



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Fiscal Year 2025 Financial Statement Audit Letter to Management

Report No. 26-03

February 24, 2026

OFFICE OF INSPECTOR GENERAL
U.S. RAILROAD RETIREMENT BOARD
Fiscal Year 2025 Financial Statement Audit
Letter to Management



What RMA Found

During the audit of the consolidated financial statements of the Railroad Retirement Board (RRB) and the internal control over financial reporting as of September 30, 2025, RMA Associates, LLC (RMA) identified one deficiency in internal control that did not rise to the level of material weakness or significant deficiency.

This deficiency occurred in the contract closeout process because RRB continued receiving and paying for services even though the binding contracts had expired months earlier and RRB was not aware that the contract had expired.

RRB reported that they took corrective actions to establish an additional tracking mechanism to guard against such an error in the future. With updates to the RRB's Financial Management Information System (FMIS), RRB can now close completed contracts within the system. Using this new capability, RRB staff have been actively working to close out all completed contracts and continue to develop an internal desktop procedure manual, which will formally document procedures for identifying and tracking completed contracts.

What RMA Recommended

To address the weakness identified in this audit, RMA emphasized the prior recommendation made in RRB Office of Inspector General's (OIG) report number 19-14. In that report, dated September 2019, auditors recommended that the RRB establish standard procedures for identifying and tracking contracts that have been physically completed. RMA did not issue a new recommendation.

RRB management concurred with this prior recommendation and provided an updated management's response. The RRB plans to request closure of this prior recommendation by July 31, 2026.

What We Did

RRB OIG engaged RMA to audit the consolidated financial statements of the RRB and the internal control over financial reporting as of September 30, 2025. RMA issued the independent auditor's report on December 18, 2025. The content of this report does not modify those opinions.

This letter to management addresses a deficiency in internal control that did not rise to the level of material weakness or significant deficiency. Accordingly, this letter is not suitable for any other purpose.

RMA conducted this audit in accordance with established criteria as defined in this letter. RMA is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the conclusions presented in RMA's report.

The objective of the audit was to present reportable internal control deficiencies identified during the audit that are of sufficient importance to merit respective attention.

January 13, 2026

Erhard R. Chorlé
Chairman
U.S. Railroad Retirement Board
Chicago, IL

Shawna R. Weekley
Chair of the Executive Committee
Chief Financial Officer
U.S. Railroad Retirement Board
Chicago, IL

Ref: Management Letter

Dear Mr. Chorlé and Ms. Weekley,

We were engaged to audit the consolidated financial statements of the Railroad Retirement Board (RRB), which comprise the consolidated balance sheets as of September 30, 2025, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the fiscal year then ended, related notes to the consolidated financial statements, and the sustainability financial statements, which comprise the statements of social insurance as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020, statement of changes in social insurance amounts for the two year period ended September 30, 2024, and related notes to the sustainability financial statements (collectively referred to herein as the consolidated financial statements).

We were also engaged to audit the RRB's internal control over financial reporting as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States. We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

The objective of the auditor is to appropriately communicate to those charged with governance and management, deficiencies in internal control that the auditor has identified during the audit and that, in the auditor's professional judgment, are of sufficient importance to merit respective attention.

A deficiency in the RRB's internal control exists when the design or operating effectiveness of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal controls over financial

reporting, such that there is a reasonable possibility that material misstatement of the RRB's financial statements will not be prevented or detected and corrected, on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we identified one deficiency in internal control that we determined did not rise to the level of material weakness or significant deficiency.

1. NFR 25-02: Contract Closeout Process (Modified Repeat)

Condition: On October 31, 2023, the RRB's Chief Financial Officer (CFO) notified RMA that the agency continued receiving and paying for services even though the binding contracts had expired months earlier. Per the CFO, "In August of 2023, members of management became aware that the agency continued receiving and paying for services on an expired contract." Management further explained that the Office of Administration's Acquisition Management Division (AM) was not aware that the contract had expired. To remedy the situation, the RRB's senior management had conversations with the responsible parties and management officials within and over AM to establish an additional tracking mechanism to guard against such an error in the future. Unfortunately, RRB management became aware in October 2023 that another contract had expired at the beginning of August 2023 for which the RRB has been receiving and paying for services.

Since the FY 2024 financial statement audit, the Office of Administration reported that they took corrective actions. AM uses a spreadsheet to monitor and track all relevant contract actions and to initiate closeout activities in a timely manner. With recent updates to the Financial Management Information System (FMIS), AM can now close completed contracts within FMIS. Using this new capability, AM staff have been actively working to close out all completed contracts in the system. AM staff are also continuing to develop the Desktop Procedure Manual, which will formally document procedures for identifying and tracking completed contracts.

Recommendation: RMA is not making any new recommendations, as the following recommendation was already made in the RRB's OIG Report 19-14.

In that report, dated September 2019, the RRB OIG recommended that the Office of Administration/Division of Acquisition Management establish standard procedures for identifying and tracking contracts that have been physically completed (RRB OIG Report 19-14, Recommendation 11).

The RRB's comments can be found in Exhibit I. We have evaluated the RRB's response and noted that they concurred with the finding and recommendation.

This Management Letter is intended solely for the information and use of the RRB management and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

RMA Associates

Arlington, VA
January 13, 2026

Exhibit I – Management’s Response to Management Letter



UNITED STATES GOVERNMENT
MEMORANDUM

FORM R-1151 (1-92)
RAILROAD RETIREMENT BOARD

January 9, 2026

TO: Shanon E. Holman
Assistant Inspector General for Audit

FROM: Jack Schreibman
Director of Administration JACK SCHREIBMAN Digitally signed by JACK SCHREIBMAN
Date: 2026.01.09 08:02:14 -0500

SUBJECT: Office of Administration Management Response – FY 2025 RRB FSA – Report
2_2025 Draft Management Letter

Thank you for the opportunity to review and provide comments on the draft report for the “FY 2025 RRB FSA – Report 2_2025 Draft Management Letter” that was issued on December 23, 2025. The following is management’s response and planned corrective actions to address the findings and recommendations directed to Office of Administration.

We acknowledge that RMA is not making any new recommendations, as the recommendation was already made in RRB’s OIG Report 19-14. In that report, dated September 2019, the RRB OIG recommended that the Office of Administration/Division of Acquisition Management establish standard procedures for identifying and tracking contracts that have been physically completed (Recommendation 11).

The following is management’s response and planned corrective actions to address the previous recommendation issued by RRB OIG.

Management Decision: I concur with this finding as written in the draft report.

Planned Corrective Actions: Acquisition Management (AM) will take corrective action to resolve the recommendation identified in RRB OIG Report 19-14. Specifically, AM will establish standard procedures for identifying and tracking contract that have been physically completed.

Milestone 1: The AM Contract Specialist will include standard procedures for identifying and tracking contracts that have been physically completed in the AM Procurement Desktop Procedure Manual.

Milestone 2: The AM Contract Specialist will submit the AM Procurement Desktop Procedure Manual to the Senior Procurement Official for review and approval by March 30, 2026.

Milestone 3: The Senior Procurement Official will review and approve the AM Procurement Desktop Procedure Manual by June 30, 2026.

Milestone 4: The Office of Administration will submit a closure request to RRB
OIG by July 31, 2026.

Resource Requirements: No additional resources or funding needed.

Target Completion Date: July 2026

cc: Shawna R. Weekley, Chief Financial Officer
Stephen Schenk, Chief of Acquisition Management
Danielle M. Clark, Director, Audit Affairs and Compliance Division