure that they meet the purposes as defined in the CARES Act;
6. identify and review the use of contractors to accomplish the RRB's project objective; and
7. timely communicate RRB-OIG concerns to management's attention during the ongoing oversight process.

General Management and Reporting Requirements

The CARES Act also establishes general requirements for management and reporting which are applicable to all impacted agencies. These requirements are detailed in section 15010 which establishes the Pandemic Response Accountability Committee to promote transparency and conduct oversight of funds provided to respond to the COVID-19 outbreak and section 15011 which establishes reporting requirements for entities that receive certain funds to respond to the COVID-19 outbreak. OMB issued M 20-21 modifies agency reporting instructions for COVID-19 related funding in the following areas:

- expand usage of the Disaster Emergency Fund Code for tracking supplemental funding;
- extending requirements to data provided for USASpending.gov;
- additional monthly and outlay reporting requirements on financial data spending for USASpending.gov;
- program activity reporting;
- management of reporting and data integrity risk related to COVID-19 response funding;
- National Interest Action code for procurement; and
- agency requirements to capture reporting of purchase card use.

On an ongoing basis, the RRB-OIG will monitor agency compliance with the various requirements of the law and implementing guidance. A focus will be on the compliance with reporting requirements and deadlines imposed under the CARES Act.

POST-IMPLEMENTATION OVERSIGHT

The RRB-OIG anticipates that our efforts during the implementation of the CARES Act provisions may identify matters that can best be developed and presented by a formal audit process. In addition, the benefit payment provisions of the CARES Act may create an increased potential for fraud.

Audits

The RRB-OIG will perform the annual audit of the RRB's fiscal year 2020 financial statements which would include activities financed by the CARES Act. In addition, we will use the information obtained during the ongoing oversight process as a basis for determining what additional audit coverage may be required to inform agency management, Congress, or the public about agency performance.

Investigations

The RRB-OIG will pursue fraud referrals from established fraud identification initiatives. These established initiatives were implemented to target individuals and dismantle organizations that have devised fraud schemes common to the RUIA as well as programs administered by the RRB stemming from the CARES Act. The CARES Act provides for an increase in unemployment benefits for railroad workers impacted by the COVID-19 pandemic. This increase of RRB unemployment benefits provides RRB annuitants with an additional bi-weekly amount of \$1,200 under section 2113 of the CARES Act. The increase in Congressional funding heightens the fraud risk to the RRB unemployment program. The economic relief to the railroad industry and their workers necessitates an increased and robust oversight of the administration of unemployment benefits.

In addition, we will work with RRB management to ensure mechanisms established to identify and refer fraud, waste, and abuse to the RRB-OIG will continue to function effectively and efficiently with respect to the projected increase of applicants and extended benefits provided by the CARES Act.

CONTACT THE OFFICE OF INSPECTOR GENERAL

For Further Information Contact:

William Fergus
Deputy Assistant Inspector General for Investigations
U.S. Railroad Retirement Board
844 N. Rush Street
Chicago, Illinois 60611
Telephone: 312-751-4350
EMAIL: William.Fergus@oig.rrb.gov

Debra Stringfellow-Wheat
Deputy Assistant Inspector General for Audit
U.S. Railroad Retirement Board
844 N. Rush Street
Chicago, Illinois 60611
Telephone: 312-751-4864
EMAIL: Debra.Wheat@oig.rrb.gov