



AUDITS OF EMPLOYERS

2024 U.S. RAILROAD RETIREMENT BOARD NATIONAL RAIL EMPLOYER TRAINING SEMINAR

PRESENTED BY
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SUPERVISORY AUDITOR

SEPTEMBER 12, 2024
1:30 PM CDT

AGENDA

❖ Background

❖ Benefits of Employer Audits

❖ Purpose and Planning

- Audit Purpose and Scope
- Audit Objectives
- Audit Plan



AGENDA (CONT.)

❖ Audit Process

- Preliminary Steps
- Interviews
- Testing
- Reporting

❖ Tips For Success

- Immediate Steps
- During an Audit

❖ Other Information

- Confidentiality of Information
- RRB and IRS Information Sharing





BACKGROUND

ACS MINDSET

❖ Audit and Compliance Section (ACS)

- Responsible for conducting audits of rail industry employers.
- Part of RRB's Bureau of Fiscal Operations.

❖ Collaborative Approach

- Goal is to ensure accurate reporting.
- Fresh look at reporting processes and reported amounts.

❖ Painless Process

- We work with you.
- Our audit steps are a verification of what was submitted.





BENEFITS OF RRB EMPLOYER AUDITS

POTENTIAL BENEFITS

❖ Employer Benefits

- Process Improvement
- Identification of Overreporting

❖ Employee Benefits

- Ensuring the Retirement and Unemployment-Sickness Benefit funds are adequately funded.
- Ensuring employees receive full benefits.





PURPOSE AND PLANNING

AUDIT PURPOSE AND SCOPE

❖ Purpose

- To express an opinion on the company's compliance with the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA) reporting and deposit requirements.

❖ Scope

- Compensation, employment tax records, and other RRB documentation for selected calendar year(s).
- Will be identified on the Notification Letter.



AUDIT OBJECTIVES

To determine if:

1. creditable compensation reported to the RRB reconciles with taxable compensation reported to the IRS,
2. RUIA contributions were reported accurately and timely,
3. creditable compensation and service were reported accurately,
4. separation pay was reported accurately, and
5. the employer complied with Section 2(f), 4(a), and 12(o) provisions of the RUIA.



AUDIT PLAN PROCESS

- ❖ Prepare the risk assessment.
- ❖ Prepare the written audit plan.
 - Class I employers are selected on a rotating basis.
 - All other employers are selected based size and results of the risk assessment.
- ❖ Submit to CFO for approval.
- ❖ Copies of approved plan sent to Board Members.





AUDIT PROCESS

OVERVIEW OF AUDIT PROCESS

❖ Notification

- Employer Notification
- Preliminary Information Documentation Request (IDR)
- Schedule Entrance Conference
- RRB Performs Preliminary Background Steps

❖ Entrance Conference

❖ Process Interviews

❖ Testing

❖ Reporting



NOTIFICATION AND PLANNING

❖ Employer Notification

- Notification Letter
- Preliminary Information Documentation Request (IDR)
- Schedule Entrance Conference

❖ Auditors Perform Preliminary Background Steps

❖ Entrance Conference

- Reiterate Audit Scope and Objectives
- Discuss Administrative Items
- Address Employer Questions and Concerns



PROCESS INTERVIEWS

- ❖ Auditors conduct interviews to discuss employer processes related to audit objectives.
- ❖ Interviews are set up by objective.
- ❖ Employer will need to determine the appropriate personnel to attend each interview.
- ❖ Auditors may ask follow-up questions.



TESTING

- ❖ RRB will test reported information to supporting documents.
- ❖ Auditors may conduct a 100% review or select a sample.
- ❖ Additional information or supporting documentation will be requested.



REPORTING

- ❖ Informal discussions occur throughout the audit.
 - Employers can provide additional explanation or support.

- ❖ ACS will summarize potential issues, if applicable, and hold a formal discussion to go over the results.
 - Employers can provide additional explanation or support.



REPORTING (CONT.)

- ❖ Draft report is prepared and issued to employer.
 - Formal response requested from employer within 30 calendar days.
- ❖ Auditors prepare final report and incorporate the employer's response as an attachment.
- ❖ The ACS issues the final report.





TIPS FOR EMPLOYERS

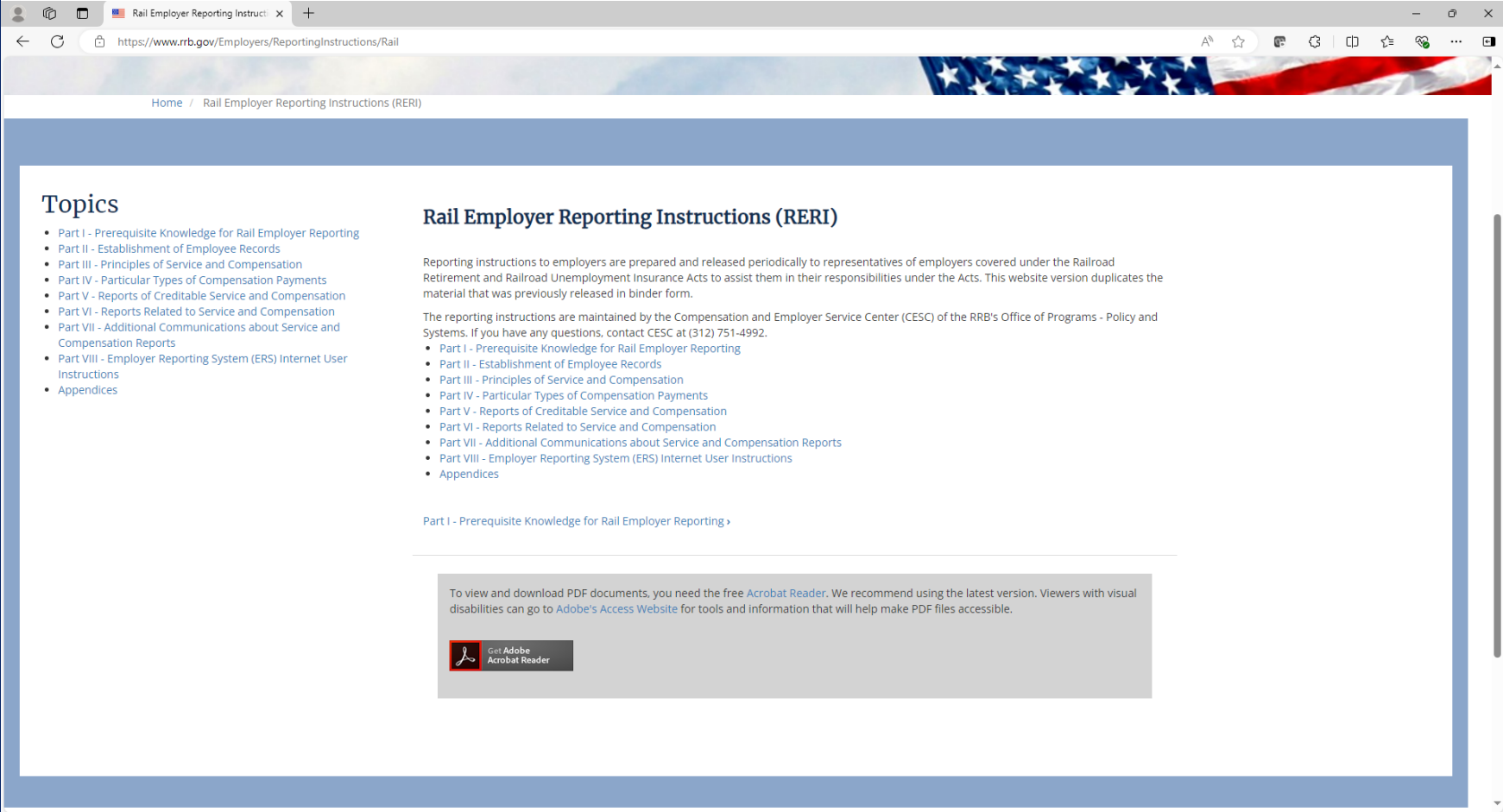
IMMEDIATE STEPS

- ❖ Prepare Standard Operating Procedures for:
 - Payroll Process and Timekeeping Policies
 - Processes for Preparing Forms Submitted to RRB and IRS
 - Identify Payroll Accounts Included in Each Report – i.e. what constitutes RRB compensation?
 - Injuries

- ❖ Review your policies and procedures to ensure you are complying with RRA and RUIA regulations and policies on rrb.gov.
 - www.rrb.gov/Employers/ReportingInstructions/Rail



RERI ON RRB.GOV



Home / Rail Employer Reporting Instructions (RERI)

Topics

- Part I - Prerequisite Knowledge for Rail Employer Reporting
- Part II - Establishment of Employee Records
- Part III - Principles of Service and Compensation
- Part IV - Particular Types of Compensation Payments
- Part V - Reports of Creditable Service and Compensation
- Part VI - Reports Related to Service and Compensation
- Part VII - Additional Communications about Service and Compensation Reports
- Part VIII - Employer Reporting System (ERS) Internet User Instructions
- Appendices

Rail Employer Reporting Instructions (RERI)


Reporting instructions to employers are prepared and released periodically to representatives of employers covered under the Railroad Retirement and Railroad Unemployment Insurance Acts to assist them in their responsibilities under the Acts. This website version duplicates the material that was previously released in binder form.

The reporting instructions are maintained by the Compensation and Employer Service Center (CESC) of the RRB's Office of Programs - Policy and Systems. If you have any questions, contact CESC at (312) 751-4992.

- Part I - Prerequisite Knowledge for Rail Employer Reporting
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[Part I - Prerequisite Knowledge for Rail Employer Reporting >](#)

To view and download PDF documents, you need the free [Acrobat Reader](#). We recommend using the latest version. Viewers with visual disabilities can go to [Adobe's Access Website](#) for tools and information that will help make PDF files accessible.



IMMEDIATE STEPS (CONT.)

- ❖ Ensure training is provided to all personnel.
- ❖ Maintain documentation to support your reporting amounts.
- ❖ Address any questions to RRB's Quality Reporting Service Center (QRSC) to ensure you are compliant.



DURING AN AUDIT

❖ Communication

- Ask any questions you have.
- Provide timely and thorough responses to RRB questions.

❖ Document Requests

- Provide requested information timely and electronically, if available.
- Clarify requests, if necessary.
- Delegate questions and information requests to appropriate personnel.
- Identify any items that are not applicable to your railroad.

❖ Attempt to resolve audit findings throughout the audit.

❖ Assist in the development of recommendations.





OTHER ITEMS

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❖ Confidentiality of Information

- Non-disclosure provisions of the IRS Code (26 U.S.C. 6103) apply to IRS information received by RRB employees.
- Privacy Act of 1974, which includes rules on non-disclosure of information about individuals applies to ACS audits.
- Other business information obtained from employers is also protected from disclosure.
- ACS uses a secured system to transfer files.

❖ RRB/IRS Information Sharing

- The RRB and the IRS have an agreement which facilitates information sharing related to RRA and RRTA data.



SOURCES

1. Railroad Retirement Act 45 U.S.C. Sections 231 et seq.
2. Railroad Unemployment Insurance Act 45 U.S.C. Sections 351 et seq.
3. RRB Regulations 20 C.F.R. parts 1 to 399
4. Employer Reporting Instructions
5. RRB Website (www.RRB.gov)



CONTACT INFORMATION

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