
Office of Inspector General
■
Railroad Retirement Board



Semiannual Report to the Congress
■
October 1, 2021 – March 31, 2022



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

April 29, 2022

The Honorable Erhard R. Chorlé
Chairman
Railroad Retirement Board
844 North Rush Street
Chicago, Illinois 60611-1275

Dear Mr. Chorlé:

I am pleased to submit our *Semiannual Report to the Congress*. This report provides a descriptive summary of our activities and accomplishments during the period of October 1, 2021 through March 31, 2022. This report is submitted in accordance with Section 5 of the Inspector General Act of 1978, as amended. Section 5(b) of the Act requires that you transmit this report to the appropriate Congressional committees or subcommittees within 30 days.

We appreciate the ongoing assistance extended to our staff during the performance of their duties.

Sincerely,

Original Signed

Martin J. Dickman
Inspector General

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INTRODUCTION

Railroad Retirement Board

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The RRB administers comprehensive disability, retirement-survivor, and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families. These programs are codified under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA), respectively. During fiscal year 2021, the RRB paid retirement-survivor benefits of nearly \$13.2 billion to approximately 519,000 beneficiaries. The RRB also paid net unemployment-sickness insurance benefits of about \$164 million to approximately 41,000 claimants.

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, Palmetto Government Benefit Administrators, LLC (Palmetto), processed almost 8 million claims and paid more than \$920 million in Medicare Part B benefits for fiscal year 2021.

Board Members

The RRB's Board consists of three members who are appointed, with the advice and consent of the Senate, by the President of the United States. One member is appointed upon the recommendation of railroad employers; another member is appointed upon the recommendation of representatives of railroad employees; and the third, who is the Chairman, is appointed without recommendation by either employers or employees and shall not be in the employment of or be pecuniarily or otherwise interested in any employer or organization of employees. Board Members' terms are five years in length and expire in staggered years.

Office of Inspector General

The Railroad Retirement Solvency Act of 1983 amended the RRA to provide for an Office of Inspector General (OIG) for the RRB. The 1988 amendments to the Inspector General Act of 1978 added the RRB to the list of covered agencies. The RRB's Inspector General is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to the Board Members and the Congress. It is the Inspector General's responsibility to promote economy, efficiency, and effectiveness in the RRB's programs and operations. To that end, the OIG conducts audits/evaluations, management reviews, and inspections of the RRB's programs and operations. As a

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product of its efforts, the OIG offers recommendations for agency improvement to RRB management. The OIG also identifies and investigates cases of fraud, waste, and abuse in the RRB's programs and operations. The OIG works closely with federal prosecutors and makes the appropriate referrals for criminal prosecution, civil prosecution, monetary recovery, or administrative action.

The OIG has three operational components: the immediate Office of the Inspector General, the Office of Audit, and the Office of Investigations. The OIG conducts operations from several locations including the RRB headquarters in Illinois and investigative field offices in California, Pennsylvania, Texas, and Washington D.C. These field offices provide an increased investigative presence, which aids in the effective and efficient coordination of joint investigations with other Offices of Inspector General and law enforcement agencies.

EXECUTIVE SUMMARY

Office of Audit

The Office of Audit (OA) conducts financial, performance, and compliance audits and evaluations/inspections of the RRB's programs and operations. In addition to focusing on mandated audit requirements, OA strategically identifies areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste, and abuse. OA's audit planning process takes into account mandated audits, congressional and presidential concerns, programmatic risk, and resource availability. During this reporting period, OA:

- published a performance audit of the RRB's compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act);
- completed its annual audit of the RRB's comparative financial statements for fiscal years ended September 30, 2021 and 2020 along with the related reports on internal control and compliance (mandated);
- prepared and issued the Inspector General's statement of *Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021* (mandated);
- published abbreviated audit results regarding information security at the RRB in accordance with the Federal Information Security Modernization Act of 2014 (FISMA) (mandated);
- published a performance audit pertaining to the RRB's Audit Compliance Section (ACS);
- prepared and issued a Management Information Report examining the RRB's actions concerning pandemic funding;

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- published a report titled *Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic*; and
- conducted a risk assessment, in compliance with the Government Charge Card Abuse Prevention Act of 2012, related to the RRB's purchase and travel card programs for fiscal year 2021 (mandated).

OA's activities, during this reporting period, are discussed in further detail on pages 4 through 12 of this report. All inspections, evaluations, or audits conducted during this semiannual reporting period were disclosed to the public on OIG's website at <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral> and on Oversight.gov. In general, reports that transmit non-releasable information have abstracts released publicly as noted above.

Office of Investigations

The Office of Investigations (OI) focuses its efforts on identifying, investigating, and presenting RRB benefit fraud cases for prosecution. OI conducts investigations throughout the United States related to:

- the fraudulent receipt of RRB benefit payments (disability, unemployment insurance (UI), sickness insurance (SI), or retirement-survivor benefits);
- Railroad Medicare fraud;
- false reporting by railroad employers; and
- criminal violations and misconduct by RRB personnel.

From October 1, 2021 through March 31, 2022, OI achieved:

- 3 criminal convictions;
- 4 civil judgments; and
- almost \$600,000 in financial accomplishments.

Defendants, in the aggregate, were sentenced to 30 months of probation. Additional details regarding OI activities are discussed on pages 14 through 19.

OCTOBER 1, 2021 – MARCH 31, 2022 ACCOMPLISHMENTS

Office of Audit

Congress established the OIG to provide independent oversight of the RRB. Within the OIG, OA's mission is to promote economy, efficiency, and effectiveness in the administration of the RRB's programs and operations; and to detect and prevent fraud, waste, and abuse. Through the Inspector General, OA keeps Board Members and the Congress informed of current and potential problems and deficiencies in the RRB's operations. OA also tracks the agency's progress towards corrective action.

Brief summaries of all audits completed during this reporting period follow.

Audit of the RRB's DATA Act Submission for the First Quarter of Fiscal Year 2021 (Report No. 22-01)

What OA Did

OA engaged RMA Associates, LLC (RMA) to conduct a performance audit of the RRB's compliance with the DATA Act. RMA is responsible for the audit report and the conclusions expressed therein. OA does not express any assurance on the conclusions presented in RMA's audit report.

What the Contract Auditor Did

RMA conducted this audit in accordance with the performance audit standards established by Generally Accepted Government Auditing Standards (GAGAS). To complete this work, RMA assessed the completeness, accuracy, timeliness, and quality of the first quarter fiscal year 2021 financial and award data submitted by the RRB for publication on USASpending.gov; and assessed the RRB's implementation and use of the government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Department of Treasury (Treasury).

What the Contract Auditor Found

RMA determined that the RRB generally submitted complete, accurate, and excellent quality financial and award data for its first quarter of fiscal year 2021 publication on USASpending.gov. They also determined that the RRB generally implemented and used the government-wide financial data standards established by OMB and Treasury. RMA, however, identified the need to generate File C, Award Financial – Financial Assistance from authoritative data sources.

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What the Contract Auditor Recommends

RMA made two recommendations to the Office of Administration. Specifically, RMA made one recommendation to address the lack of timeliness in processing procurement awards, and one recommendation to address the accuracy errors in procurement awards. RRB management concurred with one recommendation and did not concur with one recommendation.

Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2021 (Report No. 22-02)

What OA Did

During this reporting period, OA completed its annual mandated audit of the RRB's comparative financial statements for:

- the fiscal years ended September 30, 2021 and 2020;
- the balance sheet and related statements of net cost, changes in net position, and budgetary resources for the years then ended;
- the statement of social insurance as of October 1, 2020, October 1, 2019, October 1, 2018, October 1, 2017, and October 1, 2016; and
- the statement of changes in social insurance amounts for the two-year period ended September 30, 2020 and the related notes to the financial statements.

This audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*.

What OA Found

As detailed in Report No. 22-02, OA was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion regarding the financial position of the RRB and accordingly, did not express an opinion (disclaimed opinion) regarding the RRB's financial statements. OA has disclaimed their opinion on the RRB's financial statements since fiscal year 2013 due to the lack of access to the National Railroad Retirement Investment Trust's (NRRIT) books, records, and independent accountant.

The NRRIT represents approximately \$28.5 billion and \$24.8 billion or 79 and 77 percent of the total assets reported for the RRB for fiscal years 2021 and 2020, respectively. NRRIT assets also represent approximately 95 and 93 percent of the Treasury securities and assets held by the Railroad Retirement program as of October 1, 2020 and October 1, 2019, respectively. Related changes in the net value of

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investments held by the NRRIT are reported as a source of financing which contributed a net gain of approximately \$3.7 billion during fiscal year 2021 and a net loss of \$594 million during fiscal year 2020.

What OA Recommends

OA did not make any new recommendations for improvements; however, several prior recommendations remain open. Please see Report No. 22-02 and *Appendix C – Significant Matters* for additional details.

Management Information Report – Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021 (Report No. 22-03)

What OA Did

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

What OA Found

OA's identification of challenges facing RRB management is based on recent audits, reviews, investigations, follow-up activities, and issues of concern to the OIG. During fiscal year 2021, the OIG identified the following six major management and performance challenges facing the RRB.

Most Serious Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021 (as identified by the Office of Inspector General)	
Challenge 1	<i>Improve Agency Disability Program Integrity</i>
Challenge 2	<i>Improve Information Technology Security and Complete System Modernization</i>
Challenge 3	<i>Improve Management of Railroad Medicare</i>
Challenge 4	<i>Improve Payment Accuracy and Transparency</i>
Challenge 5	<i>Financial Management and Reporting Issues</i>
Challenge 6	<i>Compliance Concerns Identified</i>

RRB provided written comments, which are reprinted in Report No. 22-03. While RRB management provided comments and disagreements with some of the challenges identified, OA's assessment of the major challenges facing the RRB remains unchanged.

Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2021 - Abstract (Report No. 22-04)

What OA Did

OA engaged Kearney & Company, P.C. (Kearney) to conduct a performance audit of the information security program (ISP) at RRB for fiscal year 2021. Kearney is responsible for the audit report and the conclusions expressed therein. OA does not express any assurance on the conclusions presented in Kearney's audit report.

What the Contract Auditor Did

Kearney conducted this audit in accordance with the performance audit standards established by GAGAS. The scope of this audit, as mandated by FISMA, was information security at the RRB during fiscal year 2021.

What the Contract Auditor Found

"...Kearney determined that RRB did not comply with FISMA legislation and [Office of Management and Budget] OMB guidance and that sampled security controls selected from [National Institute of Science and Technology Special Publication] NIST SP 800-53, Rev. 4 and Rev. 5 demonstrated ineffectiveness; thus, RRB's Information Security Program did not provide reasonable assurance of adequate security." Kearney noted that RRB's ISP did not meet the fiscal year 2021 Inspector General FISMA Reporting Metrics' definition of "effective" because the program's overall maturity did not reach Level 4: Managed and Measurable.

During fiscal year 2021, Kearney determined that policies and procedures are not consistently implemented for several systems and controls, and lessons learned are not utilized for several domains across the agency.

Based on Kearney's audit work and the instructions in fiscal year 2021 Inspector General FISMA Reporting Metrics, they concluded that RRB's ISP was not operating effectively.

What the Contract Auditor Recommends

To address the weaknesses identified in this audit, Kearney made 10 detailed recommendations. RRB management concurred with all of the recommendations. Kearney stated that “[i]mplementing our recommended corrective actions will help minimize the risk of unauthorized disclosure, modification, use, and disruption of RRB sensitive, non-public information; improve compliance with FISMA requirements; and assist the RRB ISP reach the next maturity level.”

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

Railroad Retirement Board Audit Compliance Section Did Not Provide Adequate Audit Coverage of Railroad Employers (Report No. 22-05)

What OA Did

OA engaged RMA to conduct a performance audit of the RRB’s ACS. RMA is responsible for the audit report and the conclusions expressed therein. OA does not express any assurance on the conclusions presented in RMA’s audit report.

What the Contract Auditor Did

RMA conducted this audit in accordance with the performance audit standards established by GAGAS. The audit objectives were to assess whether ACS had adequate audit coverage of Class I railroads; assess whether ACS had complied with its responsibilities under RRA and RUIA; assess the impact of any deficiencies identified, including prior deficiencies; determine if the RRB’s certification of railroad employee service compensation and experience rating system tax determinations were valid and could be relied upon when considering the serious ineffectiveness of its current audit function; and assess whether ACS had met peer review requirements by having external peer reviews and ratings of “pass” at the three-year required peer review intervals since ACS’ last peer review.

The scope of the audit was ACS’ mission within the Bureau of Fiscal Operations for fiscal years 2017 through 2020.

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What the Contract Auditor Found

RMA determined that RRB ACS did not accomplish its mission of verifying creditable service and compensation determinations to determine and verify compliance with RRA and RUIA financial reporting requirements. Since ACS did not provide adequate audit coverage over Class I railroads or non-Class I railroads during this timeframe, RMA concluded that \$143.5 billion in reported creditable compensation was at risk for inaccuracies.

RMA also determined that RRB ACS did not obtain an external peer review within the 2017 through 2020 review period as required by GAGAS and did not obtain permission/approval to forgo a peer review. Additionally, RMA determined that RRB ACS did not update or review their audit policies and procedures on an annual basis as required by GAGAS. Lastly, RMA determined that RRB ACS staff auditors did not obtain sufficient continuing professional education (CPE) credits as required by GAGAS.

What the Contract Auditor Recommends

To address weaknesses identified in this audit, RMA made four recommendations to the Bureau of Fiscal Operations. Specifically, RMA made one recommendation to address the lack of audit coverage, one recommendation to address the lack of external peer review, one recommendation to address outdated policies and procedures, and one recommendation to address insufficient CPE credits.

RRB management concurred with three recommendations and did not concur with one recommendation.

Management Information Report – Railroad Retirement Board’s Actions in Response to Pandemic Funding (Report No. 22-06)

What OA Did

The OIG works to provide oversight to all aspects of agency responsibility, which includes monitoring the implementation of significant provisions of laws and regulations and major projects to identify at-risk situations. This report presents recommendations and updates on prior issues raised by the OIG during OA’s oversight of RRB’s actions while implementing the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the subsequent related laws. The series of laws in 2020 and 2021 provided economic relief to the rail community and the RRB during the pandemic. These laws were the CARES Act, the Continued Assistance to Rail Workers Act (CARWA), and the American Rescue Plan Act (ARPA). Each act provided for the payment of enhanced and extended benefits under the RUIA.

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This report addresses the transparency in the RRB's reporting of CARES Act obligations and their hiring practices using ARPA funding. It also addresses RRB's communication of COVID-19 purchase card requirements.

OA's objective was to provide RRB management with information that would assist them in ensuring pandemic funding compliance, transparency, and fiscal accountability.

The scope of this review was the RRB's actions and monitoring of the appropriated pandemic funding and the hiring practices under the ARPA appropriation.

What OA Found

OA identified inconsistencies in the reporting of outlays and obligations reported to OMB for the \$5 million CARES Act appropriations and questioned the hiring process and documentation supporting those hiring decisions with the funding provided under ARPA. In addition, OA's review of RRB purchase card COVID-19 requirements found that the RRB properly communicated the requirements even though no COVID-19 related transactions were identified or reported to the RRB Program Coordinator.

What OA Recommends

To address the weaknesses identified in this review, OA made the following three recommendations.

- (1) The RRB should reconcile obligations reported to determine the correct total for obligations charged to a \$5 million technology appropriation.
- (2) The RRB should establish a group tasked with hiring decisions and this group should use documented and reliable procedures for hiring using ARPA appropriations.
- (3) The RRB should reconsider and revise its plans for hiring based on ARPA appropriations.

RRB management did not concur with these recommendations. OA, however, continues to see the need for these recommendations.

Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic (Report No. 22-07)

What OA Did

OA engaged RMA to conduct a performance audit of the RRB's mobile phones deployed as a result of the pandemic. RMA is responsible for the audit report and the conclusions expressed therein. OA does not express any assurance on the conclusions presented in RMA's audit report.

What the Contract Auditor Did

RMA conducted this audit in accordance with the performance audit standards established by GAGAS. The audit objectives were to:

- (1) determine if mobile phones purchased and deployed as a result of the pandemic comply with RRB mobile device policies including records retention for voice mail, text messages, photographs, etc.;
- (2) conduct a cost-benefit analysis for the cell phones that would include identification of non-usage of cell phones and extensive personal usage;
- (3) assess the necessity for the mobile phone based on cell phone usage tied to employee positions within the agency;
- (4) assess the types of applications downloaded to the mobile phones and determine if they are appropriate for business purposes and if approvals were required and provided; and
- (5) assess whether agency records of mobile phone assignment are accurate and complete.

The scope of the audit was the period of March 2020 through September 2021.

What the Contract Auditor Found

RMA determined that the RRB did not implement sufficient internal controls in the mobile phones deployed as a result of the pandemic. RMA also determined that RRB did not have a records management and retention system over electronic records or updated policies in place for the mobile phones. In addition, RRB telecommuting policies were outdated and personal usage policies were inconsistent. As a result, a portion of the funding associated with the mobile phone deployment could have been put to better use.

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Finally, RMA determined that the RRB's inability to properly establish and implement the mobile phone program was due to the following five findings: (1) no records management policies; (2) inconsistencies in RRB internal guidance; (3) lack of sufficient internal controls over mobile phones deployed; (4) incomplete and inaccurate mobile phone records; and (5) lack of records management system.

What the Contract Auditor Recommends

To address weaknesses identified in this audit, RMA made 11 recommendations. Additionally, RMA conducted a cost-benefit analysis and identified \$310,359 in funds that could have been put to better use. This calculation was based on the total costs associated with mobile phones not used and usage outside of core hours.

RRB management concurred with six recommendations, partially concurred with two recommendations, and did not concur with three recommendations.

Fiscal Year 2021 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012 (Special Report)

What OA Did

In compliance with the Government Charge Card Abuse Prevention Act of 2012, OA conducted a risk assessment related to the RRB's purchase and travel card programs for fiscal year 2021. RRB's purchase and travel card spending totaled approximately \$741,563 and \$85,731, respectively. RRB's spending was below the \$10 million threshold established for increased oversight and reporting.

What OA Found

Based on the results of OA's fiscal year 2021 purchase and travel card risk assessment, OA assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low.

What OA Recommends

OA did not make any new recommendations; however, several prior recommendations remain open.

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Management Decisions and Implementation

As part of its oversight activities, the OIG tracks the agency's implementation of audit recommendations. The reporting of management decisions and corrective actions for all audit recommendations is required by OMB Circular No. A-50 (Revised) and the Inspector General Act of 1978, as amended.

Management Decisions	
Requiring Management Decision on October 1, 2021	0
Pending Management Decision for New Recommendations	0
Management Decision on Previous Recommendations	0
Recommendations Pending Management Decision on March 31, 2022	0

Corrective Actions	
Recommendations Requiring Action on October 1, 2021	466
Recommendations Issued During Reporting Period	30
Corrective Actions Completed During Reporting Period	17
Recommendations Rejected During Reporting Period	1
Final Actions Pending on March 31, 2022	478

The Inspector General Empowerment Act of 2016 requires additional details pertaining to outstanding and unimplemented recommendations. This information, including the associated potential cost savings, regarding the 478 open audit recommendations is incorporated into this report by reference and may be accessed in the library section of OIG's website.¹ This report is titled *Open or Unimplemented Audit Recommendations and Cost Savings as of March 31, 2022*.

¹ <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral>

Office of Investigations

OI's primary objective is to investigate and refer for prosecution or for monetary recovery action cases of fraud, waste, and abuse in the RRB's programs. OI also seeks to prevent and deter program fraud by reporting systemic weaknesses identified through investigative work. To maximize the impact of its resources, OI pursues cooperative investigative activities in coordination with other Inspectors General such as the Office of Inspector General for the U.S. Department of Health and Human Services, the Office of Inspector General for the Social Security Administration, and other law enforcement agencies, such as the Federal Bureau of Investigation.

Current Caseload

During this reporting period, OI opened 27 new investigative cases.²

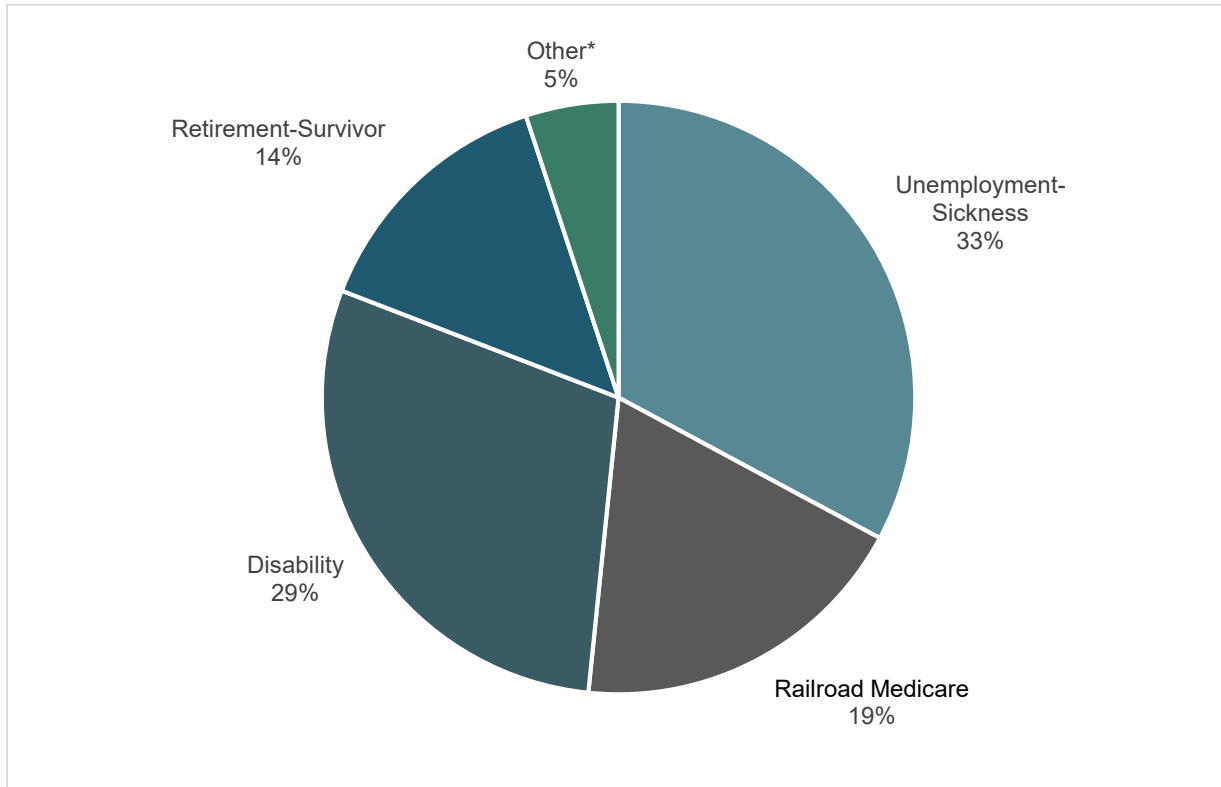
Current Caseload	
Investigative Cases Open as of October 1, 2021	291
Investigative Cases Closed During Reporting Period	41
Investigative Cases Opened During Reporting Period	27
Investigative Cases Open as of March 31, 2022	277

As of March 31, 2022, OI's investigative caseload totaled 277 matters which represents almost \$338 million in potential fraud losses.³ The chart on the following page reflects the distribution of OI cases open at the end of the reporting period.

² An investigative case may include multiple subjects.

³ This reflects potential fraud amounts related to programs administered exclusively by the Railroad Retirement Board (RRB) and potential fraud amounts from other federal programs, such as Medicare, which have been identified during joint investigative work. Potential fraud amounts associated with joint casework may not necessarily be delineated by agency.

Investigative Caseload by Case Type



*Other case type is an amalgam of various types of cases involving matters such as misconduct by RRB employees, threats against agency employees, false reporting by railroad employers, and others.

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Investigative Accomplishments

Action	October 1, 2021 – March 31, 2022
Total Number of Investigative Reports Issued	11
Total Number of Persons Referred to the Department of Justice for Criminal Prosecution	9
Total Number of Persons Referred to State or Local Prosecuting Authorities for Criminal Prosecution	0
Indictments/Informations During Reporting Period (Original Prosecutive Referral Made Prior to October 1, 2021)	4
Subpoenas Issued	34
Criminal Convictions	3
Civil Judgments	4
Restitution and Fines	More Than \$230,000
Civil Damages and Penalties	Almost \$64,000
Recoveries	\$300,000

Investigative Case Summaries

Brief descriptions of representative matters referred to prosecutorial authorities and the resulting convictions are summarized on pages 17 through 19. OI does not have any substantiated senior government employee misconduct cases or incidents of whistleblower retaliation to report.

Disability Investigations

OI conducts fraud investigations relating to the RRB's disability program. Railroad workers who are awarded an RRB disability annuity are subject to work restrictions and earnings limitations. Disability benefit fraud may involve applicant fraud or sophisticated schemes to hide disqualifying work activities/earnings from the RRB.

During this reporting period, OI obtained one disability fraud conviction and a \$300,000 monetary recovery. Descriptions of these disability fraud cases follow.

Disability Annuitant Criminally Convicted

OI investigated a disability annuitant who failed to report his self-employment to the RRB.

This case was referred to the United States Attorney's Office for the Northern District of Illinois which filed an indictment against the annuitant. The annuitant subsequently pleaded guilty and was sentenced to two years of probation, including six months in a community confinement facility, and ordered to pay almost \$221,000 in restitution and fines.

Disability Annuitant Pays \$300,000 Lump Sum to Settle Fraud Case

OI investigated a disability annuitant who failed to report his self-employment to the RRB.

This case was referred to the United States Attorney's Office for the Eastern District of New York which entered into a signed agreement with the annuitant. Under this agreement, the annuitant paid the RRB \$300,000 to resolve the underlying disability fraud case.

Unemployment-Sickness Insurance Investigations

UI-SI benefit fraud typically involves individuals claiming and receiving benefits while working or collecting state administered unemployment benefits. OI receives the majority of these case referrals from the RRB's Sickness and Unemployment Benefits Division.

During this reporting period, OI obtained two criminal convictions and three civil judgments for UI-SI fraud cases. Defendants in these cases received, in the aggregate, sentences totaling six months of probation and were ordered to pay more than \$60,000 in restitution, fines, and civil damages.

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

UI Claimant Prosecuted in State Court

OI investigated a UI claimant based upon a referral from the RRB. OI's investigation determined that during the period of July 2017 through January 2018, the claimant applied for UI benefits on the same days she was working and being paid by a private employer. The claimant submitted a total of 16 false claims and received more than \$8,000 in fraudulent UI benefits.

This case was referred to the local District Attorney's Office. The District Attorney's Office filed a two-count criminal complaint against the claimant. The claimant subsequently pleaded guilty and was sentenced to six months of probation and ordered to pay full restitution.

Fraud Charges Settled Through Consent Judgment

OI investigated a UI claimant based upon a referral from the RRB. OI's investigation determined that during the period of May 2018 through January 2019, the claimant applied for UI benefits on the same days she was working and being paid by a private employer. The claimant submitted a total of 18 false claims and received more than \$11,000 in fraudulent UI benefits.

This case was referred to the United States Attorney's Office for the Northern District of Ohio which filed a civil complaint against the claimant. The case was settled through a consent judgment with the claimant agreeing to pay double the fraud amount.

Retirement-Survivor Investigations

The RRA provides retirement-survivor benefits for qualified railroad workers and their families. RRB retirement-survivor benefit fraud typically involves:

- an individual failing to report information to the RRB that may disqualify the annuitant from receiving benefits;
- instances of theft or fraudulent cashing of retirement benefit checks by someone other than the authorized RRB annuitant; or
- an individual designated to receive RRB benefits on behalf of an RRB annuitant fraudulently using the funds for their own personal use.

During this reporting period, OI obtained one civil judgment for a retirement-survivor benefit fraud case. This case is summarized below.

RRB Annuitant Entered into Settlement Agreement to Resolve Fraud Matter

OI investigated an RRB annuitant who simultaneously collected retirement benefits from the RRB and the Social Security Administration.

This case was referred to the United States Attorney's Office for the Eastern District of Pennsylvania. The United States Attorney's Office entered into a settlement agreement with the annuitant for \$13,000 to resolve this matter.

Hotline Contacts

The OIG's hotline provides an open line of communication for individuals to report suspected criminal activity and mismanagement/waste of RRB funds. During this reporting period, the hotline received 683 contacts in the following manner: 32 percent by telephone and 68 percent by email. These hotline contacts resulted in 20 referrals to OI.

OTHER OVERSIGHT ACTIVITIES

Coronavirus Aid, Relief, and Economic Security Act

The CARES Act, signed into law on March 27, 2020, boosted UI-SI benefits for railroad workers impacted by the COVID-19 pandemic. To fund these enhanced benefits, RRB received appropriations of \$475 million plus access to remaining funds previously appropriated under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009. The RRB was also appropriated an additional \$5 million to prevent, prepare for, and respond to coronavirus, including the purchase of Information Technology (IT) equipment to improve the mobility of the workforce and provide for additional hiring or overtime hours as needed to administer the RUIA.

Consolidated Appropriations Act, 2021

On December 27, 2020, the President signed into law H.R. 133, the Consolidated Appropriations Act, 2021 which included Subchapter III – CARWA. 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

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. As part of OIG's oversight of the agency's implementation of COVID-19 legislation, to date, we have issued a monitoring plan and three Management Information Reports. During this semiannual period, our oversight efforts remained in progress and we plan to issue an additional report in the coming months.

As of March 31, 2022, OI had 62 open UI-SI investigative cases involving enhanced COVID-19 pandemic related benefits.

Inspections, Evaluations, and Audits Not Disclosed to the Public

No inspections, evaluations, or audits were conducted and not disclosed to the public during the reporting period. Reports that transmit non-releasable information have abstracts released publicly on OIG's website and Oversight.gov.

OPERATIONAL ISSUES

The following operational issues impact the OIG's ability to effectively carry out its oversight role.

Attempts to Interfere with the Independence of the Office of Inspector General

During this semiannual period, there were no attempts to interfere with the independence of the OIG; however, RRB management's denial of its ownership of the Railroad Medicare program impacts our oversight responsibilities as explained below.

Railroad Medicare

Although Railroad Medicare is one of the programs that the agency administers, RRB management continues to deny some of its responsibilities for this program. RRB management stated that they, in conjunction with CMS, agree that Medicare should be treated as one program for improper payment reporting purposes and that separate reporting duplicates actions taken by CMS. OIG continues to disagree.

As a result of their position, RRB did not report Railroad Medicare improper payments in their fiscal year 2020 Performance and Accountability Report, as required for programs that an agency administers. OA's most recent mandated improper payment audit report, issued in May 2021, addressed the RRB's noncompliance with improper payment legislation because the RRB did not report improper payment data for the Railroad Medicare program.⁴ RRB management did not concur with OA's eight recommendations, citing that CMS is responsible for the Medicare program as a whole and that RRB reporting would be duplicative. OA's prior year mandated improper payment audit report, issued in May 2020, also addressed the RRB's lack of reporting for the Railroad Medicare program.⁵ RRB management did not concur with four of OA's

⁴ RRB Office of Inspector General (OIG), *The Railroad Retirement Board Was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2020*, Report No. 21-05 (Chicago, IL; May 17, 2021).

⁵ RRB OIG, *Audit of the Railroad Retirement Board's Compliance with Improper Payments Reporting in the Fiscal Year 2019 Performance and Accountability Report*, Report No. 20-06 (Chicago, IL; May 12, 2020).

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five recommendations, citing the reasons explained above as the basis for nonconcurrence. OA's mandated improper payments audit report issued in May 2019 identified many recommendations for Railroad Medicare improper payment reporting.⁶ In response to that report, RRB management did not concur with 14 of OA's recommendations, citing that their reporting duplicated overall Medicare reporting made by CMS.

Although we have been advised that the RRB and CMS plan to revise the existing memorandum of understanding (MOU) to more clearly delineate the responsibilities that each agency has regarding Railroad Medicare, such revision has yet to occur. RRB management informed OA that delays have occurred with CMS due to administrative changes and the need to address coronavirus activities. OA was informed by RRB management that RRB and CMS have been actively working on finalizing an updated MOU to more clearly delineate the responsibilities that each agency has regarding Railroad Medicare. RRB management informed OA that during March 2022 they have had numerous discussions and draft exchanges with CMS regarding updating the MOU. They are hopeful to have an updated MOU in place no later than April 2022. It should be noted that we have made recommendations related to updating RRB and CMS documents since fiscal year 2016.⁷

The RRB's position on this matter impacts OIG due to our oversight responsibilities regarding the Railroad Medicare program. Legislation requires Inspector General offices to conduct annual improper payment audits of programs that the agency administers. In addition, we conduct other audits of the Railroad Medicare program. As we continue our oversight responsibilities for Railroad Medicare, RRB management's position that it has very limited responsibility for this program, which they use as a basis for not taking recommended corrective actions, leaves the Railroad Medicare program at an elevated risk for fraud and abuse. In addition to the RRB's continued noncompliance for Railroad Medicare improper payment reporting, some Railroad Medicare improper payment recoveries are not being made. As a result of these actions, the Inspector General sent a letter to CMS to explain our concerns and seek CMS' input for this matter. Our concerns continue to mount as this matter remains unresolved.

Due to the RRB's stance towards the Railroad Medicare program, they have nonconcurred with 26 of our recommendations regarding their mandated responsibilities for improper payment reporting. In addition, RRB management did not concur with 32 additional recommendations that we made regarding the need for the agency to

⁶ RRB OIG, *Audit of the Railroad Retirement Board's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 Performance and Accountability Report*, Report No. 19-09 (Chicago, IL; May 30, 2019).

⁷ RRB OIG, *Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance With Federal Requirements*, Report No. 16-10 (Chicago, IL; August 22, 2016).

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detect and prevent payments for improper evaluation and management services for Railroad Medicare.⁸

While RRB receives significant funding to administer the Railroad Medicare program, including funding for separate claims processing, RRB management has declined to accept responsibility for oversight and improper payment recovery. As a result, it is inefficient and not cost effective to have a separate Medicare Part B contractor.

Although benefits received under Railroad Medicare are solely for retired railroad workers, the quality of healthcare, monthly premium cost, and customer service are not distinct from traditional Medicare. Consequently, if RRB management denies ownership of its Railroad Medicare program responsibilities and does not accept responsibility for minimizing improper payments, there is no practical reason for the program's existence.

LEGISLATIVE & REGULATORY REVIEW

The Inspector General Act of 1978, as amended, requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of the agency. The agency did not submit any legislative proposals for OIG review during this reporting period.

⁸ RRB OIG, *Railroad Medicare Controls Over Evaluations and Management Services Were Not Fully Adequate*, Report No. 19-10 (Chicago, IL; August 5, 2019).

APPENDICES

<i>Appendix</i>	<i>Title</i>	<i>Page No.</i>
A	Office of Inspector General Reports and Other Publicly Available Papers Issued	25
B	Audit Reports with Questioned Costs or with Recommendations that Funds be Put to Better Use	26
C	Significant Matters	28
D	Peer Reviews	34
E	Reporting Requirements	35
F	Acronyms	37
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Appendix A – Office of Inspector General Reports and Other Publicly Available Papers Issued

- *Audit of the RRB's DATA Act Submission for the First Quarter of Fiscal Year 2021* (Report No. 22-01)
- *Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2021* (Report No. 22-02)
- *Management Information Report – Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021* (Report No. 22-03)
- *Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2021 - Abstract* (Report No. 22-04)
- *Railroad Retirement Board Audit Compliance Section Did Not Provide Adequate Audit Coverage of Railroad Employers* (Report No. 22-05)
- *Management Information Report – Railroad Retirement Board's Actions in Response to Pandemic Funding* (Report No. 22-06)
- *Railroad Retirement Board Did Not Implement Sufficient Internal Controls in the Mobile Phones Deployed as a Result of the Pandemic* (Report No. 22-07)
- *Fiscal Year 2021 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012* (Special Report)

All publicly available audit reports and papers are available on OIG's website at <https://www.rrb.gov/index.php/OurAgency/InspectorGeneral>.

Appendix B – Audit Reports with Questioned Costs or with Recommendations That Funds Be Put to Better Use

	Audit Reports With Questioned Costs	Amount of Questioned Costs	Amount of Unsupported Costs
A. For which no management decision had been made by October 1, 2021	0	\$0 ⁹	\$0
B. Which were issued from October 1, 2021 through March 31, 2022	0	\$0	\$0
Subtotal (A + B)	0	\$0	\$0
C. For which a management decision was made between October 1, 2021 through March 31, 2022	0	\$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, 2022	0	\$0	\$0

⁹ For the prior semiannual reporting period of April 1, 2021 through September 30, 2021, we had an additional \$322,502 in questioned costs and unsupported costs that was inadvertently omitted from that report. We reported \$1,173,660 but the total should have been \$1,496,162.

	Audit Reports With Recommendations That Funds Be Put to Better Use	Dollar Value
A. For which no management decision had been made by October 1, 2021	0	\$0
B. Which were issued from October 1, 2021 through March 31, 2022	2	\$1,686,872
Subtotal (A + B)	2	\$1,686,872
C. For which a management decision was made between October 1, 2021 through March 31, 2022	2	\$1,686,872
(i) dollar value of recommendations agreed to by management		\$310,359
(ii) dollar value of recommendations not agreed to by management		\$1,376,513
D. For which no management decision had been made by March 31, 2022	0	\$0

Appendix C – Significant Matters

The OIG has identified deficiencies in RRB management controls as a significant matter. A summary of the issues and related recommendations for corrective action follow.

Financial Controls and Reporting

Financial Reporting

This material weakness encompasses ineffective controls, communication with the NRRIT's auditor, and social insurance valuation. OA's fiscal year 2021 financial statement audit identified concerns for each of these areas.

- Communication with the NRRIT's Auditor

American Institute of Certified Public Accountants standards require communication between OIG and NRRIT's auditor. This communication has not occurred. RRB management stated that they do not have authority to grant communication between OIG and NRRIT's auditor. Historically the NRRIT has been unresponsive to OA's requests pertaining to its auditor. Due to the significance of this matter, OA continues to look for resolution of this issue despite the RRB's nonconcurrence with OA's prior recommendation for corrective action.

NRRIT's investment authority is not subject to direct oversight or approval by the RRB. OA previously reported that the NRRIT's investments were being questioned based on a letter that the RRB received from the White House National Security Advisor and the Director of the National Economic Council. The letter, dated July 7, 2020, stated that the NRRIT was believed to have been investing hundreds of millions in railroad worker's retirement assets in investments directly supporting the People's Republic of China. These investments appeared to support increased Chinese militarization, human rights violations, religious oppression, and violate existing U.S. sanctions. The Chinese government has prevented compliance with U.S. security laws and impeded Public Company Accounting Oversight Board and U.S. Security Exchange Commission oversight and inspections leaving these railroad retiree assets vulnerable and exposed to significant and unnecessary financial risks and fiduciary concerns. On July 30, 2020, NRRIT stated that it had not invested in the two Chinese companies cited in the letter. RRB management determined during fiscal year 2021 that NRRIT had liquidated its interests in the Communist Chinese Military Companies (CCMC) which were prohibited by the previous Executive

Order (EO)13959.¹⁰ As of June 4, 2021, RRB management also confirmed that the NRRIT did not have investments in CCMCs prohibited by the newly expanded EO 14032.¹¹ OIG has no audit authority to validate the accuracy of the NRRIT's statements regarding its investments.

- Social Insurance Valuation

OA's actuarial contractor identified a material difference for the RRB's Statement of Social Insurance (SOSI) dated October 1, 2019. This material difference resulted in a \$0.7 billion understatement in the open group surplus amount as shown on the SOSI statement. Due to the change in social insurance valuation period, amounts were adjusted by the actual return on assets held by the NRRIT during the fourth quarter of 2019. OIG's actuarial contractor reported that this adjustment was inappropriate. A similar adjustment for the prior fiscal year resulted in a \$2.3 billion understatement in the open group surplus. RRB management disagreed and therefore did not concur with OA's recommendation for corrective action to strengthen the accuracy of social insurance program valuation and reporting.

Further discussion between the RRB's Bureau of the Actuary and Research (BAR), the actuarial auditor, and OIG auditors resulted in BAR proposing a change of method designed to alleviate the actuarial auditor's concerns. BAR's proposed method for adjusting calendar to fiscal year reporting utilizes the assumed rate of return for discounting income and expenditures and adjusts the value of assets for the expected gain or loss for the quarter. The actuarial auditor approved of BAR's proposed change of method and it was rolled out during fiscal year 2021. BAR, therefore, has addressed the concerns and recommendation which resulted from the SOSI valuation aspect of the material weakness.

Deficient Internal Controls at the Agencywide Level

- Ineffective Standards for Internal Controls

OA determined that the RRB's overall system of internal control was not operating effectively in accordance with Government Accountability Office (GAO) and OMB guidance because the following internal control components were not designed,

¹⁰ Executive Office of the President, Executive Order (EO) 13959 of November 12, 2020, *Addressing the Threat from Securities Investments That Finance Communist Chinese Military Companies*, (Washington, D.C.: November 17, 2020; Amended by: EO 13974, January 13, 2021, Superseded in part by: EO 14032, June 3, 2021).

¹¹ Executive Office of the President, EO 14032 of June 3, 2021, *Addressing the Threat from Securities Investments That Finance Certain Companies of the People's Republic of China*, (Washington, D.C.: June 7, 2021; Supersedes in part: EO 13959, November 12, 2020, Revokes: EO 13974, January 13, 2021).

implemented, and operating effectively: control environment, risk assessment, control activities, information and communication, and monitoring.

- IT Security and Financial Reporting Controls

OA determined that information system control risk must be assessed as high in accordance with GAO's Financial Audit Manual guidance. This determination resulted from the eight FISMA metric domain assessments of "not effective" as provided by OIG's contractor for the fiscal year 2021, 2020, 2019, and 2018 FISMA audits. OA did not make any recommendations due to the 72 recommendations provided in these FISMA audit reports. RRB management agreed with 71 of the recommendations and 50 remain open.

- Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements

OA determined that the RRB has not established effective policies and procedures for: (1) preventing agency noncompliance with indirect laws, regulations, and contracts, and (2) identifying treaties and international agreements impacting the RRB or the NRRIT. These policies and procedures are required per Financial Audit Manual guidance. RRB management did not concur with OA's recommendations for corrective action.

- Compliance with RRA Benefit Payment Provisions

RRB completed its RRA quality assurance reviews and established compliance for fiscal year 2020 consisting of approximately 24,500 adjudicated cases totaling approximately \$630.4 million in benefit payments. RRB also completed its RRA quality assurance reviews for fiscal year 2021 consisting of approximately 23,000 adjudicated cases totaling approximately \$602.7 million in benefit payments within the required audit time frame. For fiscal years 2020 and 2021, RUIA quality assurance testing was also completed that included the processing of the CARES Act, CARWA, and ARPA stimulus payments for fiscal year 2021.

RRB began utilizing new electronic processes to automate their reviews during fiscal year 2020 and reported compliance with the RRA and RUIA for fiscal years 2020 and 2021, and with the CARES Act, CARWA, and ARPA for fiscal year 2021. As a result, this portion of the material weakness has been addressed; however, the previous recommendation for increased staffing and resources remains open.¹²

¹² RRB OIG, *Fiscal Year 2020 Report on the RRB's Financial Statements*, OIG Audit Report No. 21-01, Recommendation No. 2 (Chicago, IL: November 16, 2020).

- Controls Over Railroad Service and Compensation

RRB's ACS conducts audits of railroad employers to determine whether creditable compensation and financial reporting requirements provided in the RRA and RUIA are being met. These audits help ensure the accuracy of railroad service and compensation which is the basis for the payroll taxes collected by the RRB. During fiscal years 2019 and 2020, the RRB received approximately \$6.2 billion and \$5.1 billion in payroll taxes, respectively. ACS, however, has not completed a Class I railroad employer audit since 2015 and only has completed two non-Class I railroad audits during fiscal years 2017 – 2020. As of February 2021, there were 7 Class I railroad employers and 706 non-Class I railroad employers.

While ACS funding increased by 150 percent during fiscal year 2020 and staffing increased to 4.5 full time equivalents, no new audits had been started and the two non-Class I railroad employer audits initiated in the prior year were still in progress. RRB attributed the limited number of ACS audits to the allocation of less staff and funding to these duties. As of September 30, 2021, ACS staffing further increased to 6.5 FTEs and for the year, 1 audit had been completed and 3 audits were in progress, none of which were Class 1 railroads.

As discussed on pages 8 and 9 of this report, OA contracted with an independent public accounting firm, RMA, to conduct a performance audit of the RRB's ACS. RMA determined that ACS did not accomplish its mission of verifying creditable service and compensation determinations to determine and verify compliance with RRA and RUIA financial reporting requirements. Since ACS did not provide adequate audit coverage over Class I railroads or non-Class I railroads during fiscal years 2017 through 2020, RMA concluded that \$143.5 billion in reported creditable compensation was at risk for inaccuracies. To address weaknesses identified in this audit, RMA made four recommendations to the Bureau of Fiscal Operations. Out of the four recommendations, RMA made one recommendation to address the lack of audit coverage.

Previously, OA determined that RRB controls over creditable and taxable compensation were inadequate due to insufficient audit coverage for railroad employer reporting. OA's recommendation for increasing staffing and funding to ensure a sufficient quantity of railroad audits remains open.¹³

¹³ RRB OIG, *Fiscal Year 2019 Report on the RRB's Financial Statements*, OIG Audit Report No. 20-02, Recommendation No. 4 (Chicago, IL: November 15, 2019).

Financial Controls and Reporting Issue Area	Date of Report	Audit Report and Recommendations
Communication with the NRRIT's Auditor	March 31, 2015	OIG Report 15-05, 8
Ineffective Standards for Internal Control	February 16, 2017 April 11, 2017 September 28, 2017 July 9, 2018	OIG Report 17-03, 2, 3 OIG Report 17-04, 5, 6, 9-14, 19 OIG Report 17-08, 1-13 OIG Report 18-07, 1-3, 6-8, 10
Information Security and Financial Reporting Controls	December 19, 2018 December 18, 2019 January 14, 2021 January 4, 2022	OIG Report 19-03, 3, 9-12, 17, 18, 20, 21, 23-27, 29-31 OIG Report 20-04, 1-4, 6-19 OIG Report 21-03, 1-12 OIG Report 22-04, 1-10
Compliance with Indirect Laws, Regulations, Contracts, Treaties, and International Agreements	November 15, 2019	OIG Report 20-02, 2, 3
Controls Over Railroad Service and Compensation	November 15, 2019 February 15, 2022	OIG Report 20-02, 4 OIG Report 22-05, 4
Compliance with RRA Benefit Payment Provisions	November 16, 2020	OIG Report 21-01, 2

Information Technology

The RRB continues its modernization efforts for IT and safeguarding sensitive data, while accomplishing its mission.

Prior IT reports included recommendations for improvement, many of which continue to be open or unimplemented. OA's most recent FISMA compliance report was issued for fiscal year 2021.

Information Technology Issue Area	Date of Report	Audit Report and Recommendations
Information Security	January 4, 2022	OIG Report 22-04, 1-10

Major Management Challenges

The OIG annually identifies the most serious management and performance challenges facing the RRB. Identification of these challenges and evaluation of the agency's progress towards addressing them are based upon recent audits, reviews, investigations, follow-up activities, and issues of concern to the OIG.

During this semiannual reporting period, OIG identified the following six major management and performance challenges facing the RRB.

- Improve Agency Disability Program Integrity
- Improve Information Technology Security and Complete System Modernization
- Improve Management of Railroad Medicare
- Improve Payment Accuracy and Transparency
- Financial Management and Reporting Issues
- Compliance Concerns Identified

For more information regarding the major management and performance challenges identified, see *Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2021*, OIG Management Information Report No. 22-03, December 20, 2021. Report No. 22-03 is also discussed on pages 6-7 of this report.

Appendix D – Peer Reviews

Office of Audit

In general, federal audit organizations may receive a peer review rating of pass, pass with deficiencies, or fail.

The results of OA's most recently completed peer review for the period ending March 31, 2021, was transmitted on September 20, 2021. OA received a peer review rating of pass. The system review report did not contain any recommendations. The U.S. Department of Commerce's OIG determined that the system of quality control for the audit organization of RRB OIG in effect for the period ended March 31, 2021 has been suitably designed and complied with to provide RRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

During this semiannual reporting period, OA did not complete any peer reviews of other audit organizations.

Office of Investigations

A rating of compliant conveys that the reviewed OIG has adequate internal safeguards and management procedures to ensure that Council of Inspectors General on Integrity and Efficiency standards are followed and that law enforcement powers conferred by the Inspector General Act of 1978, as amended, are properly exercised.

The results of OI's most recent peer review, for the period ending August 25, 2017, was transmitted on November 6, 2017. OI received a rating of compliant.

During this semiannual reporting period, OI did not complete any peer reviews of other investigative offices.

Appendix E – Reporting Requirements

Act Section	Inspector General Reporting Requirements	Page(s)
4(a)(2)	Review of Legislation and Regulations	20, 23
5(a)(1)	Significant Problems, Abuses, and Deficiencies	28 – 33
5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	28 – 33
5(a)(3)	Prior Significant Recommendations Not Yet Implemented	28 – 33
5(a)(4)	Matters Referred to Prosecutive Authorities	16
5(a)(5)	Summary of Reports to the Chairman	None
5(a)(6)	Open or Unimplemented Audit Recommendations and the Associated Cost Savings	13
5(a)(7)	Summary of Each Significant Report	4 – 12
5(a)(8)	Statistical Table on Management Decisions on Questioned Costs	26
5(a)(9)	Statistical Table on Management Decisions on Recommendations That Funds Be Put to Better Use	27
5(a)(10)	Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made	13
5(a)(11)	Description and Explanation for Any Significant Revised Management Decision	None
5(a)(12)	Information on Any Significant Management Decision With Which the Inspector General Disagrees	21 – 23, 28 – 33
5(a)(13)	Chairman Statement of Compliance	None
5(a)(14)	Peer Reviews	34
5(a)(15), (16)	Peer Reviews – Outstanding Recommendations	None
5(a)(17), (18)	Investigative Reports Issued to the Department of Justice and State and Local Prosecutors	16

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October 1, 2021 – March 31, 2022

Act Section	Inspector General Reporting Requirements	Page(s)
5(a)(19)	Substantiated Investigations Involving Senior Government Employees	None
5(a)(20)	Instances of Whistleblower Retaliation	None
5(a)(21)	Attempts to Interfere with OIG Independence	21
5(a)(22)(a)	Inspections, Evaluations, and Audits Closed and Not Disclosed to the Public	21
5(a)(22)(b)	Investigations Involving Senior Government Employees Closed and Not Disclosed to the Public	None

Appendix F – Acronyms

Acronym	Explanation
ACS	Audit Compliance Section
ARPA	American Rescue Plan Act of 2021
BAR	Bureau of the Actuary and Research
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CARWA	Continued Assistance to Rail Workers Act
CCMC	Communist Chinese Military Companies
CMS	Centers for Medicare and Medicaid Services
CPE	Continuing Professional Education
DATA Act	Digital Accountability and Transparency Act of 2014
EO	Executive Order
FISMA	Federal Information Security Modernization Act of 2014
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
ISP	Information Security Program
IT	Information Technology
MOU	Memorandum of Understanding
NRRIT	National Railroad Retirement Investment Trust
OA	Office of Inspector General for the Railroad Retirement Board – Office of Audit
OI	Office of Inspector General for the Railroad Retirement Board – Office of Investigations
OIG	Office of Inspector General for the Railroad Retirement Board
OMB	Office of Management and Budget
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act
SI	Sickness Insurance
SOSI	Statement of Social Insurance
UI	Unemployment Insurance

Appendix G – Legal References

American Recovery and Reinvestment Act of 2009 – P.L. 111-5

American Rescue Plan Act of 2021 – P.L. 117-2

Consolidated Appropriations Act, 2021 – P.L. 116-260

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

Digital Accountability and Transparency Act of 2014 – P.L. 113-101

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

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

Inspector General Act of 1978, as amended – 5 U.S.C. App. 3

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

Payment Integrity Information Act of 2019 – P.L. 116-117

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

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

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

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

Social Security Act – 42 U.S.C. § 301, et seq.

Worker, Homeownership, and Business Assistance Act of 2009 – P.L. 111-92

REPORT FRAUD, WASTE, AND ABUSE



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Write: RRB, OIG Hotline Officer
844 N. Rush Street, 4th Floor
Chicago, Illinois 60611-1275

Email: hotline@oig.rrb.gov

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