



U.S. RAILROAD RETIREMENT BOARD

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# OFFICE OF INSPECTOR GENERAL

**SEMIANNUAL REPORT  
OCTOBER 1, 2025 – MARCH 31, 2026**



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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 Office of Inspector General achievements during the period of October 1, 2025 through March 31, 2026.

The Railroad Retirement Board (RRB) Office of Inspector General's (OIG) work during this semiannual period has been highlighted below.

Over the course of this reporting period, the OIG's Office of Audit (OA) completed two audits, and performed one risk assessment. The first audit report, *Audit of the Railroad Retirement Board's RUIA Experience Rating Process* (Report No. 26-01), focused on determining whether the RRB employed appropriate internal controls in its experience rating system, ensured accurate and complete calculations of experience rates for railroad employers in accordance with the Railroad Unemployment Insurance Act (RUIA) law, and provided accurate and timely notifications of experience rates for all applicable employers. The auditors determined that although the RRB's experience rating process for determining contribution rates was accurate and complete, the process lacked key internal controls over communication with railroad employers. To address the weaknesses identified during this performance audit, the auditors made eight recommendations. RRB management concurred with all eight recommendations.

*The Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2025* (Report No. 26-02), resulted from an audit of the consolidated financial statements of the RRB. The auditors determined that the consolidated financial statements presented fairly, in all material respects, the financial position of the RRB as of September 30, 2025. The auditors also determined that the sustainability of the financial statements presented fairly, in all material respects, the RRB's social insurance information as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, October 1, 2020, and its changes in social insurance amounts for the two-year period ended September 30, 2024, in accordance with accounting principles generally accepted in the United States of America. The auditors also reported an adverse opinion on internal control over financial reporting as of September 30, 2025. Additionally, one instance of significant deficiency on noncompliance on a matter that was required to be recorded was noted. To address the one instance of significant deficiency identified in the report, auditors made one modified repeat recommendation, to which RRB expressed concurrence.

*The Fiscal Year 2025 Financial Statement Audit Letter to Management* (Report No. 26-03), discussed one deficiency in internal control that did not rise to the level of material weakness or significant deficiency. The deficiency occurred in the contract closeout process, resulting in establishing standard procedures for identifying and tracking contracts that have been physically completed. RRB management concurred with a prior recommendation dating to September 2019; no new recommendation was issued.

The RRB OIG conducted a risk assessment of the RRB's purchase and travel card programs for fiscal year 2025, that included a review of the implementation status of existing audit recommendations related to those programs. Based on the results of the assessment, the RRB OIG assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low.

The Office of Investigations (OI) achieved results in 14 investigations, leading to over \$24.2 million in restitution. These investigations were primarily focused on unemployment benefits, sickness benefits, disability benefits, and Railroad Medicare provider fraud; joint investigations for Medicare fraud to other agencies were included in this total. During this semiannual period, OI contributed to the Federal Bureau of Investigation's (FBI) Financial Crimes Task Force in Chicago, IL by participating in investigations into criminal organizations who target U.S. citizens and Federal programs. Additional task force work by OI was instrumental in successfully dismantling fraud schemes targeting the Coronavirus Aid, Relief, and Economic Security (CARES) Act. At the time of this report, OI task force contributions continued by providing leadership in a multi-million-dollar CARES Act conspiracy investigation in collaboration with FBI and RRB OIG counterparts.

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



## AGENCY OVERVIEW

The Railroad Retirement Board is an independent agency in the executive branch of the Federal government. The agency 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 and the Railroad Unemployment Insurance Act, respectively.

### Railroad Retirement Board

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. Legislation enacted in 1934, 1935, and 1937 established a railroad retirement system separate from the social security program legislated in 1935. Congress 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.

As of September 30, 2025, the RRB was 23<sup>rd</sup> in federal government spending with a total obligated amount of over \$17 billion.

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, 2026, the RRB, headquartered in Chicago, Illinois, maintained 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, as amended, established Offices of Inspector General to promote economy, efficiency, and effectiveness; and to prevent and detect fraud and abuse in government programs and operations.

In January 1986, the first Inspector General was appointed at the RRB. The RRB's Inspector General is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to the Board Members, the Congress, and the railroad community.

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.

### ***Office of Audit***

OA's areas of focus include compliance with laws and regulations, adequacy of policies and procedures, effectiveness of agency operations, accuracy of benefit payments, financial accountability, and cybersecurity. OA places emphasis on long-term systemic problems and solutions, RRB's management and performance challenges, the President's management agenda, and addresses major issues that affect the RRB's service to railroad annuitants.

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 (GAGAS).

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

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 FBI. 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.

In addition to joint case work with other agencies, OI engages in task force operations with the FBI and the U.S. Department of Health and Human Services. Special agents assigned as Task Force Officers work in the White-Collar Fraud Group in Chicago and the Healthcare Fraud Task Force in Houston.

### ***Semiannual Report to the Congress***

The Inspector General must submit semiannual reports to the Chairman of the RRB, who is required to transmit the document, along with a report to include any comments that the Chairman determines appropriate, and statistical tables with information about audit reports, 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.

## OFFICE OF AUDIT

Within the Office of Inspector General, the mission of the Office of Audit is to promote economy, efficiency, and effectiveness in the administration of the Railroad Retirement Board's programs and operations; and to detect and prevent fraud, waste, and abuse.

### Summary of Representative Audits and Reviews

A summary of the Office of Audit's work during this reporting period follows. This includes the publication of Report No. 26-01, Report No. 26-02, Report No. 26-03, letters to the Congress and OMB regarding the RRB's purchase and travel card programs, and a review of management's decisions and final actions.

#### *Audit of the Railroad Retirement Board's RUIA Experience Rating Process*

##### **Report No. 26-01**

RUIA provides unemployment and sickness benefits for qualified railroad workers. These benefits are funded through payments by railroad employers pursuant to the RUIA. The RRB determines the employer's contribution rate through its experience rating system.

RRB's OIG engaged an independent public accounting (IPA) firm to conduct an audit of RRB's experience rating process. The RUIA program benefit account balances were \$112.7 million in 2022 and \$363.1 million in 2023.

The overall audit objectives were to determine whether the RRB: 1) employed appropriate internal controls in its experience rating system; 2) ensured accurate and complete calculations of experience rates for railroad employers in accordance with RUIA law; and 3) provided accurate and timely notifications of experience rates for all applicable railroad employers. The scope for this performance audit covered calendar years 2022 and 2023.

##### **Findings and Recommendations**

The IPA firm's auditors determined that although the RRB's experience rating process for determining contribution rates was accurate and complete, the process lacked some key internal controls over communication with railroad employers. The auditors determined that the RRB did not issue all required quarterly notices to employers; did not maintain evidence to support the accuracy and timeliness of issued quarterly notices for December 2021 and March 2022; and issued the 2022 annual notice 22 days late. These deficiencies occurred because the RRB's procedures were not updated to reflect RUIA requirements for calendar years 2022 and 2023.

Timely notices are required to ensure railroad employers have the opportunity to determine if their contribution rates were accurate. If RUIA contribution rates were calculated incorrectly,

employers may under- or overcontribute and potentially place the RUIA program's benefits at risk.

As a result, RUIA benefit account balances for 2022 and 2023 were potentially inaccurate and the RRB lacked some employer information needed to influence its RUIA decision making, planning, and budgeting. If these issues are not corrected timely, the RRB will place more than \$400 million in benefits at risk.

To address the weaknesses identified during this performance audit, auditors made eight recommendations. RRB management concurred with all eight recommendations.

As required by the IG Act, the RRB OIG ensured that the IPA firm's work conformed to GAGAS.

### ***Fiscal Year 2025 Audit of the RRB's Financial Statements***

#### **Report No. 26-02**

The RRB OIG contracted with an IPA firm to audit the financial statements of the RRB, which included 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 years then ended, 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 for the two-year period ended September 30, 2024, and related notes to the consolidated financial statements (collectively referred to herein as the consolidated financial statements). The RRB OIG also contracted with the firm to audit 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.

The contract required that the audit be performed in accordance with 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 *Financial Audit Manual*, applicable American Institute of Certified Public Accountants professional standards, and other applicable Office of Management and Budget guidance.

#### **Audit Findings**

The IPA firm's auditors reported:

- in their opinion, the consolidated financial statements presented fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combined budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America;

- in their opinion, the sustainability financial statements presented fairly, in all material respects, the RRB's social insurance information as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020, and its changes in social insurance amounts for the two-year period ended September 30, 2024, in accordance with accounting principles generally accepted in the United States of America;
- an adverse opinion on internal control over financial reporting because the RRB has not maintained effective internal control over financial reporting as of September 30, 2025, based on established criteria, as corrective action plans were not developed for all outstanding externally identified findings; and
- one instance of significant deficiency on noncompliance on a matter that was required to be recorded in accordance with applicable requirements.

Auditors also identified material weaknesses during the audit. To address the material weaknesses identified in the report, new recommendations were not required as the findings were part of prior recommendations. In addition, there was one significant deficiency identified. To address the deficiency, auditors made one modified repeat recommendation. In response to the findings and recommendation, RRB expressed concurrence, agreeing with the categorization of the findings and recommendation. RRB expressed their commitment to continue collaborating with the IPA firm and the OIG to maintain open communication as they strive to resolve audit recommendations, improve internal controls, and improve financial reporting.

As required by the IG Act, the RRB OIG ensured that the IPA firm's work conformed to GAGAS.

### ***Fiscal Year 2025 Financial Statement Audit Letter to Management***

#### **Report No. 26-03**

RRB OIG engaged an IPA firm to audit the consolidated financial statements of the RRB and the internal control over financial reporting as of September 30, 2025. The firm issued the independent auditor's report on December 18, 2025 (Report No. 26-02). During the course of the financial statement audit, the IPA firm's auditors identified a deficiency in internal control that did not rise to the level of material weakness or significant deficiency. Accordingly, the auditors issued a formal letter to management to address the deficiency (Report No. 26-03).

The auditors determined that during a contract closeout process the 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, 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.

## **Recommendation**

To address the weakness identified in this audit, the auditors emphasized the prior recommendation made in RRB OIG's Report No. 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. Therefore, the auditors 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.

As required by the IG Act, the RRB OIG ensured that the IPA firm's work conformed to GAGAS.

## ***Government Charge Card Abuse Prevention Act of 2012***

The Government Charge Card Abuse Prevention Act of 2012 (Act) mandates responsibilities for the Inspector General (IG) of each executive agency, per Pub. L. No. 112-194 (2012). 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 requires each IG to report the results of such analysis or audits to the head of the executive agency.

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.

The Office of Audit conducted a risk assessment of the RRB's purchase and travel card programs for fiscal year 2025 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 \$300,566 and \$214,211, respectively. The RRB's spending was below the \$10 million threshold established for increased oversight and reporting. The auditors assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low.

## ***Review of Management Decisions and Final Actions***

As part of its oversight activities, the Office of Audit 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 of 1978, as amended, 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 288 recommendations pending final action on September 30, 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 March 31, 2026, the RRB made revised final action determinations on eight previous recommendations.

The term "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. See the below table titled *Management Decisions* for this reporting period's statistics.

The term "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. In the event that the management of an establishment concludes no action is necessary, final action occurs when a management decision has been made. See the below table titled *Final Actions* for this reporting period's statistics.

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. The characteristics of the significant revised management decisions and final action determinations are provided in the below table titled *Significant Revised Management Decisions*. 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.

Additionally, the Inspector General Act requires details pertaining to outstanding unimplemented recommendations and reports for which no management decision has been 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, 2026* and can be accessed at <https://rrb.gov/OurAgency/InspectorGeneral/Library>.

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 implementing open recommendations.

MANAGEMENT DECISIONS	
Requiring Management Decision on October 1, 2025	2
Pending Management Decision for New Recommendations	0
Closed Previous Recommendations without Implementation	8
Recommendations to Remain Open (Pending Management Decision on March 31, 2026)	0

FINAL ACTIONS	
Recommendations Requiring Final Action on October 1, 2025	288
Recommendations Issued During Reporting Period	9
Recommendations Closed without Corrective Action	8
Corrective Action Completed During Reporting Period	26
Final Actions Pending on March 31, 2026	263

SIGNIFICANT REVISED MANAGEMENT DECISIONS	
Closed without Implementation - Recommendations are no longer Viable	7
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	1
Corrective Action Documentation was Submitted to OIG for Review or Needs to be Submitted	0
Total Significant Revised Management Decisions	8

## OFFICE OF INVESTIGATIONS

Within the Office of Inspector General, the Office of Investigations works 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.

### Summary of Representative Investigations

OI received restitution, damages, and fines for 6 criminal convictions, and 6 civil judgments, totaling over \$24.2 million. These investigations included sickness, unemployment-CARES Act, Medicare, and disability benefit fraud. Certain monetary results may arise from open or ongoing cases. Details regarding the \$24.2 million are located in the section titled *Supplemental Required Information*. A description of RRB program areas and representative investigations follows.

#### *Unemployment-CARES Act Investigations*

Unemployment and sickness insurance benefit fraud typically involves individuals claiming and receiving benefits while working or collecting state-administered unemployment benefits. Unemployment benefits paid by the RRB may include extended unemployment benefits through the Coronavirus Aid, Relief, and Economic Security Act. OI receives the majority of this type of fraud referral from the RRB's Unemployment and Programs Support Division. During this reporting period follow, OI investigated:

- An annuitant who received unemployment and CARES Act benefits while working, from February 2020 to May 2021. The annuitant was charged in the U.S. District Court of the Eastern District of Texas with theft of government money. The annuitant pled guilty and was ordered to pay restitution of over \$41,000 to the RRB along with a fine of \$10,000;
- An annuitant who received unemployment and CARES Act benefits while working, from October 2019 to March 2021. This civil case, prosecuted by the U.S. Attorney's Office for the Southern District of Mississippi, resulted in a settlement agreement amount of over \$25,000;
- An annuitant who received unemployment and CARES Act benefits while working, from February through July 2020. The U.S. Attorney's Office for the Eastern District of Louisiana prosecuted the annuitant in a civil proceeding, resulting in a settlement agreement of \$16,000;
- An annuitant who received unemployment and CARES Act benefits while working, from October 2022 to April 2023. This civil case, prosecuted by the U.S. Attorney's Office for the Southern District of Mississippi, resulted in a settlement agreement amount of over \$14,000; and

- An annuitant who received unemployment and CARES Act benefits from the RRB while also working for a non-railroad employer, from May through July 2020. Preparation for presentation of the case to the U.S. Attorney's Office for the Western District of Pennsylvania resulted in the annuitant's repayment of over \$7,700 to the RRB.

### ***Medicare Investigations***

OI's Railroad Medicare cases are investigated jointly with the FBI 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.

OI investigated a laboratory that engaged independent sales representatives to schedule medical tests deemed unnecessary, and with no physician orders, for payment by Medicare and Medicaid, from April 2020 through December 2021. Civil prosecution of this case in the U.S. District Court for the Northern District of Georgia resulted in a settlement agreement between the U.S. Department of Health and Human Services, the Defense Health Agency acting on behalf of the TRICARE Program, the RRB and the laboratories and related entities for over \$14.3 million.

OI investigated two executives of a medical laboratory who were engaged in completing unnecessary genetic cancer screenings, and who submitted fraudulent billing to Railroad Medicare with false referrals. Prosecution of this criminal case in the U.S. District Court of the Middle District of Florida charged the subjects with soliciting and receiving kickbacks and bribes in exchange for referring Medicare beneficiaries for testing that was not eligible for Medicare reimbursement. One subject pled guilty to conspiracy to commit health care fraud, resulting in imprisonment for 48 months; the other pled guilty to conspiracy to defraud the United States, and to solicit, receive, offer, and pay kickbacks, resulting in imprisonment for 24 months. This criminal case resulted in restitution of \$5.2 million.

### ***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.

OI investigated an annuitant who claimed disability benefits from August 2013 to August 2019, while working in business outside of the railroad community. The U.S. Attorney's Office for the Western District of New York filed a civil action against the annuitant; a settlement agreement was reached in connection with false or fraudulent claims to the RRB, including claims arising under the penalty provision of RRA. This settlement required repayment of \$17,500 by the annuitant to the RRB.

**Employee Misconduct**

OI has continued to develop fraud awareness and detection through data analytics and investigations. As a result, the Circuit Court of Cook County, Illinois entered a sentence of 24 months of probation, for a former RRB employee who pleaded to felony theft in connection with fraudulent application for Paycheck Protection Program loans. The sentencing order noted that the employee paid restitution in the amount of \$20,832 and performed 40 hours of community service.

At the end of this reporting period, the distribution of OI cases is shown in the table titled *Open OI Cases by RRB Program*. The term "Other" includes non-annuitant cases.

OPEN OI CASES BY RRB PROGRAM	
Unemployment-Sickness	176
Disability	44
Medicare	30
Retirement	28
Other	22
Total	300

**Fraud Awareness Efforts and Hotline Results**

OI focuses on RRB benefit program fraud. OI’s primary objective is to identify, investigate, and refer for prosecution and monetary recovery actions that merit 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 699 contacts by telephone and email. These hotline contacts resulted in opening five investigations.

## **LEGISLATION AND REGULATION**

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.

## SUPPLEMENTAL REQUIRED INFORMATION

### Inspector General Act Reporting Requirements Index

Reporting	Requirement	Page
Section 405(b)(1), (2)	Significant Problems, Abuses, and Deficiencies and Recommendations	19-20
Section 405(b)(3)	Previously Identified Significant Recommendations - Corrective Actions Not Completed	19-20
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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	22
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Section 405(b)(19)	Substantiated OIG Investigations Involving Senior Government Employees	None
Section 405(b)(20)	Instances of Whistleblower Retaliation	None
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  
October 1, 2025 – March 31, 2026**

Report Number Report Date	Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
Report No. 26-01 12/16/2025	Audit of the Railroad Retirement Board’s RUIA Experience Rating Process	0	0	0
Report No. 26-02 12/18/2025	Report on the Railroad Retirement Board’s Financial Statements Fiscal Year 2025	0	0	0
Report No. 26-03 02/24/2026	Fiscal Year 2025 Financial Statement Audit Letter to Management	0	0	0
Memorandum/Letter 01/29/2026	Fiscal Year 2025 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012	N/A	N/A	N/A

**Summary of Audit Reports with Questioned Costs**

Reporting	Number of Reports	Dollar Value
A. For which no management decision had been made by October 1, 2025	0	\$0
B. Which were issued from October 1, 2025 through March 31, 2026	0	\$0
C. For which a management decision was made from October 1, 2025 through March 31, 2026	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, 2026	0	\$0

**Audit Reports with Recommendations that Funds Be Put to Better Use**

Reporting	Number of Reports	Dollar Value
A. For which no management decision had been made by October 1, 2025	0	\$0
B. Which were issued from October 1, 2025 through March 31, 2026	0	\$0
C. For which a management decision was made from October 1, 2025 through March 31, 2026	0	\$0
(i) dollar value of recommendations that were agreed to by management	0	\$0
(ii) dollar value of recommendations that were not agreed to by management	0	\$0
D. For which no management decision had been made by March 31, 2026	0	\$0

## Significant Matters

The OIG identified deficiencies in the Railroad Retirement Board's management controls as a significant matter for financial management and information technology. A summary of the issues and related recommendations for corrective action follows.

### Financial Management

For the first time since fiscal year 2013, the RRB received an unmodified (clean) audit opinion on its fiscal year 2025 financial statements. The assets held by the National Railroad Retirement Investment Trust's (NRRIT) were no longer consolidated in the RRB's financial statements. Instead, the NRRIT is a separate standalone consolidation entity, and its assets will be consolidated directly in the governmentwide reporting level for the purposes of the Financial Report consistent with *Statement of Federal Financial Accounting Standards 47: Reporting Entity*.

However, the RRB's fiscal year 2025 financial statements audit included two material weaknesses, one significant deficiency, and one deficiency. The material weaknesses related to the RRB not meeting the corrective action plan requirements as set forth in OMB Circular A-123 and the RRB's ineffective information technology controls over financial reporting. The significant deficiency was related to noncompliance with the United States Standard General Ledger requirements. The deficiency was related to the RRB's contract closeout process.

Details of each finding are located under Exhibit I and II of the independent auditor's report starting on page 107 of the RRB's Fiscal Year 2025 Performance and Accountability report and RRB OIG Report No. 26-03.

The OIG commends the RRB during this semiannual report for successfully working with the Department of Treasury, Government Accountability Office, and the Office of Management and Budget, which resulted in changes to the RRB's reporting requirements for the NRRIT and the proper accounting treatment for unusual or RRB-specific transactions.

### Information Technology

The RRB continues its modernization efforts for IT and safeguarding sensitive data, while accomplishing its mission. Prior IT reports included recommendations for improvement, many of which continue to be open or unimplemented. Most recently on July 30, 2025, auditors reported the maturity of RRB's Information Security Program (ISP) to be not effective for fiscal year 2025.<sup>1</sup> The firm determined that RRB has primarily sustained prior year ratings and continued to make progress in improving their ISP.

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<sup>1</sup> Auditors made this determination using the required fiscal year 2025 Core and Supplemental Inspector General Federal Information Security Modernization Act of 2014 Reporting Metrics. The IPA firm's auditors provided the RRB OIG with what is commonly known as the CyberScope report. This report was uploaded in the Department of Homeland Security's CyberScope Portal. OIG's IPA firm reviewed the RRB's five major information systems.

### Significant Recommendations

Financial Controls and Reporting Issue Area	Date of Report	Audit Report (Recommendations)
Ineffective Standards for Internal Control	April 11, 2017 September 28, 2017 July 9, 2018 February 8, 2024	OIG Report 17-04 (5, 11, 19) OIG Report 17-08 (7, 9-10, 12-13) OIG Report 18-07 (2, 6, 7) OIG Report 24-03 (1-2, 11, 13-17)
Information Security and Financial Reporting Controls	December 19, 2018 December 18, 2019 January 14, 2021 January 4, 2022 November 15, 2022 January 18, 2023 March 6, 2024 April 10, 2024 February 24, 2025	OIG Report 19-03 (9, 12, 18, 21, 24-27, 30-31) OIG Report 20-04 (4, 7, 10, 12-13, 15-17) OIG Report 21-03 (5, 7, 9) OIG Report 22-04 (2, 5, 6, 8-10) OIG Report 23-01 (6) OIG Report 23-02 (1-4, 8-11) OIG Report 24-04 (1-7) OIG Report 24-05 (1-5, 7-13) OIG Report 25-03 (1-18)
Unsupported RRA Annuity Payments	November 15, 2023	OIG Report 24-01 (2)
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)

### Investigative Referrals and Prosecutive Results<sup>2</sup>

Investigative Referrals	Totals
Investigative Reports Issued	15
Subjects Referred to U.S. Attorneys for Criminal Prosecution	29
Subjects Referred to State/Local Authorities	0

Prosecutive Results	Totals
Subjects Indicted/Informations Filed	2
Criminal Convictions	6
Civil Judgments	6

<sup>2</sup> **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 mechanisms 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. The category "Criminal Convictions" includes pre-trial diversion agreements. 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 data entry and approval dates by OI staff.

### Investigative Statistics

Investigation Caseload	Totals
Opened	16
Closed	42
In Progress at End of Reporting Period	300

Subpoenas	Total
Grand Jury and IG Subpoenas Issued	70

Investigative Results <sup>3</sup>	Totals
<b>Restitution (Total)</b>	<b>\$24,293,488.73</b>
Unemployment-CARES Act	\$72,656.73
Medicare	\$24,200,000.00
Employee	\$20,832.00
<b>Damages (Total)</b>	<b>\$14,407,840.79</b>
Disability	\$17,500.00
Medicare	\$14,338,654.80
Unemployment-CARES Act	\$51,685.99
<b>Fines (Total)</b>	<b>\$11,000.00</b>
Medicare	\$400.00
Unemployment-CARES Act	\$10,600.00
<b>Penalties (Total)</b>	<b>\$4,887.50</b>
Unemployment-CARES Act	\$4,887.50
<b>Probation (Months)</b>	<b>192</b>
<b>Incarceration (Months)</b>	<b>138</b>
<b>Human Trafficking Investigations</b>	<b>0</b>

<sup>3</sup> **Metrics:** data in "Investigative Results" may reflect programs administered exclusively by the RRB and fraud amounts from other Federal programs, such as Medicare, which are part of the resolution of the case and may not necessarily be delineated by agency. 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. Damages also may include restitution amounts in civil matters. The data is 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 data entry and approval dates by Office of Investigations staff.

## **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 pertaining to this requirement.

## **Peer Reviews**

### Office of Audit

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 did not conduct any peer reviews of another audit organization.

### Office of Investigations

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.

## **RRB CARES Act Benefits**

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

The CARES Act, signed into law on March 27, 2020, boosted UI-SI benefits for railroad workers impacted by the COVID-19 pandemic. To fund these enhanced benefits, RRB received appropriations of \$475 million plus access to remaining funds previously appropriated under the American Recovery and Reinvestment Act of 2009; and the Worker, Homeownership, and Business Assistance Act of 2009. The RRB was also appropriated an additional \$5 million to prevent, prepare for, and respond to 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.

## **ACRONYMS AND ABBREVIATIONS**

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CMS	Centers for Medicare and Medicaid Services
FBI	Federal Bureau of Investigation
GAGAS	Generally Accepted Government Auditing Standards
GAO	U.S. Government Accountability Office
IG	Inspector General
IPA	Independent Public Accounting Firm
IT	Information Technology
IG Act	Inspector General Act of 1978, as amended
NRRIT	National Railroad Retirement Investment Trust
OA	Office of Audit
OI	Office of Investigations
OIG	Office of Inspector General
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act
SI	Sickness Insurance
UI	Unemployment Insurance

## **LEGAL REFERENCES**

American Recovery and Reinvestment Act of 2009 - P.L. 111-5  
American Rescue Plan Act of 2021 - P.L. 117-2  
Consolidated Appropriations Act, 2021 - P.L. 116-260  
Continued Assistance to Rail Workers Act of 2020 - 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.

## REPORT FRAUD, WASTE AND ABUSE



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