

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

**SEMIANNUAL REPORT
to the
CONGRESS**

April 1, 2004 - September 30, 2004

***Martin J. Dickman
Inspector General***



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

October 29, 2004

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

Dear Mr. Schwartz:

I am pleased to submit the Semiannual Report to the Congress on the activities of the Office of Inspector General (OIG) for the period April 1, 2004 through September 30, 2004. The report is submitted in accordance with section 5 of the Inspector General Act of 1978 (Public Law 95-452, as amended). 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.

This report provides descriptions of OIG reviews, audits and investigations performed during this semiannual reporting period. We continued to focus audit resources on financial management issues and information system security activities. Our criminal investigators achieved 18 convictions, 16 indictments and informations, and \$21,344,037 in recoveries, restitutions, fines, civil damages and penalties.

We wish to express our appreciation for the strong support and cooperation extended to OIG auditors and special agents by agency management and personnel.

Sincerely,

Martin J. Dickman
Inspector General

Enclosure

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EXECUTIVE SUMMARY

This semiannual report summarizes the activities and accomplishments of the Office of Inspector General (OIG) for the period April 1, 2004 through September 30, 2004.

Audit Activities

During this six month reporting period, the Office of Audit completed four reviews concerning the Railroad Retirement Board's (RRB) information system activities. Auditors performed the Fiscal Year (FY) 2004 evaluation of information system security, as required by the Federal Information Security Management Act of 2002. Agency management has continued to strengthen information security. However, because significant deficiencies in access controls and program management continue to exist, information security remains an area of material weakness in internal control. (A summary of auditor findings can be found on page 6.) Three reviews of mainframe access and controls were also completed.

Auditors also conducted reviews related to the agency's financial statements, document imaging, accounts receivable established under the Railroad Unemployment Insurance Act, spouse annuity deductions, and the agency's purchase card program.

Investigative Accomplishments

During the past six months, the Office of Investigations (OI) achieved 18 convictions, 16 indictments and informations, and \$21,344,037 in recoveries, restitutions, fines, civil damages, and penalties.

On August 11, 2004, a significant case involving commercial contract fraud was completed. OI had initiated an investigation based upon a request from the U.S. Attorney for the Southern District of New York who had received a qui tam complaint. Special agents determined that three major health care insurance

companies had falsified reports to the Centers for Medicare and Medicaid Services (CMS).

Under settlement agreements, the United Healthcare Insurance Company and The Travelers Insurance Group were ordered to pay \$9.7 million and \$10.9 million, respectively, to CMS. Of the total settlement amount, \$4,424,021 is associated with the RRB's contracts with the two companies.

All reports are available on our website: <http://www.rrb.gov/oig/Rrboig.htm>

I N T R O D U C T I O N

Railroad Retirement Board

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal government that is headed by a three member Board appointed by the President of the United States, with the advice and consent of the Senate. One member is appointed upon the recommendation of railroad employers, one is appointed upon the recommendation of railroad labor organizations, and the third, who is the Chairman, is appointed to represent the public interest.

The agency administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. The RRB also has administrative responsibilities under the Social Security Act for certain benefit payments and Medicare coverage for railroad workers.

During FY 2003, the RRB paid \$8.9 billion in retirement and survivor benefits to approximately 666,000 beneficiaries, while net unemployment and sickness insurance benefits of \$94 million were paid to almost 37,000 claimants. The RRB also administers its own Medicare Part B program through a single carrier, Palmetto GBA. The carrier made payments totaling \$845 million to provide medical insurance benefits for 568,000 beneficiaries.

Office of Inspector General

The Office of Inspector General (OIG) has the responsibility for promoting economy, efficiency and effectiveness in the programs of the Railroad Retirement Board. The office is also charged with the detection, prevention and elimination of fraud, waste and abuse in agency operations. To accomplish its mission, the OIG conducts audits, management reviews and investigations.

The Railroad Retirement Solvency Act of 1983 established the Office of Inspector General at the Railroad Retirement Board by naming the agency as “one of such establishments” identified under Section 2 of the Inspector General Act of 1978. The Inspector General Act Amendments of 1988 added the RRB to the list of agencies covered by the Inspector General Act.

In FY 2004, the OIG had 53 employees assigned to three operational components: the immediate office of the Inspector General, the Office of Audit, and the Office of Investigations. The office conducts operations from two locations: the headquarters of the Railroad Retirement Board in Chicago, Illinois, and an investigative field office in Philadelphia, Pennsylvania.

O F F I C E O F A U D I T

The Office of Audit (OA) conducts audits and reviews to promote economy, efficiency, and effectiveness in the administration of RRB programs, and to detect and prevent waste, fraud, and abuse in such programs. Through the Inspector General, the office ensures that the Board Members and Congress are informed of current and potential problems in the RRB's programs and operations, and advised of recommended improvements, as well as the status of corrective actions. OA examines programmatic, financial, and administrative aspects of RRB operations.

During this semiannual reporting period, OA performed the FY 2004 evaluation of the RRB's information system security program. Auditors also conducted reviews of mainframe access and controls at the application level for in-house developed applications and two mainframe applications, the Federal Financial System and the Program Accounts Receivable System.

Auditors completed two reviews related to the annual audit of the agency's financial statements and issued findings on potential improvements to the agency's Performance and Accountability Report and RRB compliance with law governing the compensation of Federal civilian employment. Other audits examined the Railroad Retirement Act document imaging process, accounts receivable established under the Railroad Unemployment Insurance Act, spouse annuity work deductions and the agency's purchase card program.

Discussion of these reviews and the resulting findings follow.

Fiscal Year 2004 Evaluation of Information Security

OIG auditors conducted the annual evaluation of information security at the RRB and assessed the effectiveness of the agency's information system security program and practices during FY 2004. The provisions of the Federal Information Security Management Act of 2002 (FISMA) require annual agency program reviews, Inspector General security evaluations, annual agency reports to the Office of Management and Budget (OMB), and annual OMB reports to the Congress. The RRB and OIG forwarded their reports to OMB on October 6, 2004.

Previous OIG evaluations disclosed weaknesses throughout the agency's information security program. Auditors cited material weaknesses due to deficiencies in access controls in mainframe and end-user computing environments and training provided to staff with security responsibilities. During the first six months of FY 2004, a total of 132 recommendations required corrective action. As of March 31, 2004, 84 items were fully implemented, 11 were rejected, and 37 were pending further agency action.

During the current review, auditors determined that the RRB had not established adequate controls to ensure that CA-ACF2 settings, an access control software package that controls initial access to the RRB's mainframe computer, implement management's policies. In addition, the agency's Bureau of Information Services (BIS) has not: (1) established a policy for removal of individual or generic inactive accounts from the system, (2) implemented recent enhancements to the global system options, (3) established settings required for compliance with Internal Revenue Service's information security requirements, and (4) implemented policies to ensure documentation is maintained for granting, modifying or reviewing special privileges that enable users to perform high risk activities within the system.

Auditors recommended that BIS establish policies concerning the inactive status of individual and generic accounts, and the periodic review of such accounts. Recommendations were also made for establishing a password expiration requirement for generic accounts, reviewing global system settings, implementing an annual review of all special privileges and maintaining documentation to support changes to these privileges, and requiring review of logs that record changes made by system administrators. Management concurred with the

findings and plans to implement the recommended corrective action or an appropriate alternative.

OMB issued guidance for the annual reviews required by FISMA. At a minimum, the National Institute of Standards and Technology (NIST) self-assessment tool or an equivalent should be used to evaluate risk and the comprehensiveness of last year's review. Auditors determined that security self-assessments were not performed during FY 2004 for the nine RRB systems that contain sensitive information. In their FY 2002 evaluation, auditors recommended BIS take action to ensure the agency's self-assessment process was complete, credible and comprehensive with respect to the NIST objectives and provided a basis for assessing changes in security status from year to year. Although the RRB subsequently implemented the NIST self-assessment methodology in FY 2003, program officials have not completed recommended corrective actions.

Auditors also recommended that the agency update the computer security plan for a major application, the electronic payment of RUIA benefits, to ensure completeness. The current plan was evaluated in March 2004 but did not include consideration of a web-based, public access component system that went into production later in that month. Management agreed with the recommendation and will incorporate references to the new system as appropriate.

Finally, auditors reported that the formal acceptance of systems development projects does not require the signature of a senior agency official with budget authority. In FY 2003, the OIG recommended that the agency implement a formal certification and accreditation process to place acceptance of system security with a higher level of management. At that time, the RRB rejected the recommendation because NIST guidance requiring such a process had not yet been finalized. NIST now requires authorization of information systems to be given by a senior management official. Accordingly, auditors recommended that BIS implement a NIST compliant certification and accreditation program. Management concurred and will modify and/or develop system acceptance and authorization procedures for new systems and major system modifications.

Review of Mainframe Access Controls

During this semiannual period, auditors conducted reviews of access controls for in-house developed applications controlled by commercial access control software products, and two major mainframe applications, the Federal Financial System, and the Program Accounts Receivable System. Access controls limit or detect access to computer resources and protect against unauthorized change, loss or disclosure. Previous OIG security evaluations cited the agency for material weaknesses resulting from access control deficiencies in mainframe and end-user computing environments, as well as in the training provided to staff with significant security responsibilities.

RRB-Developed Applications Controlled by ACF2 and IDMS

The RRB uses ACF2, an access control software package, and IDMS, a database management system, to control access to in-house developed applications. Although current agency policy requires periodic re-authorization reviews to identify changes in user needs, testing disclosed that existing controls do not limit system users to those privileges required for the performance of their current duties. In addition, there is not adequate segregation of duties among users of these applications; many system analysts have access to development, test and production environments. The audit also identified former systems administrators for two RRB automated systems retained access privileges no longer required.

Auditors recommended that the Chief Information Officer (CIO) (1) implement a quality assurance program to ensure an effective re-authorization process; (2) review the system accesses of systems analysts who have been granted access to all three systems development environments and take action to appropriately restrict system privileges; and (3) revoke the administrator level privileges of former administrators. The CIO concurred with the findings and initiated action for items (1) and (3). However, the CIO reported that the type of access provided to user analysts was reviewed and validated based on current job functions. Access for programmer analysts was also reviewed and appropriate changes made. The CIO stated that any additional action at this time would be disruptive and cause delays.

Federal Financial System (FFS)

FFS is a mainframe application that supports financial management and reporting including control of the agency's budget, procurement and preparation of the interim and annual financial reports. As of December 2003, approximately 500 of the RRB's 1,100 employees had access to FFS.

The Bureau of Fiscal Operations, the system owner, is responsible for ensuring that re-authorization reviews are scheduled and completed. Auditors reported that no such review has been performed since 1999. They also determined that high level executives have system privileges for tasks typically performed by subordinates.

Auditors recommended the implementation of a quality assurance program for the FFS re-authorization program, and the performance of a review of security-related transactions to determine which actions should be logged and who should be responsible for receipt and review of the logs. The CIO agreed and initiated corrective action. Auditors also recommended that the Bureau of Fiscal Operations review pre-defined security profiles and ensure transaction processing meets management control objectives. The CFO concurred and has established a target date of December 31, 2004 for implementation of corrective actions.

Program Accounts Receivable System (PARS)

PARS supports debt recovery management and reporting for the RRA and RUIA programs. The Bureau of Fiscal Operations is the owner of record for the system and maintains the security settings, including access privileges of new and existing users. The system is used extensively by the RRB's Office of Programs' personnel who have responsibility for debt recognition and coordination of debt recovery and benefit payments.

Auditors determined that the re-authorization review of PARS performed in FY 2004 did not include sufficient detail about specific privileges granted to individual employees. The information about staff privileges included only the name of a pre-defined security profile, not the privileges associated with it. The auditors recommended that the CIO implement a quality assurance program and determine which security-related transactions should be logged and who should be

responsible for receipt and review of the logs. The CIO agreed and initiated corrective action.

Auditors reviewed PARS transactions and observed that like transactions do not always require like approvals. They recommended that the CFO coordinate a review of the PARS core security settings to ensure the configuration of document approvals and the delegation of approval privileges reflect management's directives for transaction processing. The CFO agreed and established a target completion date of December 31, 2004.

Opportunities to Improve the RRB's Performance and Accountability Report

The Accountability of Tax Dollars Act of 2002 requires that the RRB prepare an annual performance and accountability report that presents the agency's audited financial statements and other financial, performance and management information. These financial reporting requirements were previously mandated for major agencies by the Chief Financial Officers Act of 1990, and are now required of most Federal agencies.

In 1986, the RRB initiated the preparation of financial statements for internal use only, and, in 1994, the agency began publishing audited statements. In 2003, the agency elected to implement the new format for the Performance and Accountability Report for FY 2003, although legislated changes were not required until the presentation for FY 2004. The revised format for submission of audited financial statements requires additional information; the form, content and preparation process for this data will impact the timing and nature of the audit tests that support the auditor's opinion.

OIG auditors reviewed the RRB's FY 2003 presentation to identify ways in which the agency could eliminate redundancy, limit the presentation to required information only, and ensure compliance with all applicable guidelines. Recommendations were made to streamline the presentation for FY 2004 by:

- Limiting notes to the financial statements to those required by applicable guidance and provide detailed documentation for each note;

- Developing a concise presentation;
- Requesting program bureaus to accelerate submission of performance information; and
- Reviewing specific sections of the report to eliminate duplication.

Management agreed with the OIG comments and will implement all the recommendations contained in the report.

Compliance with Selected Laws Governing Federal Civilian Employment

Office of Management and Budget Bulletin 01-02, "Audit Requirements for Federal Financial Statements," requires the OIG, as part of its annual audit of the RRB's financial statements, to perform tests of compliance with certain provisions of law governing compensation of Federal civilian employees. As a result of this review, auditors reported that the RRB complies with the laws governing Federal civilian employment, has implemented the General Schedule, makes prevailing rate determinations, uses wage schedules and pays night differentials as mandated by U.S.C. Title 5. The agency is generally in conformance with established requirements for attendance and leave, insurance annuities and employee performance.

However, auditors did state that internal controls are inadequate to ensure payroll transactions have been accurately processed in accordance with established procedures and are supported by a complete audit trail. Agency procedure mandates that each daily time sheet be signed by both the individual who prepared it and a supervisor prior to input into the payroll processing system. In a randomly selected sample of 113 employee payroll transactions, auditors identified 17 cases in which one of the two signatures was missing. Tests also disclosed 17 instances in which errors or inconsistencies indicated that the payroll was or may have been incorrect. Fifteen of the 17 exceptions questioned by auditors had been fully approved.

Auditors recommended that management remind personnel of current procedure, update agency procedure to separate responsibility for data preparation and input, and implement an oversight process to disclose any non-conformance with agency procedure.

Tests were also performed of personnel folders to confirm that the salary and benefit information used to compute the payroll was correct. No documentation was included in the files of five employees to support insurance elections or to explain a discrepancy in the service compensation date of one employee. When informed of the missing documentation, the Bureau of Human Resources corrected the six files.

On June 13, 2004, the RRB migrated to the General Service Administration's E-Payroll system. Current agency wide payroll guidance is being evaluated to determine to what extent it needs to be modified. Agency management will address the findings and recommendations of this report in the revised guidance.

RRB's Railroad Retirement Act Document Imaging Process: Reliability of Images From Scanned Paper Documents

In FY 1999, the OIG initiated audits of the development and implementation of the agency's document imaging system. This system, scheduled for full implementation in FY 2004, permits greater accessibility to documentary evidence to support claims adjudication and benefit payments under the Railroad Retirement Act (RRA) and the Railroad Unemployment and Sickness Insurance Act (RUIA). Although the processes for both programs are separate, they share similar procedures and controls, and the same agency personnel process documents for the two programs.

Auditors focused this review on the electronic images created through the scanning of RRA documents. They reviewed 300 documents that were scanned from October 2002 through June 2003 to determine if (1) original paper documents were retained in accordance with applicable laws and regulations; and (2) the electronic images were complete and legible reproductions.

Review results indicated that program controls are adequate to ensure images are properly indexed to permit future retrieval. However, auditors determined that the agency had not properly implemented quality control procedures for the proper retention, completeness and legibility of the documents. For example, paper input documents were incorrectly filed - long-term paper documents were attached to

short-term retention batches. Current control weaknesses have resulted from insufficient staff training and the lack of quality assurance reviews.

Auditors recommended that the Office of Programs, the office responsible for the imaging system, provide additional training to imaging system staff, perform and document required quality assurance reviews. Official agency procedures must also be updated. Management concurred with all OIG findings and has initiated corrective action.

Review of Accounts Receivable Established Under the Railroad Unemployment Insurance Act (RUIA)

The RRB administers the RUIA that provides unemployment and sickness insurance benefits to railroad workers. During FY 2003, the agency paid \$94.1 million to 15,000 individuals who qualified for unemployment benefits, and to 23,000 individuals who qualified for sickness benefits. In that same year, the RRB established new receivables owed to the program of approximately \$39 million.

The major cause of overpayments in the program is settlement of injury claims against railroad employers and concurrent entitlement to retirement or disability benefits under the Railroad Retirement Act. Such settlement may include retroactive compensation for time during which a railroad worker had previously received sickness insurance benefits under the RUIA. Since workers may not receive payments under the RUIA for any days in which they have received compensation from a railroad, an overpayment results.

OIG auditors conducted this review to assess the adequacy of the RRB processes for establishing and managing RUIA debts and related transactions. They determined that current procedures do not ensure the timely posting of RUIA program debt recoveries to accounts receivable when a cash recovery is received prior to establishment of a debt record on the agency's automated accounts receivable system. During FY 2003, approximately \$10 million was held as unapplied cash for more than 14 days pending processing against a system receivable, an increase from the approximate \$8 million in FY 2002. Auditors recommended that program management implement changes to accelerate the posting of cash receipts and the processing of unapplied cash.

In addition, current control weaknesses have resulted in inconsistent accounting for debt recovery transactions; untimely and inaccurate handling of payments received in excess of outstanding debt, and unreported injury settlements. Batch processing operations result in delays in posting recoveries, and the use of dates that do not reflect the actual date on which recovery occurred. Auditors also noted that the combination of manual and automated processing systems increases the risk of delays and undetected errors. Recommendations were made for the review of systems and procedures to identify improvements to reduce errors, improve timeliness and strengthen the audit trail of transactions.

Finally, auditors determined that program personnel had not contacted railroad employers to inquire about the status of injury claims associated with outstanding lien notices for approximately four years. As of April 2004, approximately 6,400 liens had been pending for more than three years. The Office of Programs subsequently initiated the review for the years since 2000 for cases in which the final lien amounts have been computed.

Program officials agreed to review the feasibility of system and procedural changes recommended by the OIG auditors.

Review of Spouse Annuity Work Deductions

Based on a referral by the OIG's Office of Investigations, auditors conducted this audit to determine if the RRB has adequate controls to ensure that work deductions are applied to spouse annuities paid under the Railroad Retirement Act (RRA). The review was limited to spouse annuities of individuals under age 65 in current pay status as of May 2004. Retirement benefits are payable to the spouses of retired railroad employees as early as age 60. Spouses who have not reached age 60 may also receive benefits if they have minor or disabled children in their care. In FY 2003, the agency awarded about 8,700 spouse annuities with total payments of approximately \$1 billion.

Spouse annuitants are subject to work deductions on the same basis as other beneficiaries under the RRA. The RRB monitors the wage histories of beneficiaries to identify undisclosed income through the receipt of wage information from the Social Security Administration. During FY 2000, the RRB

modified the automated work deduction monitoring process. However, due to insufficient testing prior to implementation, the program did not include spouses under age 60 with children in its review. Auditors reviewed a sample of 260 spouse annuitants in this category and identified 17 cases in which an annuitant had post-retirement earnings but no reduction in RRA benefits. They estimate that a similar review of the current population would identify 68 overpayments valued at \$400,000.

As a result of the OIG's findings, the agency's Office of Programs implemented programming changes in July 2004 to include the spouse annuitants under age 60 with children in their care. Auditors recommended that program officials perform a review to identify additional cases that should have been monitored for prior earnings. Program management concurred with the recommendation and will develop an action plan by March 2005.

Review of the Purchase Card Program

The General Services Administration initiated a government-wide credit card program to streamline the Federal procurement process by permitting employees to use a credit card to purchase low-cost goods and services. At the RRB, approximately nine per cent of agency staff has the credit card that may be used for individual purchases that do not exceed \$25,000. RRB cardholders spent approximately \$422,000 in FY 2002 and \$453,000 in FY 2003.

Recent Congressional testimony and Government Accountability Office reports have revealed that some Federal agencies do not have adequate internal controls over their purchase card programs. The OIG conducted this review to evaluate such controls in the RRB's program. Although auditors did not identify any instances of fraudulent, wasteful or abusive purchases, they did recommend that agency management strengthen operational and management controls in the program. Implementation of additional measures will reduce the vulnerability of the agency's purchase card program to improper spending.

Review findings indicated that the RRB does not conduct periodic reviews to determine if existing cardholders need a purchase card at a specified limit nor does the agency adequately control the cancellation process for a purchase card when an employee separates from the agency. Auditors also determined that the

agency does not have complete and sufficient documentation to indicate that current cardholders are properly authorized to use their purchase cards. In addition, the agency has not taken sufficient steps to restrict the usage of the card to approved vendors or approved categories of purchase.

Auditors recommended that the agency provide clear guidance to purchase card holders, update procedures and important documents relating to the program, improve controls over the program, and provide refresher training to emphasize the importance of controls over card purchases. Management concurred with the report findings and plans to complete all corrective actions by January 2005.

AUDITS: MANAGEMENT DECISIONS AND IMPLEMENTATION

The Office of Inspector General maintains the open audit follow-up system to track the status of corrective actions for all audit recommendations. Office of Management and Budget 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.

Management Decisions for Recommendations

Requiring a management decision on April 1, 2004	0
Pending management decisions for new recommendations	0
Management decisions for previous recommendations	<u>0</u>
Recommendations pending a management decision on September 30, 2004	0

Corrective Actions

Recommendations requiring action on April 1, 2004	72
Recommendations issued during this period	58
Corrective actions completed during the period	<u>33</u>
Final actions pending on September 30, 2004	97

O F F I C E O F I N V E S T I G A T I O N S

The Office of Investigations (OI) focuses on RRB benefit program fraud. OI's primary objective is to identify and investigate cases of waste, fraud and abuse in RRB programs and refer them for prosecution and monetary recovery action. Through its investigations, OI also seeks to prevent and/or deter program fraud. In order to maximize the effect of its resources, OI continues to pursue cooperative investigative activities and coordination with other Inspectors General and law enforcement agencies, which include the Social Security Administration-Office of Inspector General, the Office of Personnel Management-Office of Inspector General, the Federal Bureau of Investigation (FBI), the U.S. Secret Service, the Internal Revenue Service, and the Postal Inspection Service.

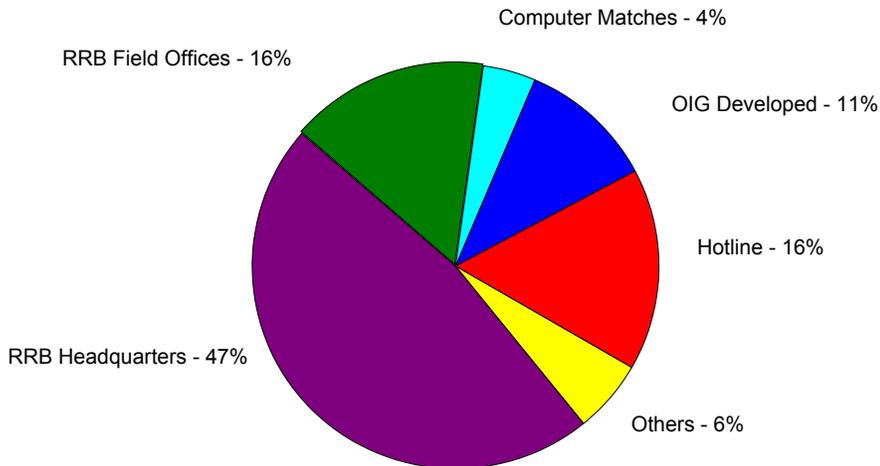
Commercial Contract Fraud

A major case involving commercial contract fraud was closed during this semiannual period. OI had initiated an investigation based upon a request from the U.S. Attorney for the Southern District of New York who had received a Qui Tam complaint. The allegation involved fraudulent activity by United HealthCare Corporation, the Metrahealth Insurance Company, and the Travelers Insurance Group, Inc. from October 1989 through December 1999 in connection with their contracts with the RRB and Centers for Medicare and Medicaid Services (CMS) to process Medicare claims. Investigation revealed that the companies submitted false reports concerning hours expended under the contracts to the CMS to conceal excessive expenditures for certain line items such as processing of Medicare claims submitted by physicians and other providers. They also reported erroneous information on the employee time devoted to program integrity and the detection of fraud. On August 11, 2004, under civil action, settlement agreements were reached with all parties. The United Healthcare Insurance Company and The Travelers Insurance Group were ordered to pay \$9.7 million, and \$10.9 million, respectively, to CMS. Of the total settlement amount, \$4,424,021 is associated with the RRB's contracts with the two companies.

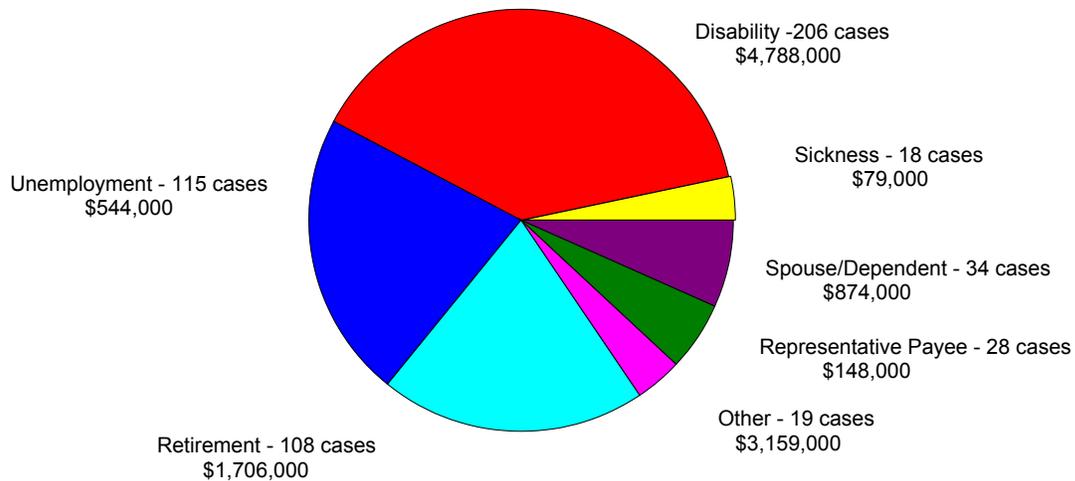
INVESTIGATIVE ACCOMPLISHMENTS	04/01/04 - 09/30/04	FY 2004
Convictions	18	42
Civil Judgements	20	37
Indictments/Informations	16	32
Investigative Recoveries	\$ 140,109	\$ 394,610
Restitutions and Fines	\$ 223,473	\$ 672,031
Civil Damages and Penalties	\$ 20,980,455	\$ 21,223,915
Potential Economic Loss Prevented (PELP)	\$ 61,813	\$ 251,658
Community Service Hours	1,825	2,425
Disciplinary/Administrative Action	1	1
Civil Complaints	8	21
Criminal Complaints	4	4
Arrests	3	4
Subpoena Service:		
Inspector General	18	38
Federal Grand Jury	60	216
Trial	0	0
U.S. Attorney Referrals	130	261

INVESTIGATIVE CASES

During this semiannual period, OI opened 117 investigations and closed 146 cases. The major sources of case referrals are illustrated below.



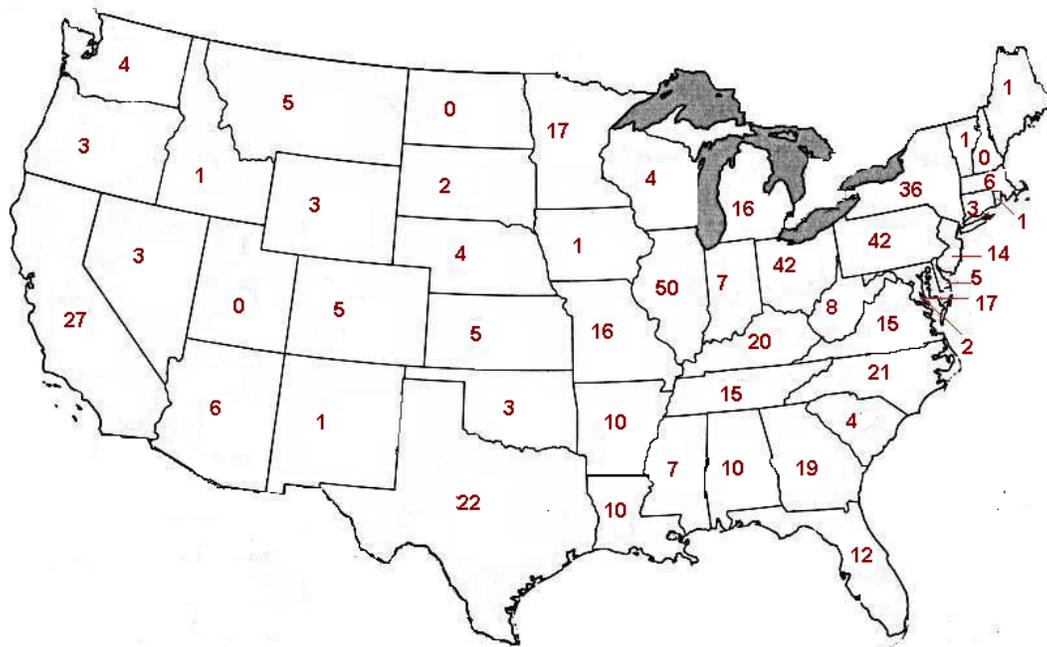
OI's current caseload totals 528 criminal matters, representing approximately \$11.3 million in fraud against the RRB.



DISTRIBUTION OF CASES

The Office of Investigations (OI) conducts its investigations throughout the United States in response to complaints or allegations regarding violations of Federal law.

The map below indicates the number of open investigations that OI currently has in each state; there are no open cases in Alaska or Hawaii. Two additional investigations are underway in Canada.



REPRESENTATIVE INVESTIGATIONS

Retirement Benefit Investigations

RRB retirement fraud typically involves the theft and fraudulent cashing of U.S. Treasury checks, or the illicit conversion of U.S. Treasury electronic fund transfers, by someone other than the authorized RRB annuitant. During this reporting period, OI obtained seven convictions and four civil judgements for retirement fraud. Defendants received four months imprisonment, 10½ years probation, and were ordered to perform 1,575 hours of community service. They were also ordered to pay \$86,018 in restitution, \$400 in fines, \$244,096 in damages and \$1,796 in civil penalties. The RRB will recover an additional \$77,563 in overpayments as a result of OIG investigations of retirement benefit programs.

OI routinely receives referrals from the RRB's Debt Recovery Division that involve the fraudulent negotiation of RRB retirement benefit checks, usually by a relative of a deceased annuitant.

Examples of recent retirement cases follow.

- OI initiated an investigation based on a referral by the RRB's District Office in Philadelphia, PA following an attempt by its staff to deliver a congratulatory letter to an annuitant on the occasion of her 100th birthday. Special agents determined that the annuitant's daughter had failed to notify the agency of her mother's death in September 1994, and had negotiated 68 retirement annuity checks totaling \$56,662.

Due to her age (80 years) and medical condition, the daughter would not or could not completely cooperate with the investigation. Her son was advised of the issues and agreed that restitution should be made to the RRB. He also volunteered to act as an intermediary between the government and his mother for resolution of the matter.

A consent judgment was signed by the daughter that charged her under the False Claims Act, 31 U.S.C. 3729, with the theft of the annuity. The judgment

also provided for triple damages, resulting in a restitution amount of \$169,986. Recovery of the funds will be realized upon the subject's death and/or the future/eventual sale of her house.

- The RRB's District Office in Chicago referred a case to OI that involved an RRB annuitant and his wife who allegedly received RRB dependent child benefits to which they were not entitled. The couple claimed they had a child under the age of 18 in their care. The RRB provides benefits to mothers who are providing care to underage children.

In February 2003, the wife had contacted the RRB to set up an appointment to apply for dependent child benefits. She subsequently was arrested for delivery of a controlled substance, and she was sentenced to 18 months in prison. In April 2003, the husband and a woman posing as his wife (later identified as his sister-in-law) visited the RRB to apply for the spouse benefits. They signed the RRB application indicating they were married and presented the birth certificate of the child to the agency's contact representative. The sister-in-law also provided a birth certificate as a piece of identification and proof that she was the wife.

As a result of the falsified application, a total of \$11,091 was fraudulently received by the couple. When OI special agents interviewed the man, he admitted that he had paid \$100 to his sister-in-law to apply for spouse benefits. She subsequently confirmed this fact. Agents then interviewed the wife in prison who stated that the child had, in fact, lived her entire life with a relative and currently had a different name. She also stated that her husband had arranged for her to apply for the RRB benefits before she went to prison, even though she was not providing care for the child and knew such action was illegal.

On April 14, 2004, the husband was indicted by a Federal Grand Jury charging him with violating Title 18, U.S.C. §641, Theft of Government Funds in the Northern District of Illinois. On June 15, he entered into a deferred prosecution agreement with the U.S. Attorney's Office, admitting that he violated the cited law and repaid the funds to the RRB that he had fraudulently received. The deferred prosecution requires him to report regularly to a Federal pre-trial services officer for 12 months. The sister-in-law entered into

a Pre-Trial Diversion and is also required to report regularly to a Federal pre-trial services officer for 18 months and complete 75 hours of community service. The U.S. Attorney's Office declined prosecution of the wife.

- OI opened another investigation as the result of a Social Security computer wage match that compared social security reported wages and railroad retirement benefits. The match identified an annuitant who was earning wages in excess of the retirement limitation. Investigation revealed that the subject failed to report his employment with the Summit County, Ohio sheriff's office from 1991 to March 2002 when he initially filed for RRB retirement benefits in May 2000. The RRB established his annuity beginning date retroactive to February 2000. The subject returned to work and had excess earnings as a support service administrator in calendar years 2001, 2002, and 2003. During this period, the subject had earnings totaling \$142,860. When interviewed by OI special agents, he admitted he had failed to supply his employment information because his earnings would reduce his RRB benefits.

On August 2, 2004, a Federal information was filed in U.S. District Court for the Northern District of Ohio, charging the annuitant with Title 45, §231(l), Failure to report information to the RRB. He entered a plea of guilty and was ordered to pay restitution of \$28,418 to the RRB and a special assessment fine of \$25 to the Clerk of the Court. On September 10, 2004, the RRB received the full restitution.

- OI initiated another investigation based on a complaint from an official at a nursing home in California who contacted the RRB's West Covina, CA District Office. The official stated that a daughter and representative payee for one of the facility's residents refused to visit her mother and had not paid the nursing home bill.

OI special agents determined that the daughter had been appointed as the representative payee for her mother in March 2001, and was required to use annuity funds to pay her mother's obligations including the nursing home expenses. From March 2001 through January 2002, the daughter received \$41,952 in RRB and Social Security Administration benefits which included an accrual check for \$24,251.

The daughter told special agents that she had used her mother's annuity funds to replenish her children's college funds that she had used to take care of her mother. She admitted she had not paid her mother's bills or provided her with any money or goods. She claimed an official from the RRB district office had informed her that she could use the funds to repay herself. The district office official told the agents that she had informed the daughter that all annuity funds must be used for the direct care of her mother.

The daughter was indicted by a Federal Grand Jury for violation of Title 18, §641, Theft of Government Funds. She pleaded guilty and was sentenced to three years probation and ordered to perform 1500 hours of community service. She was also ordered to pay restitution of \$24,202 to the RRB and a special assessment of \$100. Upon receipt, the RRB will forward the funds to the mother's nursing home.

Unemployment and Sickness Insurance Investigations

Unemployment Insurance (UI) and Sickness Insurance (SI) benefit fraud involves individuals claiming and receiving UI or SI benefits while working and receiving wages from an employer, in violation of Federal law. OI receives the majority of these cases for followup investigation from the RRB's Disability, Sickness and Unemployment Benefits Division as a result of information developed from state wage matching programs. These programs match RRB annuitants with individuals who earned compensation in each state.

During this reporting period, OI obtained eight convictions and 14 civil judgements for UI and SI fraud. Defendants in these cases received, in the aggregate, three years imprisonment, 9 years probation, one year suspended sentence and were ordered to perform 50 hours of community service. They were ordered to pay \$37,130 in restitution, \$93,595 in damages, \$785 in fines, and \$30,967 in civil penalties. The RRB will also be able to recover an additional \$47,357 as a result of OI investigations.

Examples of cases completed this reporting period follow.

- A state wage computer match with the State of Wyoming identified an annuitant who had received wages while claiming RRB unemployment insurance benefits. The subject had filed ten false claims with the RRB's Salt Lake City District Office, and received \$4,784 in unemployment benefits to which he was not entitled. He was employed at a counseling service in Rock Springs, Wyoming.

The U.S. District Court in Cheyenne filed a default judgement against the annuitant ordering him to pay \$20,918. This amount included treble damages of the original fraud of \$4,784 (\$14,352), an administrative penalty of \$416, a court penalty of \$6,000, and court costs totaling \$150. Of this amount, the RRB will receive \$5,200.

- A wage match with the State of Kansas resulted in a referral to OI concerning an annuitant who was receiving UI benefits and also had wages reported to the state during the same time period. OI investigation revealed that the annuitant had filed 20 false claims, resulting in the fraudulent receipt of \$9,242 while he was employed at the University of Kansas Medical Center in Kansas City.

The U.S. Attorney's Office filed a civil complaint against the subject for his fraudulent actions. The U.S. District Court subsequently filed a settlement agreement and judgement against him ordering payment of \$11,390 (single damages of \$9,242 plus a penalty of \$2,000 and a filing fee of \$150). The RRB will receive the original overpayment amount of \$9,242.

- The RRB's Disability, Sickness and Unemployment Benefits Division referred another case to OI as the result of a wage match with the State of Illinois. The subsequent investigation identified a substitute school teacher in the Chicago Public Schools who had filed ten false claims totaling \$3,744. He had falsely certified that he did not work on the days for which he claimed benefits. He U.S. District Court ordered him to pay \$7,488 (single damages of \$3,744 doubled to \$7,488). The RRB will receive the original overpayment amount and associated interest. The annuitant is making monthly payments of \$225.

Disability Investigations

The OIG also conducts fraud investigations relating to the RRB's disability program, which typically involves larger financial amounts and more sophisticated schemes. An individual who receives a disability annuity is restricted to earning not more than \$400 in one month. An earnings cap of \$4,999 per year also applies. Disability annuitants must report all work activity to the RRB.

During this reporting period, OI obtained one civil judgement for disability fraud. The defendant in this case was sentenced to 1½ years probation, and ordered to perform 100 hours of community service. In addition, he was ordered to pay \$78,966 in restitution. A description of the case follows.

- The RRB's Debt Recovery Division referred a case involving an RRB occupational disability annuitant who also concealed and failed to report his employment and earnings in order to continue his disability benefits. The annuitant reported wages of approximately \$3,000 for six months in 1997. In November 2000, he reported he also worked as a receiving manager in 1998-2000, and as a dockworker for six months in 1999.

OI investigation revealed the annuitant's earnings had exceeded the monthly and annual earnings limitation amounts during calendar years 1997-2001. As a result, the RRB had overpaid him a total of \$78,966 from January 1997 through September 2001. In November 2001, the RRB suspended his disability annuity.

During an interview with OI special agents, the annuitant admitted that he had concealed his wages from the RRB. On June 22, 2004, he entered into a pre-trial diversion agreement with the U.S. Attorney's Office in the eastern district of Arkansas, and agreed to repay the total overpayment. He was also placed on supervision for 18 months and ordered to perform 100 hours of community service.

Employee Misconduct

OI also has responsibility for ensuring agency integrity by investigating alleged misconduct by RRB employees.

- During this reporting period, special agents initiated an investigation based on a referral from the agency's Office of Human Resources. OI agents determined that a field service employee had taken action to mislead the Borough of Carteret, NJ Housing Authority. She fraudulently altered her RRB payroll statements and forged other agency employee signatures on supporting documentation to reduce her annual income. Her intent was to reduce the amount of her subsidized housing payments.

The falsification of the documents resulted in the Housing Authority fraudulently receiving over \$10,000 in Department of Housing and Development (HUD) subsidized housing funds for the employee.

In September 2003, a criminal complaint was completed and filed against the employee by the HUD-OIG with the assistance of OI and the U.S. Attorney's Office in Newark, NJ. On August 13, 2004, the employee signed a pre-trial diversion agreement which deferred prosecution and required her to make restitution of \$10,000 to HUD. She also submitted her resignation to the RRB.

AFFIRMATIVE CIVIL ENFORCEMENT (ACE) PROGRAM

OI continues to pursue prosecution of cases under the Department of Justice's Affirmative Civil Enforcement Program. This program involves "fast track" civil prosecution of cases under the provisions of the Title 31, U. S. Code, Sections 3729-3733, The Civil False Claims Act. This statute allows the government to recover up to triple damages as well as \$5,000 to \$10,000 for each false claim submitted.

The Department of Justice frequently obtains double damages through these civil false claims prosecutions. The judgements obtained in these cases also provide the agency with an efficient and effective basis to pursue their collection activities.

The ACE Program continues to provide an efficient means to address fraud against agency programs, particularly where the fraud losses are below the financial guidelines for criminal prosecution. It also is an effective way to return fraud losses to the RRB's trust funds and create a deterrent against future fraud.

During this reporting period, ten civil judgements under the ACE program were entered by Federal district courts which will result in the return of \$228,635 to the government when the funds are collected.

HOTLINE CALLS

The Office of Inspector General established its Hotline to receive complaints concerning suspected fraud, waste and abuse in RRB programs and operations. The Hotline provides an open line of communication for individuals to report suspected criminal activity, conflict of interest, mismanagement, and waste of RRB funds.

	<u>04/01/04 -</u> <u>09/30/04</u>
Total Contacts: (Telephone Calls and Letters)	585
Referred to: RRB-OIG, Office of Investigations	26
RRB Bureaus/Offices	285
Other Federal Agencies	19
RRB Medicare Carrier/Durable Medical Equipment Regional Carriers	2
Other (misdirected calls, follow-up calls to agents, etc.)	231
Calls for which there was insufficient information to substantiate an allegation or to make a referral	22

LEGISLATIVE & REGULATORY REVIEW

The Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of the agency, and to make recommendations in the semiannual report concerning the impact on the economy and efficiency of the agency's administration of its programs and on the prevention of fraud and abuse.

During this reporting period, the agency finalized its regulation concerning the electronic filing of applications and claims for benefits under the Railroad Unemployment Insurance Act. The OIG previously advised the agency that the proposed regulation contained an unclear description of the application process. The final regulations clarified the application process.

A P P E N D I X A

REPORTS ISSUED

- RRB's Railroad Retirement Act Document Imaging Process: Reliability of Images from Scanned Paper Documents, May 12, 2004
- Management Information Report - Opportunities to Improve the RRB's Performance and Accountability Report, May 17, 2004
- Review of the Purchase Card Program at the Railroad Retirement Board, June 21, 2004
- Compliance with Selected Laws Governing Federal Civilian Employment at the RRB, June 23, 2004
- Review of Accounts Receivable Established Under the Railroad Unemployment Insurance Act, July 29, 2004
- Review of Mainframe Access Controls at the Application Level - Federal Financial System, September 7, 2004
- Review of Mainframe Access Controls at the Application Level - RRB-Developed Applications Controlled by ACF2 and IDMS, September 7, 2004
- Review of Mainframe Access Controls at the Application Level - Programs Accounts Receivable System, September 9, 2004
- Review of Spouse Annuity Work Deductions at the Railroad Retirement Board, September 30, 2004
- Fiscal Year 2004 Evaluation of Information Security at the Railroad Retirement Board, September 30, 2004

A P P E N D I X B

INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

	<u>Number</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. For which no management decision had been made by April 1, 2004	0	0	0
B. Which were issued from April 1, 2004 through September 30, 2004	0	0	0
Subtotals (A + B)	0	0	0
C. For which a management decision was made from April 1, 2004 through September 30, 2004	0	0	0
(i) dollar 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, 2004	0	0	0
Reports for which no management decision was made within six months of issuance	0	0	0

INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	<u>Number</u>	<u>Dollar Value</u>
A. For which no management decision had been made by April 1, 2004	0	0
B. Which were issued from April 1, 2004 through September 30, 2004	1	\$ 400,000
Subtotals (A + B)	1	\$ 400,000
C. For which a management decision was made from April 1, 2004 through September 30, 2004	1	
(i) dollar value of recommendations that were agreed to by management		\$ 400,000
(ii) dollar value of recommendations that were not agreed to by management		0
D. For which no management decision had been made by September 30, 2004	0	
Reports for which no management decision was made within six months of issuance	0	

APPENDIX C

REPORT ON RECEIVABLES, WAIVERS, AND RECOVERIES

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

Office of Audit

<u>Report</u>	<u>Funds to be put to better use</u>	<u>Funds Agreed by Management</u>	<u>Receivables Established</u>	<u>Waivers</u>	<u>Recoveries to date</u>
99-03	\$ 50,850	\$ 50,850	\$ 50,580	\$ 50,490	\$ 360
99-14	83,000	83,000*	34,423		30,584
99-16	48,000,000	48,000,000			
99-17	11,000,000	11,000,000			1,604,535**
00-16	235,000	235,000			253,846***
04-10	400,000	400,000			

* This figure includes monies owed to the agency and overpayments which must be refunded.

** This figure represents case corrections that resulted in receivables, annuitant payments, employer tax credits and liabilities.

***This figure represents returned payments credited to debtor accounts.

Office of Investigations

Recoveries realized by the RRB resulting from court-ordered restitution and civil damages:

October 1, 1998 - March 31, 1999	\$ 344,465
April 1, 1999 - September 30, 1999	\$ 511,190
October 1, 1999 - March 31, 2000	\$ 495,402
April 1, 2000 - September 30, 2000	\$ 542,732
October 1, 2000 - March 31, 2001	\$ 457,015
April 1, 2001 - September 30, 2001	\$ 533,341
October 1, 2001 - March 31, 2002	\$ 403,384
April 1, 2002 - September 30, 2002	\$ 382,459
October 1, 2002 - March 31, 2003	\$ 533,346
April 1, 2003 - September 30, 2003	\$ 414,530
October 1, 2003 - March 31, 2004	\$ 371,223
April 1, 2004 - September 30, 2004	\$ 275,050

A P P E N D I X D

RRB MANAGEMENT REPORTS*

MANAGEMENT REPORT ON FINAL ACTION ON AUDITS WITH DISALLOWED COSTS FOR THE SIX MONTH PERIOD ENDING SEPTEMBER 30, 2004

	<u>Number</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.	0	0
D. Audit reports on which final action was taken during the period.		
1. Recoveries		
(a) Collections	0	0
(b) Property	0	0
(c) Other	0	0
2. Write-offs	0	0
3. Total of 1 and 2	0	0
E. Audit reports needing final action at the end of the period.	0	0

* The information contained in this section has been provided by RRB management.

**MANAGEMENT REPORT ON FINAL ACTION ON AUDITS
WITH RECOMMENDATIONS TO PUT FUNDS TO BETTER USE
FOR THE SIX MONTH PERIOD ENDING SEPTEMBER 30, 2004**

	<u>Number</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.	2	\$ 48,529,996 *
B. Audit reports on which management decisions were made during the period.	1	\$ 400,000 **
C. Total audit reports pending final action during the period.	3	\$ 48,929,996
D. Audit reports on which final action was taken during the period.		
1. Value of recommendations implemented.	0	\$ 0
2. Value of recommendations that management concluded should not or could not be implemented.	0	\$ 0
3. Total of 1 and 2.	0	\$ 0
E. Audit reports needing final action at the end of the period.	3	\$ 48,929,996

* Comprised of the following amounts: \$48,000,000 from Audit Report 99-16, "Financial Interchange: Status of Prior Recommendations for Change;" and \$529,996 from Audit Report 01-11, "Review of the Quality of the Debt Recognition and Collection Process for Railroad Retirement Act Overpayments."

**Identified in Audit Report 04-10, "Review of Spouse Annuity Work Deductions at the Railroad Retirement Board."

**MANAGEMENT STATEMENT ON RESOLVED AUDIT REPORTS
OVER TWELVE MONTHS OLD WITH FINAL ACTION PENDING
AS OF SEPTEMBER 30, 2004**

<u>Report</u>	<u>Date</u>	<u>Disallowed Costs</u>	<u>Funds to be put to better use</u>	<u>Reason action has not been completed</u>
Review of Quality Assurance Activities (97-06)	1/22/97	None	None	The remaining recommendation is being addressed as part of ongoing efforts to improve and monitor quality and timeliness.
Review of Non-Priority Correspondence Handling (97-09)	3/13/97	None	None	The Office of Programs is currently evaluating performance of a tracking system that would close the remaining recommendation.
Review of Railroad Unemployment Insurance Act Contributions (99-14)	9/21/99	None	None	The agency is implementing and testing programming changes that will expedite the reconciliation process.
Financial Interchange: Status of Prior Recommendations for Change (99-16)	9/28/99	None	\$48,000,000	The Social Security Administration and the RRB have agreed on a methodology to include uncollectible overpayments in future financial interchange calculations.
Information Systems Security (INFOSEC) Assessment Report	6/28/00	None	None	The agency has implemented 12 recommendations, and is working to close out the remaining 3.
Review of Document Imaging - Railroad Unemployment Insurance Act Programs (01-01)	11/17/00	None	None	The agency is in the process of utilizing hardware and software approaches to enhance network server backup capabilities during fiscal year 2005.
Audit of the RRB's FY 2000 Financial Statements (01-03)	2/23/01	None	None	The Bureau of Information Services will address the last recommendation on problem reports pending available funds.
Site Security Assessment for the RRB	7/20/01	None	None	The Bureau of Information Services has closed out 10 recommendations, and is in the process of addressing the last 2.

**MANAGEMENT STATEMENT ON RESOLVED AUDIT REPORTS
OVER TWELVE MONTHS OLD WITH FINAL ACTION PENDING
AS OF SEPTEMBER 30, 2004**

<u>Report</u>	<u>Date</u>	<u>Disallowed Costs</u>	<u>Funds to be put to better use</u>	<u>Reason action has not been completed</u>
Review of the Quality of the Debt Recognition and Collection for RRA Overpayments (01-11)	8/09/01	None	\$ 529,996	The Office of Programs will evaluate the results of a case review and hopes to issue findings in the spring of 2005.
Security Controls Analysis for the Office of Inspector General	8/17/01	None	None	The Bureau of Information Services has closed 35 recommendations and is currently addressing the remaining 3.
Review of Information Security at the Railroad Retirement Board (02-04)	2/05/02	None	None	The Bureau of Information Services has closed 15 recommendations and is currently addressing the remaining 13.
FY 2002 Evaluation of Information Security at the RRB (02-12)	8/27/02	None	None	The agency has updated its disaster recovery plans, and is developing documentation needed to close the remaining recommendation.
Evaluation of the Self-Assessment Process for Information System Security (03-02)	12/27/02	None	None	The Bureau of Information Services is devising procedures to improve system security assessments, including use of automated software tools.
Evaluation of RRB E-government Initiative: RUIA Contribution Interest Reporting and Payment (03-03)	12/27/02	None	None	The Bureau of Fiscal Operations closed nine recommendations and is working on an MOU with Treasury to close the remaining two.
Review of the RRB's Progress in Meeting Selected Federal Financial Management Requirements (03-04)	3/18/03	None	None	The agency will use its management control process to determine compliance with financial management guidelines to address the remaining recommendation.

**MANAGEMENT STATEMENT ON RESOLVED AUDIT REPORTS
OVER TWELVE MONTHS OLD WITH FINAL ACTION PENDING
AS OF SEPTEMBER 30, 2004**

<u>Report</u>	<u>Date</u>	<u>Disallowed Costs</u>	<u>Funds to be put to better use</u>	<u>Reason action has not been completed</u>
Inspection of Unverified Records in the RRB's Employment Data Maintenance System (03-06)	3/20/03	None	None	The Office of Programs is reviewing records and developing procedures to verify employer reported data for individual railroad workers.
Actions Taken to Improve Internal Control Over Fixed Assets (03-08)	8/20/03	None	None	The Office of Administration has installed enhanced software and is in the process of affixing bar codes to finalize and update the asset inventory.
Review of the RRB's PIN/Password System for On-Line Authentication (03-09)	9/8/03	None	None	The Bureau of Information Services will establish procedures as part of its standards update for Report 03-10 to close the remaining recommendation.
Review of the Systems Development Life Cycle for End-User Computing (03-10)	9/8/03	None	None	The Bureau of Information Services is purchasing software and identifying needed programming to improve tracking and quality reviews of systems projects.

A P P E N D I X E

REPORTING REQUIREMENTS

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Section 5(a)(4) - Matters Referred to Prosecutive Authorities	19
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REPORT

FRAUD, WASTE AND ABUSE



**Call the OIG Hotline:
1-800-772-4258**

E-mail: Hotline@oig.rrb.gov

The OIG cannot ensure confidentiality to persons who provide information via e-mail. Do not send information by e-mail that you do not want a third party to read.

**Write: RRB-OIG Hotline Officer
844 North Rush Street
Chicago, IL 60611-2092**