



December 2023

# RAILROAD RETIREMENT BOARD

## Agency Could Strengthen Plans to Address Key Management Challenges

Accessible Version

# GAO Highlights

Highlights of [GAO-24-105545](#), a report to congressional committees

## Why GAO Did This Study

RRB administers retirement, disability, Medicare, and other benefits to railroad workers and their families. GAO and RRB's Inspector General have identified challenges to RRB's ability to effectively carry out its mission. These include difficulty overseeing financial and program integrity, a looming wave of retirements, and aging IT systems.

The explanatory statement accompanying the Further Consolidated Appropriations Act, 2020, includes a provision for GAO to conduct a management review of RRB. This report examines the extent to which RRB has addressed its key operational challenges by (1) implementing a process to oversee and manage program and financial risks, (2) assessing its human capital and post-COVID workplace needs, and (3) modernizing its IT infrastructure.

GAO identified key practices from GAO's prior work and OMB guidance and assessed RRB's progress against these key practices. GAO reviewed relevant federal laws and regulations; RRB policies, plans and documents; OMB policies, and related GAO reports. GAO also interviewed officials from RRB.

## What GAO Recommends

GAO is making two recommendations to RRB to (1) develop a written plan that describes how it will complete implementation of its ERM process, and (2) ensure written plans clearly state the intended results of its IT modernization, including metrics and goals for measuring progress. RRB concurred with our recommendations.

View [GAO-24-105545](#). For more information, contact Elizabeth H. Curda at (202) 512-7515 or [curdae@gao.gov](mailto:curdae@gao.gov).

December 2023

# RAILROAD RETIREMENT BOARD

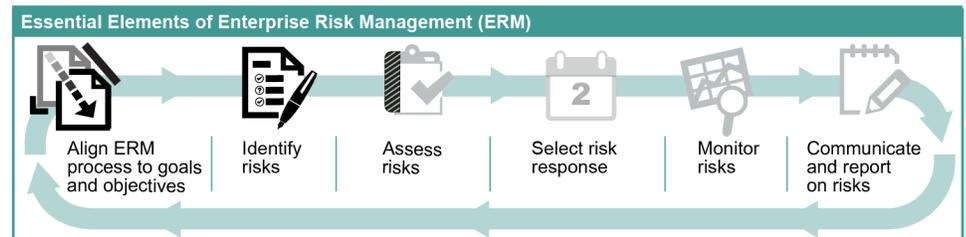
## Agency Could Strengthen Plans to Address Key Management Challenges

## What GAO Found

The Railroad Retirement Board (RRB) has taken some promising steps, in alignment with key practices, towards addressing its management challenges. However, some work remains.

**Risk management process.** RRB has begun implementing an enterprise risk management (ERM) process, which is a decision-making tool that allows agencies to review and manage program and financial risks. It involves several essential elements and related key practices that fit together in a continuous process. RRB has mostly or partially implemented key practices for the first two essential elements and is beginning to implement key practices for the third (see figure). For example, to help address the second element, identifying risks, RRB trained staff to identify and report on program risks, such as not processing timely and accurate retirement applications. RRB also created tools for staff to use to report risks. However, RRB does not have a written plan for completing its ERM implementation. With such a plan, RRB will be better positioned to measure progress toward completing the process. In addition, a written plan could help RRB better use the risk information it collects to target and address serious program and financial risks.

### Essential Elements of Enterprise Risk Management (ERM) Implemented by RRB<sup>a</sup>



Source: GAO analysis of RRB's ERM implementation; GAO (images). | GAO-24-105545

### Accessible text for Essential Elements of Enterprise Risk Management (ERM) Implemented by RRB<sup>a</sup>

#### Essential Elements of Enterprise Risk Management (ERM)

Align ERM process to goals and objectives

Identify risks

Assess risks

Select risk response

Monitor risks

Communicate and report on risks

Source: GAO analysis of RRB's ERM implementation; GAO (images). | GAO-24-105545

<sup>a</sup>Shading indicates the essential elements that the Railroad Retirement Board (RRB) mostly or partially implemented.

**Human capital and planning for post-COVID workplace needs.** RRB's human capital plans and efforts to date have incorporated all key practices for effective strategic workforce planning. For example, RRB analyzed expected employee

attrition and used this information to target hiring and training needs. RRB is also revising its telework policies in light of COVID and assessing its space needs to downsize its headquarters, among other things.

**IT modernization.** RRB assessed its IT needs and laid out a broad strategy for improvements that align with its strategic goals. For example, RRB plans to develop online tools for customers to file benefit applications and update information. However, RRB's IT modernization plans do not incorporate some key information management practices. For example, the agency has not developed plans that clearly state when its IT modernization efforts will be complete or the extent to which it will update its IT systems. In addition, RRB has not developed performance metrics and goals for measuring progress of its modernization efforts. In the absence of plans with clear metrics and goals, RRB may be unable to measure the success of its efforts and adjust approaches as needed.

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**Abbreviations**

The Board	Railroad Retirement Board's three-person Board
CARES Act	Coronavirus Aid, Relief, and Economic Security Act

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ERM	enterprise risk management
GSA	General Services Administration
IT	information technology
NRRIT	National Railroad Retirement Investment Trust
OIG	Office of Inspector General
OMB	Office of Management and Budget
RRB	Railroad Retirement Board
SSA	Social Security Administration

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December 7, 2023

Congressional Committees

Established in the 1930s, the Railroad Retirement Board (RRB) is an independent federal agency that administers retirement, disability, Medicare, unemployment, and other benefits for railroad workers and their families. RRB paid approximately \$13.6 billion in benefits to 528,000 beneficiaries in fiscal year 2022. Total railroad employment averaged 190,000 in 2022, down from 247,000 in 2015, reflecting a years-long decline in employment in the industry.

In its 2022 to 2026 strategic plan, RRB states that carrying out its mission involves paying benefits to the right people, in the right amounts, in a timely manner, and taking appropriate action to safeguard its clients' trust funds. However, GAO and RRB's Office of Inspector General (OIG) have previously identified challenges to the agency's ability to carry out its mission effectively. For instance, the OIG reported that as of February 2022 over one-third of RRB program division staff would be eligible for retirement within 3 years, leaving a potential employment gap. Additionally, the agency has faced challenges to modernize its IT systems. In 2023, the OIG reported that the potential for fraud, abuse, and mismanagement in RRB's disability program remains high, while recent audits also identified issues related to payment accuracy and transparency at the RRB.<sup>1</sup> In addition to these challenges, RRB responded to the same pandemic forces confronting other federal agencies by rapidly adapting how and where it provides services.

The explanatory statement accompanying the Further Consolidated Appropriations Act, 2020, includes a provision for GAO to conduct a management review of RRB, including its financial management practices, regional office structure and workforce planning needs, and oversight of programs.<sup>2</sup> This report addresses the extent to which RRB has addressed key operational challenges by (1) implementing a process

<sup>1</sup>Office of Inspector General, U.S. Railroad Retirement Board, *Management Information Report: Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022*, Report No. 23-03 (Chicago, IL: Feb. 23, 2023).

<sup>2</sup>Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94, 133 Stat. 2534 (2019); Explanatory Statement on the Further Consolidated Appropriations Act, 2020, 165 Cong. Rec. H11085 (2019).

to oversee and manage program and financial risks, (2) assessing its human capital and post-COVID workplace needs, and (3) modernizing its IT infrastructure.

To address our objectives, we reviewed RRB policies, plans, and reports to determine what issues the agency had identified as its key challenges. Additionally, we reviewed relevant federal laws and regulations, past GAO and OIG work, and we interviewed RRB and OIG officials to provide additional insights on the agency's key challenges. We focused on issues that broadly affected agency operations. Based on this criterion, we selected three key challenges to review: (1) RRB's implementation of an enterprise risk management process to oversee and manage program and financial risks, (2) RRB's human capital assessment and post-COVID workplace needs, and (3) RRB's ongoing IT modernization effort. We analyzed written plans and other documentation and interviewed RRB officials to understand RRB's efforts to address these key challenges.

To assess RRB plans in each area, we identified appropriate criteria against which to evaluate RRB's efforts. These included key practices identified in GAO reports on enterprise risk management and human capital planning as well as Office of Management and Budget (OMB) memos that focus on federal employee return-to-work, capital planning, and information management policies.<sup>3</sup>

We selected key practices from each of these sources that applied to the selected RRB management areas and developed a scorecard to evaluate

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<sup>3</sup>We use "key practices" as an overarching term to refer to the key principles, considerations, and policy requirements identified in the GAO reports and OMB memos we reviewed. We also use the term to refer to the good practices that illustrate the essential elements of enterprise risks management identified by GAO in 2016. See GAO, *Enterprise Risk Management: Selected Agencies' Experiences Illustrate Good Practices in Managing Risk*, GAO-17-63 (Washington, D.C.: Dec. 1, 2016); and *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003); OMB, *Integrating Planning for a Safe Increased Return of Federal Employees and Contractors to Physical Workplaces with Post-Reentry Personnel Policies and Work Environment*, M-21-25 (Washington, D.C.: June 10, 2021); OMB, *FY 2024 Agency-wide Capital Planning to Support the Future of Work*, M-22-14 (Washington, D.C.: July 20, 2022); and OMB, *Managing Information as a Strategic Resource*, Circular No. A-130 (Washington, D.C.: July 28, 2016).

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the extent to which RRB had incorporated key practices in each area.<sup>4</sup> One GAO staff member initially completed each scorecard and a second verified that assessment. We provide more detail on our assessment methodology in appendix I.

We conducted this performance audit from November 2021 to December 2023 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.

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## Background

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### Agency Overview

A three-person board (the Board) leads the RRB:

- A chairperson, appointed to represent the public interest;
- A management member, appointed upon the recommendation of railroad employers; and
- A labor member, appointed upon the recommendation of railroad labor organizations.

The three members are appointed by the President of the United States, confirmed by the U.S. Senate, and serve 5-year terms.

Below the Board is an executive committee, which manages the day-to-day operations of RRB. The executive committee is composed of seven

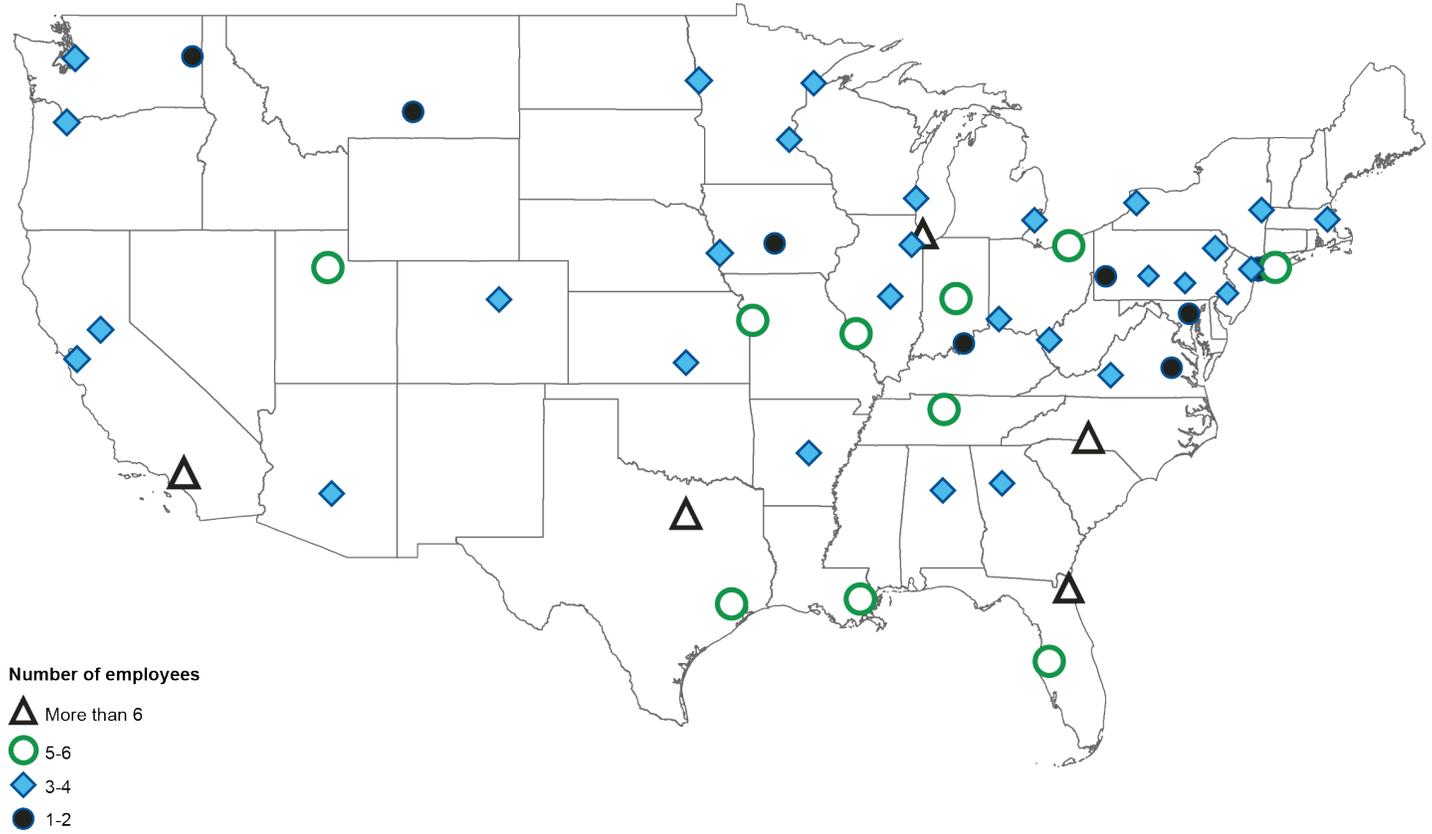
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<sup>4</sup>We rated the extent to which RRB 1) took minimal or no steps to implement the key practice, 2) partially implemented some, but not all parts of the key practice, and 3) mostly or fully implemented the key practice. In our report we use the term “all” to describe instances where all of the key practices were mostly or fully implemented by RRB, “most” to describe instances where the majority of key practices were mostly or fully implemented, and “some” to describe instances where the majority was a mix of mostly/fully and partially implemented key practices.

members, each a senior executive heading one of RRB's seven major divisions.<sup>5</sup>

RRB employs 813 staff spread across its Chicago headquarters and 53 field offices, which offer in-person services.<sup>6</sup> Figure 1 shows the location of RRB's offices.

**Figure 1: Location and Size of Railroad Retirement Board Field Offices**



Source: GAO analysis of data from the Railroad Retirement Board; Map Resources (map). | GAO-24-105545

**Accessible data for Figure 1: Location and Size of Railroad Retirement Board Field Offices**

Number of employees	States
More than 6	CA, TX, IL, NC, FL

<sup>5</sup>The seven major RRB divisions are the Bureau of the Actuary and Research, Bureau of Field Service, Bureau of Fiscal Operations, Bureau of Information Services, Office of Administration, Office of General Counsel, and Office of Programs.

<sup>6</sup>This number excludes OIG staff.

Letter

Number of employees	States
5-6	UT, KS, TX, LA, FL, IL, OH, IN, TN, NY
3-4	WA, OR, CA, AZ, CO, KS, AR, AL, GA, VA, PA, NY, NJ, MI, MA, OH, IL, WI, ND, NE
1-2	WA, MT, IA, KY, PA, MD, VA

Source: GAO analysis of data from the Railroad Retirement Board; Map Resources (map). | GAO-24-105545

Table 1 summarizes the benefits that RRB administers. Some of these mirror benefits broadly available to American workers, while others are unique to railroad workers.<sup>7</sup>

**Table 1: Selected Benefits Provided Through the Railroad Retirement Board**

Benefit type	Description
<b>Retirement</b>	<i>Tier I retirement benefits<sup>a</sup></i> Provides benefits to retirees, spouses and survivors that are nearly equivalent to Social Security Old-Age and Survivors Insurance benefits.
	<i>Tier II retirement benefits</i> Paid in addition to Tier I retirement; comparable to a private defined benefit pension.
<b>Disability</b>	<i>Total disability<sup>a</sup></i> Provides payments to individuals who have been determined to have a physical or mental impairment that lasts one year or is expected to result in death or last at least 1 year and prevents them from engaging in substantial gainful activity for any regular employment. Benefits are generally the same as Social Security Disability Insurance.
	<i>Occupational disability</i> Provides payments to individuals whose physical or mental condition makes them unable to perform their regular railroad occupation. A current connection with the railroad industry is required for an occupational disability annuity. <sup>b</sup>
<b>Sickness benefits</b>	Provides benefits to workers unable to work due to sickness, injury, pregnancy, or the birth of a child. Normal benefits are payable for up to 130 days per year.
<b>Unemployment benefits</b>	Provides payments to workers who become unemployed but are able to and available for work. Normal benefits are payable for up to 130 days per year.
<b>Railroad Medicare</b>	Benefits are identical to Medicare available to other workers.

Source: GAO analysis of Railroad Retirement Board documents. | GAO-24-105545

<sup>a</sup>Tier I retirement benefits and total disability benefits are based on the same formula as Social Security Old-Age and Survivors Insurance and Disability Insurance benefits for nonrailroad workers, but with some eligibility differences. For example, a railroad worker may receive unreduced retirement benefits at age 60 after 30 years of work, whereas the earliest most workers under Social Security can begin receiving retirement benefits is 62. A non-railroad worker would receive a reduced retirement benefit if claimed at age 62.

<sup>b</sup>According to RRB, an employee has a current connection with the railroad industry if they have worked for a railroad in at least 12 of the 30 months immediately preceding the month their railroad annuity begins or worked in the industry in at least 12 of any other 30 consecutive months before the month the annuity begins without intervening employment.

<sup>7</sup>Railroad workers who are eligible to receive benefits include those who are employed by railroads engaged in interstate commerce, railroad associations, and railroad labor organizations. Lifelong railroad workers receive railroad retirement benefits instead of Social Security benefits; railroad workers with non-railroad experience receive benefits either from railroad retirement or Social Security, depending on the length of their railroad service.

Several revenue sources help fund RRB benefits, including:

- **Payroll taxes.** Railroad workers and employers contribute payroll taxes that serve as the primary funding source for retirement, survivor, disability, and sickness benefits. These totaled approximately \$6.1 billion in fiscal year 2022.
- **Financial interchange.** In addition to payroll taxes, RRB receives annual transfers from the Social Security trust funds under a financial interchange between the two systems.<sup>8</sup> For fiscal year 2022, it was calculated that approximately \$5.58 billion would be transferred from the Social Security retirement and disability trust funds to RRB.<sup>9</sup>
- **National Railroad Retirement Investment Trust (NRRIT).** The NRRIT is an entity that manages and invests railroad retirement system assets. It was established by statute in 2001 as an entity separate from RRB and the federal government in order to insulate the Trust from political influence over its investment decisions. It both transfers money into railroad retirement accounts used to pay benefits and can receive excess RRB payroll tax collections to invest. The market value of assets managed by NRRIT was \$24.3 billion as of September 30, 2023. Both GAO and OIG have written about the limited oversight requirements that NRRIT is subject to, and the OIG has raised concerns about these limits, such as a lack of oversight of NRRIT's investment strategy. However, NRRIT is required to have its financial statements audited annually, and for fiscal years 2021 and 2022 it received audit opinions that its financial statements were presented fairly and consistent with accepted accounting principles. RRB's June 2023 actuarial report concluded that "barring a sudden, unanticipated, and large decrease in railroad employment or

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<sup>8</sup>The financial interchange was created in 1951. The financial interchange involves computing the amount of Social Security taxes that would have been collected on railroad employment, and computing the amount of additional benefits that Social Security would have paid to railroad retirement beneficiaries during the same fiscal year. For additional information on the financial interchange, see *Railroad Retirement Board: Additional Controls and Oversight of Financial Interchange Transfers Needed*, [GAO-18-323](#) (Washington, D.C.: Apr. 19, 2018).

<sup>9</sup>Social Security's Old-Age and Survivors Insurance Trust Fund—which pays monthly benefits to retired workers—is expected to become depleted in 2033, after which date continuing program income is projected to be sufficient to pay 77 percent of scheduled benefits, according to Social Security's 2023 annual trustees report. According to RRB officials, even if depletion affected the financial interchange, RRB could use money from the NRRIT or borrowed from Treasury to continue benefit payments for a period of time. The Disability Insurance Trust Fund—which pays monthly benefits to disabled workers and their spouses and children—is expected to remain solvent through at least 2097.

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substantial investment losses,” RRB will be able to pay benefits over the 25-year time horizon used in the report’s analysis.

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## Enterprise Risk Management

OMB requires federal agencies to implement enterprise risk management (ERM), a decision-making tool that allows agency leadership to review and manage risks from across an organization’s portfolio of responsibilities.<sup>10</sup> ERM can help agencies identify, assess, and manage program and financial risks. In addition, ERM can help agencies’ leaders make more informed and effective decisions when prioritizing risks and allocating resources to manage risks.

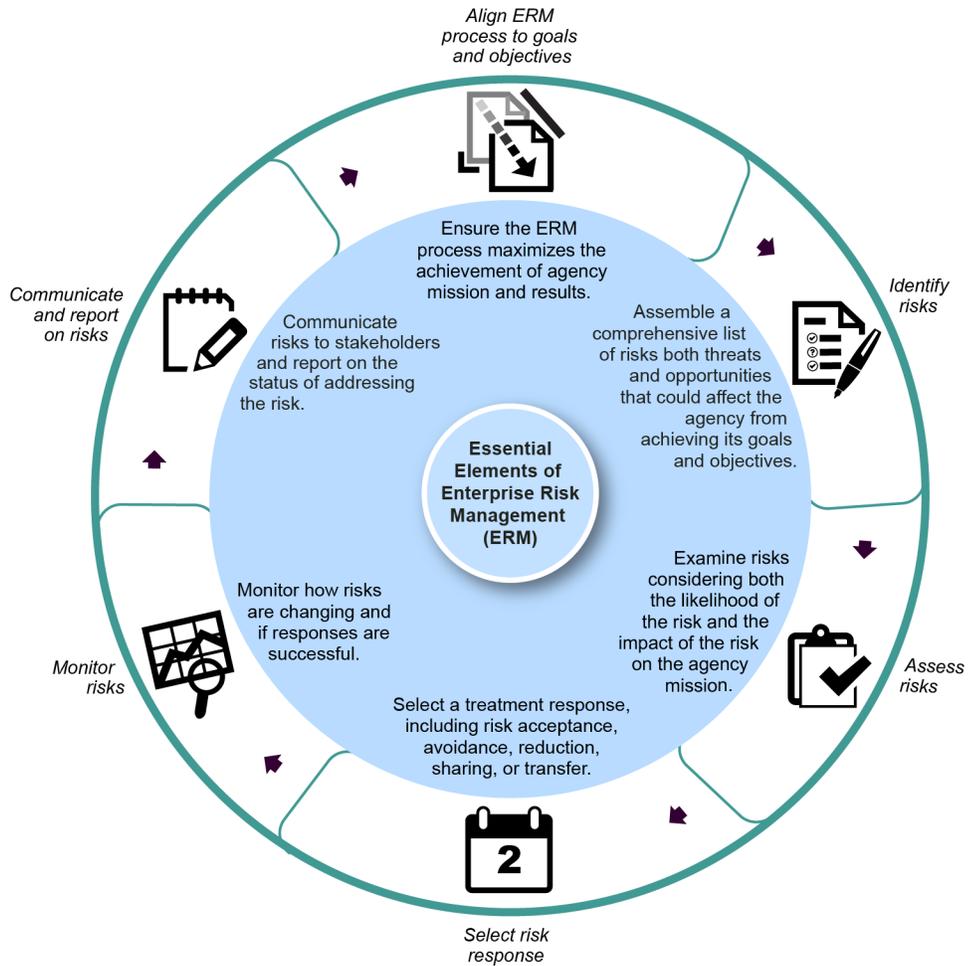
In 2016, GAO identified six essential elements of ERM that together form a continuous process for managing risks (see fig. 2).<sup>11</sup> GAO also identified key practices that support each particular element that agencies can use to support their ERM programs. The practices represent desirable steps that federal agencies can take to initiate and sustain an effective ERM process, as well as practices that can apply to more advanced agencies as their ERM processes mature.

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<sup>10</sup>OMB, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (July 15, 2016).

<sup>11</sup>[GAO-17-63](#).

**Figure 2: GAO’s Essential Elements of an Enterprise Risk Management Framework (ERM)**



Source: GAO risk management criteria (GAO-17-63); GAO (images). | GAO-24-105545

**Accessible text for Figure 2: GAO’s Essential Elements of an Enterprise Risk Management Framework (ERM)**

Element	Description
Align ERM process to goals and objectives	Ensure the ERM process maximizes the achievement of agency mission and results.
Identify risks	Assemble a comprehensive list of risks both threats and opportunities that could affect the agency from achieving its goals and objectives.
Assess risks	Examine risks considering both the likelihood of the risk and the impact of the risk on the agency mission.

Element	Description
Select risk response	Select a treatment response, including risk acceptance, avoidance, reduction, sharing, or transfer.
Monitor risks	Monitor how risks are changing and if responses are successful.
Communicate and report on risks	Communicate risks to stakeholders and report on the status of addressing the risk.

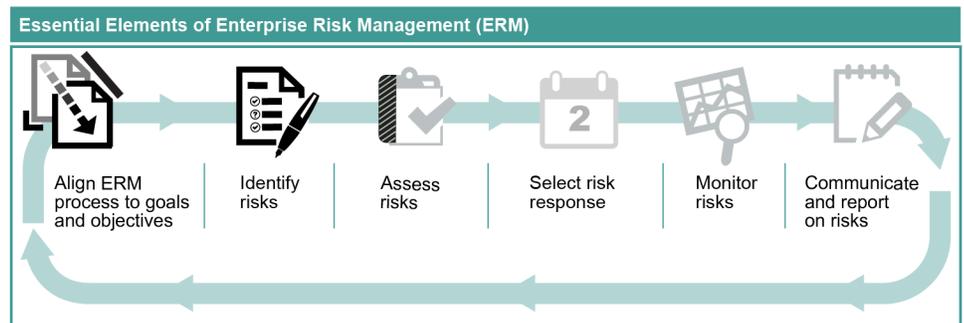
Source: GAO risk management criteria (GAO-17-63); GAO (images). | GAO-24-105545

## RRB Has Adopted a Process to Identify Program and Financial Risks, but Does Not Have a Plan for Completing Other Essential Elements of the ERM Process

### RRB Implemented Initial Essential Elements of an ERM Process

We found that RRB has fully or partially implemented key practices for the first two essential elements of its ERM process and is beginning to implement key practices for the third. But the other three are unimplemented (see fig. 3).

**Figure 3: Fully or Partially Implemented Essential Elements of the Railroad Retirement Board’s ERM Process**



Source: GAO analysis of RRB’s ERM implementation; GAO (images). | GAO-24-105545

**Accessible text for Figure 3: Fully or Partially Implemented Essential Elements of the Railroad Retirement Board’s ERM Process**

**Essential Elements of Enterprise Risk Management (ERM)**

**Align ERM process to goals and objectives**

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**Essential Elements of Enterprise Risk Management (ERM)**

**Identify risks**

Assess risks

Select risk response

Monitor risks

Communicate and report on risks

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Source: GAO analysis of RRB's ERM implementation; GAO (images). | GAO-24-105545

Note: Shading indicates the essential elements that the Railroad Retirement Board mostly or partially implemented.

RRB has been taking steps to implement a risk management process since 2018. Prior to establishing its ERM process, RRB conducted periodic risk assessments to comply with the Federal Managers' Financial Integrity Act of 1982.<sup>12</sup> In 2018, RRB's OIG found that these periodic risk assessments were not sufficient and resulted in RRB having a narrow focus that did not address risks that spanned across the agency. The OIG also found that RRB had not met OMB's requirements for implementing an ERM process, so the OIG recommended that RRB implement one.<sup>13</sup> RRB agreed with the recommendation and took steps to do so, building off the periodic risk reporting that it had already put in place.

As part of its initial steps in implementing ERM, RRB organized the agency into 47 different "assessable units," representing different agency functions and operations. Each unit has a manager who identifies and reports risks for the functions in their group on a yearly basis to RRB's Management Control Review Committee. The Committee oversees RRB's risk management process.<sup>14</sup> For example, one assessable unit evaluates risks related to RRB's toll-free service phone number, which clients can call for assistance with their benefits. The assessable unit manager identified potential risks that ranged from not having enough staff to support the phone system to technical issues such as system hardware failures and misrouted calls. To address these risks, the

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<sup>12</sup>Pub. L. No. 97-255, 96 Stat. 814. These risk assessments are included in RRB's annual *Performance and Accountability Report*. The Act requires agency heads to provide an annual Statement of Assurance on whether the agency has met internal control requirements. These requirements are effectiveness and efficiency of operations, compliance with regulations and applicable laws, and reliability of financial reporting.

<sup>13</sup>Office of Inspector General, U.S. Railroad Retirement Board, *Enterprise Risk Management at the Railroad Retirement Board Was Not Fully Effective*, Report No. 18-07 (Chicago, IL: July 9, 2018). OMB requires federal agencies to implement enterprise risk management. OMB, *Circular No. A-123*.

<sup>14</sup>The Management Control Review Committee comprises seven representatives of the executive committee.

assessable unit conducted test calls to ensure they were being routed to the appropriate office, tested staff knowledge of related procedures, and is training additional staff to support the phone system.<sup>15</sup>

We assessed RRB’s ERM implementation efforts against key practices in GAO’s ERM framework.<sup>16</sup> We found that RRB fully or partially implemented key practices for the first two essential elements of risk management: (1) aligning its risk management process to its goals and objectives and (2) identifying risks. See table 2 for more information.

**Table 2: Total Number of Fully or Partially Implemented Key Practices for the First Two Essential Elements of RRB’s Enterprise Risk Management (ERM) Process**

ERM essential element	Number of fully implemented key practices	Number of partially implemented key practices
Align ERM process to goals and objectives	1	2
Identify Risks	6	1

Source: GAO analysis, Railroad Retirement Board (RRB) documents and interviews. | GAO-24-105545

In addition to implementing key practices for the first two ERM essential elements, RRB is also beginning to implement key practices for the third essential element, assessing risks. Specifically, RRB has fully implemented one key practice, but the rest remain unimplemented. See table 3 for examples of fully implemented key practices for the first three ERM essential elements.

**Table 3: Examples of Fully Implemented (RRB) Enterprise Risk Management (ERM) Essential Elements and Key Practices**

ERM element <sup>a</sup>	Key practice	Examples of RRB’s efforts
Align ERM process to goals and objectives	Commit organization resources to support risk management	<ul style="list-style-type: none"> <li>RRB designated a Chief Risk Officer to manage its ERM process.</li> <li>RRB created a committee to oversee and report on identified risks.</li> <li>RRB is also in the process of hiring additional auditors to support further ERM implementation.</li> </ul>

<sup>15</sup>See appendix II for additional examples of RRB assessable units and their plans for addressing identified risks.

<sup>16</sup>GAO-17-63. See appendix I, table 4, for the risk management framework essential elements and key practices we used to assess RRB’s efforts.

ERM element <sup>a</sup>	Key practice	Examples of RRB's efforts
Identify risks	Assemble a comprehensive list of risks that could affect the agency from achieving its goals and objectives	<ul style="list-style-type: none"> <li>RRB requires that managers annually document all known risks in their risk assessment group in an agency wide report of current risks and related information. This report identifies the relevant RRB groups impacted by the risk as well as the manager responsible for managing the treatment of the risk.</li> </ul>
	Train employees on the agency's ERM approach	<ul style="list-style-type: none"> <li>RRB provided trainings on ERM to RRB managers, executive committee members, and Board members, including the Chairman.                             <ul style="list-style-type: none"> <li>Training included explanations of OMB reporting requirements, definitions of ERM terms and key principles, and instructions on how to report risks, including demonstrations on how to use RRB's risk reporting tools.</li> </ul> </li> </ul>
Assess risks	Agency managers assess each risk by assigning the likelihood of the risk's occurrence and the potential impact if the risk occurs	<ul style="list-style-type: none"> <li>RRB managers ranked risks according to the likelihood of the risk occurring and its financial impact. RRB used these rankings to determine which are the top agency risks.                             <ul style="list-style-type: none"> <li>For example, in November 2022 RRB identified top risks involving IT issues such as phone connections, encryption methods, and unauthorized data access. RRB tracked and reported these top risks in a summary document, which the Chief Risk Officer shared with the Board and executive committee.</li> </ul> </li> </ul>

Source: GAO analysis, Railroad Retirement Board (RRB) documents and interviews; GAO (images). | GAO-24-105545.

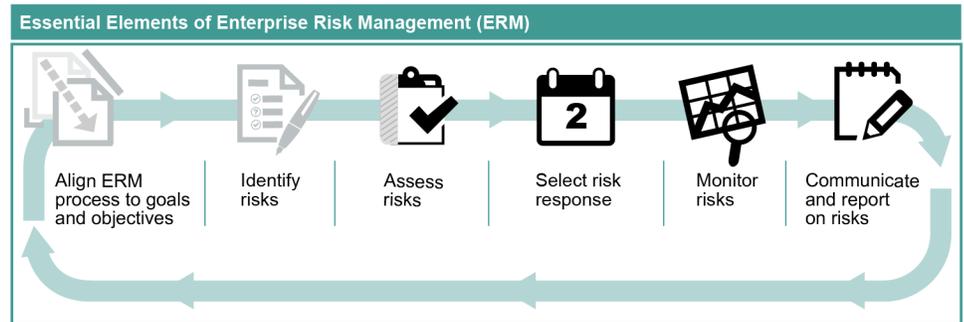
<sup>a</sup>GAO, *Enterprise Risk Management: Selected Agencies' Experiences Illustrate Good Practices in Managing Risk*, GAO-17-63 (Washington, D.C.: Dec. 1, 2016). GAO identified several key practices that illustrate ERM's essential elements.

In addition to fully implementing seven key practices for the first two essential elements of risk management—aligning its ERM process to its goals and objectives and identifying risks—RRB partially implemented the other three key practices for these two elements (see app. I, table 4 for more information). For example, a key practice for aligning its ERM process to goals and objectives is to address risks in an agency-wide approach that is coordinated with RRB's strategic planning and strategic review process. As described in table 3, RRB has an agency-wide reporting tool that its managers use to address individual risks within their assessable units, and they also identify how each assessable unit's mission relates to RRB's strategic goals. However, this information is reported within each assessable unit—RRB is not yet using this information to address risks via an agency-wide approach. While OMB does not require agencies to implement each of the key practices that support the essential elements, doing so can help mature their ERM process and provide greater assurance that risks are adequately addressed. For more details on the three key practices that RRB has partially implemented for the first two essential elements, see appendix I, table 4.

## RRB Does Not Have a Written Plan for Completing Implementation of Its ERM Process

While RRB has implemented most of the first two essential elements of the ERM process, RRB has not completed implementation for the third essential element of assessing risks. RRB has also not yet begun implementation for the final three elements of responding to, monitoring, and communicating and reporting identified risks (see fig. 4).<sup>17</sup> Our 2016 report states that the ERM essential elements are meant to fit together to form a continuing process for managing agency wide risks. We also stated that the absence of any one of the elements would likely result in an agency incompletely identifying and managing risk.<sup>18</sup>

**Figure 4: Unimplemented Essential Elements of the Railroad Retirement Board's ERM Process**



Source: GAO analysis of RRB's ERM implementation; GAO (images). | GAO-24-105545

### Accessible text for Figure 4: Unimplemented Essential Elements of the Railroad Retirement Board's ERM Process

#### Essential Elements of Enterprise Risk Management (ERM)

Align ERM process to goals and objectives

Identify risks

**Assess risks**

**Select risk response**

**Monitor risks**

**Communicate and report on risks**

Source: GAO analysis of RRB's ERM implementation; GAO (images). | GAO-24-105545

<sup>17</sup>We did not assess RRB's ERM process against the last three essential elements because officials stated that RRB has not yet addressed these elements. For more information on our assessment, see appendix I, table 4.

<sup>18</sup>[GAO-17-63](#).

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Note: Shading indicates the essential elements that the Railroad Retirement Board has not implemented.

Moreover, RRB does not have a written plan for how the agency or staff will complete all of the last four essential elements, nor how it will address the remaining partially implemented key practices for the first two essential elements. As of July 2023, RRB has taken steps toward creating a written plan with milestones, action items and tasks, and target timeframes for some of the key practices for the essential elements of assessing and monitoring risks. For example, RRB has set a goal for incorporating ERM into RRB's strategic planning and organizational performance management processes, and plans to meet with RRB management by the end of fiscal year 2024 to discuss how to use available ERM data and potential organizational performance measures. However, this written plan addresses two of the four remaining essential elements—assessing and monitoring risks—and a few of their related key practices. A written plan that incorporates all of the remaining unimplemented and partially implemented ERM essential elements and key practices would help RRB measure progress toward finalizing its entire ERM process and ensure RRB is identifying and managing all risks.

OMB requires federal agencies to have a general implementation timeline for their ERM process and a plan for maturing the comprehensiveness and quality of identified risks over time.<sup>19</sup> Our 2003 report on organizational transformation also found that creating a written plan with measurable goals, a timeline, and milestones is a key practice for implementing organizational change, such as implementing an ERM process.<sup>20</sup>

RRB officials estimate that it will take RRB another 3 to 4 years to fully implement their ERM process. They said that the process has taken longer than expected because of delays prompted by the COVID-19 pandemic and employee retirements at the agency. In addition, they said that a lack of staff has been a barrier to implementing the remaining essential elements and key practices. The agency plans to address this by hiring auditors to analyze the risk information, evaluate internal

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<sup>19</sup>OMB, *Circular A-123*.

<sup>20</sup>GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations* [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

controls, and develop a plan for completing the remaining parts of its ERM process.

As of July 2023, RRB had assigned a dedicated supervisor to oversee RRB's ERM implementation efforts and was preparing to post job vacancies for additional auditors. RRB officials said that once this is accomplished, RRB can progress toward assessing and monitoring risks and developing its ERM process. However, it will be difficult for the new auditors to evaluate progress in maturing RRB's ERM process without implementation goals and a timeline to show progress.

As RRB recognizes, implementing a new agency wide process takes years to complete. And as our analyses have shown, RRB has many essential elements and key practices to implement. Without a written plan that includes measurable goals and a timeline, it will be difficult for RRB to know what must be done and by when, which could further delay completion of its ERM process. Further, RRB will miss opportunities to use the risk information it collects to help RRB managers identify and prioritize emerging issues quicker and better target and address serious program and financial risks. A written plan that includes measurable goals and a timeline could also help RRB develop the remaining ERM essential elements and key practices, including those that have been partially addressed.

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## RRB Followed Key Practices in Its Plans to Assess Human Capital and Post-COVID Workplace Needs

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### RRB Implemented All Human Capital Planning Key Practices

In 2021, RRB developed a human capital plan and assessment in response to challenges from anticipated attrition. According to RRB's 2024 budget submission about one-third of RRB employees will be eligible for retirement by fiscal year 2024. RRB's strategic plan also identified staffing and succession planning as top management

challenges. RRB updated its human capital plan in 2022 and RRB officials said they intend to update it annually.<sup>21</sup>

RRB's human capital plans and efforts to date have incorporated all key practices for effective strategic workforce planning identified by GAO.<sup>22</sup>

These include:

- **Involve senior leadership and link to plans.** RRB's Board initiated and supported the human capital plan. For example, RRB's human capital assessment started as a Board order for all RRB division heads to develop hiring, succession, and training plans for their divisions. RRB also clearly linked the human capital plan to its strategic plan, which discusses effectively managing human capital as a key management strategy for the agency.
- **Involve staff in planning.** RRB included staff in the process of developing its human capital plan. Officials told us that the heads of RRB's different offices worked with frontline managers to identify: (1) potential attrition, (2) the ideal number of staff needed to carry out the agency's missions, (3) new positions needed as a consequence of efforts such as IT modernization, and (4) whether positions should be filled internally or with external hires.
- **Analyze succession and training needs.** According to RRB's fiscal year 2022 human capital plan, RRB identified positions that are mission critical, at high risk for turnover, are difficult to fill, or require specialized knowledge, among other factors. RRB used this information to decide where to focus its hiring efforts. In addition, RRB's human capital plan stated that RRB managers conducted a training analysis to identify the leadership, supervisory, or technical competencies that an individual would need to perform the duties of a particular position.<sup>23</sup>
- **Use federal hiring flexibilities.** According to RRB officials, to improve its recruiting of staff, the agency has used federal hiring flexibilities, such as the Pathways Programs, which offer internships to

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<sup>21</sup> The 2022 plan was the most current available at the time of our review.

<sup>22</sup> [GAO-04-39](#). For more information on the key practices we used to assess RRB and examples of RRB's efforts to implement them, see appendix I, table 5.

<sup>23</sup> According to RRB's fiscal year 2022 human capital plan, the training analysis required RRB managers to complete training profile worksheets for individual positions and an organizational profile, which identified the most immediate organizational training needs and the training needs over the next 3 to 5 years.

students and jobs to recent graduates.<sup>24</sup> RRB human resources officials said that they work with managers to make sure they are aware of different hiring flexibilities when discussing hiring needs. Additionally, RRB has included several legislative proposals in its fiscal year 2024 budget submission to obtain additional hiring flexibilities that it reported are not available to the agency.

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## RRB Followed Key Practices in Planning for Post-Pandemic Work Environment

Like other federal agencies after the COVID-19 pandemic, RRB is adapting to operating and providing services as remote work has become more common for employees. OMB has published several memos about issues that federal agencies should consider as employees return to the workplace, including the effect of remote work on agencies' physical space needs.

Assessing RRB's plans for its post-COVID physical workspaces against the OMB guidance, we found that these incorporate all key practices.<sup>25</sup> For example:

- **Reevaluate space needs.** RRB is reassessing space needs for its Chicago headquarters. In 2023, GAO reported how most federal agencies have underutilized office space, which has financial and environmental costs.<sup>26</sup> According to RRB officials, the General Services Administration (GSA), which owns the headquarters building, approached RRB in April 2022 to discuss space needs due to expanded telework at the agency. RRB has been working with GSA and an architectural contractor since then to design a smaller headquarters space. Their analysis incorporates feedback from Board members and RRB management, including estimates for how often employees will telework. Although decisions regarding a new headquarters are not finalized, RRB officials said they anticipate

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<sup>24</sup>The three Pathways Programs (Internship, Recent Graduates, and Presidential Management Fellows) are designed to help federal agencies recruit and hire well-qualified students and recent graduates. Exec. Order No.13,562 (Dec. 27, 2010).

<sup>25</sup>OMB, M-21-25 and M-22-14. For more information on the key practices we used to assess RRB and examples of RRB's efforts to implement them, see appendix I, table 6.

<sup>26</sup>See GAO, *Federal Real Property: Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework*, [GAO-23-106200](#) (Washington, D.C.: July 13, 2023).

moving to a significantly smaller space. In June 2023, RRB's headquarters building was identified as a potential sale to help reduce the federal government's inventory of federal civilian real property.

- **Augment remote work infrastructure.** RRB took steps to identify resources needed for staff to work remotely. For instance, RRB officials told us the agency worked to improve its network bandwidth and replace networking equipment. The agency also rolled out IT tools to allow better collaboration, such as videoconferencing and chat software. RRB's IT strategic plan notes that the agency will continue making investments to optimize its infrastructure and increase workforce productivity tools and services.
- **Decouple jobs from geographic locations.** According to RRB officials, RRB is revising its telework and remote work policies. As part of these revisions, RRB will identify which positions are eligible to be completely remote, which may decouple positions from geographic locations. RRB also intends the policy to clarify the extent to which positions are eligible for telework and which require a physical presence in an RRB office.
- **Understand field office use.** RRB is collecting data on the use of its field offices, such as the number of clients served and types of services provided. RRB officials said that the agency began collecting these data when RRB field offices reopened to the public in April 2022 and these data will help inform whether agency management will recommend expanding telework for field office staff.

In May 2023, RRB drafted a plan to study the potential for field office telework expansion. Staff in field offices currently may telework two days a week, but the agency is considering expanding this to three days a week. According to the plan, RRB will take into account the impact of the current telework program, potential costs and savings of telework expansion, employee satisfaction, and the readiness of IT systems to support expanded telework, among other things. Officials told us that the agency is waiting for the results of an OIG audit of its field structure. After the audit is completed, RRB officials said RRB will form a working group consisting of field office managers to make a recommendation regarding expanded telework within 90 days.

In addition to informing decisions on telework, RRB's study of field office use may also create opportunities for cost savings by reducing office space. RRB officials told us that they already take steps to ensure that the agency's field offices are as small as possible, and that they have worked with GSA on a case-by-case basis to reassess the needs of each

office as leases come up for renewal. They noted some considerations that will decide the appropriate size for each office, including the need for RRB to provide in-person services to railroad beneficiaries and secure sensitive documents. If RRB implements expanded telework, agency officials told us that it will provide an opportunity to explore options for further reducing the agency's footprint, such as by sharing unassigned offices.

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## RRB Defined a Broad Strategy for IT Modernization but Does Not Have Complete Plans for Future Capabilities

RRB's strategic plan identified IT modernization efforts as one of the agency's top management challenges. The plan states that the maintenance needs of its legacy systems are affecting the agency's ability to carry out its mission. In response, RRB's strategic plan described how RRB has undertaken a broad IT modernization effort to replace aging systems and position itself to provide additional online services. RRB reported that it has received approximately \$65 million to support its modernization efforts since fiscal year 2018. This includes \$39 million in annual appropriations and approximately \$26 million through COVID-19 relief bills intended, among other things, to increase workforce mobility in response to the pandemic through improved virtual access to email and collaboration tools.<sup>27</sup> RRB's efforts to date have chiefly focused on improving its infrastructure to allow it to develop new systems later. This has involved decommissioning its older data center mainframes, moving data to the cloud, and providing staff with tools to be able to conduct agency operations remotely.

We assessed RRB's IT modernization plans against OMB information management policies and found that they follow some key practices.<sup>28</sup> Examples of RRB's efforts that partially or fully align with OMB policy include:

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<sup>27</sup>Specifically, supplemental funding was provided through the CARES Act, Pub. L. No. 116-136, 134 Stat. 281 (2020), and the American Rescue Plan Act of 2021. Pub. L. No. 117-2, § 2904, 135 Stat. 4.

<sup>28</sup>OMB, *Circular No. A-130*. For more information on the key practices we used to assess RRB and examples of RRB efforts to implement them, see appendix I, table 7.

- **Describe the current and target state of IT systems.** RRB has partially implemented this key practice. RRB's plans describe the current state of its IT systems. For example, RRB's strategic plan states that the agency's systems are aging and becoming resource intensive to maintain, while knowledge to maintain these systems is being lost as staff retire. In developing a modernization strategy, RRB hired consultants to identify shortcomings in its systems. For instance, the consultants identified how the agency's benefits administration systems are fragmented, duplicative, and difficult to use and improve. Additionally, the consultants determined that (1) RRB relies on individual subject matter experts to maintain its systems and (2) it is hard to make improvements to these systems. RRB officials said RRB used these findings to determine that it should develop new systems instead of attempting to maintain its current ones.
- **Align RRB's modernization plans with the agency's strategic plan.** RRB has fully implemented this key practice. The strategic plan lists IT modernization as a goal for the agency and describes the need to phase out legacy systems while building capacity to transform business processes and customer service capabilities. The plans that RRB has been developing broadly reflect these considerations. For instance, RRB's future target state plan—a broad blueprint of its approach—describes how IT modernization will allow staff to work more collaboratively across locations and increase the number of online offerings to RRB clients. Additionally, RRB's IT strategic plan sets out its IT modernization objectives and shows how they tie into the agency's mission, vision, and priorities.
- **Take steps to fill gaps in the skills of RRB's IT workforce.** RRB has fully implemented this key practice. RRB's IT strategic plan states that RRB technical staff need the necessary knowledge and skills to carry out the agency's modernization plans. RRB has ongoing efforts to provide training to staff and facilitate knowledge transfer. To help fill skills gaps, RRB officials said the agency is using staffing methods such as term-limited hires to help ramp up modernization. RRB officials also said RRB identified the need for critical IT hires as part of its larger human capital planning effort.

While RRB has followed some key practices for managing IT, RRB's plans do not address how the agency will implement other key practices:

- **RRB has not fully defined the intended results of its IT modernization.** While RRB has created some initial plans for IT modernization, it has not identified gaps and specific steps it plans to take to achieve the intended results—also known as the target state—

for its modernization effort. For example, RRB has not decided what the final modernized IT systems will look like, and officials told us they have yet to decide when IT modernization will end.

RRB officials said RRB plans to start developing new systems in early fiscal year 2024 using Agile, a software development process that emphasizes iterative product development.<sup>29</sup> To support this development, RRB officials said RRB is providing Agile training to management and staff and seeking to hire new staff with Agile experience.

RRB also plans to use funds it has received through the federal government's Technology Modernization Fund to develop a new sickness benefit application that will give beneficiaries self-service capabilities, such as updating their addresses online.<sup>30</sup> However, RRB has not decided which systems associated with its other benefits—such as disability—will also be modernized.

Officials said that once RRB has updated systems related to processing some of its other benefits, the agency will be in a better position to determine the extent it will modernize its systems. However, identifying from the outset what RRB wants its IT systems to be able to do, both for its clients and staff, will allow the agency to identify potential gaps and develop strategies to address them. It will also help RRB better understand and manage the full scope of any interdependencies within and across its different IT projects.

OMB information management policy states that the process of describing the future state of the agency and laying out a plan to transition to the future state can help agencies eliminate waste and duplication. Further, GAO's Agile guide calls for establishing and documenting a program "vision" where all future work is identified at a high level.<sup>31</sup> The vision represents a shared understanding of the

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<sup>29</sup>Agile emphasizes developing products in iterations that are continuously evaluated on their functionality, quality, and customer satisfaction. Information obtained during iterations can assist in measuring progress and allow developers to respond quickly to feedback from clients, helping to minimize schedule and budget risks. For more information, see GAO, *Agile Assessment Guide: Best Practices for Agile Adoption and Implementation*, [GAO-20-590G](#) (Washington, D.C.: Sept. 28, 2020).

<sup>30</sup>The General Services Administration and Office of Management and Budget oversee the Technology Modernization Fund, which awards federal agencies funds to replace aging IT systems. The Technology Modernization Fund was authorized by the Modernizing Government Technology Act provisions of the National Defense Authorization Act, 2018. Pub. L. No. 115-91, § 1078, 131 Stat. 1283, 1589-94 (2017).

<sup>31</sup>"Vision" is the highest level of Agile planning and provides a strategic view of the program goals.

mission, objectives, and final outcomes to be addressed. In the absence of plans that state RRB's intended results of IT modernization, RRB risks miscalculating its resource needs and wasting time and money revamping newly built systems before it even has a chance to use them.

- **RRB has not yet set goals or metrics that will allow it to know if its IT modernization efforts are on track.** RRB officials told us that they have not yet finalized goals or performance measures for RRB's IT modernization efforts. They noted that RRB expects to create customer satisfaction goals, which they said are required for projects funded by the Technology Modernization Fund. However, RRB has not created these goals yet. Officials added that they also plan to set goals related to cost efficiencies and operational quality, but they have not done so yet. Additionally, they told us that the agency's lack of familiarity with developing systems using Agile makes it difficult to commit to any details, goals, or metrics at this point.

OMB policy states that agency plans should have goals that are specific, verifiable, and measurable so that progress against these goals can be tracked. Also, despite Agile being an iterative evaluative process, GAO's Agile guide states that agencies should establish an appropriate set of metrics and associated processes to use to measure their performance goals early in the development cycle. The guide also says that these metrics should align with desired outcomes and customer needs and agencies' performance goals should be assessed frequently to match project development. In the absence of metrics and goals, RRB risks being unable to measure its progress with implementing modernization efforts and make any adjustments to its approaches as needed.

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## Conclusions

As noted in RRB's strategic plan, paying benefits to the right people, in the right amounts, and in a timely manner is critical to its mission. To meet these program management objectives, RRB needs to have the systems and staff in place to achieve its mission.

RRB has taken promising steps towards addressing some of its key management challenges in line with key practices we identified, but developing complete plans will help ensure RRB is positioned to meet its program management objectives as its efforts continue. RRB's implementation of the initial essential elements for ERM demonstrates its commitment to better anticipate and address potential risks to carrying

out its mission. Developing a written plan with measurable goals and a timeline for how it will implement the remainder of its risk management process will help RRB measure progress toward finalizing the process and allow RRB to adjust its efforts as needed. From there, RRB could better use the information managers are gathering to target and address serious program and financial risks.

Additionally, RRB's IT modernization effort is intended to revamp aging systems and provide additional self-service capabilities for its clients. Fully articulating the intended results of its modernization effort will help RRB better measure its progress and ensure it has sufficient financial and human capital resources to complete its effort. These efforts may improve the effectiveness of RRB carrying out its core mission of administering its benefit programs.

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## Recommendations for Executive Action

We are making the following two recommendations to RRB (The Board).

The Board should develop a written plan detailing how it will implement the remaining unimplemented and partially implemented essential elements and key practices of its enterprise risk management process. The plan should include measurable goals, a timeline, and milestones for completing the remaining essential elements and key risk management practices. (Recommendation 1)

The Board should ensure written plans clearly state the intended results of IT modernization, including the future IT self-service capabilities it will create, how it will address any related gaps or interdependencies, and how it will measure the success of its IT modernization effort, including performance metrics and goals. (Recommendation 2)

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## Agency Comment

We provided a draft of this report to RRB for review and comment. The agency concurred with our recommendations and stated that it will develop a written plan for completing ERM implementation and update its IT modernization plans, both by June 30, 2024. RRB also said that it would include milestones for the completion of ERM implementation and ways to measure the success of its IT modernization in its plans. RRB's response is reproduced in appendix III.

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We are sending copies of this report to the appropriate congressional committees, the Board, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or [curdae@gao.gov](mailto:curdae@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who make key contributions may be found in appendix IV.

A handwritten signature in black ink, reading "Elizabeth H. Curda". The signature is written in a cursive style with a large, stylized initial "E".

Elizabeth H. Curda, Director  
Education, Workforce, and Income Security Issues

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*List of Committees*

The Honorable Tammy Baldwin  
Chair  
The Honorable Shelley Moore Capito  
Ranking Member  
Subcommittee on Labor, Health and Human Services, Education, and  
Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Robert Aderholt  
Chair  
The Honorable Rosa DeLauro  
Ranking Member  
Subcommittee on Labor, Health and Human Services, Education, and  
Related Agencies  
Committee on Appropriations  
House of Representatives

# Appendix I: Assessment of the Railroad Retirement Board's Plans

This report examines the extent to which the Railroad Retirement Board (RRB) has addressed its key operational challenges by: (1) implementing a process to oversee and manage program and financial risks, (2) assessing its human capital and post-COVID workplace needs, and (3) modernizing its IT infrastructure. For each of our objectives, we worked with GAO subject matter experts to identify key practices—as cited in published GAO reports or other federal guidance—that RRB should incorporate in plans to address its key challenges.<sup>1</sup> After identifying key practices, two GAO analysts assessed RRB's plans in each area. One analyst completed a scorecard assigning a rating of fully, partially, or minimally for each practice. The second analyst reviewed the scoring and the two analysts resolved any disagreements in scoring. This appendix provides the result of these analyses.

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## Enterprise Risk Management (ERM)

We reviewed RRB's ERM process and compared it to selected essential elements and key practices identified in GAO's 2016 ERM report (see table 3).<sup>2</sup> According to the report, there are six essential elements for federal agencies to use when implementing ERM. These elements are: (1) align ERM process to goals and objectives, (2) identify risks, (3) assess risks, (4) select risk response, (5) monitor risks, and (6)

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<sup>1</sup>We use the term "key practices" to refer to the key principles, considerations, and policy requirements identified in the GAO reports and Office of Management and Budget (OMB) memos we reviewed. We also use the term to refer to the good practices that illustrate the essential elements of enterprise risks management identified by GAO in 2016. See GAO, *Enterprise Risk Management: Selected Agencies' Experiences Illustrate Good Practices in Managing Risk*, [GAO-17-63](#) (Washington, D.C.: Dec. 1, 2016); and *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003); OMB, *Integrating Planning for a Safe Increased Return of Federal Employees and Contractors to Physical Workplaces with Post-Reentry Personnel Policies and Work Environment*, M-21-25 (Washington, D.C.: June 10, 2021); *FY 2024 Agency-wide Capital Planning to Support the Future of Work*, M-22-14 (Washington, D.C.: July 20, 2022); and *Managing Information as a Strategic Resource*, Circular No. A-130 (Washington, D.C.: July 28, 2016).

<sup>2</sup>[GAO-17-63](#).

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

communicate and report on risks. We determined that RRB had not progressed far enough along in its risk management process development to evaluate it against the last three elements.<sup>3</sup> Therefore, our assessment pertains to the first three elements.

**Table 4: Assessment of Selected Elements of the Railroad Retirement Board's (RRB) Enterprise Risk Management (ERM) Process**

<b>Selected essential elements of federal government ERM<sup>a</sup></b>	<b>Key practice: to what extent has . . .</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
Align ERM process to goals and objectives	...RRB committed organization resources to support ERM?	RRB mostly or fully implemented key practice	RRB designated a Chief Risk Officer to manage its ERM process.
	...RRB determined how much risk the organization is willing to accept on a broad level in pursuit of its goals and objectives (i.e., organizational risk appetite)? <sup>b</sup>	RRB partially implemented some but not all parts of the key practice	RRB has asked its managers to report their risk appetite for their assessable units and related individual risks, but it has not developed an overall organizational risk appetite statement and embedded it in RRB policies, procedures, or training.
	...RRB addressed risks via an agency-wide approach that is coordinated with RRB's strategic planning and strategic review process vs. addressing individual risks within silos?	RRB partially implemented some but not all parts of the key practice	RRB has an enterprise-wide tool that its managers use to address individual risks and identify how each assessable unit's mission relates to RRB's strategic goals. However, this information is reported within the silos of each assessable unit. RRB does not use this information to address risks via an agency-wide approach coordinated with RRB's strategic planning and strategic review process.
Identify risks	...RRB assembled a comprehensive list of risks, both threats and opportunities, that could keep the agency from achieving its goals and objectives? <sup>c</sup>	RRB mostly or fully implemented key practice	RRB requires its managers to annually document all known risks in their risk assessment group in an agency-wide report of current risks and related information.

<sup>3</sup>We did not evaluate RRB's ERM process against the last three essential elements—selecting a risk response, monitoring risks, and communicating and reporting on risks—because the agency acknowledged that it has not yet addressed these elements. RRB officials told us the agency was still in the beginning stages of implementing its ERM process, and they had not yet fully moved out of the assessing risks element (i.e., they had identified risk information, but not fully assessed it). Our 2016 report states that the ERM essential elements are meant to fit together to form a continuing process for managing agency wide risks. Our report also stated that the absence of any one of the elements would likely result in an agency incompletely identifying and managing risk. See [GAO-17-63](#).

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

Selected essential elements of federal government ERM <sup>a</sup>	Key practice: to what extent has. . .	Rating	Examples of RRB's efforts
	...RRB categorized risks to help agency leaders see how risks relate and to what extent the sources of the risks are similar?	RRB partially implemented some but not all parts of the key practice	While RRB has categorized risks for agency leaders, it is not clear how they can determine how they relate and the extent to which the sources of the risks are similar. For example, there are no consistent categories and sub-categories of risks that allow leaders to see whether they share the same risk cause.
	...RRB linked risks to relevant strategic objectives and documented them in an agency-wide report of current risks or some other comprehensive format that also identifies the relevant source and a risk owner to manage the treatment of the risk?	RRB mostly or fully implemented key practice	RRB generates an agency wide report that links each assessable unit and its related risks to relevant RRB strategic objectives. The report identifies the related assessable unit, as well as the manager responsible for managing the treatment of the risk.
	...RRB encouraged employees to identify and discuss risks openly?	RRB mostly or fully implemented key practice	According to RRB officials, employees are required to identify and discuss risks as part of their annual risk reporting. RRB also surveys its managers annually and asks them to identify and report on risks and how risk information is collected.
	...RRB trained employees on ERM approach?	RRB mostly or fully implemented key practice	RRB provided trainings to RRB managers, executive committee members, the Chairman, and board members on ERM.
	...RRB engaged employees in ERM efforts?	RRB mostly or fully implemented key practice	In addition to the ERM employee training, RRB provides one-on-one ad hoc assistance to RRB managers to clarify terminology and serve as an additional avenue for managers to report any operational matters.
	...RRB customized ERM tools for organizational mission and culture?	RRB mostly or fully implemented key practice	ERM tools have been used to reflect RRB's organizational mission and culture. For example, RRB created a RRB-specific risk reporting tool that every RRB assessable unit uses to report their unique risks. RRB officials also told us they were able to customize the ERM process to better reflect their agency's structure and needs.
Assess risks	...RRB incorporated ERM into strategic planning and organizational performance management processes, such as leveraging agency performance planning and reporting to help manage risks?	RRB took minimal or no steps to implement key practice	RRB has not incorporated ERM into its strategic planning and organizational performance process. RRB officials told us they have focused most of their efforts on collecting risk information, but have not used the information to help manage risks. As of July 2023, RRB has set a goal for implementing this key practice in fiscal year 2024.
	...RRB used ERM to improve information for agency decisions?	RRB took minimal or no steps to implement key practice	RRB has not used ERM to improve information for agency decisions. While RRB managers are reporting individual risks, RRB senior leaders are not using this information in overall agency decision-making. As of July 2023, RRB has set a goal for implementing this key practice in fiscal year 2024.

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

Selected essential elements of federal government ERM <sup>a</sup>	Key practice: to what extent has. . .	Rating	Examples of RRB's efforts
...RRB ranked risks based on organizational priorities in relation to strategic objectives?		RRB took minimal or no steps to implement key practice	RRB is not ranking risks based on organizational priorities in relation to strategic objectives. RRB managers report how their assessable unit aligns with RRB's strategic plan/strategic objectives, but there is no ranking of the risks in relation to strategic objectives.
...RRB managers assessed each risk by assigning the likelihood of the risk's occurrence and the potential impact if the risk occurs?		RRB mostly or fully implemented key practice	RRB managers ranked risks according to the likelihood of the risk occurring and its financial impact. RRB used these rankings to determine which are the top agency risks.

Source: GAO analysis, Railroad Retirement Board documents and interviews; GAO (images). | GAO-24-105545

<sup>a</sup>GAO identified six essential elements for federal agencies to use when implementing ERM. These elements are: (1) align ERM process to goals and objectives, (2) identify risks, (3) assess risks, (4) select risk response, (5) monitor risks, and (6) communicate and report on risks. See *Enterprise Risk Management: Selected Agencies' Experiences Illustrate Good Practices in Managing Risk*, GAO-17-63 (Washington, D.C.: Dec. 1, 2016). We did not evaluate RRB's ERM process against the last three elements because the agency acknowledged that it has not yet addressed these elements.

<sup>b</sup>"Risk appetite" is defined within ERM as how much risk the organization is willing to accept relative to mission achievement. Risk appetite helps agencies to align risks with program goals when making decisions. Agencies can accept greater risks in some areas than in others. For example, if the stated objective of a program is to encourage home ownership, agencies may tolerate a higher risk of default when backing mortgage loans for low-income borrowers than would be suitable for a private lender.

<sup>c</sup>Identified risks can be opportunities for an agency to accomplish its strategic objectives. According to OMB, risk management practices must be forward-looking and designed to help leaders make better decisions, alleviate threats and identify previously unknown opportunities to improve the efficiency and effectiveness of government operations. See OMB, A-123.

## Human Capital Plan

We assessed RRB's human capital plans against key principles of strategic workforce planning identified in GAO's 2003 strategic workforce planning report (see table 5).<sup>4</sup> That report provides illustrative examples of these principles drawn from selected agencies' strategic workforce planning experiences.

<sup>4</sup>GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: December 11, 2003).

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

**Table 5: Assessment of the Railroad Retirement Board's (RRB) Human Capital Plans**

<b>Key principles of strategic workforce planning</b>	<b>Key practice: to what extent has . . .</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
<i>Principle #1: An agency should involve top management, employees and other stakeholders in developing, communicating, and implementing the strategic workforce plan.</i>	...RRB linked its workforce planning to its agency strategic plan?	RRB mostly or fully implemented key practice	RRB's fiscal year 2022-2026 strategic plan lists "effectively managing human capital" as a key management strategy, and notes the need to do so given the large numbers of RRB employees eligible for retirement. The strategic plan also describes how RRB developed a human capital plan that builds on the human capital issues identified.
	...RRB's leadership set and supported the overall direction and goals of RRB's workforce planning?	RRB mostly or fully implemented key practice	In the strategic plan, RRB's three-person board (the Board) discusses the need to continue recruiting and hiring staff to allow the agency to meet its goals. RRB officials told us that the human capital assessment started as a Board order to develop a hiring, succession, and training plan.
	...RRB established a communication strategy to create shared expectations, promote transparency, and report progress?	RRB mostly or fully implemented key practice	RRB officials told us that they developed a staffing "wish list" in response to the number of positions that they believe are needed, and they adjust their human capital plan in response to actual appropriations. This plan is reviewed and approved by members of the executive committee and the Board. Progress in hiring is shared via a SharePoint site and is regularly discussed in management meetings. <sup>a</sup>
	...RRB involved employees and other stakeholders in developing and implementing future workforce strategies?	RRB mostly or fully implemented key practice	In developing the agency's human capital assessment, RRB officials told us that the heads of RRB's different divisions worked with frontline managers to identify (1) potential attrition, (2) the ideal number of staff needed to carry out the agency's missions, (3) new positions needed as a consequence of efforts such as IT modernization, and (4) whether positions should be filled internally or with external hires.
<i>Principle #2: An agency should determine the critical skills and competencies that will be needed to achieve the future programmatic results.</i>	...RRB determined the skills and competencies that are critical to achieving its missions and goals?	RRB mostly or fully implemented key practice	RRB's human capital plan states that executive committee members, building on workforce data, conducted succession analysis to identify positions that are mission critical. Succession risk for a position was determined by likelihood of turnover, difficulty of replacing with an external hire, degree of specialized knowledge and expertise, and the impact on operations.
	...RRB identified human capital gaps in critical skills that need attention?	RRB mostly or fully implemented key practice	RRB's human capital plan states managers conducted training analysis to help identify the leadership and supervisory competencies, and technical/position-specific competencies a successor needs to develop in order to be ready to perform the duties of a position.
	...RRB identified human capital strategies that can be implemented with the resources that can reasonably be expected to be available?	RRB mostly or fully implemented key practice	RRB's hiring plans are based on a "wish-list" or ideal hiring, but are revised as needed and according to changes in appropriation or other factors outside of the agency's control.

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

<b>Key principles of strategic workforce planning</b>	<b>Key practice: to what extent has . . .</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
<i>Principle #3: An agency should develop strategies tailored to address gaps and human capital conditions in critical skills and competencies that need attention.</i>	...RRB developed strategies tailored to address gaps in the numbers, skills and competencies, and deployment of the workforce and the alignment of human capital approaches that enable and sustain the contributions of all critical skills and competencies needed for the future?	RRB mostly or fully implemented key practice	RRB conducted a succession analysis to identify succession risk and candidate readiness for positions that were identified as (1) mission critical, (2) supervisory/managerial, (3) projected to have a staffing gap in fiscal years 2023–2025, and (4) where 50% or more of the incumbents are retirement eligible.
	...RRB streamlined and improved administrative processes for using flexibilities?	RRB mostly or fully implemented key practice	According to RRB officials, the agency has made increased use of flexibilities/alternative hiring pathways in recent years. For instance, RRB is using Pathways Programs to offer internships to students and recent graduates. <sup>b</sup>
	...RRB educated management and employees on the availability and use of flexibilities?	RRB mostly or fully implemented key practice	According to RRB officials, RRB's Human Resources Office works with managers to develop hiring strategies and that the use of flexibilities is part of these discussions.
<i>Principle 4: Agencies should build the capability needed to address administrative, educational, and other requirements important to supporting workforce strategies.</i>	...RRB built transparency into the system, including clear and transparent guidelines for using flexibilities, and holding managers accountable for their use?	RRB mostly or fully implemented key practice	According to RRB, Human Resources' recruitment section meets with hiring managers at the beginning of the recruitment process to determine the hiring manager's needs. Human Resources may suggest different hiring options based on past experience recruiting for the position in question or on the needs of the office. For instance, the hiring manager could consider whether the position is entry-level or one that requires special skills.
	...RRB set and documented human capital goals?	RRB mostly or fully implemented key practice	RRB's human capital plan lays out its hiring plan for the fiscal year and categorizes different positions according to how critical they are to meeting the agency's mission, and the numbers of hires needs for each position, and whether they can be external or internal hires.
	...RRB monitored progress toward achieving its human capital goals?	RRB mostly or fully implemented key practice	RRB documents progress in hiring with a critical hire list. Among the fields listed are a ranking by priority, dates for when hiring actions are completed, and estimated onboarding. RRB officials said this is shared via Microsoft Teams. The critical hire list is shared weekly with all executive committee members for comment and is discussed weekly with Board offices.
<i>Principle 5: Agencies should monitor and evaluate progress toward human capital goals and the contributions that human capital results have made toward achieving programmatic goals.</i>	...RRB monitored/evaluated the contribution of human capital activities toward achieving programmatic goals?	RRB mostly or fully implemented key practice	RRB's human capital plan provides evaluations of its workforce analysis, succession analysis and training analysis activities and their contributions toward achieving RRB's goals in these areas. For example, RRB determined that the workforce analysis identified staffing gaps in fiscal year 2023 and beyond, and provided the foundation for further succession analysis in its fiscal year 2023 hiring plan.

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

<b>Key principles of strategic workforce planning</b>	<b>Key practice: to what extent has . . .</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
	...RRB created processes to identify performance shortfalls and corrective actions?	RRB mostly or fully implemented key practice	RRB's human capital plan identifies critical positions and how they can be filled. <sup>c</sup> It also describes how RRB's agency-wide hiring plan derives from projected staffing gaps, candidate readiness, and candidate availability. The human capital plan is updated annually and is regularly discussed in management meetings.

Source: GAO analysis, Railroad Retirement Board documents and interviews. | GAO-24-105545

<sup>a</sup>Microsoft SharePoint is a customizable, browser-based platform for organizations to manage and share electronic documents among users.

<sup>b</sup>The three Pathways programs (Internship, Recent Graduates, and Presidential Management Fellows) are designed to help federal agencies recruit and hire well-qualified students and recent graduates. Exec. Order No.13,562 (Dec. 27, 2010).

<sup>c</sup>RRB's human capital plan defines a critical position as one that presents an unacceptable operational risk to the agency's mission if it remains unfilled.

## Post-pandemic Work Environment

We assessed RRB's plans for its headquarters and field offices against two OMB memos that lay out actions that agencies should consider as they emerge from the pandemic, including the effect of remote work on agency space needs (see table 6).<sup>5</sup>

**Table 6: Assessment of Railroad Retirement Board's (RRB) Plans for Returning to a Post-pandemic Work Environment**

<b>Key practice</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
<i>Regarding planning for impacts of reentry and post-reentry plans, agencies should...</i>		
...conduct a post-reentry mobility assessment to understand shifts in perspectives on distributed work and the services employees need to do their work.	RRB mostly or fully implemented key practice	In June 2023, RRB drafted a plan to assess field offices for potential telework expansion. The purpose of the evaluation is to (1) assess the effectiveness of the existing telework program, (2) evaluate the potential benefits and challenges of expanding the telework program, (3) identify the key factors influencing the feasibility of telework expansion, and (4) develop recommendations based on the findings.
...plan for smarter offices to improve performance. This can include measuring workspace utilization.	RRB mostly or fully implemented key practice	RRB is working with a consultant to understand its space needs as it prepares to design and move to a smaller headquarters space. The space study takes into account the needs of different RRB divisions.

<sup>5</sup>OMB, M-21-25 and M-22-14.

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

Key practice	Rating	Examples of RRB's efforts
<p>...consider and consult with local stakeholders on the impacts on local communities when making decisions about the federal workforce. Given the extraordinary impacts of the COVID-19 pandemic, agencies may also consider the impacts on local communities and economies when making decisions about the federal workforce.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB officials said that RRB is committed to providing in-person service and that this will be part of any expanded telework discussion. Additionally, RRB officials told us that they consider customer needs and workloads in reassessing RRB's field offices.</p>
<p><i>Looking beyond reentry and the immediate post-reentry period, and ahead to the future of federal government workspaces, agencies should consider...</i></p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB's draft plan for assessing field offices for potential telework expansion notes that it plans to evaluate options for space sharing. RRB officials also said they intend to reevaluate space needs of field offices as leases come up for renewal taking into consideration employees' ability to telework and share office space.</p>
<p>...identifying opportunities to share space with other agencies.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB officials said they continuously work with the General Services Administration (GSA) to identify opportunities to make efficient use of space. Many of their field offices have a minimal footprint already; they often lack mail, server, or break rooms, and share communal restrooms with other tenants.</p>
<p>...identifying the resources needed to make remote work a part of future federal real estate strategy. Agencies can develop a list of equipment, technology, and work support services needed for employees to be as productive at home, or anywhere outside the office, as they are at the office.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB officials told us the agency worked to increase the ability of staff to work remotely by improving its network bandwidth and replacing networking equipment. The agency also rolled out IT tools to allow better collaboration, such as videoconferencing and chat software.</p>
<p>...untethering federal work from a geographic location and/or a specific building where possible and appropriate, to the benefit of equity, inclusion and mission delivery.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>According to RRB officials, RRB is in the process of drafting policy around which jobs can be performed remotely and which require proximity to a physical location. The draft policy states that it applies to all employees at all levels within the agency. As of February 2023, the draft policy is undergoing preliminary review by the Board.</p>

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

Key practice	Rating	Examples of RRB's efforts
<p>...the agency's mission and customer needs, the current and future workforce, and impact on local communities when determining future physical space requirements. Agencies are expected to reimagine their workplace approach informed by the lessons from the COVID-19 pandemic.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB's draft plan for assessing field offices for potential telework notes that the agency plans to assess field office infrastructure, such as evaluating options for space sharing.</p>
<p>...coordinating with their Chief Human Capital Officer to assess the status of the agency's post-reentry personnel policies that support the future of work at the agency and their potential impact to the need for office space agency wide.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB is in the process of developing policies around which jobs can be performed remotely and which require proximity to a physical location. RRB officials stated they would coordinate with RRB's Director of Human Resources, consult with the American Federation of Government Employees union, and put the policies before the Board for review.</p>
<p>...coordinating with their Chief Information Officer to assess the status at the agency of online collaboration tools, cloud-based software, and cybersecurity to support a distributed workforce, including as demonstrated during the COVID-19 pandemic, and the potential impact of these tools to the agency's need for office space agency wide.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>In transitioning to a telework posture during the pandemic, RRB officials identified a number of technological needs and took steps to address them. For example, continuing migration of its systems to the cloud to reduce maintenance needs versus maintaining hardware on premises.</p>
<p>...relying on evidence when making their office space and capital planning decisions, including by collecting and using data and information regarding the effects of personnel policies and procedures on mission delivery, employee engagement, and workspace utilization. Agencies should coordinate with their Evaluation Officers, Chief Data Officers, and Performance Improvement Officers on building and using evidence to support data-driven assessment and evaluation.</p>	<p>RRB mostly or fully implemented key practice</p>	<p>RRB provided a draft program analysis plan that details how it will assess a decision to expand field office telework. This includes collecting data on productivity and workloads and using those data to help make a decision.</p>

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

<b>Key practice</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
...working with GSA as needed to support development of their capital plans due this December. GSA can assist agencies to develop National Portfolio Plans for properties under GSA's custody and control, which may speed capital plan development.	N/A	According to RRB officials, the Office of Management and Budget agreed that RRB could produce a plan to move its headquarters in lieu of a capital plan for fiscal years 2024-2028.

Source: GAO analysis, Railroad Retirement Board documents and interviews. | GAO-24-105545

## IT Modernization Plans

We assessed RRB's IT modernization plans against practices contained in OMB information management policies (see table 7).<sup>6</sup> This includes policies for agencies to follow in developing new software systems, among other things. We used evaluation questions from a prior GAO report on IT modernization and crosschecked these questions against OMB policies to confirm that our questions remained valid.<sup>7</sup>

**Table 7: Assessment of the Railroad Retirement Board's (RRB) IT Modernization Plans**

<b>Key Practice</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
Do RRB's plans align with its strategic plan?	RRB mostly or fully implemented key practice	The strategic plan lists IT modernization as a goal for the agency and describes the need to phase out legacy systems while building capacity to transform business processes and customer service capabilities. The plans that RRB has been developing broadly reflect these considerations.
Do RRB's plans provide results-oriented goals and performance measures that permit it to determine whether it is succeeding?	RRB took minimal or no steps to implement key practice	RRB officials told us that they have not set goals and metrics. They also told us that RRB's lack of familiarity with developing systems using Agile makes it difficult to commit to any details, goals, or metrics at this point. <sup>a</sup>
Do RRB's plans identify strategies RRB will use to achieve desired results?	RRB partially implemented some but not all parts of the key practice	RRB said it will use Agile methodology to develop its systems and is triaging efforts into phases: stabilize, modernize, and perform. However, RRB is only now starting to plan for the 'modernize' phase and thinking about how to implement Agile. RRB is also in the process of training staff on Agile.

<sup>6</sup>OMB Circular No. A-130.

<sup>7</sup>GAO, *Library of Congress: Strong Leadership Needed to Address Serious Information Technology Management Weaknesses*, GAO-15-315 (Washington, D.C.: Mar. 31, 2015).

**Appendix I: Assessment of the Railroad Retirement Board's Plans**

<b>Key Practice</b>	<b>Rating</b>	<b>Examples of RRB's efforts</b>
Do RRB's plans identify gaps and specific intermediate steps it plans to take to achieve its target states?	RRB took minimal or no steps to implement key practice	RRB has not decided the extent of its IT modernization effort, and RRB officials told us they have yet to decide when modernization will end.
Do RRB's plans thoroughly describe the current and target states of its IT systems and business operations?	RRB partially implemented some but not all parts of the key practice	RRB plans describe current states of its IT systems, and RRB has hired consultants to identify shortcomings in the systems. RRB also has a broad vision of what it wants its modernized state to be. However, RRB has not fully defined which systems will be modernized, or the intended results for modernization.
Did RRB analyze gaps between current skills of its IT workforce and its future needs?	RRB mostly or fully implemented key practice	RRB officials told us that the agency is reviewing position descriptions and revising them to address skill gaps that the agency has identified.
Did RRB develop strategies for filling gaps regarding the skills of its workforce?	RRB mostly or fully implemented key practice	RRB's plans state that it will provide training to staff, facilitate knowledge transfer, and augment staff with roles that fill competency gaps by alternative staffing methods (e.g., service contracts).
Did RRB develop an organizational policy for enterprise architecture? <sup>b</sup>	RRB partially implemented some but not all parts of the key practice	RRB has established a baseline for its enterprise architecture, but has not fully articulated a desired end-state.
Do RRB plans describe interdependencies within and across projects so that these can be understood and managed?	RRB partially implemented some but not all parts of the key practice	RRB has identified some interdependencies in its modernization efforts. For example, RRB identified which activities will impact others, and the potential effect on future activities. But without fully articulating when IT modernization will be complete and lacking detailed plans and goals, it will be difficult to fully understand the scope of RRB's efforts and how they relate.

Source: GAO analysis, Railroad Retirement Board documents and interviews. | GAO-24-105545

<sup>a</sup>Agile is a software development process that emphasizes iterative product development. Product iterations are continuously evaluated on their functionality, quality, and customer satisfaction. Information obtained during iterations can assist in measuring progress and allow developers to respond quickly to feedback from customers, helping to mitigate schedule and budget risks. For more information, see GAO, *Agile Assessment Guide: Best Practices for Agile Adoption and Implementation*, [GAO-20-590G](#) (Washington, D.C.: Sept. 28, 2020).

<sup>b</sup>Enterprise architecture is the conceptual model of principles and practices to guide organizations through the structure, operation, information, process, and technology changes necessary to execute and achieve their current and future strategies and objectives. These practices use the various aspects of an enterprise to identify, motivate, and achieve the necessary changes. For more information, see [GAO-20-590G](#).

# Appendix II: Examples of Railroad Retirement Board Enterprise Risk Management Assessable Units and Their Plans for Addressing Identified Risks

As part of its implementation of an enterprise risk management (ERM) process, the Railroad Retirement Board (RRB) organized the agency into 47 different “assessable units”—groups representing different agency functions and operations. Each group has a manager who identifies and reports risks for the functions in their group on a yearly basis. Table 8 lists examples of RRB’s assessable units, the types of risks they identified, and their plans for addressing the risks.

**Table 8: Examples of Railroad Retirement Board (RRB) Assessable Units, Identified Risks, and Plans for Addressing Risks, November 2022**

Assessable unit	Types of identified risks	Assessable unit’s plans for addressing identified risks
<b>Retirement Applications</b> <i>Responsible for monitoring timely and accurate processing of retirement applications</i>	Ranged from beneficiary payment issues to sharing incorrect retirement benefit information with applicants. Example: retirement applications risk being completed incorrectly, potentially resulting in benefit payments being incorrect or paid to the wrong person.	RRB will conduct monthly queries of its databases and perform data analysis on this issue. The assessable unit manager reported that RRB trained staff on how to report these issues and there are clear instructions for staff on how to identify inconsistencies.

**Appendix II: Examples of Railroad Retirement Board Enterprise Risk Management Assessable Units and Their Plans for Addressing Identified Risks**

<b>Assessable unit</b>	<b>Types of identified risks</b>	<b>Assessable unit's plans for addressing identified risks</b>
<p><b>Disability Benefits</b> <i>Ensures that only eligible annuitants receive benefits by monitoring for events affecting entitlement</i></p>	<p>Untimely and inaccurate transmittal of disability applications, untimely and erroneous medical or entitlement decisions, lack of supporting documentation, and fraud.</p> <p>Example: Decisions to award benefits might not be completed within a reasonable timeframe or might be erroneous, resulting in improper payments.</p>	<p>The assessable unit manager provides RRB with a weekly report of pending initial applications, continuing disability reviews, and disability freeze applications.<sup>a</sup></p> <p>The assessable unit manager also forwards an administrative report every month to the RRB Director of Programs. This report provides the status of initial disability annuity applications pending, medical exams and opinions ordered, status of open recommendations, and overtime used.</p> <p>A program evaluation team performs an annual quality review of initial disability benefit decisions made by staff, and shares their findings with the assessable unit.</p> <p>RRB staff provide additional oversight of special interest and priority disability cases.</p>
<p><b>Unemployment Benefits</b> <i>Processes applications and claims for railroad unemployment insurance benefits</i></p>	<p>Delayed or incorrectly calculated and paid benefits, claimants unable to obtain information about benefits or not notified promptly of decisions.</p> <p>Example: Claimants determined ineligible for unemployment benefits are not notified promptly of the determination and of the appeals process.</p>	<p>RRB reviewed a statistically valid sample of 219 unemployment claims for fiscal year 2018 and found case determination accuracy of 96.8% and payment accuracy of 96.09%.</p> <p>RRB reviewed a sample of four field office inspection reports conducted within the last twelve months to verify that the review of determinations is being performed. The review found that managers routinely review the determinations made by the field offices.</p> <p>RRB is supposed to certify a payment or release a letter of denial for unemployment benefits within 10 days of the date RRB receives the claim. During fiscal year 2018, RRB found that this goal was achieved 99.9% of the time.</p> <p>RRB performance plans specifically include provisions for timeliness of processing unemployment benefits as part of the performance appraisal process.</p>
<p><b>Document Imaging</b> <i>Scans and indexes paper and computer-generated documents to create easily accessible electronic records</i></p>	<p>Imaged documents are not scanned legibly and entirely, are missing, unsaved, or destroyed before scheduled.</p> <p>Example: Imaged disability documents might be destroyed before scheduled.</p>	<p>RRB staff review scanned documents for illegible or missing pages and merge documents before giving final approval to a batch.</p> <p>RRB interviewed scanner staff about the procedures, and all staff verified correct procedures, including to check that all documents were legible, scanned under the correct application, and with the correct Social Security number before the document is released to the system.</p> <p>RRB staff also reviewed multiple program evaluation and management monthly reports and calculated that there were accuracy ratings of 99.42% for imaged of retirement benefit documents and 99.8% for imaged unemployment benefits documents.</p>

Source: GAO Analysis of RRB 2022 Risk Assessment Data. | GAO-24-105545

<sup>a</sup>A disability freeze stops RRB from counting a beneficiary's income during the years in which a medical condition restricted their ability to work. Those years are not included in the benefit calculation, so the beneficiary will not be penalized for a period when they were unable to work.

# Appendix III: Comments from the Railroad Retirement Board



UNITED STATES GOVERNMENT  
**MEMORANDUM**

FORM 6-1167 (1-92)  
RAILROAD RETIREMENT BOARD

November 13, 2023

**TO:** Elizabeth H. Curda  
Director, Education, Workforce, and Income Security Issues  
Government Accountability Office

**FROM:** Shawna R. Weekley  
Chair of the Executive Committee  
Chief Financial Officer

Terryne F. Murphy  
Chief Information Officer

**SUBJECT:** GAO Draft Report:  
Railroad Retirement Board: Agency Could Strengthen Plans to Address  
Key Management Challenges, GAO-24-105545

SHAWNA WEEKLEY  
Digitally signed by SHAWNA WEEKLEY  
Date: 2023.11.13 14:55:57 -06'00'

TERRYNE MURPHY  
Digitally signed by TERRYNE MURPHY  
Date: 2023.11.13 16:00:26 -05'00'

The Railroad Retirement Board appreciates the opportunity to provide a management response to the draft Government Accountability Office (GAO) report entitled "Railroad Retirement Board, Agency Could Strengthen Plans to Address Key Management Challenges," GAO-24-105545.

*GAO Recommendation: The Board should develop a written plan detailing how it will implement the remaining unimplemented and partially implemented essential elements and key practices of its enterprise risk management process. The plan should include measurable goals, a timeline, and milestones for completing the remaining essential elements and key risk management practices. (Recommendation 1)*

RRB Response: The RRB concurs with the GAO's recommendation to develop a written plan detailing how it will implement the remaining unimplemented and partially implemented essential elements and key practices of its enterprise risk management process. We appreciate the GAO's feedback and acknowledgement of RRB's ERM implementation progress to date. As we develop the written plan RRB will consider key concepts and strategies from GAO's Enterprise Risk Management: Selected Agencies Experiences Illustrate Good Practices in Managing Risk, GAO-17-63, as well as the Playbook: Enterprise Risk Management for the U.S. Federal Government issued jointly by Chief Financial Officers Council and the Performance Improvement Council. We will ensure that RRB's written plan includes measurable goals, a timeline, and milestones for completing the remaining essential elements and key risk management practices. RRB's estimated completion date for its written plan for completing implementation of its ERM process is June 30, 2024.

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**Appendix III: Comments from the Railroad Retirement Board**

*GAO Recommendation: The Board should ensure written plans clearly state the intended results of IT modernization, including the future IT self-service capabilities it will create, how it will address any related gaps or interdependencies, and how it will measure the success of its IT modernization effort, including performance metrics and goals. (Recommendation 2)*

**RRB Response:** The RRB concurs with the recommendation and will continue to review and align our practices where appropriate to the GAO's Agile Assessment Guide: Best Practices for Agile Adoption and Implementation, GAO-20-590G. The RRB will continue to collaborate with other federal agencies and seek feedback from its public customers and internal stakeholders, specifically regarding their expectations for each benefit stream and business process. Accordingly, the RRB concurs with GAO's recommendation to update its IRM Strategic Plan for IT Modernization to clearly state the intended results of IT modernization, including the capabilities it will create, how any gaps or interdependencies will be addressed, and ultimately how success of the IT Modernization will be measured. RRB estimates that this update will be completed by June 30, 2024.

In the update to the IRM Strategic Plan for IT Modernization, the RRB will pay specific attention to program monitoring and control to ensure the RRB's adoption to Agile reinforces and aligns to RRB strategic goals and objectives. The updated plan will also include goals and metrics to track progress of the modernization effort, specifically tailoring metrics to address technical management, program management, and agile performance. Along these lines, the RRB has set up Azure DevOps to track work monitor metrics such as sprint burn down, burn up, velocity, and cycle time.

CC: The Board  
Executive Committee  
Chiquita Lowery, Director of Audit Affairs and Compliance Division

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## Accessible text for Appendix III: Comments from the Railroad Retirement Board

UNITED STATES GOVERNMENT

MEMORANDUM

RAILROAD RETIREMENT BOARD

November 13, 2023

TO: Elizabeth H. Curda  
Director, Education, Workforce, and Income Security Issues  
Government Accountability Office

FROM: Shawna R. Weekley  
Chair of the Executive Committee  
Chief Financial Officer

Terryne F. Murphy  
Chief Information Officer

**SUBJECT: GAO Draft Report: Railroad Retirement Board: Agency Could  
Strengthen Plans to Address Key Management Challenges, GAO-24-105545**

The Railroad Retirement Board appreciates the opportunity to provide a management response to the draft Government Accountability Office (GAO) report entitled “Railroad Retirement Board, Agency Could Strengthen Plans to Address Key Management Challenges,” GAO-24-105545.

*GAO Recommendation: The Board should develop a written plan detailing how it will implement the remaining unimplemented and partially implemented essential elements and key practices of its enterprise risk management process. The plan should include measurable goals, a timeline, and milestones for completing the remaining essential elements and key risk management practices.  
(Recommendation 1)*

RRB Response: The RRB concurs with the GAO’s recommendation to develop a written plan detailing how it will implement the remaining unimplemented and partially implemented essential elements and key practices of its enterprise risk management process. We appreciate the GAO’s feedback and acknowledgement of

RRB's ERM implementation progress to date. As we develop the written plan RRB will consider key concepts and strategies from GAO's Enterprise Risk Management: Selected Agencies Experiences Illustrate Good Practices in Managing Risk, GAO-17-63, as well as the Playbook: Enterprise Risk Management for the U.S. Federal Government issued jointly by Chief Financial Officers Council and the Performance Improvement Council. We will ensure that RRB's written plan includes measurable goals, a timeline, and milestones for completing the remaining essential elements and key risk management practices. RRB's estimated completion date for its written plan for completing implementation of its ERM process is June 30, 2024.

*GAO Recommendation: The Board should ensure written plans clearly state the intended results of IT modernization, including the future IT self-service capabilities it will create, how it will address any related gaps or interdependencies, and how it will measure the success of its IT modernization effort, including performance metrics and goals. (Recommendation 2)*

RRB Response: The RRB concurs with the recommendation and will continue to review and align our practices where appropriate to the GAO's Agile Assessment Guide: Best Practices for Agile Adoption and Implementation, GAO-20-590G. The RRB will continue to collaborate with other federal agencies and seek feedback from its public customers and internal stakeholders, specifically regarding their expectations for each benefit stream and business process. Accordingly, the RRB concurs with GAO's recommendation to update its IRM Strategic Plan for IT Modernization to clearly state the intended results of IT modernization, including the capabilities it will create, how any gaps or interdependencies will be addressed, and ultimately how success of the IT Modernization will be measured. RRB estimates that this update will be completed by June 30, 2024.

In the update to the IRM Strategic Plan for IT Modernization, the RRB will pay specific attention to program monitoring and control to ensure the RRB's adoption to Agile reinforces and aligns to RRB strategic goals and objectives. The updated plan will also include goals and metrics to track progress of the modernization effort, specifically tailoring metrics to address technical management, program management, and agile performance. Along these lines, the RRB has set up Azure DevOps to track work monitor metrics such as sprint burn down, burn up, velocity, and cycle time.

CC: The Board  
Executive Committee  
Chiquita Lowery, Director of Audit Affairs and Compliance Division

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## Appendix IV: GAO Contact and Staff Acknowledgments

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### GAO Contact

Elizabeth H. Curda, (202) 512-7215 or [curdae@gao.gov](mailto:curdae@gao.gov)

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### Staff Acknowledgments

In addition to the contact named above, the following individuals made key contributions to this report: Mark Glickman (Assistant Director), Daniel R. Concepcion (Analyst in Charge), and Kristy Kennedy. Also contributing to this report were William Boutboul, Charlotte Cable, Carol Cimitile, Matthew Cook, Heather Dunahoo, Kirsten Lauber, Steven Lozano, Mimi Nguyen, Jennifer Padgett, James Rebbe, David Reed, William Reinsberg, Vernetta G. Shaw, Jessica Steele, William Stupski, Srinidhi Vijaykumar, and Adam Windram.

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