

**OFFICE OF INSPECTOR GENERAL  
FOR THE  
RAILROAD RETIREMENT BOARD**



**SEMIANNUAL REPORT TO  
THE CONGRESS**

**APRIL 1, 2012 - SEPTEMBER 30, 2012**



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

October 31, 2012

The Honorable Michael S. Schwartz, Chairman  
Railroad Retirement Board  
844 North Rush Street  
Chicago, Illinois 60611-2092

Dear Mr. Schwartz:

I am pleased to submit our *Semiannual Report to the Congress*. This report is submitted in accordance with Section 5 of the *Inspector General Act of 1978*, as amended, and provides a descriptive summary of our activities and accomplishments during this semiannual period. The Act requires that you transmit this report, along with any comments you may wish to make, to the appropriate Congressional committees and subcommittees within 30 days.

During this reporting period, the Office of Audit:

- completed an inspection to determine if the RRB adequately monitored representative payees;
- inspected the RRB's continuous monitoring activities of the Financial Interchange system;
- published the results of our audit regarding the impact of a new legal opinion related to RUIA section 12(o) liens;
- audited the agency's Railroad Medicare Part B eligibility and premium collection process; and
- published a *Management Information Report* projecting the financial impact of the RRB's unilateral disability freeze cases on the financial interchange.

Our criminal investigators achieved 19 arrests, 42 criminal convictions, 37 indictments and informations, 13 civil judgments, and more than \$14.9 million in financial accomplishments resulting from OI's investigative work, including joint investigations. Additionally, 3 former Long Island Rail Road workers pled guilty to charges stemming from their involvement in a brazen occupational disability fraud scheme and 20 additional former workers were charged and arrested. Details relating to this ongoing investigation are located on page 18 of our *Semiannual Report to the Congress*.

We sincerely appreciate the agency's cooperation during the performance of our audits and investigations and look forward to a continued working relationship.

Sincerely,

*Original Signed by*

Martin J. Dickman  
Inspector General



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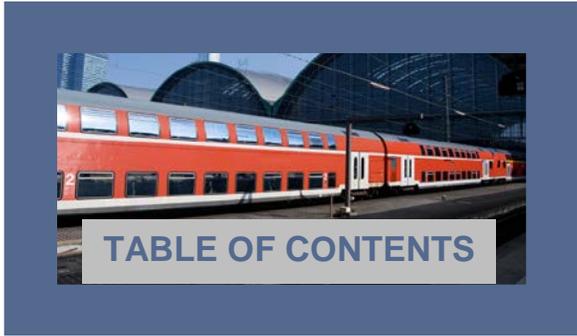
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## Office of Inspector General for the Railroad Retirement Board

### ***INTRODUCTION***

#### ***Railroad Retirement Board***

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal government. The RRB administers comprehensive disability, unemployment-sickness insurance, and retirement-survivor benefit programs for the nation's railroad workers and their families. These programs are codified under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA), respectively. During fiscal year (FY) 2011, the RRB paid approximately \$11.1 billion in retirement-survivor and unemployment-sickness benefits to roughly 607,000 beneficiaries. The RRB's central mission is to pay accurate and timely RRA and RUIA benefits.

The RRB also has administrative responsibilities for certain benefit payments under the Social Security Act, including the administration of Medicare benefits for qualifying railroad workers and dependents. Pursuant to statutory authority, the RRB, in consultation with the Centers for Medicare and Medicaid Services, awards and monitors the single nationwide Medicare Part B Services contract. During FY 2011, the Railroad Medicare contractor paid approximately \$868 million in Part B medical insurance benefits on behalf of roughly 453,000 Railroad Medicare beneficiaries.

#### ***Board Members***

The Board consists of three members who are appointed, with the advice and consent of the Senate, by the President of the United States. One member is appointed upon the recommendation of railroad employers, another member is appointed upon the recommendation of railroad labor organizations, and the third, who is the Chairman, is appointed to represent the public's interest. Board Members' terms are five years in length and expire in staggered years.

#### ***Office of Inspector General***

The Railroad Retirement Solvency Act of 1983 amended the RRA to provide for an Office of Inspector General (OIG) for the RRB. The 1988 amendments to the Inspector General Act added the RRB to the list of covered agencies.



## Office of Inspector General for the Railroad Retirement Board

The Inspector General is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to both the RRB Board Members and the Congress. It is the Inspector General's responsibility to promote economy, efficiency, and effectiveness in the RRB's programs and operations. To that end, the OIG conducts audits/evaluations, management reviews, and inspections of the RRB's programs and operations. As a product of its efforts, the OIG offers recommendations for agency improvement to RRB management. The OIG also identifies and investigates cases of waste, fraud, and abuse in the RRB's programs and operations. The OIG works closely with Federal prosecutors and makes the appropriate referrals for criminal prosecution, civil prosecution, monetary recovery, or administrative sanctions.

The OIG has three operational components: the immediate Office of the Inspector General, the Office of Audit, and the Office of Investigations. The OIG conducts operations from several locations including the RRB headquarters in Illinois and investigative field offices in California, Florida, Pennsylvania, New York, Texas, and Virginia. These field offices provide increased investigative presence and aid in the effective and efficient coordination of joint investigations with other Inspector General offices and law enforcement agencies.

## **EXECUTIVE SUMMARY**

### ***Office of Audit***

The Office of Audit (OA) conducts financial, performance, and compliance audits and evaluations/inspections of the RRB's programs and operations. During this reporting period, the OA:

- completed an inspection to determine if the RRB adequately monitored representative payees;
- inspected the RRB's continuous monitoring activities of the Financial Interchange system;
- published the results of their audit regarding the impact of a new legal opinion related to RUIA section 12(o) liens;
- audited the agency's Railroad Medicare Part B eligibility and premium collection process; and
- published a *Management Information Report* projecting the financial impact of the RRB's unilateral disability freeze cases on the financial interchange.



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OA's activities, during this reporting period, are discussed in further details on pages 4 through 13 of this report. All publicly available reports are available on our website at [www.rrb.gov/oig](http://www.rrb.gov/oig).

### *Office of Investigations*

The Office of Investigations (OI) focuses its efforts on identifying, investigating, and presenting RRB benefit fraud cases for prosecution. OI conducts investigations throughout the United States relating to:

- the fraudulent receipt of RRB disability, unemployment-sickness, and retirement-survivor benefits;
- Railroad Medicare fraud;
- false reporting by railroad employers; and
- criminal violations and misconduct by RRB personnel.

Investigative efforts can result in criminal convictions; civil judgments and penalties; administrative recovery of program benefit funds; and/or administrative sanctions.

From April 1, 2012 through September 30, 2012, OI achieved:

- 19 arrests;
- 37 indictments and informations;
- 42 convictions;
- 13 civil judgments;
- 43 referrals to the Department of Justice; and
- more than \$14.9 million<sup>1</sup> in financial accomplishments.

Defendants, in the aggregate, were sentenced to almost 59 years of prison, 115.5 years of probation, and 150 hours of community service. Additional details regarding OI's activities are discussed on pages 18 through 27. Of particular interest, OI's continuing Long Island Rail Road occupational disability fraud investigation is discussed on page 18.

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<sup>1</sup> The total amount of financial accomplishments reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal programs such as Medicare or Social Security which were included in the disposition resulting from the investigation.



## Office of Inspector General for the Railroad Retirement Board

### ***APRIL 1, 2012 – SEPTEMBER 30, 2012 ACCOMPLISHMENTS***

#### ***Office of Audit***

Congress established the OIG to provide independent oversight of the RRB. Within the OIG, the mission of OA is to promote economy, efficiency, and effectiveness in the administration of the RRB's programs and operations; and to detect and prevent fraud, waste, and abuse. Through the Inspector General, OA keeps Board Members and the Congress informed of current and potential problems and deficiencies in the RRB's operations. OA also tracks the agency's progress towards corrective action.

Brief summaries of all audits completed during this semiannual reporting period follow.

#### ***Inspection of the Railroad Retirement Board's Representative Payee Monitoring***

##### **Background**

During this reporting period, the OIG conducted an inspection of the RRB's representative payee monitoring. It is the policy of the RRB that every adult has the right to manage his payments unless found to be incompetent. The RRA authorizes the RRB to select and pay benefits to individuals or organizations on behalf of annuitants deemed incapable of managing their own financial affairs. These authorized individuals or organizations are known as representative payees (rep payees). Rep payees are charged with managing RRB benefits for the welfare of the annuitants. RRB procedures provide that rep payees are to be monitored to determine if the annuitants' rights are being protected.

##### **Objectives**

The objectives of our inspection were to determine if the RRB's monitoring efforts over rep payees ensured that benefits paid to rep payees were used for the needs of the annuitants, and to identify opportunities to improve the effectiveness and efficiency of RRB's rep payee monitoring.



## Office of Inspector General for the Railroad Retirement Board

### Findings

Our inspection determined that the RRB's rep payee monitoring program did not adequately ensure that benefits paid to rep payees were used for the needs of the annuitants. The inspection disclosed the following weaknesses that needed to be strengthened:

- controls were not sufficient to ensure the protection of annuitants' rights;
- self-reporting and the RRB's selection methodology increased the risk of abuse, neglect, or misuse of funds;
- "high-risk" rep payees were not readily identifiable;
- face-to-face interviews were under-utilized in rep payee monitoring;
- system reporting lacked data for management decision making;
- policies and procedures were incomplete; and
- RRB did not check rep payees for criminal and/or misdemeanor offenses.

We also identified opportunities to improve the effectiveness and efficiency of RRB's rep payee monitoring in the following areas:

- timeliness of monitoring activities needed improvement;
- "parent-for-child" monitoring did not require an accounting of benefits;
- documentation for some rep payees was incomplete; and
- controls to ensure proper coding of rep payees were insufficient.

### Recommendations

To address the identified weaknesses, we recommended that agency management:

- re-communicate the purpose of rep payee monitoring to applicable employees;
- perform a risk analysis for the rep payee program;
- re-evaluate existing controls and implement additional controls to ensure that the rights of the annuitants are protected;
- request and review supporting documentation in order to properly analyze rep payee disclosures;
- re-evaluate the selection methodology for determining which cases will be monitored in any given year;
- implement additional controls to improve the process for identifying and monitoring "high-risk" rep payees;



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- ensure that the Bureau of Field Service representatives conduct and document face-to-face interviews for questionable situations involving rep payees;
- expand the Universal System Tracking and Reporting Program (USTAR) to include the results of monitoring;
- ensure that USTAR contains all relevant information on the monitoring process or reference where the information is available;
- provide additional training to all USTAR users who perform rep payee monitoring;
- implement controls to ensure centralized oversight of the rep payee monitoring process;
- strengthen USTAR procedures to ensure consistency throughout the entire Bureau of Field Service;
- revise the rep payee monitoring procedures to ensure complete documentation of all monitoring activities performed, including any supervisory reviews;
- research and implement a cost-effective method to use existing incarceration data and/or third party database information to assess the rep payees' criminal histories during monitoring;
- update current monitoring procedures to include steps to check rep payees for criminal and/or misdemeanor offenses against available databases, and use this information to determine the continued suitability of the rep payees;
- strengthen controls over the timeliness of rep payee monitoring;
- establish procedures for a comprehensive "parent-for-child" rep payee monitoring program which ensures that the intent of the regulations for rep payee accountability is carried out;
- ensure that all rep payee documentation is properly maintained;
- provide training to the Bureau of Field Service staff to ensure consistent practices for imaging and indexing documentation for rep-payee monitoring activities; and
- design controls to correctly identify all rep payees.

### Management's Response

The Office of Programs and the Bureau of Field Service agreed to take corrective action for 16 of our 20 recommendations. They disagreed with the remaining four recommendations. They also expressed concern that this report lacks detail about the number and type of exceptions found.



## Office of Inspector General for the Railroad Retirement Board

### **OIG's Comments on Management's Response**

The OIG maintains that the implementation of all 20 of our recommendations would help to ensure that the agency is fully achieving the objective of rep payee monitoring, which is to determine if the annuitants' rights are being protected.

Our inspection was not designed to quantify all exceptions; it was designed to evaluate controls. We believe that the report contains sufficient detail regarding the control weaknesses identified in the RRB's rep payee monitoring program to support our conclusions.

### ***Inspection of the Railroad Retirement Board's Financial Interchange System Continuous Monitoring***

The OIG conducted an inspection of the activities at the RRB for the continuous monitoring of the Financial Interchange (FI) system to determine adherence with existing policy, procedures, guidance, and standards. Because the FI system inherits many of its controls from the Agency Enterprise General Information Support System (AEGIS) this inspection also includes an evaluation of the continuous monitoring documentation prepared for the AEGIS system. This inspection will support the OIG's mandated FY 2012 Federal Information Security Management Act of 2002 (FISMA) evaluation.

The objective of continuous monitoring is to determine if the complete set of planned, required, and deployed security controls within an information system or inherited by the system continue to be effective over time. Continuous monitoring is an important activity in assessing the security impact on an information system resulting from planned and unplanned changes to the hardware, software, firmware, or environment of operation. In FY 2011, a contractor was hired by the RRB to plan and perform continuous monitoring of the controls over the RRB's FI and AEGIS systems.



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Our evaluation determined that activities conducted at the RRB for the continuous monitoring process of the FI and AEGIS systems do not fully comply with existing policy, procedures, guidance, and standards because evidence suggests that an ineffective review process was performed over contractor deliverables. Therefore, we will continue to cite the agency with a significant deficiency in the internal control structure over the review of contractor deliverables associated with the risk management framework. We made eleven detailed recommendations to RRB management related to:

- improving the controls over the review process for the continuous monitoring deliverables received from the contractor and approved by the RRB;
- allocating the necessary resources to allow for an effective review of the continuous monitoring documentation; and
- effectively managing and consistently updating the FI and agency-wide Plan of Action and Milestones.

Agency Management has agreed to take corrective actions for all recommendations.

### ***Audit of the Impact of a New Legal Opinion Related to RUIA Section 12(o) Liens***

#### **Background**

The OIG conducted an audit to determine the impact of a new legal opinion related to RUIA Section 12(o) liens. In this legal opinion, the RRB's General Counsel concluded that the RRB should not allow the amount of its lien to be reduced for medical and hospital expenses paid under the Health and Welfare Agreement, as was the agency's previous practice.<sup>2</sup>

Generally, railroad employees cannot receive workers' compensation for on-the-job injuries. Instead, they sue their employers for injury claims, and then apply to receive sickness benefits from the RRB during the period of injury. The RRB pays sickness benefits to the railroad employee during the period of injury, and subsequently sets up a lien against any future settlements to recover the amount of sickness benefits paid. The agency refers to this lien as a 12(o) lien (hereafter referred to as "the lien"). Sickness benefits are paid out of the RRB's Railroad Unemployment Insurance Trust Fund.

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<sup>2</sup> RRB Legal Opinion, L-2011-06, dated July 22, 2011. Hereafter referred to as "the legal opinion."



## Office of Inspector General for the Railroad Retirement Board

In 1975, railroad management and railroad labor entered into an agreement called the Health and Welfare Agreement (hereafter referred to as “the Agreement”). This Agreement provided for the railroad employers to set up a separate insurance policy to pay for medical and hospital expenses for injured employees. The expenses covered by the separate policy would otherwise have been the responsibility of the railroad employer.

In the legal opinion, the RRB’s General Counsel stated that if medical and hospital expenses were paid through the Agreement, these expenses could not be deducted from the RRB’s lien. Prior to the legal opinion, the RRB deducted all submitted medical and hospital expenses when a railroad employee provided them for consideration in order to reduce the lien against the settlement from the railroad employer.

### **Objective**

The objective of our audit was to determine the potential amount of dollars not recovered by the Railroad Unemployment Insurance Trust Fund due to the RRB’s previous practice of reducing its lien amount by the amount of medical and hospital expenses paid pursuant to the Agreement.

### **Findings**

We found that:

- the Railroad Unemployment Insurance Trust Fund would have potentially recovered approximately \$300,000 more in sickness benefits if the policy prescribed by the legal opinion had been in effect in calendar years 2008 through 2010;
- data for 12(o) lien reductions was not readily available;
- some 12(o) lien documentation was incomplete; and
- new policies and procedures for 12(o) liens had not been developed.

### **Recommendations**

To address the problems found, we recommended that the Office of Programs:

- implement a comprehensive tracking system for 12(o) liens;



## Office of Inspector General for the Railroad Retirement Board

- strengthen existing controls to ensure that procedures provide explicit instructions regarding the documentation and approvals required for 12(o) lien decisions;
- develop policies and procedures for 12(o) liens based on the legal opinion, without further delay; and
- review all 12(o) lien reductions that were processed subsequent to the legal opinion and adjust them, if necessary.

### Management's Response

The Office of Programs agreed to take corrective action for all four of our recommendations. They did, however, provide a general comment on the discussion in the report related to the delays in the audit staff not being able to obtain the information needed to perform their analysis. They stated that the information needed was not readily available because there was no business requirement to maintain the information in the form requested. They also stated that had the Office of Programs been asked to assist in either the compilation of the data, or simply in the identification of data sources to be used, they believe that the timeframe for information gathering could have been substantially reduced.

### OIG's Comments to Management's Response

The OIG maintains that they did speak to the Office of Programs' staff prior to requesting the data from the Bureau of Information Services and were told that the data we were requesting was not maintained in a format that we could use to satisfy our audit objectives. Furthermore, the Office of Programs staff would have had to manually extract the information in the same manner that OIG auditors did, therefore saving no time.

## *Audit of the Railroad Medicare Part B Eligibility and Premium Collection Process*

The OIG conducted an audit of the Railroad Medicare Part B Eligibility and Premium Collection Process. The audit focused on the eligibility of Railroad Medicare participants, the accuracy of Part B premiums and penalties, and the adequacy of documentation acquired and maintained when Part B is declined.



## Office of Inspector General for the Railroad Retirement Board

### Key Findings

The OIG identified the following weaknesses:

- a penalty amount was omitted from a manual Part B Medicare premium determination;
- ineffective controls exist for manually determining Railroad Medicare entitlement dates for disabled children; and
- inconsistencies were found between the RRB's Medicare computer system (Medicare Information Recorded, Transmitted, Edited and Logged (MIRTEL)) and the Centers for Medicare & Medicaid Services' system records; in both instances RRB dual annuitant beneficiary records were involved.

### Key Recommendations

To address the identified weaknesses, we recommended that RRB officials:

- take the necessary actions to establish and collect the receivable amount of the penalty omitted;
- issue a reminder alert with instructions for correctly processing closed period manual penalty amounts;
- provide further training to claims examiners that will address the risks of making an incorrect manual determination when processing Medicare claims for disabled children; and
- evaluate the impact of the inconsistent RRB dual annuitant beneficiary records in MIRTEL and ensure that these records do not present a risk for processing duplicate Medicare claims.

### Management's Response

The Office of Program's has initiated corrective action addressing two of our recommendations and has agreed to address the other two recommendations.



## Office of Inspector General for the Railroad Retirement Board

### *Projected Financial Impact of Railroad Retirement Board Unilateral Disability Freeze Cases on the Financial Interchange*

The OIG published a Management Information Report regarding the financial impact of RRB unilateral disability freeze cases on the FI. To receive an annuity based upon a disability from the RRB, a railroad employee must be found disabled under the RRA. If an employee is found disabled under the RRA, the RRB will determine whether he/she qualifies for a period of disability, commonly referred to as a “disability freeze,” as defined in the Social Security Act.<sup>3</sup>

When SSA concurs with the RRB’s decision to grant a disability freeze, the RRB recovers the social security equivalent of the RRA disability benefits from the SSA’s disability insurance trust fund through the FI. The FI serves as a funds transfer mechanism between the RRB and SSA. FI amounts are computed by the RRB’s Bureau of the Actuary using statistical sampling methods.

When SSA does not concur with the RRB’s decision to grant a disability freeze, the RRB independently makes a unilateral disability freeze decision. None of the benefits are recovered as social security equivalents through the FI, when a unilateral freeze determination is made by the RRB. Because the RRA trust fund bears the entire cost of the RRB benefits, a subsequent change to an annuitant’s condition could have a potential long-term impact on the FI.

#### **Key Findings**

Our review found that the Office of Programs does not submit unilateral disability freeze cases to SSA for reconsideration, when the RRB determines that the disability annuitant’s condition has worsened. Because the RRA trust fund bears the entire cost of the disability benefits, a subsequent change in the annuitant’s condition could have a potential long-term impact on the FI. The financial impact of unilateral disability freeze cases is projected to range between \$1 million and \$32 million annually in potential reimbursement to the RRA trust fund through the FI process.

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<sup>3</sup> A disability freeze protects disabled workers and their families from a loss of benefits by freezing the worker’s wage record and excluding earnings during the period of disability from the benefit determination.



## Office of Inspector General for the Railroad Retirement Board

### Key Recommendations

Resubmission of unilateral disability freeze cases to SSA when the annuitant's condition has worsened could result in additional RRA trust fund reimbursement of the social security equivalent of the RRA disability benefit through the FI.

To address this issue, we recommended that the Office of Programs should:

- review the existing 1,600 unilateral disability freeze cases to determine if the annuitant's condition has worsened, and submit any reclassified cases to SSA for reconsideration; and
- revise the policies and procedures for the continuing disability review process to require that reclassified unilateral disability freeze cases be submitted to SSA for reconsideration when an annuitant's condition has worsened.



**Office of Inspector General for the Railroad Retirement Board**

***Management Decisions and Implementation***

As part of its oversight activities, the OIG tracks the agency’s implementation of audit recommendations. Additionally, OMB Circular No. A-50 (Revised) and the Inspector General Act Amendments of 1988 require the reporting of management decisions and corrective actions for all audit recommendations.

<b>Management Decisions</b>	
Requiring Management Decision on April 1, 2012	0
Pending Management Decision for New Recommendations	0
Management Decision on Previous Recommendations	0
Recommendations Pending Management Decision on September 30, 2012	0

<b>Corrective Action</b>	
Recommendations Requiring Action on April 1, 2012	191
Recommendations Issued During Reporting Period	40
Corrective Actions Completed During Reporting Period	32
Recommendations Rejected During Reporting Period	4
Final Actions Pending on September 30, 2012	195



## Office of Inspector General for the Railroad Retirement Board

### *Office of Investigations*

OI's primary objective is to identify, investigate, and refer for prosecution or monetary recovery action cases of waste, fraud, or abuse in the RRB's programs. OI also seeks to prevent and deter program fraud by reporting systemic weaknesses identified through investigative work. In order to maximize the impact of its resources, OI continues to pursue cooperative investigative activities in coordination with other Inspectors General such as the Office of Inspector General for the Department of Health and Human Services and other law enforcement agencies, such as the Federal Bureau of Investigation and the U.S. Secret Service.

### *Current Caseload*

During this semiannual reporting period, OI reviewed 150 matters and opened 96 new cases.

Investigative Caseload Data	
Investigative Cases Open as of April 1, 2012	488
Investigative Cases Opened During Reporting Period	96
Investigative Cases Closed During Reporting Period	129
Investigative Cases Open as of September 30, 2012	455

As of September 30, 2012, OI's investigative case load totaled 455 matters which represent approximately \$124.2 million<sup>4</sup> in potential fraud losses. The chart located on the next page reflects the distribution of OI cases and potential fraud losses by RRB major program area.

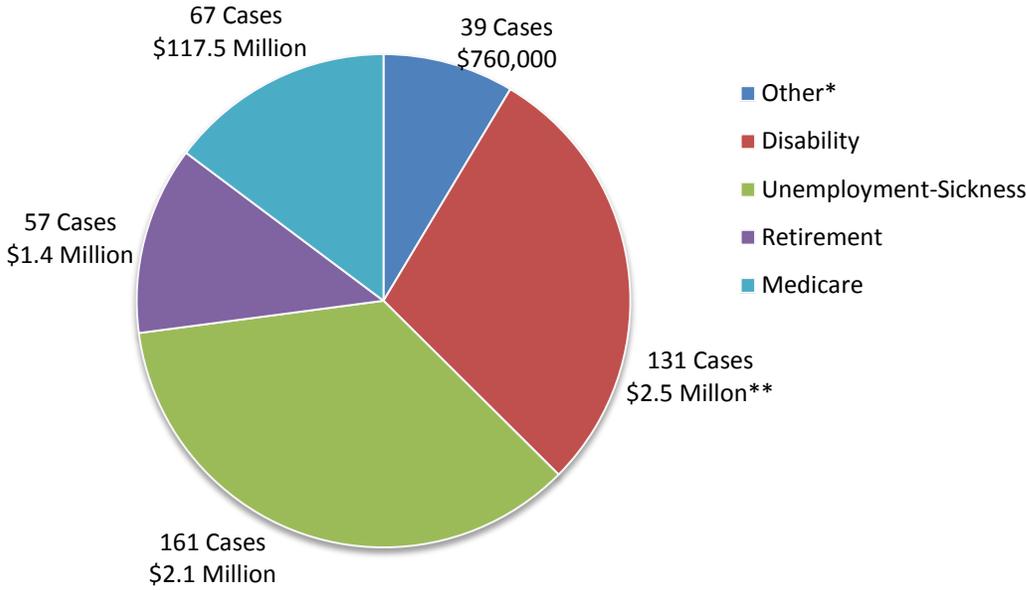
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<sup>4</sup> This reflects potential fraud amounts related to programs administered exclusively by the RRB and potential fraud amounts from other Federal programs such as Medicare or Social Security which have been identified during OI's joint investigative work.



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Caseload and Potential Fraud Loss By Case Type



\*Other case type is an amalgam of various types of cases involving matters such as misconduct by RRB employees, threats against agency employees, false reporting by railroad employers, and others.

\*\*Our case tracking system counts the Long Island Rail Road occupational disability fraud investigation (discussed in further details on page 18) as a single case; however, this case has the potential to manifest into more than 1,000 investigations. Additionally, this potential is not reflected in the above fraud loss.



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***Investigative Accomplishments***

Action	April 1, 2012 – September 30, 2012	Fiscal Year 2012
Referrals to the Department of Justice	43	95
Indictments/Informations	37	106
Arrests	19	34
Convictions	42	85
Civil Complaints	1	10
Civil Judgments	13	26
Restitution and Fines <sup>5</sup>	\$11.8 Million	\$31.8 Million
Civil Damages and Penalties <sup>6</sup>	\$2.9 Million	\$45.1 Million
Investigative Recoveries <sup>7</sup>	\$237,000	\$482,000
Community Service Hours	150	640

<sup>5</sup> The total amount of financial accomplishments in this table reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal programs such as Medicare or Social Security which were included in the disposition resulting from the investigation.

<sup>6</sup> See above footnote.

<sup>7</sup> RRB benefits that are overpaid due to fraud and can be recouped through RRB administrative recovery action are expressed as investigative recoveries.



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***April 1, 2012 – September 30, 2012  
Representative Investigations***

### ***Disability Investigations***

OI conducts fraud investigations relating to the RRB's disability program. Railroad workers who are awarded an RRB disability annuity are subject to work restrictions and earnings limitations. Disability benefit fraud often involves sophisticated schemes to hide disqualifying work activities from the RRB.

During this reporting period, OI obtained six convictions and two civil judgments in disability fraud cases. The defendants received, in the aggregate, sentences totaling almost 3 years of prison, 20 years of probation, 150 hours of community service, and were ordered to pay more than \$1 million in restitution, fines, and civil damages/penalties. Furthermore, twenty additional former Long Island Rail Road employees were charged and arrested in connection with our ongoing occupational disability fraud investigation described below.<sup>8</sup>

Descriptions of representative cases completed during this reporting period follow.

### ***3 Annuity Holders Plead Guilty and 20 Additional Annuity Holders Are Arrested in Connection with OI's Continuing Long Island Rail Road Occupational Disability Fraud Investigation***

During this semiannual reporting period, 3 former Long Island Rail Road employees pled guilty to charges stemming from their involvement in a brazen occupational disability fraud scheme and 20 additional former employees were charged and arrested. Agents continue to investigate this complex occupational disability fraud scheme allegedly perpetrated by a number of former Long Island Rail Road employees, doctors, and disability facilitators.

As alleged in a publicly available complaint, OI's joint investigation revealed that three doctors used their medical practices to run "disability mills" charging a premium of approximately \$800 to \$1,000 in exchange for fraudulent medical documentation

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<sup>8</sup> All charges are accusations and the defendants are presumed innocent until proven guilty.



## Office of Inspector General for the Railroad Retirement Board

designed to qualify their “clients” for RRB occupational disability annuities. In fact, the doctors allegedly helped former Long Island Rail Road employees “pre-plan” their disability onset dates so that they would coincide with their anticipated retirement.

It is also alleged that some of the former Long Island Rail Road employees used disability “facilitators” to increase their likelihood of being awarded an occupational disability annuity. The facilitators, allegedly, assisted and coached their disability clients on how to complete the RRB occupational disability application in order to gain approval. One of the facilitators charged in this scheme is a former RRB employee.

This investigation remains ongoing.

### ***Annuitant Conceals Income from RRB and the IRS***

OI Special Agents worked with agents from the Internal Revenue Service (IRS) to investigate an RRB disability annuitant who owned and operated a scrap metal business. This joint investigation revealed that the annuitant actively concealed his business income from the RRB, including filing a fraudulent *Continuing Disability Report* which certified that he did not have any gross or net income, and the IRS.

This case was referred to the U.S Attorney’s Office for the Northern District of West Virginia. The annuitant was indicted and eventually pled guilty to Theft of Government Funds and Attempt to Evade and Defeat Tax. He was sentenced to a total of 30 months of prison, 48 months of probation, and more than \$211,000 in restitution.

### ***Disability Annuitant Pleads Guilty and Consents to the Suspension of RRB Benefits***

Special Agents investigated a self-employed RRB disability annuitant who owned and operated a janitorial cleaning service but reported earnings under his spouse’s social security number to avoid detection by the RRB.

This case was referred to the U.S. Attorney’s Office for the Northern District of Ohio which filed an indictment against the annuitant. He entered into a plea agreement with the U.S. Attorney’s Office and pled guilty to Failure to Report Information to the RRB. He was sentenced to 5 years of probation with 12 weeks of weekend confinement, 150 hours of community service, more than \$93,000 in restitution and fines, and suspension of his RRB disability benefits.



## Office of Inspector General for the Railroad Retirement Board

### ***Annuitant Conceals Income from RRB and the IRS***

OI Special Agents worked with agents from the IRS to investigate an RRB disability annuitant who owned and operated a pool hall which also housed illegal gambling devices. The joint investigation revealed that the annuitant failed to report his business income to both the RRB and the IRS.

This case was referred to the U.S. Attorney's Office for the Middle District of Pennsylvania. The annuitant pled guilty to Theft of Government Funds and Tax Evasion. He was sentenced to 3 months of prison, 3 months of home confinement, restitution of more than \$131,000, and forfeiture of additional cash and assets.

### ***Unemployment-Sickness Insurance Investigations***

Unemployment-Sickness Insurance benefit fraud typically involves individuals claiming and receiving Unemployment Insurance (UI) or Sickness Insurance (SI) benefits while working or collecting state administered unemployment benefits. OI receives the majority of these cases from the RRB's Disability, Sickness, and Unemployment Benefits Division as a result of information developed through state wage matching programs. The RRB conducts computer wage matches with various states to identify claimants who may have collected RRB administered UI or SI benefits on the same days they received wages from a private employer or on the same days they received state administered unemployment benefits.

Since the enactment of the American Recovery and Reinvestment Act of 2009 and various other benefit extending legislation, OI has seen a substantial increase of UI fraud referrals. In fact, more than 91% of OI's current UI fraud cases involve extended UI benefits.

During this reporting period, OI obtained 17 convictions and 4 civil judgments for UI-SI fraud cases. Defendants in these cases received, in the aggregate, more than 15 months of prison, 45.5 years of probation, and were ordered to pay more than \$276,000 in restitution, fines, and civil damages/penalties.



## Office of Inspector General for the Railroad Retirement Board

The following are examples of UI-SI cases completed during this reporting period.

### ***UI Claimant Imprisoned for Fifteen Months***

OI initiated this investigation of an RRB UI claimant based upon an agency referral. Based upon their investigation, OI determined that beginning July 2008 through October 2009 the claimant applied for RRB UI benefits on the same days he was working for two private employers. The claimant's failure to report his work and earnings to the RRB caused him to fraudulently receive over \$17,600 in UI benefits.

This case was referred to the U.S. Attorney's Office for the Middle District of Pennsylvania. The claimant pled guilty to a one count felony information for False Claims. He was sentenced to 15 months of prison, 2 years of supervised release, full restitution, and a special assessment.

### ***UI Claimant Prosecuted in State Court***

OI initiated this investigation of an RRB UI claimant based upon an agency referral. OI's subsequent investigation determined that during July 2009 through March 2010 the claimant applied for RRB UI benefits on many of the same days he worked for a private employer. The claimant's failure to report his employment and earnings to the RRB caused him to fraudulently receive over \$11,000 in UI benefits.

This case was referred to the Columbiana County Prosecutor's Office in Lisbon, Ohio. The claimant subsequently pled guilty to Theft by Deception. He was sentenced to 3 years of probation and ordered to pay over \$11,000 in restitution.

### ***UI Claimant Sentenced to Three Years of Probation***

OI initiated an investigation of an RRB UI claimant based upon an agency referral. OI's subsequent investigation determined that during the period of October 2010 through March 2011, the claimant collected RRB UI benefits on the same days he was working for a private employer. The claimant failed to report his work and earnings to the RRB and fraudulently received more than \$2,000 in UI benefits.

This case was referred to the U.S. Attorney's Office for the Southern District of Illinois. The U.S. Attorney's Office filed an information against the annuitant for Theft of



## Office of Inspector General for the Railroad Retirement Board

Government Funds. The annuitant pled guilty and was sentenced to three years of probation and full restitution.

### ***UI Claimant Fails to Report Work and Earnings to the RRB***

OI initiated this investigation of an RRB UI claimant based upon an agency referral. OI's subsequent investigation determined that during two separate time periods, August 2009 through April 2010 and November 2010 through April 2011, the claimant collected RRB UI benefits on the same days he was working for private employers. The claimant's failure to report his work and earnings to the RRB caused him to fraudulently receive more than \$12,000 in UI benefits.

This case was referred to the U.S. Attorney's Office for the Western District of Virginia. The U.S. Attorney's Office filed an information against the annuitant for Fraudulent Statement or Claim. The annuitant pled guilty and was sentenced to 10 days of prison, a year of probation, and full restitution.

### ***Retirement-Survivor Benefits and Representative Payee Investigations***

The RRA provides retirement-survivor benefits for qualified railroad workers and their families. RRB retirement-survivor benefit fraud typically involves:

- an individual failing to report information to the RRB that may disqualify the annuitant from receiving benefits;
- instances of theft or fraudulent cashing of retirement benefit checks by someone other than the authorized RRB annuitant; or
- an individual designated to receive RRB benefits on behalf of an RRB annuitant fraudulently using the funds for their own personal use.

During this reporting period, OI obtained six convictions and one civil judgment for retirement benefit fraud cases. Defendants in these cases received, in the aggregate, more than 20 years of prison, 20 years of probation, and were ordered to pay more than \$4.7 million in restitution, fines, and civil damages/penalties.



## Office of Inspector General for the Railroad Retirement Board

The following are brief summaries for each case.

### ***Annuitant Misuses RRB Benefits***

OI initiated an investigation against an annuitant who received RRB benefits to care for her minor child. OI's investigation revealed that in March 2006 the minor child had been placed in foster care but the annuitant failed to contribute her RRB benefits towards the financial needs of the child.

This case was referred to the U.S. Attorney's Office for the District of Wyoming. The U.S. Attorney's Office charged her with one count Failure to Report Information to the RRB. The U.S. District Court found the annuitant guilty and sentenced her to five years of probation, six months of confinement in a residential re-entry center, restitution in the amount of \$29,000, and a special assessment penalty.

### ***RRB Representative Payee Convicted of Forgery***

OI conducted a fraud investigation with an investigator from the New York Department of Social Services. This investigation revealed that an RRB representative payee had submitted forged RRB documents to the State of New York to make it appear as though he qualified for public assistance and food stamps.

This case was referred to the Suffolk County District Attorney's Office. The representative payee pled guilty to one count Conspiracy, Fifth Degree. A codefendant pled guilty to one count Welfare Fraud, Second Degree; one count Grand Larceny, Second Degree; eight counts Offering a False Instrument for Filing, First Degree; two counts Criminal Possession of a Forged Instrument, Second Degree; and one count Conspiracy, Fifth Degree. They were ordered to pay full restitution to the New York State Department of Health.

### ***Representative Payee Misuses RRB Benefits***

OI initiated this investigation of a representative payee based upon an agency referral. OI's subsequent investigation substantiated allegations that from March 2006 through August 2009 a daughter representative payee had misused her mother's RRB funds for her own personal use.



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This case was referred to the U. S. Attorney's Office for the Western District of New York. The U.S. Attorney's Office filed an information against the representative payee for Theft of Public Money. She pled guilty and was sentenced to three years of probation, full restitution, and a special assessment fee.

### ***Railroad Medicare Investigations***

During this reporting period, OI obtained 10 convictions and 4 civil judgments in Railroad Medicare fraud cases. Defendants in these cases received, in the aggregate, more than 34 years of prison, 21 years of probation, and were ordered to pay more than \$7.5 million in restitution, fines, and civil damages/penalties.<sup>9</sup>

All of OI's active Medicare cases are being worked jointly with the Office of Inspector General for the U.S. Department of Health and Human Services, the Office of Inspector General for the Office of Personnel Management, or other agencies responsible for investigating health care fraud. Interagency cooperation is imperative to effective law enforcement especially among agencies responsible for investigating the complexities of health care fraud.

The following are examples of Railroad Medicare cases completed during this reporting period.

### ***University Hospital Voluntarily Discloses Improper Medicare Claims***

OI worked cooperatively on a multi-agency team investigating allegations that a university hospital physician/professor had submitted false claims to a variety of governmental and private medical insurance programs, including Railroad Medicare. The investigation revealed that the physician had billed for services which he did not perform.

This case was referred to the U.S. Attorney's Office for the Eastern District of Pennsylvania. The doctor was found guilty on 73 counts of Health Care Fraud, 73 counts of False Statements in Health Care Matters, and 4 counts of Wire Fraud. He was sentenced to 87 months of prison, 3 years of probation, over \$1 million in

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<sup>9</sup> This total reflects the full amount of restitution, fines, and civil damages/penalties ordered. Since OI's Railroad Medicare fraud cases are joint investigations, the total dollar amount includes losses to other health care programs.



## Office of Inspector General for the Railroad Retirement Board

restitution, and a \$15,000 fine. The doctor also entered into a settlement agreement with the U.S. Attorney's Office consenting to pay more than \$676,000 to the government. Additionally, the doctor's employing hospital entered into a settlement agreement with the U.S. Attorney's Office. They agreed to repay the government more than \$412,000.

### ***Podiatrist Sentenced to Prison***

Pursuant to a referral from the Medicare Fraud Strike Force, OI initiated an investigation into the billing practices of a podiatrist. The joint investigation between OI and the Department of Health and Human Services, Office of Inspector General revealed that the doctor fraudulently billed Medicare and private insurance companies for thousands of medical services which were never provided.

This case was referred to the U.S. Attorney's Office for the Eastern District of Michigan. The doctor pled guilty to one count of Health Care Fraud and entered into a plea agreement with the U.S. Attorney's Office. He was sentenced to one year and a day of prison, three years of probation, \$300,000 in restitution, and a special assessment.

### ***Railroad Medicare Provider Enters into Settlement Agreement***

Pursuant to a referral from the Medicare Fraud Strike Force, OI conducted a joint investigation with the Department of Health and Human Services, Office of Inspector General into fraud allegations against an anesthesiologist. Their subsequent investigation revealed that the doctor fraudulently billed Medicare for services which were never provided.

This case was referred to the U.S. Attorney's Office for the Central District of Illinois. The doctor entered into a settlement agreement with the U.S. Attorney's Office consenting to pay almost \$69,000 to the Federal government.

### ***Doctor Sentenced for Health Care Fraud***

Pursuant to a referral from the Medicare Fraud Strike Force, OI initiated this investigation against an otolaryngologist. The subsequent joint investigation revealed that the doctor billed Medicare and private insurance companies for services which were never provided.



## Office of Inspector General for the Railroad Retirement Board

This case was referred to the U.S. Attorney's Office for the District of New Jersey. The doctor pled guilty to one count of Health Care Fraud and entered into a plea agreement with the U.S. Attorney's Office. He was sentenced to 2 years of prison, 3 years of probation, \$725,000 in restitution, and forfeiture of an additional \$725,000.

### **Durable Medical Equipment Company Owner and Sales Representative Pleads Guilty to Health Care Fraud**

This case was initiated based upon a referral from the Office of Inspector General for the Department of Health and Human Services. A joint investigation revealed that a durable medical equipment company enticed Medicare beneficiaries to order products and medical equipment by illegally waiving copayments. Once the durable medical equipment company received the beneficiaries' Medicare number, they would bill Medicare for medically unnecessary products and medical equipment.

This case was referred to the U.S. Attorney's Office for the District of Rhode Island. The owner of the company pled guilty to two counts of Health Care Fraud, one count Money Laundering, and one count Introduction of Adulterated and Misbranded Medical Device into Interstate Commerce. He was sentenced to 37 months of prison, \$2.2 million in restitution, and a fine/penalty of almost \$13,000.

Additionally, the durable medical equipment company's top sales representative pled guilty to one count Health Care Fraud. She was sentenced to 3 years of probation, 600 hours of community service, and more than \$70,000 in restitution.

### ***Other***

OI also investigates allegations of fraud by railroad employers and unions when there is an indication that they may have submitted false reports to the RRB.

### ***Railroad Employer Enters Into a Settlement Agreement***

Based upon a referral from the agency, OI investigated allegations that a covered railroad employer failed to pay contributions (taxes) and liens payable under the RUIA. Subsequent investigation substantiated these allegations.



## Office of Inspector General for the Railroad Retirement Board

This case was referred to the U.S. Attorney's Office for the District of Massachusetts. The railroad and the U.S. Attorney's Office entered into a settlement agreement which required the railroad to pay more than \$1 million in contributions and liens. The railroad also agreed to make timely payments in the future.

### *Civil Enforcement Results*

OIG may pursue civil actions to obtain judicial orders for the recovery of funds fraudulently obtained by annuitants or claimants. These civil actions are typically prosecuted under the provisions of the False Claims Act. This statute provides that the government may recover up to treble damages as well as \$5,500 to \$11,000 for each false claim submitted.

During this semiannual reporting period, a total of 13 civil judgments were entered by U.S. District Courts for RRB fraud cases totaling more than \$2.9 million in damages and penalties.<sup>10</sup> Some of these civil actions are pursued under the Department of Justice's Affirmative Civil Enforcement program which provides an efficient and effective means to address fraud against the RRB's programs including the unemployment-sickness insurance program and the disability program.

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<sup>10</sup> The total amount of damages and penalties listed reflects fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal programs such as Medicare or Social Security which were included in the disposition resulting from the investigation.

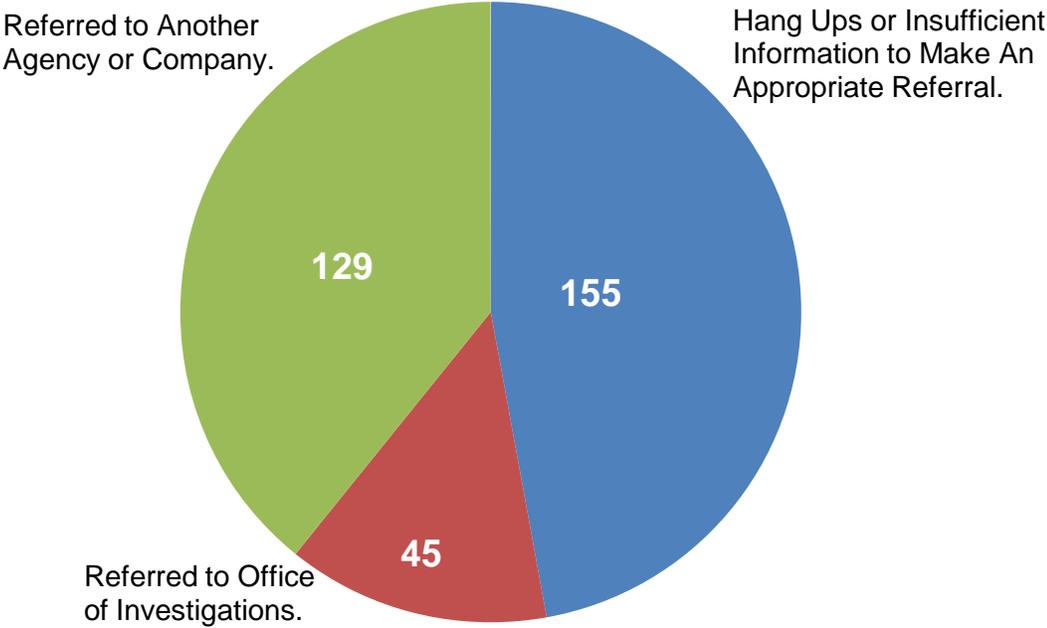


**Office of Inspector General for the Railroad Retirement Board**

***Hotline Contacts***

The OIG established its hotline to receive complaints concerning suspected fraud, waste, and abuse in the RRB’s programs and operations. OIG’s hotline provides an open line of communication for individuals to report suspected criminal activity and mismanagement/waste of RRB funds.

During this reporting period, OIG’s hotline received 329 contacts in the following manner: 94% by telephone, 4% by mail, and 3% by email. The following chart summarizes the disposition of hotline contacts received.





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# ***OTHER OVERSIGHT ACTIVITIES***

## ***Occupational Disability Program***

The prevention of improper payments remains a priority for the OIG and we continue to devote investigative and audit resources to strengthening the integrity of the RRB's benefit programs including the occupational disability program. In fact, over the last several years, the Inspector General has identified a wide range of recommendations to strengthen the integrity of this program; however, a vast majority of these recommendations have not been implemented and vulnerabilities continue to threaten program integrity.<sup>11</sup>

On September 28, 2012, the Inspector General issued a memorandum to the agency's three-member board which contained recommendations aimed at improving the integrity of the occupational disability program. In this memorandum the Inspector General identified vulnerabilities in the following areas:

- railroad employment verification;
- medical verification; and
- fraud disqualification.

In the area of railroad employment verification, the Inspector General recommended that the RRB should contact railroad employers to verify the accuracy of the applicant's regular occupation listed on their disability application form and they should contact the applicant's current railroad employer to determine whether the employee has retired from railroad employment. If an employee has retired from railroad employment, they should not be allowed to receive occupational disability benefits.

The Inspector General recommended improvement to the area of medical verification by suggesting that railroad employers should be required to obtain an independent medical exam on all employees applying for RRB disability benefits and that treating physicians' opinions should be afforded no greater weight than any other examining physician.

In relationship to fraud disqualification, the Inspector General recommended that program integrity could be improved (in all of the RRB's benefit programs) by

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<sup>11</sup> See page 18 for details relating to our ongoing Long Island Rail Road occupational disability fraud investigation.



## Office of Inspector General for the Railroad Retirement Board

disqualifying individuals convicted of submitting false statements from receiving future RRB benefits.

The agency owes it to the nation's railroad workers and their families to fulfill their mission by paying "benefits to the right people, in the right amounts, in a timely manner, and ... [taking] appropriate action to safeguard [their] customers' trust funds."<sup>12</sup>

### ***OIG Alerts***

In June 2012, the Inspector General began issuing OIG Alerts to the agency. OIG Alerts supplement our current investigative and audit processes by providing the Inspector General with a quick and efficient mechanism to suggest recommendations for agency improvement. During this semiannual reporting period, the Inspector General issued four OIG Alerts and made recommendations pertaining to:

- form RL-4 (03-07), *Disability Reminder Notice*, and booklet RB-1D (03-09), *Employee Disability Benefits*;
- UI claimant interviews;
- obsolete Form G-153 (8-98), *Disability Background Report*, and
- document preservation.

### ***American Recovery and Reinvestment Act of 2009***

During this semiannual period, the OIG continued their efforts to aide in a transparent American Recovery and Reinvestment Act process by preparing monthly progress reports in formats developed by the Recovery Accountability and Transparency Board. These monthly reports are published on the Recovery.gov website and are also available on the RRB's Recovery Act Information webpage.

Since the enactment of the American Recovery and Reinvestment Act of 2009 and various other benefit extending legislation, OI has seen a substantial increase of UI fraud referrals. In fact, more than 91% of OI's current UI fraud cases involve extended UI benefits.

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<sup>12</sup> Railroad Retirement Board, *Mission Statement*. (Chicago, Illinois: September 2003). Retrieved from <http://www.rrb.gov/general/mission.asp>. Accessed September 28, 2012.



## Office of Inspector General for the Railroad Retirement Board

### ***OUTREACH ACTIVITIES***

In addition to audit and investigative activities, OIG staff members perform outreach activities as a means to further the office's mission. The following are examples of outreach activities conducted during this reporting period.

An OI Special Agent spoke at the Association of American Railroads' General Claims Conference regarding the OIG.

OI staff members participated in a number of Medicare related meetings including several task forces. These task forces provide an open forum for health care fraud related communications and foster a team approach to health care fraud investigations. Members of the various task forces include representatives from: the Department of Justice; the Centers for Medicare and Medicaid Services; the Office of Inspector General for the Department of Health and Human Services; the Office of Inspector General for the Office of Personnel Management; the Federal Bureau of Investigation; various State Police agencies; various Medicaid Fraud Control Units; and Medicare Program Safeguard Contractors. Since Railroad Medicare is a national program, OI staff members attend task forces in several judicial districts. Participation in Task Force meetings allows the Special Agents to develop the necessary contacts and information to ensure that Railroad Medicare fraud losses will be included in Medicare investigations. They also provide an opportunity for OI Special Agents to become familiar with the most recent fraud schemes.

The Assistant Inspector General for Audit (AIGA) attended the 2012 Financial Statement Audit Conference. This conference provided networking opportunities and strategies for government-wide accountability issues, recovery accountability and transparency board projects, and creating a productive data analytics shop.

The AIGA also attended the Federal Audit Executive Council's meeting. This meeting focused on leveraging data analytics to support audit services.

A number of OA staff members participated in the Chicago Chapter of the Association of Government Accountants (AGA). AGA provides a variety of networking and training opportunities for government auditing professionals. OA staff members currently serve on the Executive Committee as Membership Chair and Website Director.



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One OA staff member gave a short presentation on the Chicago Chapter membership activities at the AGA Sectional Leadership Meeting. There were 123 AGA members in attendance representing 30 Chapters. Topics discussed in the general sessions included the role of the national and regional officers in relation to the chapters and a workshop on membership activities.

### ***OPERATIONAL ISSUES***

The following operational issue impacts the OIG's ability to effectively carry out its oversight role. This issue would have to be remedied with legislative change.

#### ***National Railroad Investment Trust***

The National Railroad Investment Trust (NRRIT) is a tax-exempt entity independent of the Federal government which was established by the Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA) to manage and invest railroad retirement assets.<sup>13</sup> RRSIA does not provide OIG with oversight authority to conduct audits and investigations of the NRRIT; however, RRSIA does require that the NRRIT report to the RRB. We have monitored the NRRIT since 2001 and have continually expressed concerns regarding lack of meaningful oversight. Despite these concerns and questionable long-term trust fund solvency, the RRB continues to maintain a passive relationship with the NRRIT.

During this reporting period, the Inspector General reiterated these ongoing concerns in an August 30, 2012 memorandum to the RRB's Chairman. Specifically, this memorandum addressed the significant compensation, bonus, and incentive payments made to the NRRIT's investment staff in recent years. Additionally, it addressed the continuously increasing, and unsubstantiated, administrative expenses paid to the NRRIT.

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<sup>13</sup> As of August 31, 2012, the RRB's investments in the NRRIT were valued at approximately \$23 billion.



## Office of Inspector General for the Railroad Retirement Board

In this memorandum, the Inspector General strongly urged the RRB to:

- act on its oversight authority and responsibly enforce a sensible limit on future compensation, bonus, and incentive payments to the NRRIT's staff;
- request a detailed audit of the NRRIT's compensation practices during the specific periods discussed in the August 30, 2012 memorandum; and
- require adequate support for the NRRIT's administrative expenses.

A lack of NRRIT investment fund management accountability, transparency, and stringent financial oversight can be precursors to fraud, waste, and abuse. Within the Federal agency spectrum there is no comparable example where Federal program assets are completely outside of the jurisdiction of a Federal agency's appointed Inspector General. However, the NRRIT fund which supports the railroad retirement program remains outside the purview of those appointed to protect the interests of the program's beneficiaries and tax-paying public.

To ensure the integrity, economy, and long-term viability of the NRRIT, RRB management must establish performance audit requirements that will strengthen administrative and financial oversight and ensure fund transparency.

### ***LEGISLATIVE & REGULATORY REVIEW***

The Inspector General Act of 1978, as amended, requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of the agency. The OIG has nothing to report for this reporting period.

## APPENDICES

<i>Appendix</i>	<i>Title</i>	<i>Page No.</i>
A	Office of Inspector General Reports and Other Publicly Available Papers Issued	35
B	Audit Reports with Questioned Costs or with Recommendations that Funds be Put to Better Use	36
C	Report on Receivables, Waivers, and Recoveries	37
D	Significant Matters	39
E	Peer Reviews	41
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I	Legal References	51

## ***Appendix A – Office of Inspector General Reports and Other Publicly Available Papers Issued***

- Inspection of the Railroad Retirement Board’s Representative Payee Monitoring, July 27, 2012
- Inspection of the Railroad Retirement Board’s Financial Interchange System Continuous Monitoring, September 21, 2012
- Audit of the Impact of a New Legal Opinion Related to RUIA Section 12(o) Liens, September 25, 2012
- Audit of the Railroad Medicare Part B Eligibility and Premium Collection Process, September 26, 2012
- *Management Information Report*. Projected Financial Impact of Railroad Retirement Board Unilateral Disability Freeze Cases on the Financial Interchange, September 28, 2012

All publicly available audit reports and papers are available on our website at [www.rrb.gov/oig](http://www.rrb.gov/oig).

**Appendix B – Audit Reports with Questioned Costs or  
with Recommendations That Funds be Put to Better Use**

	<b>Audit Reports with Questioned Costs</b>	<b>Amount of Questioned Costs</b>	<b>Amount of Unsupported Costs</b>
A. For which no management decision had been made by April 1, 2012	0	0	0
B. Which were issued from April 1, 2012 through September 30, 2012	1	\$31,000	0
Subtotal (A + B)	1	\$31,000	0
C. For which a management decision was made between April 1, 2012 through September 30, 2012	0	0	0
(i) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision had been made by September 30, 2012	0	0	0
E. Report for which no management decision was made within six months of issuance	0	0	0

	<b>Audit Reports With Recommendations that Funds Be Put to Better Use</b>	<b>Dollar Value</b>
A. For which no management decision had been made by April 1, 2012	0	0
B. Which were issued from April 1, 2012 through September 30, 2012	0	0
C. Subtotal (A + B)	0	0
(i) dollar value of disallowed costs	0	0
(ii) dollar value of costs not disallowed	0	0
D. For which no management decision had been made by September 30, 2012	0	0
E. Report for which no management decision was made within six months of issuance	0	0

## ***Appendix C – Report on Receivables, Waivers, and Recoveries***

The FY 1999 appropriations language for the OIG requires the reporting of additional information concerning actual collections, offsets, and funds put to better use achieved as a result of OIG's activities.

### ***Office of Investigations***

<b>Recoveries realized by the RRB resulting from court-ordered restitution and civil damages</b>	
<b>Fiscal Year</b>	<b>Amount Recovered</b>
1999	\$ 855,655
2000	\$1,038,134
2001	\$ 990,356
2002	\$ 785,843
2003	\$ 947,876
2004	\$ 646,273
2005	\$ 844,183
2006	\$1,281,680
2007	\$1,347,049
2008	\$1,389,489
2009	\$1,097,227
2010	\$1,118,256
2011	\$2,293,530
2012	\$1,417,125

## Office of Audit

Report	Funds to be put to better use	Funds Agreed by Management	Receivables Established	Waivers	Recoveries to Date <sup>14</sup>
99-03	\$50,850	\$50,850	\$50,850	\$50,490	\$360
99-14	\$83,000	\$83,000	\$34,423	\$0	\$30,584
99-16	\$48,000,000	\$48,000,000	\$0	\$0	\$21,100,000
99-17	\$11,000,000	\$11,000,000	\$0	\$0	\$1,604,545
00-16	\$235,000	\$235,000	\$0	\$0	\$253,846
03-06	\$306,129	N/A	\$0	\$0	\$306,129
04-06	\$821,000	\$821,000	\$604,429	\$5,564	\$629,688
04-10	\$400,000	\$400,000	\$0	\$0	\$761,151
05-03	\$1,800,000	\$1,800,000	\$4,485,715	\$339,244	\$2,090,814
05-06	\$10,000	\$10,000	\$0	\$0	\$42,915
05-07	\$1,070,000	\$1,070,000	\$49,943	\$0	\$93,549
05-10	\$2,600,000	\$2,600,000	\$311,000		
06-04	\$257,000	\$257,000			
06-05	\$2,100	\$2,100	\$0	\$0	\$0
06-06	\$200,000	\$200,000	\$13,651	\$0	\$20,690
09-02	\$600,000	\$600,000	\$320	\$0	\$1,256,162
10-09	\$3,355,408	\$3,355,408	\$0	\$0	\$3,355,408
10-13	\$212,038	\$92,412	\$0	\$0	\$18,614
12-03	\$3,483	\$3,483	\$0	\$0	\$3,483

<sup>14</sup> Both overpayments and underpayments are included in this column.

## Appendix D – Significant Matters

The OIG has identified deficiencies in controls over budgetary reporting and information security as significant matters. A summary of the issues and related recommendations for corrective action follow.

### Budgetary Reporting

The OIG identified budgetary reporting as a material weakness. During our FY 2011 financial statement audit, we found material errors in the RRB's *Statement of Budgetary Resources* which had to be corrected by the agency prior to completion of the audit. In addition, the OIG also identified numerous instances of ineffective controls for budgetary transactions. The agency has taken action to address this material weakness by providing training and implementing a revised review process.

<u>Issue Area</u>	<u>Date of Report</u>	<u>Report and Recommendations</u>
Budgetary Reporting	January 31, 2012	Report OIG 12-04, #1 and #2

### Information Security

#### Risk Management Program

The OIG previously evaluated information security pursuant to the provisions of FISMA and concluded that the RRB has not yet achieved an effective FISMA-compliant security program. Although agency managers are working to strengthen controls, management action in response to the following OIG recommendations had either not been completed as of the end of the current semiannual reporting period or had not been in place long enough to permit evaluation.

<u>Issue Area</u>	<u>Date of Report</u>	<u>Report and Recommendations</u>
Internal Control Over the Risk Management Program <sup>15</sup>	July 18, 2005	Report OIG 05-08, #4
	September 30, 2008	Report OIG 08-05, #2 & 7
	November 12, 2009	Report OIG 10-01, #1 & 5
	September 28, 2011	Report OIG 11-10, #1 – 3
	September 28, 2011	Report OIG 11-11, #1 – 4
	September 29, 2011	Report OIG 11-12, #1 – 4
	January 05, 2012	Report OIG 12-02, #2 – 5 <sup>16</sup>

<sup>15</sup> Previously known as Certification and Accreditation.

<sup>16</sup> The abstract online summarizes the results of the evaluation. The full report includes information protected from disclosure and has been designated for limited distribution pursuant to 5 U.S.C. § 552.

## Configuration Management

The OIG also identified a material weakness regarding information technology security application services because the RRB continues to use an unsupported server for some major applications. Although the agency has moved some of the servers to the virtual environment, this action does not alleviate the problems associated with processing data in an unsupported environment. Uncertainties exist in determining the timeframe in which this situation will be corrected as well as the necessary resources for completion.

<u>Issue Area</u>	<u>Date of Report</u>	<u>Report and Recommendations</u>
Security Configuration Management	January 5, 2012	Report OIG 12-02, <sup>17</sup> #7 & 8

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<sup>17</sup> The abstract online summarizes the results of the evaluation. The full report includes information protected from disclosure and has been designated for limited distribution pursuant to 5 U.S.C. § 552.

## ***Appendix E – Peer Reviews***

Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires Inspectors General to provide information regarding peer reviews in their *Semiannual Reports to the Congress*.

### ***Office of Audit***

In general, Federal audit organizations may receive a peer review rating of pass, pass with deficiencies, or fail.

The results of OA's most recent peer review (which was for the year ended March 31, 2009) were transmitted on August 24, 2009. OA received a peer review rating of pass. This peer review did not contain any recommendations.

During this semiannual reporting period, OA completed their peer review of the audit organization for the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP). OA concluded that the system of quality control for SIGTARP, in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide SIGTARP with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. SIGTARP earned a peer review rating of *pass*. No formal recommendations were identified.

### ***Office of Investigations***

During the peer review process, Federal OIG investigative organizations, in general, may receive a peer review rating of fully compliant, compliant, or not compliant with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency and the Attorney General's Guidelines for Inspectors General with law enforcement authority based on Section 6(e) of the Inspector General Act, as amended.

The results of OI's most recent peer review (which was for the FY ended September 30, 2011) were transmitted on February 9, 2012. OI received a peer review rating of pass. This peer review did not contain any recommendations.

OI did not conduct any peer reviews during this semiannual reporting period.

## *Appendix F – Reports Prepared by Management*

### *Final Action on Audits with Disallowed Costs*

<b>For the 6-Month Period Ending September 30, 2012</b>	<u>Number of Audit Reports</u>	<u>Disallowed Costs</u>
A. Audit reports, with management decisions, on which final action had not been taken at the beginning of the period.	0	\$ 0
B. Audit reports on which management decisions were made during the period.	0	\$ 0
C. Total audit reports pending final action during the period. (A + B)	0	\$ 0
D. Audit reports on which final action was taken during the period.		
1. Recoveries		
(a) Collections and offsets	0	\$ 0
(b) Property	0	\$ 0
(c) Other	0	\$ 0
2. Recovery Waived	0	\$ 0
3. Total of 1 and 2	0	\$ 0
E. Audit reports needing final action at the end of the period (C - D.3).	0	\$ 0

## ***Management Report on Final Action on Audits with Recommendations to Put Funds to Better Use for the 6-Month Period Ending September 30, 2012***

	<u>Number of Audit Reports</u>	<u>Funds to be Put to Better Use</u>
A. Audit reports, with management decisions, on which final action had not been taken at the beginning of the period.	6	\$4,253,403*
B. Audit reports on which management decisions were made during the period.	0	\$0
C. Total audit reports pending final action during the period. (A + B)	6	\$4,253,403
D. Audit reports on which final action was taken during the period.		
1. Value of recommendations implemented (completed)	0	\$0
2. Value of recommendations that management concluded should not or could not be implemented (completed)	0	\$0
3. Total of 1 and 2	0	\$0
E. Audit reports needing final action at the end of the period (C - D.3)	6	\$4,253,403

\* Comprised of the following amounts: \$2,100 from Audit Report 06-05, *Review of Compliance with Provisions of the Railroad Retirement Act Governing the Initial Award of Benefits*; \$200,000 from Audit Report 06-06, *Review of the Termination and Suspension of Benefits Paid Under the Railroad Retirement Act*; \$600,000 from Audit Report 09-02, *Fiscal Year 2008 Financial Statement Audit Letter to Management*; \$3,355,408 from Audit Report 10-09, *Audit of Internal Controls over Medicare Premium Transfers Between the Railroad Retirement Board and the Centers for Medicare and Medicaid Services*; \$92,412 from 10-13 *Railroad Medicare Services Billed with Dates of Service after Beneficiaries' Dates of Death*; and \$3,483 from 12-03 *Evaluation of the Railroad Retirement Board's Oversight of Railroad Employer Compliance*.

## **Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2012**

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Review of Information Security at the Railroad Retirement Board (02-04)	02/5/02	NONE	NONE	Information Services has closed 26 out of 28 recommendations. Currently in the process of updating all pc's and servers with new software and procedures are being reviewed.
Review of Internal Control Over the Actuarial Projection Process (05-04)	05/5/05	NONE	NONE	The Chief Actuary is still reviewing their options to best implement this recommendation.
Review of LAN, LAN Security Scan and Web-based Applications (DSD)	06/7/05	NONE	NONE	These contractor-prepared confidential reports contained 45 recommendations, with 43 closed thus far. Documentation was submitted for remaining 2 recommendations to OIG for review.
Review of Access Controls in the End-User Computing General Support System (05-08)	07/18/05	NONE	NONE	Information Services has closed 14 of 15 recommendations in this confidential report. Risk assessment was done and it was determined that contractor assistance will remediate last remaining recommendation by FY2013.
Fiscal Year 2005 Evaluation of Information Security at the Railroad Retirement Board (05-11)	09/28/05	NONE	NONE	Bureau of Information Services is taking steps to train IT owners to use SharePoint POAM website. Work continues.
Accuracy and Reliability of GPRA Performance Measures: Timeliness of Non-Disability Survivor Annuity Payments (06-03)	01/30/06	NONE	NONE	Programs have closed six of the seven recommendations. Last recommendation has been delayed due to higher priority project.
Review of Compliance with the Provisions of the Railroad Retirement Act Governing the Initial Award of Benefits (06-05)	04/12/06	NONE	\$2,100	Programs staff closed four of the five recommendations. Requirements are currently in development for programming changes to the EDM system.
Review of the Termination and Suspension of Benefits Paid Under the Railroad Retirement Act (06-06)	05/24/06	NONE	\$200,000	Analysis completed and draft report submitted for review prior to request for IT changes.

## **Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2012**

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Review of Incident Handling and Reporting at the Railroad Retirement Board (06-09)	08/24/06	NONE	NONE	Contract option to draft incident response plan was just approved.
Audit of the DAISY/CHICO Component Application of the RRA Benefit Payment Major Application System (07-02)	03/9/07	NONE	NONE	Recent IT changes are pending review as resources were diverted to higher priority projects.
Audit of the State Wage Match Data Transmission Controls (07-04)	03/28/07	NONE	NONE	Coordination with outside agencies is required. Programs completed and implemented one of the two remaining recommendations. The last recommendation is schedule to be completed in FY13.
Evaluation of the Railroad Retirement Board's Privacy Program (07-06)	07/30/07	NONE	NONE	New CPO was appointed. Additional funding and resources are needed. Of the 16 recommendations, 13 have been closed, and documentations were submitted to the OIG in FY12 for the remaining 3 recommendations. Pending OIG review.
Audit of Federal Income Taxes Withheld from Railroad Retirement Annuities (07-07)	07/30/07	NONE	NONE	Coordination is required with another org. Five of the six recommendations have been closed, with the remaining one targeted for completion in FY13.
Fiscal Year 2007 Evaluation of Information Security at the Railroad Retirement Board (07-08)	09/27/07	NONE	NONE	Policy and procedures are still being developed. Recommendations are targeted for completion in FY13.
Audit of Controls to Safeguard Sensitive Personally Identifiable Information (07-09)	09/27/07	NONE	NONE	Coordination is required with outside contractor on 1 recommendation and work plans, policy and procedures are still being developed for all other recommendations. Target date for completion is FY13.
Fiscal Year 2007 Financial Statement Audit Letter to Management (08-01)	03/6/08	NONE	NONE	Bureau of Fiscal Operations implemented enhanced controls in FY10. OIG will reassess once sufficient time has lapse.
Evaluation of Information Security for the RRB's Financial Interchange Major Application – Abstract (08-03)	09/26/08	NONE	NONE	Work plans, policy and/or procedures continue with target for completion in FY13.

## **Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2012**

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Fiscal Year 2008 Evaluation of Information Security at the RRB (08-05)	09/26/08	NONE	NONE	Coordination is required with outside contractor.
Fiscal Year 2008 Financial Statement Audit Letter to Management (09-02)	03/24/09	NONE	\$600,000	Review and updating of documentations along with case reviews are currently being performed on remaining recommendations. Work continues.
Audit of Internal Control Over Accounts Payable (09-03)	03/31/09	NONE	NONE	Remaining recommendation is dependent on the replacement of FFS.
Audit of the Railroad Medicare Integrity Program at Palmetto Government Benefits Administrators (09-04)	09/25/09	NONE	NONE	Additional documentations were requested which requires coordination with outside agency.
Audit of the General and Application Controls in the Financial Management Major Application System (09-05)	09/30/09	NONE	NONE	Documentation has been submitted for 2 of the 3 remaining recommendations and is pending OIG review. Also in the process of developing work plans for validation study of remaining recommendation with target completion in FY13.
Fiscal Year 2009 Evaluation of Information Security (10-01)	11/12/09	NONE	NONE	The Bureau of Information Services will review and take the necessary action(s). Target completion in FY13.
Fiscal Year 2009 Financial Statement Audit Letter to Management (10-03)	03/11/10	NONE	NONE	Awaiting OIG reassessment based on documentation submitted to OIG for implementation on last open recommendation.
Review of Statistical Methods Employed in the Financial Interchange Determination (10-06m)	05/04/10	NONE	NONE	The Bureau of Actuary (BOA) is reviewing documentation and will take the necessary action(s) and coordinate with the Bureau of Information Services for programming services.
Review of the Technical Approach and Methodology Used to Determine the Annual Financial Interchange Amount for the Year Ended September 30, 2008 (10-07m)	05/19/10	NONE	NONE	The Bureau of Actuary is reviewing documentation and will take the necessary action(s).

## ***Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2012***

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Audit of Internal Controls over Medicare Premium Transfers Between the Railroad Retirement Board and Centers for Medicare and Medicaid Services (10-09)	05/21/10	NONE	\$3,355,408	Additional documentation was requested by OIG.
Review of the Accuracy of the Financial Interchange as Executed for the Year Ended September 30, 2008 (10-10)	05/25/10	NONE	NONE	The Bureau of Actuary is reviewing documentation and will take the necessary action(s).
Audit of Unilateral Disability Freeze Determinations (10-11)	08/12/10	NONE	NONE	Additional documentation was requested by OIG and work continues in the development of work plans, policy and/or procedures with target completion in FY13.
Audit of the Account Benefits Ratio (10-12)	09/29/10	NONE	NONE	The Bureau of Actuary reviewed and will take the necessary action(s).
Railroad Medicare Services Billed with Dates of Service after the Beneficiaries' Dates of Death (10-13)	09/30/10	NONE	\$92,412	Coordination continues with outside organization.
Fiscal Year 2010 Evaluation of Information Security at the Railroad Retirement Board - Abstract (11-01)	11/05/10	NONE	NONE	Documentation has been submitted for remaining 2 recommendations and is pending OIG review.
Audit of Controls Over Railroad Medicare Contract Costs (11-06)	04/20/11	NONE	NONE	Coordination is required with outside organization.
Audit of Railroad Retirement Act Benefits Overpayments and Internal Controls (11-07)	06/29/11	NONE	NONE	Programs is working with Bureau of Information Services pending implementation of systems changes and is coordinating with an outside organization.
Review of the Railroad Retirement Board's Security Patch Management Process – Abstract (11-08)	07/07/11	NONE	NONE	Documentations were submitted for 6 recommendations and are pending OIG review. For 2 recommendations the OIG has requested additional documentation, and work continues on the others.
Audit of Internal Controls Over Dummy Vendor Transactions (11-09)	08/04/11	NONE	NONE	Documentation has been submitted for remaining 2 recommendations and is pending OIG review.

## ***Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2012***

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Inspection of the Railroad Retirement Board's Agency Enterprise General Information Support System Certification and Accreditation – Abstract (11-10)	09/28/11	NONE	NONE	Bureau of Information Services is currently reviewing the recommendations to develop work plans, policy, and/or procedures.
Inspection of the Railroad Retirement Board's Financial Management System's Continuous Monitoring Program – Abstract (11-11)	09/28/11	NONE	NONE	Pending contract for FY13 continuous monitoring.
Evaluation of the Railroad Retirement Board's Benefit and Payment Operations System Continuous Monitoring – Abstract (11-12)	09/29/11	NONE	NONE	Work plans, policy, and/or procedures are currently pending, in addition to coordination is required with outside contractor.

## *Appendix G – Reporting Requirements*

<b>Act Reference</b>	<b>Inspector General Reporting Requirements</b>	<b>Page(s)</b>
Section 4(a) (2)	Review of Legislation and Regulations	33
Section 5(a) (1)	Significant Problems, Abuses, and Deficiencies	39 – 40
Section 5(a) (2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	39 – 40
Section 5(a) (3)	Prior Significant Recommendations Not Yet Implemented	39 – 40
Section 5(a) (4)	Matters Referred to Prosecutive Authorities	3, 17
Section 5(a) (5)	Instances Where Information Was Refused	None
Section 5(a) (6)	List of Audit Reports	35
Section 5(a) (7)	Summary of Each Significant Report	4 – 13
Section 5(a) (8)	Statistical Tables on Management Decisions on Questioned Costs	36
Section 5(a) (9)	Statistical Tables on Management Decisions on Recommendations That Funds be Put to Better Use	36
Section 5(a) (10)	Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made	14
Section 5(a) (11)	Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a) (12)	Information on Any Significant Management Decisions With Which the Inspector General Disagrees	7

<b>Act Reference</b>	<b>Management Reporting Requirements</b>	<b>Page(s)</b>
Section 5(b) (1)	Comments Deemed Appropriate	Transmittal Letter
Section 5(b) (2)	Statistical Table on Final Action on Disallowed Costs	42
Section 5(b) (3)	Statistical Table on Final Action to Put Funds to Better Use	43
Section 5(b) (4)	Statement on Audit Reports With Final Action Pending	44 – 48

## *Appendix H – Acronyms*

<b>Acronym</b>	<b>Explanation</b>
AEGIS	Agency Enterprise General Information Support System
AGA	Association of Government Accountants
AIGA	Assistant Inspector General for Audits
FI	Financial Interchange
FISMA	Federal Information Security Management Act of 2002
FY	Fiscal Year
IRS	Internal Revenue Service
MIRTEL	Medicare Information Recorded, Transmitted, Edited and Logged System
NRRIT	National Railroad Retirement Investment Trust
OA	Office of Inspector General for the Railroad Retirement Board – Office of Audit
OI	Office of Inspector General for the Railroad Retirement Board – Office of Investigations
OIG	Office of Inspector General for the Railroad Retirement Board
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RRSIA	Railroad Retirement and Survivors' Improvement Act of 2001
RUIA	Railroad Unemployment Insurance Act
SI	Sickness Insurance
SIGTARP	Office of the Special Inspector General for the Troubled Asset Relief Program
UI	Unemployment Insurance
USTAR	Universal System Tracking and Reporting

## ***Appendix I – Legal References***

### ***Federal:***

American Recovery and Reinvestment Act of 2009 – P.L. 111–5  
Attempt to Evade and Defeat Tax – 26 U.S.C. § 7201  
Dodd-Frank Wall Street Reform and Consumer Protection Act – P.L. 111-203  
Failure to Report Information to the RRB – 45 U.S.C. § 231(l)  
False Claims Act – 31 U.S.C. §§ 3729 – 3733  
False Statements – 18 U.S.C. § 1001, et. seq.  
False Statements in Health Care Matters – 18 U.S.C. § 1035  
Federal Information Security Management Act of 2002 – 44 U.S.C. § 3531, et. seq.  
Health Care Fraud – 18 U.S.C. § 1347  
Inspector General Act of 1978, as amended – 5 U.S.C. App. 3  
Introduction of Adulterated and Misbranded Medical Device into Interstate Commerce –  
21 U.S.C. § 331(a)(2)  
Money Laundering – 18 U.S.C. § 1957  
Railroad Retirement Act – 45 U.S.C. § 231, et. seq.  
Railroad Unemployment Insurance Act – 45 U.S.C. § 351, et. seq.  
Railroad Retirement and Survivors' Improvement Act of 2001 – P.L. 107–90  
Railroad Retirement Solvency Act of 1983 – P.L. 98–76  
Social Security Act – 42 U.S.C. § 301, et seq.  
Tax Evasion – 26 U.S.C. § 7201  
Theft of Public Money/Government Funds/Government Property – 18 U.S.C. § 641

### ***State:***

Conspiracy, Fifth Degree– N.Y. Pen. Law § 105.05  
Criminal Possession of a Forged Instrument, Second Degree – N.Y. Pen. Law § 170.25  
Grand Larceny, Second Degree – N.Y. Pen. Law § 155.40  
Offering a False Instrument for Filing, First Degree – N.Y. Pen. Law § 175.35  
Theft by Deception – Ohio Rev. Code Ann. § 2913.02(A)(3)  
Welfare Fraud, Second Degree – N.Y. Pen. Law § 158.20

# REPORT

## FRAUD, WASTE, AND ABUSE



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