



**Office of Inspector General
U.S. Railroad Retirement Board
Semiannual Report
October 1, 2024 - March 31, 2025**





Table of Contents

Summary of Accomplishments.....	4-5
Agency Overview	6-7
OIG Overview.....	8-9
Representative Audits.....	10-17
Representative Investigations.....	18-21
Legislation & Regulations.....	22-23
Appendices.....	24-38
Appendix 1 - Index of Inspector General Act Reporting Requirements.....	25-26
Appendix 2 - Audits, Reports, and Other Publicly Available Papers Issued.....	27
Appendix 3 - Audits - Summary of Questioned Costs.....	28
Appendix 4 - Audits - Funds Put to Better Use.....	29
Appendix 5 - Significant Matters.....	30-31
Appendix 6 - Significant Recommendations.....	32-33
Appendix 7 - Investigative Referrals and Prosecutive Results.....	34
Appendix 8 - Investigative Statistics.....	35
Appendix 9 - Review of Contracts.....	36
Appendix 10 - Peer Reviews.....	37
Appendix 11 - RRB CARES Act Benefits	38
Abbreviations, Acronyms, Legal References and Fraud Hotline.....	40-44

Summary of Accomplishments

We are pleased to submit this Semiannual Report to the Congress. This report provides a descriptive summary of the Railroad Retirement Board (RRB) Office of Inspector General (OIG) achievements during the period of October 1, 2024 through March 31, 2025.

This semiannual report covers the period of October 1, 2024 through March 31, 2025. Below are highlights of our work during this semiannual period.

Over the course of this reporting period, the Office of Audit (OA) conducted three audits, issued one report, performed one risk assessment, and conducted one peer review. The first audit report, "Report on the Railroad Retirement Board's Financial Statements - Fiscal Year 2024" (Report No. 25-01), resulted from an audit of the consolidated financial statements of the RRB. Disclaimers of opinion on the consolidated financial statements and on internal control over financial reporting were presented, due to insufficient appropriate evidential matter for complete and accurate consolidated financial statements, and insufficient appropriate evidential matter to support internal control over financial reporting due to inadequate processes, controls, and records. RRB expressed commitment to continue collaborating with the independent public accounting firm and the Office of Inspector General to maintain open communications while striving to resolve audit recommendations, improve internal controls, and improve financial reporting. RRB management agreed with all of the auditor's recommendations for corrective action.

The mandated report, "Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2024" (Report No. 25-02), fulfilled the requirement of the Inspector General to state what are considered the most serious management and performance challenges facing the agency, and assess the agency's progress in addressing those challenges. The six major challenges included: 1) Improvement of Agency Disability Program Integrity; 2) Improvement of Information Technology Security; 3) Completion of Information Technology Systems Modernization; 4) Improvement of Transparency and Management of Railroad Medicare; 5) Ensurance of Reliable Financial Statements and Internal Controls over Financial Reporting; and 6) Improvement of Human Capital Management. RRB management agreed with most of the concerns and remedial actions.

The second audit report, "Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024" (Report No. 25-03), determined that although the RRB continued to improve its information security program (ISP), the majority of cybersecurity framework functions were rated below Managed and Measurable. Eighteen recommendations for improvement were provided; RRB management concurred with all recommendations.

The third audit report, "Audit of the Railroad Retirement Board's Interagency Agreement" (Report No. 25-04), determined that a complete and effective set of procedures appropriate for management of Interagency Agreements was not established. Lack of complete documentation of Interagency Agreements was also noted. Nine recommendations for improvement were provided; RRB management concurred with all recommendations.

OA conducted a risk assessment of the RRB's purchase and travel card programs for fiscal year 2024, that included a review of the implementation status of existing audit recommendations related to those programs. Based on the assessment results, the OA assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low. The OA also conducted a peer review of the audit component of the Pension Benefit Guaranty Corporation (PBGC) OIG. On March 18, 2025, the PBGC OIG received a peer review rating of pass. The OA did not issue any recommendations in the system review report.

The Office of Investigations (OI) received restitution, damages, and fines for ten criminal convictions and four civil judgments, totaling over \$6.6 million. These investigations were primarily focused on unemployment benefits, sickness benefits and Railroad Medicare provider fraud; joint investigations for Medicare fraud with other agencies were included in this total.

The OIG is committed to providing independent oversight in its mission to promote economy, efficiency, and effectiveness in RRB operations and to prevent and detect fraud, waste and abuse. Collaborative efforts while ensuring OIG independence remain part of our goal to fulfill our mission. We appreciate the support from the RRB Board Members and executive management.





AGENCY OVERVIEW

RRB OIG SEMIANNUAL REPORT



AGENCY OVERVIEW

RAILROAD RETIREMENT BOARD

The Railroad Retirement Board is an independent agency in the executive branch of the Federal Government. The RRB administers comprehensive disability, retirement, survivor, unemployment, and 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.



The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. Legislation enacted in 1934, 1935, and 1937 established a railroad retirement system separate from the social security program legislated in 1935.

A three-member Board, appointed by the President of the United States with the advice and consent of the U.S. Senate, directs the work of the agency. The terms of the Board Members span five years, and Members may continue to serve beyond their term, until their successor is appointed.

The Labor Member is appointed from recommendations of representatives of railroad employees, and represents the interests of railroad employees. The Management Member is appointed from recommendations of railroad employers, and represents the interests of the railroad employers. 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.

The RRB possesses a unique history. Congress created the RRB to assist in recovering from the Great Depression, beginning in 1929. Although the railroad industry was among the first to create and maintain pensions for their retired employees, the Depression left railroad companies unable to continue regular pension payments. A federal pension program specifically for railroad workers was conceived and enacted by Congress, who added unemployment benefits in 1938, and sickness benefits in 1946.

Today, the RRB serves U.S. railroad workers and their families, administering retirement, sickness, unemployment, disability, and survivor benefits. In fiscal year 2024, the RRB paid benefits of approximately \$14.6 billion to about 500,000 beneficiaries.

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 processed over 7.4 million Railroad Medicare claims and paid approximately \$924 million in Railroad Medicare Part B benefits for fiscal year 2024.

Sources of funding for the RRB include railroad employer and railroad employee payroll taxes; reimbursement through the financial interchange from the Social Security Administration, for payment of Social Security benefits which are a component of railroad retirement benefits; and reimbursement from CMS for administering Railroad Medicare.

As of March 31, 2025, the RRB, headquartered in Chicago, Illinois, has 53 field offices serving claimants and annuitants across the United States.

OFFICE OF INSPECTOR GENERAL RAILROAD RETIREMENT BOARD

A BRIEF HISTORY

The Inspector General Act of 1978 established Offices of Inspector General to promote economy, efficiency, and effectiveness; and to prevent, detect, and prosecute fraud, waste, and abuse in a variety of government programs and operations.

In January 1986, the first Inspector General was appointed at the Railroad Retirement Board. 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.

The OIG's strategic goals are to (1) add value to the RRB's programs and operations; (2) protect the integrity of the RRB's programs, operations, and trust funds; and (3) ensure quality and excellence in the OIG's work and products. The OIG values focus on objectivity, independence, respect, and excellence.

THE OFFICE OF AUDIT (OA)

Audit areas of focus include compliance with law and regulations, adequacy of policy and procedure, effectiveness of agency operations, accuracy of benefit payments, financial accountability, and cybersecurity. OA places emphasis on long-term systemic problems and solutions, and addresses major issues that affect the RRB's service to railroad annuitants and their families.





OA has identified seven broad areas of potential audit coverage:

- Financial Accountability;
- Railroad Retirement Act and Railroad Unemployment Insurance Act Benefit Program Operations;
- Information Technology;
- Railroad Medicare Program Operations;
- Disability Program Integrity;
- Compliance Audits; and
- Effectiveness and Efficiency of Agency Operations.

Audits are conducted pursuant to generally accepted government auditing standards.

THE OFFICE OF INVESTIGATIONS (OI)

Fraud remains a high-level concern, especially in the post-Covid era. In order to maximize effectiveness, OI coordinates its investigative activities with other Offices of Inspector General, and other law enforcement entities, including the Federal Bureau of Investigation.

With the assistance and cooperation of these Federal entities, OI has increased the number of investigations and presentations of cases to U.S. Attorneys.

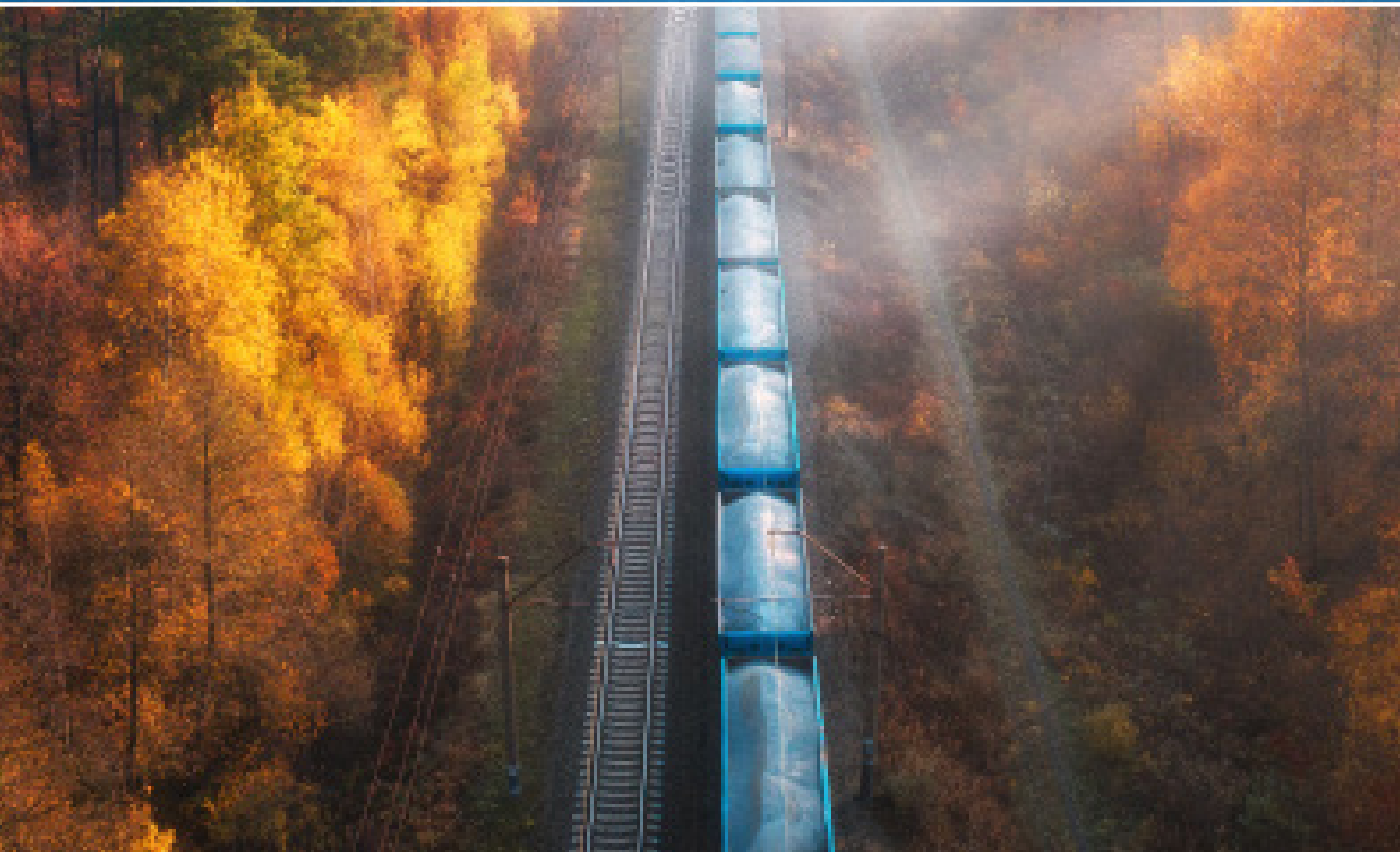
THE SEMIANNUAL REPORT TO THE CONGRESS

The Inspector General must submit semiannual reports to the Chairman of the Railroad Retirement Board, who is required to transmit the document, along with a report to include comments and statistical tables, to the appropriate committees of the U.S. Congress. The Inspector General Act of 1978, as amended, specifies required information to include in semiannual reports.



REPRESENTATIVE AUDITS

RRB OIG SEMIANNUAL REPORT



Summary of

REPRESENTATIVE AUDITS

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.



The Office of Audit (OA) conducts financial, performance, and compliance audits of the RRB's programs and operations. In addition to focusing on mandated audit requirements, OA's audit planning process considers programmatic risk, and resource availability. Below are the summaries of audits and mandated reporting performed this reporting period.

Report on the Railroad Retirement Board's Financial Statements - Fiscal Year 2024 (Report No. 25-01)

What RRB OIG Did

The RRB OIG contracted with an independent public accounting firm (IPA) to audit the financial statements of the RRB, which included the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the fiscal years then ended, statements of social insurance as of October 1, 2023, October 1, 2022, October 1, 2021, October 1, 2020, and October 1, 2019, statement of changes in social insurance for the two year period ended September 30, 2023, and related notes to the consolidated financial statements (collectively referred to herein as the consolidated financial statements). The RRB OIG also contracted with the IPA to audit RRB's internal control over financial reporting as of September 30, 2024, based on criteria established in the Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States.

What the Independent Public Accounting Firm Did

The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards (GAGAS), the Office of Management and Budget audit requirements, the U.S. Government Accountability Office (GAO) and the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Financial Audit Manual, applicable American Institute of Certified Public Accountants professional standards, and other applicable OMB guidance.

What the Independent Public Accounting Firm Found

In its audit of the RRB, the IPA reported:

- a disclaimer of opinion on the consolidated financial statements because the RRB could not provide sufficient appropriate evidential matter for complete and accurate consolidated financial statements;
- a disclaimer of opinion on internal control over financial reporting because the RRB could not provide sufficient appropriate evidential matter to support its internal control over financial reporting due to inadequate processes, controls, and records; and

- two instances of significant deficiencies and one instance of noncompliance or other matters that were required to be reported.

What the Independent Public Accounting Firm Recommended

The IPA also identified material weaknesses which are described in Exhibit I of the auditor's report. To address the material weaknesses identified in the report, the IPA made three new recommendations. In addition, the IPA identified instances of significant deficiencies and noncompliance with laws and regulations which are described in Exhibit II and Exhibit III of the auditor's report. To address two instances of significant deficiencies identified in the report, the IPA made one new recommendation. To address one instance of noncompliance or other matters identified in the report, the IPA did not make any new recommendations as the finding was part of a prior recommendation. In response to the IPA's findings and recommendations, RRB did express concurrence with all four new recommendations. RRB provided a response to the entirety of the auditor's report agreeing with the disclaimers of opinions and categorization of all findings and recommendations. RRB expressed their commitment to continue collaborating with the IPA and the Office of Inspector General to maintain open communication as they strive to resolve audit recommendations, improve internal controls, and improve financial reporting.

As required by GAGAS, the IPA evaluated RRB's response. Based on the evaluation, the IPA's findings and recommendations remain unchanged and the IPA noted that the RRB concurred with the recommendations.

Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2024 (Report No. 25-02)

The Reports Consolidation Act of 2000 and Office of Management and Budget Circular A-136 require the Inspectors General to make a statement on what they consider to be the most serious management and performance challenges facing the agency and assess the agency's progress in addressing those challenges. As required, the Inspector General's statement was included in the RRB's fiscal year 2024 Performance and Accountability Report.

The RRB OIG presented the following six major management and performance challenges facing the RRB:

1. Improve Agency Disability Program Integrity
2. Improve Information Technology Security
3. Complete Information Technology Systems Modernization
4. Improve Transparency and Management of Railroad Medicare
5. Ensure Reliable Financial Statements and Internal Controls over Financial Reporting
6. Improve Human Capital Management

RRB provided written comments, which are reprinted in Report 25-02. RRB management agreed with most of our concerns and the actions needed to address the challenges.

Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024 (Report No. 25-03)

What the Independent Public Accounting Firm Found

For fiscal year 2024, an independent public accounting firm (IPA) determined that the Railroad Retirement Board (RRB) has generally sustained their maturity levels for the Core Federal Information Security Modernization Act of 2014 (FISMA) Inspector

General (IG) metrics reviewed in this audit. Although the RRB continued to improve its information security program (ISP), the majority of cybersecurity framework functions were rated below Managed and Measurable (Level 4), which is how the Office of Management and Budget (OMB), the Department of Homeland Security (DHS), and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) define an effective ISP. As a result, the IPA concluded the RRB's ISP was not effective.

Due to the sensitivity of this report the causes for the majority of RRB's cybersecurity framework functions rated below Managed and Measurable (Level 4) are limited to disclosure in the full audit report.

What the Independent Public Accounting Firm Recommended

To address the issues identified in this audit, the IPA made 18 recommendations. RRB management concurred with all 18 recommendations. Implementing the IPA's recommended corrective actions will help minimize the risk of unauthorized access, disclosure, and use of RRB's sensitive non-public information, improve compliance with FISMA requirements, and assist the RRB's ISP to reach the next maturity level.

RRB management's response noted the recognition of necessary improvements to mature the 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.

What RRB OIG Did

The RRB OIG engaged the IPA to conduct a performance audit of the RRB's ISP for fiscal year 2024. This audit was conducted in accordance with generally accepted government auditing standards and was

mandated by FISMA. The IPA is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the conclusions presented in the IPA's audit report.

The scope of the audit was the RRB's ISP for fiscal year 2024. The IPA evaluated all five major information systems of the RRB. The audit team performed this audit from October 1, 2023 through August 26, 2024.

The objectives of this performance audit were to evaluate the effectiveness of the RRB's ISP and its policies, procedures, practices, standards, and guidelines including RRB's compliance with FISMA. The IPA also prepared responses to the annual IG FISMA reporting metrics, which the RRB OIG submitted via DHS's CyberScope application.

Audit of the Railroad Retirement Board's Interagency Agreements (Report No. 25-04)

What the Independent Public Accounting Firm Found

To fulfill its mission, the RRB enters into Interagency Agreements (IAA) with other federal agencies who provide goods or services to the RRB. Less common are IAAs where the RRB provides services to another federal agency. An IAA must be supported by statutory authority, and reviewed and approved by those with delegated authority.

The RRB OIG contracted with an IPA, which determined that RRB management did not establish a complete and effective set of procedures to ensure that: 1) a process was in place for resolving issues that might arise under the IAAs, and 2) IAAs were properly executed, monitored, and managed in compliance with applicable laws, regulations, and RRB policies. Also, the RRB did not maintain a catalog of buy/sell agreements, nor maintain consistent and complete documentation of IAAs.

As a result, in fiscal year 2022, approximately \$25 million in federal services was inconsistently managed and monitored. Of 96 agreements reviewed, 81 agreements lacked sufficient documentation to confirm that services valued at approximately \$19 million were received and billed properly.

What the Independent Public Accounting Firm Recommended

To address the weaknesses identified during this audit, the IPA made nine recommendations concerning the lack of complete guidance incorporating the updated IAA requirements, the lack of a catalog of buy/sell agreements, outdated invoicing practices, the lack of sufficient documentation for the agreements, and its requirement to identify key internal controls.

RRB management concurred with all nine recommendations.

What RRB OIG Did

The RRB OIG engaged the IPA to conduct an audit of the RRB's interagency agreements. At the time of this audit, the value of the RRB's catalog of buy/sell agreements was approximately \$109 million.

What the Independent Public Accounting Firm Did

The IPA conducted this performance audit in accordance with generally accepted government auditing standards. The IPA is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the IPA's conclusions.

The overall audit objectives were to determine if the RRB properly executed, monitored, and managed its IAAs in compliance with applicable laws, regulations, and RRB policies; established procedures for the resolution of issues; used IAAs properly; and whether an Antideficiency Act violation occurred.

The scope of the audit was to evaluate the RRB's interagency agreements active in fiscal years 2017 through 2022.

Government Charge Card Abuse Prevention Act of 2012 - Fiscal Year 2024 Risk Assessment

The Government Charge Card Abuse Prevention Act of 2012 (Act) mandates responsibilities for the Inspector General of each executive agency. The IG at each agency is required to conduct periodic risk assessments of agency purchase card or convenience check transactions. They are also required to conduct periodic audits or reviews of travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. In addition, they are to develop a plan to determine the scope, frequency, and number of IG audits that are to be performed.

The Act further mandates that the IG perform analysis or audits, as necessary, of purchase card transactions designed to identify: potentially illegal, improper, or erroneous uses of purchase cards; any patterns of such uses; and categories of purchases that could be made by means other than purchase cards in order to better aggregate purchases and obtain lower prices.

The Act also mandates that the IG report agency progress in implementing audit recommendations to the Director of the Office of Management and Budget.

What RRB OIG Did

The RRB OIG conducted a risk assessment of the RRB's purchase and travel card programs for fiscal year 2024 that included a review of the implementation status of existing audit recommendations related to those programs. The RRB's purchase and travel card spending totaled approximately \$676,066 and \$348,940, respectively. The RRB's spending was below the \$10 million threshold established for increased oversight and reporting.

What RRB OIG Found

Based on the results of the fiscal year 2024 purchase and travel card risk assessment, the RRB OIG assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low.

Summary

Over the course of this reporting period, the Office of Audit (OA) conducted three audits, issued one report, performed one risk assessment, and conducted one peer review.

Management Decisions and Final Actions

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.

The Inspector General Act requires a description and explanation of the reasons for any significant revised management decisions made during the reporting period. During the previous semiannual reporting period, the RRB OIG reported 283 recommendations pending final action on September 30, 2024. Since then, the OIG and RRB worked together to obtain revised final action determinations from the current (1) Board, (2) applicable RRB Senior Executive Service Member, or (3) RRB’s Executive Committee on those recommendations. As a result, as of March 2025, the RRB made revised final action determinations on 19 previous recommendations. The characteristics of the significant revised management decisions and final action determinations are provided in the table titled "Significant Revised Management Decisions".

"Management Decision" is defined by the IG Act as the evaluation by the management of an establishment of the findings and

recommendations included in an audit report, and the issuance of a final decision by management concerning its response to the findings and recommendations, including actions concluded as necessary.

"Final Action" is defined by the IG Act as the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report; and in the event that the management of an establishment concludes no action is necessary, final action occurs when a management decision has been made.

Due to the significant number and timing of the revised management decisions, the RRB OIG marked the applicable audit reports and recommendations to be subjected to audit retesting or as part of a follow-up audit conducted under performance audit standards. The extent of the follow-up audit work will be based on risk and resources. At this time, the RRB OIG cannot provide information concerning any significant revised management decision with which the Office of Inspector General is in disagreement.

The Inspector General Act requires additional details pertaining to outstanding unimplemented recommendations and reports for which no management decision has been

MANAGEMENT DECISIONS	
Requiring Management Decision on October 1, 2024	25
Pending Management Decision for New Recommendations	0
Closed Previous Recommendations without Implementation	19
Recommendations Requiring Management Decision on March 31, 2025	2

made by the end of the semiannual reporting period, including the aggregate potential cost savings of those recommendations. The additional details are incorporated into this report by reference and may be accessed in the library section of OIG's website. This report is titled "Unimplemented Audit Recommendations and Potential Cost Savings as of March 31, 2025". <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral>

As indicated in this report, the RRB has made progress with respect to open audit recommendations during this reporting period. The OIG continues to meet and engage RRB staff at all levels to coordinate addressing open recommendations, and encourages the RRB to continue to place additional emphasis on addressing open recommendations.



SIGNIFICANT REVISED MANAGEMENT DECISIONS	
Closed without Implementation - Recommendations are No Longer Viable	1
Closed without Implementation - Criteria Used is No Longer in Effect	7
Closed without Implementation - Evaluation by the Board, the RRB Executive Committee, or the Applicable SES Resulted in a Decision that No Action is Necessary	10
Corrective Action Documentation was Submitted to OIG for Review or Needs to be Submitted	1
Total Significant Revised Management Decisions	19

FINAL ACTIONS	
Recommendations Requiring Final Action on October 1, 2024	283
Recommendations Issued During Reporting Period	31
Recommendations Closed without Corrective Action	19
Corrective Actions Completed During Reporting Period	12
Final Actions Pending on March 31, 2025	283



REPRESENTATIVE INVESTIGATIONS

RRB OIG SEMIANNUAL REPORT



Summary of

REPRESENTATIVE INVESTIGATIONS

Congress established the OIG to provide independent oversight of the RRB. Within the OIG, OI's mission is to promote economy, efficiency, and effectiveness in the administration of the RRB's programs and operations; and to detect and prevent instances of fraud, waste, and abuse. Brief descriptions of representative matters referred to prosecutorial authorities and the results are summarized on pages 19 and 20.



Unemployment and sickness insurance benefit fraud typically involves individuals claiming and receiving benefits while working or collecting state-administered unemployment benefits. The Office of Investigations receives the majority of this type of fraud referral from the RRB's Unemployment and Programs Support Division. Descriptions of representative investigations closed during this reporting period follow.

Unemployment Investigations

Following discharge from a railroad, an annuitant received unemployment benefits while earning wages, from January 2022 to August 2022. The U.S. Attorney's Office for the Eastern District of Pennsylvania prosecuted the annuitant civilly, leading to a settlement agreement, requiring payment of over \$12,000 in restitution.

Unemployment-CARES Act Investigations

An annuitant received unemployment and CARES Act benefits from the RRB while working, from February through October 2020. The U.S. Attorney's Office for the Eastern District of Arkansas filed a criminal proceeding for theft of government funds. The annuitant pled guilty to the offense. The court ordered the annuitant to pay over \$24,000 in restitution, received three years of probation and was required to complete 90 hours of community service.

An annuitant received unemployment and CARES Act benefits from the RRB from February 2020 through January 2021, while employed. The U.S. Attorney's Office in the Middle District of Pennsylvania charged the annuitant with wire fraud. The annuitant pled guilty to the charge. The court sentenced the annuitant to one year of probation and required payment of over \$20,000 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from October 2019 to July 2020. The U.S. Attorney's Office of the Eastern District of Arkansas charged the annuitant with theft of government property. The annuitant pled guilty to the charge. The court sentenced the annuitant to two years of probation and required payment of over \$15,000 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from April 2019 to July 2020. The State of New Jersey charged the annuitant with theft by deception and tampering. The court found the annuitant guilty of theft by deception and tampering. The court sentenced the annuitant to one year of probation and required payment of over \$13,000 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB from January 2021 to May 2021 while working outside of the railroad community. The U.S. Attorney's Office for the Western District of New York prosecuted the annuitant civilly, leading to a settlement agreement, requiring payment of over \$16,000 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from November 2019 to August 2020. The U.S. Attorney's Office for the Eastern District of Washington charged the annuitant with theft of government funds, resulting in a Pretrial Diversion Agreement requiring repayment of over \$24,000 in restitution.

An annuitant received unemployment and CARES Act benefits while working, from November 2019 to December 2020. The U.S. Attorney's Office for the Central District of California prosecuted the annuitant for theft of government property. The annuitant pled guilty to the charge, and was sentenced to one year of probation, and a restitution repayment of over \$25,000.

Disability Investigations

Disability insurance benefit fraud typically involves individuals claiming and receiving benefits while working in positions that have not been reported to the RRB. The fraud may also involve overstating impairments in order to receive an award.

An annuitant who claimed disability received benefits from December 2004 to December 2022, while working in business outside of the railroad community. The U.S. Attorney's Office of the Middle District of Florida prosecuted the annuitant criminally for theft of government funds. The annuitant pled guilty and was ordered to pay over \$271,000 in restitution. The court also sentenced the annuitant to 60 months of probation.

Medicare Investigations

Office of Investigations Railroad Medicare cases are investigated jointly with the Federal Bureau of Investigation and/or other Offices of Inspector General. Interagency cooperation enhances law enforcement, especially among agencies responsible for investigating complex health care fraud against multiple federal agencies. A summary of a representative investigation follows.

A physician who signed prescriptions and other Medicare-related documents for medical tests and devices from January 2022 to July 2023, was prosecuted for illegitimate prescriptions and unneeded devices. The U.S. Attorney's Office for the District of Montana prosecuted the physician for conspiracy to commit wire fraud. The physician pled guilty, resulting in imprisonment for six months, restitution of over \$780,000, and a fine of \$100,000.

Summary

The Office of Investigations received restitution, damages, and fines for ten criminal convictions and four civil judgments, totaling over \$6.6 million. These investigations were primarily focused on unemployment benefits, sickness benefits and Railroad Medicare provider fraud; joint investigations for Medicare fraud with other agencies were included in this total. Certain monetary results arise from open or ongoing cases.

Note: Details regarding the \$6.6 million are located in Appendices 7 and 8, located on pages 34 and 35 of this report.

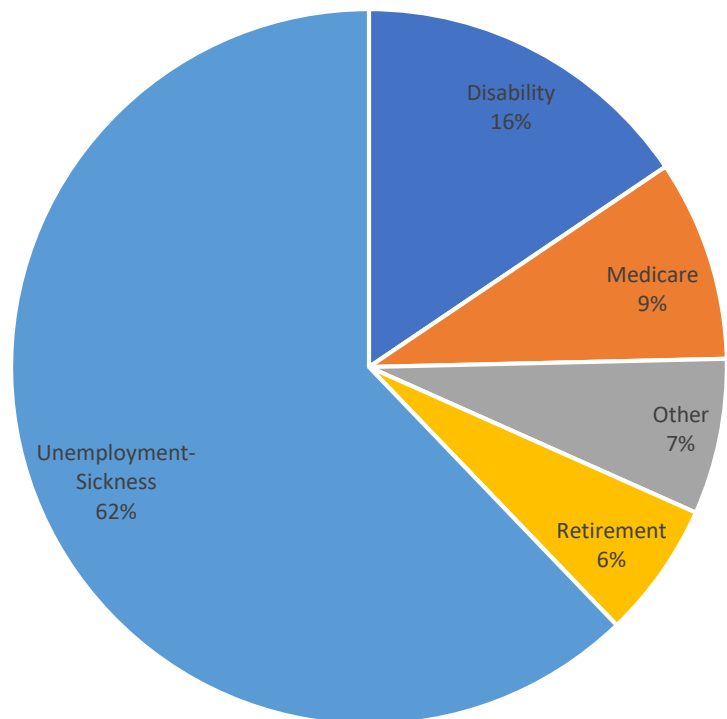
Hotline Contacts

The Office of Investigations (OI) focuses on RRB benefit program fraud. OI's primary objective is to identify, investigate, and refer for prosecution and monetary recovery actions meriting prosecution. Through its investigations, OI also seeks to prevent and deter institutional program fraud. OI has strengthened its fraud awareness efforts through presentations to RRB personnel, working with Board management to provide informational mailings of Hotline information to annuitants, and distribution of OIG Hotline resources digitally across the country.

During this reporting period, the hotline received 453 contacts by telephone and by email. These hotline contacts resulted in opening seven investigations.

The adjacent chart reflects the distribution of OI cases open at the end of the reporting period. "Other" includes non-annuitant cases.

Open OI Cases





LEGISLATION & REGULATIONS

RRB OIG SEMIANNUAL REPORT



LEGISLATION & REGULATIONS

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.



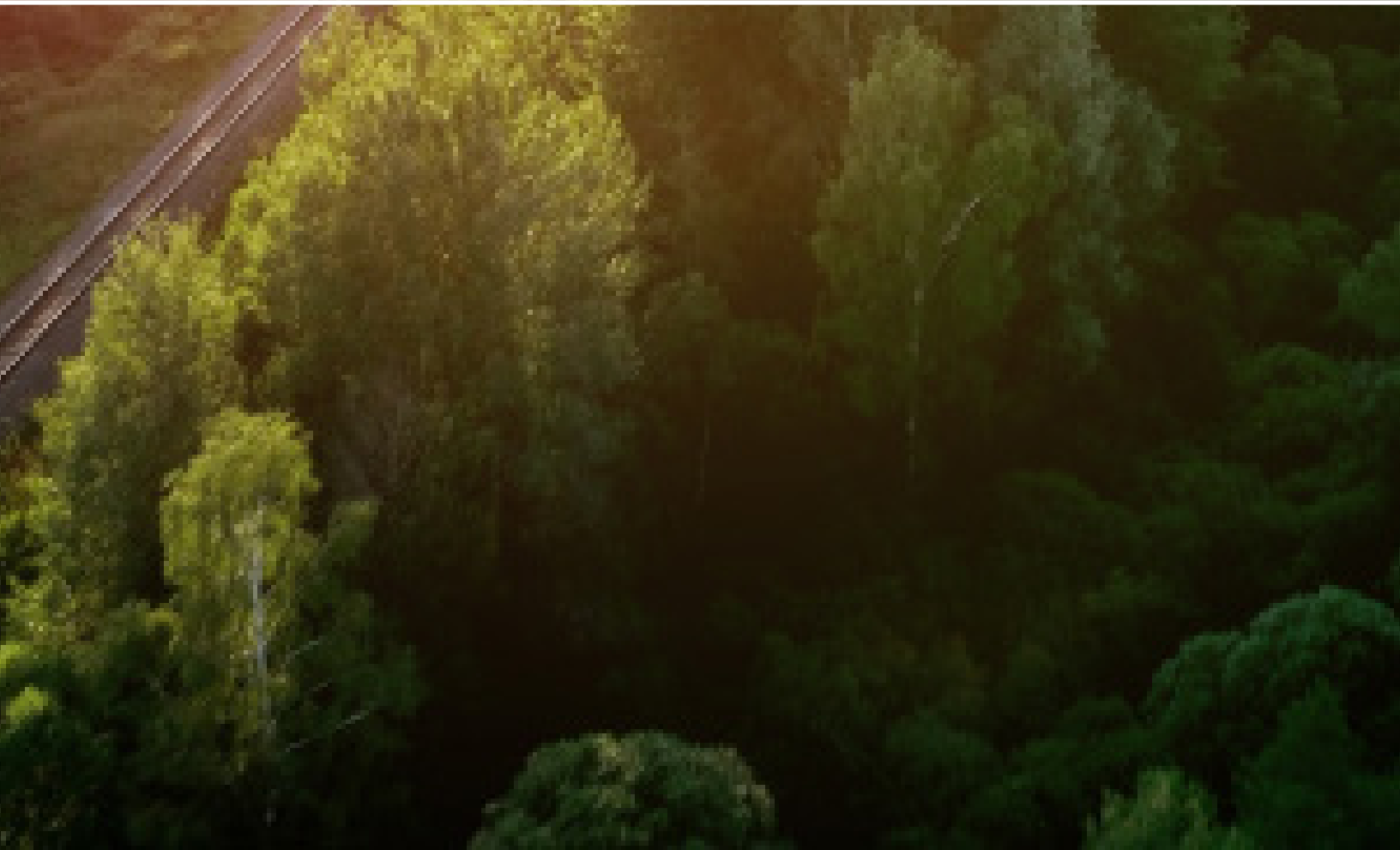
During this reporting period, the RRB OIG is not making any recommendations to Congress regarding current or pending legislation.





APPENDICES

RRB OIG SEMIANNUAL REPORT



INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

Reporting	Requirement	Page or Appendix
Section 405(b)(1), (2)	Significant Problems, Abuses, and Deficiencies and Recommendations	Appx. 5, 6
Section 405(b)(3)	Previously Identified Significant Recommendations - Corrective Actions Not Completed	Appx. 5, 6
Section 405(b)(4)	Matters Referred to Prosecutive Authorities and the Resulting Prosecutions/Convictions	PP. 19-20
Section 405(b)(5)	Summary of Refusals by the RRB to Provide the OIG with Requested Information	None
Section 405(b)(6)	Unimplemented Audit Recommendations and the Potential Cost Savings	P. 17
Section 405(b)(7)	Summary of Each Significant Report	PP. 11-15
Section 405(b)(8)	Statistical Table on Management Decisions on Questioned Costs	Appx. 3
Section 405(b)(9)	Statistical Table on Management Decisions on Recommendations that Funds be Put to Better Use	Appx. 4
Section 405(b)(10)	Prior Audit Reports With No Management Decision Made, No Establishment Comments, and Outstanding Unimplemented Recommendations	PP. 16-17
Section 405(b)(11)	Description and Explanation for Any Significant Revised Management Decision	PP. 16-17
Section 405(b)(12)	Information on Any Significant Management Decision with Which the Inspector General Disagrees	P. 16
Section 405(b)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	None
Section 405(b)(14)	Peer Reviews	Appx. 10
Section 405(b)(15), (16)	Peer Reviews - Outstanding Recommendations	None
Section 405(b)(17), (18)	Investigative Statistical Tables	Appx. 7, 8
Section 405(b)(19)	Substantiated OIG Investigations Involving Senior Government Employees	None
Section 405(b)(20)	Instances of Whistleblower Retaliation	None

APPENDIX 1

INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT (CONTINUED)

Reporting	Requirement	Page or Appendix
Section 405(b)(21)	Attempts to Interfere with OIG Independence	None
Section 405(b)(22)(A)	Audits Closed and Not Disclosed to the Public	None
Section 405(b)(22)(B)	OIG Investigations Involving Senior Government Employees Closed and Not Disclosed to the Public	None
Section 405(c)(1)	Comments by the Head of the Establishment	Required of RRB
Section 405(c)(2), (3)	Management Statistical Tables	Required of RRB
Section 405(c)(4)	Whistleblowers Settlement Agreements	Required of RRB
Section 405(c)(5)	Agency Statement on Decided Unimplemented Recommendations	Required of RRB

AUDITS, REPORTS, AND OTHER PUBLICLY AVAILABLE DOCUMENTS FOR THE
SEMIANNUAL ENDING MARCH 31, 2025

Report Number Date	Title	Questioned Costs	Funds Put To Better Use
Report No. 25-01 11/15/2024	Report on the Railroad Retirement Board's Financial Statements - Fiscal Year 2024	0	0
Report No. 25-02 02/20/2025	Management Information Report - Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2024	0	0
Report No. 25-03 02/24/2025	Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024	0	0
Report No. 25-04 03/31/2025	Audit of the Railroad Retirement Board's Interagency Agreements	0	0
Memorandum/Letter 01/31/2025	Fiscal Year 2024 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012	N/A	N/A

APPENDIX 3

SUMMARY OF AUDIT REPORTS WITH QUESTIONED COSTS

	Number of Reports	Dollar Value
A. For which no management decision had been made by October 1, 2024	0	\$0
B. Which were issued from October 1, 2024 through March 31, 2025	0	\$0
C. For which a management decision was made between October 1, 2024 through March 31, 2025	0	\$0
(i) dollar value of disallowed costs (agreed to by management)	0	\$0
(ii) dollar value of costs not disallowed (not agreed to by management)	0	\$0
D. For which no management decision had been made by March 31, 2025	0	\$0

AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	Number of Reports	Dollar Value
A. For which no management decision had been made by October 1, 2024	0	\$0
B. Which were issued from October 1, 2024 through March 31, 2025	0	\$0
C. For which a management decision was made between October 1, 2024 through March 31, 2025	0	\$0
(i) dollar value of disallowed costs (agreed to by management)	0	\$0
(ii) dollar value of costs not disallowed (not agreed to by management)	0	\$0
D. For which no management decision had been made by March 31, 2025	0	\$0

APPENDIX 5

SIGNIFICANT MATTERS

The OIG has identified deficiencies in RRB management controls as a significant matter for financial management, IT, and major management challenges. A summary of the issues follows.

Financial Management

Since fiscal year 2013, RRB has not received an unmodified (clean) opinion on its annual agency-wide financial statements because 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 2024 financial statements, the NRRIT held approximately \$28 billion of the RRB's \$36 billion (78 percent) in assets.

For its fiscal year 2024 financial statements, the RRB received a disclaimer of opinion and separately received an additional disclaimer of opinion on its internal controls over financial reporting for the third time; the independent financial statement auditor issued its report on November 15, 2024. Disclaimers are issued when the independent financial statement auditor cannot express an opinion. Besides the lack of access to the NRRIT, the other primary reasons for the fiscal year 2024 disclaimers were due to the RRB's inability to provide sufficient appropriate evidential matter to the auditors and unresolved accounting issues. Overall, the RRB's fiscal year 2024 financial statement audit included five material weaknesses, two significant deficiencies, and one instance of noncompliance. The independent auditor provided the RRB with four recommendations to correct the identified issues.

The material weaknesses encompass the inability to communicate with the NRRIT's auditor and deficient internal controls at the agency-wide level. During the fiscal year 2024 financial statement audit, OIG's contracted IPA firm identified five overarching areas that need improvement: 1) scope limitations, 2) internal control environment, 3) financial reporting, 4) significant deficiencies, and 5) compliance with laws and regulations. The underlying findings were:

Scope Limitations

- Lack of Access to NRRIT Audit Results (Repeat Finding)

Internal Control Environment

- Ineffective Internal Control Program (Modified Repeat Finding)
- Ineffective IT Control Over Financial Reporting (Repeat Finding)

Financial Reporting

- Preparing and Reviewing Financial Reports (Modified Repeat Finding)
- Non-Compliance with Treasury United States Standard General Ledger (USSGL) (Repeat Finding)

Significant Deficiencies

- Outdated Accounting Procedure Guides (Modified Repeat Finding)
- Improved Support for Journal Entries is Needed (New Finding)

Compliance with Laws and Regulations

- Contract Closeout Process (Repeat Finding)

Details of each finding are located under Exhibit I, II, and III of the independent auditor's report starting on page 115 of the RRB's Fiscal Year 2024 Performance and Accountability report (<https://rrb.gov/sites/default/files/2024-12/Audit%20Report%2025-01.pdf>).

Even though the RRB OIG must report this matter as significant, the OIG commends the RRB during this semiannual report. The RRB met with the Department of Treasury and the Office of Management and Budget to pursue changes to the RRB's reporting requirements for the NRRIT and initiated discussions to determine the proper accounting treatment for unusual or RRB-specific transactions.

APPENDIX 6

SIGNIFICANT RECOMMENDATIONS

Financial Controls and Reporting Issue Area	Date of Report	Audit Report (Recommendations)
Communication with the NRRIT's Auditor / Lack of Access to NRRIT Audit Results	November 15, 2024	OIG Report 25-01 (1)
Ineffective Standards for Internal Control	April 11, 2017	OIG Report 17-04 (5, 11, 19)
	September 28, 2017	OIG Report 17-08 (2-7, 9-13)
	July 9, 2018	OIG Report 18-07 (2, 6, 10)
	November 15, 2023	OIG Report 24-01 (4)
	February 8, 2024	OIG Report 24-03 (1, 2, 11, 13-17)
Information Security and Financial Reporting Controls	December 19, 2018	OIG Report 19-03 (9, 12, 18, 21, 24, 27, 30-31)
	December 18, 2019	OIG Report 20-04 (3, 4, 7, 10-17)
	January 14, 2021	OIG Report 21-03 (5, 7-9)
	January 4, 2022	OIG Report 22-04 (2, 5, 6, 8-10)
	June 29, 2022	OIG Report 22-10 (1)
	November 15, 2022	OIG Report 23-01 (6)
	January 18, 2023	OIG Report 23-02 (1-4, 6, 8-11)
	March 6, 2024	OIG Report 24-04 (1-7)
	April 10, 2024	OIG Report 24-05 (1-13)
	November 15, 2024	OIG Report 25-03 (1-18)
Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements	November 15, 2023	OIG Report 24-01, (15-16)
Preparing and Reviewing Financial Reports	November 15, 2024	OIG Report 25-01, (2)

Financial Controls and Reporting Issue Area	Date of Report	Audit Report (Recommendations)
Lack of Corrective Action Plans	November 15, 2022	OIG Report 23-01 (10)
Unsupported Journal Entries	November 15, 2024	OIG Report 25-01 (4)
Unsupported RRA Annuity Payments	November 15, 2023	OIG Report 24-01 (2)
Outdated Accounting Procedure Guides	November 15, 2023	OIG Report 24-01 (5-8)
Non-Compliance with Treasury USSGL	November 15, 2024	OIG Report 25-01 (3)
Interagency Agreements	March 31, 2025	OIG Report 25-04 (1-9)

APPENDIX 7

INVESTIGATIVE REFERRALS AND PROSECUTIVE RESULTS

Referrals	
Investigative Reports Issued	26
Subjects Referred to U.S. Attorneys for Criminal Prosecution	29
Subjects Referred to State/Local Authorities	5
Results	
Subjects Indicted/Informations Filed	6
Criminal Convictions	10
Civil Judgments	4

Metrics:

Investigative reports include civil and prosecutorial reports, as well as case summary letters detailing the conclusions of a completed investigation.

The reported number of indictments excludes sealed indictments and superseding indictments involving the same individual previously reported in this or any prior semiannual report, unless the charges or the charging mechanism differ substantially.

The category "Subjects Referred" includes individuals.

"Subjects Indicted/Informations Filed" refers to individuals who were indicted or had an information filed against them as a result of a prior referral to prosecuting authorities.

"Criminal Convictions" include pre-trial diversion agreements.

The statistics are provided by the Office of Investigations. Data may reflect outcomes from pending cases; interim results may be included, resulting from determinations for cases that have not been closed by Office of Investigations staff within the semiannual period of consideration. Reported figures are subject to the timing of case entry and approval dates by Office of Investigations staff.

INVESTIGATIVE STATISTICS

Investigation Caseload	
Opened	45
Closed	51
In Progress at End of Reporting Period	341
Subpoenas	
Grand Jury and IG Subpoenas issued	57
Investigative Results	
Restitution	\$6,411,059
Damages	\$24,637
Fines	\$175,400
Penalties	\$637
Recovery from Civil Settlement	\$28,519
Probation	171 months
Incarceration	6 months
Human Trafficking Investigations	0

Metrics:

Data in "Investigative Results" may reflect amounts that include losses to other programs, such as Medicare and other entities that are part of the proceeding. If specified in the settlement agreement or court order, the Railroad Medicare amount, and not the aggregate amount, will be reflected in OIG's statistics. Restitution also may include amounts in civil matters. The above restitution figure includes over \$5.2 million for one criminal case, in which over \$1,800 is attributed to Medicare. The court directed the remaining restitution to other entities.

The statistics are provided by the Office of Investigations. Data may reflect outcomes from pending cases; interim results may be included, arising from determinations for cases that have not been closed by Office of Investigations staff within the semiannual period of consideration. Reported figures are subject to the timing of case entry and approval dates by Office of Investigations staff.

APPENDIX 9

REVIEW OF CONTRACTS

The National Defense Authorization Act for Fiscal Year 2008, P.L. 110-181, requires each Inspector General appointed under the Inspector General Act of 1978 to submit an appendix on final, completed contract audit reports issued to the contracting activity that contain significant audit findings—unsupported, questioned, or disallowed costs in an amount in excess of \$10 million, or other significant findings—as part of the Semiannual Report to Congress. During this reporting period, the Office of the Inspector General issued no contract review reports under this requirement.



PEER REVIEWS

Office of Audit Peer Review

Offices of Audit within Federal Offices of Inspector General may receive a peer review rating of pass, pass with deficiencies, or fail.

The most recent peer review of the Office of Audit, transmitted on September 30, 2024, resulted in a rating of pass.

During this semiannual reporting period, the Office of Audit conducted a peer review of the audit component of the Pension Benefit Guaranty Corporation (PBGC) OIG. On March 18, 2025, the PBGC OIG received a peer review rating of pass. Office of Audit did not issue any recommendations in the system review report. The review determined that the system of quality control for the audit organization of PBGC OIG was in effect for the year ended September 30, 2024, had been suitably designed and complied with to provide PBGC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Office of Investigations Peer Review

For Office of Investigations peer reviews, offices receive either a rating of compliant or non-compliant. A rating of compliant indicates that the reviewed investigative operations have adequate internal safeguards and management procedures to ensure that Council of the 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 most recent peer review of the Office of Investigations, transmitted on March 28, 2024, resulted in a rating of complaint.

During this semiannual reporting period, Office of Investigations conducted a peer review of investigative operations of the Peace Corps OIG. A rating of compliant was issued. The completion of the final report remained ongoing at the end of the semiannual period.

APPENDIX 11

RRB CARES ACT BENEFITS

Coronavirus Aid, Relief, and Economic Security Act (CARES Act), 2020

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 the 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 (Consolidated Appropriations Act, 2021), which included Subchapter III – Continued Assistance to Rail Workers Act of 2020. 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 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. 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.





ABBREVIATIONS & ACRONYMS

RRB OIG SEMIANNUAL REPORT



ACRONYMS & ABBREVIATIONS

ARPA.....	American Rescue Plan Act of 2021
CARES Act.....	Coronavirus Aid, Relief, and Economic Security Act
CMS.....	Centers for Medicare and Medicaid Services
GAGAS.....	Generally Accepted Government Auditing Standards
IPA.....	Independent Public Accounting Firm
ISP.....	Information Security Program
IT.....	Information Technology
NRRIT.....	National Railroad Retirement Investment Trust
OA.....	Office of Inspector General for the Railroad Retirement Board Office of Audit
OI.....	Office of Inspector General for the Railroad Retirement Board Office of Investigations
OIG.....	Office of Inspector General for the Railroad Retirement Board
RRA.....	Railroad Retirement Act
RRB.....	Railroad Retirement Board
RUIA.....	Railroad Unemployment Insurance Act
SI.....	Sickness Insurance
UI.....	Unemployment Insurance



LEGAL REFERENCES

RRB OIG SEMIANNUAL REPORT



LEGAL REFERENCES USED IN THIS REPORT

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

Continued Assistance to Rail Workers Act of 202 - P.L. 116-260

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

Federal Financial Management Improvement Act of 1996 - P.L. 104-208

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

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



FRAUD, WASTE, AND ABUSE HOTLINE

CALL

Toll-Free
800-772-4258

WRITE

Railroad Retirement Board
OIG Hotline Officer
844 N. Rush Street, 4th Floor
Chicago, IL 60611-1275

EMAIL

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.*







Office of Inspector General
U.S. Railroad Retirement Board
Semiannual Report
October 1, 2024 - March 31, 2025