U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Management Information Report

Railroad Retirement Board's Actions in Response to Pandemic Funding

Report No. 22-06

March 16, 2022

OFFICE OF INSPECTOR GENERAL
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What We Found

This report presents recommendations and updates on prior issues raised by the Office of Inspector General (OIG) during our oversight of the actions of the Railroad Retirement Board (RRB) while implementing the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the subsequent related laws. The series of laws in 2020 and 2021 provided economic relief to the rail community and the RRB during the pandemic. These laws were the CARES Act, the Continued Assistance to Rail Workers Act (CARWA), and the American Rescue Plan Act (ARPA). Each act provided for the payment of enhanced and extended benefits under the Railroad Unemployment Insurance Act. This report addresses the transparency in the RRB's reporting of CARES Act obligations and their hiring practices using ARPA funding. This report also addresses RRB communication of COVID-19 purchase card requirements.

What We Recommend

To address the weaknesses identified in this review, we made three recommendations. We recommended that RRB reconcile obligations reported to determine the correct total for obligations charged to a $5 million technology appropriation. We recommended that RRB establish a group tasked with hiring decisions and that the group use documented and reliable procedures for hiring using ARPA appropriations. We also recommended that 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 these recommendations.

What We Did

The 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, we examined the transparency in the RRB's reporting of CARES Act obligations and the RRB hiring using ARPA funding.

Our objective was to provide RRB management with information that would assist them in ensuring pandemic funding compliance, transparency, and fiscal accountability.

The scope of this review was the RRB's actions and monitoring of the appropriated pandemic funding and the hiring practices under the ARPA appropriation.

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INTRODUCTION

This report presents additional recommendations and updates on prior issues raised by the Office of Inspector General (OIG) during our oversight of the actions of the Railroad Retirement Board (RRB) while implementing the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the subsequent related laws.[1] A series of laws in 2020 and 2021 provided economic relief to the rail community and the RRB. These laws were the CARES Act, the Continued Assistance to Rail Workers Act (CARWA), and the American Rescue Plan Act (ARPA).[2] Each act provided for the payment of enchanced and extended benefits under the Railroad Unemployment Insurance Act (RUIA). This report addresses the transparency in the RRB's reporting of CARES Act obligations and their hiring practices using ARPA funding. This report also addresses RRB communication of COVID-19 purchase card requirements. In this report, the funding received under all programs will be referred to as "pandemic funding."

Objective(s), Scope, and Methodology

The objective of our review was to provide RRB management with information that would assist them in ensuring pandemic funding compliance, transparency, and fiscal accountability.

The scope of this review was the RRB's actions and monitoring of the appropriated pandemic funding and the hiring practices under the ARPA appropriation.

To accomplish the review objective, we:

- held bi-weekly discussions to coordinate efforts that included Office of Audit, Office of Investigations, and the OIG's General Counsel;
- identified criteria for RRB appropriations from the pandemic funding;
- reviewed regular status updates provided by the RRB's Bureau of Information Services and Office of Programs (OP);
- interviewed RRB officials; and
- requested and reviewed source documentation from RRB.

We conducted our oversight work at RRB headquarters in Chicago, Illinois from March 2021 through September 2021.

Background

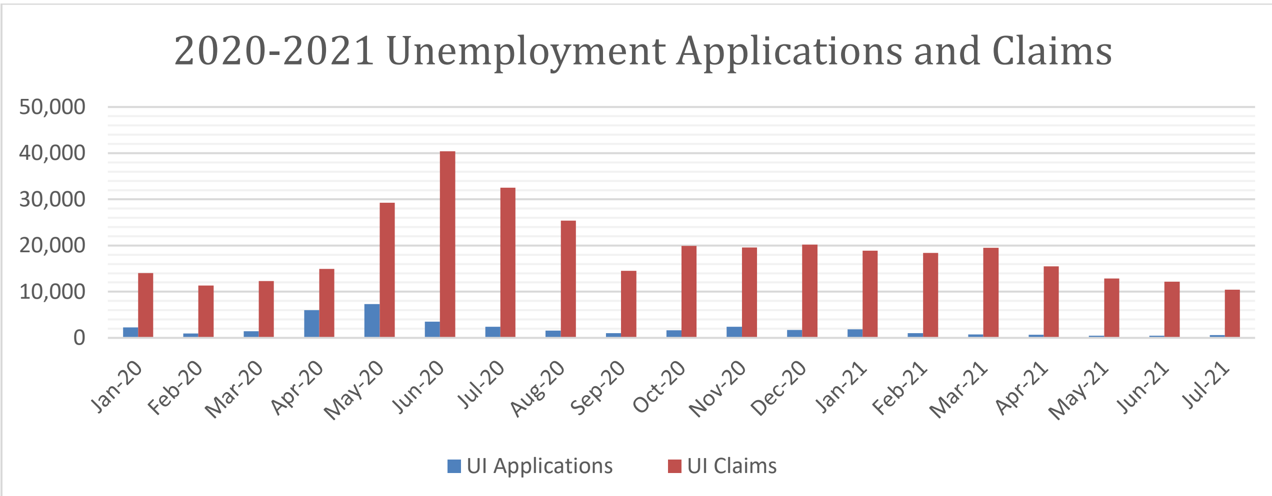
The RRB is an independent agency in the executive branch of the Federal Government. The RRB administers the unemployment and sickness insurance benefit programs for railroad workers

[1] Pub. L. No. 116-136 (2020).

[2] H.R. 133-776 (2021) and Pub. L. No. 117-2 (2021).

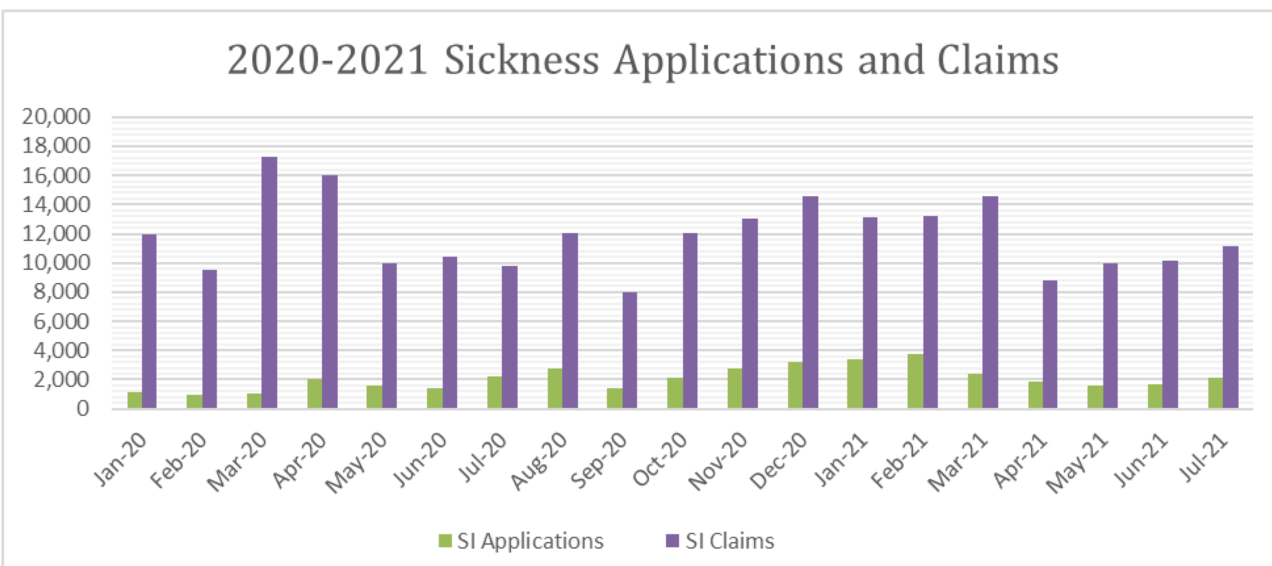
and their families under the RUIA.[3] These RRB programs provide income protection in the event of temporary unemployment or sickness. The RRB experienced significant increases in both unemployment and sickness applications and claims beginning in March 2020 and continuing into 2021. See Figures 1 and 2 for graphic illustrations of these increases.

Figure 1. 2020-2021 Unemployment Applications and Claims



Source: RRB OIG Analysis of RRB's Office of Programs data.

Figure 2. 2020-2021 Sickness Applications and Claims



Source: RRB OIG Analysis of RRB's Office of Programs data.

[3] 45 U.S.C. 11, *Railroad Unemployment Insurance Act*.

The Pandemic Funding

The CARES Act, signed into law on March 27, 2020, boosted unemployment and sickness benefits for railroad workers impacted by the pandemic. The RRB received funding with an appropriation of $425 million to pay for the increase in unemployment benefits and an additional $50 million to cover the cost of eliminating the waiting period. The RRB was also awarded an additional $5 million to remain available until September 30, 2021 to prevent, prepare for, and respond to coronavirus, including the purchase of information technology (IT) equipment to improve the mobility of the workforce and provide for additional hiring or overtime hours as needed to administer the RUIA.

Under the CARES Act, the one-week waiting period required before railroad workers received unemployment or sickness benefits was temporarily eliminated through December 31, 2020. In addition, the amount of unemployment benefits was increased by $1,200 per two-week period for any two-week registration period beginning on or after April 1, 2020, through July 31, 2020. The CARES Act also authorized payment of extended unemployment benefits to rail workers who received unemployment benefits from July 1, 2019 to June 30, 2020. The payment of these extended unemployment benefits used remaining funds previously appropriated under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009.[4]

The unemployment and sickness benefits established under the CARES Act were extended on December 27, 2020 with H.R. 133, the Consolidated Appropriations Act of 2021.[5] The benefit provisions for the CARES Act benefit payments were extended for periods beginning December 26, 2020 through March 14, 2021. The increase to weekly unemployment was reduced to $600 per two-week period. These benefits were paid from remaining CARES Act funds.

ARPA provided the most recent pandemic funding and extended those same benefit provisions allowed under the CARES Act. [6] ARPA was signed into law March 11, 2021 and extended the benefits created with the CARES Act. The increase in weekly unemployment remained at $600 per two-week period. These benefits were extended through registration periods beginning on or before September 6, 2021. ARPA appropriated an additional $2 million to fund the additional extended unemployment insurance benefits.

ARPA also appropriated an additional $27.975 million to remain available until expended, to prevent, prepare for, and respond to the pandemic. Of this total, $6.8 million was for additional hiring and overtime bonuses as needed to administer the RUIA, and the remaining $21.175 million for supplementing the Board's IT Investment Initiatives.

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[4] Pub. L. No. 111-5 (2009) and Pub. L. No. 111-92 (2009).

[5] H.R.133 - *Consolidated Appropriations Act of 2021* (116th Congress 2019-2020).

[6] Pub. L. No. 117-2 (2021).

RRB's Actions While Issuing Benefits with Pandemic Funding

The RRB issued unemployment and sickness benefit payments using the pandemic funding in three phases corresponding to the benefits provided. The phases started with the CARES Act payments, but continued under the same method for the CARWA and ARPA payments. The phases corresponded to the type of benefit provided under the legislative acts as follows:

- Phase I was implemented for the extended unemployment insurance benefits. The RRB issued the first extended unemployment benefit payments under Phase I on May 10, 2020. The RRB issued benefits of over $45 million under this provision through August 2021.
- Phase II was implemented to pay the extra CARES Act Recovery Payments (CARP) for enhanced unemployment benefits. The RRB issued the first CARP enhanced unemployment benefit payments under Phase II on May 28, 2020. Under the CARES Act, these enhanced benefits were $1,200 per two-week period. The payments were reduced to $600 per two-week period in the subsequent acts. The RRB issued benefit payments exceeding $194 million under this provision through August 2021.
- Phase III was implemented to pay the waiver of the waiting period for unemployment and sickness insurance. The RRB issued these payments in two releases. The first release began to issue payments for new unemployment and sickness waiting periods and was implemented on July 13, 2020. The second release was for the retroactive payment of the first unemployment and sickness waiting periods and was implemented on August 13, 2020. The RRB issued benefits exceeding $12 million through August 2021 under this appropriation.

RRB OIG Oversight of the RRB's Pandemic Funding

The RRB OIG continued to perform oversight of the RRB since we issued our CARES Act Oversight Plan on May 15, 2020.[7] In accordance with this plan, we monitored agency implementation of the pandemic funding and provided RRB management with information to assist them in ensuring compliance, transparency, and fiscal accountability with the CARES Act, CARWA, and ARPA.

We previously issued two management information reports on the RRB's actions under the CARES Act. The first report was issued on September 28, 2020.[8] This report addressed concerns about the RRB's purchase and deployment of mobile phones for all employees, as well as concerns about CARES Act benefit payments being issued without any concurrent checks against state wage and unemployment benefit data for the same periods. Our second report was issued on March 26, 2021.[9] This report addressed concerns about identifying potential

[7] Railroad Retirement Board (RRB) Office of Inspector General (OIG), *Railroad Retirement Board's Office of Inspector General Coronavirus Aid, Relief, and Economic Security Act Oversight Plan* (Chicago, IL: May 15, 2020).
[8] RRB OIG, *Interim Report Regarding CARES Act Expenditures and Controls,* Report No. 20-08 (Chicago, IL: September 28, 2020).
[9] RRB, OIG, *Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic,* Report No. 21-04 (Chicago, IL: March 26, 2021).

fraud for CARES Act benefit payments and the resources committed to implement an automated debt recovery process for CARES Act benefit payments.

As part of the ongoing oversight, the RRB OIG contracted with outside auditors to perform reviews of the RRB's mobile phone deployment and the modernization appropriation awarded under ARPA. Audit reports will be issued at the conclusion of these contracted audits. Also as part of our ongoing oversight, we are currently auditing the extended benefit payments issued to railroad employees as a result of the pandemic legislation. We will also address internal controls for these benefit payments. That audit report will be issued later in this fiscal year.

RESULTS OF REVIEW

Our review identified inconsistencies in the reporting of outlays and obligations reported to Office of Management and Budget (OMB) for the $5 million CARES Act appropriation and questioned the hiring process and documentation supporting those hiring decisions with the funding provided under ARPA.

In addition, our review of RRB purchase card COVID-19 requirements found that the RRB properly communicated the requirements even though no COVID-19 related transactions were identified or reported to the RRB Program Coordinator.

See Appendix I for the full text of management's response to our findings and recommendations.

Reporting of Outlays and Obligations under the Information Technology Appropriation

The amounts that have been reported to OMB in the outlay reports do not reflect the same obligations as reported to USAspending.gov. The outlay report to OMB reflects total obligations for the $5 million appropriation of $4,018,904 as of June 30, 2021. This amount was significantly less than the amounts reported through USAspending.gov for RRB COVID-19 outlays and obligations. USAspending.gov reflects outlays by the RRB that total $6,302,005 and COVID-19 obligations of $14,466,034 as of June 28, 2021.

Memorandum OMB M-20-21 (OMB M-20-21) provides guidance for agencies to implement the requirements of Sections 15010 and 15011 of the CARES Act.[10] These sections require Federal agencies to report on the use of covered funds and in coordination with OMB to provide user friendly means for recipients to meet these requirements. In accordance with this directive, RRB's Bureau of Fiscal Operations (BFO) began reporting obligations for the $5 million appropriation to OMB on a weekly basis with the RRB's Report of COVID-19 Outlays report (outlay report) since May 2020. The outlay report was developed with guidance from OMB and originally included both outlays and obligations. After consultation with OMB in September 2020, the RRB changed to reporting only obligations.

The RRB also reports total obligations for the $5 million appropriation to OMB through USAspending.gov. USAspending.gov provides outlay data for COVID-19 showing what agencies have paid out, in addition to the existing obligation data showing what agencies have promised to pay.

During our review, OIG attempted to determine the obligations that should be charged against this appropriation using information from various sources. These sources had conflicting information on the obligation amounts. The lack of consistent data on the amounts obligated

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

prevented a reconciliation.

OMB M-20-21 requires agencies to incorporate reporting of performance on COVID-19 relief funding into their established mission performance plans and reports to the maximum extent possible. OMB indicated that spending transparency and regular reporting provides important accountability mechanisms to help safeguard taxpayer dollars and agencies must report information on awards to provide the public with information in a clear, accurate, and timely manner.

OMB M-20-21 also requires agencies to submit financial and award data to USAspending.gov. These submissions include summary financial data, obligation and outlay data by program activity and budget object class, and summary award-level obligation data.

The RRB's BFO provided instructions for creating the outlay report. These instructions do not address a reconciliation of the COVID-19 obligations reported to OMB through USAspending.gov and the obligations reported to OMB through the weekly outlay report.

The RRB was not providing OMB with consistent COVID-19 spending and obligation data and did not satisfy the spending transparency requirement under OMB M-20-21. The inconsistent amounts reported to OMB as total obligations under the $5 million technology appropriation could also affect the accuracy of tracking these appropriated funds.

Recommendation

We recommend that the Bureau of Fiscal Operations:

1. reconcile the obligations as reported to USAspending.gov and the weekly outlay report to determine the correct total for Coronavirus Disease 2019 obligations charged to the $5 million technology appropriation.

Management's Comments and Our Response

RRB management did not concur with recommendation 1. The RRB Executive Committee answered this recommendation noting that because the Chief Financial Officer is also a member of the RRB's Executive Committee, the response to the financial issues have been incorporated and are included in the consolidated response from the Executive Committee rather than being provided separately.

The RRB Executive Committee stated that BFO reconciled the monthly OMB Outlay Report to the DATA Act and Government-wide Treasury Account Symbol Adjusted Trial-Balance System submissions for the period ending December 2021. They noted that 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." See Appendix I for the full response.

The OIG's recommendation 1 remains unchanged. During fieldwork, several attempts were made to identify the obligations that should be charged against this appropriation and to reconcile to the OMB Outlays report. Due to conflicting source information, a reconciliation could not be performed despite numerous communications with staff in BFO. The reconciliation that RRB references in their response was based on changes subsequent to the period referred to in this report; therefore, no change is made to the recommendation.

RRB's Hiring Decisions under American Rescue Plan Act

Congress, through Section 2904 of ARPA, provided the RRB a $6.8 million appropriation for additional hiring and overtime bonuses as needed to administer RUIA. In response to an OIG inquiry, the RRB Senior Executive Officer indicated that the $6.8 million will be used to hire 40 to 45 additional claims representatives for the RRB's Bureau of Field Service (BFS) and 15 claims examiners for OP.

The RRB's Justification of Budget Estimates for fiscal year 2022 included a discussion of impending retirements and the need to hire staff to fill those vacancies. According to this justification, the ARPA appropriation will temporarily support RRB efforts of hiring to "manage the increased workloads resulting from the pandemic." Further, the Justification for Budget Estimates in the section "High Priority Staffing Need" documents that BFS was operating at a 27 percent staffing deficit in fiscal year 2020.

We have reliability concerns with the decision to hire additional claims representatives because we were not provided with supporting documentation. We inquired of the RRB's Executive Committee to identify the group responsible for making staffing decisions, but no answer was received. RRB did not provide a reliable method for calculating staffing levels and did not provide a risk assessment for determining staffing needed to meet critical mission essential needs.

For example, RRB stated that the ARPA appropriation would be used in part for hiring additional claims representatives. To analyze the need for the additional claims representatives, we gathered statistics from RRB for call volumes, visits, and number of full-time equivalents in BFS for fiscal years 2016 through 2020. Using those statistics in a data analytics model, we performed a regression analysis. Our analysis found a strong correlation between the number of calls and visits and the number of full-time equivalents required. Then, we used a regression prediction with actual fiscal year 2020 claims representative headcount and found that the actual headcount was higher than what was needed to handle the actual calls and visits.

In the Fiscal Year 2022 Justification of Budget Estimates, RRB refers to the attrition that was cited and stated an inability to fill BFS positions. We analyzed the yearly attrition from 2016 through 2020 and found the average attrition to be two percent, or four claims representatives, which was far below the additional 40 to 45 claims representatives to be hired. We also evaluated the average number of calls answered by claims representatives for fiscal years 2016 and 2020 and found an average decrease of 20 percent.

We did not attempt to determine the number of claims representatives or claims examiners that the RRB should hire. However, our analysis of attrition suggests that only four new claims representatives would need to be hired and the regression prediction model we developed using 5-year data estimates suggests that only one new claims representative should be hired.

Based on our analytics and evaluation, it appears BFS plans to hire a greater number of claims representatives than was necessary. RRB did not provide any substantive evidence or models to support the number of claims representatives for BFS or claims examiners for OP that RRB planned to hire.

During our review, we learned that 15 individuals were hired as OP claims examiners with the ARPA appropriation. These 15 individuals started training in August 2021 with an expected completion date in April 2022. We were not provided documentation to support the decision to hire these 15 claims examiners.

OP represented that during a typical day for a BFS claims representative, they would spend 80 percent of their time on telephone calls. Our analysis of the call statistics that we obtained for the fiscal years 2019 and 2020 yielded a conclusion that about 19 percent of a claims representatives' time would be spent on calls. OIG's concern was the apparent disparity between BFS analysis of 80 percent and OIG analysis based on call statistics of 19 percent and that without a reliable method to base hiring decisions, these decisions appear to be inefficient and ineffective. OIG analysis did not find severe understaffing in BFS, as described by BFS officials.

Staffing levels have decreased in BFS for fiscal years 2016 through 2020. Our analysis indicates that while the staffing levels have decreased in fiscal years 2019 and 2020, existing staff levels continue to provide approximately the same level of support for calls/visits. Therefore, the reduction in the staffing levels has not impacted the amount of calls/visits they service.

A concern exists about the ability of RRB to fund the costs of these additional hires after the $6.8 million appropriated in the ARPA is exhausted. OIG concerns extend to the possibility that if the majority of claims representatives' time in BFS are spent on telephone calls, then space in RRB headquarters in Chicago could be used and the space for field offices across the United States could be reduced or eliminated.

Government Accountability Office's *Standards for Internal Control in the Federal Government* specifies that agencies should use quality information that is current, accurate, and provided on a timely basis to achieve its objectives and inform its decisions.[11] Internal controls would enable RRB to provide reasonable assurance that the objectives of the RRB will be achieved. RRB lacks reliable methods for calculating staffing needs and did not prepare adequate documentation to support hiring decisions.

Inefficient hiring practices lead to increased budgets without program efficiencies and results. By developing a reliable method for calculating staffing levels, RRB would have a more accurate picture of the extent of any shortfalls and could take corrective action to address identified gaps.

[11] Government Accountability Office, *Standards for Internal Control in the Federal Government,* GAO 14-704G (Washington, D.C.: September 2014).

Recommendations

We recommend that the Railroad Retirement Board's Executive Committee:

2. establish a group tasked with hiring decisions for appropriated funds from the American Rescue Plan Act. This group should use documented and reliable procedures that are based on accurate and reliable data sources to determine hiring and staffing levels using appropriated funds from the American Rescue Plan Act; and

3. reconsider and revise its plans concerning hiring based on the American Rescue Plan Act appropriation because adequate supporting documentation had not been prepared.

Management's Comments and Our Response

The Executive Committee (EC) did not concur with recommendation 2. The 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 stated information about how they make their hiring decisions and what information they use for these decisions. See Appendix I for the full response.

The OIG's recommendation 2 remains unchanged. The documents to which the EC referred to in their non-concur response were documents previously provided to the OIG. The EC referred to Basic Board Order 2 that directs the EC to develop the RRB's Human Capital Plan (HCP). The Board Order suggests that each EC member develop a human capital plan for their organization and then work together on an overall plan. The OIG accepts the Board Order for its direction to the EC. The issue for the OIG is that RRB lacks reliable methods for calculating staffing needs and did not prepare adequate documentation to support its hiring decisions. These elements are not specified in the Basic Board Order. A HCP for RRB labeled for fiscal year 2021, but not dated as to when it was prepared, was provided to the OIG. Some information is given in this plan; however, the OIG's concern is with the plan's lack of supporting data, and lack of a reliable method for calculating staffing needs and for hiring based on those needs. This issue is not addressed in the HCP.

The EC did not concur with recommendation 3. RRB points out that OIG questions the reasons and support behind the hiring of claims examiners in OP and claims representatives in BFS. See Appendix I for the full response.

The OIG's recommendation 3 remains unchanged. In their response, the EC referenced a document they provided to the OIG that was prepared for the Committee on Oversight and Reform. That document contains bullet points that list the impacts of the pandemic and resulting office closures and restrictions. It also enumerates various items of workloads for claims examiners, but it does not provide data or a methodology for what is being counted. The documentation does not provide an explanation of how the additional hiring of another 15 individuals will impact the workloads. Much of the increased workloads are the result of pandemic-related occurrences that will decrease over time.

The EC referenced the HCP and states that it is further support that the RRB planned to hire 10 additional claims examiners into the SUBS section of OP. The OIG's issue is not the HCP, it is the lack of supporting data and the need for a reliable methodology, including a risk assessment.

The EC stated that they already had plans to hire 5 new staff and replace 51 additional staff for field service over the period of fiscal years 2022 through 2024 in anticipation of promotions. The EC also stated that pandemic funding allowed them to accelerate the hiring of 40 to 45 of these positions in the current year to address increased workloads pursuant to the pandemic. The EC also provided details on the average wait time for customer calls in reference to the additional hiring for BFS. However, the OIG's issue is that while staffing geographically dispersed field offices may increase the number of calls they can answer and decrease call wait times, this approach may not be the most efficient and cost-effective means to address these concerns. The OIG's concerns extend to the possibility that if the majority of claims representatives' time in BFS is spent on telephone calls, then space in RRB Headquarters in Chicago could be used for this purpose and the space for field offices across the United States could be reduced or eliminated. The OIG offered this proposal as a possible improvement for business efficiency in a prior report.[12]

Reporting of Purchase Card Transactions

RRB has a program for purchase card use and purchase card requirements. The procedures are documented in Administrative Circular, OA-21.[13] This program was managed by the Program Coordinator as identified in the administrative circular. On April 16, 2020, the Program Coordinator notified all RRB purchase card holders of the COVID-19 requirements found in OMB M-20-21 that apply to purchase card transactions. OMB M-20-21 contained a reference to purchase card use for COVID-19. Further guidance was issued with OMB M-20-27 in July 14, 2020.[14]

The CARES Act oversight team inquired of the RRB Program Coordinator in November 2020 and in July 2021. The RRB continues to administer the purchase card program and the card holders have been notified of the COVID-19 requirements. No COVID-19 related transactions were identified or reported to the RRB Program Coordinator.

[12] RRB OIG, *Office of the Inspector General's Proposal to Improve Business Efficiency at the Railroad Retirement Board* (Chicago, IL: September 21, 2011).

[13] RRB Administrative Circular OA-21, *Government Purchase Card Procedures*, September 25, 2020.

[14] OMB, *Additional Guidance on Federal Contracting Resiliency in the Fight Against the Coronavirus Disease (COVID-19),* Memorandum M-20-27 (Washington, D.C.: July 14, 2020).

UPDATES TO RECOMMENDATIONS IN THE RRB OIG'S SEPTEMBER 28, 2020 AND MARCH 26, 2021 INTERIM REPORTS

Deployment of Mobile Phones to RRB Employees

RRB approved an operating plan for the $5 million appropriation under the CARES Act. As part of this plan, the RRB purchased 685 mobile phones that were received in the RRB's inventory as of April 17, 2020. The RRB expected to complete deployment of all the mobile phones by August 31, 2020, but the deployment was not completed until November 6, 2020.

In our September 28, 2020 OIG Report 20-08 *Interim Report Regarding CARES Act Expenditures and Controls,* we recommended that the RRB's Executive Committee reconsider the need for all RRB employees to have the mobile phone and the related recurring costs. We also recommended that the RRB make the mobile phone numbers available internally since these are considered secondary contact methods.[15] The RRB's Executive Committee did not concur with the recommendation to reconsider the need for all RRB employees, but did concur to make the phone numbers available internally.

The OIG will continue to review the RRB's implementation and usage of the mobile phones with a contracted audit. The contracted audit for the continued review of the mobile phones began in September 2021.

Timely Comparison of CARES Act Payments to State Data

The RRB had continued to issue additional unemployment and sickness benefits under the provisions of the CARES Act. These benefit payments were issued without any concurrent checks against state wage and unemployment benefits data for the same periods. In our September 28, 2020 OIG Report 20-08 *Interim Report Regarding CARES Act Expenditures and Controls*, we recommended that the RRB's Executive Committee obtain state wage and unemployment data in a timelier manner in order to match with CARES Act RRB payments; thereby identifying potential fraudulent CARES Act payments quicker and increasing program integrity.[16] The RRB's Executive Committee did not concur with the recommendation.

In our response in the interim report, the OIG indicated that the lack of timely matching of CARES Act payments with state data should require the RRB to perform some additional procedures outside of the normal state wage matching process (SWM).

A September 2021 update from OP indicated that the RRB had not identified any new tools that capture real time employer information outside of the SWM process. However, once cases are identified through the SWM process, The Work Number allows the agency to obtain up-to-date wage information on a case-by-case basis. The agency was unable to perform timelier batch processing with The Work Number due to provisions in the Computer Matching and Privacy

[15] RRB OIG, Report No. 20-08.

[16] RRB OIG, Report No. 20-08.

Protection Act, cost, and higher agency priorities.

Resources Not Committed to Fraud Identification

In our previous review, RRB management had not addressed their responsibilities to increase efforts to identify potential fraud for the pandemic funding benefit payments and the need to send fraud referrals to the OIG in a timely manner. RRB began issuing CARES Act benefit payments in May 2020. From May 2020 through September 15, 2020, no fraud referrals were sent from the RRB Unemployment and Programs Support Division – Sickness and Unemployment Benefit Section to OIG. During this time, RRB paid approximately $151 million in CARES Act benefit payments.

In our March 26, 2021 OIG Report 21-04 *Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic*, we recommended that the OP allocate resources for the RRB Unemployment and Programs Support Division – Sickness and Unemployment Benefit Section to work on fraud referrals as provided in the Adjudication Instruction Manual, Part 16, and as instructed by the OIG, Office of Investigations.[17] The RRB concurred with our recommendation.

The RRB has started to commit additional resources for fraud identification as evidenced by the RRB Unemployment and Programs Support Division – Sickness and Unemployment Benefit Section preparing individual cases for the RRB OIG's Office of Investigations. They have also provided hiring plans that support providing additional resources. The OIG will continue to monitor the fraud identification efforts of the RRB through an on-going audit.

Lack of Automated Debt Recovery Process

The RRB issued benefit payments under the pandemic funding beginning in May 2020 with no debt recovery procedures developed for establishing recoveries and recording debt concerning benefit payments made in error. In our March 26, 2021 OIG Report 21-04 *Interim Review of Railroad Retirement Board CARES Act Benefit Payments During the Pandemic*, we recommended that the Executive Committee commit additional resources necessary to ensure the implementation of an automated debt recovery process for CARES Act payments.[18] The RRB non-concurred with the recommendation indicating that sufficient resources had been committed.

A modified system that included CARES Act debt establishment and subsequent collection was implemented as of March 15, 2021. The RRB reports that overpayments for benefit payments established through July 2021 totaled $416,821 with recoveries of $157,749.

[17] RRB OIG, Report No. 21-04.
[18] RRB OIG, Report No. 21-04.

APPENDIX I: MANAGEMENT COMMENTS

UNITED STATES GOVERNMENT
MEMORANDUM

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

February 25, 2022

TO: Debra Wheat
Deputy Assistant Inspector General for Audit

FROM: Daniel J. Fadden
Senior Executive Officer/Director of Administration

DANIEL FADDEN Digitally signed by DANI FADDEN Date: 2022.02.25 15:49:5 -06'00'

SUBJECT: Response to Office of Inspector General's (OIG) Draft – Management Information Report - Oversight of the Railroad Retirement Board's Actions during the Pandemic

We are in receipt of your memo dated February 10, 2022 with the subject of *Office of Inspector General's (OIG) Draft – Management Information Report – Oversight of the Railroad Retirement Board's Actions during the Pandemic.* In your memo, you stated the objective of the review was to provide RRB management with information that will assist them in ensuring pandemic funding compliance, transparency, and fiscal accountability.

Please note that the identical report, with findings and recommendations, was provided to both the Chief Financial Officer (CFO) and the Executive Committee (EC) for review and response. However, since the CFO is also a member of the RRB's Executive Committee, the response to the financial issues have been incorporated and are included in the consolidated response from the Executive Committee shown below, rather than being provided separately.

The following is management's response to your findings and recommendations.

Finding No. 1: The RRB was not providing OMB with consistent COVID-19 spending and obligation data and did not satisfy the spending transparency requirement under OMB M-20-21. The inconsistent amounts reported to OMB as total obligations under the $5 million technology appropriation could also affect the accuracy of tracking these appropriated funds.

Management Comments to Finding No. 1: The COVID-19 obligations charged to the $5M provided under Public Law (P.L.) 116-136, CARES Act, as reported within the weekly Office of Management and Budget (OMB) Outlay Report and on USAspending.gov were correct based upon the applicable reporting guidance, timelines and periods covered.

Prior to October 1, 2021 and pursuant to the OMB's request and guidance, RRB generated and submitted information concerning the $5M CARES Act funds via the point in time OMB Outlay Report weekly. The weekly submission of the OMB Outlay Report did not align with Digital Accountability and Transparency Act of 2014, P.L. 113-101 (DATA Act) month-end or quarterend financial reporting requirements. As required by the DATA Act and OMB Memorandum 20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease (COVID-19), RRB submits monthly data through the DATA Act broker 28-30 days after month-end to USAspending.gov.

In regards to the specifics cited by the Office of Inspector General (OIG), they compared data obtained from USAspending.gov on June 28, 2021 related to the $5M CARES Act funds to the weekly OMB Outlay Report as of June 30, 2021; however, as discussed above the RRB transmitted the June 2021 data through the DATA Act broker on July 28, 2021. Therefore, the June 2021 information was not available on USAspending.gov until sometime after July 28, 2021 as per the DATA Act reporting schedule.

As previously communicated to the OIG, we disagree with the OIG's analysis of USAspending.gov data as of June 28, 2021 to derive the cited COVID outlay and obligation amounts of $6,302,005 and $14,466,034, respectively, and comparison of these amounts to the weekly OMB Outlay Report. Based upon our inquiry, the OIG provided their analysis supporting this finding and we noted that the OIG generated a report from USAspending.gov, which captured vendor award activity that included the $5M CARES Act as well as other funding sources. Since the USAspending.gov information that the OIG used in their analysis included other funding sources, the cited COVID outlay and obligation amounts of $6,302,005 and $14,466,034, respectively, appear to be grossly overstated as it relates to $5M CARES Act funds.

In regards to Finding No. 1, the OIG recommends that BFO:

<u>Recommendation No. 1:</u> *"reconcile the obligations as reported to USAspending.gov and the weekly outlay report to determine the correct total for Coronavirus Disease 2019 obligations charged to the $5 million technology appropriation."*

> **<u>Management Response No. 1:</u>**
> <u>Non-concur</u>. Based upon discussion with OMB as to their continued COVID reporting needs, beginning in Fiscal Year 2022 we now generate and provide the OMB with information concerning the $5M CARES Act funds on a monthly basis via the OMB Outlay Report. Given the new OMB guidance and monthly reporting timeframe for the $5M CARES Act funds, BFO reconciled the monthly OMB Outlay Report to the DATA Act and Government-wide 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 the OMB's current request for the $5M CARES Act information on a monthly basis via the OMB Outlay Report and the actions discussed herein, we respectfully non-concur and consider this matter closed.

Finding No. 2: Inefficient hiring practices lead to increased budgets without program efficiencies and results. By developing a reliable method for calculating staffing levels, RRB would have a more accurate picture of the extent of any shortfalls and could take corrective action to address identified gaps.

Management Comments to Finding No. 2: The RRB notes that this overall finding and the two attendant recommendations are identical to the finding and recommendations first forwarded to RRB management in the OIG's Oversight of RRB's CARES Act Plan – Notification of Finding and Recommendation (NFR) Number 9. Upon review of the management responses contained in the 2021 report, the RRB finds that the agency responses will remain as stated previously.

In regards to the overall Finding No. 2, the OIG recommends that the RRB's Executive Committee:

Recommendation No. 2 *"establish a group tasked with hiring decisions for appropriate funds from the American Rescue Plan Act. This group should use documented and reliable procedures that are based on accurate and reliable data sources to determine hiring and staffing levels using appropriate funds from the American Rescue Plan Act (ARPA)."*

Management Response No. 2
Non-concur. 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.

Recommendation No. 3 *"reconsider and revise its plans concerning hiring based on the American Rescue Plan Act appropriation because adequate supporting documentation had not been prepared."*

Management Response No. 3
Non-concur. RRB Management points out that in the details of this recommendation, the OIG questions 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 demonstrates 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 reflect the 15 claims examiners hired under ARPA. Additional justification for these hires is also found in the HCP in the hiring plan table on page 8. The table indicates that the RRB had already planned to hire 10 Claims Examiners into the SUBS section. 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. (*See the charts and reference materials previously provided during the response to OIG's Oversight of RRB's CARES Act Plan – Notification of Finding and Recommendation (NFR) Number 9: August 2021)*

Turning to the hiring for the Bureau of Field Service (BFS), the RRB points to the hiring tables found in the previously provided Human Capital Plan (HCP). In FY 2022, BFS sought to hire 5 Claims and Programs Representatives directly from external sources and then seek to replace 23 additional staff due to planned promotions in FY 2022. Over the course of FY 2023 and FY 2024, Field Service anticipated a need to replace 28 more FTEs due to promotions. Therefore, BFS was already planning to hire and replace 56 Claims and Program Representatives over the period of FY 2022 through FY 2024 as documented in the HCP. As previously pointed out, the ARPA funding approved by Congress allowed the RRB to accelerate the hiring of 40-45 of these planned positions in the current year to manage the increased workloads pursuant to the pandemic.

Additional consideration for the BFS hires was provided in the charts supplied to the OIG in response to OIG's Oversight of RRB's CARES Act Plan – Notification of Finding and Recommendation (NFR) Number 9: August 2021. The RRB reiterates that simply looking at the number of customer phone calls answered does not address the alarming statistics in BFS for the Average Wait Time for customer calls to be answered by a field representative. The RRB provided statistics to show that by January of 2021, the Average Wait Time for customer calls to be answered had increased to over 50 minutes per call. Railroad employees waiting over 50 minutes is not acceptable customer service. Such an alarming increase in the Average Wait Times contributed to the EC determining that a major influx of staff was necessary to provide an appropriate level of service to all customers, including railroad employees seeking responses to pandemic–related issues. A "BFS Location Chart" was also previously provided which demonstrated that 10 Field Offices were staffed by only two FTEs. The EC took this into consideration when ramping up hiring in BFS using ARPA funding. The RRB further provided the OIG with a "Calls Answered" email with a data table that demonstrated with the then current staff in BFS, only 412,935 of 980,730 calls received by the RRB in FY-2021 YTD were actually answered (57.0%). The correlation between staffing levels and workload is that the less staff the RRB has, the fewer number of calls are answered. The EC points to these previously provided statistics and charts as an example of the data reviewed to explain the false conclusion of less workload in BFS. The reality is that with staff falling in BFS, less calls are being answered.

The RRB also points to key inconsistencies contained within the OIG's Management Information Report.

Specifically, the report acknowledges that *Staffing levels have decreased in BFS for fiscal years 2016 through 2020. Our analysis indicates that while the staffing levels have decreased in fiscal years 2019 and 2020, existing staff levels continue to provide approximately the same level of support for calls/visits."* RRB Management questions why, despite acknowledging staffing level decreases for 2019 and 2020, the cumulative number of separations from BFS from 2016 through 2020 (*which averaged 23 separation per year*) was not considered? By reviewing this data, the EC can determine that hiring about 23 full time equivalents into BFS will only, on average, maintain the BFS workforce. In addition, the report failed to consider the extensive length of time it takes to onboard and effectively train a new claims representative, which will typically average 12-18 months before they are productive in their new positions.

The statement "*Therefore, the reduction in the staffing levels has not impacted the amount of calls/visits they service*" fails to consider the decrease in Customer Service Standards contrary to the mission of the Agency. Specifically, the Answer Rate per Hour in Field Service at one point dropped to an average of 53%, while the Average Wait Time for a customer's call to be answered peaked at 58.35 minutes. Neither statistic is acceptable under any reasonable customer service standards.

Field Service Management has reported the first wave of new hires in the fall of 2021 are in the process of completing required training and have already begun to improve customer service for the railroad community. For example, Field Service answered 31,226 of 56,060 calls received in December 2021. When trainees began to answer calls in January 2022 as part of their training curriculum, Field Service answered 36,421 of 68,433 calls, an increase of 5,195 calls for the month.

Finally, the RRB continues to refine and improve the workforce analysis and data that is available to the EC in order to plan and implement hiring at any given point in the fiscal year. RRB management points out that the RRB's hiring plan is an evolving plan that reacts to the workforce data available and the ARPA funding simply allowed for an acceleration in hiring certain critical positions for claims processing and customer service needs.

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