



**Office of Inspector General
U.S. Railroad Retirement Board
Semiannual Report
April 1, 2025 - September 30, 2025**





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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 April 1, 2025 through September 30, 2025.

This semiannual report covers the period of April 1, 2025 through September 30, 2025. Below are highlights of our work during this semiannual period.

Over the course of this reporting period, the Office of Audit conducted three audits, and issued one management information report. The first audit report, "The Railroad Retirement Board Complied with the Payment Integrity Information Act of 2019 for Fiscal Year 2024" (Report No. 25-05), determined that for fiscal year 2024, the RRB complied with the Payment Integrity Information Act (PIIA) of 2019 because it satisfied all 10 payment integrity reporting requirements. While the auditors found that RRB met all of the compliance requirements of PIIA, they did identify four findings related to improvements of process and internal controls for preventing, detecting, and reporting improper payments. The auditors made six new recommendations related to improvements of process and internal controls for preventing, detecting, and reporting improper payments. RRB management concurred with all six recommendations.

The management information report, "Railroad Retirement Board's Representative Payee Monitoring Progress and Status: Fiscal Year 2020 – Fiscal Year 2022" (Report No. 25-06), assessed a transfer of duties from the Bureau of Field Service to the Office of Programs' Program Evaluation and Management Services, with respect to representative payee (rep payee) monitoring. Auditors determined that the transition was not fully effective and the subsequent monitoring was not timely. To address the weaknesses identified in the review, five recommendations related to the rep payee monitoring responsibility transition, and four recommendations to improve the rep payee monitoring timeliness were made. RRB management concurred with all nine recommendations.

The second audit report, "Audit of the Railroad Retirement Board's Representative Payee Program from Fiscal Year 2023 through Fiscal Year 2024" (Report No. 25-07), addressed inadequacies in the monitoring process for rep payee spending, the associated background check system, policy for determining what would classify an applicant as a high-risk rep payee, and a lack of an established chart of controls for the program. Auditors determined that limited staffing and training factored into the state of the program. Auditors provided 23 recommendations to address their findings and to strengthen RRB's policies, procedures, and internal controls over rep payee appointment and monitoring. RRB concurred with all 23 recommendations.

The third audit report, "Audit of the Railroad Retirement Board's Compliance with Annuity Eligibility Requirements" (Report No. 25-08), determined that while the RRB met applicable legal requirements, improvements to its eligibility determination process were deemed necessary to prevent fraudulent awards. Through statistical sampling, auditors determined that issues potentially impacting an application's completeness and accuracy exist. To address these weaknesses, auditors made 13 recommendations specific to the RRB's internal controls, fraud risk management controls for the retirement annuity application process, inadequate system documentation, and lack of eligibility determination evidence. RRB management concurred with all recommendations.

The work of the Office of Investigations resulted in restitution, damages, and fines for 10 criminal convictions and 4 civil judgments, totaling over \$2.6 million. These investigations included unemployment, unemployment-CARES Act, Medicare, and disability fraud.

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. Please note that a lapse in funding during the Federal government shutdown delayed publication of this report. 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 (RRB) 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 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 Great 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 2025, the RRB paid benefits of approximately \$14.7 billion to approximately 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 7.6 million Railroad Medicare claims and paid approximately \$996 million in Railroad Medicare Part B benefits for fiscal year 2025.

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 September 30, 2025, the RRB, headquartered in Chicago, Illinois, currently maintains 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) protect the integrity of the RRB's programs, operations, and trust fund through evidence-based audits and investigations designed to thwart RRB fraud, waste, and abuse; (2) streamline audits and investigations by proactively and responsibly using technology, adhering to professional standards to improve OIG oversight processes; and (3) evaluate agency programs and operations efficiently and advise management and Congress of action steps to improve agency performance. The OIG's core values are Respect, Integrity, Service, and Ethics. The OIG promotes transparency, strengthens integrity, and safeguards the effectiveness of Federal programs.





THE OFFICE OF AUDIT (OA)

Audit areas of focus include compliance with laws 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 (IT);
- 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 (GAGAS).

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 expanded the quality and significance of its 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 Office of Inspector General (OIG) to provide independent oversight of the Railroad Retirement Board (RRB). Within the OIG, the mission of the Office of Audit (OA) 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 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, mandated reporting, and other reviews performed this reporting period.

The Railroad Retirement Board Complied with the Payment Integrity Information Act of 2019 for Fiscal Year 2024 (Report No. 25-05)

What the Independent Public Accounting Firm Found

The independent public accounting firm (IPA) found that for fiscal year 2024, the Railroad Retirement Board complied with the Payment Integrity Information Act (PIIA) of 2019 because it satisfied all 10 payment integrity reporting requirements. While the IPA found that RRB met all of the compliance requirements of PIIA, the firm did identify four findings related to improvements of process and internal controls for preventing, detecting, and reporting improper payments.

RRB management and the RRB's Office of Inspector General agreed to close the RRB OIG's previous recommendations related to improper payments, including those for Railroad Medicare, without implementation, during fiscal year 2024, but those closed recommendations, and their related findings, may be subject to audit in the future.

What the Independent Public Accounting Firm Recommended

The IPA made six new recommendations in this report related to improvements of process and internal controls for preventing, detecting, and reporting improper payments. RRB management concurred with all six recommendations.

What the RRB OIG Did

RRB OIG engaged the IPA to conduct a performance audit of RRB's compliance with PIIA. During fiscal year 2024, the RRB paid \$14.5 billion in benefits to the railroad community, and through its Specialty Medicare Administrative Contractor, paid approximately \$923 million for 7.5 million Railroad Medicare Part B claims. This audit was conducted in accordance with generally accepted government auditing standards.

The overall mandated objectives of this audit were to evaluate the RRB's compliance with PIIA. For details on the five audit objectives, see the Objectives section in the IPA's audit report. The scope of this audit was the information published in the RRB's payment integrity section of its fiscal year 2024 Performance and Accountability Report, and accompanying materials.

Management Information Report - Railroad Retirement Board's Representative Payee Monitoring Progress and Status: Fiscal Year 2020 – Fiscal Year 2022 (Report No. 25-06)

What RRB OIG Found

On March 31, 2021, the RRB issued Board Order 21-31, which required the Office of Programs' Program Evaluation and Management Services (PEMS) to take over the work performed by the Bureau of Field Service (BFS) with respect to representative payee (rep payee) monitoring.

We determined that BFS transferred the rep payee monitoring responsibilities to PEMS in fiscal year 2022 as planned, but the transition was not fully effective and the subsequent monitoring was not timely. The BFS to PEMS transfer of responsibilities was not fully effective because of inadequate and incomplete transition planning, inadequate staff levels, incomplete and outdated procedures, an insufficient number of staff available to conduct background checks, and lack of monitoring of the rep payee monitoring results. Additionally, we determined that the subsequent monitoring by PEMS was not timely because PEMS lacked rep payee monitoring experience, a rep payee monitoring workload plan, and the staff levels to handle the rep payee monitoring workloads.

As a result, the RRB's program integrity for rep payee monitoring was negatively impacted, and there was an increased risk that annuitants' and beneficiaries' benefits could have been misused during fiscal year 2022.

What RRB OIG Recommended

To address the weaknesses identified in this review, we made five recommendations related to the ineffective rep payee monitoring responsibility transition and four recommendations to improve the rep payee monitoring timeliness.

RRB management concurred with all nine recommendations. According to RRB management, they implemented corrective actions to address seven recommendations and will request closure. Additionally, they plan to implement corrective actions for two recommendations by December 31, 2025.

What RRB OIG Did

We conducted a partial review of the RRB's rep payee program. The RRB transferred the rep payee monitoring responsibilities from BFS to the Office of Programs' PEMS in fiscal year 2022, and we reviewed the transition of responsibilities to determine the impact to program integrity.

Our objective was to assess the effectiveness and timeliness of the RRB's transition of rep payee monitoring responsibility from BFS to the Office of Programs' PEMS.

The scope of the review was fiscal year 2020 through fiscal year 2022.

Audit of the Railroad Retirement Board's Representative Payee Program from Fiscal Year 2023 through Fiscal Year 2024 (Report No. 25-07)

What the Independent Public Accounting Firm Found

The IPA determined that: 1) the RRB monitoring process for rep payees was inadequate to monitor rep payee spending; 2) RRB did not secure a vendor for a new background check system contract timely after the contract with the previous vendor expired; 3) RRB did not have a written policy for determining what would classify an applicant as a high-risk rep payee; 4) RRB did not create an assessable unit for its rep payee program and as a result did not establish a chart of controls for the program; and 5) RRB was not fully compliant with its required procedure, as

rep payee documentation for its appointment and monitoring processes was not always complete or uploaded to its imaging system.

The IPA determined that these issues occurred primarily because RRB either lacked policies and procedures, did not adhere to them, or its rep payee monitoring process was inadequate. Limited RRB staffing resources and inadequate training also factored into the cause.

The IPA also concluded that the RRB sufficiently used interviews when warranted throughout the rep payee process and had sufficient procedures for reporting fraud and abuse of annuitants with rep payees. Due to the sensitivity of this report, specifics regarding the findings are limited to disclosure in the full audit report.

What the Independent Public Accounting Firm Recommended

The IPA made 23 recommendations to address their findings and to strengthen RRB's policies, procedures, and internal controls over rep payee appointment and monitoring, and to ensure rep payees safeguard retirement benefits for RRB's annuitants who cannot care for themselves. RRB concurred with all 23 recommendations.

What RRB OIG Did

The RRB Office of Inspector General engaged the firm to conduct a performance audit of the RRB's rep payee program. During fiscal years 2023 and 2024, the RRB paid \$256.5 million and \$260.6 million to 11,977 and 11,697 rep payees, respectively.

This audit was conducted in accordance with generally accepted government auditing standards. The overall objectives were to assess whether RRB's rep payee appointments and monitoring process, including its timeliness and completeness, was compliant

with its policies and procedures; policies and procedures were sufficient to ensure that benefits were used for the needs of the annuitant; face to face interviews were utilized sufficiently; and if sufficient procedures were in place for reporting fraud, abuse, and/or neglect of the annuitants.

The scope of the audit was the RRB's rep payee program from October 1, 2022, through September 30, 2024.

Audit of the Railroad Retirement Board's Compliance with Annuity Eligibility Requirements (Report No. 25-08)

What the Independent Public Accounting Firm Found

Federal law, specifically 45 U.S.C § 231a, establishes the eligibility requirements for railroad retirement annuities. The independent public accounting firm determined that while the Railroad Retirement Board met the requirements outlined in 45 U.S.C § 231a, improvements to its eligibility determination process are necessary to prevent ineligible or fraudulent applicants from receiving an annuity.

Enhancements must occur in the RRB's retirement application internal controls and documentation process, fraud risk management controls, and system documentation completeness because just one retirement awarded to the wrong person could cost taxpayers over \$40,000 per year for the life of the retiree.

Through statistical sampling, the IPA firm determined that between 76 and 281 retirement applications may have issues potentially impacting the application's completeness and accuracy. Using the January 2025 average value of an annuity, the value of the potential impact is estimated to be between \$3.2 million and \$11.9 million per year.

Due to the sensitivity of this report, specifics regarding the findings are limited to disclosure in the full audit report.

What the Independent Public Accounting Firm Recommended

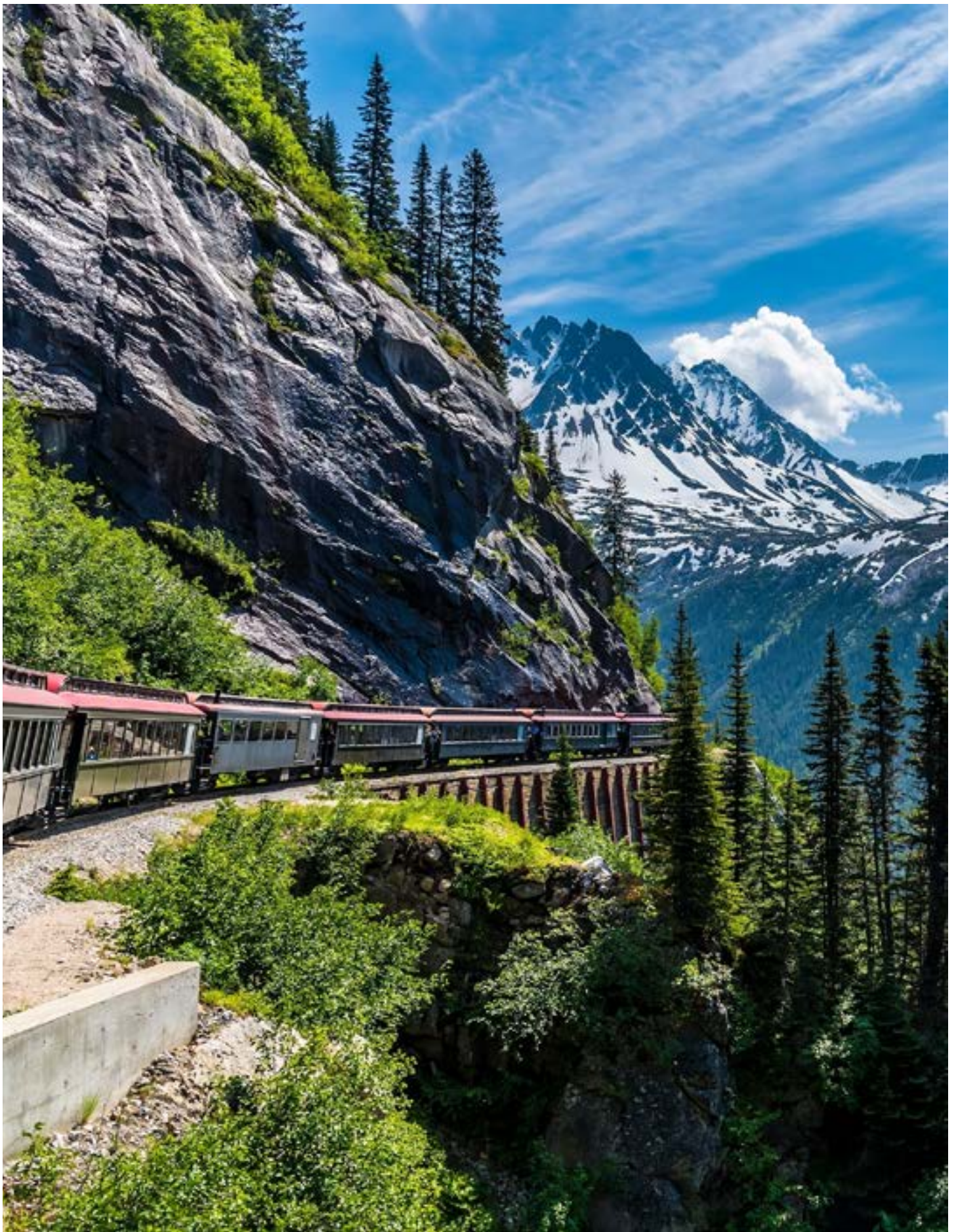
To address these weaknesses, the IPA firm made 13 recommendations specific to the RRB's obsolete internal controls and insufficient fraud risk management controls for the retirement annuity application process, inadequate system documentation, and lack of eligibility determination evidence. RRB management concurred with all recommendations.

What RRB OIG Did

RRB's Office of Inspector General engaged the IPA firm to determine the RRB's compliance with annuity eligibility requirements pursuant to 45 U.S.C. § 231a. In fiscal year 2023, the RRB paid approximately \$13.9 billion in railroad retirement and survivor benefits.

The overall objectives were to determine if the RRB complied with 45 U.S.C. § 231a and if the RRB's eligibility determination process contained internal controls to prevent ineligible and fraudulent applicants from obtaining an annuity.

The scope of the audit was approximately 5,748 railroad retirement annuity applications filed by employees, who attained the age of 60 and completed 30 years of service, between October 1, 2020 and September 30, 2023.



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.

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 March 31, 2025. 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 September 30, 2025, the RRB made revised final action determinations on seven previous recommendations. The characteristics of the significant revised management decisions and final action determinations are provided in "Significant Revised Management Decisions".

"Management Decision" is defined by the Inspector General 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 Inspector General 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 of revised management decisions since September 2024, 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 April 1, 2025	2
Pending Management Decision for New Recommendations	0
Closed Previous Recommendations without Implementation	2
Recommendations to Remain Open (Pending Management Decision on September 30, 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 September 30, 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	0
Closed without Implementation - Criteria Used is No Longer in Effect	0
Closed without Implementation - Evaluation by the Board, the RRB Executive Committee, or the Applicable SES Resulted in a Decision that No Action is Necessary	2
Corrective Action Documentation was Submitted to OIG for Review or Needs to be Submitted	5
Total Significant Revised Management Decisions	7

FINAL ACTIONS

Recommendations Requiring Final Action on April 1, 2025	283
Recommendations Issued During Reporting Period	51
Recommendations Closed without Corrective Action	2
Corrective Actions Completed During Reporting Period	44
Final Actions Pending on September 30, 2025	288



REPRESENTATIVE INVESTIGATIONS

RRB OIG SEMIANNUAL REPORT



Summary of

REPRESENTATIVE INVESTIGATIONS

Congress established the Office of Inspector General (OIG) to provide independent oversight of the Railroad Retirement Board (RRB). Within the OIG, the mission of the Office of Investigations (OI) is to detect and prevent instances of fraud, waste, and abuse in the administration of the RRB's programs and operations, to promote economy, efficiency, and effectiveness throughout the agency.



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

An annuitant received unemployment benefits from the RRB while working, from November 2019 to June 2021. Prosecuted in the U.S. District Court of the Western District of Louisiana, the annuitant agreed, through consent judgment, to repay over \$53,000.

Unemployment-CARES Act Investigations

An annuitant received unemployment and Coronavirus Aid, Relief, and Economic Security (CARES) Act benefits from the RRB while working, from April through November 2020. Within this administrative case, the annuitant repaid \$20,400 to the RRB.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from January to March 2020; and from November 2020 to March 2021. The U.S. Attorney's Office for the

Western District of New York prosecuted the annuitant civilly, for the submission of false or fraudulent claims for unemployment insurance benefits. The prosecution led to a settlement agreement, requiring payment of over \$22,500 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from May 2019 to April 2020. The annuitant was charged in the U.S. District Court for the Eastern District of Texas with theft of government funds, resulting in a pretrial diversion agreement requiring repayment of over \$16,600 in restitution.

An annuitant collected unemployment and CARES Act benefits from the RRB while also working for a non-railroad employer, from November 2019 to September 2020. The annuitant was charged in the U.S. District Court for the Western District of Pennsylvania with theft of government funds, resulting in a Pretrial Diversion Agreement requiring repayment of over \$29,000 in restitution.

An annuitant collected unemployment and CARES Act benefits from the RRB while working, from January 2020 to June 2021. The annuitant was charged in the U.S. District Court of the Central District of California with theft of government funds. The annuitant

pled guilty and was sentenced to two days of incarceration, six months of house arrest, one year of probation, and over \$44,000 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from April 2020 to August 2021. The U.S. Attorney's Office of the Southern District of Texas prosecuted the annuitant under the False Claims Act, resulting in a settlement agreement of \$24,000.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from December 2019 to October 2020. The U.S. Attorney's Office for the Northern District of Alabama prosecuted the annuitant, leading to over \$25,000 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working, from July 2019 to February 2021. The annuitant was prosecuted in the U.S. District Court of the Central District of California, leading to over \$38,900 in restitution.

An annuitant received unemployment and CARES Act benefits from the RRB while working. Over \$8,500 was recovered administratively from the annuitant.

Disability Investigations

An annuitant who claimed disability received benefits from January 2016 to June 2025, while working in business outside of the railroad community. The U.S. District Court for the District of Wyoming adjudicated the annuitant as guilty for theft of government property and false income tax return. The annuitant was ordered to pay over \$409,000 in restitution, consisting of over \$299,000 for theft of government property and over \$110,000 for false income tax return. The court also sentenced the annuitant to two years of imprisonment served concurrently, and two years of probation, also served concurrently.

Summary

The Office of Investigations received restitution, damages, and fines for 10 criminal convictions, four civil judgments, and three administrative cases, totaling over \$2,600,000. These investigations included unemployment, unemployment-CARES Act, Medicare, and disability benefit fraud. Certain monetary results may arise from open or ongoing cases.

(Note: Details regarding the \$2,600,000 are located in Appendices 7 and 8, located on pages 34 and 35 of this report.)

Hotline Contacts

The Office of Investigations 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 878 contacts by telephone and email. These hotline contacts resulted in opening five investigations.

The table on the following page reflects the distribution of OI cases open at the end of the reporting period. "Other" includes non-annuitant cases.

OPEN OI CASES BY PROGRAM	
Unemployment-Sickness	193
Disability	49
Medicare	30
Retirement	26
Other	28





LEGISLATION AND REGULATIONS

RRB OIG SEMIANNUAL REPORT



LEGISLATION AND REGULATIONS

The Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of the agency.



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. 11-14
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 SEPTEMBER 30, 2025

Report Number Date	Title	Questioned Costs	Funds Put To Better Use
Report No. 25-05 05/27/2025	The Railroad Retirement Board Complied with the Payment Integrity Information Act of 2019 for Fiscal Year 2024	0	0
Report No. 25-06 06/06/2025	Management Information Report - Railroad Retirement Board's Representative Payee Monitoring Progress and Status: Fiscal Year 2020 – Fiscal Year 2022	0	0
Report No. 25-07 06/12/2025	Audit of the Railroad Retirement Board's Representative Payee Program from Fiscal Year 2023 through Fiscal Year 2024	0	0
Report No. 25-08 07/22/2025	Audit of the Railroad Retirement Board's Compliance with Annuity Eligibility Requirements	0	0

APPENDIX 3

SUMMARY OF AUDIT REPORTS WITH QUESTIONED COSTS

	Number of Reports	Dollar Value
A. For which no management decision had been made by April 1, 2025	0	\$0
B. Which were issued from April 1, 2025 through September 30, 2025	0	\$0
C. For which a management decision was made from April 1, 2025 through September 30, 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 September 30, 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 April 1, 2025	0	\$0
B. Which were issued from April 1, 2025 through September 30, 2025	0	\$0
C. For which a management decision was made from April 1, 2025 through September 30, 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 September 30, 2025	0	\$0

APPENDIX 5

SIGNIFICANT MATTERS

The OIG has identified deficiencies in RRB management controls as a significant matter for financial management. A summary of the issues and related recommendations for corrective action 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's meetings with the Department of Treasury and the Office of Management and Budget resulted in forthcoming changes to the RRB's reporting requirements for the NRRIT and progress in determining 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)
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)
	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, 10-13, 15-17)
	January 14, 2021	OIG Report 21-03 (5, 7, 9)
	January 4, 2022	OIG Report 22-04 (2, 5, 6, 8-10)
	November 15, 2022	OIG Report 23-01 (6)
	January 18, 2023	OIG Report 23-02 (1-4, 8-11)
	March 6, 2024	OIG Report 24-04 (1-7)
	April 10, 2024	OIG Report 24-05 (1-5, 7-13)
	February 24, 2025	OIG Report 25-03 (1-18)
Preparing and Reviewing Financial Reports	November 15, 2024	OIG Report 25-01 (2)
Lack of Corrective Action Plans	November 15, 2022	OIG Report 23-01 (10)

Financial Controls and Reporting Issue Area	Date of Report	Audit Report (Recommendations)
Unsupported Journal Entries	November 15, 2024	OIG Report 25-01 (4)
Unsupported RRA Annuity Payments	November 15, 2023	OIG Report 24-01 (2)
Non-Compliance with Treasury USSGL	November 15, 2024	OIG Report 25-01 (3)
Interagency Agreements	March 31, 2025	OIG Report 25-04 (1-5, 7-9)
Representative Payee Program	June 12, 2025	OIG Report 25-07 (1-5, 7-12, 14, 18-20)
Annuity Eligibility Requirements	July 22, 2025	OIG Report 25-08 (6-13)

APPENDIX 7

INVESTIGATIVE REFERRALS AND PROSECUTIVE RESULTS

Referrals	
Investigative Reports Issued	28
Subjects Referred to U.S. Attorneys for Criminal Prosecution	16
Subjects Referred to State/Local Authorities	1
Results	
Subjects Indicted/Informations Filed	8
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	36
Closed	51
In Progress at End of Reporting Period	326
Subpoenas	
Grand Jury and IG Subpoenas Issued	52
Investigative Results	
Restitution (Total)	\$2,397,861
UI-CARES Act	\$129,403
Medicare	\$1,775,157
Disability	\$409,422
Sickness	\$63,047
Employee	\$20,832
Damages (Total)	\$192,043
Unemployment	\$53,273
UI-CARES Act	\$138,770
Fines (Total)	\$625
UI-CARES Act	\$125
Medicare	\$100
Disability	\$100
Sickness	\$300
Voluntary Repayment (Total)	\$28,940
UI-CARES Act	\$28,940
Probation	144 months
Incarceration	55.06 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 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.

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 are properly exercised.

The most recent peer review of the Office of Investigations, transmitted on March 28, 2024, resulted in a rating of compliant.

The Office of Investigations conducted a peer review of investigative operations of the Peace Corps OIG. The final report issued on April 16, 2025 indicated a rating of compliant, with no outstanding recommendations.

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 AND ACRONYMS

RRB OIG SEMIANNUAL REPORT



ACRONYMS AND ABBREVIATIONS

ARPA.....	American Rescue Plan Act of 2021
BFS.....	Bureau of Field Service
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
IT.....	Information Technology
Inspector General Act.....	Inspector General Act of 1978, as amended
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
PEMS.....	Program Evaluation and Management Services
PIIA.....	Payment Integrity Information Act
RRA.....	Railroad Retirement Act
RRB.....	Railroad Retirement Board
RUIA.....	Railroad Unemployment Insurance Act
SI.....	Sickness Insurance
UI.....	Unemployment Insurance
USSGL.....	United States Standard General Ledger



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.

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

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