Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Semiannual Report to Congress

April 1, 2015 – September 30, 2015

Promoting Social Security Integrity and Efficiency Since 1995

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A MESSAGE FROM THE INSPECTOR GENERAL

This year, the Office of the Inspector General (OIG) celebrates 20 years of independent oversight of the Social Security Administration (SSA). I am honored to work with a highly skilled staff that is committed to improving SSA's programs and preventing fraud, waste, abuse, and mismanagement. It is their outstanding efforts during the period April 1, 2015 through September 30, 2015 that I am pleased to present in this *Semiannual Report to Congress*.

Of course, we owe much of our success to the many productive partnerships we have formed with SSA and other agencies over the years. For example, since 1997, we have collaborated with SSA, State Disability Determination Services (DDS), and local law enforcement agencies to operate the thriving Cooperative Disability Investigations (CDI) program, which combats disability fraud. As part of an aggressive expansion plan, SSA and OIG recently opened CDI units in Little Rock, Arkansas; Des Moines, Iowa; Miami, Florida; Birmingham, Alabama; St. Paul, Minnesota; Raleigh, North Carolina; Charleston, West Virginia; and Milwaukee, Wisconsin. As of the end of this reporting period, CDI consisted of 36 units covering 31 States and the Commonwealth of Puerto Rico.

Our effort to expand CDI is just one of our significant activities completed during this semiannual reporting period. Over the last six months, we've pursued and promoted several initiatives to improve SSA's operations and to identify and prevent Social Security fraud.

- The Medicare Non-Utilization Project, based on an OIG audit report that matched Social Security and Medicare data, is an effective way for SSA to identify overpayments to deceased beneficiaries and refer cases of suspected fraud. We investigated many of these cases during the reporting period, leading to criminal prosecutions and monetary recoveries. In one case, an Arizona woman was convicted of theft and must repay almost $100,000 because she continued to use her mother's Social Security payments for nine years after her mother died.

- We continue to work with judicial authorities across the country to uphold the laws of the *Social Security Act* using every means at our disposal. Using authority delegated from the Acting Commissioner, we can impose civil monetary penalties against those who conceal information to receive Social Security payments. Recently, we imposed a $54,000 penalty against a Washington man for failing to report his income and resources so that he would continue to receive Supplemental Security Income.

- We have advised SSA in its continuing efforts to expand its anti-fraud and integrity activities. We have also worked with SSA through the National Anti-Fraud Committee to provide a forum for SSA and OIG leadership to share information and develop ways to reach out to SSA employees, other government entities, and public citizens to identify and prevent fraud.

During my tenure as Inspector General, I have made it a priority to build coalitions and pursue partnerships that will help us detect and prevent fraud and curb improper payments, and address systemic vulnerabilities that contribute to both. Going forward, we will continue to seek out these opportunities for collaboration, to provide the maximum return on investment in our operations.

For 20 years, we have strived to improve and protect SSA's programs and operations, and we remain committed to this mission. We will continue to work with SSA, the Congress, and other invested partners to find innovative ways to achieve our goals. Above all, we must uphold the trust the public has placed in us, to safeguard Social Security for the many millions of Americans who depend on it, now and in the future.

Patrick P. O'Carroll, Jr.
Inspector General

EXECUTIVE SUMMARY

This report presents the significant activities of the SSA OIG from April 1, 2015 through September 30, 2015, documenting the achievements of the OIG's Offices of Audit, Investigations, Counsel, and OIG's support components.

Key Accomplishments April 1, 2015 through September 30, 2015	
Audit Reports Issued	60
Questioned Costs	$374,084,221
Funds Put to Better Use	$3,222,710,234
Allegations Received	80,598
Investigations Opened	4,352
Investigations Closed	4,290
Arrests	168
Indictments/Informations	552
Criminal Convictions	623
Civil Actions/Civil Monetary Penalties	195
Cooperative Disability Investigations	
--Claims Denied/Ceased	2,599
--Projected SSA Savings	$135,713,812
--Projected Non-SSA Savings	$163,000,997

Audit

We issued 60 reports and made recommendations on a variety of challenges facing SSA. We also identified more than $374 million in questioned costs and more than $3 billion in Federal funds that could be put to better use.

During this reporting period, we updated our 2006 report, *Overpayments in the Social Security Administration's Disability Programs*, and estimated that over 10 years, SSA overpaid beneficiaries $16.8 billion and had recovered $8.1 billion, was in the process of recovering $6.3 billion, and had waived or cancelled $2.4 billion. SSA also prevented $8 billion in overpayments.

In other significant audit work, we found that

- SSA could identify deceased disabled beneficiaries by analyzing Medicare usage data;
- users had concerns with SSA's initial implementation of the Disability Case Processing System, but still continued to support the project; and
- SSA spent $213 million more to recover low-dollar overpayments than it was able to collect as a result of the recovery effort.

Investigative

During this reporting period, we received 80,598 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources. OIG agents closed 4,290 Criminal investigations, resulting in 168

arrests, 552 indictments and informations, 623 criminal convictions (including pretrial diversions), and 195 civil judgments or civil monetary penalty (CMP) assessments.

We are reporting over $231 million in investigative accomplishments, including over $63 million in SSA recoveries, restitution, fines, settlements, and judgments; and over $167 million in projected savings from investigations resulting in the suspension or termination of benefits. In addition, we participated in multi-agency investigations that resulted in over $42 million in savings, restitution, and recoveries for other agencies.

The Cooperative Disability Investigations (CDI) program continues to be one of SSA and OIG's most successful initiatives to ensure the integrity of SSA's disability programs. CDI efforts during this reporting period contributed to more than $270.4 million in projected savings to SSA programs.

Legal

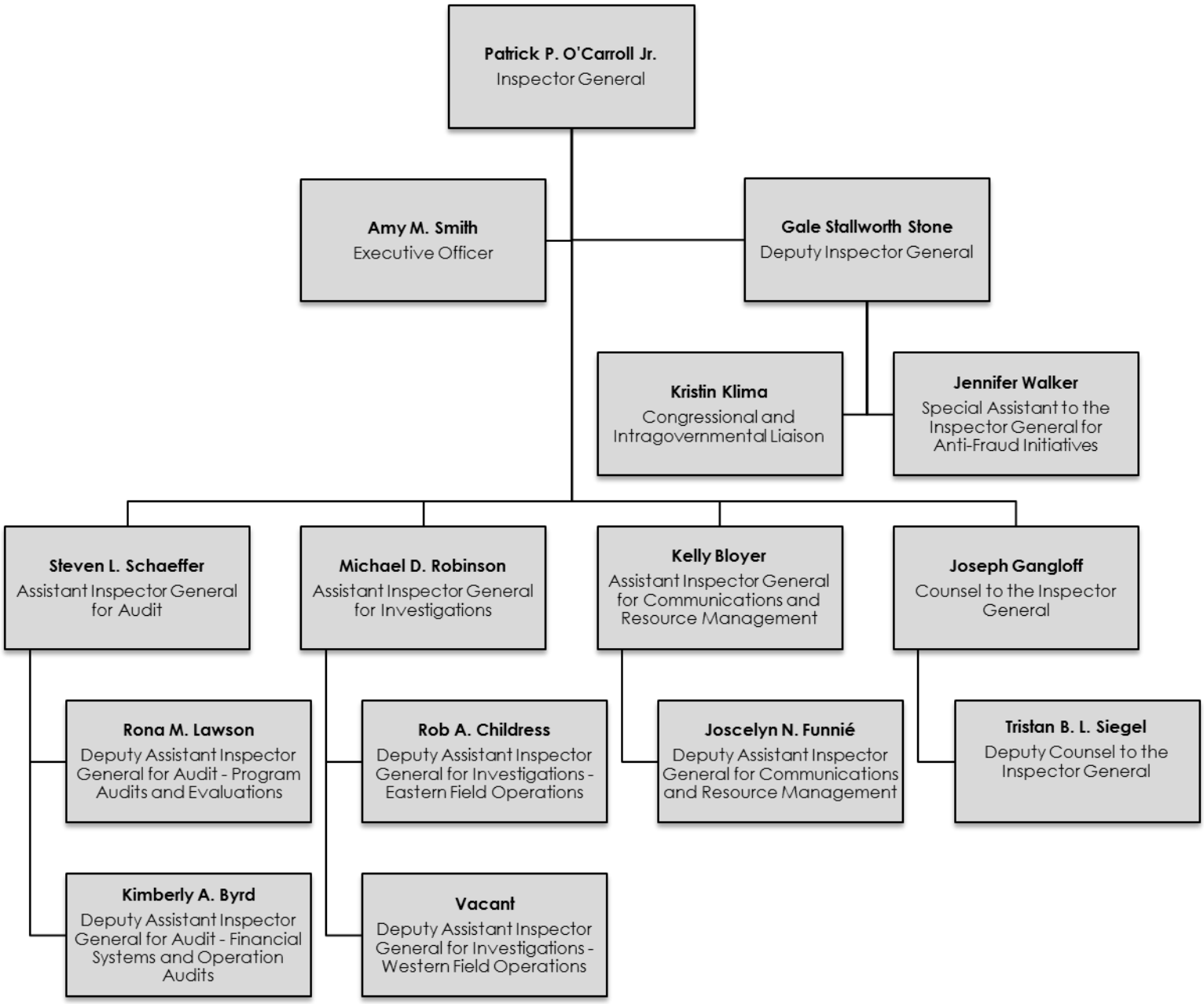
During this reporting period, our attorneys successfully resolved 180 CMP actions against individuals who made false statements, representations, or omissions to obtain or retain Social Security benefits (violations of Section 1129 of the *Social Security Act*). OIG attorneys imposed more than $10.5 million in penalties and assessments through the CMP program. We also pursued actions to protect the public from fraudulent schemes that make use of SSA's well-known name and reputation (violations of Section 1140). During this reporting period, we shut down or achieved voluntary compliance in 14 Section 1140 cases, imposed penalties totaling $100,000, and deterred future violations through our innovative outreach efforts.

Outreach

During the reporting period, Inspector General O'Carroll testified before the House Ways and Means Subcommittee on Human Resources to discuss efforts to protect government assistance programs, such as SSA's Supplemental Security Income (SSI) program and the Department of Labor's Unemployment Insurance program, from fraud, waste, and abuse.

Senior OIG officials also made presentations at national conferences, increasing awareness of the OIG's work and accomplishments. For example, in August, the Inspector General was a featured speaker at the National Association of Disability Examiners' national training conference in Portland, Oregon, where he discussed the OIG's most recent anti-fraud initiatives and accomplishments.

INTRODUCTION TO OUR ORGANIZATION



SSA OIG comprises the Immediate Office of the Inspector General and four major components: the Offices of Audit, Communications and Resource Management, Counsel, and Investigations.

Immediate Office of the Inspector General

The Immediate Office of the Inspector General (IO) assists the Inspector General with the full range of his responsibilities. IO staff also coordinates with SSA, congressional committees, the Social Security Advisory Board, and the Council of the Inspectors General on Integrity and Efficiency (CIGIE). IO also includes the Office of Quality Assurance and Professional Responsibility, which ensures compliance with Federal laws and regulations, agency policies, and relevant professional standards; and investigates OIG employee misconduct.

Office of Audit

The Office of Audit (OA) conducts financial and performance audits of SSA programs and operations, and makes recommendations to ensure that SSA achieves program goals effectively and efficiently. Financial audits determine whether SSA's financial statements fairly represent SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations on issues of concern to SSA, the Congress, and the public.

Office of Communications and Resource Management

The Office of Communications and Resource Management (OCRM) provides administrative support to the Inspector General and OIG components. OCRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OCRM disseminates information about the OIG's accomplishments to Congress, the media, and the public, and maintains the OIG web presence. OCRM manages OIG's human resources and develops administrative policies and procedures. OCRM also maintains the hardware, software, and telecommunications networks that are integral to OIG's operations. Finally, OCRM manages the OIG's Fraud Hotline and Fugitive Enforcement Program.

Office of the Counsel to the Inspector General

The Office of the Counsel to the Inspector General (OCIG) provides independent legal advice and counsel to the Inspector General on a wide range of issues, including statutes, regulations, legislation, and policy directives. OCIG also administers the CMP program, and advises the Inspector General on investigative procedures and techniques, as well as on the legal implications of audit and investigative activities.

Office of Investigations

The Office of Investigations (OI) conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, as well as by SSA employees. OI serves as the OIG's liaison to the Department of Justice (DOJ) on all investigative matters. OI also conducts joint investigations with other law enforcement agencies, and shares responsibility with the Department of Homeland Security's (DHS) Federal Protective Service for investigating threats or violence against SSA employees and facilities.

SSA MANAGEMENT CHALLENGES

OIG annually identifies the most significant management challenges facing SSA based on legislative mandates and our audit and investigative work. Listed below is a summary of each challenge. We provide more detail on each challenge in our *Fiscal Year (FY) 2015 Inspector General Statement of the Social Security Administration's Major Management and Performance Challenges.*

Strengthen Planning, Transparency, and Accountability

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the agency's ability to provide its services efficiently and effectively now and in the future. While planning for the next few years is important, a longer term vision is critical to ensuring that SSA has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond. In April 2015, SSA published its *Vision 2025* report, which SSA stated is "an aspirational vision of the agency in 2025 and beyond and presents three clearly defined priorities of Superior Customer Experience, Exceptional Employees and Innovative Organization." However, we are concerned that *Vision 2025* does not include the critical milestones and strategic roadmap needed to steer the agency toward the organization of the future. We will continue to assess SSA's progress toward developing and reaching its goals, strategic objectives, and performance measures. With regard to accountability, the FY 2014 Independent Auditor's Report contained two significant deficiencies in (a) internal controls related to calculation, recording, and prevention of overpayments and (b) information systems controls. The Acting Commissioner has made addressing these deficiencies a priority.

Improve Customer Service

SSA faces several challenges as it pursues its mission to deliver services that meet the public's changing needs. One of SSA's greatest challenges is the loss of its most experienced employees, as the agency estimates that about 45 percent of its employees, including 54 percent of its supervisors, will be eligible to retire by FY 2022. This could affect SSA's ability to provide superior customer service. At the same time, the public is expecting responsive service from multiple service delivery channels and the nation is becoming more diverse. Therefore, SSA must continue to consider the increasing multilingual population it serves as it enhances service delivery channels. Further, the Government Accountability Office noted that SSA struggled to administer its Representative Payment Program effectively. The projected growth of the aged population, particularly those with dementia, will require SSA to expend more resources to recruit and monitor representative payees.

Improve the Timeliness and Quality of the Disability Process

SSA needs to address the receipt of millions of initial disability and reconsideration claims, as well as the backlogs of initial disability claims and Continuing Disability Reviews (CDR), while also protecting its disability programs from fraud. SSA expects to have approximately 628,000 initial disability claims pending at the end of FY 2016. While SSA increased the number of full medical CDRs completed in recent years, it was not enough to eliminate the backlog. In FY 2014, SSA received authority to hire approximately 3,200 State disability determination services (DDS) employees—including replacement hires. In FY 2016, SSA expects these hires to process additional CDRs. Recently, high-profile fraud schemes have highlighted the potential vulnerability of SSA's disability programs. This year, SSA began anti-fraud initiatives that included predictive analytics; Fraud Prevention Units in New York, Kansas City, and San Francisco; and expansion of the CDI program to 36 units as of the close of this reporting period.

Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA faces the challenge of how best to use technology to meet its increasing workload with budget and human resources limitations. Further, SSA will not be able to manage its current and future workloads without the proper information technology (IT) infrastructure. We have concerns regarding the agency's IT physical infrastructure, development and implementation of secure electronic services, logical access controls and security of information systems, and management of major IT projects. The agency uses a variety of customer service delivery options such as telephone, the Internet, and videoconferencing. While expanding services to meet customers' growing needs, SSA needs to ensure its existing and future electronic services are secure. SSA also faces challenges in executing and implementing major IT projects, and delivering expected functionalities on-schedule and within budget.

Reduce Improper Payments and Increase Overpayment Recoveries

SSA strives to balance its service commitments to the public while being a responsible steward of the funds entrusted to its care and minimizing the risk of making improper payments. The agency is responsible for issuing over $900 billion in benefit payments per year, to about 60 million people. Given the large overall dollars involved, even the slightest error can result in millions of dollars in over- or underpayments. For example, one of the major causes of improper payments in the SSI program is the failure of individuals to report earnings timely. In June 2013, SSA developed a statistical model that predicts the likelihood of beneficiaries being at risk of receiving large earnings-related overpayments, and implemented it nationwide. SSA also developed a monthly wage reporting system incorporating touch-tone and voice-recognition telephone technology.

Improve the Responsiveness and Oversight of the Hearings Process

While SSA has emphasized the need for quality, consistency, and timeliness in its disability decisions, this remains a challenge as pending hearings surpass 1 million cases and processing time increases. Since FY 2010, the pending hearings total has risen from 705,000 cases to just under 1.1 million (1,060,907) cases at the end of FY 2015. While the number of new receipts has declined over the past four years, it has still exceeded the number of dispositions. The agency's ability to reduce the number of pending hearings depends in large part on its adjudicatory capacity. The number of available administrative law judges (ALJ) grew by 18 percent from FY 2010 to FY 2013, but dropped in FY 2014. SSA expected to hire about 200 ALJs during FY 2015, but expected to lose 100 through attrition. SSA experienced delays in hiring new ALJs in part because the agency exhausted the ALJ register administered by the Office of Personnel Management.

Strengthen the Integrity and Protection of the Social Security Number

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. While SSA has improved its enumeration process, given the preponderance of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. However, we believe SSA should take steps to ensure the accuracy and completeness of its SSN records not only for its own program purposes, but also because Federal benefit paying entities, the Department of Homeland Security, the Internal Revenue Service, State and local governments, and private industry customers rely on that information as well, to detect unreported deaths and prevent fraud.

AUDIT

Significant Audit Activities

Overpayments in the Social Security Administration's Disability Programs – A 10-Year Study
We studied 1,532 beneficiaries who received disability benefits in October 2003, from a population of 8.9 million, to determine the amount of overpayments in SSA's disability programs between October 2003 and February 2014.

Our review found that over a 10-year period, SSA assessed overpayments for 44.5 percent of sampled beneficiaries. Based on the sample, we estimated that:

- SSA assessed overpayments totaling about $16.8 billion between October 2003 and February 2014 for approximately 4 million beneficiaries who were in current payment status in October 2003;
- SSA recovered about $8.1 billion of the $16.8 billion in overpayments it assessed, was in the process of recovering $6.3 billion, and had waived or cancelled $2.4 billion; and
- SSA prevented about $8 billion in overpayments between October 2003 and February 2014 to approximately 1 million beneficiaries in current pay status in October 2003 by suspending monthly payments.

Additionally, the overpayment rate in FY 2004 was 3.1 percent of all benefits paid that year.

SSA reviewed the draft report and provided technical comments regarding unavoidable overpayments related to medical improvement, which we incorporated into the body of this report.

Using Medicare Data to Identify Disabled Individuals Who Are Deceased
Title II of the *Social Security Act* allows individuals to receive Disability Insurance (DI) benefits if they are fully insured, have not reached retirement age, and are determined to be disabled. The *Social Security Act* considers adults disabled if they cannot engage in any substantial gainful activity because of a medically determinable physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for a continuous period of not less than 12 months.

Medicare is a Federal health insurance program for individuals who receive Title II retirement benefits or who have been receiving disability benefits. Generally, after 24 months of DI entitlement, individuals are entitled to hospital insurance (Medicare Part A) and can elect Supplemental Medical Insurance (Medicare Part B).

Based on the results of our review, we believe some of those beneficiaries for whom we could find no evidence of routine medical care may be deceased. SSA either terminated or suspended the benefits of five (10 percent) of our 50 sample beneficiaries. We believe SSA should use Medicare non-use data to identify disabled beneficiaries who are deceased but still receiving benefits.

We recommended that SSA:

1. Work with the Centers for Medicare and Medicaid Services to obtain an agreement to identify disabled beneficiaries who are not using Medicare, and use this information to determine whether these

beneficiaries are alive. SSA should focus on disabilities that generally require routine medical care.
2. Work the remaining cases in our universe (who are in current payment status) that SSA identifies as high-risk, to determine if these beneficiaries are alive.

SSA agreed with our recommendations.

Observations and Recommendations for the Disability Case Processing System (DCPS) **(Limited Distribution)**
We reviewed DCPS to gain a better understanding of the initiative and its security controls as well as obtain feedback from users. DCPS is a nationwide SSA initiative to bring greater consistency to the DDSs and the disability determination process. SSA is creating DCPS to be a common case processing system all DDSs will use. DCPS would simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs.

As of the date of our review, three DDSs were using DCPS Beta version 4.1: Illinois, Missouri, and Idaho. All three DDS administrators interviewed identified issues with the DCPS application and development process, but expressed their continued support of DCPS and optimism about the project.

We recommended that SSA:
1. Continue efforts to emphasize user engagement in developing DCPS and incorporating feedback into the system and development processes.
2. Require implementation of a comprehensive DCPS access control process for each DDS that enforces least-privilege and segregation of duties for all accounts, including vendors.
3. Require implementation of a comprehensive DCPS configuration management process for each DDS.
4. Develop a DCPS configuration guide that clearly defines all configurable settings, establishes minimum requirements, and provides additional configuration-related guidance.
5. Ensure new DCPS releases clearly identify changes and, unless deliberately changed, roll forward previous security configurations.

The agency agreed with our recommendations.

Cost-benefit Analysis of Processing Low-dollar Overpayments
The purpose of our report was to analyze the cost-benefit of processing overpayments for the Retirement and Survivors Insurance (RSI), DI, and SSI programs.

Generally, SSA attempted to collect overpayments regardless of the amount. In some cases, the value of the overpayment was less than what SSA spent to collect it. Therefore, for some overpayments, collection was not always cost-beneficial.

SSA collects data on the average costs to collect RSI, DI, and SSI overpayments via its Cost Analysis System (CAS). The average cost to collect RSI and DI overpayments reported in CAS includes the total cost for all actions related to collecting overpayments from beneficiaries under each program during a fiscal year. However, the average cost to collect an SSI overpayment as reported in CAS represents the cost of a single action taken to collect an SSI overpayment during a fiscal year. Therefore, the average cost to collect an SSI overpayment does not adequately represent the cost of collecting the overpayment when multiple actions are required. This results in an understatement of the average cost to collect an SSI overpayment when multiple collection actions are required.

Based on our analysis using average cost data from CAS, we estimated SSA spent over $323 million to collect low-dollar overpayments in FYs 2008 through 2013. Using SSA's overpayment collection percentages for these FYs, we estimated SSA collected approximately $109.4 million of the low-dollar overpayments. This resulted in SSA spending over $213.6 million more than it collected.

We recommended that SSA:

1. Capture in CAS the average cost of collecting SSI overpayments using a similar methodology as it does for the RSI and DI programs, and
2. Re-evaluate its process for collecting overpayments where the value of the overpayment is less than what SSA spends to collect the overpayment to ensure it expends resources on activities that result in the greatest return on investment.

SSA agreed with our recommendations.

Disability Determination Services Processing Times

SSA provides DI benefits and SSI payments to eligible individuals under Titles II and XVI of the *Social Security Act*. DDSs in the State, or other offices with jurisdiction, make disability determinations. There are DDSs in each of the 50 States, the District of Columbia, and Puerto Rico.

We analyzed DI and SSI average claims processing times at 51 DDSs for FY 2013 (we excluded the Puerto Rico DDS from our analysis since it only processed DI claims). In FY 2013, DDS average processing times ranged from 45 to 140 days for DI claims and 49 to 157 days for SSI claims. We mapped the processing times for all 51 DDSs to identify processing times outside the typical range. In doing so, we found 44 (86 percent) of 51 DDSs had processing times between 60 and 120 days.

We identified seven DDSs that fell outside of 60- to 120-day ranges for DI and SSI processing times. Specifically, the Florida and Idaho DDSs had DI and SSI processing times shorter than 60 days while the California, Virginia, Nevada, Colorado, and Hawaii DDSs had DI and SSI processing times longer than 120 days. Despite differences in processing times, the seven DDSs had allowance rates comparable to the national average and accuracy rates at or above SSA's goal.

We found a correlation between the processing times of some individual disability examiners and the five DDSs in our analysis with processing times that exceeded 120 days. Specifically, all five DDSs with processing times longer than 120 days had disability examiners with average processing times for initial disability claims that were more than twice the national median of 78 days.

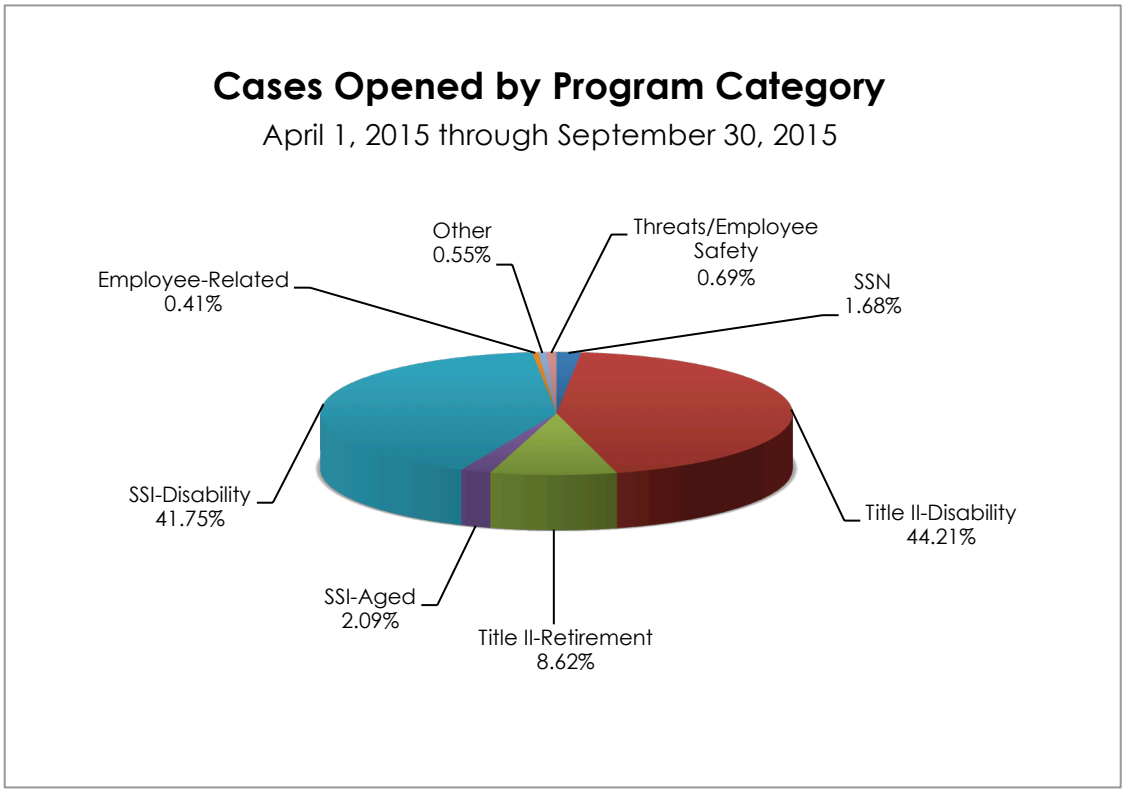
INVESTIGATIONS

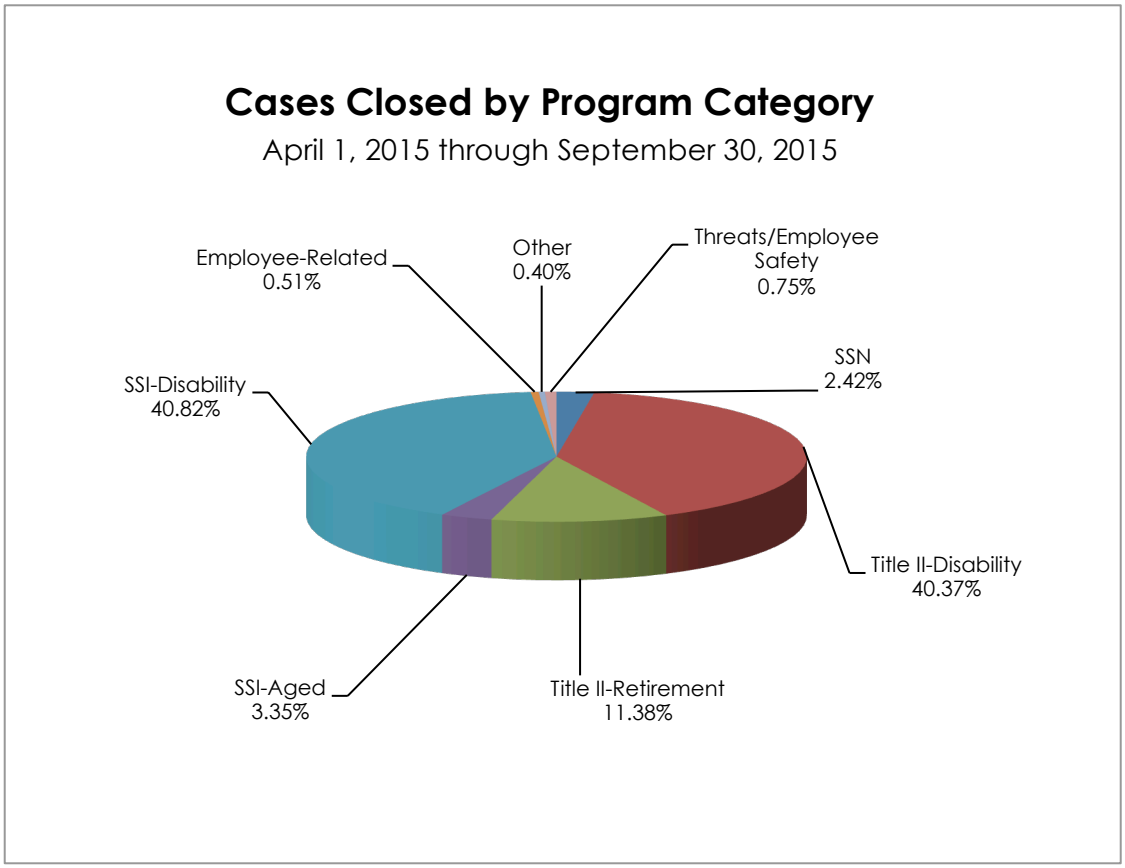
Our Office of Investigations examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve issues such as benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions or the imposition of civil monetary penalties (CMP) against offenders. These investigative efforts improve SSA program integrity by recovering funds and deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and other Social Security-related fraud ensures the integrity of SSA programs.

INVESTIGATIVE RESULTS			
	10/1/14-3/31/15	4/1/15-9/30/15	TOTAL FY 2015
Allegations Received	65,927	80,598	146,525
Cases Opened	4,067	4,352	8,419
Cases Closed	3,892	4,290	8,182
Arrests	286	168	454
Indictments/Informations	384	552	936
Criminal Convictions	620	623	1,243
Civil Actions/CMPs	141	195	336

ALLEGATIONS RECEIVED BY SOURCE			
	10/1/14-3/31/15	4/1/15-9/30/15	TOTAL FY 2015
SSA Employees	24,380	27,780	52,160
Private Citizens	22,303	29,852	52,155
Anonymous	13,969	17,662	31,631
Law Enforcement	1,720	1,717	3,437
Beneficiaries	2,479	2,608	5,087
Public Agencies	1,062	974	2,036
Other *(Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject)*	14	5	19
TOTAL	**65,927**	**80,598**	**146,525**

ALLEGATIONS RECEIVED BY CATEGORY			
	10/1/14-3/31/15	4/1/15-9/30/15	TOTAL FY 2015
Disability Insurance	27,291	33,877	61,168
SSI Disability	13,976	17,353	31,329
SSN Misuse	6,647	8,165	14,812
Old-Age and Survivors Insurance	11,622	13,196	24,818
Other	4,066	5,426	9,492
Threats/Employee Safety	554	577	1,131
Employee-Related	972	1,167	2,139
SSI Aged	799	837	1,636
TOTAL	**65,927**	**80,598**	**146,525**


Cases Opened by Program Category
April 1, 2015 through September 30, 2015
Other
0.55%
Threats/Employee
Safety
0.69%
Employee-Related
0.41%
SSN
1.68%
SSI-Disability
41.75%
Title II-Disability
44.21%
SSI-Aged
2.09%
Title II-Retirement
8.62%


Cases Closed by Program Category
April 1, 2015 through September 30, 2015
Employee-Related
0.51%
Other
0.40%
Threats/Employee
Safety
0.75%
SSN
2.42%
SSI-Disability
40.82%
Title II-Disability
40.37%
SSI-Aged
3.35%
Title II-Retirement
11.38%

Significant Investigative Activities

Disability Fraud

Disabled Man Conceals Work as Golf Pro and Minister

Based on information provided by the U.S. Department of Veterans' Affairs (VA), our Columbia, South Carolina office investigated a 49-year-old former DI beneficiary. The investigation revealed that, since applying for disability benefits in 1999, the man failed to inform SSA that he had numerous jobs, including work as a minister and golf professional. In April 2015, after pleading guilty to theft of government property and aggravated identity theft, he was sentenced to seven years in prison. He was also ordered to repay $407,184 to SSA and $352,576 to the VA.

Woman Assumes Identity to Collect Disability

Acting on information provided by the Worcester, Massachusetts SSA office, our Boston, Massachusetts office investigated a 53-year-old former DI beneficiary. The investigation determined that the woman misused an SSN to collect worker's compensation benefits and receive a pension and DI benefits. In April 2015, after the woman pleaded guilty to Social Security fraud and aggravated identity theft, she was sentenced to two years in prison and three years' supervised release. She was also ordered to repay $50,827 to SSA.

Husband and Wife Conceal Husband's Work

After receiving a referral from the Prestonsburg, Kentucky SSA office, our Lexington, Kentucky office investigated a 50-year-old DI beneficiary and his wife. The investigation determined that, between April 2005 and February 2013, the man owned and operated a towing business and that he and his wife concealed this information from SSA. In April 2015, after the man pleaded guilty to theft of government property, he was sentenced to two years in prison and three years' supervised release. He was also ordered to repay $116,788 to SSA. On the same date, after the wife pleaded guilty to making false statements, she was sentenced to one year in prison and three years' supervised release.

New York Couple Operates Trucking Business and Defrauds SSA

Based on a referral from the Gloversville, New York SSA office, our Albany, New York office investigated two DI beneficiaries, a 54-year-old man and his 51-year-old wife. The investigation determined that, since 2003, the couple owned and operated a trucking business and concealed their work and earnings from SSA. In May 2015, after the man and woman pleaded guilty to Social Security fraud, the woman was sentenced to three years' probation and ordered to repay $88,102 to SSA. The man was sentenced to 18 months in prison and three years' probation. He was also ordered to repay $314,650 to SSA.

Representative Payee Fraud

Payee Conceals that Child was Removed from Care, Collects Benefits for 15 Years

After receiving an allegation from the Waco, Texas SSA office, our Dallas, Texas office investigated the 50-year-old former representative payee of a minor child. The investigation determined that, from 1999 through 2014, the woman received monthly benefits for a child who had been removed from her care and custody in 1999. In May 2015, after the woman pleaded guilty to theft of government property, false statements, and SSN misuse, she was sentenced to one year in prison and three years' supervised release. She was also ordered to repay $74,957 to SSA.

Representative Payee Fails to Inform SSA of Beneficiary's Death for 13 Years
Based on a report from the Omaha, Nebraska SSA office, our Omaha, Nebraska office investigated the 56-year-old representative payee of a retirement beneficiary. The investigation determined that the beneficiary died in October 2001 and, from November 2001 through February 2014, the man received and converted to his own use the SSA benefits intended for the deceased beneficiary. In July 2015, after the man pleaded guilty to theft of government property, he was sentenced to 12 months in prison and two years' probation. He was also ordered to repay $193,297 to SSA.

Louisiana Woman Conceals Child's Death to Continue Collecting Benefits
After receiving a referral from the Shreveport, Louisiana SSA office, our Houston, Texas office investigated a 46-year-old former representative payee. The investigation determined that, following the death of her son in April 2009, the payee received and converted to her own use the SSI payments intended for the beneficiary. In July 2015, after she pleaded guilty to theft of government funds, the woman was sentenced to one year in prison and three years' probation. She was also ordered to repay $39,435 to SSA.

Payee Conceals that Child had not Resided with Her for 8 Years
Following a referral from the Cheyenne, Wyoming SSA office, our Denver, Colorado office investigated the 42-year-old former representative payee for a disabled child. The investigation determined that the woman received and converted to her own use the SSI payments intended for the child from January 2005 through August 2013, even though the child was no longer living with her. In June 2015, after she pleaded guilty to Social Security fraud, the woman was sentenced to two years' probation and was ordered to repay $47,648 to SSA.

Man Fraudulently Receives Benefits for Cousin, Claims as His Child
Based on information received from a Houston, Texas SSA office, our Houston, Texas office investigated a DI beneficiary. The investigation determined that, in July 2008, the man applied for, and began receiving, monthly benefits for a child who he claimed was his biological child. The investigation determined that the child was his cousin, and he was not eligible to receive the benefits. In June 2015, after the man pleaded guilty to theft, he was sentenced to three years' deferred adjudication, and was ordered to repay $42,819 to SSA.

Employee Fraud

SSA Service Representative Creates False SSA Document
Acting on a referral from the St. Louis, Missouri SSA office, our St. Louis, Missouri office investigated an SSA service representative. The investigation revealed that this employee created fraudulent SSA documents to assist her daughter in eliminating her financial obligations. After this woman pleaded guilty to fraud related to identity documents, she was sentenced in June 2015 to five months in prison and two years' probation, of which six months would be spent in home confinement. The woman was also ordered to repay $2,744 in student loan debt that had erroneously been forgiven. She resigned from her position after pleading guilty.

SSA Employee Steals Identity and Redirects Funds
Our Kansas City, Missouri office investigated an SSA employee alleged to have assumed another's identity to steal SSA funds. The investigation revealed that the employee found a debit card and other personally identifiable information belonging to the victim on a bus, and used these items to access the victim's account without authorization. The employee subsequently generated a false payment on the victim's SSA record and

caused the direct deposit of $9,853 onto the debit card. Our Digital Forensics Team conducted a forensic analysis of the employee's SSA workstation and located several artifacts related to the victim's SSN and the fraudulent SSA transaction. The employee pleaded guilty to theft of government funds, and was sentenced to one year in prison and three years of supervised release. The employee was also ordered to repay $9,853 to SSA. The employee resigned as a result of the investigation.

Contract Guard Steals $70,000 in Government Property from Storage Facility
Acting on a referral from the Federal Protective Service, our Baltimore, Maryland office investigated a contract guard at an SSA storage facility in Maryland. The investigation revealed that this employee stole over $70,000 worth of government property, including file cabinets, from the warehouse. After pleading guilty to theft of government property, the guard was sentenced to eight months' home detention and four years of probation. He was also ordered to pay restitution of $71,577 to SSA.

Deceased Payee Fraud

Son Conceals Parents' Death, Fraudulently Receives Their SSA Benefits
After receiving a Medicare Non-Utilization Project (MNUP) referral from the Cleveland, Tennessee SSA office, our Atlanta, Georgia office investigated the son of two retirement beneficiaries. The investigation determined that, between December 2001 and February 2014, this man received and converted to his own use the SSA benefits intended for his deceased parents. In July 2015, after the man pleaded guilty to theft of government funds, he was sentenced to 18 months in prison and three years' probation. He was also ordered to repay $252,165 to SSA.

Arizona Woman Uses Deceased Mother's Benefits to Gamble
After receiving an MNUP referral from the North Phoenix, Arizona SSA office, our Phoenix, Arizona office investigated the daughter of a Title II retirement beneficiary. The investigation determined that, between July 2004 and November 2013, the woman received and converted to her own use the SSA benefits intended for her mother, who died in July 2004. The woman admitted to using the SSA funds to gamble. In July 2015, after pleading guilty to theft, the woman was sentenced to five years' probation and ordered to repay $96,596 to SSA. The woman remitted an additional $38,049 to SSA prior to sentencing.

Idaho Woman Kills Husband, Cashes His Disability Checks
Based on information received from the Coeur D'Alene, Idaho SSA office, our Spokane, Washington office investigated the wife of a DI beneficiary. The investigation revealed that, in May 2012, the woman shot and killed the beneficiary and kept his body hidden in their residence. The woman continued to receive the SSA and State of Idaho benefits intended for her husband. In April 2015, after the woman pleaded guilty to voluntary manslaughter, she was sentenced to 15 years in prison and ordered to repay $26,889 to SSA and $13,016 to the Idaho State Indemnity Fund.

Colorado Man Conceals Mother's Death from Three Benefit Programs
After receiving a referral from the SSA Mid-America Program Service Center, our Denver, Colorado office investigated the son of an SSA survivor beneficiary. The investigation determined that the beneficiary died in July 2001, and that, from August 2001 through September 2013, her son received and converted to his own personal use the benefits intended for his mother from SSA, the California Public Employees Retirement System (CalPERS), and the Los Angeles County, California Employees Retirement Association (LACERA). In August 2015, after the man pleaded guilty to Social Security fraud, he was sentenced to 15 months in prison and three years'

supervised release. He was also ordered to repay $147,678 to SSA, $203,178 to CalPERS, and $114,492 to LACERA.

SSN Misuse

College Financial Aid Director Applies for Fraudulent School Loans
Based on a referral from the U.S. Department of Education OIG, our Manchester, New Hampshire office investigated the director of financial aid for a Massachusetts college. The investigation determined that this woman used the names and SSNs of over 250 students to apply for and receive college loans, without their authorization. In August 2015, after the woman pleaded guilty to mail and wire fraud, she was sentenced to one year in prison and three years' supervised release. She was also ordered to repay $1.5 million to the Department of Education.

Woman Sentenced for Stealing Identity to Qualify for Loans
Based on a request from the U.S. Secret Service, our Birmingham, Alabama office investigated an Alabama woman who used the SSN of another person to apply for numerous Internet loans. The investigation determined that the woman was convicted previously in 2003 for fraudulently using the same SSN. In July 2015, after pleading guilty to misuse of a SSN and aggravated identity theft, the woman was sentenced to 26 months in prison and three years' supervised release.

California Man Stole Victim's Identity to Apply for Retirement Benefits and U.S. Passport
Acting on a referral from the San Diego, California SSA office, our San Diego, California office investigated a former SSA retirement benefit applicant. The investigation determined that the man fraudulently applied for retirement benefits and a U.S. passport using the assumed identity of a U.S. citizen. In June 2015, after the man pleaded guilty to false statements in an application for SSA benefits, false statements in an application for a U.S. passport, and aggravated identity theft, he was sentenced to 51 months in prison.

Man Fraudulently Collects Four Different SSA Benefit Payments
Based on information received from the U.S. Department of Homeland Security, Homeland Security Investigations, our Philadelphia, Pennsylvania office investigated an SSI recipient with multiple identities. The man collected SSA payments for himself, while also collecting benefits under a fraudulently obtained SSN. The investigation further determined that, from 2005 through 2012, the man received and converted to his own use the SSA benefits intended for three other individuals, including his mother, who passed away in December 2001. In June 2015, after pleading guilty to theft of government funds, the man was sentenced to 60 days in a halfway house, and was ordered to repay $199,677 to SSA.

Woman Receives Benefits for Numerous Recipients Who Returned to Vietnam
Based on a report from the State of Iowa, our Des Moines, Iowa office investigated a former SSI recipient. The investigation determined that, from approximately October 2008 through January 2013, the woman received and converted to her own use the SSI payments intended for numerous individuals who had returned to Vietnam. In July 2015, following a jury trial, the woman was found guilty of theft of government funds, naturalization fraud, Social Security fraud, SSN fraud, aggravated identity theft, false statements, health care fraud, and mail fraud. She was sentenced to 87 months in prison and three years' supervised release. She was also ordered to repay $93,033 to SSA and $148,606 to other agencies, amounting to a total of $241,639.

Digital Forensics

DDS Employee Prosecuted for Child Pornography

Based on a referral from SSA's Office of Telecommunications and Systems Operations, our Digital Forensics Team (DFT) analyzed multiple SSA workstations assigned to a Michigan DDS employee. The analysis indicated that pornographic material was viewed on the computers. Furthermore, DFT, in conjunction with the National Center for Missing and Exploited Children, determined the employee unlawfully downloaded child pornography onto the SSA workstations. Following an investigation by our Grand Rapids, Michigan office, the employee pleaded guilty to possession of child pornography. In August 2015, he was sentenced to one day in prison and five years' supervised release. He was also ordered to pay a $10,000 fine.

SSA Employee Defrauds Multiple Government Agencies

Based on a request for assistance from the U.S. Attorney's Office in Vermont, our Manchester, New Hampshire office investigated an SSA service representative suspected of forging wage verification letters on SSA letterhead. The DFT conducted a forensic analysis of the employee's SSA workstation and retrieved copies of forged wage verification letters identified during the investigation. The letters were submitted to the Vermont Health Access Program to qualify the employee for subsidized health care. After pleading guilty to one count of false statements relating to health care matters and one count of tax evasion, the employee was sentenced to one year of supervised release, and was ordered to pay a $10,000 fine and combined restitution of $41,110 to the State of Vermont, the U.S. Department of Housing and Urban Development, and the Internal Revenue Service. The employee was removed from Federal service as a result of this investigation.

Threats and Assaults against SSA Employees

Employee safety is of paramount concern to SSA and OIG. Social Security employees must follow extreme caution as the number of Americans who depend on government services increases during times of economic challenge. We share the responsibility for investigating reports of threats of force or use of force against agency employees with the Department of Homeland Security's Federal Protective Service, which has jurisdiction over physical property owned or leased by the Federal government, and with local law enforcement if the activity occurs outside of federally owned or leased property.

During the reporting period, we received more than 500 allegations nationwide related to employee safety issues, of which over 150 involved assault or harassment, and over 350 were associated with threats against SSA employees or buildings. We also opened and closed 30 criminal investigations nationwide related to employee safety.

The following case summaries highlight significant investigations we conducted during this reporting period in which SSA employees were threatened by members of the public.

SSI Recipient Sentenced to Prison for Threats at SSA Office
After receiving a report from the Harrisburg, Pennsylvania SSA office, our Wilkes-Barre, Pennsylvania office investigated a former SSI disability recipient. The investigation revealed that the man became upset during an interview at an SSA office and announced that everyone in the office was "going to need a toe tag." During a telephone interview later that same day, the man reiterated his threat against SSA and lodged additional threats against the FPS. In August 2015, following a trial during which the man was found guilty of threatened assault on a Federal law enforcement officer, the man was sentenced to 80 months in prison and three years' supervised release.

Arkansas Man Sentenced for Threatening to Kill SSA Employee
After receiving a report from the Hot Springs, Arkansas SSA office, our Little Rock, Arkansas office investigated an SSI disability recipient who threatened to kill the SSA employee who was assisting with his payment reinstatement. In July 2015, after the man pleaded guilty to making a terroristic threat, he was sentenced to one year in prison, with credit for six months of time served and six months suspended.

North Dakota Man Sentenced for Making Threats to Senator
After receiving information from the office of a U.S. Senator, our Sioux Falls, South Dakota office investigated a 62-year-old former SSI recipient. In June 2014, this man left a voicemail at a Senator's South Dakota office alleging that he was going to go shoot employees at his local SSA office. In May 2015, after pleading guilty to attempting to interfere with SSA by force or threat of force, the man was sentenced to one year of probation.

Cooperative Disability Investigations Program

The CDI program continues to be one of our most successful initiatives with SSA, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDSs, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial disability claims and CDRs. We established the CDI Program in FY 1998 with units in just five States; during this reporting period we expanded the program to 36 units covering 31 states and the Commonwealth of Puerto Rico. New CDI units opened in Little Rock, Arkansas; Des Moines, Iowa; Miami, Florida; Birmingham, Alabama; St. Paul, Minnesota; Raleigh, North Carolina; Charleston, West Virginia; and Milwaukee, Wisconsin.

The following CDI case summaries highlight investigations we conducted during this reporting period that enhanced SSA's program integrity and operations reliability.

Akron Man Conceals Employment to Collect Disability Benefits

The Cleveland CDI Unit investigated a 53-year-old Ohio man who received DI and Ohio Bureau of Worker's Compensation (BWC) benefits due to chronic back pain. The Ohio BWC referred this case to the Cleveland CDI Unit after it received information alleging that the man owned and operated an unregistered construction company and was engaging in substantial work activities.

CDI and BWC investigators identified and interviewed over 50 of the man's customers, contractors and suppliers, all of whom corroborated that the subject concealed his employment from September 2008 through November 2013. As a result, the SSA reopened the man's DI claim and ceased his benefits.

The man pleaded guilty to multiple charges, including wire fraud, theft of government property, and Social Security fraud. In August 2015, he was sentenced to 30 months in prison, three years' supervised release, and a $40,000 fine. He was further ordered to repay $269,932 to the Ohio BWC and $75,823 to SSA.

Denver Man Exaggerates Physical Limitations in Disability Application

The Denver CDI Unit investigated a 44-year-old man who applied for SSI and DI benefits due to back and neck injuries, traumatic brain injury, short and long-term memory loss, depression, degenerative arthritis, bipolar disorder, and respiratory failure. The man alleged that his conditions affected his ability to work, he required a cane or walker, and he had a tendency to fall. He also claimed to require an oxygen tank. The Colorado DDS referred this matter to the Denver CDI Unit because the man's allegations of ailments were inconsistent; he received limited medical treatment; and he had filed previous claims.

CDI investigators observed the man, prior to his consultative exam, walking with a normal gait and without the use a walker or a cane, climbing two flights of stairs without difficulty and without oxygen. Investigators observed him after the exam where he was seen smoking while waiting for a taxi. Investigators followed him as he took the taxi to a weekly motel residence where he lived. Later that day, investigators observed him walking and working at the motel without a cane, walker, or an oxygen tank.

The CDI Unit provided a report and video surveillance to the Colorado DDS. As a result, the Colorado DDS denied the man's claim.

Chicago Physician and Nurse Practitioner Conspire to Receive Benefits

The Chicago CDI Unit investigated a 64-year-old Illinois physician who had been receiving DI benefits since 2005 for a seizure disorder. The investigation revealed that the physician concealed and failed to disclose that he was working as a family physician, and that he owned and operated a medical clinic with his wife, a nurse practitioner. While receiving DI benefits, the physician continued to admit and treat patients, review charts, and write prescriptions. He also supervised his wife's work at the clinic. Furthermore, he continued to bill Medicare and private insurance companies for services rendered.

Following a trial, the physician and his wife were found guilty of multiple charges, including Social Security fraud and wire fraud. In May 2015, the physician was sentenced to 189 days in prison and three years' supervised release. He was ordered to repay $104,194 to SSA (jointly and severally with his wife) and was assessed a $30,000 fine. His wife was sentenced to three years' probation, with the first 12 months to be served in home confinement.

The following table highlights the successes of the CDI program, which yielded more than $270.4 million in projected SSA program savings during this reporting period.

CDI Program Results April 1, 2015 – September 30, 2015				
State	Allegations Received	Claims Denied/Ceased[1]	SSA Savings[2]	Non-SSA Savings[3]
Alabama[4]	1	0	$0	$0
Arizona	154	55	$3,174,879	$3,786,109
Arkansas[5]	5	0	$0	$0
California[6]	1078	468	$23,113,918	$32,999,503
Colorado	130	96	$4,859,035	$5,819,572
Florida[7]	203	87	$4,366,085	$4,913,813
Georgia	172	88	$4,322,968	$4,514,044
Illinois	119	87	$4,493,768	$4,302,598
Iowa[8]	13	0	$0	$0
Kentucky	159	71	$3,541,270	$3,830,287
Louisiana	106	49	$2,707,926	$2,793,949
Maryland	49	12	$535,335	$988,146
Massachusetts	105	38	$1,965,154	$2,715,788
Michigan	177	24	$1,353,389	$1,593,293
Minnesota[9]	1	0	$0	$0
Mississippi	124	60	$2,893,204	$3,138,859
Missouri[10]	266	149	$8,163,878	$9,814,821
New York	69	44	$2,533,258	$3,847,014
North Carolina[11]	0	0	$0	$0
Ohio	355	153	$7,698,005	$12,092,658

State	Allegations Received	Claims Denied/Ceased[1]	SSA Savings[2]	Non-SSA Savings[3]
Oklahoma	164	109	$5,875,124	$5,357,236
Oregon	233	163	$8,628,776	$9,995,166
Puerto Rico	123	0	$0	$82,334
Rhode Island	60	27	$1,434,638	$1,629,414
South Carolina	258	182	$9,923,360	$10,284,260
Tennessee	121	60	$3,184,093	$4,503,008
Texas[12]	303	195	$9,931,102	$11,076,257
Utah	153	87	$4,740,841	$5,209,990
Virginia	226	163	$8,478,522	$10,420,452
Washington	173	132	$7,795,284	$7,292,426
West Virginia[13]	0	0	$0	$0
Wisconsin[14]	0	0	$0	$0
(10/1/14-3/31/15)	4,498	3,914	$270,448,019	$128,150,452
(4/1/15-9/30/15)	5,100	2,599	$135,713,812	$163,000,997
TOTAL FY 2015	**9,598**	**6,513**	**$406,161,831**	**$291,151,449**

[1] The column "Cases Denied or Ceased" was renamed "Claims Denied or Ceased" for accuracy.

[2] Effective October 15, 2014, CDI-related SSA program savings are calculated using a new variable method that considers the type of program involved, as well as factors that account for nationwide denial/cessation rates. This change resulted from a recent revision conducted by SSA/OIG/ Office of Audit.

[3] Non-SSA Savings are projected over 60 months whenever another governmental program withholds benefits as a result of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

[4] The Birmingham, Alabama CDI Unit became operational on September 28, 2015.

[5] The Little Rock, Arkansas CDI Unit became operational on August 24, 2015.

[6] California has two units, one in Los Angeles and the other in Oakland.

[7] Florida has two units, one in Tampa and the other in Miami. The Miami, Florida CDI Unit became operational on September 12, 2015.

[8] The Des Moines, Iowa CDI Unit became operational on September 1, 2015.

[9] The St. Paul, Minnesota CDI Unit became operational on September 28, 2015.

[10] Missouri has two units, one in Kansas City and the other in St. Louis.

[11] The Raleigh, North Carolina CDI Unit became operational on September 28, 2015.

[12] Texas has two units, one in Dallas and the other in Houston.

[13] The Charleston, West Virginia CDI Unit became operational on September 28, 2015.

[14] The Milwaukee, Wisconsin CDI Unit became operational on September 28, 2015.

LEGAL

Section 1140 Enforcement

Using authority delegated by the Commissioner of Social Security, we aggressively enforce Section 1140 of the *Social Security Act*. Section 1140, the consumer protection prong of the agency's civil monetary penalty program, prohibits people or companies from misleading consumers by giving the false impression that they are associated with, or endorsed by, SSA when they advertise, solicit services, or otherwise communicate with the public. These communications can take many forms, including mailed or televised advertisements, Internet sites, social media accounts, and mobile apps. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without authorization. We can impose CMPs of up to $5,000 for each violation and $25,000 for each violative broadcast/telecast aired.

We continually explore outreach opportunities to educate the public on how to recognize and avoid scams, and we welcome the opportunity to work with companies to develop innovative approaches to combat Section 1140 violations. During this reporting period, we continued discussions with online publications retailers, and are pleased to report progress in prohibiting the violative sale of SSA's free publications. We also continued discussions with domain registry services companies and are developing processes to more expediently locate potentially violative websites that are designed to convey a false impression of an official SSA affiliation or authorization. We continued meeting periodically with Internet companies to discuss emerging technologies and challenges and opportunities to combat Internet fraud. Finally, we gave a presentation about Section 1140 in July 2015 at the annual conference of the National Association of Area Agencies on Aging.

SECTION 1140			
	10/1/14–3/31/15	04/01/15–09/30/15	FY 2015
Cases Reviewed	22	40	**62**
Cases Closed – No Violation of Section 1140	5	26	**31**
Cases Successfully Resolved *(Voluntary Compliance and Settlement Agreement)*	17	14	**31**
Penalties Imposed	$525,000	$100,000	**$625,000**

Section 1140 Case Highlight

Internet Company Agrees to Pay $100,000 Penalty

We reached an agreement with GovServices, LLC to resolve the government's assertion that the company's GovServices.us website, which offered fee-based Social Security card filing services, was misleading and violated Section 1140 of the *Social Security Act*. Without admitting that it violated the law, the company cooperated with the government, made modifications to its website operations, and agreed to pay a $100,000 CMP.

Section 1129 Enforcement

The OIG's CMP program, targeting violations of Section 1129 of the *Social Security Act*, maximizes available resources and creates a positive return on investment. Section 1129 authorizes a CMP against anyone who makes any false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*.

In addition, CMPs may be imposed against representative payees for wrongful conversion of payments, or against individuals who knowingly withhold a material fact from SSA. After consultation with DOJ, we are authorized to impose penalties of up to $5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment.

We are committed to increasing the number of cases successfully resolved each year to ensure that Section 1129 serves to address wrongdoing in cases where criminal prosecution has been declined. During this fiscal year, we successfully resolved 313 cases and imposed more than $17.6 million in CMPs.

SECTION 1129			
	10/1/14–3/31/15	04/01/15–09/30/15	FY 2015
Penalties and Assessments Imposed	$7,085,106	$10,557,700	**$17,642,806**
Number of Hearings Requested	11	25	**36**
Cases Successfully Resolved (settled case, favorable judgment, or penalty imposed)	133	180	**313**

Section 1129 Case Highlights

Subject Misrepresented Disabilities While Traveling Internationally
During the reporting period, we settled a case with a 58-year-old New York man for $41,000. The subject, whom we investigated as part of our New York City-based "Operation Recoil" investigation, claimed both physical and mental/emotional disabilities that were contradicted by a large number of Facebook photos and posts of his international traveling and active social life. Despite claims of severe depression, anxiety, and agoraphobia, his frequent Facebook posts displayed hundreds of photos of him smiling, laughing, dancing, drinking margaritas, dining with friends and family, traveling to South America, walking on the beach, and lifting an adult woman into the air. We resolved only the penalty, since SSA is still considering his overpayment appeal.

Former SSA Employee Wrongfully Collects Social Security Benefits for Nearly 3.5 Years
A Phoenix woman failed to report her receipt of worker's compensation benefits to SSA from October 2010 through January 2014. Although the subject initially feigned ignorance of the reporting requirements, we found that she was a former SSA employee. Her fraudulent behavior resulted in her wrongful receipt of $54,063 of Social Security benefits. She agreed to pay the full overpayment and a $15,000 penalty, for a total CMP of $69,063.

Oregon Man Owned Businesses and Worked While Collecting Disability Insurance
Between 2009 and 2013, an Oregon man failed to notify SSA that he owned and operated sign businesses while he received DI benefits. His failure to report his employment resulted in the improper receipt of $38,203. During an interview with OIG special agents, he signed a sworn statement and reported that he was willing to repay the funds he wrongfully received. We imposed a penalty of $26,000, plus an assessment in lieu of damages of $38,203, for a total CMP of $64,203.

Denver Woman Misuses Estranged Husband's Benefits
A Colorado woman wrongfully converted her disabled estranged husband's DI benefits for several years. Under the settlement agreement, she will pay the $27,125 overpayment plus a $5,000 penalty. She has already submitted a $21,500 check and will pay the remaining balance off in monthly installments.

Maine Woman Misuses Her Institutionalized Son's Disability Insurance
A Maine woman serving as representative payee for her permanently disabled and institutionalized son wrongfully converted his DI benefits to her own use for more than 20 years, instead of forwarding them to the VA hospital where he resided. She later admitted that she had used the majority of his benefits to pay for her own personal expenses. We imposed a $93,000 penalty and a $42,784 assessment in lieu of damages, for a total CMP of $135,784.

Washington Man Conceals Resources, Illegal Drug Activity
OCIG imposed a $54,000 CMP against a Washington State SSI recipient who failed to report that he had significant income and cash resources that caused him to be ineligible for SSI payments. Between 2006 and 2012, his bank account revealed cash assets of over $746,000, which we later determined he used to buy and sell illicit drugs.

Maine Woman Failed to Report Living with Husband While Collecting SSI
An SSI beneficiary in Maine continued to collect SSI for years without reporting that her working husband had been living with her during that time. During the course of the investigation, she admitted to fraudulent receipt of benefits. Based on her withholding that information, we negotiated a settlement for an assessment of $79,773, plus a penalty of $25,000, for a total CMP of $104,773.

Puerto Rico Man Pleads Guilty to Stealing Money from SSA
A Puerto Rico man pleaded guilty to criminal charges and admitted that he filed a Social Security claim containing false information in 2011. The U.S. District Court judge ordered the man to pay $10,745 in restitution to SSA. However, we determined that between March 2011 and August 2013, he wrongfully received $46,482 in Social Security benefits. Under the settlement agreement, he will pay a total CMP of $40,737.

SUPPORT

Budget

For FY 2015, our annual appropriation was $103.4 million, which supported an end-of-fiscal-year staffing level of 535. Salaries and benefits of our employees account for 86 percent of overall spending. The remaining 14 percent provides for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the President's mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs, focusing on creating a more flexible working environment. As a result, we identified potential rent savings that would allow us to maintain or improve productivity. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the *OIG Strategic Plan for Fiscal Years 2011 – 2015*. Also, the goals and accomplishments measured in the OIG Strategic Plan are published in SSA's Annual Congressional Budget Justification.

Human Resource Planning and Management

OIG actively pursues and works to retain the best possible employees. We focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership-transition efforts, and reciprocal developmental programs. During this reporting period, we implemented a series of professional development opportunities in the form of competitive temporary assignments to use knowledge-transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement.

Information Technology

During this reporting period, OIG IT specialists continued their efforts to update and improve our systems environment. This endeavor includes the migration to a new infrastructure platform to provide redundancy and failover for OIG applications and data, including our National Investigative Case Management System, as well as an upgrade of our Business Process Management software, which provides workflows and approval chains for automated OIG business processes.

Also during the last six months, we continued to make significant investments in our IT infrastructure, including the procurement of servers and storage to create data centers in Richmond, California and Chicago, Illinois that will provide data redundancy for OIG field office servers. In addition, to enhance remote communication and collaboration, we procured state-of-the-art videoconferencing equipment to replace outdated equipment in OIG offices nationwide. We continue to make improvements to our telework infrastructure for increased capacity and improved performance. We also procured new laptops to facilitate expansion of our telework program.

Finally, our IT staff analyzes industry trends to identify new technologies that may enhance our business processes. During this period, we continued to expand the use of virtual technologies. We used virtualization to decrease the number of physical servers in use, which has resulted in reduced power consumption and increased system uptime. Our IT specialists continue to meet the challenge of providing a variety of IT support services for more than 70 OIG offices throughout the country.

Allegation Management and Fugitive Enforcement Division

The OIG's Allegation Management and Fugitive Enforcement Division (AMFED) manages the Social Security Fraud Hotline, which during this reporting period, received 46,720 allegations via telephone, mail, fax, and the Internet. Hotline referrals to SSA offices resulted in the identification of $1,907,541 in Social Security overpayments. The following is a notable investigation from the past six months that resulted from a Hotline referral:

- The Fraud Hotline received an Internet allegation alleging that an Ohio woman was improperly collecting survivor's benefits for herself and her child. An OIG investigation determined that the woman submitted a fraudulently notarized affidavit that indicated the deceased beneficiary was the father of her child. The woman had solicited an unknown male to pose as her husband/father of her child two days after the death of the beneficiary and sign the fraudulent affidavit that she submitted. After pleading guilty to theft of public money, the woman was sentenced to six months in prison and three years' supervised release. She was also ordered to repay $146,612 to SSA.

AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 74,791 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. We share location information for wanted felons or parole/probation violators with local law enforcement agencies to assist in apprehending these individuals. The following is one example of our efforts:

- OIG agents and agents from the California Department of Corrections, Adult Parole arrested an SSI recipient. The SSI recipient was wanted on a parole violation warrant dated April 23, 2015. The SSI recipient was originally charged with, and convicted of, kidnapping. The felony warrant was issued by the Superior Court of California, County of Fresno.

Outreach

During the reporting period, the Inspector General testified before the House Ways and Means Subcommittee on Human Resources to discuss our efforts to protect the SSI program from fraud, waste, abuse, and mismanagement. The Inspector General outlined the OIG's oversight of SSA's efforts to stop payments to prisoners and persons, who are actively fleeing justice, and he discussed OIG's recommendations to SSA related to SSI program integrity, including prioritizing SSI redeterminations and pursuing data matches to improve payment accuracy.

In an effort to increase awareness of OIG's work and accomplishments, the Inspector General and senior OIG officials made presentations at national conferences during the reporting period. The Inspector General spoke at the following events:

- The U.S. Chief Financial Officers' Council's Joint Financial Management Improvement Program Conference in Washington, D.C. in May.
- The National Association of Disability Examiners annual training conference in August in Portland, Oregon.
- The National Native American Law Enforcement Association annual training conference in September in Las Vegas, Nevada.

In addition, Deputy Assistant Inspector General for Audit Rona Lawson presented at the American Institute of Certified Public Accountants conference in August in Washington, DC on SSA OIG's use of data analytics in audits. Finally, Deputy Assistant Inspector General Lawson and Audit Director Judith Oliveira spoke at the Federal Audit Executive Council conference, in September in Washington, DC. They presented information on improper payments and SSA's Death Master File.

Reporting Requirements

&

Appendices

REPORTING REQUIREMENTS

This report meets the requirements of the *Inspector General Act of 1978*, as amended, and includes information mandated by Congress.

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	Appendix I
Section 5(a)(1)	Significant problems, abuses, and deficiencies	P. 9, P. 15
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	P. 9, P. 15
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	P. 15
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of particularly significant reports	P. 9
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & B
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D

APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes the Social Security Administration's (SSA) responses to our recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs that are challenged because of a violation of law, regulation, etc. Unsupported costs are those costs that are questioned because they are not justified by adequate documentation. This information is provided in accordance with Public Law 96-304 (the Supplemental Appropriations and Recession Act of 1980) and the Inspector General Act of 1978, as amended.

Reports with Questioned Costs for the Reporting Period April 1, 2015 – September 30, 2015			
	Number	**Value Questioned**	**Value Unsupported**
A. For which no management decision had been made by the commencement of the reporting period.	26	$4,707,279,211	$384,582
B. Which were issued during the reporting period.	14[a]	$374,073,692	$10,529
Subtotal (A + B)	40	$5,081,352,903	$395,111
Less:			
C. For which a management decision was made during the reporting period.	2	$5,793	$0
i. Dollar value of disallowed costs.	2	$5,793	$0
ii. Dollar value of costs not disallowed.	0	$0	$0
D. For which no management decision had been made by the end of the reporting period.	38	$5,081,347,110	$395,111

[a] See Reports with Questioned Costs in Appendix B of this report.

The following chart summarizes SSA's response to our recommendations that funds be put to better use through cost avoidances, budget savings, etc.

Reports with Funds Put to Better Use for the Reporting Period April 1, 2015 - September 30, 2015		
	Number	**Dollar Value**
A. For which no management decision had been made by the commencement of the reporting period.	16	$5,855,384,962
B. Which were issued during the reporting period.	3[a]	$3,222,710,234
Subtotal (A + B)	19[b]	$9,078,095,196
Less:		
C. For which a management decision was made during the reporting period.	1	$406,691
i. Dollar value of recommendations that were agreed to by management.	1	$406,691
(a) Based on proposed management action.	1	$406,691
(b) Based on proposed legislative action.	0	$0
ii. Dollar value of costs not agreed to by management.	0	$0
Subtotal (i + ii)	1	$406,691
D. For which no management decision had been made by the end of the reporting period.	19[b]	$9,077,688,505

[a] See Reports with Funds Put to Better Use in Appendix B of this report.
[b] One report has multiple monetary recommendations; one recommendation is reflected in section Ci and one recommendation is reflected in section D.

APPENDIX B: REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2014 – September 30, 2015		
Audit Number	**Report**	**Issue Date**
A-14-14-24083	The Social Security Administration's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2014	10/31/2014
A-02-15-15038	Fiscal Year 2014 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/10/2014
A-15-14-14084	The Social Security Administration's Financial Report for Fiscal Year 2014	11/10/2014
A-05-14-24070	Social Security Administration Conference Expenditures in Fiscal Year 2013	11/13/2014
A-14-15-15016	Congressional Response Report: The Social Security Administration's Disability Case Processing System	11/13/2014
A-02-14-34054	Individuals with Multiple Social Security Numbers that Were Not Cross-referenced in the Social Security Administration's Systems	11/25/2014
A-04-14-24136	Congressional Response Report: The Social Security Administration's Field Office Benefit Verification Process	12/1/2014
A-15-15-15024	Disability Insurance Trust Fund	12/1/2014
A-01-13-13069	The Social Security Administration's Access to Financial Institutions Program (Limited Distribution)	12/5/2014
A-14-14-24081	The Social Security Administration's Cloud Computing Environment	12/17/2014
A-15-14-14123	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2014	12/31/2014
A-15-14-24133	The Social Security Administration's Fiscal Year 2004 Through 2013 Accounts Receivable Balances	1/5/2015
A-15-14-14040	The Social Security Administration's Use of Hurricane Sandy Relief Funds	1/8/2015
A-13-15-25018	Congressional Response Report: The Social Security Administration's Rehired Annuitants	1/12/2015
A-13-15-50002	Fiscal Year 2014 Risk Assessment of the Social Security	1/29/2015

	Administration's Charge Card Programs	
A-06-12-12123	Self-employment Earnings Removed from the Master Earnings File (Limited Distribution)	1/30/2015
A-07-14-24004	Performance Indicator Audit: Minimize Average Wait Time for Initial Disability Claims	1/30/2015
A-13-13-13035	The Social Security Administration's Interim Assistance Reimbursement Program	1/30/2015
A-02-14-24085	The Social Security Administration's Pre-release Procedures of Institutionalized Individuals	2/3/2015
A-06-14-34030	Numberholders Age 112 or Older Who Do Not Have a Death Entry on the Numident	3/4/2015
A-12-13-13062	Qualifying for Disability Benefits in Puerto Rico Based on an Inability to Speak English	4/3/2015
A-06-14-14042	Direct Deposit Auto-Enrollment Fraud Prevention Block	4/22/2015
A-15-15-25002	Fraud Risk Performance Audit of the Social Security Administration's Disability Programs (Limited Distribution)	4/29/2015
A-01-13-13027	The Social Security Administration's Expansion of Health Information Technology	5/1/2015
A-14-15-50008	Observations and Recommendations for the Disability Case Processing System (Limited Distribution)	5/4/2015
A-07-15-15037	Disability Determination Services Processing Times	5/8/2015
A-07-15-25027	The Social Security Administration's Field Office Consolidation Decision Process	5/12/2015
A-15-15-50007	The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2014 Agency Financial Report	5/12/2015
A-14-14-24130	The Social Security Administration's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project (Limited Distribution)	5/15/2015
A-09-15-50013	Congressional Response Report: Payment of Social Security Benefits to Individuals Who May Have Participated in Nazi Persecution	5/29/2015
A-01-14-24114	Overpayments in the Social Security Administration's Disability Programs – A 10-Year Study	6/4/2015

A-77-15-00002	Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2014	6/4/2015
A-14-15-15003	Peer Review of the Environmental Protection Agency Office of Inspector General	6/12/2015
A-04-14-14104	The Social Security Administration's Use of the Treasury Offset Program	7/2/2015
A-77-15-00003	Single Audit of the State of Nebraska for the Fiscal Year Ended June 30, 2014	7/8/2015
A-77-15-00004	Single Audit of the State of Arizona for the Fiscal Year Ended June 30, 2014	7/8/2015
A-05-15-15017	Agency Payments to Claimant Representatives	7/15/2015
A-09-14-14068	Deceased Beneficiaries and Recipients Who Do Not Have Death Information on the Numident	7/17/2015
A-03-15-25004	Tax Compliance for Social Security Administration Employees	7/23/2015
A-77-15-00006	Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2014	7/23/2015
A-77-15-00007	Single Audit of the State of Connecticut for the Fiscal Year Ended June 30, 2014	7/27/2015
A-07-15-35031	Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013	7/30/2015
A-77-15-00005	Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2014	8/6/2015
A-77-15-00008	Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2014	8/6/2015
A-03-14-24024	Non-Entitled Debtors Program	8/14/2015
A-77-15-00009	Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2014	8/14/2015
A-77-15-00010	Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2014	8/14/2015
A-01-15-50024	Congressional Response Report: Failure to Follow Prescribed Treatment	8/21/2015
A-03-15-50107	Congressional Response Report: Freedom of Information Act Response Process	8/21/2015

A-77-15-00011	Single Audit of the State of Nevada for the Fiscal Year Ended June 30, 2014	8/27/2015
A-77-15-00012	Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2014	8/27/2015
A-14-15-15006	Progress Report on the Social Security Administration's National Support Center (Limited Distribution)	8/28/2015
A-77-15-00013	Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2014	8/28/2015
A-77-15-00014	Single Audit of the State of Michigan for the Fiscal Year Ended September 30, 2014	9/11/2015
A-01-16-50035	Congressional Response Report: The Social Security Administration's Anti-fraud Training	9/22/2015
A-03-15-50058	Status of the Social Security Administration's Earnings Suspense File	9/22/2015
A-01-14-24011	Unauthorized Direct Deposit Changes through my Social Security (Limited Distribution)	9/23/2015
A-01-15-50022	The Social Security Administration's Listing of Impairments	9/23/2015
A-05-15-50083	Hearing Office Average Processing Times	9/23/2015
A-07-15-15032	Medical Denial Rates for Presumptive Disability Determinations	9/23/2015
A-12-15-15005	The Social Security Administration's Efforts to Eliminate the Hearings Backlog	9/23/2015
A-15-14-34094	Social Security Administration Contracts Awarded to MicroTechnologies, LLC and Affiliated Contractors (Limited Distribution)	9/24/2015
A-15-15-25034	Performance Review of US Investigations Services, LLC (Limited Distribution)	9/24/2015
A-06-14-14134	Medicare Eligibility Determinations for Aged Supplemental Security Income Recipients	9/28/2015

Reports with Questioned Costs October 1, 2014 – September 30, 2015			
Audit Number	**Issue Date**	**Report**	**Dollar Amount**
A-12-14-24092	11/14/2014	Congressional Response Report: Administrative Law Judges with Both High Dispositions and High Allowance Rates	$2,015,392,399.00
A-01-14-24100	12/3/2014	The Social Security Administration's Prisoner Incentive Payment Program	$35,290,999.00
A-09-13-13059	12/15/2014	Payments to Student Beneficiaries	$1,193,399,122.00
A-09-13-23099	12/17/2014	Underpayments Payable to Terminated Title II Beneficiaries	$127,779,485.00
A-09-14-14052	2/3/2015	Excess Withholding of Government Pension Offset	$12,424,493.00
A-09-13-23071	2/18/2015	Payments to Terminated or Non-selected Representative Payees	$367,033,970.00
A-02-13-13052	3/11/2015	Payments Deposited into Bank Accounts After Beneficiaries Are Deceased	$17,103,880.00
A-06-14-14087	4/7/2015	Payments to Individuals Confined in Special Commitment Centers	$523,987.00
A-08-13-13038	4/7/2015	Using Medicare Data to Identify Disabled Individuals Who Are Deceased	$345,877.00
A-13-14-14010	4/8/2015	Widow(er)s' Benefits When Government Pensions are Involved	$43,826.00
A-02-15-25036	4/14/2015	Deficit Reduction Leave Payment to New York State Division of Disability Determinations Employees	$645,618.00
A-03-14-24027	5/8/2015	Reimbursement for Data Exchanges with Third Parties	$288,888.00
A-09-13-23098	5/18/2015	Controls over "Special Payment Amount" Overpayments for Title II Beneficiaries	$49,233,966.00

A-06-14-14097	5/29/2015	Concurrent Beneficiaries Who Did Not Have Supplemental Income Data on Their Master Beneficiary Records	$508,629.00
A-13-14-11414	5/29/2015	The Social Security Administration's Travel Charge Card Program	$1,344.00
A-09-14-24140	6/2/2015	Indirect Costs Claimed by the Oregon Disability Determination Services	$1,300,328.00
A-04-13-13030	6/17/2015	Accuracy of Claimant Representative Fees Paid on Title XVI Claims	$19,791,255.00
A-77-15-00001	6/17/2015	Single Audit of the State of Michigan for the Fiscal Year Ended June 30, 2013	$297,080.00
A-04-14-14078	9/22/2015	Oversight of the Benefit Offset National Demonstration Project	$10,529.00
A-02-15-35001	9/22/2015	Old-Age, Survivors and Disability Insurance Overpayments Pending Collection	$172,962,320.00
A-07-15-15030	9/22/2015	Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration	$128,130,574.00
Total			$4,142,508,569.00

Reports with Funds Put to Better Use October 1, 2014 – September 30, 2015			
Audit Number	Issue Date	Report	Dollar Amount
A-12-14-24092	11/14/2014	Congressional Response Report: Administrative Law Judges with Both High Dispositions and High Allowance Rates	$272,624,955.00
A-09-13-23054	1/30/2015	Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits	$105,594,956.00
A-09-14-14052	2/3/2015	Excess Withholding of Government Pension Offset	$2,473,898.00
A-06-14-14047	3/10/2015	Follow-up: Collection of Civil Monetary Penalties	$1,554,390.00
A-06-14-14097	5/29/2015	Concurrent Beneficiaries Who Did Not Have Supplemental Income Data on Their Master Beneficiary Records	$222,118.00
A-01-14-34112	6/17/2015	Deceased Representative Payees	$46,886,205.00
A-07-14-14065	7/1/2015	Cost-benefit Analysis of Processing Low-dollar Overpayments	$3,175,601,911.00
Total			$3,604,958,433.00

APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FISCAL YEAR 1997

To meet the requirements of the Omnibus Consolidated Appropriations Act of 1997, P.L. 104-208, we are providing requisite data for fiscal year 2015 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over $63 million in monetary accomplishments as a result of our investigations during this reporting period (4/1/15 – 9/30/15). These funds are broken down in the table below.

	1st Quarter 10/1/14-12/31/14	**2nd Quarter** 1/1/15-3/31/15	**3rd Quarter** 4/1/15-6/30/15	**4th Quarter** 7/1/15-9/30/15	**TOTAL**
Court-Ordered Restitution	$11,778,967	$14,024,781	$13,977,660	$13,108,426	$52,889,834
Recoveries	$115,797,339	$15,696,459	$16,826,051	$14,459,777	$162,779,626
Fines	$1,307,123	$1,696,335	$2,323,682	$1,554,804	$6,881,944
Settlements/ Judgments	$431,989	$92,975	$498,427	$1,207,293	$2,230,684
TOTAL	**$129,315,418**	**$31,510,550**	**$33,625,820**	**$30,330,300**	**$224,782,088**

OFFICE OF AUDIT

Social Security Administration (SSA) management informed us that the agency has completed implementing recommendations from four audit reports during this period valued at over five million dollars.

EXCESS WITHHOLDING OF GOVERNMENT PENSION OFFSET (A-09-14-14052, 2/3/2015)

We recommended that SSA ensure it generates systems alerts, as appropriate, for the remaining 7,794 spousal beneficiaries and that its employees timely resolve those alerts. The implemented value of this recommendation is $2,473,898.

BENEFIT PAYMENTS MANAGED BY REPRESENTATIVE PAYEES OF CHILDREN IN CALIFORNIA'S FOSTER CARE PROGRAM (A-13-13-23029, 8/14/2014)

We recommended that SSA advise California Department of Social Services to expand its use of State Verification and Exchange System to include verifying whether a child is receiving SSA payments. The implemented value of this recommendation is $552,086.

SPOUSAL BENEFICIARIES WHOSE GOVERNMENT PENSION OFFSET HAS STOPPED (A-09-13-23049, 5/27/2014)

We recommended SSA determine whether it should develop additional controls and procedures to ensure Government Pension Offset stop dates are correct. The implemented value of this recommendation is $2,011,798.

ADMINISTRATIVE COSTS CLAIMED BY THE TENNESSEE DISABILITY DETERMINATION SERVICES (A-04-12-11298, 5/22/2013)

We recommended SSA instruct Tennessee Disability Determination Services to revise its Forms SSA-4513 for Federal fiscal years (FFY) 2009 through 2011 to include unclaimed occupancy costs in FFY 2009 and to reflect only the allowable costs in FFYs 2010 and 2011; and refund all cash drawn in excess of the revised costs for these FFYs. The implemented value of this recommendation is $538,789.

APPENDIX D: SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE INSPECTOR GENERAL DISAGREES

NUMBERHOLDERS AGE 112 OR OLDER WHO DO NOT HAVE A DEATH ENTRY ON THE NUMIDENT (A-06-14-34030, 3/4/2015)

Results of Review: The Social Security Administration (SSA) did not have controls in place to annotate death information on the Numident records of numberholders who exceeded maximum reasonable life expectancies and were likely deceased. To illustrate, we identified approximately 6.5 million numberholders age 112 or older who did not have death information on the Numident.

- SSA issued approximately 6.4 million of the Social Security numbers (SSN) to process benefit claims filed *before* March 1972, including 48,746 SSNs issued to process death claims.
- SSA had input dates of death on approximately 1.4 million non-beneficiaries' payment records, but had not recorded the death information on the Numident.
- SSA had terminated payments and input dates of death on 410,074 beneficiaries' payment records, but had not recorded the death information on the Numident.

We also determined that thousands of the SSNs could have been used to commit identity fraud.

- For Tax Years 2006 through 2011, SSA received reports that individuals using 66,920 SSNs had approximately $3.1 billion in wages, tips, and self-employment income. SSA transferred the earnings to the Earnings Suspense File because the employees' or self-employed individuals' names on the earnings reports did not match the numberholders' names.
- During Calendar Years 2008 through 2011, employers made 4,024 E-Verify inquiries using 3,873 SSNs belonging to numberholders born before June 16, 1901.

Resolving these discrepancies will improve the accuracy and completeness of the Death Master File and help prevent future misuse of these SSNs.

Recommendation 1: Add death information to the 48,746 "Death Claim" Numident records that did not already contain a death entry.

Agency Response: SSA established Death claim payment records based on paper processes, prior to the establishment of its Numident record. At the time the Numident was established, SSA did not have automated processes to update death information from its payment records. Updating the Numident based on old payment record information could result in inaccurate death information on the Numident and the Death Master File (DMF). Taking additional action to verify the accuracy of death information on death claims would detract from other mission critical work such as redesigning SSA's death processing system.

Recommendation 2: Record dates of death appearing on the Master Beneficiary Record to the Numident records of 1.4 million non-beneficiary numberholders.

Agency Response: Due to the inaccuracies found in these very old records, SSA would have to undertake significant manual analysis and develop new automated screening protocols. SSA would also incur significant risk of transferring inaccurate data to the Numident. The Office of the Inspector General (OIG) findings noted many of the data errors in these old records. In fact, some of the Numberholders Age 112 or Older Who Did Not

Have a Death Entry on the Numident (A-06-14-34030) B-4 records identified included multiple dates of birth, so SSA would need to complete rigorous data validation to ensure that SSA does not mistakenly add a date of death to the Numident for a living person. This expensive data validation effort for non-beneficiary records would divert resources away from mission critical work.

OIG Response: SSA disagreed with Recommendations 1 and 2. SSA stated that updating the Numident based on old payment record information would require significant manual analysis and development of new automated screening protocols and could result in inaccurate death information on the Numident and DMF. SSA stated this data validation for non-beneficiary records would detract from other mission-critical work, such as redesigning SSA's death processing system.

As encouraged as we are by SSA's response to Recommendations 3 and 4, we are equally disappointed with SSA's simultaneous refusal to correct the 1.5 million records in Recommendations 1 and 2. In these cases, SSA records already contained the date SSA processed a death claim on the deceased individual's record (Recommendation 1) or the numberholders' actual month and year of death (Recommendation 2). We are simply asking that SSA incorporate into the Numident the death information already in its payment records. Although the agency disagreed with recommendations 1 and 2, it has since initiated the analysis it agreed to do for recommendation 3. SSA leveraged its new data analytics lab to evaluate and review these records. SSA's initial analysis indicates there may be some actionable cases. However, SSA remains concerned about the resource impact to correcting these old records, and it continues to explore the error risk, technical feasibility, and cost to establish an automated process to update these old records.

SSA generally dismisses these discrepancies by stating that the numberholders do not receive payments. However, the 6.5 million records represent a significant void in the DMF. Federal benefit-paying entities, the Department of Homeland Security (DHS), the Internal Revenue Service (IRS), State and local government entities, and private industry customers who rely on the accuracy of completeness of SSA's death information to detect unreported deaths and prevent fraud are not concerned with the deceased individuals' Social Security benefit status. Even though these identities are not being used to receive Social Security benefits, they can be used for other improper activities, such as filing for benefits from other Federal agencies or States, opening bank accounts, or applying for jobs.

FRAUD RISK PERFORMANCE AUDIT OF THE SOCIAL SECURITY ADMINISTRATION'S DISABILITY PROGRAMS (LIMITED DISTRIBUTION) (A-15-15-25002, 4/29/2015)

Results of Review: Grant Thornton's fraud risk assessment noted the following findings with respect to SSA's anti-fraud activities related to its disability programs.

- SSA does not track all instances of fraud.
- SSA does not use a risk-based approach to combating fraud.
- SSA could be more proactive in addressing and mitigating new fraud schemes.
- SSA needs to improve the design and operating effectiveness of anti-fraud measures.

Recommendation: Correct identified design and operating effectiveness weaknesses in its anti-fraud measures.

Agency Response: SSA disagrees with the categorization of some of the weaknesses identified in the report. However, SSA consistently modifies and corrects design and operating effectiveness weaknesses as necessary

and will correct any design effectiveness weakness related to Scheme 3 (Fabricated and/or exaggerated impairment presented to doctor and our agency).

The agency disagrees that the Office of Appellate Operation's Division of Quality preeffectuation reviews are an anti-fraud measure and are not designed appropriately. For the operating effectiveness weakness identified related to Scheme 9 (High Volume/High Approval Administrative Law Judges [ALJ]), SSA disagrees that it should pursue legislative changes to the Administrative Procedure Act.

In addition, while SSA agrees that ALJ collusion with representatives to manipulate the random assignment of cases is a slight fraud risk, the agency notes that this scenario occurred only once and that it has placed significant safeguards in place to prevent its recurrence. The Office of Disability Adjudication and Review's Office of the Chief ALJ periodically reminds managers of the importance of compliance with the reassignment of cases to ALJs through email reminders and during all-manager calls.

While SSA supports the recommendation that includes the Office of Management and Budget expediting its review of changes in agency listings, SSA does not agree with the recommendation that it should re-evaluate its current process for updating policy. The report lacks complete information and contains inaccuracies relative to SSA's listings. For example, the report does not substantiate the following statement, "public availability of medical and vocational listings have been utilized by claimants and beneficiaries to fabricate or exaggerate symptoms in order to receive benefits."

In 2003, SSA implemented a new process for revising the listings. The agency designed this new process to ensure there are continuous updates and monitoring of the listings roughly every 3 to 5 years. Under this new process, the agency conducts a case study within 1 year of newly published listings and determines whether an action is necessary, such as training, formal instructions, or a new regulation. If SSA does not need to take an action, it will continue to monitor the listing, conduct another case study 4 years before the expiration date of the listing, and begin the process of updating the listing. SSA's listings cover 14 body systems applicable to both adults and children and 1 additional body system applicable only to children. To date, nine of those body systems have had a comprehensive update. Currently, five of the remaining body systems are on their way to completion, with final rules for comprehensive updates well underway.

OIG Response: Grant Thornton asserts that public availability of medical and medical-vocational guidelines information increases the inherent likelihood of claimants abusing this information. However, we acknowledge SSA's inability to restrict access to this information, per the Administrative Procedure Act.

APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

The *Omnibus Consolidated Appropriations Act of 1997* (P.L. 104-208) requires us to report additional information concerning actual cumulative collections and offsets achieved as a result of Office of the Inspector General (OIG) activities each semiannual period.

OFFICE OF INVESTIGATIONS

Total Restitution Reported by the Department of Justice as Collected for the Social Security Administration			
Fiscal Year	**Total Number of Individuals Assigned Court-Ordered Restitution**	**Court-Ordered Restitution for This Period**	**Total Restitution Collected by the Department of Justice**
2013	532	$35,549,341	$8,426,930
2014	529	$34,002,421	$10,620,357
2015	589	$45,984,533	See Footnote[1]
TOTAL	1,650	$115,536,295	$19,047,287

[1] The Department of Justice is working to generate reports that will provide us with this information.

Recovery Actions Based on Investigations by the Office of Investigations		
Fiscal Year	**Total Number of Recovery Actions Initiated**	**Amount for Recovery**
2013	1,622	$54,903,601
2014	1,878	$88,478,532
2015	3,296	$162,779,626
TOTAL	6,796	$306,161,759

Office of Audit

The following chart summarizes the Social Security Administration's (SSA) responses to our recommendations for the recovery or redirection of questioned and unsupported costs. We prepared this information in coordination with SSA's management officials, and it was current as of September 30, 2015.

SSA's Responses to the OIG's Recommendations Recovery or Redirection of Questioned and Unsupported Costs[1]						
Fiscal Year	**Reports with Questioned Costs**	**Questioned/ Unsupported Costs**	**Management Concurrence**	**Amount Collected or to be Recovered**	**Amount Written-Off/ Adjustments**	**Balance[2]**
2013	23	$886,384,392	$444,247,360	$256,127,270	$77,991,372	$552,265,750
2014	23	$1,056,576,142	487,752,402	$473,051,401	$27,305,032	$556,219,709
2015	21	$4,142,508,569	$1,344	$0	$174,324	$4,142,334,245
Total	67	$6,085,469,103	$932,001,106	$729,178,671	$105,470,728	$5,250,819,704

[1] The amounts in the table regarding collections, recoveries, and write-offs/adjustments were not verified by the OIG.

[2] Balance = Questioned/Unsupported Costs - Amount Collected or to be Recovered - Amount Written-Off/Adjustments

APPENDIX F: SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR FISCAL YEARS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

USEFULNESS OF DEPARTMENT OF HOMELAND SECURITY (DHS) TRAVEL DATA TO IDENTIFY SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHO ARE OUTSIDE THE UNITED STATES (A-01-11-01142, 2/1/2013)

Results of Review: Although there are legal and technical challenges in obtaining data from DHS to identify Supplemental Security Income (SSI) recipients who are absent from the United States, we estimated 35,068 SSI recipients had approximately $152 million in overpayments because of unreported absences from the United States between September 2009 and August 2011. Furthermore, millions of dollars more in overpayments could be identified if the Social Security Administration (SSA) includes all SSI recipients, regardless of their country of birth or associated bank. If our results using sample data associated with one bank represent all banks, we estimate our review would have identified an additional $289 million in overpayments.

Developing a process with DHS—and if necessary, the Department of State—would be a long-term initiative; and SSA has a history of overcoming legal and technical factors with other initiatives it has pursued to address improper payments. Ultimately, the other agencies have to be willing to work with SSA.

Recommendation: Reach out to DHS again (and if necessary, the Department of State) to attempt to create a process that provides the necessary information to identify all (not just foreign-born) SSI recipients outside the United States for longer than 30 days, which could include proposing legislative changes.

Agency Response: SSA agreed with the recommendation.

Valued at: $152,200,827 in questioned costs.

Corrective Action: SSA is actively engaged in discussions with the DHS, U.S. Customs and Border Protection office to conduct a study. The purpose of the study is to determine whether DHS' Arrival and Departure Information System or other systems can provide data to allow SSA to identify all SSI recipients outside the United States for longer than 30 days and make improper payment determinations. The agency drafted the Concept of Operations document and legal agreement to exchange data for the study, which are pending review by DHS. SSA expects to complete the exchange by the second quarter of FY 2016, and complete analysis and recommendations for a full data exchange by the end of FY 2016.

ACCUMULATED FUNDS PAYABLE TO BENEFICIARIES OR THEIR REPRESENTATIVE PAYEES (A-09-12-21236, 12/11/2012)

Results of Review: SSA needed to improve controls to ensure it properly and timely paid accumulated funds to Title II beneficiaries or their representative payees. Based on a random sample, we estimate that:

- 4,174 beneficiaries had accumulated funds totaling approximately $29.9 million that SSA had not paid to the beneficiaries or their representative payees;
- 909 beneficiaries had approximately $18.6 million in accumulated funds that were correctly paid but not timely; and
- 248 representative payees were paid accumulated funds totaling approximately $4 million, but SSA had not evaluated its ability to manage the funds, as required.

This occurred because SSA did not always (1) establish manual diaries to control the payment of accumulated funds, (2) pay accumulated funds to representative payees when required, or (3) pay all accumulated funds due and payable upon the selection of a representative payee.

Recommendation: Develop a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

Agency Response: SSA agreed with the recommendation.

Valued at: $29,211,452 in questioned costs.

Corrective Action: The agency agrees. It will continue to work with the Office of Systems and the Deputy Commissioner for Operations (DCO) to determine the feasibility of developing a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

DISABLED INDIVIDUALS POTENTIALLY ELIGIBLE AS AUXILIARY CHILD BENEFICIARIES (A-13-10-10146, 6/12/2012)

Results of Review: Although SSA had taken actions to identify and prevent missed entitlements, we identified SSI recipients who were also eligible for Old-Age, Survivors and Disability Insurance (OASDI). Our analysis of 100 SSI recipients found 95 were eligible for OASDI as auxiliary child beneficiaries. Of these, we identified 16 SSI recipients who were due OASDI underpayments totaling about $71,000. We estimate approximately 2,160 SSI recipients were eligible for OASDI and were due underpayments totaling approximately $9.6 million.

In February 2012, we identified 14,434 SSI recipients—from all 20 segments of SSA's records—who were potentially entitled disabled child beneficiaries. We provided this information to the agency for corrective action.

Recommendation: Develop and implement a cost-effective strategy to assess the 14,434 recipients we identified to correctly pay those recipients eligible for OASDI as auxiliary child beneficiaries and pay the OASDI underpayments due the recipients, as appropriate.

Agency Response: SSA agreed with the recommendation.

Valued at: $9,582,380 in questioned costs.

Corrective Action: On June 19, 2015, SSA released 14,434 cases to the regions. Due to the volume of cases, the regions were given an extension to complete the cases until the end of calendar year (CY) 2015.

ANNUAL EARNINGS TEST UNDERPAYMENTS PAYABLE TO BENEFICIARIES (A-09-11-11128, 4/6/2012)

Results of Review: SSA improperly paid beneficiaries whose Master Beneficiary Record (MBR) annual report data exceeded their earnings on the Master Earning File (MEF). We estimated that SSA improperly paid 10,644 beneficiaries about $15 million during CYs 2005 through 2008. In addition, unless SSA revises the Earnings Enforcement Operation (EEO), we estimated it would improperly pay about $3.7 million, annually, to 2,661 beneficiaries.

The improper payments occurred because SSA's policy is to exclude from the EEO beneficiaries whose MBR annual report data exceeded the earnings recorded on SSA's MEF. Finally, we found that SSA should not rely on the annual report data on the MBR to determine whether beneficiaries were properly paid. Specifically, we found that annual report data on the MBR (1) were estimated amounts, (2) contained obvious recording errors, and (3) included earnings that were not subject to the annual earning test.

Recommendation: Review its policies, procedures, and systems concerning earnings and benefit computations to provide accurate results for Title II beneficiaries.

Agency Response: SSA agreed with the recommendation.

Valued at: $3,754,533 in funds put to better use.

Corrective Action: SSA's Office of Systems completed the migration of Automated Job Stream 3 to Title II Redesign in August 2012. There was a release to correct issues with the month of entitlement and rates in February 2013. The first enforcement pass occurred in August 2014. The Deputy Commissioner for Retirement and Disability Policy (DCRDP) is awaiting Office of Quality Improvements' (OQI) analysis of that enforcement pass. Once OQI shares the analysis, DCRDP will review the Annual Earnings Test and benefit computations policies and procedures for any needed clarification.

TITLE II BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED AND WHO HAVE A DATE OF DEATH ON THE NUMIDENT (A-09-10-10117, 4/28/2011)

Results of Review: SSA needs to improve controls to ensure it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimate that

- 4,699 beneficiaries remained in suspended pay status despite the death information on their Numident. Of these, we estimate 2,976 were improperly paid approximately $23.8 million.
- 2,715 beneficiaries' personally identifiable information was at risk of being released to the public.
- 157 beneficiaries whose benefits were terminated were improperly paid $342,114.

Recommendation: Take appropriate action to terminate benefits or remove erroneous death information from the Numident for the 180 beneficiaries identified by our audit.

Agency Response: SSA agreed with the recommendation.

Valued at: $910,282 in questioned costs.

Corrective Action: The additional clean-up for Recommendations 1 and 2 is now underway with OQI. Of the 180 cases, 166 are now terminated in Recommendation 1 and 5,767 out of 6,340 cases are now terminated for Recommendation 2. OQI estimated completion of its work by the end of October 2015. Some of the recently terminated cases require separate actions such as benefit readjustments. Once OQI is finished, it will refer all the fall-out cases to SSA that require additional field office (FO) or processing center (PC) actions. SSA estimates an additional 6- to 10-month timeframe to examine and process the remaining fall-out cases once it receives

them. These cases involve system exceptions/edits for the PCs to work and any identity/death investigations required by the FOs.

Recommendation: Identify and take correction action on the remaining population of 6,277 suspended beneficiaries who had a date of death on the Numident.

Agency Response: SSA agreed with the recommendation.

Valued at: $22,855,376 in questioned costs.

Corrective Action: Same as for the previous recommendation. The additional clean-up for Recommendations 1 and 2 is now underway with OQI. Of the 180 cases, 166 are now terminated in Recommendation 1 and 5,767 out of 6,340 cases are now terminated for Recommendation 2. OQI estimates completion of its work by the end of October 2015. Some of the recently terminated cases require separate actions such as benefit readjustments. Once OQI is finished, it will refer all the fall-out cases to SSA that require additional FO or PC actions. SSA estimates an additional 6- to 10-month timeframe to examine and process the remaining fall-out cases once it receives them. These cases involve system exceptions/edits for the PCs to work and any identity/death investigations required by the FOs.

PAYMENT ACCURACY OF DUALLY ENTITLED TITLE II BENEFICIARIES (A-04-13-13014, 8/27/2014)

Results of Review: Of the 50 sample Title II beneficiaries who were receiving benefits on two Social Security records, we determined that SSA incorrectly paid 29 (58 percent) beneficiaries full benefits on both records.

Of the 29 payment error cases, nine may have been barred from correction due to SSA's administrative finality regulations. When administrative finality regulations bar correction, SSA will not revise the determinations to assess any possible overpayments or correct the ongoing payments. For these payment error cases, we estimate, as of March 2013, SSA had overpaid about 664 beneficiaries approximately $7.6 million. SSA will continue paying the erroneous amount to child beneficiaries until they reach age 18 and are no longer entitled to benefits or the adult beneficiaries die, resulting in paying additional benefits of about $10.3 million than what should have been due had the amounts been determined properly initially. In a previous report, we recommended that SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.

For the remaining 20 payment error cases, we estimate that, as of March 2013, SSA had overpaid approximately 1,475 beneficiaries about $6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. As such, we estimate that, for the 12 months following our audit, overpayments in our population totaled about $4.3 million.

Recommendation: Review all cases in our population to ensure all overpayments are identified, recorded, and pursued for recovery.

Agency Response: SSA agreed with the recommendation.

Valued at: $13,557,247 in questioned costs and $14,569,033 in funds put to better use.

Corrective Action: Target completion date is end of CY 2015.

ACCRUED BENEFITS PAYABLE ON BEHALF OF DECEASED BENEFICIARIES (A-09-14-14034, 8/20/2014)

Results of Review: SSA needs to improve its controls to ensure it pays accrued benefits on behalf of deceased beneficiaries. Based on our random sample, we estimate

- 3,440 deceased beneficiaries had accrued $24.7 million in benefits that SSA should have paid to a surviving beneficiary in current pay, and

- 1,183 deceased beneficiaries' MBRs incorrectly showed they had accrued unpaid benefits.

This occurred because (1) SSA employees did not take appropriate action to pay accrued benefits to surviving beneficiaries; (2) there was no systems alert that identified the accrued benefits that may have been payable; and (3) SSA did not remove temporary suspensions from the MBR after it paid or resolved the accrued benefits.

Recommendation: Evaluate the results of its corrective actions for the 86 beneficiaries and determine whether it should review the remaining population of 5,275 beneficiaries.

Agency Response: SSA agreed with the recommendation.

Valued at: $24,272,227 in questioned costs.

Corrective Action: After completing recommendations 1 and 2, SSA expects to complete its analysis and determine next steps by January 31, 2016.

SPOUSAL BENEFICIARIES WHOSE GOVERNMENT PENSION OFFSET HAS STOPPED (A-09-13-23049, 5/27/2014)

Results of Review: SSA needs to improve its controls to ensure it does not improperly stop Government Pension Offset (GPO) for spousal beneficiaries. We estimate that SSA incorrectly recorded GPO stop dates for 812 spousal beneficiaries on the MBR. This included 314 beneficiaries whom SSA overpaid about $9.1 million because it improperly stopped withholding GPO or incorrectly calculated the GPO amounts. Finally, we estimate that SSA will overpay the 314 spousal beneficiaries about $2 million, annually, unless it takes action to identify and correct these errors.

Generally, these errors occurred because SSA employees erroneously recorded GPO stop dates on the MBR, did not properly calculate GPO because they incorrectly recorded monthly pensions as lump sum payments, or did not properly apply pension amounts when they calculated the GPO amount.

Recommendation: Evaluate the results of its corrective action for the 88 beneficiaries and determine whether it should review the remaining population of 823 spousal beneficiaries.

Agency Response: SSA agreed with the recommendation.

Valued at: $8,156,734 in questioned costs.

Corrective Action: SSA will evaluate the results from recommendation 1 and determine whether it will review the remaining population of 823 spousal beneficiaries. SSA expects to complete this recommendation by the end of CY 2015.

NON-RECEIPT OF SOCIAL SECURITY BENEFITS DUE TO UNAUTHORIZED DIRECT DEPOSIT CHANGES (A-02-13-23004, 5/13/2014)

Results of Review: We identified 23,192 beneficiaries who had multiple changes to their direct deposit information and who reported that they did not receive 25,728 Social Security payments, totaling $28.3 million, between September 2, 2011 and June 11, 2012. SSA sent replacement payments to many beneficiaries, but not all of them had their missing payment replaced. In total, SSA sent replacement payments totaling $17.4 million to 13,380 individuals.

When SSA issues a replacement payment, it also initiates a teletrace request with the Department of the Treasury (Treasury) to determine the status of the initial non-received payment. In cases that involve unauthorized changes to direct deposit information, the Treasury often determines that the new financial account that received the initial payment was in the beneficiary's name because fraudsters used the beneficiary's identity to establish the bank account they control. Since the payment was deposited into an account under the beneficiary's name, the Treasury does not return a credit to SSA, and SSA establishes an overpayment on the beneficiary's record.

SSA charged 2,452 of the beneficiaries who received replacement payments with overpayments totaling $3 million.

Recommendation: Ensure beneficiaries with outstanding overpayments for replacement payments after unauthorized changes to their direct deposit information are not held liable for repaying them.

Agency Response: SSA agreed with the recommendation.

Valued at: $1,409,671 in questioned costs.

Corrective Action: SSA agrees. Before it starts collecting an overpayment in an individual case, SSA sends a notice to the individual explaining his or her right to appeal the overpayment. In addition, this notice provides the individual the right to request a waiver of our collection activities at any time in the process. Both the right to a formal appeal and the right to request a waiver are specified policies in our regulations. Consistent with the agency's policies and regulations, SSA is reviewing and correcting the cases we identified for SSA as being erroneously processed (i.e., erroneously collecting an overpayment). There are over 1,300 cases that are complex with many requiring multiple manual actions. SSA is processing these cases under its current policy and anticipates completing the actions by December 31, 2015.

ACCURACY OF AUXILIARY PAYMENTS TO CHILDREN AFTER DIVORCE (A-13-11-21100, 5/12/2014)

Results of Review: SSA issued payments to auxiliary beneficiaries after the parents' divorce. We identified 1,390 stepchildren whom SSA determined were entitled to auxiliary OASDI benefits, and the beneficiary's marriage ended in divorce in or after June 2007. We randomly selected 60 of the 1,390 stepchildren to determine whether SSA properly terminated their benefits after the parents divorced.

Of the 60 beneficiaries sampled, we found SSA did not take appropriate action to terminate OASDI benefits for 11 stepchildren. Based on our analysis, we estimate SSA overpaid about $3.1 million to 248 stepchildren. Unless SSA takes action to identify and correct these errors, we estimate the stepchildren will receive additional overpayments of approximately $479,000 until they reach age 18 or are older and a full-time student.

Recommendation: Determine and implement the most cost-effective process to prevent and detect overpayments to stepchildren after the parents' divorce.

Agency Response: SSA agreed with the recommendation.

Valued at: $2,942,001 in questioned costs and $448,299 in funds put to better use.

Corrective Action: SSA is reviewing the additional 1,330 cases identified in this audit to determine what actions are feasible to prevent overpayments to stepchildren. SSA will complete this analysis by the end of fiscal year 2015 and share the results with DCO for further action.

SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORTS TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTIONS HAVE BEEN MADE

REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/2014)

Results of Review: SSA did not always resolve representative payee selections that were pending in its Representative Payee System (RPS). Based on our random sample, we estimate that SSA

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid $132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.
- Improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries. Of these, SSA paid $265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.
- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.
- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

Recommendation: Evaluate the results of its corrective actions for the 98 beneficiaries and determine whether it should review the remaining population of beneficiaries who have representative payee selections pending in RPS.

Agency Response: SSA agreed with the recommendation.

Valued at: $396,806,695 in questioned costs.

Corrective Action: SSA evaluated the results of the corrective actions completed by its regions for the 98 beneficiaries who have representative payee selections pending in RPS. The regions took all appropriate actions to resolve and correct each case using the RPS. SSA has determined that the review of the remaining

60,000+ population would require its field offices to analyze and develop each case, which presents resource constraints as the agency balances other ad-hoc workloads with its existing agency critical workloads. However, SSA is working with Systems to test the new RPS Redesign application, which adds new features to monitor and process pending representative payee selections in RPS, as well as to make corrections to the representative payee information. Expected completion date of the new RPS Redesign is February 2016.

CHILDHOOD DISABILITY BENEFICIARIES WITH AN INCORRECT WAITING PERIOD (A-09-11-21158, 12/20/2012)

Results of Review: SSA needs to improve its controls to ensure childhood disability beneficiaries do not serve a 5-month waiting period before becoming entitled to disability benefits. We found that SSA incorrectly applied a 5-month waiting period before childhood disability beneficiaries became entitled to benefits. Based on our random sample, we estimate that SSA

- Established an incorrect initial date of entitlement to disability benefits for 5,104 beneficiaries;
- Underpaid 3,202 of the 5,104 beneficiaries about $7.3 million in childhood disability benefits; and
- Established an incorrect initial date of entitlement to Medicare for 4,977 of the 5,104 beneficiaries.

Generally, these beneficiaries were entitled to disability benefits and Medicare coverage 5 months sooner than the date SSA established.

Recommendation: Evaluate the results of the agency's corrective action for the 161 beneficiaries and determine whether it should review our population of 6,340 disabled children who may have incorrectly served a 5-month waiting period.

Agency Response: SSA agreed with the recommendation.

Valued at: $7,101,797 in questioned costs.

Corrective Action: SSA has taken corrective action on the 6,340 cases for disabled children who may have incorrectly served a 5-month waiting period.

APPENDIX G: SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR FYS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

BOND AND FINANCIAL CREDIT RISK REQUIREMENTS FOR NON-GOVERNMENTAL FEE-FOR-SERVICE REPRESENTATIVE PAYEES (A-05-12-11225, 3/28/2014)

Results of Review: The Social Security Administration (SSA) had established sufficient procedures to ensure non-governmental fee-for-service (FFS) representative payees maintained bond or insurance coverage and had financial credit risk reviews. However, agency staff did not always follow, or appropriately document, procedures to mitigate potential risks. In addition, we found that greater collaboration between the field offices (FO), regions, and Regional Chief Counsels could enhance the oversight process.

We sampled bond and insurance documents and related SSA controls associated with 25 FFS representative payees and found issues related to (1) insufficient policy coverage, (2) problems with policy titling, (3) undocumented annual policy re-certifications, and (4) incomplete triennial site review questionnaires. For instance, we found that 10 representative payees did not name SSA on the bond, though they had sufficient coverage amounts.

In our review of 22 Headquarters-prepared credit report summaries, we found FO staff certified a representative payee to collect fees before reviewing the payee's credit report summary. We also found the summaries provided limited guidance for handling organizations rated as high risk. In addition, some of the contractor-prepared credit reports provided insufficient financial information. The agency's nationwide implementation of a more stringent selection process for individual representative payees offers an opportunity to explore additional approaches to alleviate business risks associated with FFS representative payees.

Recommendation: Determine whether the agency needs to standardize and streamline its bond and insurance coverage methodology to ensure the type and amount of bond or insurance coverage is appropriate for the underlying risk.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is working with the Office of Research, Demonstration, and Employment Support (ORDES), which will complete a study on the strengths and weaknesses of the FFS model. This study will examine how the agency can standardize and streamline its bond and insurance methodology to ensure the type and amount of bond or insurance coverage is appropriate. SSA expects that the study will be complete by December 2015. The study completion date was extended to December 2015 to account for the additional time needed to compile the appropriate study data.

Recommendation: Provide additional guidance on the steps staff should take for new FFS representative payees projected either high risk or where contractor-prepared credit reports provide limited financial information.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is updating its instructions at GN 00506.200 and GN 00506.600. SSA expects to complete this Program Operations Manual System (POMS) update and close out this recommendation by November 2015. SSA received considerable feedback during the intercomponent review of the POMS. The agency

extended the anticipated POMS publishing date to November so that can properly address the feedback in the final instructions.

Recommendation: Consider enhancements to its current credit risk review process for FFS representative payee organizations not already vetted by State or local authorities to add a greater level of fraud risk protection.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is working with ORDES who will complete a study on the strengths and weaknesses of the FFS model. This study will examine how we can enhance our current credit risk review process to help identify unsuitable payees. SSA expects that the study will be complete by December 2015. The study completion date was extended to December 2015 to account for the additional time needed to compile the appropriate study data.

REQUEST FOR REVIEW WORKLOADS AT THE APPEALS COUNCIL (A-12-13-13039, 3/7/2014)

Results of Review: Since FY 2007, the Appeals Council (AC) has struggled to keep up with the increasing number of *request for review* cases it has received. As a result, by fiscal year (FY) 2013, the AC's case backlog had tripled, and processing times were about 60 percent higher than FY 2007. Throughout this period, the AC continued increasing dispositions and productivity through hiring, improved training, and analyst performance goals. Moreover, the AC's focus on the oldest cases benefited claimants waiting the longest for a decision.

Our review identified steps the AC could take to further increase productivity. For instance, the lack of productivity goals and caps for administrative appeals judges (AAJ) or appeals officers (AO) processing requests for review cases, particularly given the wide range in the number of dispositions each AAJ and AO issued, increases the risk that AC managers may miss opportunities to increase production as well as identify potential quality issues. In addition, while the AC has established division-level productivity goals, some managers and staff were uncertain how these goals are established. Moreover, the agency reduced the number of performance goals shared with the public. Finally, although the AC established quality control initiatives covering AC workloads, some of these initiatives were limited in duration or review results were undocumented. We also found the quality review lacked a monitoring system to identify trends and collectively they did not cover all parts of the AC workload.

Recommendation: Consider establishing uniform individual productivity goals and caps for Appeals Council adjudicators for the time they spend processing requests for review cases.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The Office of Appellate Operations (OAO) recently received preliminary data from the Office of Electronic Services and Strategic Information. OAO executives are currently reviewing this information, and considering how and when to implement this suggestion.

REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/2014)

Results of Review: SSA did not always resolve representative payee selections that were pending in its Representative Payee System (RPS). Based on our random sample, we estimate that SSA

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid $132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.

- Improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries. Of these, SSA paid $265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.

- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.

- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

Recommendation: Determine whether it should modify the RPS clean-up operation to ensure it does not improperly change representative payee selections to a non-selected status.

Agency Response: SSA agreed with the recommendation.

Recommendation: Determine whether it should develop additional guidance to ensure representative payee selections are properly and timely resolved.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Since SSA has completed its actions for the 98 cases from recommendation 1, it is in the process of evaluating those results to determine if any additional guidance is necessary. SSA is currently testing the new electronic Representative Payee System (eRPS) redesign, a web-based application. The design modernizes the existing RPS application by streamlining the application, selection, and adjudication processes. All FOs, processing centers, teleservice centers, and management will receive interactive video teletraining on the eRPS redesign at the end of February 2016. This training will also include a review of instruction materials for employees who are directly involved in eRPS. The agency expects to close this recommendation in March 2016, once it confirms the agency's efforts are completed.

IMPROPER PAYMENTS RESULTING FROM UNRESOLVED DELAYED CLAIMANTS (A-09-12-22100, 2/7/2014)

Results of Review: Since we issued our 2009 audit, SSA had reduced the number of unresolved delayed claimants. However, our current review found that SSA's controls did not always ensure it properly resolved all delayed claimants. Based on our random sample, we estimate that if SSA

- Approves the auxiliary or survivor delayed claimants on 1,620 records, they would be due $9.1 million; or

- Does not approve the delayed claimants, the currently entitled auxiliary beneficiaries on 1,710 records will be improperly paid about $6.8 million.

We also estimate that SSA did not timely resolve the delayed claims for 2,730 records. This occurred because SSA employees did not (1) establish diaries for claimants placed in delayed status, (2) take appropriate action on the diaries when they matured, or (3) resolve alerts for delayed claimants.

Recommendation: Remind employees of the proper policies and procedures to establish and take action on diaries and alerts received for claimants in delayed status.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is in the process of developing the remainder of these cases and anticipates implementation by the end of the 2nd quarter of FY 2016.

SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING (A-15-12-11233, 2/6/2014)

Results of Review: We determined Supplemental Security Income Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the Supplemental Security Record and the Modernized Supplemental Security Income Claims System. Although SSA reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process.

Additionally, we noted the following items, which we believe SSA should address.

For the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate SSITWR transactions; however, these transactions did not affect the benefit payments since SSA only posted the most recent transaction to the recipient's record.

We determined that 22 of 50 randomly sampled SSI recipients, their representative payees, and deemors, regardless of their association with SSITWR, did not report wages and incurred overpayments totaling $21,388. The purpose of this comparison was to determine the importance of timely wage reporting.

We determined that SSA did not include language in the Supplemental Security Income (SSI) overpayment notices, due to wages, to inform the individuals about the different methods available to report their wages.

Recommendation: Adopt a process to identify and report unique SSITWR (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period.

Agency Response: SSA agreed with the recommendation.

Corrective Action: On May 30, 2014, SSA submitted a Strategic Information Technology Assessment and Review (SITAR) proposal for FY 2015 to identify unique wage reports and reporters for SSITWR and Supplemental Security Income Mobile Wage Reporting (SSIMWR) and to move the SSITWR Management Information (MI) to MI Central where it maintains the SSIMWR MI. SSA deferred consideration of this SITAR proposal until FY 2016. The agency will re-submit the proposal during the FY 2016 SITAR planning cycle. Implementation of the proposal is contingent upon allocation of SITAR resources.

TITLE XVI DECEASED RECIPIENTS WHO DO NOT HAVE DEATH INFORMATION ON THE NUMIDENT (A-09-12-22132, 5/3/2013)

Results of Review: SSA needs to improve its controls to ensure it records Title XVI recipients' death information on the Numident. Specifically, we determined that as many as

- 82,165 deceased recipients' deaths were not on the Death Master File, and

- 937 deceased recipients had earnings on the Master Earnings File (MEF) for Calendar Year 2011 that were recorded 1 or more years after their deaths.

We also found that 92 employers made 113 E-Verify inquiries for 78 deceased recipients and did not receive any indication from SSA that these individuals were deceased. In addition, we found that the Help America Vote Verification system requests for 78 deceased recipients indicated they were not deceased. This would not have prevented an individual from voting under a deceased recipient's identity.

Generally, the deaths were not on the Numident because the recipients' personally identifiable information (PII) on the Master Beneficiary Record (MBR), Supplemental Security Record (SSR), or death report did not match the recipients' PII on the Numident.

Recommendation: Develop a cost-effective method for identifying deceased recipients who have death information on the SSR but not on the Numident. This could involve periodic matches between the SSR and Numident to detect and correct missing death information.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA continues to work with the Deputy Commissioner for Systems on the death redesign to ensure the redesigned system records death information on the Numident. Phase 1 of death redesign was released in August 2, 2014. In the first phase of the project, SSA created a new web-based user interface for death reporting that made incremental improvements in the way technicians enter death information into its systems. SSA is now working on Phase 2 of death redesign. Phase 2 of the project will focus on improving the agency's backend processing of death data to ensure all systems rely on current data. As resources allow, for Phase 2 SSA plans to: continue working towards the Numident as the official source of death information; design and develop a centralized, modern batch death process to accept all incoming death reports from internal and external agencies; modify systems requiring death data to receive expanded death information from redesigned, centralized system or via the new Death Information Service; and retire unnecessary legacy alerts. In October 2014, SSA entered the planning and analysis phase. The agency has obtained necessary sign off on the Business Process Description, and it is in the process of obtaining sign off on the Project Scope Agreement. The Office of Systems continues to coordinate meetings with appropriate subject matter experts to gather information ahead of requirements sessions. SSA anticipates requirements sessions will begin in March 2015. The agency also continues to work with the Office of Quality Improvement (OQI) to determine whether there is an efficient way to correct the 182,165 Title XVI recipient records identified by the audit. SSA is working with OQI and systems to determine the feasibility and OQI's capability of automating the cleanup of these records while systems is in the middle of redesigning the system.

Office of Earnings, Enumeration and Medicare Policy Response: Phase 2 of the death redesign is scheduled for release on December 5, 2015. Work continues to determine an efficient way to correct the Title XVI records identified by the audit.

IDENTIFYING AND MONITORING RISK FACTORS AT HEARING OFFICES (A-12-12-11289, 1/24/2013)

Results of Review: We found that the Office of Disability Adjudication and Review (ODAR) had created 19 ranking reports that measured hearing office performance using a single risk factor, such as average processing time or pending cases per Administrative Law Judge (ALJ). However, ODAR had not established a process to rank hearing office performance using a combination of risk factors. In FY 2011, ODAR began developing an early monitoring system to measure ALJ performance based on a combination of risk factors, such as number of dispositions, number of on-the-record (OTR) decisions, and frequency of hearings with the

same claimant representative. A quality division then reviewed potential issues identified in the ALJ monitoring system to ensure compliance with established policies and procedures. We reviewed hearing office risk factors particular to ALJs to determine whether such information, when alone or combined with ODAR's ALJ monitoring system outcomes, would provide ODAR management with additional information to assess hearing office management controls. We found large variances in ALJ outcomes within and between hearing offices, indicating that further review of ALJ performance variances in hearing offices, as well as a new hearing office monitoring system using a combination of risk factors, would provide ODAR with additional tools to assess hearing office management controls. Moreover, greater analysis of hearing office variance can put issues identified as part of ODAR's ALJ monitoring system and quality reviews into a broader context.

Recommendation: Create new management information reports combining ALJ-related hearing office risk factors, which could include variances within those factors, and use this information to identify potential processing and management problems at hearing offices.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The Office of the Chief Administrative Law Judge's (OCALJ) Division of Workload Management identified two hearing offices for the OQI review. OQI has not given SSA a timeframe for completion of the review. OCALJ continues to work with the Office of Electronic Services and Strategic Information on the model MI report. SSA estimates completion during the first quarter of FY 2016.

STATE DISABILITY DETERMINATION SERVICES' EMPLOYEE AND CONTRACTOR SUITABILITY PROGRAM (A-15-11-21180, 12/21/2011)

Results of Review: Although SSA had a limited policy in place that required a statewide criminal background check, we noted a number of vulnerable areas in the policy that could pose a risk to SSA data and systems. We found that State policy regarding suitability determinations for employees, contractors, and other disability determination services (DDS) staff varied widely from State to State. Some States had yet to implement a policy requiring statewide criminal background checks. Additionally, we found that although most States had a policy in place for prospective employees, the policy did not require criminal background checks for existing employees.

SSA performed some oversight of the DDS suitability process. Regional Office staff should review the DDS' self-assessments, but beyond this, Regional Office staff stated they leave the suitability determinations to the DDSs. According to SSA, Regional Office staff is responsible for conducting the day-to-day monitoring of the DDSs.

Recommendation: Require all individuals with access to SSA systems and data to have an appropriate suitability determination consistent with the requirements of SSA's suitability program.

Agency Response: SSA agreed with the recommendation.

Corrective Action: At the close of FY 2015, 19 DDS sites have completed or are in process for implementing HSPD-12 suitability reviews. With the recent OPM breach and heightened federal security directives, HSPD-12 is targeted for full implementation for all DDS sites by December 2016. SSA will continue to expand implementation based on: (a) the capacity of the Deputy Commissioner for Human Resources to conduct suitability checks; (b) the number of DDS locations within a State; (c) the number of personnel in those locations; and (d) the available agency/DDS staff resources. The DDS business document for Homeland

Security Presidential Directive-12 was posted to the Office of Disability Determinations webpage in November 2014.

REPRESENTATIVE PAYEES AND BENEFICIARIES WHO WERE RESIDING IN DIFFERENT STATES (A-02-14-14044, 8/27/2014)

Results of Review: Based on our observations during our visit, we believe the representative payees were using beneficiaries' benefits to meet their food, clothing, and shelter needs in all but two cases. We referred these two cases to SSA to determine whether the representative payees were suitable to manage benefits for the beneficiaries they represented. SSA has taken action on one of these cases. Additionally, we were unable to determine whether 41 (23 percent) of the beneficiaries' needs were being met because the representative payees or their beneficiaries refused to participate in our review or we were unable to contact them. We also found that SSA did not mail Representative Payee Reports to all representative payees, as required, and did not always follow up with representative payees who did not submit their accounting reports.

Recommendation: Determine whether additional oversight is required for representative payees who reside in a State different from the beneficiaries they represent based on any action taken in response to Recommendations 1 and 2.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In an upcoming release of RPS Redesign (date to be determined), the Deputy Commissioner for Systems plans to generate an alert to the FO technicians requiring further investigation and determination of suitability in cases in which the payee resides in a different state than the beneficiary.

SUBSEQUENT APPELLATE ACTIONS ON DENIALS ISSUED BY LOW-ALLOWANCE ADMINISTRATIVE LAW JUDGES (A-12-13-13084, 7/3/2014)

Results of Review: While ALJ decisions on cases may differ for a variety of reasons, including qualified decisional independence, the rate of subsequent actions on denied cases should be relatively consistent among ALJs. Remand and reversal rates on appealed cases can provide indications about the quality of an ALJ's decisions. In addition, time spent processing such cases delays final decisions for affected claimants and reduces the time available for other cases awaiting processing.

For the 12 low-allowance ALJs, we found the following related to their Title II workloads.

- Four had at least 80 percent of their denied cases appealed to the AC, compared to the 67-percent national average. For instance, 84 percent of one ALJ's denied cases were appealed to the AC.
- Six ALJs had AC reversal rates that were more than twice the 2-percent national average. For instance, one ALJ had a 10-percent reversal rate, 5 times the national average.
- One ALJ had a 42-percent AC remand rate, more than twice the 19-percent national average. Overall, the AC remanded the ALJs' decisions at about the same rate as the national average.

ODAR had implemented a number of tools to track ALJ and hearing office performance. However, we believe ODAR could further improve management oversight by

- Informing ALJs about the reasons for AC reversals;

- Monitoring AC reversal trends to identify ALJs who have high reversal rates; and
- Tracking subsequent ALJ actions on remanded cases.

Recommendation: Monitor administrative law judge decisions on Appeals Council remands to identify outlier behavior that may require additional management attention.

Agency Response: SSA agreed with the recommendation.

Corrective Action: OAO's Division of Quality (DQ) has had to focus on a critical, time-sensitive workload, which delayed the development of the report that tracks ALJ actions in cases remanded by the AC. Once DQ has completed the time-sensitive workload later this FY, SSA will be able to provide an updated timeframe for this report.

SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE

PROCESSING INTERNAL REVENUE SERVICE ALERTS FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS (A-03-13-13106, 12/26/2013)

Results of Review: SSA's processing of Internal Revenue Service (IRS) alerts needs improvement. SSA staff did not develop some cases for SSI recipients with significant income and resources, which made them ineligible for benefits. We determined that 20 of the 50 sample recipients were overpaid $237,125 because SSA's systems did not post an alert to the Supplemental Security Record for the IRS code assigned. As a result, FO staff was not always aware the recipients had significant income and resources. Projecting these results to our population, we estimate SSA may have overpaid 1,014 SSI recipients about $12 million in benefits. Although our review was for tax year (TY) 2010 IRS data, based on our findings, we would expect similar results if we reviewed alerts from other TYs.

Furthermore, SSA did not always develop IRS alerts timely to recover potential overpayments. While SSA had an opportunity to develop cases and assess possible overpayments before administrative finality rules apply, 19,170 (27 percent) of the 70,457 alerts we identified in December 2011 were still pending as of April 2013. Further, SSA coded 1,401 of these pending alerts as high-profile redeterminations, indicating the alerts were more likely to result in overpayments.

Recommendation: Based on the results from the review of the TY 2010 cases, assess whether the IRS data for TYs 2011 and 2012 should be developed for those cases where there is significant income and resources reported.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Based on the results of OQI's statistical profiling model, beginning in January 2015, the agency has enhanced the existing predictive model to more effectively target SSI beneficiaries with potential excess income and resources as indicated in our quarterly data matches with IRS. There is no action for the Deputy Commissioner of Operations to take and SSA closed the recommendation.

ANALYSIS OF HEARING OFFICES USING KEY RISK FACTORS (A-12-13-13044, 12/20/2013)

Results of Review: We developed a model that measured variances among multiple risk factors. The model analyzes performance and outcome data among ALJs in the same office and uses five risk factors: (1) ALJ allowance rates, (2) ALJ dispositions, (3) ALJ OTR decision rates, (4) ALJ dismissal rates, and (5) ALJ average processing time. While the agency's monitoring process identified a number of potential workload problems at the time of our review, such as ALJ-specific issues and productivity declines, our model offers another method to evaluate the performance of individual hearing offices.

Using our model and FY 2012 workload data, we identified hearing offices with the highest and lowest variance scores. We believe outlier hearing offices provide ODAR managers with indications of potential processing issues (high-variance) as well as potential best practices (low-variance). We found 4 regions had 20 percent or more of their hearing offices among the 25 high-variance offices, and 4 regions had 20 percent or more of their hearing offices among the 25 low-variance offices. In discussions with ODAR regional managers, we learned that they focused their oversight on individual ALJ performance rather than variances among ALJs in hearing offices as we do in our model.

Finally, our review of the hearing offices with the 10 highest variance scores identified an outlier ALJ who had a significant number of dispositions and OTR decisions with 1 claimant representative. We referred this case to ODAR management for additional review.

Recommendation: Determine whether the methodology provided in this report would assist ODAR in monitoring hearing office performance, with the understanding that the number and nature of the risk factors can be adjusted to meet the needs of management.

Agency Response: SSA agreed with the recommendation.

Corrective Action: ODAR developed the Electronic Hearing Office Performance reports to give managers another tool to identify potential issues and risk factors. They are not a substitute for the OIG model, but an additional tool. ODAR tested a model MI report, which takes into account the hearing office risk factors identified by OIG. This model is an improved variation of the model used by OIG in the study. The preliminary information is helpful because it confirms our identification of potential processing and management challenges in hearing offices. SSA continues to refine the report to serve ODAR's needs. Although the agency continues to refine the tool, it is already meeting SSA's needs, so it can say that it has adopted this recommendation with modifications because the agency's tool is addressing the concerns identified in the Office of the Inspector General (OIG) report. Given these steps, SSA closed this recommendation.

AGED BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED FOR ADDRESS OR WHEREABOUTS UNKNOWN (A-09-09-29117, 6/17/2011)

Result of Review: SSA had not taken appropriate actions for Title II beneficiaries over age 70 whose benefits were suspended for address, whereabouts unknown, or miscellaneous reasons. We estimate that

- 29,196 beneficiaries whose whereabouts were unknown for longer than 7 years had not been terminated based on a presumption of death;

- 5,981 beneficiaries had been suspended between 2 and 7 years because their whereabouts were unknown; and

- 2,964 foreign beneficiaries were suspended because they did not return the foreign enforcement questionnaire (FEQ), and there was no evidence that SSA conducted the required follow-up actions to determine their whereabouts or whether they were deceased.

Recommendation: Take appropriate action (including termination of benefits) for the estimated 2,964 suspended beneficiaries living outside the United States who did not return the FEQ.

Agency Response: SSA agreed with the recommendation.

Corrective Action: RS 02655.010 was rewritten and published July 6, 2015. SSA added new policy for beneficiaries who are in an indefinite LAF-S9-FENF status that after 12 months, the Office of International Operations can take action to transfer these beneficiaries to the LAF-S9-WHEREU status, which allows for termination of benefits after 7 years.

THE SOCIAL SECURITY ADMINISTRATION'S SOFTWARE MODERNIZATION AND USE OF COMMON BUSINESS ORIENTED LANGUAGE (A-14-11-11132, 5/17/2012)

Results of Review: Our review determined that SSA does not have a strategic plan to convert its legacy COBOL application programs to a more modernized programming language. Nonetheless, the agency has developed an approach to gradually reduce its reliance on COBOL for its core processing of program transactions, such as retirement and disability claims.

While the agency has moved forward in modernizing its information technology environment, several factors limit the agency's ability to operate efficiently and improve service delivery. At a minimum, SSA should address the following factors in its modernization roadmap: (1) projected future service delivery demands; (2) growth of information technology and maintenance costs; (3) loss of institutional legacy programming knowledge; (4) lack of integrated business processes; and (5) outdated user interfaces. Although these factors are not unique to COBOL, SSA relies on COBOL applications to deliver its core services. Therefore, the agency's use of COBOL impacts its current system environment and its system modernization path.

Recommendation: Develop a comprehensive, long-term strategic plan to modernize SSA's legacy applications. This plan should

- Include a target timeframe and estimated resources to modernize SSA's existing environment;

- Include an in-depth analysis of projected service delivery demands and how new approaches and technology can promote greater productivity while meeting customer expectations for service;

- Position the agency to maximize the effectiveness and cost-efficiency of its systems over the long-term; and

- Be reevaluated over time and revised as necessary.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In May 2014, SSA published its Information Resource Management (IRM) Strategic Plan for FYs 2014 - 2018. SSA's Enterprise Roadmap accompanied the IRM. The IRM describes the "what" and the Roadmap describes the "how." Both documents address the SSA's strategic plan for modernizing the agency's systems.

The IRM outlines the agency's guiding principles that demonstrate SSA's commitment to modernization. The Roadmap describes how SSA plans to execute its strategic plan. SSA does not intend to transition all of its legacy code to modern technology within a predetermined timeframe. The agency is taking an incremental approach to modernize its older technologies when it makes good business sense to do so. SSA's modernization efforts are prioritized based on business value. The IRM and Roadmap are living documents, updated annually to reflect changes in SSA's strategic direction. Transition plans are updated to reflect planned activities for upcoming FYs.

SSA's long-term strategic information technology (IT) plans are driven by the agency's broader strategic planning efforts, in particular the Agency Strategic Plan, 2014 - 2018 (ASP), which is developed from a strategic business perspective to ensure that the agency pursues opportunities that support its goals and objectives. In addition, at the request of Congress, SSA contracted with the National Academy of Public Administration (NAPA) to conduct a study and submit a high-level plan proposing a long-range strategic vision. The purpose of the plan is to help the agency address the service delivery challenges it will face in the coming 10 to 15 years. NAPA will address critical areas including investment in automation and IT. These plans include in-depth analyses of projected service delivery demands and how new approaches and technology can promote greater productivity while meeting customer expectations for service. Likewise, those plans explicitly are intended to position the agency to maximize the effectiveness and cost-efficiency of its systems over the long-term. The ASP, and its companion Agency Performance Review, are completed on a regular basis, with measurement of goals and objectives a specific feature, so that the effectiveness of the broad strategic objectives, of which IT is part, is reevaluated over time and revised as necessary.

SSA's IRM Plan and Enterprise Roadmap carry the business-driven analysis, and agency strategic planning of the ASP and the NAPA study into the IT planning realm. Target timeframes and estimated resources are available in agency IT planning submissions (Exhibit 300s) to the Office of Management and Budget on an annual basis, and the planning horizon is the life of the program described. These Exhibit 300s link explicitly to ASP goals and objectives, and will certainly link to NAPA study findings when the final report becomes available.

CONCURRENT BENEFICIARIES IMPROPERLY RECEIVING PAYMENTS IN EXCESS OF FEDERAL LIMITS (A-06-12-22131, 1/14/2014)

Results of Review: SSA improperly issued approximately 2,747 concurrent beneficiaries combined SSA payments that exceeded Federal limits.

- 246 concurrent beneficiaries received combined payments in excess of Federal limits for undetermined reasons. Available records indicated that SSA had electronically linked the beneficiaries' payment records; however, for unexplained reasons, the payment system used incorrect OASDI payment amounts when it computed the SSI payments.

- 2,349 concurrent beneficiaries received combined payments in excess of Federal limits because of system-related payment computation errors.

- 152 concurrent beneficiaries received combined payments in excess of Federal limits because of system-related payment computation errors. We reported these payment errors to SSA as part of a prior audit. In 2011, SSA reported it had taken corrective action to resolve these errors. However, payment errors on these records persisted.

We estimate that SSA overpaid these beneficiaries approximately $3.4 million in SSI payments because of these errors. If these errors are not corrected, we estimate SSA will overpay these beneficiaries approximately $2 million over the next 12 months.

Recommendation: Correct the processing errors that resulted in missing Supplemental Security Income Data lines on concurrent beneficiaries' MBR or involved beneficiaries whose SSI payment record contained an unearned income reduction indicator code of "Y"; or implement compensating controls to timely identify and correct these errors on individual payment records.

Agency Response: SSA agreed with the recommendation but did not agree with our overpayment estimates.

Corrective Action: SSA developed systems changes that can be implemented during routine maintenance without a SITAR funding to correct the two affected scenarios:

- Implement monthly finders that automatically remove the double-counting indicator when an overpayment is no longer being withheld from a Title II payment. This fix would also automatically post the gross Title II amount to the Title XVI record. Status - OASSIS forced finders to the SSR prior to BRI and is running them periodically to update records until a permanent fix can be made.

- The amount of Title II counted as unearned income should increase due to COLA. Use an existing diary such as 1B (routine maintenance) to alert FOs when there is an increase in the Title II payment amount.

The Office of Systems has posted 1,943 1B diaries to the system in September 2015 for cases missing Title II income updates due to double counting decisions and continuing recovery collection on the MBR. Diaries will continue to be posted as necessary.

APPENDIX H: PEER REVIEWS

OFFICE OF AUDIT

- Our Office of Audit is required to undergo a peer review every three years, in accordance with generally accepted government auditing standards.

- The final System Review Report related to our last peer review, conducted by the General Services Administration (GSA), was issued in September 2015. We received a rating of pass, which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. GSA's Office of the Inspector General (OIG) identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations as a result of this peer review.

- The General Services Administration began the next peer review in fiscal year (FY) 2015 but it is not yet complete.

- During FY 2015, we conducted a peer review of the Environmental Protection Agency's OIG audit organization. We issued our report on June 12, 2015 and made no recommendations as a result of this peer review.

- There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

OFFICE OF INVESTIGATIONS

- Our Office of Investigations is required to undergo a peer review every three years to ensure general and qualitative standards comply with the requirements of the Quality Standards for Investigations adopted by the Council of the Inspectors General on Integrity and Efficiency. The peer review also ascertains whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers conferred by the 2002 amendments to the *Inspector General Act* are properly exercised pursuant to Section 6(e) of the *Inspector General Act* (as amended) and the U.S. Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.

- During this reporting period, the Office of Investigations did not undergo a peer review.

- During this reporting period, the Office of Investigations conducted a peer review of the Defense Criminal Investigative Service from September 15-19, 2014.

- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

APPENDIX I : REVIEWS OF LEGISLATION & REGULATIONS

Section 4(a)(2) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to review existing and proposed legislation and regulations relating to SSA's programs and operations; and make recommendations concerning their impact on those programs or on the prevention of fraud and abuse. We accomplish this in several ways. First, many of our audits and other reports evaluate SSA's compliance with existing laws and regulations. When appropriate, we recommend issuing relevant regulations or seeking appropriate legislative authority; and we provide a status of those recommendations in our *Semiannual Report to Congress*. We will also provide *Congressional Response Reports* in response to direct requests. Finally, we describe in our annual Audit Work Plan planned reviews that will address issues related to laws and regulations.

With regard to proposed legislation and regulations, we provide comments on pending or proposed legislation to SSA's Office of Legislation and Congressional Affairs, which includes those comments in its agency response to the Office of Management and Budget. In addition, the Inspector General (IG) is an active member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Legislation Committee. In this role, we provide input to responses prepared by the Committee to congressional staff on the impact of proposed legislation, and we meet with congressional staff as needed to discuss legislative issues.

Fraud in the programs administered by Federal agencies continues to be of great concern to Congress and the public. Over the years, SSA OIG has made many recommendations to limit SSI overpayment and to reduce fraud, waste and abuse in the SSI program. On June 3, 2015, Mr. O'Carroll testified before the House Committee on Ways and Means, Subcommittee on Human Resources, discussing efforts to protect SSA's Supplemental Security Income (SSI) program and the Department of Labor's Unemployment Insurance program, two government assistance programs, from fraud, waste, and abuse. The IG testified about stopping payments to prisoners; addressing court decisions limiting the effectiveness of SSA's fugitive felon program; encouraging SSA to prioritize resources to increase the number and frequency of redeterminations conducted; and, encouraging SSA to review non-governmental databases and pursue data matches with Federal agencies to improve payment accuracy. In addition, the IG discussed two legislative proposals supported by the IG community that would help SSA OIG protect SSI integrity: OIG exemptions for the *Computer Matching and Privacy Protection Act of 1988* and for the *Paperwork Reduction Act* for general investigations or audits.

During this reporting period, we also provided technical input to CIGIE and to congressional staff on several bills introduced, and pending, in Congress. CIGIE was requested to review and comment on both the Senate and the House versions of the *Inspector General Empowerment Act of 2015*, S. 579 and H.R. 2395. In addition, we led a workgroup for the CIGIE Legislation Committee to review and provide views on S. 1073, *Stopping Improper Payments to Deceased People Act*. Access to agency records has become a major issue during this reporting period. During this reporting period, the Department of Justice (DOJ), Office of Legal Counsel (OLC) issued an opinion limiting the access of the DOJ OIG to certain agency records. Though directly affecting only the DOJ OIG, OLC opinions have broad application. Therefore, in August CIGIE forwarded a letter to Congress expressing its concern with the effect of the OLC opinion and has also drafted a legislative proposal to address the limitations on access to agency records in the OLC opinion.

During this reporting period, several bills were introduced that contained SSA OIG recommendations. Representative Johnson introduced H.R. 2359, *Disability Fraud Reduction and Unethical Deception (FRAUD) Prevention Act*, which updates and expands SSA's tools to deter and punish those who cheat the system, including new and stronger criminal and civil penalties. It also provides a focus on facilitators who assist in fraudulent applications for Social Security benefits. We have increased our focus on facilitator fraud in recent years, and several related legislative proposals are an outgrowth of our work.

GLOSSARY OF ACRONYMS

AAJ	administrative appeals judges
AC	Appeals Council
ALJ	administrative law judge
AMFED	Allegation Management and Fugitive Enforcement Division
AO	appeals officers
ASP	Agency Strategic Plan
BOND	Benefit Offset National Demonstration
CalPERS	California Public Employee Retirement System
CAS	Cost Analysis System
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CY	calendar year
DACUS	Death Alert, Control, and Update System
DCO	Deputy Commissioner of Operations
DCPS	Disability Case Processing System
DCRDP	Deputy Commissioner, Retirement and Disability Policy
DDS	disability determination services
DFT	Digital Forensics Team
DHS	Department of Homeland Security
DI	Disability Insurance
DMF	Death Master File
DOJ	Department of Justice
DQ	Division of Quality
EEO	Earnings Enforcement Operation
eRPS	electronic Representative Payee System
FEQ	foreign enforcement questionnaire
FFS	fee-for-service
FO	field office
FFY	Federal fiscal year
FY	fiscal year
GPO	Government Pension Offset
GSA	General Services Administration
IO	Immediate Office
IRM	Information Resource Management
IRS	Internal Revenue Service
IT	information technology
LACERA	Los Angeles County, California Employees Retirement Association
Listings	Listing of Impairments
MBR	Master Beneficiary Record
MEF	Master Earnings File
MI	Management Information
MNUP	Medicare Non-Utilization Project
NAPA	National Academy of Public Administration

OA	Office of Audit
OAO	Office of Appellate Operations
OASDI	Old-Age, Survivors and Disability Insurance
OCALJ	Office of the Chief Administrative Law Judge
OCIG	Office of the Counsel to the Inspector General
OCRM	Office of Communications and Resource Management
ODAR	Office of Disability Adjudication and Review
OI	Office of Investigations
OIG	Office of the Inspector General
OLC	Office of Legal Counsel
OQI	Office of Quality Improvement
ORDES	Office of Research, Demonstration, and Employment Support
OTR	on-the-record
PC	processing center
PD	presumptive disability
PII	personally identifiable information
POMS	Program Operations Manual System
RPS	Representative Payee System
RSI	Retirement and Survivors Insurance
SGA	substantial gainful activity
SITAR	Strategic Information Technology Assessment and Review
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
SSIMWR	Supplemental Security Income Mobile Wage Reporting
SSITWR	Supplemental Security Income Telephone Wage Reporting
SSN	Social Security number
SSR	Supplemental Security Record
Treasury	Department of the Treasury
TY	tax year
VA	Department of Veterans' Affairs