

Office of Inspector General
■
Railroad Retirement Board



Semiannual Report to the Congress
■
October 1, 2022 – March 31, 2023



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

April 28, 2023

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 October 1, 2022 through March 31, 2023. This report is submitted in accordance with Section 405 of the Inspector General Act of 1978, as amended. Section 405(c) 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

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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 2022, the RRB paid retirement-survivor benefits of approximately \$13.5 billion to about 506,000 beneficiaries and paid unemployment-sickness benefits of approximately \$90.4 million to about 23,000 claimants. The RRB also paid Coronavirus Aid, Relief, and Economic Security Act (CARES Act) benefits totaling approximately \$3.1 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 \$924 million in Medicare Part B benefits for fiscal year 2022.

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

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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 comparative financial statements for fiscal years ended September 30, 2022 and 2021 along with the related reports on internal control and compliance (mandated);
- published abbreviated audit results regarding information security at the RRB in accordance with the Federal Information Security Modernization Act of 2014 (FISMA) (mandated);
- prepared and issued the Inspector General's statement of *Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022* (mandated); and
- conducted a risk assessment, in compliance with the Government Charge Card Abuse Prevention Act of 2012, related to the RRB's purchase and travel card programs for fiscal year 2022 (mandated).

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.

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 October 1, 2022 through March 31, 2023, OI achieved:

- 9 criminal convictions;
- 6 civil judgments; and
- more than \$4.2 million in financial accomplishments.¹

Defendants, in the aggregate, were sentenced to almost 6 years of prison, 45 years of probation, and 30 hours of community service. Additional details regarding OI activities are discussed on pages 10 through 16.

¹ 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.

OCTOBER 1, 2022 – MARCH 31, 2023 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.

Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2022 (Report No. 23-01)

What OA Did

OA engaged RMA Associates, LLC (RMA) to audit the financial statements of the RRB, which included the consolidated balance sheet as of September 30, 2022, the related consolidated statements of net cost and changes in net position, and the combined statement of budgetary resources for the fiscal year then ended, and the statement of social insurance as of October 1, 2021, October 1, 2020, October 1, 2019, October 1, 2018, and October 1, 2017, the statement of changes in social insurance for the two year period ended September 30, 2021, and the related notes to the financial statements. RMA was also engaged to audit RRB's internal control over financial reporting as of September 30, 2022, based on criteria established in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.

RMA is responsible for the auditor report and the conclusions expressed therein. OA does not express opinions on RRB's financial statements, internal control over financial reporting, or conclusions on compliance and other matters.

What the Contract Auditor Did

The contract required that the audit be performed in accordance with generally accepted government auditing standards (GAGAS), the Office of Management and Budget (OMB) Bulletin No. 21-04 *Audit Requirements for Federal Financial Statements*, the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*, applicable American Institute of Certified Public Accountants professional standards, and other applicable OMB guidance.

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What the Contract Auditor Found

RMA reported:

- a disclaimer of opinion on the financial statements because RRB could not provide sufficient appropriate evidential matter to support the amounts in the financial statements due to inadequate processes, controls, and records to support transaction and account balances;
- a disclaimer of opinion on internal control over financial reporting because RRB could not provide sufficient appropriate evidential matter to support its internal control over financial reporting due to inadequate processes, controls, and records; and
- one instance of noncompliance or other matters that were required to be reported.

RMA also identified nine material weaknesses which are described in Exhibit I of the auditor's report.

What the Contract Auditor Recommends

To address the material weaknesses identified in the report, RMA made 15 recommendations. RMA did not make recommendations for two findings because they were repeated from prior OIG reports and remain open. RRB management non-concurred with all 15 recommendations. In finalizing their report, RMA evaluated RRB's responses to the findings. Based on the evaluation, RMA's findings and recommendations remain unchanged.

Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2022 - Abstract (Report No. 23-02)

What OA Did

OA engaged Kearney & Company, P.C. (Kearney) to conduct a performance audit of the information security program (ISP) at RRB for fiscal year 2022. Kearney is responsible for the audit report and the conclusions expressed therein. OA does not express any assurance on the conclusions presented in Kearney's audit report.

What the Contract Auditor Did

Kearney conducted this audit in accordance with the performance audit standards established by GAGAS. The scope of this audit, as mandated by FISMA, was information security at the RRB during fiscal year 2022. The objectives of this performance audit were to evaluate the effectiveness of the RRB's ISP and practices, including RRB's compliance with FISMA, as well as any related information security policies, procedures, standards, and guidelines.

What the Contract Auditor Found

Kearney determined that the RRB did not comply with FISMA legislation and OMB guidance and that sampled security controls selected from National Institute of Science and Technology Special Publication 800-53, Rev. 5 demonstrated ineffectiveness; thus, RRB's ISP did not provide reasonable assurance of adequate security. Kearney noted that RRB's ISP did not meet the fiscal year 2022 Core Inspector General FISMA Reporting Metrics' definition of effective because the program's overall maturity did not reach Level 4: *Managed and Measurable*. Kearney also noted various improvements across the agency that demonstrated RRB's commitment towards progress and noted that RRB has ongoing initiatives that, if fully implemented, will further mature RRB's ISP and practices.

Based on their audit work and the instructions in fiscal year 2022 Core Inspector General FISMA Reporting Metrics, Kearney concluded that the RRB's ISP was not operating effectively.

What the Contract Auditor Recommends

To address the weaknesses identified in this audit, Kearney made 11 recommendations. RRB management concurred with all of the recommendations. Implementing Kearney's recommended corrective actions will help minimize the risk of unauthorized disclosure, modification, use, and disruption of RRB's sensitive, nonpublic information, improve compliance with FISMA requirements, and assist the RRB ISP reach the next maturity level.

Kearney's review of RRB management's response noted the recognition of necessary improvements to mature RRB's ISP and defined the Chief Information Officer and Chief Information Security Officer's planned actions to address the findings and recommendations presented in the report.

Management Information Report – Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022 (Report No. 23-03)

What OA Did

OA annually identifies management and performance challenges facing the RRB and reports on them in the RRB’s Performance and Accountability Report (PAR). This statement is prepared pursuant to the Reports Consolidation Act of 2000 and the requirements of OMB Circular A-136. This Circular requires the Inspectors General to identify the most serious management challenges facing their parent agency and to briefly assess the agency’s progress in addressing those challenges.

What OA Found

OA’s identification of challenges facing RRB management is based on recent audits, reviews, investigations, follow-up activities, and issues of concern to the OIG. During fiscal year 2022, the OIG identified the following six major management and performance challenges facing the RRB. Many of these challenges have been repeatedly included in prior statements. Some have been included in one form or another for at least eight years. Because the RRB has either dismissed our concerns or has not taken sufficient actions to address them, the IG continues to highlight these repeated critical challenges.

Most Serious Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022 (as identified by the Office of Inspector General)	
Challenge 1	<i>Improve Agency Disability Program Integrity</i>
Challenge 2	<i>Improve Information Technology Security and Complete System Modernization</i>
Challenge 3	<i>Improve Management of Railroad Medicare</i>
Challenge 4	<i>Improve Payment Accuracy and Transparency</i>
Challenge 5	<i>Financial Management and Reporting Issues</i>
Challenge 6	<i>Compliance Concerns Identified</i>

RRB provided written comments, which are reprinted in Report No. 23-03. While RRB management provided comments and disagreements with some of the challenges identified, OA’s assessment of the major challenges facing the RRB remains unchanged.

Fiscal Year 2022 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012 (Special Report)

What OA Did

In compliance with the Government Charge Card Abuse Prevention Act of 2012, OA conducted a risk assessment related to the RRB's purchase and travel card programs for fiscal year 2022. RRB's purchase and travel card spending totaled approximately \$869,970 and \$232,077, respectively. RRB's spending was below the \$10 million threshold established for increased oversight and reporting.

What OA Found

Based on the results of OA's fiscal year 2022 purchase and travel card risk assessment, OA assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low.

What OA Recommends

In fiscal year 2022, the OA did not perform any performance audits related to RRB's government charge card program; therefore, no new recommendations were issued. RRB did implemented 11 out of the 12 open audit recommendations from prior RRB OIG government charge care program audits.

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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 October 1, 2022	0
Pending Management Decision for New Recommendations	0
Management Decision on Previous Recommendations	0
Recommendations Pending Management Decision on March 31, 2023	0

Corrective Actions	
Recommendations Requiring Action on October 1, 2022	465
Recommendations Issued During Reporting Period	26
Corrective Actions Completed During Reporting Period	28
Recommendations Rejected During Reporting Period	0
Final Actions Pending on March 31, 2023	463

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 463 open audit recommendations is incorporated into this report by reference and may be accessed in the library section of OIG's website.² This report is titled *Open or Unimplemented Audit Recommendations and Cost Savings as of March 31, 2023*.

² <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 law enforcement agencies such as the Office of Inspector General for the Department of Health and Human Services (HHS), the Office of Inspector General for the Social Security Administration, the Office of Inspector General for the Office of Personnel Management (OPM), and the Federal Bureau of Investigation.

Current Caseload

During this reporting period, OI opened 61 new investigative cases.³

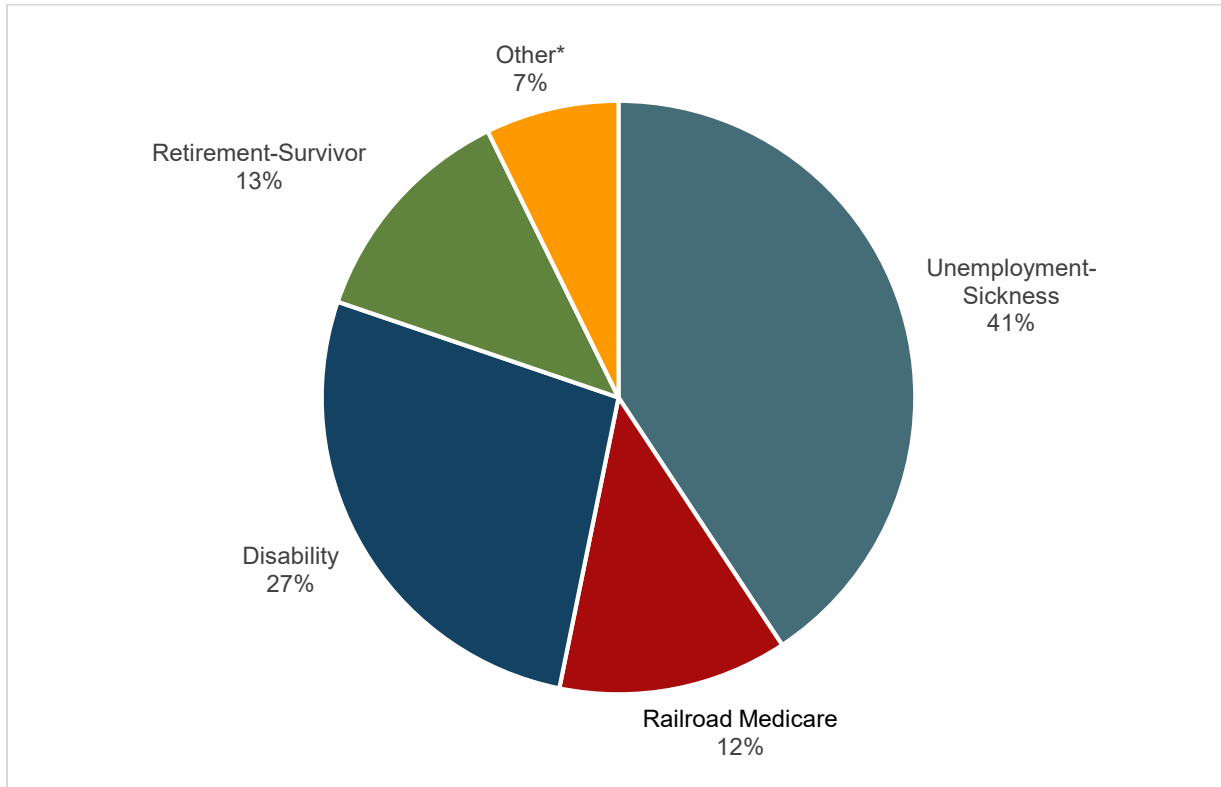
Current Caseload	
Investigative Cases Open as of October 1, 2022	319
Investigative Cases Closed During Reporting Period	36
Investigative Cases Opened During Reporting Period	61
Investigative Cases Open as of March 31, 2023	344

As of March 31, 2023, OI's investigative caseload totaled 344 matters which represents more than \$143 million in potential fraud losses.⁴ The chart on the following page reflects the distribution of OI cases open at the end of the reporting period.

³ An investigative case may include multiple subjects.

⁴ 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 employees, and others.

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Investigative Accomplishments and Statistics

Action	October 1, 2022 – March 31, 2023
Total Number of Investigative Reports Issued	26
Total Number of Persons Referred to the Department of Justice for Criminal Prosecution	12
Total Number of Persons Referred to State or Local Prosecuting Authorities for Criminal Prosecution	5
Indictments/Informations During Reporting Period (Original Prosecutive Referral Made Prior to October 1, 2022)	3
Subpoenas Issued	92
Criminal Convictions	9
Civil Judgments	6
Restitution and Fines	More Than \$2.1 Million ⁵
Civil Damages and Penalties	Almost \$2 Million ⁶
Recoveries	Almost \$150,000

Investigative statistical data was extracted from our case management system using a series of custom queries and reports.

⁵This 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.

⁶This 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 13 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 the following disability fraud conviction.

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 Middle District of Georgia which filed an indictment against the annuitant. The annuitant subsequently pleaded guilty and was sentenced to 33 months of prison, 3 years of probation, and ordered to pay almost \$200,000 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 two civil judgments for UI-SI fraud cases. Defendants in these cases received, in the aggregate, sentences totaling 3 years of probation, 30 hours of community service, and were ordered to pay almost \$150,000 in restitution, fines, and civil damages. Additionally, OI obtained two SI benefit fraud case recoveries worth almost \$35,000.

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

UI Claimant Enters into Pretrial Diversion 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 November 2019 through June 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 16 false claims and received more than \$25,000 in fraudulent UI benefits including enhanced UI CARES Act benefits.

This case was referred to the United State Attorney's Office for the Western District of Pennsylvania. The claimant agreed to pay full restitution under a pretrial diversion agreement with the United States Attorney's Office.

UI Claimant Agrees to Pay Double Damages to Settle Civil Case

OI investigated a UI claimant based upon a referral from the RRB. OI's investigation determined that during the period of September 2019 through August 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 25 false claims and received more than \$24,000 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 Ohio. 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 double damages.

SI Claimant Repays Fraudulent Benefits

OI investigated a SI claimant based upon a referral from the RRB. OI's investigation determined that during the period of November 2017 through February 2019, the claimant applied for SI benefits while working and being paid by a private employer. The claimant received more than \$26,000 in fraudulent SI benefits. He subsequently repaid the full amount.

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.

Based upon OI's investigative work, the RRB was able to recover almost \$60,000 in improper retirement-survivor benefits during this semiannual period.

Railroad Medicare Investigations

All of OI's active Railroad Medicare cases are being worked jointly with either the HHS-OIG, OPM-OIG, 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 four criminal convictions and four civil judgments in Railroad Medicare related fraud cases. Defendants in these cases received, in the aggregate, sentences totaling 3 years of prison, 39 years of probation, and were ordered to pay almost \$3.8 million in restitution, fines, and civil damages/penalties.⁷

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

Medical Lab Co-Owners Sentenced to Prison

OI initiated this investigation based upon a referral from the RRB's SMAC. The subsequent multi-agency investigation revealed a variety of fraudulent Medicare billing practices by a medical lab.

This case was referred to the United States Attorney's Office for the District of New Jersey which filed informations against the medical lab's co-owners. Both individuals pleaded guilty and were cumulatively sentenced to three years of prison, six years of probation, and more than \$1.8 million in restitution.

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 Mississippi. Agents were able to prove that the subject orthopedic health services provider submitted false Medicare claims. The

⁷ 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.

U.S. Attorney's Office entered into a \$1.8 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 1,115 contacts in the following manner: 25 percent by telephone and 75 percent by email. These hotline contacts resulted in five referrals to OI.

OTHER OVERSIGHT ACTIVITIES

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 information technology (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 (Consolidated Appropriations Act, 2021), 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

The American Rescue Plan Act of the 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.

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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*.⁸ Our oversight efforts remain in progress.

As of March 31, 2023, OI had 107 open UI-SI investigative cases involving enhanced COVID-19 pandemic related benefits.

Audits/Reviews Not Disclosed to the Public

No audits/reviews 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. However, the OIG and OIG's contracted auditors did encounter slow responsive times to some of our requests for information. This resulted in some of our contracted audits having to be modified to extend the period of performance. 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.

⁸ Railroad Retirement Board (RRB) Office of Inspector General (OIG), *The RRB Did Not Have Detailed Project Plans to Expend Information Technology Modernization Funds*, Report No. 22-10 (Chicago, IL: June 29, 2022).

Railroad Medicare

At the end of fiscal year 2022, approximately 442,615 qualified railroad retirement beneficiaries were enrolled in Medicare Part B. During fiscal year 2022 and on behalf of the RRB, the RRB's contractor, Palmetto, processed more than 7.9 million Railroad Medicare claims and approved approximately \$924 million in benefit payments to providers for Part B services. In return, CMS transferred/reimbursed RRB for total expenses of \$40.6 million in Railroad Medicare program costs. Of that amount, approximately \$27.0 million was transferred to fund the RRB's contract with Palmetto, and \$13.6 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. 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. OIG auditors continued to report 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), the RRB was responsible for SMAC contract administration, oversight, and payment integrity reporting for the Railroad Medicare program.

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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. Four years of improper payment information is unknown to the public and the Congress, including Palmetto's fiscal year 2022 performance in processing over 7.9 million claims to pay various providers \$924 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. 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).

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 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

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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 ten-year period (fiscal years 2013 through 2022), CMS paid the RRB approximately \$140 million in Railroad Medicare administrative costs plus funded an additional \$187 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.

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APPENDICES

<i>Appendix</i>	<i>Title</i>	<i>Page No.</i>
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Appendix A – Office of Inspector General Reports and Other Publicly Available Papers Issued

- *Report on the Railroad Retirement Board’s Financial Statements Fiscal Year 2022* (Report No. 23-01)
- *Performance Audit of RRB’s Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2022 - Abstract* (Report No. 23-02)
- *Management Information Report – Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022* (Report No. 23-03)
- *Fiscal Year 2022 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012 (Special Report)*

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 October 1, 2022	0	\$0	\$0
B. Which were issued from October 1, 2022 through March 31, 2023	0	\$0	\$0
Subtotal (A + B)	0	\$0	\$0
C. For which a management decision was made between October 1, 2022 through March 31, 2023	0	\$0	\$0
(i) dollar value of disallowed costs (agreed to by management)	0	\$0	\$0
(ii) dollar value of costs not disallowed (not agreed to by management)	0	\$0	\$0
D. For which no management decision had been made by March 31, 2023	0	\$0	\$0

	Audit Reports With Recommendations That Funds Be Put to Better Use	Dollar Value
A. For which no management decision had been made by October 1, 2022	0	\$0
B. Which were issued from October 1, 2022 through March 31, 2023	0	\$0
Subtotal (A + B)	0	\$0
C. For which a management decision was made between October 1, 2022 through March 31, 2023	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 March 31, 2023	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

Since fiscal year 2013, OIG has rendered a disclaimer audit opinion on the RRB's financial statements because OIG auditors, including OIG's contracted 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 2022 financial statements, the NRRIT held approximately \$23 billion of the RRB's \$31 billion (74 percent) in assets.

This material weakness encompasses the inability to communicate with the NRRIT's auditor and deficient internal controls at the agency-wide level. During the fiscal year 2022 financial statement audit, OIG's contracted auditor, identified similar concerns surrounding scope limitations, IT environment, financial reporting, and compliance with laws and regulations.

Scope Limitations

- Lack of Access to NRRIT Audit Results

The RRB is required to report NRRIT's assets in its annual financial statements, even though the Railroad Retirement and Survivors' Improvement Act of 2001 (the Act) states that the NRRIT is not a department, agency, or instrumentality of the Federal Government, and is not subject to Title 31 of the U.S. Code. Further, the Act requires that the NRRIT shall annually engage an independent qualified public accountant to audit the financial statements of the NRRIT, and shall transmit the audited financial statements, together with an Annual Management Report, to Congress, and the Executive branch. There is no other legal basis or requirement for NRRIT to provide financial information to another party outside of that which is specified in the Act.

The audit scope over the fiscal year 2022 RRB's financial statements was materially limited because the procedures under the American Institute of Certified Public Accountants (AICPA) AU-C Section 600, Part B Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors), which requires the establishment of ongoing communication between group management responsible for conducting the audit and other auditors (component auditors) who perform work on the financial information that will be used as audit evidence for the group audit, could not be performed by OIG auditors or OIG contracted auditors.

RRB management continued to not concur with this finding or take corrective action. According to RRB management, the RRB has no authority to compel the NRRIT auditors to provide their work to RRB. Management further cites Statement of Federal Financial Accounting Standards 47, Reporting Entity, reasoning that NRRIT is an independent, non-government entity that must be included in RRB's financial statements. That position supports NRRIT auditors providing minimal information to the RRB and the RRB's financial statement auditors. Yet, the RRB does not appear to pursue legislative change that would ensure compliance with AICPA requirements and provide transparency of almost 74 percent of the assets reported on RRB's balance sheet. The significance of NRRIT on the RRB's balance sheet should serve as a basis for RRB resolving this issue rather than just vocalizing constraints to the RRB's financial statement auditors. OIG will continue to cite this issue and the need for corrective action.

- Timeliness of Evidential Matter

RRB was not able to provide the required and necessary evidential matter in a timely manner during the audit engagement. Documentation delays included the RRB's:

- PAR,
- Federal Managements' Financial Integrity Act Statement of Assurance,
- financial statements,
- trial balance, and
- benefits due and payable.

Initially, RRB did not have a process or mechanism in place to properly communicate with the appropriate person or group of persons that could respond timely to auditor requests. In numerous instances, RRB requested due dates to be extended or did not provide the requested evidential matter timely, causing further delays.

RRB's inability to provide sufficient and appropriate audit evidence timely resulted in a disclaimer of opinion on RRB's financial statements. The RRB did not concur with this finding or the auditor's recommendations for corrective action, stating that they substantially met all of the auditor's due dates. However, the RRB was late responding to a significant number of auditor requests also known as provided by auditee (PBAs) during the audit. A total of 62 PBAs were marked as overdue over the course of the audit.

- Statement of Assurance Reporting

As part of RRB's agency-wide internal controls reporting, RRB provided auditors with a draft version of management's assurances for fiscal year 2022. Within the draft, RRB reported a modified statement of assurance with one material weakness related to the net asset value of NRRIT reported on RRB's consolidated balance sheet. RRB was unable to adequately support the modified statement of assurance due to the

concentration of assets reported under NRRIT. RRB's total asset balance as of September 30, 2022, was \$31 billion and NRRIT made up \$23 billion of that balance.

Per the 2002 MOU between RRB, NRRIT, the U.S. Department of the Treasury, and OMB, the NRRIT internal control environment is beyond RRB's authority. Thus, RRB is not able to assess that the internal control environment was designed, implemented, and operating effectively, for almost 74 percent of the assets reported in the balance sheet.

RRB management did not concur with the finding or the auditor's recommendation for corrective action, stating its inability to obtain NRRIT's evidential matter to support NRRIT financial information that is reported within RRB's financial statements. As noted in the remaining material weaknesses, there are additional control deficiencies that are significant enough for management to provide no assurance in its Federal Managements' Financial Integrity Act statement at this time.

Information Technology Environment

- Ineffective Information Technology Controls Over Financial Reporting

RRB relies extensively on IT systems to initiate, authorize, record, process, summarize, and report financial transactions in the preparation of its financial statements. Internal controls over these financial reporting systems are essential to ensure the integrity, confidentiality, and reliability of critical data while reducing the risk of errors, fraud, and other illegal acts. RRB's IT controls were not effective. IT policies and documentation were formalized but not consistently implemented in the following areas:

- security management,
- access controls,
- configuration management,
- segregation of duties, and
- contingency planning.

As a result, it was determined that RRB has not implemented the necessary IT internal controls over its financial reporting systems to mitigate the risk of material misstatement. Without effective IT controls over financial reporting, financial systems cannot be relied on, and RRB's financial statements may be materially misstated. RRB management did not concur with the finding, stating the auditors relied on the FISMA audit work as support for this finding.

Financial Reporting

- Preparing and Reviewing Financial Reports

RRB management did not establish and maintain internal controls to achieve, among other objectives, reliable financial reporting. RRB's process for compiling its PAR, as well as preparing and reviewing its financial statements lacked sufficient controls. RRB's performance measure financial data, financial statements, and accompanying notes had:

1. prior year balances that did not agree with the reported prior year financial statements,
2. balances that did not agree with provided evidential matter,
3. note disclosures that were missing, incomplete, inaccurate, and/or misleading,
4. mathematical errors, and
5. formatting consistencies and/or errors.

RRB management did not concur with the finding or the auditor's recommendations for corrective action, stating that the financial statements were still subject to review and revision up through November 15, 2022. RMA obtained the draft PAR and noted 125 instances of non-compliances with OMB A-136, incomplete or missing note disclosures, mathematical errors, etc.

It is of significant concern that the RRB maintains the opinion that they have up until November 15th of each year to review and revise their PAR, even though the RRB's PAR must include *audited* [emphasis added] financial statements. This opinion completely disregards the requirement for audited financial statements and puts an undue hardship on any audit agency or independent public accounting firm engaged to conduct an audit of the RRB's financial statements.

It should be noted that the submission due date for the PAR has not changed since fiscal year 2004. Additionally, unaudited interim financial statements are requested to be submitted on or before August 15th of each year. Therefore, it is reasonable to deduce that the RRB should have provided audited financial statements in its complete draft PAR to OMB's Office of Federal Financial Management and the appropriate OMB Resource Management Office no later than 10 business days before the final PAR.

- Lack of Corrective Action Plans

RRB did not have a process in place to maintain detailed corrective action plans. More specifically, RRB did not have corrective action plans related to its fiscal year 2021 financial statement audit material weaknesses and noncompliance findings.

RRB management did not concur with the finding or the auditor's recommendations for corrective action, stating that they have a process for preparing corrective action plans

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related to the internal control program. However, when asked in meetings, RRB management had stated on several occasions that they did not maintain corrective action plans for any findings related to the financial statement audit.

- Open Obligations Not Timely Reviewed

The required due date for RRB's Open Obligations Review for Current and Prior Fiscal Years did not allow sufficient time for management to review, approve, and process any potential adjustments to the obligations. The due date for RRB's review is (1) after the due date that OMB requires the complete draft PARs to be submitted; and (2) the last day of the Governmentwide Treasury Accounting Symbol (GTAS) Period 12 revision window. More specifically, as part of the auditor's testing of open obligation balances, auditors received the memorandum with subject, "Open Obligations Review for Current and Prior Fiscal Years," dated October 5, 2022, and noted that the due date for responses was November 4, 2022. The inability of RRB to review open obligation balances in a timely manner may result in material transactions being recorded after financial reporting deadlines have passed.

RRB management did not concur with the finding or the auditor's recommendations for corrective action, stating that the third quarter review of open obligation is sufficient for adjusting the year-end balances. As reported above, management's due dates do not allow sufficient time for analysis over fourth quarter obligations.

- Unsupported Journal Entries

RRB did not have adequate processes in place to ensure its journal entries are properly supported. For example, RRB did not provide sufficient supporting documentation for eliminating entries posted in the third quarter of fiscal year 2022. There were approximately 60 eliminating entries totaling approximately \$2 billion.

Additionally, RRB failed to support journal vouchers because it does not maintain the budget fiscal year identity of its disbursements and budget authority. More specifically, RRB was not able to support a total of \$654 million in journal vouchers relating to disbursements and budget authority and may not be able to adequately support an additional \$30 million. These conditions were identified because RRB did not perform adequate analysis of transactions that are reclassified due to GTAS edit checks.

RRB management did not concur with the finding or the auditor's recommendations for corrective action, stating that the information requested was not clear and that no additional information or discussion on the topic of eliminating entries was requested. A meeting with RRB management was held on October 7, 2022, to try to gain a better understanding of what supporting documentation might be available since the eliminating entries are not posted within RRB's general ledger system. In that meeting, RRB management directed auditors to the agency's standard operating procedures for how eliminating entries should be calculated but could not provide supporting documentation

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for the individual transactions being tested. For the \$654 million journal vouchers, the only support provided or contained within RRB's general ledger system was the GTAS edit check showing that the trial balance had a fatal flaw prior to adjustment. There was no analysis documented to identify the root cause of why such entries were required.

- Financial Statement Analysis

RRB's current process related to its financial statement fluctuation analysis does not provide detailed level information to adequately explain why or how the differences occurred. RRB's inability to appropriately explain the cause of a fluctuation in its financial statements may lead to unreasonable balances and may indicate the existence of a risk of material misstatement due to control, fraud, or inherent risk. More specifically, RRB's financial statement fluctuation analysis did not:

1. document financial account balance fluctuation expectations based on its operating environment and compare those expectations to the identified significant balance fluctuations for reasonableness; and
2. specify the transactions, changes in operations, and trends that would provide insight into the root cause of the balance fluctuations.

RRB management did not concur with the finding or the auditor's recommendations for corrective action, stating that responses were provided to both auditors and OMB. The explanations provided to the auditors and OMB did not always address the underlying event that caused the fluctuations but summarized the activity by Treasury Fund Symbol or in broad statements.

Compliance with Laws and Regulations

- Controls Over Railroad Service and Compensation

The RRB Audit and Compliance Section (ACS) did not completed any Class 1 railroad audits during fiscal year 2022. ACS conducts audits of railroad employers to determine whether creditable compensation and financial reporting requirements of the RRA and RUIA are being met. ACS determines whether compensation has been accurately reported to the RRB and they reconcile creditable compensation reported for RRA purposes with taxable compensation reported to the Internal Revenue Service for Railroad Retirement Tax Act purposes.

The Division of Audit and Compliance Board Approval memorandum, April 30, 1993, Functional Statement, states that the Division of Audit and Compliance is responsible for conducting external audits of railroad employers to determine and ensure compliance with the financial reporting requirements of the RRA and RUIA; determines whether employers are properly reporting creditable compensation and all reports are filed in an accurate and timely manner; and reviews the activities of employers/employees to

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gather, verify, and analyze relevant information to enable the Board to make coverage determinations under the RRA and RUIA.

According to the RRB, ACS does not have enough staff to complete its audits of the railroad employers. The Audit Affairs and Compliance Division submitted a proposal to hire more staff.

Failure to monitor employer compensation effectively through railroad audits may lead to the inaccurate reporting of creditable service and taxable compensation. RRB management did not concur with the finding, stating that they have begun to hire more staff but have used them to comply with the requirements of OMB Circular A-123. In addition, RRB management states that they have mitigating controls in place to identify potential discrepancies. Auditors agreed with these statements; however, the condition still exists that no audits of Class 1 railroads have been completed and auditors consider the recommendation, which management concurred with when originally written, still open.

Financial Controls and Reporting Issue Area	Date of Report	Audit Report and Recommendations
Communication with the NRRIT's Auditor / Lack of Access to NRRIT Audit Results	March 31, 2015 through November 15, 2022	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, 11, 13, 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 November 15, 2022	OIG Report 19-03, 9, 12, 18, 20, 21, 24-27, 29-31 OIG Report 20-04, 3, 4, 7, 10-19 OIG Report 21-03, 2, 5, 7-10 OIG Report 22-04, 1-3, 5-10 OIG Report 23-01, 6
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
Timeliness of Evidential Matter	November 15, 2022	OIG Report 23-01, 1-4

Financial Controls and Reporting Issue Area	Date of Report	Audit Report and Recommendations
Statement of Assurance Reporting	November 15, 2022	OIG Report 23-01, 5
Preparing and Reviewing Financial Reports	November 15, 2022	OIG Report 23-01, 7-9
Lack of Corrective Action Plans	November 15, 2022	OIG Report 23-01, 10
Open Obligations Not Timely Reviewed	November 15, 2022	OIG Report 23-01, 11
Unsupported Journal Entries	November 15, 2022	OIG Report 23-01, 12, 13
Financial Statement Analysis	November 15, 2022	OIG Report 23-01, 14, 15

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 2022 and is discussed on pages 5 and 6 of this report.

Information Technology Issue Area	Date of Report	Audit Report and Recommendations
Information Security	January 4, 2022	OIG Report 22-04, 1-3, 5-10
	June 29, 2022	OIG Report 22-10, 1
	January 18, 2023	OIG Report 23-02, 1-11

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 page 7 of this report and OIG Management Information Report No. 23-03, *Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022*.⁹

⁹ RRB OIG, *Management Information Report – Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2022*, Report No. 23-03 (Chicago, IL: February 23, 2023).

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)
405(b)(1), (2)	Significant Problems, Abuses, and Deficiencies and Recommendations	4 – 7 25 – 33
405(b)(3)	Previously Identified Significant Recommendations – Corrective Actions Not Completed	25 – 33
405(b)(4)	Matters Referred to Prosecutive Authorities and the Resulting Prosecutions/Convictions	12
405(b)(5)	Summary of Refusals by the RRB to Provide the OIG with Requested Information	—
405(b)(6)	Open or Unimplemented Audit Recommendations and the Associated Cost Savings	9
405(b)(7)	Summary of Each Significant Report	4 – 8
405(b)(8)	Statistical Table on Management Decisions on Questioned Costs	23
405(b)(9)	Statistical Table on Management Decisions on Recommendations That Funds Be Put to Better Use	24
405(b)(10)	Prior Audit Reports with No Management Decision Made, No Establishment Comments, and Outstanding Unimplemented Recommendations	—
405(b)(11)	Description and Explanation for Any Significant Revised Management Decision	—
405(b)(12)	Information on Any Significant Management Decision with Which the Inspector General Disagrees	18 – 20 25 – 33
405(b)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	—
405(b)(14)	Peer Reviews	34
405(b)(15), (16)	Peer Reviews - Outstanding Recommendations	34
405(b)(17), (18)	Investigative Statistical Tables	12
405(b)(19)	Substantiated Investigations Involving Senior Government Employees	13
405(b)(20)	Instances of Whistleblower Retaliation	13
405(b)(21)	Attempts to Interfere with OIG Independence	17
405(b)(22)(A)	Audits Closed and Not Disclosed to the Public	17
405(b)(22)(B)	Investigations Involving Senior Government Employees Closed and Not Disclosed to the Public	—

Act Section	Inspector General Reporting Requirements	Page(s)
405(c)(1)	Comments by the Head of the Establishment	Required of RRB
405(c)(2), (3)	Management Statistical Tables	Required of RRB
405(c)(4)	Whistleblowers Settlement Agreements	Required of RRB
405(c)(5)	Agency Statement on Decided Unimplemented Recommendations	Required of RRB

Appendix F – Acronyms

Acronym	Explanation
ACS	Audit Compliance Section
AICPA	American Institute of Certified Public Accountants
ARPA	American Rescue Plan Act of 2021
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CMS	Centers for Medicare and Medicaid Services
FISMA	Federal Information Security Modernization Act of 2014
GAGAS	Generally Accepted Government Auditing Standards
GTAS	Governmentwide Treasury Accounting Symbol
HHS	Department of Health and Human Services
ISP	Information Security Program
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
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
PBA	Provided by Auditee
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 Financial Management Improvement Act of 1996 – P.L. 104-208

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

Government Charge Card Abuse Prevention Act of 2012 – P.L. 112-194

Inspector General Act of 1978, as amended – 5 U.S.C. § 401, et. seq.

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

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

Railroad Retirement and Survivors' Improvement Act of 2001 – P.L. 107-90

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

Railroad Retirement Tax Act – P.L. 88-133

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

Reports Consolidation Act of 2000 – P.L. 106-531

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, 4th Floor
Chicago, Illinois 60611-1275

Email: hotline@oig.rrb.gov

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