

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

**JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2010**

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**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

EXECUTIVE SUMMARY

The mission of the Office of Inspector General (OIG) at the Railroad Retirement Board (RRB) is to: (1) conduct independent audits and investigations relating to agency programs and operations; (2) promote economy, efficiency and effectiveness; (3) detect fraud and abuse; and (4) keep the Board Members and Congress informed about problems and recommend corrective actions concerning RRB operations.

The OIG is requesting \$8,186,000 in fiscal year 2010 to continue audit and investigative coverage of the RRB benefit programs, to identify program weaknesses, and reduce fraud in agency programs. The office will focus resources on operational areas with the greatest impact on RRB activities and related customer service. Investigative resources will be devoted to maintaining the integrity of RRB programs through the investigation of waste, fraud, and abuse.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

LIMITATION ON THE OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of Inspector General [("Office")] for audit, investigatory and review activities, as authorized by the Inspector General Act of 1978, not more than ~~[\$7,806,000]~~ \$8,186,000, to be derived from the railroad retirement accounts and railroad unemployment insurance account[: *Provided*, That none of the funds made available in any other paragraph of this Act may be transferred to the Office; used to carry out any such transfer; used to provide any office space, equipment, office supplies, communications facilities or services, maintenance services, or administrative services for the Office; used to pay any salary, benefit, or award for any personnel of the Office; used to pay any other operating expense of the Office; or used to reimburse the Office for any expense provided, or expense incurred, by the Office, except as permitted pursuant to the last proviso under this heading in division G of the Consolidated Appropriations Act, 2008]. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.*)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
For expenses necessary for the Office of Inspector General for audit, investigatory and review activities, as authorized by the Inspector General Act of 1978, not more than \$8,186,000, to be derived from the railroad retirement accounts and railroad unemployment insurance account.	This budget requests funding for audit, investigation, and review of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The Limitation on the Office of Inspector General draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Account.

Authorizing Legislation

<u>Legislation</u>	<u>FY 2009</u>		<u>FY 2010</u>	
	<u>Authorized</u>	<u>Current Appropriation</u>	<u>Authorized</u>	<u>Appropriation Requested</u>
Authorizing legislation - Inspector General Act of 1978, as amended	Indefinite	\$7,806,000 <u>a/</u>	Indefinite	\$8,186,000

a/ This amount represents the level of funding provided by the Consolidated Appropriations Act, 2009 (P.L. 111-8).

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

BUDGET AUTHORITY AND STAFFING BY ACTIVITY

	<u>FY 2008</u>		<u>FY 2009</u>		<u>FY 2010</u>	
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>PROJECTED</u>	<u>BUDGET</u>	<u>PROJECTED</u>	<u>BUDGET</u>
	<u>FTES</u>	<u>AMOUNT</u>	<u>FTES</u>	<u>AMOUNT</u>	<u>FTES</u>	<u>AMOUNT</u>
<u>Program by Activity</u>						
Office of Inspector General						
Audit and Investigation	47	\$7,173,000	51	\$7,806,000	54	\$8,186,000
Rescinded in accordance with P.L. 110-161		<u>(125,312)</u>		<u>0</u>		<u>0</u>
Authorizing Legislation		\$7,047,688 <u>a/</u>		\$7,806,000 <u>b/</u>		\$8,186,000

a/ Reflects the level of funding provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161), less a rescission of 1.747 percent.

b/ Reflects the level of funding provided by the Consolidated Appropriations Act, 2009 (P.L. 111-8).

BUDGET AUTHORITY BY OBJECT CLASSIFICATION

	FISCAL YEAR 2008 <u>ACTUAL AMOUNTS</u>	FISCAL YEAR 2009 <u>ESTIMATED AMOUNTS</u>	FISCAL YEAR 2010 <u>ESTIMATED AMOUNTS</u> a/	FY 2010 vs. FY 2009 <u>INCREASE OR DECREASE</u>
<u>Limitation on the Office of Inspector General</u>				
<u>Direct Obligations by Object Class</u>				
Personnel Compensation:				
Full-time permanent	\$4,479,654	\$4,724,000	\$5,207,000 b/	\$483,000
Other than full-time permanent	0	0	0	0
Other personnel compensation	238,515	73,251	85,000	11,749
	-----	-----	-----	-----
Total Personnel Compensation	4,718,169	4,797,251	5,292,000	494,749
Personnel Benefits: Civilian				
Benefits for former personnel	1,316,146	1,573,000	1,704,000 b/	131,000
Travel and transportation of persons	0	0	0	0
Rental Payments to GSA	217,484	250,000	260,000	10,000
Communications, utilities, and miscellaneous charges	268,800	280,000	300,000	20,000
Printing and reproduction	95,242	112,000	112,000	0
Consulting Services	544	1,000	1,000	0
Other Services	0	0	0	0
Supplies and materials	217,152	729,749	449,000	(280,749)
Equipment	30,135	38,000	38,000	0
	127,767	25,000	30,000	5,000
	-----	-----	-----	-----
Total Direct Obligations	\$6,991,439	\$7,806,000	\$8,186,000	\$380,000
Unobligated Balance	56,249	0	0	0
	-----	-----	-----	-----
Total Budget Authority	\$7,047,688	\$7,806,000	\$8,186,000	\$380,000
Authorizing Legislation-President's Budget				
Mandated Rescission (PL 110-161)	\$7,173,000	\$7,806,000 c/	\$8,186,000	\$380,000
	(125,312)	0	0	0
	-----	-----	-----	-----
Authorizing Legislation	\$7,047,688	\$7,806,000	\$8,186,000	\$380,000
Total Full-Time Equivalent Usage d/				
	47	51	54	3

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

b/ Salary and benefit estimates for FY 2010 reflect an Office of Management and Budget policy pay raise assumption of 2.0% effective January 2010

c/ Reflects the level of funding provided by the Consolidated Appropriations Act, 2009 (P.L. 111-8).

d/ The RRB-OIG plans to hire six additional auditors and criminal investigators in FY 2009, increasing the full-time equivalent staff level in the RRB-OIG to 54 FTEs by the end of FY 2009.

CONTRACTUAL SERVICES

<u>Program by Activity</u> <u>Contractual Services</u>	<u>FY 2008</u> <u>ACTUAL</u>	<u>FY 2009</u> <u>ESTIMATE</u>	<u>FY 2010</u> <u>ESTIMATE</u>
<u>Contracts</u>			
OIG Disaster Recovery Assessment	\$70,000	\$85,000	\$85,000
Federal Information Security Management Act (FISMA)	0	0	10,000
Audit of Statement of Social Insurance	52,000	0	29,000
	<hr/>	<hr/>	<hr/>
Contract Program Total	\$122,000	\$85,000	\$124,000

RAILROAD RETIREMENT BOARD - OFFICE OF INSPECTOR GENERAL

PERSONNEL SUMMARY

	<u>FY 2008</u> <u>ACTUAL</u>	<u>FY 2009</u> <u>ESTIMATE</u>	<u>FY 2010</u> <u>ESTIMATE</u>
IG	1	1	1
Subtotal	<u>1</u>	<u>1</u>	<u>1</u>
ES-00	1	2	3
Subtotal	<u>1</u>	<u>2</u>	<u>3</u>
GS/GM-15	3	2	1
GS/GM-14	7	7	7
GS/GM-13	18	20	20
GS-12	11	13	13
GS-11	0	0	0
GS-10	0	0	0
GS-09	2	2	2
GS-08	2	2	2
GS-07	2	5	5
GS-06	0	0	0
GS-05	0	0	0
GS-04	0	0	0
GS-03	0	0	0
GS-02	0	0	0
GS-01	0	0	0
Subtotal	<u>45</u>	<u>51</u>	<u>50</u>
End of Year: total full-time permanent employment	48	54	54
Full-time equivalent (FTE) usage	47	51	54
<u>END OF YEAR</u>			
Average ES Salary	\$158,500	\$162,900	\$167,800
Average GS/GM Grade	12.38	12.02	11.96
Average GS/GM Salary without Premium Pay	\$93,070	\$98,600	\$96,282
Average GS/GM Salary with Premium Pay	\$101,473	\$107,502	\$105,589

LIMITATION ON THE OFFICE OF INSPECTOR GENERAL

AMOUNTS AVAILABLE FOR OBLIGATION

Office of Inspector General

<u>Financing</u>	<u>FY 2008 actual</u>	<u>FY 2009 estimate</u>	<u>FY 2010 estimate</u>
Obligations from new authority	\$6,991,439	\$7,806,000	\$8,186,000
Plus: Unobligated balance	<u>56,249</u>	<u>0</u>	<u>0</u>
Limitation on the Office of Inspector General:	\$7,047,688 <u>a/</u>	\$7,806,000 <u>b/</u>	\$8,186,000

Relation of direct obligations to outlays

Obligations incurred	\$6,991,439	\$7,806,000	\$8,186,000
Obligated balance, start of year	0	679,071	679,071
Obligated balance, end of year	<u>(679,071)</u>	<u>(679,071)</u>	<u>(679,071)</u>
Outlays:	\$6,312,368	\$7,806,000	\$8,186,000

a/ Reflects an appropriation of \$7,173,000 provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161), less a rescission of \$125,312 in accordance with P.L. 110-161.

b/ Reflects an appropriation of \$7,806,000 provided by the Consolidated Appropriations Act, 2009 (P.L. 111-8).

Note: Funding for the audit and investigative activities of the Railroad Retirement Board Office of Inspector General is transferred from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit (SSEB) Account, and the Railroad Unemployment Insurance Account (RUIA). The President's budget for fiscal year 2010 reflects budget authority for administrative expenses in the RRA, SSEB Account, and the RUIA. The Limitation on the Office of Inspector General receives spending authority from offsetting collections equal to the appropriation amount.

APPROPRIATIONS HISTORY TABLE

<u>FISCAL YEAR</u>	<u>PRESIDENT'S BUDGET TO CONGRESS</u>	<u>HOUSE ALLOWANCE</u>	<u>SENATE ALLOWANCE</u>	<u>APPROPRIATION</u>	
2000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,380,000	<i>a/</i>
2001	\$5,700,000	\$5,380,000	\$5,700,000	\$5,700,000	<i>b/</i>
2002	\$6,480,000	\$6,042,000	\$6,480,000	\$6,256,500	<i>c/</i>
2003	\$6,300,000	\$6,300,000	\$6,300,000	\$6,321,640	<i>d/</i>
2004	\$6,600,000	\$6,600,000	\$6,300,000	\$6,561,060	<i>e/</i>
2005	\$7,200,000	\$6,561,000	\$7,200,000	\$7,195,968	<i>f/</i>
2006	\$7,195,968	\$7,196,000	\$7,196,000	\$7,124,040	<i>g/</i>
2007	\$7,606,000	\$7,606,000	\$7,606,000	\$7,172,686	<i>h/</i>
2008	\$7,606,000	\$7,606,000	\$8,000,000	\$7,047,688	<i>i/</i>
2009	\$7,806,000	\$7,806,000	\$7,806,000	\$7,806,000	<i>j/</i>
2010	\$8,186,000				

a/ Represents the Consolidated Appropriations Act, 2000 (P.L. 106-113) amount of \$5,400,000, less \$20,000 rescinded in accordance with P.L.106-113.

b/ Represents the amount made available by Consolidated Appropriations Act, 2001 (P.L. 106-554).

c/ Represents the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 2002 (P.L.107-116) amount of \$6,261,000, less \$4,500 rescinded in accordance with P. L.107-206.

d/ Represents the Consolidated Appropriations Resolution, 2003 (P.L. 108-7) amount of \$6,363,000, less \$41,360 rescinded in accordance with P.L. 108-7.

e/ Represents the Consolidated Appropriations Act, 2004 (P.L. 108-199) amount of \$6,600,000, less \$38,940 rescinded in accordance with P.L. 108-199.

f/ Represents the Consolidated Appropriations Act, 2005 (P.L. 108-447) amount of \$7,254,000, less \$58,032 rescinded in accordance with P.L. 108-447.

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

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

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

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

STAFFING HISTORY

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

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

a/ Reflects estimated FTEs to be used.

REQUESTED CHANGE IN OPERATIONAL AUTHORITY

Oversight of the National Railroad Retirement Investment Trust

The National Railroad Retirement Investment Trust (NRRIT) was established by the Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA) to manage and invest Railroad Retirement assets. As of February 28, 2009, the RRB's investments in the NRRIT were valued at approximately \$18.3 billion. Although the Trust is a tax-exempt entity independent of the Federal government, the RRSIA requires the Trust to report to the RRB. This office has previously reported its concerns about the RRB's passive relationship with the NRRIT and has identified the RRB's oversight in this area as a critical issue. However, the RRSIA does not provide the Office of Inspector General (OIG) with oversight authority to conduct audits and investigations of the NRRIT. This office believes that independent oversight of the Trust's operations is necessary to ensure that sufficient reporting mechanisms are in place and to ensure that the Trustees are fulfilling their fiduciary responsibilities. The OIG respectfully requests oversight and enforcement authority to conduct audits and investigations of the NRRIT.

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

EXPLANATION OF FISCAL YEAR 2010 REQUEST

The Office of Inspector General (OIG) at the Railroad Retirement Board (RRB) is responsible for promoting economy, efficiency and effectiveness; and for identifying and preventing fraud, waste and abuse in agency programs. The RRB administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families. It is the Railroad Retirement Board's (RRB) central mission to pay accurate and timely benefits. During fiscal year (FY) 2008, the RRB paid approximately \$10.1 billion in retirement and survivor benefits to 598,000 beneficiaries. It also paid \$80 million in net unemployment and sickness insurance benefits to almost 30,000 claimants during the benefit year ending June 30, 2008.

The RRB contracts with a separate Medicare Part B carrier, Palmetto GBA, to process Medicare claims. As of September 30, 2008, there were 469,442 RRB Medicare part B beneficiaries. In FY 2008, Palmetto GBA processed over 11 million claims and paid over \$844 million in medical insurance benefits.

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

The FY 2010 Performance Budget, including the President's proposed administrative budget and projected performance statistics for FYs 2009-2010, is included in this budget justification.

The OIG is requesting \$8,186,000 in FY 2010 to conduct its independent oversight of agency operations. The OIG will continue its efforts to perform fraud investigations, identify operational weaknesses and detect internal control deficiencies in RRB benefit programs. OIG will also continue its work with agency managers to ensure implementation of corrective actions.

The Office of Inspector General conducts its operations through two major components: the Office of Audit and the Office of Investigations. A discussion of the priority areas in fiscal year 2010 for audit and investigative activities follows.

OFFICE OF AUDIT

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

During FY 2010, OA will focus on areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste and abuse. In FY 2010, OA will continue its emphasis on long-term systemic problems and solutions, and will address major issues that affect the RRB's service to rail beneficiaries and their families. OA has identified four broad areas of potential audit coverage:

- Financial Accountability
- RRA & RUIA Benefit Program Operations
- Railroad Medicare Program Operations
- Security, Privacy and Information Management

During FY 2010, OA must accomplish the following mandated activities with its own staff:

- Audit of the RRB's Financial Statements pursuant to the requirements of the Accountability of Tax Dollars Act of 2002; and
- Evaluation of Information Security pursuant to the Federal Information Security Management Act (FISMA).

During FY 2010, OA will complete the audit of the RRB's FY 2009 financial statements and begin its audit of the agency's FY 2010 financial statements. OA contracts with a consulting actuary for technical assistance in auditing the RRB's "Statement of Social Insurance" which became basic financial information effective for FY 2006.

In addition to performing the annual evaluation of information security, OA also conducts audits of individual computer application systems which are required to support the annual FISMA evaluation. Our work in this area is targeted toward the identification and elimination of security deficiencies and system vulnerabilities, including controls over sensitive personally identifiable information.

OA undertakes additional projects with the objective of allocating available audit resources to areas in which they will have the greatest value. In making that determination, OA considers staff availability, current trends in management, congressional, and Presidential concerns.

As discussed previously, this office seeks oversight authority for the NRRIT. The law that created the NRRIT does not specify or define any requirement for oversight by the RRB that would identify circumstances requiring enforcement action by RRB management, other than an annual audit of the Trust's financial statements. That annual audit is conducted by Independent Public Accountants retained by NRRIT management. Accordingly, the OIG cannot provide oversight to the NRRIT. In connection with its audit of the RRB's financial statements, OA works with agency management to ensure that the RRB meets its financial reporting responsibilities for assets held and invested by the NRRIT.

OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) focuses its efforts on identifying, investigating and presenting cases for prosecution, throughout the United States, concerning fraud in RRB benefit programs. OI conducts investigations relating to the fraudulent receipt of RRB sickness, unemployment, disability, or retirement benefits. OI also investigates railroad employers and unions when there is an indication that they have submitted false reports to the RRB. With enactment of the Consolidated Appropriations Act of 2008, the RRB/OIG was authorized to use funds appropriated under that Act to conduct oversight activities for RRB Medicare program. This authority allows the OIG to investigate allegations of fraud, waste and abuse in the Railroad Medicare program. These investigative efforts can result in criminal convictions, administrative sanctions, civil penalties and the recovery of program benefit funds for a major program administered by the RRB.

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

OI's investigative results for FY 2009 year to date are:

<u>Civil Judgments</u>	<u>Indictments/Information</u>	<u>Convictions</u>	<u>Recoveries/Receivables</u>
12	16	29	\$5,125,573

OI anticipates an ongoing caseload of approximately 450 investigations in FY 2010. During FY 2008, OI opened 203 new cases and closed 238. At present, OI currently has cases open in 47 states, the District of Columbia and Canada with estimated fraud losses totaling nearly \$16 million.

OI will continue to concentrate its resources on cases with the highest fraud losses. Typically, these cases are related to the RRB's disability program. Disability fraud cases currently constitute approximately 50% of OI's total caseload. These cases involve more complicated schemes and result in the recovery of substantial funds for the agency's trust funds. OI will continue to dedicate considerable time and resources in the investigation of nationwide schemes to defraud the RRB disability program. These cases require sizeable resources for travel by special agents to conduct surveillance, or more sophisticated investigative techniques and numerous witness interviews. The schemes are often complex and, in some instances, even include conspiratorial involvement by attorneys. The cases also require very sophisticated financial analysis, since the schemes are often cloaked in what could appear to be legitimate business practices.

OI has added RRB Medicare fraud investigations to its caseload and has identified 35 cases which involve losses to the Railroad Medicare program. Similar to the Disability fraud matters, Medicare fraud cases are extremely complex in nature and often involve extensive document/data reviews that demand significant resources.

OI will also continue to investigate fraud violations of railroad employees collecting unemployment or sickness insurance benefits while working and receiving wages from an employer. OI will also investigate retirement fraud which typically involves the theft and fraudulent cashing of U.S. Treasury checks or the withdrawal of electronically deposited RRB benefits. OI will also use the Department of Justice's Affirmative Civil Enforcement Program to recover trust fund monies from cases that do not meet U.S. Attorney's guidelines for criminal prosecution.

In FY 2010, OI will continue to coordinate its efforts with agency program managers to address vulnerabilities in benefit programs that allow fraudulent activity to occur and will recommend changes to ensure program integrity. OI plans to continue proactive projects to identify fraud matters that are not detected through the agency's program policing mechanisms. Findings will be conveyed to agency management through OIG systemic implication reports to alert officials of operational weaknesses that may result in fraud against RRB programs. OI will also continue to work with RRB program managers to ensure the appropriate and timely referral of all fraud matters to the OIG.

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

Conclusion

In FY 2010, the OIG will continue to focus its resources on the review and improvement of RRB operations and will conduct activities to ensure the integrity of the agency trust funds. This office will continue to work with agency officials to ensure the agency is providing quality service to railroad workers and their families. The OIG will also aggressively pursue all individuals who engage in activities to fraudulently receive RRB funds, including RRB Medicare funds.

RAILROAD RETIREMENT BOARD
OFFICE OF INSPECTOR GENERAL

FISCAL 2010 PERFORMANCE BUDGET

INTRODUCTION

The audit and investigative programs of the Office of Inspector General (OIG) are dedicated to protecting the integrity of the Railroad Retirement Board's trust funds and improving the delivery of benefits to the railroad community. The OIG has developed the Fiscal Year 2010 Performance Budget to support our mission by establishing performance measures for our strategic goals.

The OIG is aware that external factors may significantly affect planned activities and the allocation of resources during any given fiscal year. New legislative mandates may necessitate the delay of scheduled projects to ensure that we meet new statutory requirements. The performance budget reflects the President's proposed fiscal year 2010 funding level of \$8,186,000 for the Office of Inspector General.

MISSION STATEMENT

The Office of Inspector General:

- Conducts audits/evaluations, management reviews, and inspections for RRB program operations;
- Provides recommendations for improvement to agency management;
- Promotes economy, efficiency, and effectiveness in agency programs;
- Prevents and detects fraud, waste, and abuse in agency programs;
- Reviews and makes recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations; and
- Keeps RRB Board Members and the Congress fully informed of problems in agency programs and operations.

STRATEGIC GOALS

The OIG has the following strategic goals:

1. ***Add value to the agency's programs and operations*** – This goal addresses the OIG's independent oversight of agency program operations. In support of this goal the OIG evaluates agency program functions, assesses program efficiency, and advises management of the necessary actions to improve agency performance.
2. ***Protect the integrity of the agency's programs and operations*** – This goal includes compliance reviews and enforcement activities to identify systemic weaknesses in agency programs. The OIG's objective is to reduce the potential for waste, fraud, and abuse in agency programs and to create a deterrent for future fraudulent activities.
3. ***Ensure quality and excellence in OIG work and products*** – This goal focuses on the internal operations of the OIG and identifies ways to streamline and improve the effectiveness of audits and investigations by utilizing new technologies, providing staff training, and improving planning processes.

PERFORMANCE BUDGET

The following performance budget provides performance goals and indicators consistent with our strategic goals. Actual performance is provided in the following exhibit for fiscal years 2005 through 2008. Performance for fiscal year 2009 reflects the level of resources provided by the Consolidated Appropriations Act, 2009, and fiscal year 2010 performance reflects the President's proposed budget level of \$8,186,000.

Railroad Retirement Board – Office of Inspector General FY 2010 Annual Performance Plan	2005 Actual (\$7.196m)	2006 Actual (\$7.124m)	2007 Actual (\$7.173m)	2008 Actual (\$7.048m)	2009 Estimate (\$7.806m)	2010 Request Level (\$8.186m)
Performance Goal I: Add value to the agency's programs and operations through audits and evaluations.						
The OIG will solicit suggestions for audits and reviews for the annual audit work plan from 100% of the agency's organizational components.	100%	100%	100%	100%	100%	100%
Seventy-five percent of audit reports will be issued within 240 days.	91%	75%	56%	40%	50%	50%
Eighty percent of audits, evaluations, and inspections are subjected to an internal quality assurance review.	70%	75%	80%	100%	80%	80%
Agency management agrees with 80% of recommendations made in audit, evaluation, and inspection reports.	89%	94%	97%	98%	80%	80%
Performance Goal II: Provide accurate, objective and timely information to the RRB, Congress and other interested parties.						
The OIG will file 100% of reports on time.	100%	100%	100%	100%	100%	100%
	100%	100%	100%	100%	100%	100%
Performance Goal III: The OIG's work will deter fraud and abuse in agency programs and foster integrity in its operation.						
The OIG will increase the number of convictions, civil judgements and administrative actions resulting from its investigative case work by 10% over the FY 2000 base of 112.	10%	10%				
The OIG will increase the amount of monetary accomplishments by 10% over the FY 2000 base of \$3.9 million.	10%	10%				
The OIG will complete 4 projects to identify fraud cases that are not detected through agency policing procedures.	3	3	2	0	4	4
Percentage of allegations that are evaluated and submitted for disposition within 30 days of receipt.	90%	90%	80%	80%	85%	85%

Railroad Retirement Board – Office of Inspector General FY 2010 Annual Performance Plan	2005 Actual (\$7.196m)	2006 Actual (\$7.124m)	2007 Actual (\$7.173m)	2008 Actual (\$7.048m)	2009 Estimate (\$7.806m)	2010 Request Level (\$8.186m)
Percentage of investigations that are accepted by a prosecutor or an agency for judicial or administrative action that result in a successful action, i.e., criminal conviction, civil judgment or administrative action.	95%	90%	80%	90%	85%	90%
Percentage of systemic issue recommendations that are agreed to by the agency in the current year.	50%	80%	70%	95%	90%	90%
Performance Goal IV: Promote cooperative relationships with the RRB and other federal, state and local agencies and departments.						
The OIG will work 10% on average, of its cases as joint investigations with other OIGs, and 8% as joint investigations with other Federal investigative agencies.	OIG 4% OLE 8%	OIG 4% OLE 8%				
The OIG will conduct 4 training sessions during the year for RRB staff.	2	2	1	0	4	4
Performance Goal V: Conduct timely follow-up on prosecutions and corrective actions.						
Eighty percent of all OIG investigations will be referred for prosecution or administrative action no later than nine months after initiation.	75%					
Reports on the progress of corrective actions for audit recommendations will be issued to the RRB Chairman within 35 days of the six month reporting period.	26 days	34 days	35 days	30 days	35 days	35 days
Performance Goal VI: The OIG will ensure an economical and efficient operation.						
All auditors hold the appropriate credentials to satisfy government, PCIE and applicable standards.	100%	100%	100%	100%	100%	100%
All auditors will receive 80 hours of continuing professional education over 2 years.	100%	100%	100%	100%	100%	100%
Percentage of responses to completed case surveys indicating an evaluation of full satisfaction or higher regarding OIG investigative products.	100%	92%	94%	100%	90%	90%