



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Audit of the Railroad Retirement Board's Continuing Disability Review Process

Report No. 26-10

September 30, 2026



What Wai Found

Under the Railroad Retirement Act, the Railroad Retirement Board (RRB) pays disability annuities to covered railroad workers with impairments that prevent them from performing the essential functions of their regular railroad occupation. Because disability benefits are payable only while an individual continues to meet the statutory disability requirements, the RRB is required to periodically evaluate whether the railroad worker should continue receiving disability compensation. The RRB refers to this evaluation as a continuing disability review, or a CDR.

Wai and Associates, PLLC (Wai) found no exceptions in the RRB's Disability Benefits Division's adjudication and documentation of 146 CDR determinations completed during fiscal year 2023. However, due to insufficient staffing levels and weakened internal controls in the CDR process, Wai found that 82 percent of those 146 CDRs completed in fiscal year 2023 were backlogged cases from previous fiscal years. Moreover, the division took no action on 330 of the 444 (74 percent) cases that were scheduled for a CDR in fiscal year 2023. As a result, the RRB was at increased risk of improperly paying occupational disability benefits. If the 330 annuitants whose cases were not reviewed during fiscal year 2023 had been found no longer eligible for benefits, the RRB would have paid \$7.1 million in potentially improper benefit payments during fiscal year 2023 alone.

What Wai Recommended

In order for RRB to provide reasonable assurance that CDR activities are identified, assigned, monitored, completed, accurately recorded, and reported in a timely manner, Wai made eight recommendations. RRB management concurred with all eight recommendations.

What We Did

RRB's Office of Inspector General (OIG) engaged Wai to conduct an audit of the RRB's CDR process. This performance audit was conducted in accordance with generally accepted government auditing standards. Wai is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the conclusions presented in Wai's audit report.

The overall audit objectives were to determine if the RRB's CDR process was timely, accurate, and completed in accordance with applicable laws, regulations, and guidance; and whether internal controls for the process were designed and implemented to provide reasonable assurance that CDR activities were effectively managed, recorded, and reported.

The scope of the audit included all continuing disability decisions made during fiscal year 2023, cases scheduled for review in fiscal year 2023, CDR processes, and the design and implementation of internal controls underlying those processes.



U.S. Railroad Retirement Board Office of Inspector General

Performance Audit Report

Audit of the Railroad Retirement Board's Continuing Disability Review Process

Wai and Associates, PLLC

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July 31, 2026

Wai and Associates, PLLC (WAI) conducted a performance audit of the Railroad Retirement Board (RRB)'s Continuing Disability Review (CDR) process for Fiscal Year (FY) 2023. The objectives of our audit were to assess whether the RRB performed CDRs in accordance with applicable guidance, laws, and regulations, as well as to determine whether internal controls around the CDR process were designed and operated effectively. The scope of this audit included all the CDR processes, disability annuitants, CDR cases scheduled for review during FY 2023, and CDRs completed during FY 2023.

We conducted this performance audit in accordance with generally accepted government auditing standards.¹ These standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained throughout this engagement provides a reasonable basis for our findings and conclusions based on our audit objectives.

The conclusions reached, including our findings and recommendations, are described in the accompanying report.

Respectfully,

Wai and Associates, PLLC
Wai and Associates, PLLC

¹ Government Auditing Standards, GAO-21-368G, April 2021

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INTRODUCTION

This report presents the results of Wai and Associates PLLC's (WAI) performance audit of the Railroad Retirement Board (RRB)'s Continuing Disability Review (CDR) process. WAI was contracted by the RRB's Office of Inspector General (OIG) to perform this performance audit.

OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

Specifically, the performance audit objectives were to determine:

1. whether the RRB conducted CDRs in a timely, accurate, and complete manner, in accordance with applicable laws, regulations, and guidance; and
2. whether internal controls were designed and implemented to provide reasonable assurance that CDR activities were effectively managed, recorded, and reported.

SCOPE

The scope of this audit included all continuing disability decisions made during FY 2023, cases scheduled for review in FY 2023, CDR processes and the design and implementation of internal controls underlying those processes.

METHODOLOGY

To meet the audit objectives, we used the following methods to identify, gather, and analyze evidence:

- identified and gained an understanding of laws, regulations, policies, and procedures governing the RRB's CDR process;
- based on the understanding above, as well as requirements in the Government Accountability Office's (GAO) standards,² we developed suitable criteria for testing;
- reviewed prior audit reports related to the audit of the RRB's CDR process, determined the status of outstanding recommendations, and considered the results in planning the audit and developing audit procedures;

² Government Accountability Office's *Government Auditing Standards*, 2018 Revision, Technical Update April 2021

- conducted inquiries and reviewed documentation to determine the existence of pending investigations or legal matters considered significant to the audit objectives;
- conducted interviews and inquiries of key personnel and management, reviewed relevant documentation, and performed walkthroughs necessary to gain and document our understanding of the RRB entity and the structure governing the CDR process; the nature of its operation, key workflows underlying its administration; risks inherent in these areas, key controls, and any gaps in the control design; and
- tested the details of CDR cases scheduled for review and CDR decisions (i.e., disability determinations decisions) made in FY 2023.

We assessed the reliability of CDR-related data using the following procedures:

1. Performing electronic testing.
2. Reviewing existing documentation covering the data and its originating systems.
3. Interviewing agency officials who are knowledgeable of the data.

Based on these procedures, we determined that the CDR-related data was not sufficiently reliable for purposes of addressing the audit objectives because the Disability Benefits Division (DBD) lacked adequate internal controls to ensure the completeness and accuracy of data recorded in its source systems. However, we corroborated the data through additional audit procedures, including reviews of source documentation, interviews with knowledgeable agency officials, and testing of individual case files. Accordingly, we determined that the evidence obtained was sufficient and appropriate to support our findings, conclusions, and recommendations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CRITERIA

WAI conducted the audit in accordance with GAO's standards. Specifically, we utilized chapters 8 and 9 of the *Government Auditing Standards, 2018 Revision, Technical Update April 2021* as it relates to performance audits. These standards require us to establish criteria for a reasonable and consistent assessment of the evidence we evaluate, within the context of our professional

judgment.³ We also utilized the GAO's *Standards for Internal Control in the Federal Government* (Green Book), September 2014, and the Office of Management and Budget (OMB) standards⁴ on internal control. The *Code of Federal Regulations (CFR)*, 20 CFR Section 220.185 through 220.187 and Section 220.15 through 220.20 describe the broad categories of circumstances when the RRB is required to conduct a CDR and the frequency of review of disability determinations.

In complying with these standards, we obtained reasonable assurance that the evidence gathered throughout this audit is sufficient and appropriate to support our findings and conclusions in relation to the objectives described above.

BACKGROUND

Headed by a three-member Board ("The Board"), the RRB is an independent agency within the executive branch of the federal government. It administers retirement, survivor, disability, unemployment, and sickness benefit programs for eligible railroad workers and their families under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA). Under these acts, the administered programs provide financial safety nets with two different focuses:

- Under the RUIA, qualified railroad workers receive unemployment benefit payments to replace income loss due to unemployment, illness or injury. Regular RUIA benefits last up to 26 weeks with the possibility of extension up to 65 days. Therefore, the RUIA benefit program functions as a short-term income replacement framework for active railroad employees experiencing employment interruptions.
- By comparison, the RRA provides monthly annuity payments⁵ to eligible railroad workers and their families through its Retirement Benefit⁶ or Disability Benefit⁷ program. Generally, payments under the RRA programs continue until the death of the annuitant or until the annuitant recovers from the qualifying disability. As such, the benefits provided by RRA programs are longer-term in nature.

³ *Government Auditing Standards*, 2018 Revision, Technical Update April 2021, Section 3.109

⁴ OMB Circular A-123, Management Responsibilities for Enterprise Risk Management and Internal Control, July 15, 2016, page 9, paragraph 1

⁵ Monthly benefit payments

⁶ Railroad retirement benefits are based on months of service and earnings credits. *Railroad Retirement Handbook 2024*, Page 15, Provisions of the Railroad Retirement Act, Creditable Service and Earnings

⁷ Disability annuities are paid to railroad workers and their families who have severe physical/mental impairment that prevents them from performing essential functions of their regular railroad occupation (occupational disability) or meeting the demands of all work.

Because disability benefits are payable only while an individual continues to meet the statutory disability requirements, the RRB is required to periodically evaluate whether beneficiaries remain entitled to those benefits.⁸ The RRB refers to this evaluation as a Continuing Disability Review, or CDR.⁹ The Board has delegated the authority to DBD, a division within the RRB's Office of Programs (OP), to perform various monitoring activities of disabled annuitants.¹⁰

Following the initial award of disability benefits, DBD conducts periodic CDRs to determine whether beneficiaries continue to meet the statutory requirements for disability entitlement.¹¹ CDRs pertain to disability benefits only, and therefore, this audit applies exclusively to the RRA's Disability Benefit program.

DBD monitors the continuing eligibility of four categories of disability beneficiaries: occupational disability annuitants, total and permanent (T&P) disability annuitants, disabled widows, and disabled children.

A CDR involves obtaining and evaluating medical and earnings evidence to determine whether a beneficiary continues to meet the eligibility requirements for disability benefits. The RRB conducts two types of CDRs, including Medical CDRs and Earnings CDRs.

Medical CDRs—When DBD awards disability benefits or makes a subsequent disability eligibility determination, it establishes or updates a medical diary that specifies when the beneficiary's next medical review should occur based on the expected likelihood of recovery.¹² CDRs initiated for the purpose of reevaluating an annuitant's medical condition and reassessing that eligibility to continue receiving benefits are referred to as "Medical CDRs".

During a medical CDR, DBD reviews a beneficiary's medical records to determine whether the beneficiary's condition has improved enough to end disability eligibility. If DBD determines that sufficient medical improvement has occurred, the review supports terminating annuity benefit payments.

Earnings CDRs—RRB also conducts CDRs for beneficiaries whose earnings exceed established program limits. Reviews initiated based on earnings triggers are referred to as "Earnings CDRs". Most earnings reviews are triggered by unreported earnings detected through the RRB's Electronic

⁸ 20 CFR § 220.186

⁹ RRB's Disability Claims Manual (DCM), Part 8, 8.1.4 Continuing Disability Reviews (CDR) Cases

¹⁰ RRB's Disability Claims Manual (DCM) Part 8, 8.1.2 Jurisdiction

¹¹ DBD's process for awarding initial benefits to annuitants is out of scope for this audit

¹² The frequency of medical CDRs is based on the likelihood of medical improvement, as follows: **Medical Improvement Expected (MIE)**—every 6 to 18 months; **Medical Improvement Possible (MIP)**—at least once every 3 years; and **Medical Improvement Not Expected (MINE)**—no routine medical CDRs are scheduled.

Data Processing (EDP) policing activities.¹³ During an earnings CDR, disability examiners compare the beneficiary's income with established program thresholds to determine continued eligibility for annuity benefits.

RESULTS OF THE AUDIT

Our audit found no exceptions in DBD's adjudication and documentation of the 146 CDR determinations completed during FY 2023. However, testing of the 444 cases scheduled for review in FY 2023, and our assessment of internal controls, identified significant weaknesses in the administration of the CDR program.

We made eight recommendations to address the identified weaknesses. We describe the details of our findings and recommendations on the following pages. The full text of management's response to these recommendations is provided in Appendix A.

THE RAILROAD RETIREMENT BOARD (RRB) DID NOT INITIATE CDR ACTIONS ON 74 PERCENT OF CASES SCHEDULED FOR REVIEW IN FY 2023

Our audit found that DBD took no action on 330 of the 444 cases (74 percent) scheduled for review in Fiscal Year (FY) 2023.

DBD management reported that it performed 640 CDR actions¹⁴ across 473 cases during FY 2023, of which 146 resulted in CDRs.¹⁵ However, 82 percent of the cases reviewed had been scheduled for review prior to FY 2023.

During FY 2023, a total of 444 CDR cases were scheduled for a CDR, consisting of 203 Medical Review cases and 241 Earnings Review cases. Our audit found that DBD did not initiate any CDR activity for 201 of the 203 Medical Review cases (99 percent) and 129 of the 241 Earnings Review cases (54 percent). As a result, DBD took no action on 330 of the 444 cases (74 percent) scheduled for review during FY 2023.

¹³ Annually, the U.S. Social Security Administration (SSA) uses a computer system to match beneficiaries with Internal Revenue Service and SSA earnings records to identify beneficiaries with reported earnings exceeding the disability program limit. SSA provides this electronic data processing (EDP) data files to DBD for CDR consideration. DBD refers to this process as EDP Policing.

¹⁴ According to DBD, a CDR action refers to any action taken on a disability case while the annuitant remains in payment status. It is our understanding that a CDR action may range from an administrative task, such as updating an annuitant's record, to a more complex activity, such as evaluating supporting evidence and determining an annuitant's continued eligibility for benefits. Accordingly, a CDR action may or may not result in a determination regarding an annuitant's eligibility for benefits; however, each CDR action is tracked by DBD.

¹⁵ The RRB defines a CDR as a full and formal review that results in a determination regarding an annuitant's continued eligibility for disability benefits.

By not conducting CDRs when they were scheduled, DBD did not timely identify annuitants whose eligibility for disability benefits had changed and, therefore, did not take prompt action to suspend or terminate benefits when appropriate. As a result, the agency was at increased risk of making improper payments. Moreover, the longer scheduled CDRs remain outstanding, the longer the agency remains exposed to that risk, increasing the potential for additional improper payments to accumulate overtime.

For example, if the 330 annuitants whose cases were not reviewed during FY 2023 were no longer eligible for benefits, the RRB would have paid them as much as \$7.1 million¹⁶ in potentially improper benefit payments during FY 2023 alone. In addition, the agency remains at risk of incurring similar losses in subsequent years, until those cases are reviewed and appropriate eligibility determinations are made.

Also, according to the RRB's mission statement, the agency is committed to paying benefits to recipients, in the right amounts, and in a timely manner, in carrying out its mission;¹⁷ and CDRs are the primary mechanism for identifying disability annuitants whose medical or earnings conditions may have improved to the point of ineligibility. By not conducting CDRs when they were scheduled, the agency delayed the timely verification of continued eligibility for disability benefits. As a result, the agency's ability to ensure that benefits were paid to the right recipients, in the right amounts, and in accordance with its mission, was compromised.

According to Federal regulations, the RRB periodically reviews beneficiaries' cases to determine whether they continue to meet the disability requirements established by law.¹⁸ The RRB's Disability Claims Manual (DCMs)¹⁹ states when DBD should conduct ongoing benefit monitoring reviews to verify the accuracy and continuing entitlement to disability benefit payments,²⁰ and establishes the frequency for conducting those CDRs.²¹

DBD stated that it did not complete the 330 cases scheduled for review in FY 2023 due to a backlog resulting from insufficient staffing levels. In support of this assertion, DBD prepared a draft staffing assessment during our audit to determine the additional staff that would be needed to eliminate the CDR backlog and sustain ongoing workload demands. Our review of the assessment determined that additional quantitative support and clarification on key assumptions

¹⁶ See Appendix B, Table 2, for the methodology and calculations supporting the estimated potential benefit overpayments associated with the FY 2023 cases that were not reviewed

¹⁷ Railroad Retirement Board Performance and Accountability Report, Fiscal Year 2023, Page 7, Management's Discussion and Analysis (Unaudited), Overview of the Railroad Retirement Board, Mission

¹⁸ 20 CFR § 220.186 states that the Board conducts continuing disability reviews to determine whether the annuitant continues to meet the disability requirements of the law.

¹⁹ Disability Claim Manuals (DCMs) are a part of the various administrative staff manual used by the RRB in the processing of claims under the Railroad Retirement or Railroad Unemployment Insurance Acts.

²⁰ RRB's DCM, Revised September 24, 2021, Part 8, Section 8.1.3—Program Integrity Activities

²¹ RRB's DCM, Revised September 24, 2021, Part 8, Section 8.5.5—Frequency of Reviews

were needed to support the result of this initial assessment. DBD management agreed to incorporate the recommended details in its final staffing assessment.

Recommendations:

We recommend that the Railroad Retirement Board's Office of Programs:

1. Develop and implement a documented workforce planning methodology to determine the number of staff required to eliminate the existing CDR backlog within a defined timeframe while continuing to process ongoing CDR workload. At a minimum, the methodology should consider workload analysis, productivity metrics, capacity modeling, and time-to-proficiency assumptions; and
2. Develop and implement procedures to periodically monitor and reassess the workforce planning methodology and related staffing assumptions.

Summary of Management's Comments and WAI's Response

Office of Programs (OP) concurred with Recommendations 1 and 2 and stated that it targets completing the planned corrective actions by December 2026. It will be important for OP to complete its corrective actions by this date, or sooner, to meet the intent of promptly implementing the audit recommendations.

THE INTERNAL CONTROL FRAMEWORK GOVERNING THE CONTINUING DISABILITY REVIEW (CDR) PROCESS WAS INADEQUATE

Our audit found that DBD's internal controls over the CDR process were not consistently designed and implemented to provide reasonable assurance that required CDR activities would be timely identified, assigned, monitored, completed, accurately recorded, and reported.

An inadequate internal control framework reduced DBD management's ability to ensure that CDR activities were performed consistently, and that related risks were effectively mitigated. As a result, the risk of missed CDRs, processing errors, inaccurate reporting, and incomplete or unreliable CDR data was increased.

The *Standards for Internal Control in the Federal Government* (Green Book) requires management to design control activities to achieve objectives and respond to risks.²² The Green Book states that management should implement control activities through policies; and periodic

²² Standards for Internal Control in the Federal Government (Green Book), Principle 10 – Design Control Activities, Paragraph 10.01

review of control activities is a key attribute for an effective implementation of this principle.²³ According to the Green Book, policies should be communicated at the appropriate level of detail to allow management to effectively monitor the control activity.²⁴ It further states that policies should be defined through day-to-day procedures, and that those procedures should include sufficient detail, such as the frequency and timing of when control activities are performed and any applicable follow-up corrective actions.²⁵ According to the Green Book, communicating to personnel through policies and procedures allows them to implement the control activities for their assigned responsibilities.²⁶

The internal control deficiencies identified during the audit primarily related to the design and documentation of DBD's procedural and control framework governing the CDR process. Specifically, the audit identified weaknesses in procedural documentation, control activities, management oversight controls, and compensating controls that reduced management's ability to ensure that required CDR activities were timely identified, assigned, monitored, completed, accurately recorded, and reported.

Fragmented Procedures Without Linkage to Key Processes

DBD relied on over 30 separate procedural documents, which comprised of DCMs, job aids, training slides, instructional materials, and other guidance documents, to administer the CDR process. Although these documents provided guidance for performing specific CDR activities, they functioned primarily as stand-alone documents without a documented framework linking them to the key CDR processes.²⁷ As a result, they did not provide management with a comprehensive basis for ensuring that all key CDR processes were fully documented and that related procedures and control activities were appropriately linked to the objectives and risks associated with those processes. For example, none of the many procedural documents addressed the process for identifying and approving changes to existing policies and procedures or for reporting CDR information to stakeholders. The absence of procedures for these key processes illustrate how fragmented procedural documentation can leave important activities undocumented, making it difficult for management to identify procedural gaps and maintain a comprehensive, integrated framework for administering the CDR program.

Inadequate Internal Controls

Deficiencies in the design and documentation of internal controls also contributed to the conditions identified during the audit.

²³ Standards for Internal Controls in Government (Greenbook), Principle 12 – Implement Control Activities, 12.01

²⁴ Standards for Internal Controls in Government (Greenbook), Principle 12 – Implement Control Activities, 12.03

²⁵ Standards for Internal Controls in Government (Greenbook), Principle 12 – Implement Control Activities, 12.04

²⁶ Standards for Internal Controls in Government (Greenbook), Principle 12 – Implement Control Activities, 12.04

²⁷ See Appendix C for a diagram of key CDR processes

- Inadequate documentation of control activities—our audit found that, while some of DBD's procedural documents provided instructional guidance for performing CDR tasks, they did not consistently document the related control activities needed to address the risks associated with those processes or key accountability elements, such as assigning responsibilities for performing tasks and establishing frequency for performing control activities. As a result, the documentation did not always provide a clear basis for holding staff accountable for the timely and consistent performance of required activities, reducing management's ability to effectively monitor and oversee the CDR process.
- Inadequate or missing documentation of oversight controls—The audit found limited documented evidence that management oversight controls had been designed and implemented over key CDR processes²⁸ to ensure that required control activities were performed timely and appropriately. Our review of DBD's Chart of Controls (COC),²⁹ together with audit testing, identified documented supervisory review controls for only one of the five key CDR processes reviewed,³⁰ indicating that documented management oversight controls had not been established for the remaining processes. As a result, management's ability to monitor the performance of required CDR activities and to timely identify and correct processing errors or omissions within those processes was reduced. Our detailed test of CDR transactions and controls also confirmed this deficiency. For example, audit testing identified two instances in which inadequate oversight over the CDR reporting process resulted in inaccurate and inconsistent CDR figures being reported in the RRB's public reports. In its “Management and Performances Challenges Facing the Railroad Retirement Board for Fiscal Year 2024”, OIG reported that DBD completed 104 required detailed reviews (CDRs) in FY 2023, based on CDR data obtained from DBD. However, our audit results showed that DBD had in fact completed 146 CDRs during that year. DBD management stated that the incorrect figure was reported to the Office of Inspector General (OIG) in error. Also, DBD's FY 2023 Management Control Review (MCR) certification reported that the division completed 500 CDR actions in FY 2022. However, the same activities were described in the RRB's FY 2023 Performance and Accountability Report (PAR) as “CDRs”. These terms are not interchangeable and may reflect materially different types of work.³¹ Their inconsistent use could mislead the reader about the scope and significance of reported activity.

²⁸ Refer to Appendix C for a flow diagram of the key CDR processes

²⁹ The Chart of Controls (COC) is a control risk matrix that provides view of the existing key controls across the CDR process.

³⁰ See Appendix D, Figure 1, for a mapping of documented supervisory review controls identified across the CDR process

³¹ Refer to footnotes 14 and 15 for the definition of a CDR and the definition of a CDR action

- Lack of compensating controls to mitigate risks associated with decentralized systems—CDR data was processed across multiple stand-alone automated source systems that did not interface with each other.³² As a result, DBD manually recorded data into and across those systems. However, our audit found that there were no documented compensating controls designed to ensure that manually recorded data was accurate and complete. For example, our audit identified two instances in which annuitants' Social Security Numbers³³ were manually entered incorrectly into the CDR Call-up Program, making those individuals untraceable during our testing. In response to our finding, DBD stated that the annuitants should not have been recorded in the CDR Call-up Program because their statuses had been misclassified. Data issues such as these underscore the need for effective compensating controls and management oversight to ensure that CDR data recorded within and across source systems is complete, accurate, and reliable.

Recommendations:

We recommend that the Railroad Retirement Board's Office of Programs:

3. Develop and maintain a documented framework that maps existing procedural documents to the key CDR processes;
4. Develop procedures for key CDR processes that lack existing documentation;
5. Review CDR procedural documents and ensure that they contain control activities and accountability elements, including clearly defined process owners and staff responsibilities, processing timeframes, documentation requirements sufficient to demonstrate performance of required activities, and escalation procedures to promote the timely and consistent execution of CDR activities;
6. Develop and implement documented compensating controls over the recording and transfer of CDR data within and across source systems to ensure that information is complete, accurate, and reliable. At a minimum, these controls should include periodic reconciliations between source systems, data validation procedures, exception reporting, timely correction of identified discrepancies, and documentation of corrective actions taken;
7. Assess the design and completeness of management oversight controls across the key CDR processes. Where deficiencies exist, develop, document, and implement management oversight controls to ensure that established control activities and

³² The original system or application where the data is first created, collected, and stored before it is moved, transformed, or used elsewhere. See Appendix E for the full list of CDR source systems and data flow

³³ DBD uses annuitants' Social Security Numbers as the unique identifier needed to find them in its systems.

compensating controls are performed timely and in accordance with established procedures; and

8. Revise the DBD Chart of Controls to include all key control activities and management oversight controls developed in response to Recommendations 1 through 7 above.

Summary of Management's Comments and WAI's Response

Office of Programs (OP) concurred with Recommendations 3, 4, 5, 6, 7, and 8 and stated that it targets completing its planned corrective actions by the following dates:

Recommendation	Target Completion Date
Recommendation 3	June 2027
Recommendation 4	December 2027
Recommendation 5	December 2027
Recommendation 6	June 2028
Recommendation 7	December 2028
Recommendation 8	September 2029

It will be important for OP to meet the above target completion dates, or sooner, to ensure the timely implementation of the audit recommendations.

APPENDIX A: MANAGEMENT'S RESPONSE



UNITED STATES GOVERNMENT
MEMORANDUM

FORM G-1151 (1-82)
RAILROAD RETIREMENT BOARD

July 29, 2026

TO: Shanon E. Holman
Assistant Inspector General for Audit

FROM: Jebby Rasputnis
Director, Office of Programs

SUBJECT: Office of Programs Management Response – Audit of the U.S. Railroad Retirement Board (RRB)'s Continuing Disability Review (CDR) Process for Fiscal Year 2023

**JEBBY
RASPUTNIS**

Digitally signed by JEBBY
RASPUTNIS
Date: 2026.07.29
17:09:57 -05'00'

Thank you for the opportunity to review and provide comments on the draft report for the “Audit of the U.S. Railroad Retirement Board (RRB)’s Continuing Disability Review (CDR) Process for Fiscal Year 2023” that was sent to management in July 2026. The following is management’s response and planned corrective actions to address the findings and recommendations directed to the Office of Programs – Disability Benefits Division.

Recommendation 1: Develop and implement a documented workforce planning methodology to determine the number of staff required to eliminate the existing CDR backlog within a defined timeframe while continuing to process ongoing CDR workload. At a minimum, the methodology should consider workload analysis, productivity metrics, capacity modeling, and time-to-proficiency assumptions; and

Recommendation 2: Develop and implement procedures to periodically monitor and reassess the workforce planning methodology and related staffing assumptions.

Management Decision: Management concurs with these two overlapping recommendations. CDRs are performed by the agency’s DBD post examiners. We note that these recommendations were made based on FY23 staffing levels, but staffing has since decreased. At this time, due to attrition and insufficient funding to allow restaffing, there are only two DBD post examiners who are routinely responsible for CDR work; an additional two senior examiners assist with this workload, but one is retirement eligible such that we expect additional attrition.

Planned Corrective Actions: Management will identify a desired time period for resolving this backlog, will analyze the factors identified in Recommendation 1, and will develop a workforce planning methodology (i.e. a formula for determining the number of staff needed). Upon completion, management will determine an ideal time frame for refreshing this calculation in line with Recommendation 2.

Milestone 1: Define a time frame for backlog resolution.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Develop workforce analysis formula.

Responsible Party: Director, Disability Benefits Division.

Milestone 3: Determine time frame for periodically revisiting/refreshing the workforce analysis.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: These recommendations will require additional time by, and training of, existing staff.

Target Completion Date: December 2026.

Recommendation 3: Develop and maintain a documented framework that maps existing procedural documents to the key CDR processes.

Management Decision: Concur.

Planned Corrective Actions: Management will create a framework based off the key CDR processes identified by this audit; existing documentation will be mapped to those processes.

Milestone 1: Review and create framework.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Map existing documentation to identified key processes.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: This recommendation will require additional time/work by existing staff, which means they will be pulled away from current duties, further delaying the time sensitive work of this office.

Target Completion Date: June 2027; ideally this Division would be fully staffed before conducting a full review of all processes and documentation in order to not further impair/delay service to the public. Full staffing in the past would require hiring at least 20 more examiners than are currently on staff; of note, at least half of current Division staff are eligible to retire and those impending vacancies would also require backfills. Attrition monitoring, and the actions directed in Recommendation 1 will further inform resource needs.

Recommendation 4: Develop procedures for key CDR processes that lack existing documentation.

Management Decision: Concur.

Planned Corrective Actions: Management will assess the work completed to address Recommendation 3 and identify which key CDR processes lack existing documentation prior to beginning to develop procedures.

Milestone 1: Assess which processes require documentation.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Create procedures for those identified processes.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: This recommendation will require additional time/work by existing staff, which means they will be pulled away from current duties, further delaying the time sensitive work of this office.

Target Completion Date: December 2027; ideally this Division would be fully staffed before conducting a full review of all processes and documentation in order to not further impair/delay service to the public. Full staffing in the past would require hiring at least 20 more examiners than are currently on staff; of note, at least half of current Division staff are eligible to retire and those impending vacancies would also require backfills. Attrition monitoring, and the actions directed in Recommendation 1 will further inform resource needs.

Recommendation 5: Review CDR procedural documents and ensure that they contain control activities and accountability elements, including clearly defined process owners and staff responsibilities, processing timeframes, documentation requirements sufficient to demonstrate performance of required activities, and escalation procedures to promote the timely and consistent execution of CDR activities.

Management Decision: Concur.

Planned Corrective Actions: Ideally, this assessment of CDR documentation to determine whether or not they contain the identified control elements would occur simultaneously with the actions responsive to Recommendations 1-4.

Milestone 1: Assess which procedural documents require additional work to define and document the control elements identified in the recommendation.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Create additional documentation for each document identified by work on Milestone 1, to include the control elements identified in the Recommendation.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: This recommendation will require additional time/work by existing staff, which means they will be pulled away from current duties, further delaying the time sensitive work of this office.

Target Completion Date: December 2027; ideally this Division would be fully staffed before conducting a full review of all processes and documentation in order to not further impair/delay service to the public. Full staffing in the past would require hiring at least 20 more examiners than are currently on staff; of note, at least half of current Division staff are eligible to retire and those impending vacancies would also require backfills. Attrition monitoring, and the actions directed in Recommendation 1 will further inform resource needs.

Recommendation 6: Develop and implement documented compensating controls over the recording and transfer of CDR data within and across source systems to ensure that information is complete, accurate, and reliable. At a minimum, these controls should include periodic reconciliations between source systems, data validation procedures, exception reporting, timely correction of identified discrepancies, and documentation of corrective actions taken.

Management Decision: Concur. Management appreciates that data processes can always be improved but seek to clarify the examples highlighted by OIG in this draft report. In regard to the CDR figure mis-reported in OIG's report on "Management and Performances Challenges Facing the Railroad Retirement Board for Fiscal Year 2024," we observe that, in supplying OIG with this number, a staff member committed a copy and paste error with a prior year's report; the error had nothing to do with data withing source systems. In regard to the RRB's FY 2023 Performance and Accountability Report (PAR), the agency included the following sentence: "At the start of fiscal year 2022, there were 923 pending CDR actions, and the Disability Benefits Division (DBD) completed 490 CDRs in fiscal year 2022." Management appreciates that if the word "actions" was inserted after the "490 CDRs" in this sentence, that would bring clarity, but we do not agree that this is an example of the agency reporting "inaccurate and inconsistent CDR figures" particularly given the use of the phrase "CDR actions" at the start of the sentence to describe the population being addressed in the sentence as well as the other cited document identifying the work as "CDR actions." Finally, in regard to the "two instances in which annuitants' Social Security Numbers were manually entered incorrectly into the CDR Call-up Program, making those individuals untraceable during our testing," Management observes that the auditors did not identify those SSNs to Management until May 28, 2026. The numbers were not untraceable: management was able to trace them, identify the correct numbers, and provide the auditors with corresponding information on May 29, 2026, reflecting that no CDR action was missed as a result of the data entry.

Planned Corrective Actions: Develop and implement documented compensating controls over CDR data.

Milestone 1: Assess which compensating controls will be most effective at ensuring data integrity and can feasibly be implemented with current agency information technology systems, without impairing/delaying service to the public.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Document the compensating controls identified by work on Milestone 1; confirm with the Bureau of Information Services and the Office of Policy and Systems that the controls can be implemented with the current agency information technology systems; implement the compensating controls.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: This recommendation will require additional time/work by existing staff, which means they will be pulled away from current duties, further delaying the time sensitive work of this office.

Target Completion Date: June 2028; ideally this Division would be fully staffed before conducting a full review of all processes and documentation in order to not further impair/delay service to the public. Full staffing in the past would require hiring at least 20 more examiners than are currently on staff; of note, at least half of current Division staff are eligible to retire and those impending vacancies would also require backfills. Attrition monitoring, and the actions directed in Recommendation 1 will further inform resource needs.

Recommendation 7: Assess the design and completeness of management oversight controls across the key CDR processes. Where deficiencies exist, develop, document, and implement management oversight controls to ensure that established control activities and compensating controls are performed timely and in accordance with established procedures.

Management Decision: Concur.

Planned Corrective Actions: Undertake the actions described above to address Recommendations 3 through 6 which encompass a procedural framework, developing procedures, ensuring documents contain control activities, and developing compensating controls. Subsequently management oversight controls will be reviewed to ensure they reflect this work and, if not, appropriate controls will be developed/documented.

Milestone 1: Complete work on Recommendations 3 through 6.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Conduct a review of existing management control to identify any deficiencies as described in Recommendation 7.

Responsible Party: Director, Disability Benefits Division.

Milestone 3: As needed, based on the result of work for Milestone 2, develop/document additional oversight controls.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: This recommendation will require additional time/work by existing staff, which means they will be pulled away from current duties, further delaying the time sensitive work of this office.

Target Completion Date: December 2028; ideally this Division would be fully staffed before conducting a full review of all processes and documentation in order to not further impair/delay service to the public. Full staffing in the past would require hiring at least 20 more examiners than are currently on staff; of note, at least half of current Division staff are eligible to retire and those impending vacancies would also require backfills. Attrition monitoring, and the actions directed in Recommendation 1 will further inform resource needs.

Recommendation 8: Revise the DBD Chart of Controls to include all key control activities and management oversight controls developed in response to Recommendations 1 through 7 above.

Management Decision: Concur.

Planned Corrective Actions: Review all control activities and documentation created as a result of work on Recommendations 1 through 7 and ensure it is reflected in the DBD Chart of Controls.

Milestone 1: Complete work on Recommendations 1 through 7.

Responsible Party: Director, Disability Benefits Division.

Milestone 2: Document associated control work in the DBD Chart of Controls.

Responsible Party: Director, Disability Benefits Division.

Milestone 3: Complete the DBD Chart of Controls and obtain MCRC review as part of the annual MCR process. NOTE: this impacts the time frame for completion as that MCR process does not complete until the third or fourth quarter of each fiscal year.

Responsible Party: Director, Disability Benefits Division.

Resource Requirements: This recommendation will require additional time/work by existing staff, which means they will be pulled away from current duties, further delaying the time sensitive work of this office.

Target Completion Date: September 2029, in line with the agency's recurring annual MCR processes. Ideally this Division would be fully staffed before conducting a full review of all processes and documentation in order to not further impair/delay service to the public. Full staffing in the past would require hiring at least 20 more examiners than are currently on staff; of note, at least half of current Division staff are eligible to retire and those impending vacancies would also require backfills. Attrition monitoring, and the actions directed in Recommendation 1 will further inform resource needs.

cc: April Bass, Director, Disability Benefits Division
Michael Olejnik, Senior Advisor, Office of Programs
Danielle M. Clark, Director, Audit Affairs and Compliance Division

APPENDIX B: Test Results and Estimated Potential Improper Payments

This appendix presents the results of our testing of CDR cases, along with the associated estimated potential improper payments resulting from missed CDRs in FY 2023.

Test Result:

As shown in this table, DBD did not review 330 of the 444 cases eligible for review in FY 2023.

Table 1. Test Result Summary

A Review Types	B Population	C Cases Eligible for Review	D Cases Not Reviewed	E Cases Not Reviewed (%)
Medical	203 ³⁴	203 ³⁵	201	99%
Earnings	241 ³⁶	241 ³⁷	129	54%
Total	444	444	330	

Estimated Potential Improper Payments:

Although not every annuitant scheduled for CDR in FY 2023 would necessarily have been found ineligible for disability benefits, DBD's failure to perform those reviews prevented the agency from determining which annuitants remained eligible for benefits. Accordingly, we estimated the potential improper payments by applying DBD's historical weighted average CDR benefit termination rate from (calculated in Table 3 below) to the estimated benefit exposure for the 330 unreviewed cases.

Table 2: Improper Payments Calculation

A Total Unreviewed Cases ³⁸	B Average Monthly Payment ³⁹	C Period (Months)	D (A*B*C) Estimated Exposure to Overpayments	E Historical Termination Rate	F (D*E) Estimated Potential Improper Payments
330	\$3,906	12	\$15,467,760.00	46%	\$7,115,169.60

³⁴ Obtained from detailed testing of CDR Callups

³⁵ Obtained from detailed testing of CDR Callups

³⁶ Obtained from detailed testing of CDR actions identified through EDP Policing

³⁷ Obtained from detailed testing of CDR actions identified through EDP Policing

³⁸ Obtained from Table 1, Column D

³⁹ Obtained from the RRB's 2024 Annual Report, Page 4, Selected Data on Benefits Operations, Employee Disability Annuities section, Average Occupational Disability Annuity line

CDR Historical Termination Rate Calculation

The table below presents WAI's calculation of the historical weighted average CDR termination rate based on the RRB's reported CDR outcomes for FYs 2019 through 2022.

Table 3. CDR Weighted Average Termination Rate⁴⁰

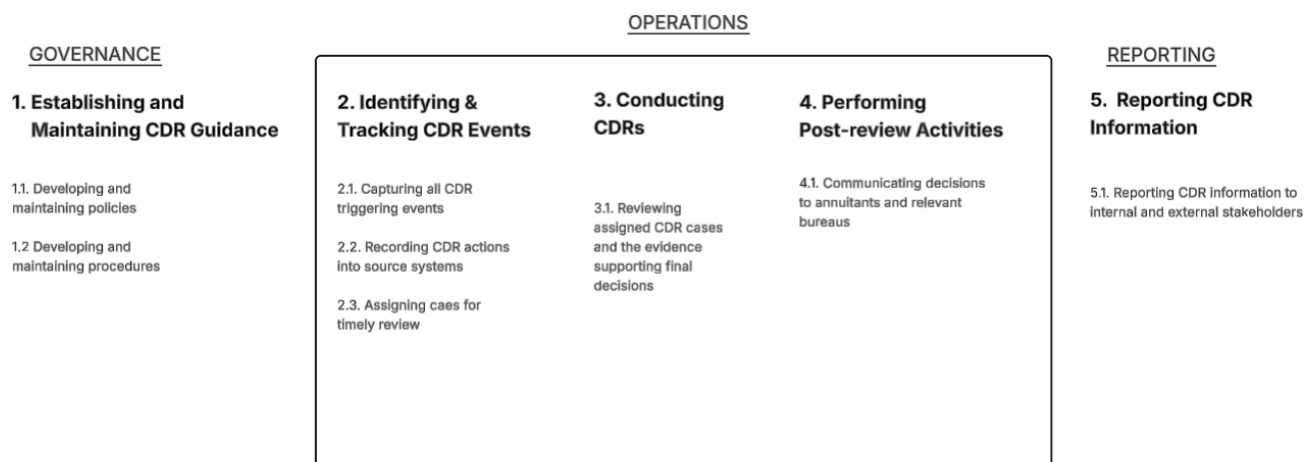
	2019	2020	2021	2022	Total
Reported CDRs Completed	42	105	126	131	404
Reported Benefit Terminations	18	48	60	60	186
<u>Calculated Benefit Termination Rate</u>					
186 / 404 = 46%					

⁴⁰ Data used to calculate the historical CDR termination rate was obtained from DBD's Program Evaluation and Management Services (PEMS) annual Study of Completed Continuing Disability Reviews reports for FYs 2019 through 2022, which were provided by DBD.

APPENDIX C: CDR Key Process Flow Diagram

The diagram below provides a high-level overview of the key processes involved in the Continuing Disability Review (CDR) function.

Figure 1: CDR Key Process Flow Diagram⁴¹



⁴¹ Source: Created by WAI based on information obtained from DBD during walkthroughs of the CDR process

APPENDIX D: Assessment of Supervisory Oversight Controls Within the CDR Process

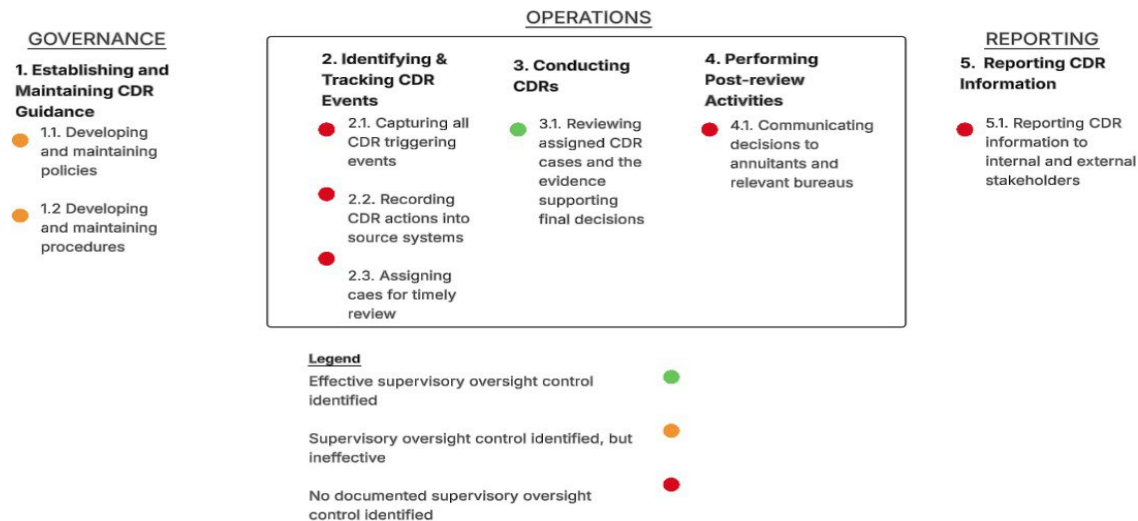
This appendix presents the results of our assessment of documented supervisory oversight controls across the CDR process. The assessment evaluated whether supervisory oversight controls were identified and whether those controls were operating effectively within each major CDR subprocess.

Table 1. Summary of Supervisory Oversight Control Assessment

Classification	Count	Subprocess(es)
Effective supervisory oversight controls identified	1	Conducting CDRs (3.1)
Supervisory oversight controls identified, but ineffective	2	Establishing and Maintaining CDR Guidance (1.1 and 1.2)
No supervisory oversight controls identified	5	- Identifying and Tracking CDR Events (2.1; 2.2; and 2.3) - Performing Post-Review Activities (4.1) - Reporting (5.1)

As shown in Figure 1 below, supervisory oversight controls operated effectively in only one of the eight assessed subprocesses, indicating oversight weaknesses across the CDR program.

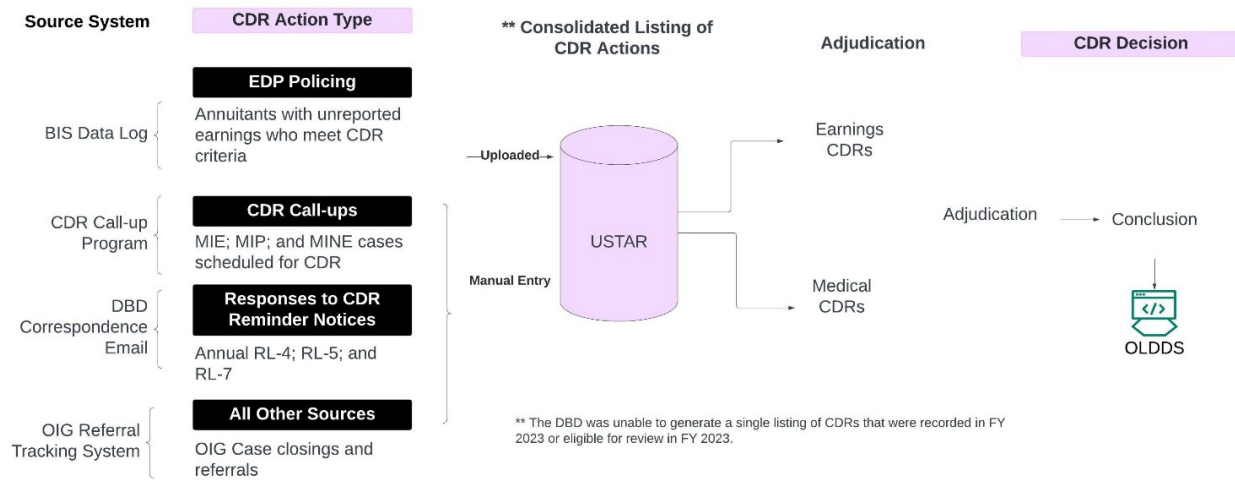
Figure 1: Supervisory Oversight Control Assessment by CDR Process⁴²



⁴² Source: Created by WAI based on information obtained from DBD during walkthroughs of the CDR process, and our assessment of CDR program controls

APPENDIX E: CDR Data Flow & Source Systems

The diagram below identifies the source systems used in the CDR process and illustrates how CDR data flows through those systems.⁴³



⁴³ Source: Created by WAI based on information provided by DBD during walkthroughs of the CDR process