

# Office of Inspector General for the U.S. Railroad Retirement Board



## SEMIANNUAL REPORT TO CONGRESS

April 1, 2015 to September 30, 2015



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

October 30, 2015

Office of the Chairman  
Railroad Retirement Board  
844 North Rush Street  
Chicago, Illinois 60611-2092

Dear Office of the Chairman,

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 April 1, 2015 through September 30, 2015. This report is submitted in accordance with Section 5 of the *Inspector General Act of 1978*, as amended. The Act requires that you transmit this report, along with any comments you may wish to make, to the appropriate Congressional committees and subcommittees within 30 days.

During this reporting period, we published the following audit reports:

- Audit of the Railroad Retirement Board's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2014 Performance and Accountability Report (15-06);
- Railroad Retirement Board Medicare Contract Oversight Did Not Effectively Mitigate Chiropractic Service Risks (15-07); and
- Audit of the Internal Controls Over Obligations at the Railroad Retirement Board (15-08).

Our criminal investigators achieved 16 arrests, 24 criminal convictions, 38 indictments and informations, 14 civil judgments, and more than \$50.7 million in financial accomplishments resulting from OI's investigative work, including joint investigations.

We appreciate the ongoing assistance extended to our staff during the performance of their duties and look forward to the resolution of program integrity issues within the agency's disability program.

Sincerely,

*Original Signed by,*  
Martin J. Dickman  
Inspector General



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## Office of Inspector General for the Railroad Retirement Board

# 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 2015, the RRB paid approximately \$12.2 billion in retirement-survivor and unemployment-sickness benefits to roughly 556,000 beneficiaries.

The RRB also has administrative responsibilities for certain benefit payments under the Social Security Act, including the administration of Medicare benefits for qualifying railroad workers and 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. Palmetto processed over 8 million claims and paid approximately \$821 million in Part B benefits for calendar year 2014.

## 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 railroad labor organizations; and the third, who is the Chairman, is appointed to represent the public's interest. 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 added the RRB to the list of covered agencies.



## Office of Inspector General for the Railroad Retirement Board

The RRB's Inspector General is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to the RRB 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 product of its efforts, the OIG offers recommendations for agency improvement to RRB management. The OIG also identifies and investigates cases of waste, fraud, 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 sanctions.

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, Florida, Pennsylvania, New York, Texas, and Virginia. These field offices provide an increased investigative presence which aid in the effective and efficient coordination of joint investigations with other Inspector General offices and law enforcement agencies.

## **HEARING ON SEVEN DAY LETTER BEFORE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM SUBCOMMITTEE ON GOVERNMENT OPERATIONS**

On May 1, 2015, Inspector General Martin J. Dickman appeared before the U.S. House of Representatives Committee on Oversight and Government Reform Subcommittee on Government Operations to address longstanding weaknesses surrounding the RRB's occupational disability program. The hearing included issues identified in the IG's February 10, 2014 letter (Seven Day letter) issued to Congress pursuant to Section 5 of the Inspector General Act. Additional witnesses included RRB's Chairman Michael J. Schwartz and Daniel Bertoni of the Government Accountability Office. Through a range of investigations and audits, the OIG has uncovered foundational flaws that continue to leave the occupational disability program susceptible to fraud and abuse, including an agency culture that focuses on paying benefits quickly, thereby increasing the likelihood



## Office of Inspector General for the Railroad Retirement Board

of erroneous payments. The OIG recommended both operational and legislative changes to assure that the RRB is appropriately paying occupational disability benefits.

# 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. During this reporting period, OA published audits regarding:

- RRB's compliance with the Improper Payments Elimination and Recovery Act of 2010
- Oversight of RRB's Medicare contractor in mitigating chiropractic service risks. and
- Internal controls over obligations at the RRB.

OA's activities, during this reporting period, are discussed in further detail on pages 6 through 13 of this report. All publicly available reports are available on our website at [www.rrb.gov/oig](http://www.rrb.gov/oig).

## 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 relating to:

- the fraudulent receipt of RRB disability, unemployment-sickness, and retirement-survivor benefits;
- Railroad Medicare fraud;
- false reporting by railroad employers; and
- criminal violations and misconduct by RRB personnel.

Investigative efforts may result in criminal convictions; civil judgments and penalties; administrative recovery of program benefit funds; and/or administrative sanctions.



## Office of Inspector General for the Railroad Retirement Board

From April 1, 2015 through September 30, 2015, OI achieved:

- 16 arrests;
- 38 indictments and Informations;
- 24 convictions;
- 14 civil judgments;
- 22 referrals to the Department of Justice; and
- more than \$50.7 million in financial accomplishments.<sup>1</sup>

Defendants, in the aggregate, were sentenced to more than 52 years of prison, 52 years of probation, and 125 hours of community service. Additional details regarding OI activities are discussed on pages 14 through 21.

## APRIL 1, 2015 – SEPTEMBER 30, 2015 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 semiannual reporting period follow.

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<sup>1</sup> The total amount of financial accomplishments reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal programs such as Medicare or Social Security which were included in the disposition resulting from the investigation.



## Office of Inspector General for the Railroad Retirement Board

# Audit of the Railroad Retirement Board's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2014 Performance and Accountability Report (OA Report 15-06)

## Background

OA conducted a mandated audit to assess the agency's fiscal year 2014 compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA), which amended the Improper Payments Information Act of 2002.

## Findings

OA determined that the RRB was not fully compliant with IPERA requirements. The RRB did not comply with the requirements for a risk assessment because the agency did not assess risk for all of the programs that it administers, such as procurement, credit programs, payments to vendors, and payments to Federal employees. As a result of non-compliance for the risk assessment requirement, we were unable to assess compliance for the publication requirement for improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the risk assessment. We found that the agency was in compliance with the other IPERA reporting requirements, when applicable.

In addition, we found that improvement is needed to ensure completeness of reported amounts for the RRA program and accuracy of reported improper payment amounts for the RRA and RUIA programs, including understatements and insufficient supporting documentation.

## Recommendations

To address the identified weaknesses, OA made a total of 10 recommendations to RRB management related to:

- Taking the necessary steps to prepare and submit required plans within the reporting requirements timeframe;
- Ensuring that the necessary policies and procedures are developed and documented for the agency's use for the preparation of a risk assessment process that meets IPERA requirements;



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- Coordinating the preparation of a risk assessment for agency administered programs in accordance with Office of Management and Budget guidance;
- Assessing and determining who should be the improper payment official to ensure sufficient knowledge and oversight of all RRB programs;
- Reevaluating methodologies and documenting procedures for the computation of improper payment components to ensure that all areas are properly included in the computation of improper payments for the RRA program;
- Revising and documenting definitions of improper underpayments for the RRA program in compliance with IPERA guidance, and if similar definitions are used for other programs, revise them accordingly;
- Reviewing RRA underpayments using IPERA guidance and revising the calculation of improper underpayments and its overall computation of improper payments for fiscal year 2013;
- Publishing the revised RRA improper payment rate data for fiscal year 2013 in the fiscal year 2015 Performance and Accountability Report;
- Developing and documenting the necessary policies and procedures for the review and validation of the RUIA improper data to be reported in the Performance and Accountability Report; and
- Ensuring that the proper controls are in place to make sure that the policies and procedures are followed to properly support the improper payment data reported for the RUIA program.

The Executive Committee concurred with the first four recommendations. The Office of Programs agreed with one recommendation, deferred their response for three recommendations, and requested the remaining two recommendations be redirected to the Bureau of the Actuary. The OIG disagreed that the two recommendations be redirected because the Office of Programs is responsible for the accuracy of the published improper payment data for their programs.



## Office of Inspector General for the Railroad Retirement Board

# Railroad Retirement Board Medicare Contract Oversight Did Not Effectively Mitigate Chiropractic Service Risks (OA Report 15-07)

## Background

OA conducted an audit of Railroad Medicare charges for chiropractic services. The audit focused on the adequacy of controls that are in place to identify improper Railroad Medicare chiropractic service claims that do not meet Medicare's coverage requirements.

## Findings

OA determined that controls are not adequate to ensure that payments for Railroad Medicare chiropractic services comply with Medicare requirements. The RRB has not effectively exercised its Railroad Medicare contract oversight authority to address known vulnerabilities in payments for chiropractic services.

OA estimated that from 2009 through 2013, approximately \$14 million in medically unnecessary improper payments were made for chiropractic services out of an estimated \$21 million in total paid claims. Palmetto's medical review efforts did not ensure the medical necessity of billed chiropractic services and its strategy did not adequately address the risks that often occur during the payment of chiropractic service claims including assessing the frequency of chiropractic visits, the use of dual modifiers, commonly upcoded chiropractic services, and high risk chiropractic services. Additionally, RRB and Palmetto have not established a cost effective method of post-payment recovery for when improper chiropractic service payments occur in volume.

## Recommendations

To address the identified weaknesses, OA made a total of 11 recommendations, including that RRB work with Palmetto officials to ensure that Palmetto:

- Addresses the medical necessity of chiropractic services in its medical review strategy;
- Establishes a medical review process that utilizes review screens and includes an episodic approach to identify medically unnecessary chiropractic maintenance services;



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- Establishes a functional pre-payment edit that will initiate the medical review of chiropractic services submitted with dual modifiers;
- Applies statistical analysis and stratified random sampling, where practical, based on risk level;
- Modifies its medical review strategy and quarterly pre-payment reviews to address chiropractic service outliers and minimize the risk of improper payments; and
- Conducts a cost benefit analysis that will identify the resources needed to maximize timely and efficient recovery of improper payments for chiropractic services over the five year recovery period.

The Office of Programs concurred with nine recommendations and did not concur with two recommendations. While concurring with our recommendations, management's response for eight of the concurred upon recommendations, did not meet the intent of our recommendations and did not address the findings presented in the report. The Office of Programs considers four of the nine recommendations already in place. As a result, there are no planned corrective actions or planned completion dates for these four recommendations, which we do not consider implemented. The planned or implemented corrective actions continue to rely more on the detection of erroneous payments already made instead of proactively preventing improper payments.

With regard to the two recommendations they did not concur with, management contends that it would not be cost effective to recover the estimated \$14 million in estimated improper payments identified in this report. However, based on OA's review, management did not perform a thorough cost benefit analysis on which to base its decision.



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# Audit of the Internal Controls over Obligations at the Railroad Retirement Board (OA Report 15-08)

### Background

OA conducted an audit of internal controls over obligations. The audit objective was to assess the effectiveness of internal controls in ensuring that obligations are recorded and reported in accordance with applicable laws and regulations.

### Findings

OA determined that the RRB's internal controls were not adequate to ensure that obligations were recorded in accordance with applicable laws and regulations. OA also found that improvement is needed to ensure that obligations are reported in accordance with applicable laws and regulations. In addition, OA identified the following deficiencies:

- Documented disability controls were inadequate;
- Internal controls for open obligations were insufficient;
- Documented procurement and account payable controls were insufficient;
- Administrative circulars had not been updated; and
- Travel accounts had not been deactivated for former RRB employees.

### Recommendations

OA made 16 recommendations to RRB management related to improvements for:

- Purchase card training and updated letters delegating authority for purchases;
- Travel system procedures for changes in authorized approvers;



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- Travel system access privilege revisions to ensure segregation of duties and the proper execution of travel transactions;
- Documentation of controls for the disability benefits and accounts payable assessable units;

Management concurred with most of the recommendations. The Office of Programs did not concur with the recommendation that medical examination and consultative opinion samples that should be representative of the population. They stated that a statistical representative sample size would be an excessive management control. The Office of Inspector General stresses the need for a representative sample size, which would provide more assurance regarding the agency's efforts to detect error or fraud.

The Bureau of Fiscal Operations did not concur with the recommendations regarding follow-up responses related to the review of open obligations by citing bureau responsibilities to close unliquidated obligations upon notice provided by the various memorandums issues throughout the year.



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**Management Decisions and Implementation**

As part of its oversight activities, the OIG tracks the agency’s implementation of audit recommendations. Additionally, Office of Management and Budget Circular No. A-50 (Revised) and the Inspector General Act require the reporting of management decisions and corrective actions for all audit recommendations.

<b>Management Decisions</b>	
Requiring Management Decision on April 1, 2015	6
Pending Management Decision for New Recommendations	3
Management Decision on Previous Recommendations	0
Recommendations Pending Management Decision on September 30, 2015	9

<b>Corrective Action</b>	
Recommendations Requiring Action on April 1, 2015	226
Recommendations Issued During Reporting Period	37
Corrective Actions Completed During Reporting Period	25
Recommendations Rejected During Reporting Period	0
Final Actions Pending on September 30, 2015	238



## Office of Inspector General for the Railroad Retirement Board

### Office of Investigations

OI's primary objective is to identify, investigate, and refer for prosecution or monetary recovery action cases of waste, fraud, or abuse in the RRB's programs. OI also seeks to prevent and deter program fraud by reporting systemic weaknesses identified through investigative work. In order 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 Department of Health and Human Services and other law enforcement agencies, such as the Federal Bureau of Investigation and the U.S. Secret Service.

### Current Caseload

During this semiannual reporting period, OI opened 97 new cases.

Investigative Caseload Data	
Investigative Cases Open as of April 1, 2015 (may include multiple subjects)	297
Investigative Cases Closed During Reporting Period	99
Investigative Cases Opened During Reporting Period	97
Investigative Cases Open as of September 30, 2015	295

As of September 30, 2015, OI's investigative case load totaled 295 matters which represent approximately \$556 million in potential fraud losses.<sup>2</sup> The chart located on the next page reflects the distribution of OI cases and potential fraud losses by RRB major program area.

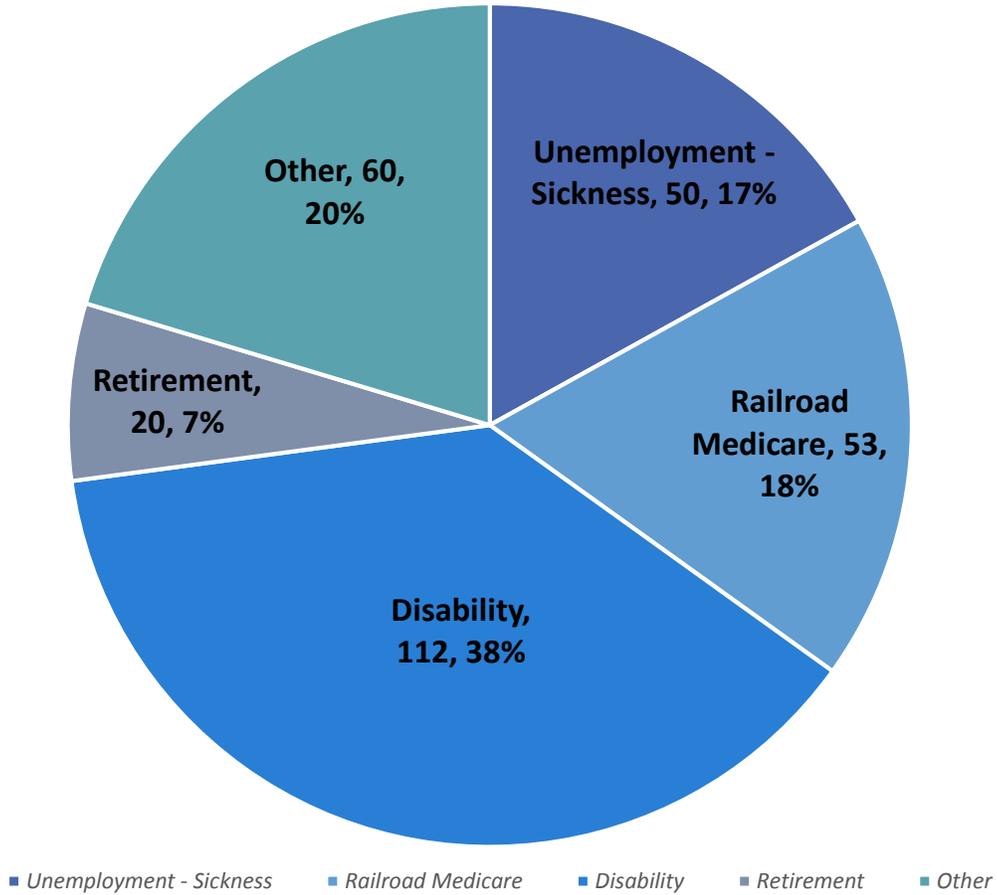
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<sup>2</sup> This reflects potential fraud amounts related to programs administered exclusively by the RRB and potential fraud amounts from other Federal programs such as Medicare or Social Security which have been identified during OI's joint investigative work.



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**Caseload and Potential Fraud Loss by Case Type**



3

<sup>3</sup> 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	April 1, 2015
	September 30, 2015
Referrals to the Department of Justice	22
Indictments/Informations	38
Arrests	16
Convictions	24
Civil Complaints	4
Civil Judgments	14
Restitution and Fines <sup>4</sup>	\$48.4 million
Civil Damages and Penalties <sup>5</sup>	\$2.1 million
Investigative Recoveries <sup>6</sup>	\$260,091
Community Service Hours	125
Prison Years	At least 52
Probation Years	At least 52

<sup>4</sup> The dollar amounts in this table reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal programs such as Medicare or Social Security which were included in the disposition resulting from the investigation.

<sup>5</sup> See above footnote.

<sup>6</sup> RRB benefits that are overpaid due to fraud and can be recouped through RRB administrative recovery action are expressed as investigative recoveries.



## Office of Inspector General for the Railroad Retirement Board

# APRIL 1, 2015 – SEPTEMBER 30, 2015 REPRESENTATIVE INVESTIGATIONS

## Disability Investigations

OIG 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 often involves sophisticated schemes to hide disqualifying work activities from the RRB.

During this semiannual reporting period, 4 individuals, received Federal sentences totaling 37 months of prison, 7 years of probation, and were ordered to pay more than \$922,000 in restitution, recovery, and fines.

Descriptions of representative cases completed during this reporting period follow.

### **Retired Railroad Worker Sentenced for Disability Fraud**

The Middle District of Georgia sentenced a former Norfolk Southern Corporation railroad employee to 12 months and 1 day of imprisonment and 1 year supervised released following imprisonment after he failed to report his self-employment to the RRB between years 2002 and 2012. It was further ordered that the annuitant repay more than \$273,000 in restitution to the RRB.

### **Restaurant Owner sentenced for Stealing Disability Benefits**

A former restaurant owner in the Western District of Virginia was sentenced to 14 months of imprisonment and 3 years of probation for his role of knowingly hiding his employment and ownership of his restaurant while receiving disability benefits from the RRB. It was further ordered that the annuitant repay more than \$228,000 in restitution to the RRB.



## Office of Inspector General for the Railroad Retirement Board

### Unemployment-Sickness Insurance Investigations

Unemployment-Sickness Insurance benefit fraud typically involves individuals claiming and receiving Unemployment Insurance (UI) or Sickness Insurance (SI) benefits while working or collecting state administered unemployment benefits. OI receives the majority of these cases from the RRB's Sickness, and Unemployment Benefits Division as a result of information developed through state wage matching programs. The RRB conducts computer wage matches with various states to identify claimants who may have collected RRB administered UI or SI benefits on the same days they received wages from a private employer or on the same days they received state administered unemployment benefits.

Since the enactment of the American Recovery and Reinvestment Act of 2009 and various other benefit extending legislation, OI has seen a substantial increase of UI fraud referrals. In fact, almost 70% of OI's current UI fraud cases involve extended UI benefits.

During this reporting period, OI obtained 9 convictions and 11 civil judgments for UI-SI fraud cases. Defendants in these cases received, in the aggregate, 5 years of jail, 15 years of probation, 100 hours of community service, and were ordered to pay more than \$738,000 in restitution, recoveries, fines, and civil damages/penalties.

The following are examples of UI-SI cases completed during this reporting period.

#### **UI Claimant Civilly Prosecuted under False Claims Act**

A former Burlington Northern Santa Fe Railroad Employee was ordered to repay approximately \$15,000 plus interest as restitution to the RRB for fraudulently receiving unemployment benefits while working. The defendant had submitted false claims to the RRB that indicated he was not gainfully employed during the period in which he was receiving benefits. The case was prosecuted by the Southern District of Texas.



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### **UI Claimant Criminally Prosecuted for Theft of Unemployment Benefits**

The Eastern District of Tennessee criminally prosecuted a RRB annuitant for his theft of unemployment benefits while working. The defendant was ordered to pay over \$8,000 in restitution to the RRB as well as service 15 days imprisonment, and 3 years' probation.

### **UI Claimant reaches Settlement Agreement with District of Nebraska**

OI investigated claims that an unemployment annuitant was working multiple jobs while receiving unemployment benefits. The District of Nebraska entered into a Consent Judgment with the defendant who agreed to repay over \$11,000.

## **Retirement-Survivor Benefits and Representative Payee 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 1 civil judgement for retirement benefit fraud.

The following is a small excerpt of the retirement-survivor case completed during this reporting period:

### **District of Wyoming reaches Civil Judgement with RRB Retirement Beneficiary who failed to report excess earnings**

OI investigated allegations that a RRB annuitant failed to report his excess earnings related to employment. Tier 1 and vested dual benefit components are subject to



## Office of Inspector General for the Railroad Retirement Board

deductions if earnings exceed certain exempt amounts. The District of Wyoming entered into a Consent Judgement with the defendant wherein restitution over \$25,000 was agreed.

### Railroad Medicare Investigations

During this reporting period, OI obtained 9 convictions and two civil judgments in Railroad Medicare fraud cases. Defendants in these cases received, in the aggregate, more than 45 years of prison, more than 24 years of probation, and were ordered to pay more than \$48.9 million in restitution, fines, and civil damages/penalties.<sup>7</sup>

All of OI's active Medicare cases are being worked jointly with the Office of Inspector General for the U.S. Department of Health and Human Services, the Office of Inspector General for the Office of Personnel Management, or other agencies responsible for investigating health care fraud. Interagency cooperation is imperative to effective law enforcement especially among agencies responsible for investigating the complexities of health care fraud.

Descriptions of representative cases completed during this reporting period follow.

#### **Michigan Oncologist sentenced to 45 years in prison**

An OI Special Agent worked cooperatively on a multi-agency team investigating allegations that a Michigan Oncologist was falsely diagnosing patients with cancer and then providing chemotherapy to them. The defendant pled guilty to Health Care Fraud, Conspiracy to Pay and Receive Kickbacks, and Money Laundering. He was sentenced to 45 years in prison and 792 months of probation. The Eastern District of Michigan further ordered the defendant to pay over \$17 million in restitution.

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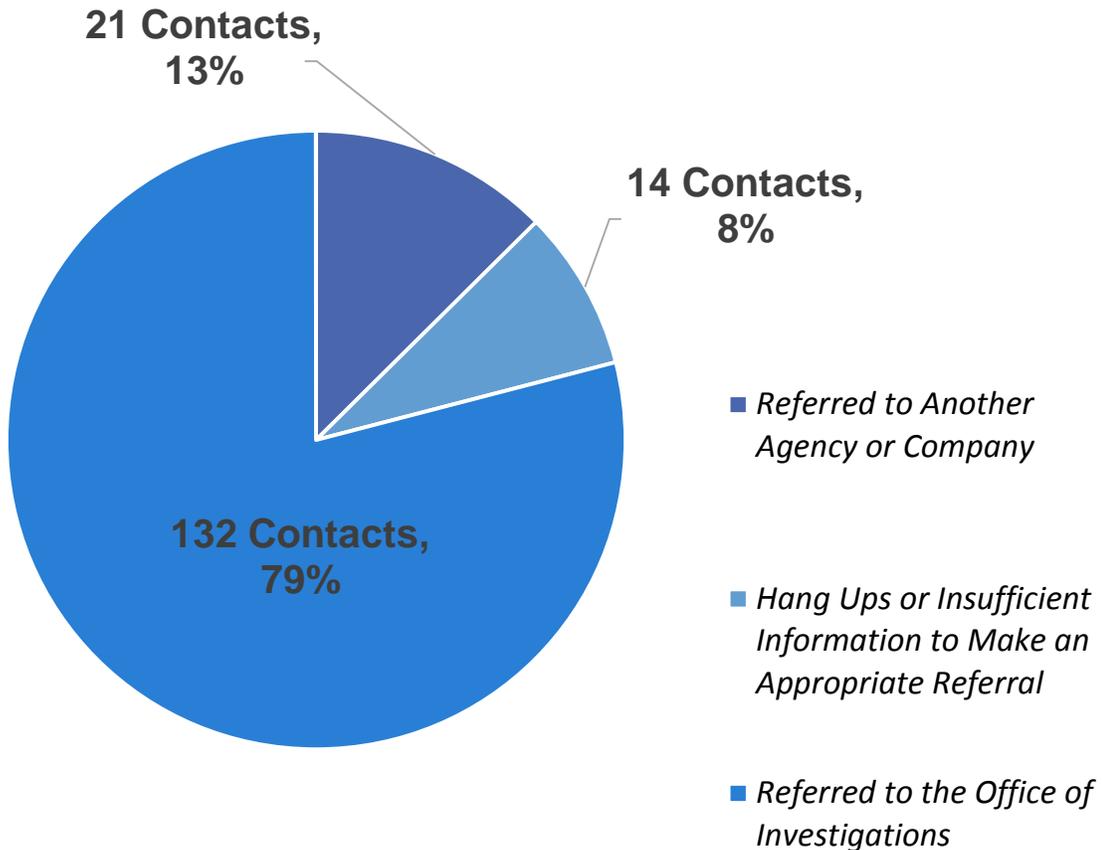
<sup>7</sup> This total reflects the full amount of restitution, fines, and civil damages/penalties ordered. Since OI's Railroad Medicare fraud cases are joint investigations, the total dollar amount includes losses to other health care programs.



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### Hotline Contacts

Our office’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, our hotline received 167 contacts in the following manner: 42% by telephone, 17% by mail, and 41% by email. The following chart summarizes the disposition of hotline contacts received.





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# OTHER OVERSIGHT ACTIVITIES

## OIG Alerts

OIG Alerts supplement our current investigative and audit processes by providing the Inspector General with a quick and efficient mechanism to suggest recommendations for agency improvement. During this semiannual reporting period, the Inspector General issued two OIG Alerts that addressed deficiencies within the RRB's disability program.

## American Recovery and Reinvestment Act of 2009

During this semiannual period, we continued our efforts to aid in a transparent American Recovery and Reinvestment Act process by preparing progress reports in formats developed by the Recovery Accountability and Transparency Board. These reports are published on the Recovery.gov website and are also available on the RRB's Recovery Act Information webpage.

Since the enactment of the American Recovery and Reinvestment Act of 2009 and various other benefit extending legislation, OI has seen a substantial increase of UI fraud referrals. In fact, almost 70% of OI's current UI fraud cases involve extended UI benefits.



## Office of Inspector General for the Railroad Retirement Board

# OPERATIONAL ISSUES

The following operational issue impacts the OIG's ability to effectively carry out its oversight role. This issue would have to be remedied with legislative change.

## National Railroad Retirement Investment Trust

The NRRIT is a tax-exempt entity independent of the Federal government which was established by the Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA) to manage and invest railroad retirement assets.<sup>8</sup> RRSIA requires that the NRRIT report to the RRB but does not provide the OIG with oversight authority to conduct audits and investigations of the NRRIT. We have, however, monitored the NRRIT since 2001 and have continually expressed concerns regarding lack of meaningful oversight. Despite these concerns the RRB continues to maintain a passive relationship with the NRRIT. A lack of NRRIT investment fund management accountability, transparency, and stringent financial oversight can be precursors to fraud, waste, or abuse. Yet, the NRRIT fund, which supports the railroad retirement program, continues to remain outside the purview of those appointed to protect the interests of the program's beneficiaries and tax-paying public. To ensure the integrity, economy, and long-term viability of the NRRIT, RRB management must establish independent performance audit requirements that will strengthen administrative and financial oversight and ensure fund transparency.

Additionally, as discussed on page 31, the OIG is not able to comply with the new AICPA auditing standards (section 600) and are compelled to disclaim on the RRB's financial statements this year and in future years until legislative changes are made regarding the relationship between the OIG, the NRRIT, and its auditors.

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<sup>8</sup> As of September 30, 2015, the RRB's investments in the NRRIT were valued at approximately \$24.5 billion.



## Office of Inspector General for the Railroad Retirement Board

### 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 proposed five legislative proposals in its 2017 Budget Proposal:

1. Amend the RRA to provide that, notwithstanding any other law, employees of covered employers shall be issued social security numbers.
2. Amend the RRA to allow the RRB to utilize various hiring authorities available to other Federal agencies.
3. Amend the RRA and RUIA to include a felony charge for individuals committing fraud against the RRB.
4. Amend the Social Security Act to provide access for the RRB to the National Directory of New Hires; and
5. Clarify a limitation on attorney hiring requirements.

The OIG continues to monitor the above proposals.



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## **APPENDICES**

<b><i>Appendix</i></b>	<b><i>Title</i></b>	<b><i>Page No.</i></b>
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## Appendix A – Office of Inspector General Reports and Other Publicly Available Papers Issued

- Audit of the Railroad Retirement Board’s Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2014 Performance and Accountability Report (OA Report 15-06)
- Railroad Retirement Board Medicare Contract Oversight Did Not Effectively Mitigate Chiropractic Service Risks (OA Report 15-07)
- Audit of the Internal Controls Over Obligations at the Railroad Retirement Board (OA Report 15-08)

All publicly available audit reports and papers are available on our website at [www.rrb.gov/oig](http://www.rrb.gov/oig).

## 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 April 1, 2015	1	\$3,800,000	\$3,800,000
B. Which were issued from April 1, 2015 through September 30, 2015	2	\$32,600,000	\$22,300,000
Subtotal (A + B)	3	\$36,400,000	\$26,100,000
C. For which a management decision was made between April 1, 2015 through September 30, 2015	2 <sup>9</sup>	\$22,600,000	\$22,300,000
(i) dollar value of disallowed costs (agreed to by management)		\$8,600,000	\$8,300,000
(ii) dollar value of costs not disallowed (not agreed to by management)		\$14,000,000	\$14,000,000
D. For which no management decision had been made by September 30, 2015	2 <sup>9</sup>	\$13,800,000	\$3,800,000
E. Report for which no management decision was made within six months of issuance	1	\$3,800,000	\$3,800,000

<sup>9</sup> One audit report issued in this period has one unresolved recommendation with questioned costs and one resolved recommendation with questioned costs. The resolved recommendation includes both supported and unsupported costs which have been disallowed by management.

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

	Audit Reports With Recommendations That Funds Be Put to Better Use	Dollar Value
A. For which no management decision had been made by April 1, 2015	1	\$11,900,000
B. Which were issued from April 1, 2015 through September 30, 2015		\$0
C. Subtotal (A + B)	1	\$11,900,000
(i) dollar value of recommendations agreed to by management		\$0
(ii) dollar value of recommendations not agreed to by management		\$11,900,000
D. For which no management decision had been made by September 30, 2015	1	\$11,900,000
E. Report for which no management decision was made within six months of issuance	1	\$11,900,000

## Appendix C – Report on Receivables, Waivers, and Recoveries

The FY 1999 appropriations language for the OIG requires the reporting of additional information concerning actual collections, offsets, and funds put to better use achieved as a result of the OIG’s activities.

### Office of Investigations

<b>Recoveries realized by the RRB resulting from court ordered restitution and civil damages</b>	
<b>Fiscal Year</b>	<b>Amount Recovered</b>
1999	\$ 855,655
2000	\$1,038,134
2001	\$ 990,356
2002	\$ 785,843
2003	\$ 947,876
2004	\$ 646,273
2005	\$ 844,183
2006	\$1,281,680
2007	\$1,347,049
2008	\$1,389,489
2009	\$1,097,227
2010	\$1,118,256
2011	\$2,293,530
2012	\$1,417,125
2013	\$1,922,166
2014	\$1,021,544
2015	\$ 904,400

## Office of Audit

Report	Funds to Be Put to Better Use	Funds Agreed by Management	Receivables Established	Waivers	Recoveries to Date <sup>10</sup>
99-03	\$50,850	\$50,850	\$50,850	\$50,490	\$360
99-14	\$83,000	\$83,000	\$34,423	\$0	\$30,584
99-16	\$48,000,000	\$48,000,000	\$0	\$0	\$24,500,000
99-17	\$11,000,000	\$11,000,000	\$0	\$0	\$1,604,545
00-16	\$235,000	\$235,000	\$0	\$0	\$253,846
03-06	\$306,129	N/A	\$0	\$0	\$306,129
04-06	\$821,000	\$821,000	\$604,429	\$5,564	\$629,688
04-10	\$400,000	\$400,000	\$0	\$0	\$761,151
05-03	\$1,800,000	\$1,800,000	\$4,455,207	\$339,244	\$3,137,270
05-06	\$10,000	\$10,000	\$0	\$0	\$42,915
05-07	\$1,070,000	\$1,070,000	\$49,943	\$0	\$95,376
05-10	\$2,600,000	\$2,600,000	\$311,000		
06-04	\$257,000	\$257,000			
06-05	\$2,100	\$2,100	\$0	\$0	\$0
06-06	\$200,000	\$200,000	\$31,455	\$0	\$31,633
09-02	\$600,000	\$600,000	\$320	\$0	\$2,033,473
10-09	\$3,355,408	\$3,355,408	\$0	\$0	\$3,355,408
10-13	\$212,038	\$92,412	\$0	\$0	\$18,614
12-03	\$3,483	\$3,483	\$0	\$0	\$3,483
13-03	\$112,600	\$112,600	\$0	\$0	\$0
13-08	\$2,440	\$2,440	\$0	\$2,440	\$0
13-09	\$9,927 <sup>11</sup>	\$9,927	\$4,330 <sup>12</sup>	\$0	\$10,004
14-04	\$866,000	\$866,000	\$51,490	\$51,490	\$0
14-08	\$11,900,000 <sup>13</sup>	\$0	\$0	\$0	\$0
15-03	\$11,148	\$11,148	\$0	\$0	\$0

<sup>10</sup> Both overpayments and underpayments are included in this column.

<sup>11</sup> Amount includes additional monies reported by the RRB.

<sup>12</sup> Amount reflects correction of previously reported receivables by the RRB.

<sup>13</sup> Amount is associated with an unresolved audit recommendation.

## Appendix D – Significant Matters

The OIG has identified deficiencies in controls over financial reporting as a significant matter. A summary of the issue and related recommendations for corrective action follow.

### Financial Reporting

#### Ineffective Controls

In FY 2014, we reported ineffective controls as part of the overall material weakness and made recommendations for improvements. Although RRB management is working to address these recommendations, management action for all of the recommendations has not been completed or had not been in place long enough to permit evaluation as of the end of this semiannual reporting period.

#### Communication with the NRRIT's Auditor

This component of the overall material weakness that was reported in FY 2014 continues to exist. RRB management did not concur with our recommendation regarding establishment of an independent committee that would work to identify a functional solution that would enable communication between the OIG and the auditors for the National Railroad Retirement Investment Trust (NRRIT) to achieve compliance with American Institute of Certified Public Accountants standards. The agency continues to cite statutory limitations as the basis for not permitting OIG auditors to communicate with the NRRIT auditor. We disagree with RRB management's interpretation of the legal provisions.

Issue Area	Date of Report	Report and Recommendations
<b>Financial Reporting</b>		
• <b>Ineffective Controls</b>	January 31, 2012 August 1, 2014 March 31, 2015	OIG Report 12-04, 2 OIG Report 14-10, 1-2 OIG Report 15-05, 1-3, 5-7
• <b>Communication with the NRRIT's Auditor</b>	March 31, 2015	OIG Report 15-05, 8

## Appendix E – Peer Reviews

Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires Inspectors General to provide information regarding peer reviews in their Semiannual Reports to the Congress.

### **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 recent completed peer review (which was for the period ended March 31, 2015) were transmitted on September 23, 2015. OA received a peer review rating of pass. This peer review did not contain any recommendations.

During this semiannual reporting period, OA did not participate in any peer review activities.

## Appendix F – Reports Prepared by Management

### Final Action on Audits with Disallowed Costs

For the 6-Month Period Ending  September 30, 2015	Number of  <u>Audit Reports</u>	Disallowed <sup>14</sup>  <u>Costs</u>
A. Audit reports, with management decisions, on which final action had not been taken at the beginning of the period.	4	\$ 133,973,500 <sup>15</sup>
B. Audit reports on which management decisions were made during the period.	1	\$ 8,600,000 <sup>16</sup>
C. Total audit reports pending final action during the period. (A + B)	5	\$ 142,573,500

<sup>14</sup> RRB's understanding that the determination of a *Disallowed Cost* is based on RRB's administrative agreement with the finding, questioned cost and recommendation. However, the *Disallowed Cost* administratively agreed to may not necessarily be the amount realized.

<sup>15</sup> Comprised of the following amounts: \$210,000 from Audit Report 14-07, *Audit of Payment Controls over Railroad Medicare Claims Submitted by Physical Therapists*; \$17,300,000 from Audit Report 14-10, *Audit of Business Process Controls in the Financial Management Integrated System*; \$6,500 from Audit Report 15-03, *The Railroad Retirement Board Lacks Adequate Controls over Creditable Compensation Related to Injury Settlements*; and \$116,457,000 from Audit Report 15-05, *Fiscal Year 2014 Financial Statement Audit Letter to Management*.

<sup>16</sup> Comprised of the following amounts: \$8,600,000 from Audit Report 15-06, *Audit of the Railroad Retirement Board's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2014 Performance and Accountability Report*. The amount sited for report 15-06 does not include \$10,000,000 of questioned cost associated with recommendation seven because management deferred its formal response for this recommendation.

D.	Audit reports on which final action was taken during the period.		
1.	Recoveries		
	(a) Collections and offsets	0	\$ 0
	(b) Property	0	\$ 0
	(c) Other	0	\$ 0
2.	Recovery Waived	0	\$ 0
3.	Total of 1 and 2	0	\$ 0
E.	Audit reports needing final action at the end of the period (C - D.3).	0	\$ 142,573,500

## Management Report on Final Action on Audits with Recommendations to Put Funds to Better Use for the 6-Month Period Ending September 30, 2015

	<u>Number of Audit Reports</u>	<u>Funds to be Put to Better Use</u>
A. Audit reports, with management decisions, on which final action had not been taken at the beginning of the period.	4	\$ 1,677,148 <sup>17</sup>
B. Audit reports on which management decisions were made during the period.	0	\$ 0
C. Total audit reports pending final action during the period. (A + B)	4	\$ 1,677,148

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<sup>17</sup> Comprised of the following amounts: \$200,000 from Audit Report 06-06, *Review of the Termination and Suspension of Benefits Paid Under the Railroad Retirement Act*; \$600,000 from Audit Report 09-02, *Fiscal Year 2008 Financial Statement Audit Letter to Management*; \$866,000 from Audit Report 14-04, *Audit of Railroad Retirement Act Dual Spouse Annuity Adjustments*; and \$11,184 from Audit Rep15-03 *The Railroad Retirement Board Lacks Adequate Controls over Creditable Compensation Related to Injury Settlements*.

D. Audit reports on which final action was taken during the period.

1. Value of recommendations implemented (completed).	0	\$ 0
2. Value of recommendations that management concluded should not or could not be implemented (completed).	0	\$ 0
3. Total of 1 and 2.	0	\$ 0

E. Audit reports needing final action at the end of the period. 4 \$ 1,677,148

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Review of Information Security at the Railroad Retirement Board (02-04)	02/5/02	NONE	NONE	Information Services has closed 26 out of 28 recommendations. Servers are scheduled to be replaced once remaining project on server is completed.
Review of Internal Control Over the Actuarial Projection Process (05-04)	05/5/05	NONE	NONE	The Chief Actuary continues to review work plan prior to submission to OIG.
Fiscal Year 2005 Evaluation of Information Security at the Railroad Retirement Board (05-11)	09/28/05	NONE	NONE	Contractor for Bureau of Information Services is currently developing Plan of Action & Milestones process for implementation. Target for completion is FY2015.
Review of Compliance with the Provisions of the Railroad Retirement Act Governing the Initial Award of Benefits (06-05)	04/12/06	NONE	\$2,100	Programs staff closed four of the five recommendations. Last recommendation on hold due to resources diverted to higher priority project.
Review of the Termination and Suspension of Benefits Paid Under the Railroad Retirement Act (06-06)	05/24/06	NONE	\$200,000	No change in status. Resources diverted to higher priority project.
Review of Incident Handling and Reporting at the Railroad Retirement Board (06-09)	08/24/06	NONE	NONE	Agency currently reviewing documentation, and will submit to OIG for closeout in FY15.

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Audit of the DAISY/CHICO Component Application of the RRA Benefit Payment Major Application System (07-02)	03/9/07	NONE	NONE	Resources were diverted to higher priority projects on one recommendation. On the other, contract was awarded with work underway on requirement definitions and project plan.
Audit of Federal Income Taxes Withheld from Railroad Retirement Annuities (07-07)	07/30/07	NONE	NONE	Coordination is required with another organization. Five of the six recommendations have been closed, with the remaining one targeted for completion in FY15.
Fiscal Year 2007 Evaluation of Information Security at the Railroad Retirement Board (07-08)	09/27/07	NONE	NONE	Work continues and is targeted for completion in FY15.
Audit of Controls to Safeguard Sensitive Personally Identifiable Information (07-09)	09/27/07	NONE	NONE	Work and coordination continues with outside contractor. Target for completion is FY15.
Evaluation of Information Security for the RRB's Financial Interchange Major Application (08-03)	09/26/08	NONE	NONE	Work continues on work plans, policy and/or procedures.
Fiscal Year 2008 Evaluation of Information Security at the RRB (08-05)	09/26/08	NONE	NONE	Documentation is currently being reviewed prior to submission to OIG.
Fiscal Year 2008 Financial Statement Audit Letter to Management (09-02)	03/24/09	NONE	\$600,000	Review and updating of documentations along with case reviews are currently being performed on remaining recommendations. Work continues.

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Audit of the Railroad Medicare Integrity Program at Palmetto Government Benefits Administrators (09-04)	09/25/09	NONE	NONE	Coordination continues with outside agency.
Audit of the General and Application Controls in the Financial Management Major Application System (09-05)	09/30/09	NONE	NONE	Work is near completion on worksheet to validate self-processed transactions for one recommendation, and work continues on the other recommendation with target completion in FY15.
Fiscal Year 2009 Evaluation of Information Security (10-01)	11/12/09	NONE	NONE	Documentation currently being reviewed for submission to OIG. Target completion in FY15.
Review of Statistical Methods Employed in the Financial Interchange Determination (10-06m)	05/04/10	NONE	NONE	The Bureau of Actuary is reviewing documentation and will take the necessary action(s). They will coordinate with the Bureau of Information Services for programming services.
Review of the Technical Approach and Methodology Used to Determine the Annual Financial Interchange Amount for the Year Ended September 30, 2008 (10-07m)	05/19/10	NONE	NONE	The Bureau of Actuary is reviewing documentation and will take the necessary action(s).

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Review of the Accuracy of the Financial Interchange as Executed for the Year Ended September 30, 2008 (10-10m)	05/25/10	NONE	NONE	The Bureau of Actuary is reviewing documentation and will take the necessary action(s).
Audit of Unilateral Disability Freeze Determinations (10-11)	08/12/10	NONE	NONE	Work continues. Target completion in FY15.
Audit of the Account Benefits Ratio (10-12)	09/29/10	NONE	NONE	The Bureau of Actuary is reviewing and will take the necessary action(s).
Railroad Medicare Services Billed with Dates of Service after the Beneficiaries' Dates of Death (10-13)	09/30/10	NONE	\$92,412	Coordination continues with outside organization.
Audit of Controls Over Railroad Medicare Contract Costs (11-06)	04/20/11	NONE	NONE	Coordination with outside organization is required.
Audit of Railroad Retirement Act Benefits Overpayments and Internal Controls (11-07)	06/29/11	NONE	NONE	Chart of controls for RBD and SBD to be updated and tested prior to submission to OIG for closeout on one recommendation, and on the other, a review of planned changes is required to address recommendation.
Review of the Railroad Retirement Board's Security Patch Management Process (11-08)	07/07/11	NONE	NONE	Work continues on five recommendations, and documentation was submitted to OIG for implementation on the other.

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Inspection of the Railroad Retirement Board's Agency Enterprise General Information Support System Certification and Accreditation (11-10)	09/28/11	NONE	NONE	Documentation is currently being reviewed and finalized for submission to OIG.
Fiscal Year 2011 Evaluation of Information Security at the Railroad Retirement Board (12-02)	01/05/12	NONE	NONE	Documentation is currently being reviewed and finalized for submission to OIG.
Fiscal Year 2011 Financial Statement Audit Letter to Management (12-04)	02/31/12	NONE	NONE	Work continues on review of procedures.
Inspection of the Railroad Retirement Board's Representative Payee Monitoring (12-07)	07/27/12	NONE	NONE	Work continues on five recommendations, and documentation will be submitted to OIG for closeout on two other recommendations.
Inspection of the Railroad Retirement Board's Financial Interchange System Continuous Monitoring (12-08)	09/21/12	NONE	NONE	The Bureau of Actuary is currently reviewing and will take the necessary action(s).
Audit of Job Duty Verification Procedures for Long Island Rail Road Occupational Disability Applicants (13-02)	01/15/13	NONE	NONE	Currently reviewing policies and procedures.

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Fiscal Year 2012 Audit of Information Security at the Railroad Retirement Board (13-04)	02/12/13	NONE	NONE	Documentation is being reviewed and finalized for seven recommendations, and work continues on remaining.
Audit of the Railroad Retirement Board's Internal Controls over Widow(er) Annuities (13-09)	07/31/2013	NONE	NONE	Currently reviewing information required to address recommendation, and finalizing outline to conduct refresher training.
Audit of the Railroad Retirement Board's Compliance with the Government Charge Card Abuse Prevention Act of 2012 (13-10)	09/19/2013	NONE	NONE	In the process of reviewing policies and procedures to develop control for when and how often for reviews of charge card holders.
Audit of the Railroad Retirement Board's Privacy Program (13-11)	09/20/2013	NONE	NONE	Documentation is currently being reviewed and finalized for submission to OIG.
Fiscal Year 2013 Financial Statement Audit Letter to Management (14-02)	02/20/2014	NONE	NONE	Bureau of Fiscal Operations staff updating Accounting Procedures Guide and developing training.
Fiscal Year 2013 Audit of Information Security at the Railroad Retirement Board (14-03)	03/04/2014	NONE	NONE	Corrective action underway, Bureau of Information Services is coordinating internally to review procedures and identify resources to address necessary corrective action.
Audit of Railroad Retirement Act Dual Spouse Annuity Adjustments (14-04)	3/20/2014	NONE	\$866,000	Office of Programs reviewing procedures related to final open recommendation in order to determine further corrective action.

## Management Statement on Resolved Audit Reports Over 12 Months Old with Final Action Pending as of September 30, 2015

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Audit of the Railroad Retirement Board's Fiscal Year 2013 Compliance with the Improper Payments Elimination and Recovery Act of 2010 (14-05)	3/28/2014	NONE	NONE	Programs coordinating with CMS on current procedures to address final open recommendation.
Audit of the General and Application Controls in the Railroad Retirement Board's Financial Management Information System (14-06)	05/06/2014	NONE	NONE	Office of Administration and the Bureau of Information Services are working to implement corrective action and have submitted close out requests to the OIG
Audit of Payment Controls over Railroad Medicare Claims Submitted by Physical Therapists (14-07)	05/16/2014	NONE	NONE	Office of Programs working to implement corrective action and have submitted close out requests to the OIG
Management Information Report Railroad Medicare Progress and Challenges (14-09)	07/25/2014	NONE	NONE	Coordination with external organization is required.
Audit of Business Process Controls in the Financial Management Integrated System (14-10)	08/01/2014	NONE	NONE	Bureau of Fiscal Operations staff have re-written Accounting Procedures Guide and are coordinating close-out of recommendations.

**Management Statement on Resolved Audit Reports Over  
12 Months Old with Final Action Pending as of  
September 30, 2015**

Report	Date	Disallowed Costs	Funds to be Put to Better Use	Reason Action Not Completed
Audit of the Data Management Application Controls and Selected General Controls in the Financial Management Integrated System (14-12)	09/30/2014	NONE	NONE	Bureau of Information Services staff currently reviewing and revising policy and procedures.

## Appendix G – Reporting Requirements

Act Reference	Inspector General Reporting Requirements	Page(s)
Section 4(a) (2)	Review of Legislation and Regulations	24
Section 5(a) (1)	Significant Problems, Abuses, and Deficiencies	22-23, 31
Section 5(a) (2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	22-23, 31
Section 5(a) (3)	Prior Significant Recommendations Not Yet Implemented	31
Section 5(a) (4)	Matters Referred to Prosecutive Authorities	6, 16
Section 5(a) (5)	Instances Where Information Was Refused	None
Section 5(a) (6)	List of Audit Reports	26
Section 5(a) (7)	Summary of Each Significant Report	6-12
Section 5(a) (8)	Statistical Tables on Management Decisions on Questioned Costs	27
Section 5(a) (9)	Statistical Tables on Management Decisions on Recommendations That Funds be Put to Better Use	28
Section 5(a) (10)	Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made	13
Section 5(a) (11)	Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a) (12)	Information on Any Significant Management Decisions With Which the Inspector General Disagrees	22-23

Act Reference	Management Reporting Requirements	Page(s)
Section 5(b) (1)	Management Comments	Management's Transmittal
Section 5(b) (2)	Statistical Table on Final Action on Disallowed Costs	33-34
Section 5(b) (3)	Statistical Table on Final Action to Put Funds to Better Use	35-36
Section 5(b) (4)	Statement on Audit Reports With Final Action Pending	37-44

## Appendix H – Acronyms

Acronym	Explanation
AICPA	American Institute of Certified Public Accountants
CMS	Centers for Medicare and Medicaid Services
FY	Fiscal Year
IPERA	Improper Payments Elimination and Recovery Act
NRRIT	National Railroad Retirement Investment Trust
OA	Office of Inspector General for the Railroad Retirement Board – Office of Audit
OI	Office of Inspector General for the Railroad Retirement Board – Office of Investigations
OIG	Office of Inspector General for the Railroad Retirement Board
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RRSIA	Railroad Retirement and Survivors' Improvement Act of 2001
RUIA	Railroad Unemployment Insurance Act
SI	Sickness Insurance
UI	Unemployment Insurance

## Appendix I – Legal References

### **Federal:**

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

Dodd-Frank Wall Street Reform and Consumer Protection Act – P.L. 111-203

Improper Payments Elimination and Recovery Act of 2010 – P.L. 111-204

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

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

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

Railroad Retirement and Survivors' Improvement Act of 2001 – P.L. 107–90

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

Theft of Public Money/Government Funds/Government Property – 18 U.S.C. § 641

# REPORT FRAUD, WASTE, AND ABUSE



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