

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Social Security
Statement for the Record
Recommendations to Improve the Performance
of the Social Security Administration as an Independent Agency
The Honorable David C. Williams
Inspector General, Social Security Administration
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Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to discuss the recently created Office of the Inspector General (OIG) at the Social Security Administration (SSA). The Subcommittee has asked that I describe the internal and external challenges facing our office and discuss what resources are needed to adequately perform our mission.

The Subcommittee's July 25, 1996, hearing focused on the future of SSA and included a discussion of the OIG. U.S. Comptroller General Charles Bowsher testified as to the importance of eliminating fraud, waste, and abuse in SSA operations and programs. Mr. Bowsher expressed concern that the new OIG lacked the expertise and resources to properly audit computer initiatives and financial operations at SSA. Congressman Laughlin echoed these concerns and the need to preserve the integrity of SSA's programs through a strong OIG with adequate resources.

I want to begin by thanking this Subcommittee for its unwavering support of the Social Security Independence and Program Improvements Act of 1994, which created an independent OIG for the SSA. The new OIG is able to devote its resources exclusively to protecting the Social Security trust funds and U.S. Treasury monies. The significance of a specifically focused OIG cannot be overstated in light of the 50 million Americans who rely upon SSA's programs.

Our new OIG is dedicated to helping build and maintain a powerful and efficient organization at the SSA. At stake is the reputation and financial viability of an Agency that eventually provides benefits to nearly all Americans. Last year, SSA issued 17 million Social Security numbers (SSN), processed 235 million earnings records, and paid \$331 billion in recipient and benefit payments. In Fiscal Year 1995, SSA's programs accounted for almost one quarter of the \$1.5 trillion in federal expenditures. SSA employs nearly 65,000 people in over 1,300 offices and large work processing centers nationwide.

The mission of the OIG is to assess the Agency's program efficiency and effectiveness through its 116 auditors and to combat fraud, waste, and abuse through its 166 investigators. Our Office of Audit consists of 14 teams that specialize in SSA's core business processes. Our investigators are located in six field offices that serve one or more of SSA's 10 nationwide regions.

In evaluating the organization's effectiveness, the OIG has focused on four fundamental activities critical to SSA's success in achieving service level goals and stewardship of government funds: enumeration, earnings, claims, and post-entitlement services. In addition, we have focused on other important programs such as information technology, financial management, payment accuracy, disability programs, policy and research, and the operations of the Office of Hearings and Appeals. Let me discuss several of these critical areas.

(1) SSA's workload is increasing substantially as its staff is decreasing. To meet this challenge SSA is, in part, relying upon new and improved computer systems. The OIG needs to independently assure both SSA and the Congress that the Agency's initiatives will actually improve productivity, are on schedule, and are protected from associated security risks.

(2) Recent legislation has changed the focus of financial management from simply financial reporting to a much broader focus, which includes performance measurement. We recognize the importance of efficient and effective financial management to protect SSA's trust funds and U.S. Treasury monies. Our audits will assess the adequacy of SSA's overall financial management and performance measurements.

(3) Over 90 percent of the Agency's benefit payments are accurately computed. However, annually SSA processes almost \$2.5 trillion in wage reports and pays \$331 billion in claims. This volume of work means that even the slightest error rate can represent enormous costs to SSA and the American people. We are currently leading an agencywide task force to explore solutions for reducing these marginal, though chronic payment error problems.

(4) Due to significant growth in the number of individuals on disability, and the associated increase in benefit payments, a host of problems have developed, such as Continuing Disability Review (CDR) backlogs, disability determination problems, and associated reports of fraud, waste, and abuse. Congress has earmarked major additional funding to reduce the Agency's CDR backlog. Further, legislation was recently enacted that discontinues disability payments to drug addicts and alcoholics. We will review and report on SSA's progress in improving the timeliness and cost effectiveness of its disability programs.

Additionally, I believe that an adequate investigative force is necessary to maintain credibility with the Agency's employees and the American public. I have been impressed by the dedication of SSA's 65,000 employees in uncovering fraud and referring their concerns to the OIG for action. The American public is also active in reporting incidents of fraud. Our investigations of these allegations are essential to rebuilding public trust and that of SSA employees.

Estimating fraud in government programs has never been done with certainty. However, some estimates, including a recent study by the American Board of Certified Fraud Examiners, report that fraud within any population ranges from 2 to 6 percent. Even with a more modest estimate, SSA's investigative workload would involve tens of thousands of cases. Such a volume of work would clearly overwhelm the 166 investigators in our office.

To meet this essential workload, we are concerned about whether we have adequate investigative resources in most locations. We have only 19 agents in our Western Region, covering seven States including California. Here in the Mid-Atlantic Region, which includes Maryland, Delaware, Pennsylvania, Virginia, West Virginia, North Carolina and the District of Columbia, we have only 13 agents. In our Denver office, we have four agents to provide total coverage for seven States.

In 1995, the Commissioner added 50 investigators to the OIG. Despite this increase, upon my arrival, the Commissioner suggested that I conduct a more comprehensive assessment of OIG resource needs. One aspect of the assessment was to benchmark our resources against 16 other OIGs. We discovered that our resource levels were well below OIG community averages. For example, the Department of Defense/OIG has over 1,300 personnel safeguarding \$277 billion. The Department of Health and Human Services/OIG has over 1,000 personnel safeguarding \$319 billion. By contrast, the SSA/OIG has only 315 personnel safeguarding \$368 billion.

Each SSA auditor is responsible for safeguarding \$3.2 billion; the community average is under \$260 million. Each investigator must safeguard \$3 billion; the OIG community average is \$500 million.

Let me close by assuring you that the resources of this new office have been a good public investment. In the first year, our data indicate that each investigator returned \$181,000 and each auditor returned \$980,000. We also obtained 613 criminal convictions. Additionally, I am confident that these recovery levels and criminal convictions will rise as we mature as an organization and enter the new fiscal year with our full staff on board.

I believe in the mission of SSA. It is vital that we as a society provide a financial safety net for our disabled and the survivors of deceased American workers, and that we protect our citizens as they leave the workplace and rely upon their Federal retirement funds for a decent life.

We are dedicated to the protection of the Social Security trust funds in which so many Americans have a stake. OIG agents face danger everyday, often without thanks or recognition, as they strike at predators who steal from vulnerable elements of our society and from the savings of our retired citizens. Today, Mr. Chairman, you and the Members of the Subcommittee have recognized our efforts and I am grateful. I wish to thank the Subcommittee again for focusing on the important and serious topic of the infrastructure of my office. I would be pleased to answer any questions you may have at this time.