

---

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



**Semiannual Report to the Congress**  
■  
**April 1, 2022 – September 30, 2022**

---



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

October 28, 2022

The Honorable Erhard R. Chorlé  
Chairman  
Railroad Retirement Board  
844 North Rush Street  
Chicago, Illinois 60611-1275

Dear Mr. Chorlé:

I am pleased to submit our *Semiannual Report to the Congress*. This report provides a descriptive summary of our activities and accomplishments during the period of April 1, 2022 through September 30, 2022. This report is submitted in accordance with Section 5 of the Inspector General Act of 1978, as amended. Section 5(b) of the Act requires that you transmit this report to the appropriate Congressional committees or subcommittees within 30 days.

We appreciate the ongoing assistance extended to our staff during the performance of their duties.

Sincerely,

Original Signed

Martin J. Dickman  
Inspector General

## Table of Contents

INTRODUCTION.....	1
RAILROAD RETIREMENT BOARD .....	1
Board Members .....	1
Office of Inspector General.....	1
EXECUTIVE SUMMARY.....	2
Office of Audit .....	2
Office of Investigations .....	3
APRIL 1, 2022 – SEPTEMBER 30, 2022 ACCOMPLISHMENTS.....	4
Office of Audit .....	4
<i>The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021 (Report No. 22-08)</i> .....	4
<i>Controls Over Recoverable Unemployment and Sickness Overpayments Need Improvement (Report No. 22-09)</i> .....	5
<i>The Railroad Retirement Board Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds (Report No. 22-10)</i> .....	6
Management Decisions and Implementation .....	8
Office of Investigations .....	9
Current Caseload.....	9
Investigative Caseload by Case Type.....	10
Investigative Accomplishments.....	11
Investigative Case Summaries .....	12
Disability Investigations .....	12
Unemployment-Sickness Insurance Investigations.....	13
Retirement-Survivor Investigations .....	14
Railroad Medicare Investigations.....	15
Hotline Contacts .....	16
OTHER OVERSIGHT ACTIVITIES .....	17
OIG Alerts.....	17
Coronavirus Aid, Relief, and Economic Security Act .....	17

## Table of Contents

Consolidated Appropriations Act, 2021 .....	17
American Rescue Plan Act of 2021 .....	17
Audits/Reviews Not Disclosed to the Public .....	18
OPERATIONAL ISSUES.....	18
Attempts to Interfere with the Independence of the Office of Inspector General.....	18
Railroad Medicare .....	19
LEGISLATIVE & REGULATORY REVIEW .....	21
APPENDICES .....	22
Appendix A – Office of Inspector General Reports and Other Publicly Available Papers Issued.....	23
Appendix B – Audit Reports with Questioned Costs or with Recommendations That Funds Be Put to Better Use .....	24
Appendix C – Significant Matters.....	26
Appendix D – Peer Reviews .....	31
Appendix E – Reporting Requirements .....	32
Appendix F – Acronyms.....	34
Appendix G – Legal References.....	35

## 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, retirement-survivor, and unemployment-sickness insurance 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. In fiscal year 2021, the RRB paid retirement-survivor benefits of approximately \$13.3 billion to about 519,000 beneficiaries and paid unemployment-sickness benefits of approximately \$157 million to about 41,700 claimants. The RRB also paid Coronavirus Aid, Relief, and Economic Security Act (CARES Act) benefits totaling approximately \$112.7 million.

Additionally, the RRB has administrative responsibilities for certain benefit payments under the Social Security Act, including the administration of Medicare benefits for qualified railroad workers and their dependents. Pursuant to statutory authority, the RRB, in consultation with the Centers for Medicare and Medicaid Services (CMS), awards and monitors a single nationwide Railroad Medicare Part B services contract. The RRB's Specialty Medicare Administrative Contractor (SMAC), Palmetto Government Benefit Administrators, LLC (Palmetto), processed more than 7.9 million Railroad Medicare claims and paid approximately \$920 million in Medicare Part B benefits for fiscal year 2021.

### Board Members

The RRB's 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 representatives of railroad employees; and the third, who is the Chairman, is appointed without recommendation by either employers or employees and shall not be in the employment of or be pecuniarily or otherwise interested in any employer or organization of employees. 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 of 1978 added the RRB to the list of covered agencies. The RRB's Inspector General is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to the Board Members and the Congress. It is the Inspector General's responsibility to promote economy, efficiency, and effectiveness in

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

April 1, 2022 – September 30, 2022

## Semiannual Report to the Congress

the RRB's programs and operations. To that end, the OIG conducts audits/reviews 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 fraud, waste, 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 action.

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, Pennsylvania, Texas, and Washington D.C. These field offices provide an increased investigative presence, which aids in the effective and efficient coordination of joint investigations with other Offices of Inspector General and law enforcement agencies.

## EXECUTIVE SUMMARY

### Office of Audit

The Office of Audit (OA) conducts financial, performance, and compliance audits/reviews of the RRB's programs and operations. In addition to focusing on mandated audit requirements, OA strategically identifies areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste, and abuse. OA's audit planning process takes into account mandated audits, congressional and presidential concerns, programmatic risk, and resource availability. During this reporting period, OA:

- completed its annual audit of the RRB's compliance with the Payment Integrity Information Act of 2019 (PIIA) (mandated);
- prepared and issued their audit of the RRB's controls over recoverable unemployment and sickness overpayments; and
- published a performance audit pertaining to the RRB's utilization of information technology (IT) modernization funds.

OA's activities, during this reporting period, are discussed in further detail on pages 4 through 8 of this report. All audits/reviews conducted during this semiannual reporting period were disclosed to the public on OIG's website at <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral> and on Oversight.gov. In general, reports that transmit non-releasable information have abstracts released publicly as noted above.

### 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 related to:

- the fraudulent receipt of RRB benefit payments (disability, unemployment insurance (UI), sickness insurance (SI), or retirement-survivor benefits);
- Railroad Medicare fraud;
- false reporting by railroad employers; and
- criminal violations and misconduct by RRB personnel.

From April 1, 2022 through September 30, 2022, OI achieved:

- 12 criminal convictions;
- 10 civil judgments; and
- more than \$9 million in financial accomplishments.<sup>1</sup>

Defendants, in the aggregate, were sentenced to almost 13 years of prison and 31 years of probation. Additional details regarding OI activities are discussed on pages 9 through 16.

---

<sup>1</sup> The total amount of financial accomplishments may reflect fraud amounts related to programs administered exclusively by the Railroad Retirement Board (RRB) and fraud amounts from other federal programs, such as Medicare, which were included in the disposition resulting from the investigation. Judicial sentences associated with joint casework are not necessarily delineated by agency. If delineated, the associated RRB loss amount will be reflected in the calculation.

### APRIL 1, 2022 – SEPTEMBER 30, 2022 ACCOMPLISHMENTS

#### Office of Audit

Congress established the OIG to provide independent oversight of the RRB. Within the OIG, OA's mission 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 reporting period follow.

#### ***The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021 (Report No. 22-08)***

##### What OA Did

Section 3353 (a)(1)(A) of PIIA requires each agency's Inspector General to assess annual compliance. OA's audit procedures included identification of criteria; and assessment of the accuracy and completeness of agency reporting, accompanying material, and related postings. OA conducted this audit in accordance with the performance audit standards established by Generally Accepted Government Auditing Standards (GAGAS).

The mandated objectives of this audit were to:

- determine whether the RRB was in compliance with PIIA;
- evaluate the accuracy of RRB risk assessments and improper payment and unknown payment estimates;
- evaluate whether the RRB had correctly identified the root causes of improper payments and unknown payments and whether the RRB's corrective action plans adequately and effectively addressed those causes; and
- evaluate RRB efforts to prevent, reduce, and recover improper payments and unknown payments.

The scope of the audit was improper payment data reported in the RRB's fiscal year 2021 Performance and Accountability Report (PAR).

## Semiannual Report to the Congress

### What OA Found

The RRB was not compliant with PIIA because it did not satisfy eight of ten payment integrity reporting requirements. This occurred because the RRB did not publish complete payment integrity information for Railroad Medicare in its PAR or accompanying materials.

OA further determined that Railroad Medicare improper payment data was not transparent in the Department of Health and Human Services' (HHS) fiscal year 2021 Agency Financial Report.

### What OA Recommends

To address the exceptions outlined in this audit report, OA made nine recommendations related to PIIA compliance and annual data call completeness.

RRB management did not concur with eight of the nine recommendations. RRB's position was that CMS was responsible for the Medicare program as a whole, the RRB's Medicare responsibilities were limited overall, and if RRB published Railroad Medicare payment integrity information it would have resulted in duplicative reporting. OA continues to disagree with this position. As explained further on pages 19-21 of this report, and in the body of Report No. 22-08, the RRB receives significant resources (\$15.2 million in fiscal year 2021) to administer the Railroad Medicare program. Until CMS absorbs the complete administration of the Railroad Medicare program, the RRB should implement Railroad Medicare related audit recommendations.

### ***Controls Over Recoverable Unemployment and Sickness Overpayments Need Improvement (Report No. 22-09)***

#### What OA Did

OA conducted this audit because a previous OIG audit of improper payments found that the RRB did not always properly record or recover this type of RUIA debt. In addition, RUIA debts are considered improper payments so it is critical that RRB management has adequate controls in place to ensure that all RUIA debts are properly established, recorded, monitored, and recovered on a timely basis. OA conducted this audit in accordance with the performance audit standards established by GAGAS.

The objective of this audit was to assess the effectiveness of controls to determine if they were adequate to ensure that RUIA debts that were coded for recovery from RRB benefits were actually recovered.

## Semiannual Report to the Congress

The scope included RUIA debts (code 41 adjustments) that were identified for recovery from RRA benefits in fiscal year 2019. OA also focused on the controls related to the recording and the recovery (collections) of the RUIA debts.

OA identified applicable laws and regulations, reviewed RRB policies and procedures related to the RUIA debt process, conducted walkthroughs, reviewed 100 percent of the identified RUIA debts, traced them to RRB systems, and assessed the effectiveness of controls.

### **What OA Found**

OA determined that the RRB did not always have sufficient or effective controls to ensure that all RUIA debts, identified to be collected from RRA benefit payments, were actually recovered. OA found that approximately \$183,858 in RUIA debts that had been identified for recovery during fiscal year 2019 had not been properly monitored or recovered. The unrecovered RUIA debts occurred because of insufficient controls over the recovery process, multiple disjointed systems, a lack of cross-organizational communication, and ineffective monitoring. The RUIA unrecovered amount for fiscal year 2019 is considered questioned (unsupported) costs and improper payments. Lastly, there is an increased risk that other similar RUIA debts not recovered, might remain uncovered.

### **What OA Recommends**

To address the weaknesses identified in this audit, OA made eight recommendations related to improving policies, procedures, and internal controls; and researching and taking the appropriate action for the \$183,858 in unrecovered RUIA debts.

RRB management concurred with all eight recommendations.

### ***The Railroad Retirement Board Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds (Report No. 22-10)***

#### **What OA Did**

OA engaged RMA Associates, LLC (RMA) to conduct a performance audit of the utilization of IT modernization funds at the RRB. RMA is responsible for the audit report and the conclusions expressed therein. OA does not express any assurance on the conclusions presented in RMA's audit report.

## **Semiannual Report to the Congress**

### **What the Contract Auditor Did**

RMA conducted this audit in accordance with the performance audit standards established by GAGAS.

The audit objectives were to: (1) obtain, review, and assess agency plans to expend these funds; (2) determine the current status of RRB IT initiatives to expend all or part of the \$30.2 million appropriated in the Consolidated Appropriations Act, 2021 (CAA) and American Rescue Plan Act of 2021 (ARPA); (3) evaluate if the project progress was in accordance with RRB's project plan timeline, and reasons for delay, if any; (4) evaluate if RRB's goals and timeline were reasonable and attainable to achieve the intended purpose as stated in agency plans; and (5) evaluate the outcomes of the project relative to the anticipated improvements.

The scope of the audit was the period of March 2021 through February 2022.

### **What the Contract Auditor Found**

RMA determined that the RRB did not have detailed project plans to expend most of the appropriated CAA and ARPA funds for the IT modernization initiatives. RMA could not evaluate the project progress, timelines, and outcomes for four of the five initiatives as part of the audit objectives. RMA, therefore, associated \$28,575,000 in questioned costs from four initiatives, or 94.7 percent of the CAA and ARPA funds.

RMA also determined that in the absence of detailed project plans, the RRB faces an increased risk of inefficient spending, project delays, and overall project failure hindering RRB's ability to meet mission needs, address security risks, and reduce operating costs. Office of Management and Budget (OMB) Circular A-130 refers to developing and maintaining information resources by using an Information Resource Management (IRM) Strategic Plan, which RRB began drafting during this audit.

### **What the Contract Auditor Recommends**

To address weaknesses identified in this audit, RMA recommended that the RRB's Bureau of Information Services identify, and document agency plans for their IT modernization initiatives through the IRM Strategic Plan, which should include the agency's goals, project milestones, and a description of the work necessary, as required by OMB Circular A-130.

RRB management did not concur with the characterization of the audit results and partially concurred with the recommendation.

## Semiannual Report to the Congress

### Management Decisions and Implementation

As part of its oversight activities, the OIG tracks the agency's implementation of audit recommendations. The reporting of management decisions and corrective actions for all audit recommendations is required by OMB Circular No. A-50 (Revised) and the Inspector General Act of 1978, as amended.

Management Decisions	
Requiring Management Decision on April 1, 2022	0
Pending Management Decision for New Recommendations	0
Management Decision on Previous Recommendations	0
Recommendations Pending Management Decision on September 30, 2022	0

Corrective Actions	
Recommendations Requiring Action on April 1, 2022	478
Recommendations Issued During Reporting Period	18
Corrective Actions Completed During Reporting Period	31
Recommendations Rejected During Reporting Period	0
Final Actions Pending on September 30, 2022	465

The Inspector General Empowerment Act of 2016 requires additional details pertaining to outstanding and unimplemented recommendations. This information, including the associated potential cost savings, regarding the 465 open audit recommendations is incorporated into this report by reference and may be accessed in the library section of OIG's website.<sup>2</sup> This report is titled *Open or Unimplemented Audit Recommendations and Cost Savings as of September 30, 2022*.

---

<sup>2</sup> <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral>

### Office of Investigations

OI's primary objective is to investigate and refer for prosecution or for monetary recovery action cases of fraud, waste, and abuse in the RRB's programs. OI also seeks to prevent and deter program fraud by reporting systemic weaknesses identified through investigative work. To maximize the impact of its resources, OI pursues cooperative investigative activities in coordination with other Inspectors General such as the Office of Inspector General for HHS, the Office of Inspector General for the Social Security Administration, and other law enforcement agencies, such as the Federal Bureau of Investigation.

### Current Caseload

During this reporting period, OI opened 79 new investigative cases.<sup>3</sup>

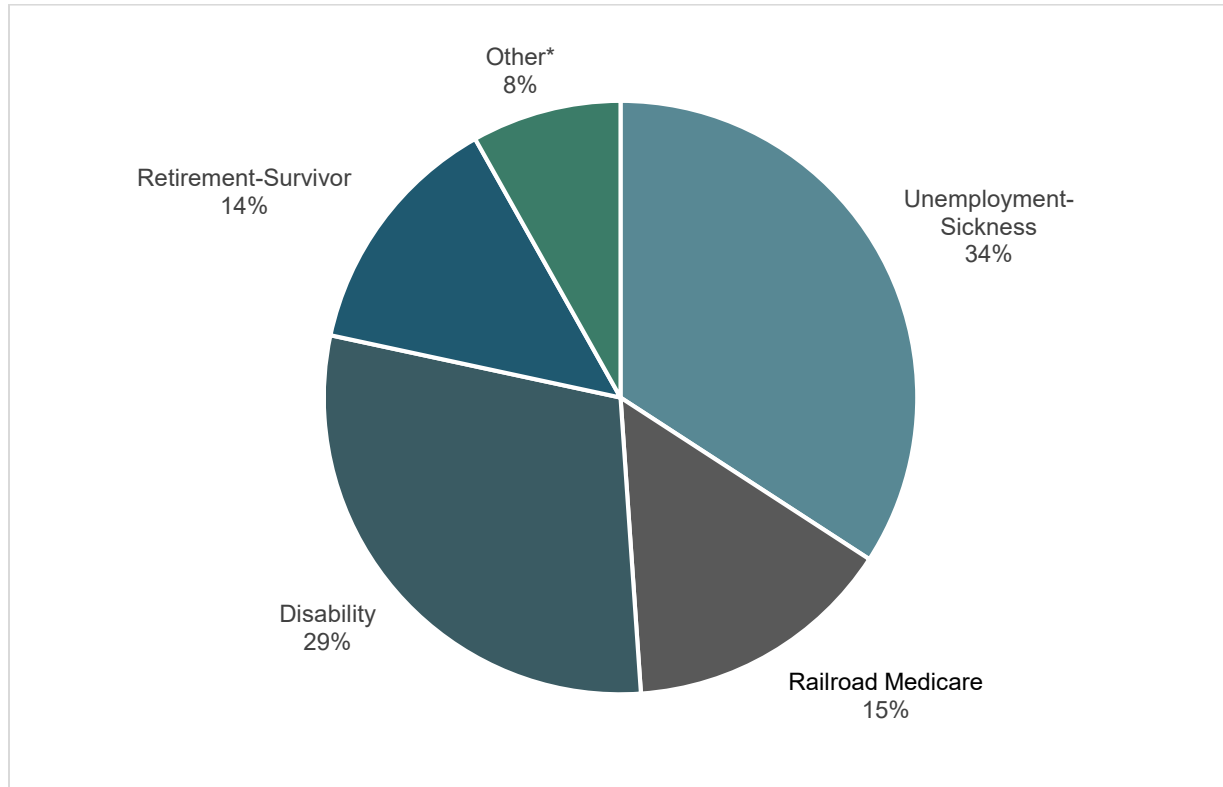
Current Caseload	
Investigative Cases Open as of April 1, 2022	277
Investigative Cases Closed During Reporting Period	37
Investigative Cases Opened During Reporting Period	79
Investigative Cases Open as of September 30, 2022	319

As of September 30, 2022, OI's investigative caseload totaled 319 matters which represents more than \$141.5 million in potential fraud losses.<sup>4</sup> The chart on the following page reflects the distribution of OI cases open at the end of the reporting period.

<sup>3</sup> An investigative case may include multiple subjects.

<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, which have been identified during joint investigative work. Potential fraud amounts associated with joint casework may not necessarily be delineated by agency.

### Investigative Caseload 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.

## Semiannual Report to the Congress

### Investigative Accomplishments

Action	April 1, 2022 – September 30, 2022
Total Number of Investigative Reports Issued	24
Total Number of Persons Referred to the Department of Justice for Criminal Prosecution	18
Total Number of Persons Referred to State or Local Prosecuting Authorities for Criminal Prosecution	1
Indictments/Informations During Reporting Period (Original Prosecutive Referral Made Prior to April 1, 2022)	4
Subpoenas Issued	88
Criminal Convictions	12
Civil Judgments	10
Restitution and Fines	More Than \$3.7 Million <sup>5</sup>
Civil Damages and Penalties	Almost \$4.6 Million <sup>6</sup>
Recoveries	More Than \$711,000

<sup>5</sup>This total may reflect the full amount of restitution and fines ordered including losses to other programs such as Medicare. The associated RRB amount will be reflected if delineated by the Court.

<sup>6</sup>This total may reflect the full amount of civil damages and penalties ordered including losses to other programs such as Medicare. The associated RRB amount will be reflected if delineated by the Court.

### **Investigative Case Summaries**

Brief descriptions of representative matters referred to prosecutorial authorities and the resulting convictions are summarized on pages 12 through 16. OI does not have any substantiated senior government employee misconduct cases or incidents of whistleblower retaliation to report.

### **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 may involve applicant fraud or sophisticated schemes to hide disqualifying work activities/earnings from the RRB.

During this reporting period, OI obtained three disability fraud convictions. Defendants in these cases received, in the aggregate, sentences totaling 13 years of probation and were ordered to pay almost \$600,000 in restitution and fines.

Descriptions of these disability fraud cases follow.

#### **Disability Annuitant Ordered to Pay More Than \$236,00 in Restitution and Fines**

OI investigated a disability annuitant who failed to report his earnings and self-employment to the RRB.

This case was referred to the United States Attorney's Office for the Northern District of Illinois which filed an indictment against the annuitant. The annuitant subsequently pleaded guilty and was sentenced to three years of probation and ordered to pay more than \$236,000 in restitution and fines.

#### **Disability Annuitant Concealed Earnings from the RRB**

OI investigated a disability annuitant who concealed his earnings from the RRB.

This case was referred to the United States Attorney's Office for the Northern District of Illinois which filed an indictment against the annuitant. The annuitant subsequently pleaded guilty and was sentenced to five years of probation and ordered to pay almost \$212,000 in restitution and fines.

## **Semiannual Report to the Congress**

### **Disability Annuitant Criminally Convicted**

OI investigated a disability annuitant who failed to report his earnings and self-employment to the RRB.

This case was referred to the United States Attorney's Office for the Northern District of Illinois which filed an indictment against the annuitant. The annuitant subsequently pleaded guilty and was sentenced to five years of probation and ordered to pay almost \$149,000 in restitution and fines.

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

UI-SI benefit fraud typically involves individuals claiming and receiving benefits while working or collecting state administered unemployment benefits. OI receives the majority of these case referrals from the RRB's Sickness and Unemployment Benefits Division.

During this reporting period, OI obtained four criminal convictions and six civil judgments for UI-SI fraud cases. Defendants in these cases received, in the aggregate, sentences totaling seven years of probation and were ordered to pay almost \$280,000 in restitution, fines, and civil damages.

Descriptions of representative UI-SI fraud cases from this reporting period follow.

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

OI investigated a UI claimant based upon a referral from the RRB. OI's investigation determined that during the period of June 2019 through July 2020, the claimant applied for UI benefits on the same days he was working and being paid by a private employer. The claimant submitted a total of 29 false claims and received almost \$28,000 in fraudulent UI benefits including enhanced UI CARES Act benefits.

This case was referred to the United States Attorney's Office for the Northern District of West Virginia which filed an information against the claimant. He subsequently pleaded guilty and was sentenced to four years of probation and ordered to pay full restitution.

#### **UI Claimant Criminally Convicted**

OI investigated a UI claimant based upon a referral from the RRB. OI's investigation determined that during the period of February 2020 through January 2021, the claimant applied for UI benefits on the same days he was working and being paid by a private employer. The claimant submitted a total of 20 false claims and received almost \$26,000 in fraudulent UI benefits including enhanced UI CARES Act benefits.

## **Semiannual Report to the Congress**

This case was referred to the United States Attorney's Office for the Western District of Pennsylvania which filed an indictment against the claimant. He subsequently pleaded guilty and was sentenced to three years of probation and ordered to pay full restitution plus a penalty.

### **UI Claimant Agrees to Pay Treble Damages to Settle Fraud Charges**

OI investigated a UI claimant based upon a referral from the RRB. OI's investigation determined that during the period of May 2018 through March 2019, the claimant applied for UI benefits on the same days he was working and being paid by a private employer. The claimant submitted a total of 21 false claims and received almost \$13,000 in fraudulent UI benefits.

This case was referred to the United States Attorney's Office for the District of Kansas. The United States Attorney's Office filed a civil complaint against the claimant for violating the False Claims Act. This case was settled through a consent judgment with the claimant agreeing to pay treble damages.

### **Retirement-Survivor 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 two recoveries in connection with retirement-survivor benefit fraud cases. These recoveries are summarized below.

### **Deceased Payee Case Results in Reclamation of Almost \$29,000**

OI investigated a deceased payee referral and was able to facilitate the reclamation of almost \$29,000 in improper payments.

### **Annuitant's Return to Service Causes Large Overpayment**

OI investigated a retiree who performed work for his previous railroad employer while collecting his RRB annuity. This case was subsequently referred to the RRB for administrative action. A majority vote by the three-member Board deemed that the annuitant had returned to railroad service and had not been entitled to his annuity. His

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

April 1, 2022 – September 30, 2022

actions caused approximately \$196,000 in improper payments and tax liabilities which must be paid by the annuitant and his employer.

### **Railroad Medicare Investigations**

All of OI's active Railroad Medicare cases are being worked jointly with either the HHS-OIG, OIG 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 committed against multiple federal agencies.

During this reporting period, OI obtained five criminal convictions and four civil judgments in Railroad Medicare related fraud cases. Defendants in these cases received, in the aggregate, sentences totaling almost 13 years of prison, 11 years of probation, and were ordered to pay almost \$8 million in restitution, fines, and civil damages/penalties.<sup>7</sup>

Descriptions of representative Railroad Medicare cases completed during this reporting period follows.

#### **Durable Medical Equipment Company Owner Sentenced to Prison**

OI initiated this investigation based upon a referral from the HHS-OIG. The subsequent multi-agency investigation revealed that a durable medical equipment company submitted false claims to various health care programs, including Railroad Medicare.

This case was referred to the United States Attorney's Office for the Southern District of Mississippi which filed an indictment against the managing employee/partial company owner. She subsequently pleaded guilty and was sentenced to 57 months of prison, 36 months of house arrest, and ordered to pay almost \$700,000 in restitution. While it was determined that the actual loss to the Railroad Medicare program was approximately \$9,000, OI contributed to the overall successful outcome of this case.

---

<sup>7</sup> OI's Railroad Medicare fraud cases are typically joint investigations and the associated sentences are not necessarily delineated by agency. Therefore, these totals may reflect the full amount of restitution, fines, damages, or penalties ordered including losses to other health care programs. The associated Railroad Medicare amount will be reflected if delineated by the Court.

## **Semiannual Report to the Congress**

### **Multiple Individuals Sentenced in Health Care Fraud Case**

An OI Special Agent participated as a member of a multi-agency team investigating allegations into the medical billing practices of a partial hospitalization program (PHP). The investigation revealed that the PHP billed multiple health care programs, including Railroad Medicare, for medically unnecessary services, ineligible services, and for services not rendered.

This case is being handled by the United States Attorney's Office for the Southern District of Texas which filed indictments against multiple individuals for health care fraud. During this reporting period, an owner pleaded guilty and was sentenced to 70 months of prison and ordered to pay more than \$2 million in restitution. The owner of a group home/PHP customer also pleaded guilty and she was sentenced to three years of probation and ordered to pay more than \$8,000 in restitution and fines.

### **Qui Tam Lawsuit Settled**

An OI Special Agent worked cooperatively as a member of a multi-agency team investigating allegations contained in a qui tam lawsuit prosecuted by the U.S. Attorney's Office for the Northern District of Illinois. Agents were able to prove that the subject diagnostic testing facility submitted false claims for medically unnecessary services and committed anti-kickback violations. The U.S. Attorney's Office entered into a \$3.9 million settlement agreement with the provider to resolve the lawsuit.

### **Hotline Contacts**

The 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, the hotline received 891 contacts in the following manner: 29 percent by telephone and 71 percent by email. These hotline contacts resulted in 11 referrals to OI.

### OTHER OVERSIGHT ACTIVITIES

#### OIG Alerts

OIG Alerts supplement our current audit and investigative processes by providing the Inspector General with a quick and efficient mechanism to highlight additional program integrity concerns. During this semiannual reporting period, the Inspector General issued three OIG Alerts: two related to transparency and agency record management with the third pertaining to Railroad Medicare claims processing. These alerts were restricted from public distribution because of their sensitive nature.

Additionally, the Inspector General issued a memorandum, outside of the OIG Alert process, pertaining to the Board's docketing procedures.

#### Coronavirus Aid, Relief, and Economic Security Act

The CARES Act, signed into law on March 27, 2020, boosted UI-SI benefits for railroad workers impacted by the COVID-19 pandemic. To fund these enhanced benefits, RRB received appropriations of \$475 million plus access to remaining funds previously appropriated under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009. The RRB was also appropriated an additional \$5 million to prevent, prepare for, and respond to coronavirus, including the purchase of IT equipment to improve the mobility of the workforce and provide for additional hiring or overtime hours as needed to administer the RUIA.

#### Consolidated Appropriations Act, 2021

On December 27, 2020, the President signed into law H.R. 133, CAA, which included Subchapter III – Continued Assistance to Rail Workers Act. This subchapter extended the UI-SI benefits, although at a lower rate, that were payable under the CARES Act. The RRB also received a nominal amount for rebates and COVID-related tax administration issues.

#### American Rescue Plan Act of 2021

ARPA was signed on March 11, 2021. ARPA extended, once again, enhanced UI-SI benefits for railroad workers impacted by the COVID-19 pandemic. ARPA appropriated the RRB an additional \$2 million to pay for the enhanced benefits and an additional \$27.975 million to prevent, prepare for, and respond to coronavirus. ARPA designated \$21.175 million to supplement the RRB's IT investment initiative and \$6.8 million for additional hiring and overtime bonuses. The OIG received \$500,000 for audit, investigatory, and review activities.

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

April 1, 2022 – September 30, 2022

## Semiannual Report to the Congress

The OIG provides oversight to all aspects of the agency's responsibilities, which includes monitoring the implementation of significant provisions of laws, regulations, and major projects to identify at-risk situations. As part of OIG's oversight of the agency's implementation of COVID-19 legislation, we have issued a monitoring plan, three Management Information Reports, and two audit reports including audit report 22-10, *The Railroad Retirement Board Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds*. This report is discussed on pages 6 and 7 of this report. Our oversight efforts remain in progress.

As of September 30, 2022, OI had 79 open UI-SI investigative cases involving enhanced COVID-19 pandemic related benefits.

### **Audits/Reviews Not Disclosed to the Public**

No audits/review were conducted and not disclosed to the public during the reporting period. Reports that transmit non-releasable information have abstracts released publicly on OIG's website and Oversight.gov.

### **OPERATIONAL ISSUES**

The following operational issues impact the OIG's ability to effectively carry out its oversight role.

### **Attempts to Interfere with the Independence of the Office of Inspector General**

During this semiannual reporting period, the OIG did not encounter any reportable instances of independence interference. The OIG; however, did encounter a lack of responsiveness to some of our requests for information. Additionally, as explained in the following section, RRB management's denial of its ownership of the Railroad Medicare program and lack of responsiveness to recommendations regarding this program impact our oversight responsibilities.

### Railroad Medicare

At the end of fiscal year 2021, approximately 441,600 qualified railroad retirement beneficiaries were enrolled in Medicare Part B. During fiscal year 2021 and on behalf of the RRB, the RRB's contractor, Palmetto, processed more than 7.9 million Railroad Medicare claims and approved approximately \$920 million in benefit payments to providers for Part B services. In return, CMS transferred/reimbursed RRB for total expenses of \$34.9 million in Railroad Medicare program costs. Of that amount, approximately \$19.7 million was transferred to fund the RRB's contract with Palmetto, and \$15.2 million was sent directly to the RRB for reimbursable expenses incurred for administering its Railroad Medicare program.

Although the RRB and Palmetto benefit from a significant amount of resources for their administration of the Railroad Medicare program, RRB management maintains that CMS is responsible for the Medicare program as a whole and that the RRB's Medicare responsibilities were limited overall.<sup>8</sup> This posture is reflected in various agency responses and their non-concurrence with a vast majority of previous audit recommendations. Out of the 79 open unimplemented audit recommendations aimed at improving Railroad Medicare program integrity, RRB management concurred with 2 recommendations and did not concur with 77 recommendations. This lack of answerability raises serious program management and program integrity concerns.

Additionally, RRB management contends that if RRB publishes Railroad Medicare payment integrity information, it would result in duplicative reporting. OIG disagrees. For four years, OIG auditors reported that the RRB did not publish payment integrity information or improper payment data for Railroad Medicare and determined that Railroad Medicare improper payment data was not transparent in the HHS' fiscal year Agency Financial Report. Twenty-nine of OA's previously reported Railroad Medicare recommendations related to improper payment reporting, spanning fiscal years 2019 through 2022, remain open.

RRB management's position was that "[t]he [RRB] has consistently acknowledged its responsibilities under the Social Security Act to administer certain provisions of the Medicare program for the railroad [industry], including the administration of the [SMAC] contract with [Palmetto]. RRB does not issue Medicare payments to beneficiaries or providers directly. Notwithstanding the Agency's specified Medicare responsibilities for railroad annuitants, the [CMS], a component of the [HHS], administers the Medicare program as a whole." OA disagrees and previously stated that under the RRB's November 2012 SMAC contract and April 2013 Memorandum of Understanding (MOU),

---

<sup>8</sup> According to the Social Security Act (42 U.S.C. § 1842(g)), the RRB has the authority to administer certain aspects of the Medicare program for qualified railroad beneficiaries. Some of these provisions include eligibility determination, enrollment or disenrollment, premium collection, processing state buy-ins, and selection of a contractor to process Medicare Part B claims.

## Semiannual Report to the Congress

the RRB was responsible for SMAC contract administration, oversight, and payment integrity reporting for the Railroad Medicare program.

For over three years, OA has been requesting that the RRB and CMS obtain a new MOU outlining the claimed responsibilities. On August 31, 2022, a new MOU was finally signed by CMS and the RRB outlining each agency's responsibilities for Railroad Medicare. According to the new MOU, CMS is responsible for calculating and reporting the improper payment rate and improper payment reporting for the RRB's SMAC, Palmetto. Therefore, RRB is no longer responsible for reporting Railroad Medicare improper payment information effective August 31, 2022. However, OA's outstanding recommendations related to Railroad Medicare improper payment reporting were not addressed by this new MOU.

As outlined in OA's most recent and previous payment integrity reports, there has been no public transparency regarding the improper payment rate of the Railroad Medicare program for many years.<sup>9</sup> Four years of improper payment information is unknown to the public and the Congress, including Palmetto's fiscal year 2021 performance in processing over 7.9 million claims to pay various providers \$920 million. As stated, the new MOU does not outline who is responsible for taking corrective action on past recommendations made by OA and does not mitigate prior issues identified by OIG auditors and investigators.

RRB and CMS' actions are noted; however, past payment integrity reporting recommendations should be implemented as required by laws and regulations. For example, in one of OA's past payment integrity report, OA had a finding regarding the inadequacy of the Comprehensive Error Rate Testing sampling approach for Railroad Medicare.<sup>10</sup> OA determined the sample size used to calculate the improper payment rate was too small to provide an accurate rate that the RRB could rely on to determine SMAC vulnerabilities, prepare medical review strategies, and use as a driver to reduce improper payments. OA's review of nonpublic internal reports substantiated this determination by revealing an unreliable and ever fluctuating Railroad Medicare improper payment rate (which ranged from 2 percent up to 13.7 percent).<sup>11</sup>

OIG continues to disagree with RRB management that the RRB is not responsible for the oversight of this \$30 million per year program. We stand by the recommendations made in our associated audit reports, many of which remain open. It is the OIG's

---

<sup>9</sup> RRB OIG, *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021*, Report No. 22-08 (Chicago, IL: June 16, 2022).

<sup>10</sup> RRB OIG, *Audit of Railroad Retirement Board's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 Performance and Accountability Report*, Report No. 19-09 (Chicago, IL: May 30, 2019).

<sup>11</sup> The Comprehensive Error Rate Testing (CERT) report, dated November 2017, contained a Railroad Medicare improper payment rate of 10.5 percent, while the subsequent annual November reports contained a rate of 12.5 percent, 9.3 percent, 13.7 percent, and 2.0 percent. Each CERT report warned readers to proceed with caution when interpreting data because of small sample sizes.

## **Semiannual Report to the Congress**

position that until CMS absorbs the complete administration of the Railroad Medicare program, including contract oversight of Palmetto, the RRB should implement Railroad Medicare related audit recommendations. If not, the Railroad Medicare program will continue to lack transparency and in this weakened state of control, payment integrity will remain vulnerable, as no one would be held accountable for maintaining effective oversight of the SMAC contract.

More recently and during the course of fiscal year 2022 audit fieldwork, we obtained cost per claim information directly from CMS and Palmetto and determined that the RRB pays a far greater claims processing fee than the fee paid by CMS. As it stands, the RRB is authorizing that Palmetto be paid approximately three times the amount, to process one Railroad Medicare Part B claim, as compared to the average processing fee that CMS pays its contractors. This is a significant difference considering the almost eight million claims processed by Palmetto. OIG provided this information to RRB management on June 16, 2022.

Additionally, during a nine-year period (fiscal years 2013 through 2021), CMS paid the RRB approximately \$126 million in Railroad Medicare administrative costs plus funded an additional \$160 million for the Palmetto contract. The more than \$30 million in Railroad Medicare costs unnecessarily expended at a premium amount each year could be put to much better use if remedial budgetary oversight action is taken.

Due to the RRB's indifference to oversight of the Railroad Medicare program and the waste of maintaining it as a separate program, there is no practical reason for its existence. Total Railroad Medicare program elimination should be strongly considered as a necessary means for strengthening federal financial integrity and curbing wasteful government spending.

## **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 agency did not submit any legislative proposals for OIG review during this reporting period.

## **APPENDICES**

<b><i>Appendix</i></b>	<b><i>Title</i></b>	<b><i>Page No.</i></b>
<b>A</b>	<b>Office of Inspector General Reports and Other Publicly Available Papers Issued</b>	<b>23</b>
<b>B</b>	<b>Audit Reports with Questioned Costs or with Recommendations that Funds be Put to Better Use</b>	<b>24</b>
<b>C</b>	<b>Significant Matters</b>	<b>26</b>
<b>D</b>	<b>Peer Reviews</b>	<b>31</b>
<b>E</b>	<b>Reporting Requirements</b>	<b>32</b>
<b>F</b>	<b>Acronyms</b>	<b>34</b>
<b>G</b>	<b>Legal References</b>	<b>35</b>

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

- *The Railroad Retirement Board was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021* (Report No. 22-08)
- *Controls Over Recoverable Unemployment and Sickness Overpayments Need Improvement* (Report No. 22-09)
- *The Railroad Retirement Board Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds* (Report No. 22-10)

All publicly available audit reports and papers are available on OIG's website at <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral>.

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

	Audit Reports With Questioned Costs	Amount of Questioned Costs	Amount of Unsupported Costs
A. For which no management decision had been made by April 1, 2022	0	\$0	\$0
B. Which were issued from April 1, 2022 through September 30, 2022	2	\$28,758,858	\$28,758,858
Subtotal (A + B)	2	\$28,758,858	\$28,758,858
C. For which a management decision was made between April 1, 2022 through September 30, 2022	2	\$28,758,858	\$28,758,858
(i) dollar value of disallowed costs (agreed to by management)	1	\$183,858	\$183,858
(ii) dollar value of costs not disallowed (not agreed to by management)	1	\$28,575,000	\$28,575,000
D. For which no management decision had been made by September 30, 2022	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, 2022	0	\$0
B. Which were issued from April 1, 2022 through September 30, 2022	0	\$0
Subtotal (A + B)	0	\$0
C. For which a management decision was made between April 1, 2022 through September 30, 2022	0	\$0
(i) dollar value of recommendations agreed to by management	0	\$0
(ii) dollar value of recommendations not agreed to by management	0	\$0
D. For which no management decision had been made by September 30, 2022	0	\$0

## Appendix C – Significant Matters

The OIG has identified deficiencies in RRB management controls as a significant matter. A summary of the issues and related recommendations for corrective action follow.

### ***Financial Controls and Reporting***

#### Financial Reporting

Since fiscal year 2013, OIG has rendered a disclaimer audit opinion on the RRB's financial statements because OIG auditors have not been permitted to communicate with the RRB's component auditor (the National Railroad Retirement Investment Trust's (NRRIT) auditor), as required by financial statement audit guidance. As reported in the RRB's fiscal year 2021 financial statements, the NRRIT held approximately \$28.5 billion of the RRB's \$36.2 billion (79 percent) in assets.

This material weakness encompasses the inability to communicate with the NRRIT's auditor and deficient internal controls at the agencywide level. OA's fiscal year 2021 financial statement audit identified concerns for each of these areas.

- Communication with the NRRIT's Auditor

The inability to communicate with the NRRIT's auditor has continued into fiscal year 2022. NRRIT did not respond to our June 7, 2021 letter pertaining to its auditor. This lack of cooperation and communication with the NRRIT and its auditors prevents OIG auditors from obtaining sufficient appropriate audit evidence regarding the RRB's financial statements. The NRRIT and the Government Accountability Office (GAO) previously entered into an MOU giving GAO access to their audit records for use in the governmentwide financial statements. The RRB, however, continues to believe that OIG should not be included in this matter even though the OIG is tasked to conduct an audit of the RRB's financial statements. During fiscal year 2022, OIG's contracted auditor encountered the same denial by NRRIT disallowing the required cooperation and communication. Our concerns about NRRIT investment decisions and the NRRIT's auditor have expanded into other areas of concern and is ongoing as discussed in the following paragraphs.

In response to two Executive Orders regarding investments in Communist Chinese Military Companies (CCMC), RRB management determined that during fiscal year 2021 the NRRIT had liquidated its interests in the CCMCs.<sup>12</sup> Due to the

---

<sup>12</sup> Executive Office of the President, Executive Order (EO) 13959 of November 12, 2020, *Addressing the Threat from Securities Investments That Finance Communist Chinese Military Companies*,

lack of cooperation and communication, OA could not confirm the accuracy of the NRRIT's statements regarding its investments. OIG remains skeptical because the integrity and competency of the NRRIT's auditor remains an ongoing concern. OA, however, determined that on December 10, 2020 the NRRIT's component auditor received a peer review rating of pass, which demonstrated improvement over their prior peer review rating of pass with deficiency. Even though the NRRIT component audit obtained a pass, the RRB must remain watchful. The Public Company Accounting Oversight Board's 2019 inspection report for the NRRIT component auditor, dated December 17, 2020, continued to report a significant number of deficiencies in the NRRIT's component auditor's financial statement audit opinions and internal control audits over financial reporting. This information was brought to the attention of the RRB as part of our Independent Auditor's Report, dated November 15, 2021. OA previously recommended that an independent committee be established to identify a functional solution that would enable communication between the OIG and the NRRIT's component auditor. RRB management continued to not concur with this recommendation or take corrective action. OIG will continue to cite this issue and the need for corrective action.

#### Deficient Internal Controls at the Agencywide Level

- Ineffective Standards for Internal Controls

OA determined that the RRB's overall system of internal control was not operating effectively in accordance with GAO and OMB guidance because the following internal control components were not designed, implemented, and operating effectively: control environment, risk assessment, control activities, information and communication, and monitoring.

- IT Security and Financial Reporting Controls

OA determined that information system control risk must be assessed as high in accordance with GAO's Financial Audit Manual guidance. This determination resulted from the eight Federal Information Security Modernization Act of 2014 (FISMA) metric domain assessments of "not effective" as provided by OIG's contracted auditor for the fiscal years 2021, 2020, 2019, and 2018 FISMA audits. OA did not make any recommendations due to the 72 recommendations provided in these FISMA audit reports. RRB management agreed with 71 of the recommendations and 54 remain open.

---

(Washington, D.C.: November 17, 2020; Amended by: EO 13974, January 13, 2021, Superseded in part by: EO 14032, June 3, 2021). Executive Office of the President, EO 14032 of June 3, 2021, *Addressing the Threat from Securities Investments That Finance Certain Companies of the People's Republic of China*, (Washington, D.C.: June 7, 2021; Supersedes in part: EO 13959, November 12, 2020 Revokes: EO 13974, January 13, 2021).

- Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements

OA determined that the RRB has not established effective policies and procedures for: (1) preventing agency noncompliance with indirect laws, regulations, and contracts, and (2) identifying treaties and international agreements impacting the RRB or the NRRIT. These policies and procedures are required per Financial Audit Manual guidance. RRB management did not concur with OA's recommendations for corrective action.

- Compliance with RRA Benefit Payment Provisions

After being noncompliant with the RRA in the past, the RRB completed its RRA quality assurance reviews and established RRA compliance for fiscal year 2020 and fiscal year 2021. RRB management previously cited significant staffing shortages as challenges to the completion of their quality assurance reviews. OA previously recommended that the Office of Programs acquire additional staffing and resources for its quality assurance reviews to ensure timely completion of its compliance determinations during each fiscal year. RRB management concurred with our recommendation; however, the recommendation remains open.

- Controls Over Railroad Service and Compensation

OA determined that RRB controls over creditable and taxable compensation were inadequate due to insufficient audit coverage. The RRB's Audit and Compliance Section (ACS) established a program of railroad employer audits to review the accuracy of railroad service and compensation. However, this program has not been an effective control for ensuring the accuracy of compensation.

Compensation was the basis for approximately \$6.2 billion of payroll taxes received by the RRB during fiscal year 2019 and \$5.1 billion of payroll taxes received during fiscal year 2020. From fiscal year 2017 through fiscal year 2020, ACS only completed two audits. Additionally, ACS has not completed an audit of the largest Class 1 railroads since 2016. According to the RRB, the lack of completed audits by ACS was due to insufficient staffing and funding. RRB noted that as of September 30, 2021, staffing increased to 6.5 full-time equivalents, 1 audit had been completed, and 3 audits were in progress, none of which were Class 1 railroads. Due to the materiality of payroll taxes collected and lack of ACS audits, we continue to see the need to report this deficiency in internal control.

The magnitude and severity of this railroad retirement program deficiency has been concealed for many years from the railroad workers who place their trust in the RRB to ensure the financial integrity of their hard-earned wages. Without an effective audit and compliance mechanism, the future may hold dire

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

April 1, 2022 – September 30, 2022

consequences for the railroad industry and may lead to unforeseen reductions in railroad retirement benefits and program failure. Due to these audit concerns, the lack of corrective actions for most of these recommendations, and unimplemented corrective actions for prior reports with financial management and reporting concerns, agency action is needed to address this challenge.

<b>Financial Controls and Reporting Issue Area</b>	<b>Date of Report</b>	<b>Audit Report and Recommendations</b>
Communication with the NRRIT's Auditor	March 31, 2015	OIG Report 15-05, 8
Ineffective Standards for Internal Control	February 16, 2017 April 11, 2017  September 28, 2017 July 9, 2018	OIG Report 17-03, 2, 3 OIG Report 17-04, 5, 6, 9-14, 19 OIG Report 17-08, 1-13 OIG Report 18-07, 2-3, 6-8, 10
Information Security and Financial Reporting Controls	December 19, 2018  December 18, 2019 January 14, 2021 January 4, 2022	OIG Report 19-03, 3, 9-10, 12, 18, 20, 21, 24-27, 29-31 OIG Report 20-04, 1-4, 6-8, 10-19 OIG Report 21-03, 2-11 OIG Report 22-04, 1-10
Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements	November 15, 2019	OIG Report 20-02, 2, 3
Controls Over Railroad Service and Compensation	November 15, 2019 February 15, 2022	OIG Report 20-02, 4 OIG Report 22-05, 1-4
Compliance with RRA Benefit Payment Provisions	November 16, 2020	OIG Report 21-01, 2

## ***Information Technology***

The RRB continues its modernization efforts for IT and safeguarding sensitive data, while accomplishing its mission.

Prior IT reports included recommendations for improvement, many of which continue to be open or unimplemented. OA's most recent FISMA compliance report was issued for fiscal year 2021.

<b>Information Technology Issue Area</b>	<b>Date of Report</b>	<b>Audit Report and Recommendations</b>
Information Security	January 4, 2022 June 29, 2022	OIG Report 22-04, 1-10 OIG Report 22-10, 1

## ***Major Management Challenges***

The OIG annually identifies the most serious management and performance challenges facing the RRB. Identification of these challenges and evaluation of the agency's progress towards addressing them are based upon recent audits, reviews, investigations, follow-up activities, and issues of concern to the OIG.

During this semiannual reporting period, OIG identified the following six major management and performance challenges facing the RRB.

- Improve Agency Disability Program Integrity
- Improve Information Technology Security and Complete System Modernization
- Improve Management of Railroad Medicare
- Improve Payment Accuracy and Transparency
- Financial Management and Reporting Issues
- Compliance Concerns Identified

For more information regarding the major management and performance challenges identified, see *Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021*, OIG Management Information Report No. 22-03, December 20, 2021.

## **Appendix D – Peer Reviews**

### ***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 recently completed peer review for the period ending March 31, 2021, was transmitted on September 20, 2021. OA received a peer review rating of pass. The system review report did not contain any recommendations. The U.S. Department of Commerce's OIG determined that the system of quality control for the audit organization of RRB OIG in effect for the period ended March 31, 2021 has been suitably designed and complied with to provide RRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

During this semiannual reporting period, OA did not complete any peer reviews of other audit organizations.

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

A rating of compliant conveys that the reviewed OIG has adequate internal safeguards and management procedures to ensure that Council of Inspectors General on Integrity and Efficiency standards are followed and that law enforcement powers conferred by the Inspector General Act of 1978, as amended, are properly exercised.

The results of OI's most recent peer review, for the period ending August 25, 2017, was transmitted on November 6, 2017. OI received a rating of compliant.

During this semiannual reporting period, OI did not complete any peer reviews of other investigative offices.

## Appendix E – Reporting Requirements

Act Section	Inspector General Reporting Requirements	Page(s)
4(a)(2)	Review of Legislation and Regulations	17, 18, 21
5(a)(1)	Significant Problems, Abuses, and Deficiencies	26 – 30
5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	26 – 30
5(a)(3)	Prior Significant Recommendations Not Yet Implemented	26 – 30
5(a)(4)	Matters Referred to Prosecutive Authorities	11
5(a)(5)	Summary of Reports to the Chairman	None
5(a)(6)	Open or Unimplemented Audit Recommendations and the Associated Cost Savings	8
5(a)(7)	Summary of Each Significant Report	4 – 7
5(a)(8)	Statistical Table on Management Decisions on Questioned Costs	24
5(a)(9)	Statistical Table on Management Decisions on Recommendations That Funds Be Put to Better Use	25
5(a)(10)	Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made	8
5(a)(11)	Description and Explanation for Any Significant Revised Management Decision	None
5(a)(12)	Information on Any Significant Management Decision With Which the Inspector General Disagrees	18 – 21, 26 – 30
5(a)(13)	Chairman Statement of Compliance	None
5(a)(14)	Peer Reviews	31
5(a)(15), (16)	Peer Reviews – Outstanding Recommendations	None
5(a)(17), (18)	Investigative Reports Issued to the Department of Justice and State and Local Prosecutors	11

**Office of Inspector General - Railroad Retirement Board**  
April 1, 2022 – September 30, 2022

<b>Act Section</b>	<b>Inspector General Reporting Requirements</b>	<b>Page(s)</b>
5(a)(19)	Substantiated Investigations Involving Senior Government Employees	None
5(a)(20)	Instances of Whistleblower Retaliation	None
5(a)(21)	Attempts to Interfere with OIG Independence	18
5(a)(22)(a)	Audits/Reviews Closed and Not Disclosed to the Public	18
5(a)(22)(b)	Investigations Involving Senior Government Employees Closed and Not Disclosed to the Public	None

## Appendix F – Acronyms

Acronym	Explanation
ACS	Audit Compliance Section
ARPA	American Rescue Plan Act of 2021
CAA	Consolidated Appropriations Act, 2021
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CCMC	Communist Chinese Military Companies
CMS	Centers for Medicare and Medicaid Services
FISMA	Federal Information Security Modernization Act of 2014
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
HHS	Department of Health and Human Services
IRM	Information Resource Management
IT	Information Technology
MOU	Memorandum of Understanding
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
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PHP	Partial Hospitalization Program
PIIA	Payment Integrity Information Act of 2019
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act
SI	Sickness Insurance
SMAC	Specialty Medicare Administrative Contractor
UI	Unemployment Insurance

## **Appendix G – Legal References**

American Recovery and Reinvestment Act of 2009 – P.L. 111-5

American Rescue Plan Act of 2021 – P.L. 117-2

Consolidated Appropriations Act, 2021 – P.L. 116-260

Coronavirus Aid, Relief, and Economic Security Act – P.L. 116-136

False Claims Act – 31 U.S.C. § 3729, et. seq.

Federal Information Security Modernization Act of 2014 – P.L. 113-283

Inspector General Act of 1978, as amended – 5 U.S.C. App. 3

Inspector General Empowerment Act of 2016 – P.L. 114-317

Payment Integrity Information Act of 2019 – P.L. 116-117

Railroad Retirement Act – 45 U.S.C. § 231, et. seq.

Railroad Retirement Solvency Act of 1983 – P.L. 98-76

Railroad Unemployment Insurance Act – 45 U.S.C. § 351, et. seq.

Social Security Act – 42 U.S.C. § 301, et seq.

Worker, Homeownership, and Business Assistance Act of 2009 – P.L. 111-92

# REPORT FRAUD, WASTE, AND ABUSE



**Call: 1-800-772-4258**

**Write:** RRB, OIG Hotline Officer  
844 N. Rush Street, 4<sup>th</sup> Floor  
Chicago, Illinois 60611-1275

**Email:** [hotline@oig.rrb.gov](mailto:hotline@oig.rrb.gov)

*NOTE: The OIG cannot ensure confidentiality to persons who provide information via email. Do not send information by email that you do not want a third party to read.*