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Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Supplemental Security Income
Telephone Wage Reporting

A-15-12-11233 | February 2014

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: February 6, 2014

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Telephone Wage Reporting (A-15-12-11233)

The attached final report presents the results of our audit. Our objectives were to determine whether the Social Security Administration's Supplemental Security Income Telephone Wage Reporting process effectively received and processed wage reports as well as reduced improper payments. In addition, we determined whether the Agency met its goals to recruit participants in the telephone wage reporting initiative.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Supplemental Security Income Telephone Wage Reporting A-15-12-11233



February 2014

Office of Audit Report Summary

Objectives

Our objectives were to determine whether the Social Security Administration's (SSA) Supplemental Security Income Telephone Wage Reporting (SSITWR) process effectively received and processed wage reports as well as reduced improper payments. In addition, we determined whether SSA met its goals to recruit participants in the telephone wage reporting initiative.

Background

SSITWR provides an alternative for Supplemental Security Income (SSI) recipients, deemors, and representative payees to report monthly wages via telephone. SSITWR requires minimal intervention from SSA employees once an SSA employee trains the reporter to use it.

SSITWR participants call a designated SSA telephone number to report wages for the prior month. A successful report results in an automated posting of the gross wage amount to the Modernized Supplemental Security Income Claims System wage screen and the Supplemental Security Record.

Our Findings

We determined 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 SSI overpayment notices, due to wages, to inform the individuals about the different methods available to report their wages.

Our Recommendations

We recommend that SSA:

1. Adopt a process to identify and report unique SSITWR classifications (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period.
2. Add language to overpayment notices due to wages to inform SSI recipients, their representative payees, and deemors of the methods available to report wages.

SSA agreed with Recommendation 1 but disagreed with Recommendation 2.

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ABBREVIATIONS

AFI	Access to Financial Institutions
FO	Field Office
FY	Fiscal Year
MSSICS	Modernized Supplemental Security Income Claims System
OIG	Office of the Inspector General
PAR	Performance and Accountability Report
SITAR	Strategic Information Technology Assessment and Review
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIMWR	Supplemental Security Income Mobile Wage Reporting
SSITWR	Supplemental Security Income Telephone Wage Reporting
SSR	Supplemental Security Record

OBJECTIVES

Our objectives were to determine whether the Social Security Administration's (SSA) Supplemental Security Income Telephone Wage Reporting (SSITWR) process effectively received and processed wage reports as well as reduced improper payments. In addition, we determined whether SSA met its goals to recruit participants in the telephone wage reporting initiative.

BACKGROUND

Supplemental Security Income Program

The Supplemental Security Income (SSI) program makes monthly payments to people who have low income; few resources; and are age 65 or older, blind, or disabled. Each month, SSI recipients, their representative payees, and deemors must report wages. Changes in the amount of wages an SSI recipient or deemor receives may affect the recipient's payment amount or eligibility. Not all earned income counts when determining SSI eligibility and payment amount. For example, SSA excludes the first \$65 earned in the current month (or as much as \$85 if there is no unearned income).

The Agency identified the major causes of SSI improper payments¹ (over- and underpayments) as follows.

1. Financial Accounts - recipients who have financial accounts that exceed the allowable resource limit.
2. Wages - wages not reported, not reported timely, or are more or less than the wage amount used to calculate payments.
3. Other Real Property - recipients who own real property other than their principal place of residence.
4. In-Kind Support and Maintenance - unearned income received as food or shelter.
5. Living Arrangement - SSI recipients who fail to report changes to their living arrangement.

¹ *Accountable Official's Annual Report Executive Order 13520, Reducing Improper Payments Report* dated March 2013.

To reduce improper payments, among other initiatives, the Agency implemented the following:

1. SSI Non-Disability Redetermination,²
2. Access to Financial Institutions (AFI) Initiative,³ and
3. SSITWR.⁴

SSA reports improper payments findings (over- and underpayments) from stewardship reviews⁵ of nonmedical aspects of the SSI program. SSI stewardship data indicate that wage-related overpayments result from fluctuating income and failure to timely report increases in wages.

Options Available to Report Wages

SSI recipients, their representative payees,⁶ and deemors⁷ have several options available to report wages every month, such as submitting pay stubs, submitting written wage reports, making oral reports, using SSITWR, or using Supplemental Security Income Mobile Wage Reporting (SSIMWR). SSA employees must attempt to recruit recipients, their representative payees, and deemors to report monthly wage amounts using the SSITWR system or the SSIMWR application. Through SSITWR, individuals call a dedicated Agency telephone number to report wages via a voice-recognition system.

² Redeterminations are reviews of all of the nonmedical factors of eligibility to determine whether a recipient is still eligible for SSI and still receiving the correct payment amount. 20 C.F.R. § 416.204.

³ AFI is an electronic process that verifies bank account balances with financial institutions to determine SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using a geographic search to generate requests to other financial institutions.

⁴ SSITWR allows SSI recipients, their representative payees, deemors, or anyone who is reporting wages for these participants to call a dedicated toll-free telephone number to report wages via a voice-recognition system.

⁵ SSI Stewardship is the quality review process of the SSI program. The reviews determine payment accuracy and compliance with the law, regulations, Social Security rulings, national Program Operations Manual System (POMS) instructions, Modernized Systems Operations Manual instructions, regional POMS instructions regarding state law and state supplementation, and other national instructions.

⁶ A representative payee is an individual or organization appointed by SSA to receive Social Security and/or SSI benefits on behalf of a beneficiary. A representative payee will be selected if SSA believes a beneficiary's interest will be served by representative payment rather than direct payment of benefits. Generally, SSA appoints a representative payee if SSA determines the beneficiary is not able to manage or direct the management of benefit payments in his or her own interest. 20 C.F.R. § 416.601 A representative payee's responsibilities include using the benefits only for the beneficiary's use and benefit, in a manner and for the purposes he or she determines to be in the beneficiary's best interest. 20 C.F.R. § 416.635.

⁷ A deemor is a person whose income and resources are considered to be available for meeting an SSI recipient's basic needs of food and shelter. Examples of deemors include the ineligible spouse of an SSI recipient, the ineligible parent(s) of a child, and the sponsor of an alien. 20 C.F.R. § 416.1160.

SSITWR

SSITWR provides an alternative for SSI recipients, representative payees, and deemors to report monthly wages via telephone. SSITWR requires minimal intervention from SSA employees once an SSA employee trains the reporter⁸ on how to use it. SSITWR participants report wages without mailing pay stubs or contacting the field office (FO) directly. Rather, they call a designated SSA telephone number to report wages for the prior month.⁹ A successful report results in an automated posting of the gross wage amount to the Modernized Supplemental Security Income Claims System (MSSICS) wage screen and the Supplemental Security Record (SSR).

In Calendar Year 2003, SSA conducted the initial SSITWR pilot. The Agency stated that offering SSI recipients, their representative payees, and deemors the option to report wages over the telephone would increase the reports submitted, thereby improving SSI payment accuracy. However, during the pilot, SSA had problems recruiting volunteers by mass mailings and providing those volunteers passwords to authenticate their telephone reports. Therefore, SSA conducted a second pilot to test new methods of recruiting and authenticating volunteers. Between January and September 2006, nearly 400 reporters successfully participated in the second pilot.

In May 2009, SSA began requiring that FOs recruit recipients, representative payees, and deemors to report wages using SSITWR. In all cases, SSA employees must determine whether a new reporter can submit the monthly wage amount using SSITWR. Refer to Appendix B for a list of SSITWR exceptions and exclusions.

SSA established annual goals to achieve a targeted number of monthly reports participating in SSITWR. SSA based the goal on “usage” (that is, number of successful reports) rather than the “users” (that is, number of unique participants). A list of the Agency’s SSITWR goals and actual monthly reports for Fiscal Years (FY) 2010 through 2012 is shown in Table 1.

⁸ A reporter can be an SSI recipient, deemor, representative payee, or anyone who uses SSITWR to report wages for these participants.

⁹ Previously, SSA’s policy required that individuals call a designated SSA telephone number between the 1st and 6th day of the month to report wages for the prior month because SSITWR did not accept wage reports after the 6th day of the month. This limitation was due to the Goldberg-Kelly cutoff. The U.S. Supreme Court held in *Goldberg v. Kelly* that public assistance recipients receive advance notice of an adverse action. Therefore, SSA will not reduce, suspend, or terminate SSI benefits without first issuing an advance notice. As a result, SSA has instituted a Goldberg-Kelly notice cutoff that occurs around the 7th to the 9th day of each month. This is generally the last day the FO can input a change to reduce the following month’s benefit and have the system issue an automated Goldberg-Kelly notice. After this day, there is not enough time left to produce and mail an automated notice at least 15 days before the first day of the following month. However, after the conclusion of our fieldwork, SSA revised its policy to accept SSITWR wage reports after the 6th day of the month and not restrict the days an individual(s) can report wages. See POMS SI 00820.143 *Monthly Wage Reporting, section B.6*

Table 1 – SSA’s SSITWR Goal and Actual Monthly Reports

Fiscal Year	SSA’s SSITWR Goal ¹⁰	Actual SSITWR Reports ¹¹
2010	20,000	21,698
2011	28,000	28,624
2012	31,486	36,676

SSIMWR Pilot

Beginning in December 2012, the Agency piloted the SSIMWR system at 50 FOs from all regions. In March 2013, the Agency expanded the pilot at 263 offices. Reporters were able to use their Android or iPhone to report monthly wage amounts using a smart phone application. This application is an extension of SSITWR that ensures the wage amounts post to the individual’s record timely. From December 1, 2012 to July 9, 2013 (the end of the pilot), SSA reported that 9,878 reporters (72 percent of attempts) successfully submitted wages via the mobile application. SSIMWR was released nationally on August 1, 2013.

SSA developed SSIMWR (which is an Internet application); however, SSA had not developed a full Internet application for SSI wage reporting.

Analyses Performed

For this review, we conducted four analyses to meet our objectives. Specifically, we conducted the following analyses.

- **Sample 1: Effectiveness of the SSITWR Process** – We sampled 100 wage reports to determine whether the SSITWR system effectively received, processed, and posted wages reported via the telephone.
- **Sample 2: Use of the SSITWR System** – We sampled 50 SSI recipients, their representative payees, and deemors who earned wages to determine who reported their wages using the SSITWR system.

¹⁰ SSA’s SSITWR goal is from *Social Security Administration, Accountable Official’s Annual Report, Executive Order 13520, Reducing Improper Payments, March 2012 and March 2013*. The SSA SSITWR goal represents the number of SSITWR reports as of the last month of the FY (that is, September 30).

¹¹ The actual SSITWR reports are from *Social Security Administration, Accountable Official’s Annual Report, Executive Order 13520, Reducing Improper Payments, March 2012 and March 2013*. SSI recipients, deemors, representative payees, or anyone reporting wages for these participants can submit wage reports through SSITWR. For September 2010, based on our review of the SSITWR data files we determined that the number of successful transactions were 21,698. The Agency reported 25,847. This results in a 4,149 record variance. The Agency could not determine the reason for the discrepancy. Therefore, we will use 21,698 in our analysis.

- **Sample 3: Overpayments Due to Wages Not Included in Benefit Determination** – We randomly sampled 50 SSI recipients, their representative payees, and deemors to determine whether overpayment balances were due to “wages” not included in the benefit determination. These individuals may not have used SSITWR (or may not have been recruited to use the system). Rather, the conclusions reached from this sample are for general comparisons of SSI wage reporting regardless of a person’s association or usage with SSITWR.
- **Sample 4: Agency Recruiting Efforts** – We sampled 50 SSI recipients, their representative payees, and deemors to determine whether SSA conducted SSITWR recruitment discussions.

Refer to Appendix A for further details of our analyses.

RESULTS OF REVIEW

Based on our review, we determined SSITWR effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the SSR and MSSICS. However, we identified duplicate transactions in the SSITWR reporting system that may slightly overstate SSITWR’s overall success. These transactions did not affect the benefit payment since SSA only posted the latest transaction to the recipient’s record.¹²

Although SSA had reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process. Our sample (Sample 2) of 50 SSI recipients, their representative payees, and deemors determined that only 10 percent reported wages using SSITWR. Additionally, the Agency had other initiatives (such as, SSI Non-Disability Redetermination and AFI) ongoing during our audit period that could have contributed to the reduction in improper SSA payments.

To its credit, we determined SSA was meeting its goals for recruiting monthly SSI recipients, their representative payees, and deemors to participate in the telephone wage reporting initiative. The Agency established a stringent policy mandating FOs to recruit those who are eligible to use SSITWR. However, we could not determine whether the Agency was complying with its policy because, in most cases, SSA did not document its recruiting efforts as policy mandated.

¹² Recipients self-report their wages; therefore, it is possible that the recipient could report an incorrect amount. As a result, SSA has several methods to verify the reported wages. SSA may ask the recipients to provide proof of wages or review reported wages during the redetermination process. In addition, SSA will send receipts to recipients confirming the amount of wages they reported. Additionally, SSA will periodically perform a match to the Master Earnings File and Office of Child Support Enforcement file to compare annual earnings amounts that the recipient reported for a tax year. When the matches indicate significant unreported or underreported wages, SSA generates alerts to FOs and posts diaries to the recipients’ record for FOs to resolve discrepancies, update the SSR, determine past and continuing SSI eligibility, and pursue overpayment recovery. Based on our testing, we verified SSA posted the latest transaction.

Effectiveness of the SSITWR Process

SSA reports on SSITWR's performance in both the Improper Payments Information Detailed Report of the Performance and Accountability Report (PAR) and the *Accountable Officials' Annual Report Executive Order 13520 Reducing Improper Payments*. For example, SSA reported the following in the FY 2012 PAR (Table 2):

Table 2 – SSITWR

Description	Target Completion	Status
In FY 2008, we implemented SSITWR. SSITWR allows recipients (or their parent, spouse, or representative payee) to report their monthly wage amounts via an automated system that ensures the wage amounts post timely to the individual's record. We have several outreach initiatives to recruit new SSITWR reporter.	Ongoing	There were over 36,000 successful SSITWR reports in September 2012, surpassing our FY 2012 goal of 31,486 monthly reports.

Based on our review of 100 wage reports via the SSITWR (Sample 1), we determined that SSITWR effectively received and processed wages reported via the telephone, and SSA accurately posted the wages to the SSR. However, for the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate transactions that resulted from individuals reporting their wages more than once. These transactions did not affect the benefit payments since SSA only posts the most recent transaction to the recipient's record.¹³

A successful SSITWR transaction includes all calls received and processed regardless of the number of times the reporter reports wages for that month. Therefore, when SSA receives and processes more than one successful transaction for a recipient in a single reporting month, it may overstate the number of reporters using the SSITWR system.

Often, individuals call and report their wages more than once, possibly to ensure SSA posts the wages. For example, on June 1, 2012 at 3:00 PM, an individual called to report their wages. The Agency counted this as one successful SSITWR transaction. If the reporter called back at 3:15 pm and reported the same wages again, the Agency counted the second call as one successful SSITWR transaction. In this situation, the Agency recorded both calls and reported two successful wage reports since the reporter was able to successfully report their wages both times via SSITWR. SSA only posted the most recent wage amount to the SSR.

¹³ Id.

The Agency stated that SSITWR allows individuals to report the same wages as many times as they believe necessary. They may report wages numerous times during the same day, a subsequent day, or in the same call. For the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate transactions.¹⁴ We determined the causes of the duplicate transactions were that individuals reported their wages more than once. The duplicate transactions are broken down as follows.

- **2,667** represent successful wage reports for a person, made at 2 or more different times during 1 day, reporting the same month and amount.
- **4,831** represent wage reports that were reported for SSI recipients, their representative payees, and deemors, (1) at 2 or more times during 1 day and (2) for a different amount, for the same reporting month. For example, a caller may report an amount in error and subsequently called again to report the correct amount. In this situation, SSITWR recorded both calls as successful.¹⁵

SSITWR Monthly Usage (Excluding Duplicate Transactions)

We compared SSA's SSITWR goals to actual usage for September 2010 through 2012 and February 2013 to determine the impact of the duplicate transactions on SSA's reported actual monthly usage. We determined the impact of removing duplicate transactions from the actual monthly usage (shown in Table 1) as shown in Table 3.

¹⁴ The 7,498 duplicate transactions amount include the original occurrence plus the duplicate iteration. SSA should only count the first occurrence in the totals.

¹⁵ This population did not identify instances where a recipient reported a duplicate amount for the same reporting month on different days.

Table 3 - SSITWR Monthly Usage (Excluding Duplicate Transactions)

Month	Goal ¹⁶	Actual ¹⁷	Duplicates	Actual Less Duplicates
September 2010	20,000	21,698	2,142	19,556
September 2011	28,000	28,624	119	28,505
September 2012	31,486	36,676	154	36,522
September 2013	38,510	42,121*	149*	41,972*
*- Amounts are for February 2013				

Duplicate transactions slightly overstate the overall success of the SSITWR program. As shown above, there were duplicate transactions from September 2010 through 2012 and in February 2013. Furthermore, in September 2010, when we excluded the duplicate transactions from the Agency-reported successful SSITWR transactions, we determined SSA did not meet its goal for using SSITWR to report wages.

Reducing Improper Payments Due to SSITWR

SSA reports in its *FY 2012 Performance and Accountability Report (PAR) and Accountable Officials' Annual Report Executive Order 13520 Reducing Improper Payments* that SSI Non-Disability Redeterminations, AFI, and SSITWR are initiatives to reduce improper payments. SSA has reduced improper payments since it implemented SSITWR. However, information was not available to determine which initiative reduced the SSI overpayments; therefore, we were unable to attribute the reduction of improper payments to the SSITWR process (as shown in Table 4).

**Table 4 – SSI Improper Payments Due to Wages
(Millions)¹⁸**

Description	2006	2007	2008	2009	2010	2011
SSI Improper Payments	\$1,116	\$1,037	\$1,083	\$767	\$704	\$792

¹⁶ SSA's SSITWR goal is from *Social Security Administration, Accountable Official's Annual Report, Executive Order 13520, Reducing Improper Payments, March 2012 and March 2013*. The SSA SSITWR goal represents the number of SSITWR reports as of the last month of the FY (that is, September 30).

¹⁷ The actual SSITWR reports are from *Social Security Administration, Accountable Official's Annual Report, Executive Order 13520, Reducing Improper Payments, March 2012 and March 2013*. SSI recipients, deemors, representative payees, or anyone reporting wages for these participants can submit wage reports through SSITWR. For September 2010, based on our review of the SSITWR data files we determined that the number of successful transactions were 21,698. The Agency reported 25,847. This results in a 4,149 record variance. The Agency could not determine the reason for the discrepancy. Therefore, we will use 21,698 in our analysis.

¹⁸ SSI Stewardship Report FY 2010 and 2011.

In addition, we determined that 7, 10, and 13 percent of reporters used SSITWR in comparison to the number of SSI recipients with earnings in FYs 2010, 2011, and 2012, respectively, as shown in Table 5.

Table 5 – Actual SSITWR Reporters

Fiscal Year	Total SSI Recipients ¹⁹	SSI Recipients with Earnings ^{20,21}	Actual SSITWR Reporters ²²	Percent of Actual SSITWR Reporters to SSI Recipients with Earnings ²³
2010	7,898,515	260,651	18,548	7%
2011	8,095,000	259,040	27,073	10%
2012	8,246,916	263,901	34,797	13%

Because of reporters’ limited use of SSITWR, we were unable to attribute the reduction of improper payments to SSITWR.

Use of the SSITWR System

We randomly selected 50 SSI recipients, their representative payees, and deemors (Sample 2) who reported wages. Specifically, we determined the number of these individuals (1) whose wages were reported via SSITWR; (2) were eligible, but wages were not reported via SSITWR; and (3) were ineligible to use SSITWR. These last two groups used a method other than

¹⁹ The total number of FY 2010, 2011, and 2012 SSI recipients is from *SSI Monthly Statistics, SSI Federally Administered Payments, 2010, 2011, and April 2013*, respectively; Table 1 - Recipients (by type of payment), total payments, and average monthly payment for January 2010–December 2010, January 2011–December 2011, and April 2012–April 2013, respectively. These amounts are as of the end of the FY (that is September 30).

²⁰ We calculated the number of SSI recipients with earnings by multiplying the percent of SSI recipients with earned income as of December of the respective FY to the Total SSI recipients. The percentage of SSI recipients with earnings, used in our calculation, as of December 2010 and 2011 were 3.3 percent and 3.2 percent, respectively. The percentages are from the *Social Security Administration, Fast Fact & Figures about Social Security, 2011* (page 28) and 2012 (page 30), respectively. We are using calendar year percentages because SSA only publishes these percentages as of December 31. As of the date of this report, the Agency did not have a percentage published for December 2012; therefore, we used 3.2 percent from December 2011 when computing the number of SSI recipients with earnings in December 2012.

²¹ The Agency stated that recipients are not the only participants that can report wages. The Agency stated that representative payees and deemors might also report wages. Therefore, using FY 2012 data, the Agency estimated that annually there are approximately 734,000 SSI recipients, their representative payees, and deemors who report wages. As a result, in FY 2012, the Agency’s goal (31,486) is 4 percent of the total number of recipients, representative payees, and deemors who report wages (734,000).

²² This represents the number of unique individuals that reported as of the last month of the FY (that is, September 30).

²³ This percentage does not take into account reporters that are SSI recipients, their representative payees, or deemors.

SSITWR to report their wages. Of the 50 SSI recipients, their representative payees, and deemors, our results were as follows:

- 5 (10 percent) used SSITWR to report their wages;
- 33 (66 percent) were eligible but did not use SSITWR to report their wages; and
- 12 (24 percent) were ineligible to use SSITWR.²⁴

Based on our sample, we believe the majority of individuals used a method other than SSITWR to report their wages

Overpayments Due to Wages Not Included in Benefit Determination

To emphasize that consistent monthly wage reporting helps prevent over- and underpayments, regardless of how a wage report is received, we conducted another analysis of 50 random recipients who incurred an overpayment because of wages on the SSR (Sample 3). Of the 50 recipients, we identified 22 who received an overpayment notice from SSA stating, “For the month(s) listed below, your income on our records was wrong. Because we didn't know about all your income, we paid you too much SSI” SSA initially determined these 22 individuals’ benefits based on an estimate that did not include earned wages; however, we could not tie the unreported wages to usage of the SSITWR system. These individuals, regardless of their association with SSITWR, did not report wages and incurred overpayments totaled \$21,388.

The remaining 28 recipients incurred an overpayment because their wages increased from what SSA initially used to determine their benefit payment.²⁵

We understand that SSA cannot control the method an individual chooses to report his/her wages or whether an individual reports his/her wages at all; however, use of SSITWR can assist SSI recipients, their representative payees, and deemors with timely reporting of wages and possibly reduce overpayments due to wages.

²⁴ The reasons for ineligibility for these individuals were (1) recipients had an organizational or institutional representative payee, (2) recipients had more than one employer in MSSICS in the month reported, or (3) no wages were in MSSICS or the SSR for the month reported. As shown in Appendix B, 11 exclusions and exceptions would preclude an individual from using SSITWR.

²⁵ SSA periodically performs a match to the Master Earnings File and Office of Child Support Enforcement file to compare annual earnings amounts that are reported for a tax year. When the matches indicate significant unreported or underreported wages, SSA generates alerts to FOs and diaries are posted to the recipients’ record for FOs to resolve discrepancies, update the SSR, determine past and continuing SSI eligibility, and pursue overpayment recovery.

Agency Recruiting Efforts

SSA recruits monthly wage reporters during in-office and telephone interviews. SSA informs recipients of the various ways to report wages and the advantages of monthly wage reporting. Furthermore, SSA emphasizes to the wage reporter that consistent monthly wage reporting helps prevent over- and underpayments, requires less documentation during redeterminations, and reduces the amount of time necessary to maintain the recipient's record.

SSA policy mandates that SSA encourage SSI recipients, representative payees, and deemors to use SSITWR to report wages. Furthermore, SSA has required documentation of recruitment efforts in MSSICS. If the wage reporter meets one of the exceptions or exclusions (refer to Appendix B), SSA should document why it did not recruit the wage reporter. Documentation should consist of

1. the name of the person with whom SSA spoke and
2. a brief description of the outcome (that is, whether SSA was successful).

A reporter may choose any of the methods available to report wages, and SSA should not coerce the individual to use SSITWR.

We conducted an analysis to determine whether SSA was encouraging recipients, representative payees, and deemors to use SSITWR. Specifically, we randomly selected 50 SSI recipients, their representative payees, and deemors who had earned wages on their SSR and reviewed their MSSICS Report of Contact screen to determine whether SSA had held discussions (Sample 4). Of the 50 SSI recipients, their representative payees, and deemors, our analysis determined

- 5 (10 percent) had evidence that SSA spoke with them about using SSITWR, and²⁶
- 45 (90 percent) did not have evidence that SSA spoke with them about using SSITWR.

As a result, we could not determine whether the Agency was complying with its policy because SSA did not document, in most cases, its recruiting efforts to get participants to use SSITWR as policy mandates.

²⁶ Two of these five individuals did not have Report of Contact screen in their MSSICS records; however, these individuals used the SSITWR to report their wages; therefore, we are concluding that SSA recruited them to use the SSITWR system.

SSI Internet Access

In 2012, the U.S. Census Bureau stated that 71 percent of households had access to the Internet.²⁷ Another 2012 study found nearly half (46 percent) of American adults owned a smart phone.²⁸ As of May 2013, SSI recipients could have their wages reported through either SSITWR or SSIMWR (which is an Internet application); however, SSA has not developed a full Internet application for SSI wage reporting.

In FY 2012, SSA proposed full Internet wage reporting in the Agency's Strategic Information Technology Assessment and Review (SITAR). In the proposal, SSA would conduct the planning and development in FY 2013 with implementation in FY 2014. However, SSA made an executive decision not to develop a full Internet application. For FY 2014, SSA stated it is pursuing other ways of automating wage reporting without the wage earner self-reporting.

Overpayment Notices

We reviewed the overpayment notices, due to wages, that SSA sent to SSI recipients, their representative payees, and deemors. We determined there was no language in the notices to inform the individuals about the different methods available to report their wages. Furthermore, we confirmed with SSA that notices did not include this type of information. We believe notices for overpayments due to wages should have language that discusses an individual's responsibility to report their wages and the various methods to do so. The Agency stated it had previously discussed notice changes, but they had not been included in an approved Strategic Information Technology Assessment and Review proposal.

CONCLUSIONS

We determined SSITWR was effective in receiving and processing wage reports via the telephone, and SSA accurately posted those reported wages to the SSR and MSSICS. However, we identified duplicate transactions in the Agency's successful transactions, which may slightly overstate SSITWR's overall success.

SSA has reduced improper payments since the implementation of the SSITWR. However, we were unable to attribute the reduction of improper payments to SSITWR because of reporters' limited use (for example in FY 2012 there were only 34,797 wage reporters). We found the majority of individuals who reported wages did not use SSITWR. We also found in our random sample that individuals incurred overpayments because of unreported wages. However, we could not tie the unreported wages to usage of the SSITWR system. Additionally, SSA was not using overpayment notices due to wages to inform individuals of their responsibility to report earned wages and the methods available to report wages.

²⁷ U.S. Census Bureau, Statistical Abstract of the United States: 2012.

²⁸ Pew Internet – Pew Internet & American Life Project. A project of the Pew Research Center 2012

In addition, we determined SSA was meeting its set goals for recruiting monthly reporters to participate in the telephone wage reporting initiative. However, we could not determine whether the Agency was complying with its policy because SSA did not document, in most cases, its recruiting efforts to get participants to use SSITWR as policy mandates. At the conclusion of our fieldwork, SSA provided us documentation that it was improving its efforts to recruit individuals to report wages via SSITWR and SSIMWR. For instance, in August 2013, SSA released the mobile wage reporting application nationally. Upon its release, SSA started an internal marketing campaign called *Go-Online*, which is a Web tool that informs users of many online services including SSITWR and SSIMWR. In addition, SSA provided field offices with envelope stuffers to share information about SSIMWR. SSA stated that on September 28, 2013, they began using an email subscription system called *GovDelivery* to provide monthly reminders to individuals using SSITWR and SSIMWR to report wages. The wage reporter can voluntarily sign up for monthly email or text reminders to report monthly wages for SSI. Furthermore, to assist front-line employees in FOs, SSA provides online resources, tools, and training to educate and assist the FOs in documenting claim files concerning SSITWR and SSIMWR.

Lastly, SSA does not have any immediate plans to create a full internet application to report wages. In FY 2012, SSA proposed full internet wage reporting in the SITAR. In the proposal, SSA would conduct the planning and development in FY 2013 with implementation in FY 2014. However, SSA made an executive decision not to develop a full Internet application.

RECOMMENDATIONS

We recommend that SSA:

1. Adopt a process to identify and report unique SSITWR classifications (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period.
2. Add language to overpayment notices due to wages to inform SSI recipients, their representative payees, and deems of the methods available to report wages.

AGENCY COMMENTS

SSA agreed with Recommendation 1; however, they disagreed with Recommendation 2. SSA responded that it currently uses other means to inform SSI recipients of its reporting responsibilities. “Thus, it is unlikely that adding information to our overpayment notice, which already contains a large amount of information related to the actual overpayment and instructs the recipient how to contact us if they have any questions, will produce a return on investment.” The Agency’s comments can be found in Appendix C. In addition to the information listed above, SSA also provided technical comments, which we incorporated, as appropriate.

OIG RESPONSE

In response to the agency comment on Recommendation 2, we agree that informing SSI recipients of their reporting responsibilities before they receive an overpayment notice is a proactive approach. However, in those instances where an SSI recipient receives an overpayment notice due to wages, we believe SSA's overpayment notice should serve as a reminder to recipients of the methods available to report wages. A recently issued overpayment notice could garner more attention for future action than the information SSA provided the recipient when first approved. As such, this additional reminder provides SSA an opportunity to prevent future overpayments due to wages. In addition, we maintain that our second recommendation is feasible at no substantial additional cost to SSA.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we performed the following.

- Reviewed applicable Social Security Administration (SSA) policies, the *Social Security Act*, and Federal regulations.
- Met with SSA’s Office of Systems Electronic Services to gain an understanding of the Supplemental Security Income Telephone Wage Reporting (SSITWR) and the Supplemental Security Income Mobile Wage Report system.
- Conducted the following four analyses to meet our objectives.

Sample 1: Effectiveness of the SSITWR Process

Using SSITWR data for the period September 1, 2011 to August 31, 2012 that contained 526,900 wage-reporting transactions, we determined whether SSA correctly posted successful SSITWR transactions to the Supplemental Security Record (SSR) and Modernized Supplemental Security Income Claims System (MSSICS). Specifically, we performed the following tests.

- We randomly traced 50 successful SSITWR reports to the SSR. We determined a transaction to be successful if the reject code was “000.”
- We randomly traced 50 unsuccessful SSITWR reports to the SSR and determined whether the reporter subsequently reported the wages again by SSITWR or by another method. Evidence of reporting would be posted to the SSR. We determined a transaction to be unsuccessful if the reject code was any code other than “000.”
- We examined 10 high-dollar and 10 zero-dollar transactions to determine whether the SSITWR correctly received the transaction and posted it to the SSR.

Sample 2: Use of SSITWR

From segment 15 of the SSR,¹ we reviewed 50 SSI recipients, their representative payees, and deemors, who earned wages to determine those who (1) used SSITWR; (2) were eligible for, but did not, use SSITWR; and (3) were ineligible to use SSITWR. To determine SSITWR use and eligibility we reviewed documentation from the (1) Telephone Wage Reporting Traffic file, (2) SSR, and (3) MSSICS. We determined eligibility based on specific SSA criteria. Our specific steps were as follows.

¹ There are 20 segments of the SSR. We randomly selected segment 15.

Determine the Population of Recipients

We determined our population of SSI recipients, their representative payees, and deemors by isolating the following characteristics.

1. Individuals with an earned income indicator for wages (indicator of “W” for wage type) present on their SSR anytime from May 2009 to December 2012.
2. Individuals with all Payment Status codes except M01, M02, N12, and N27 thru N54;²
3. Individuals, except those with an indicator on their SSR stating they are blind. These individuals will have a Recipient Identification Code indicating that the recipient is blind (code of either BI, BS, or BC); and
4. Individuals with an active record represented by a record identification code equal to “G.”

Determine Whether SSITWR Was Used to Report Wages

After we identified our population and selected a sample, we determined whether the SSI recipients, their representative payees, or deemors reported their wages using SSITWR. We accomplished this by performing a combination of the following steps.

1. Ascertained how SSA entered wages in MSSICS IWAG screens, specifically, whether the wage amount was posted to the “reported” column.
2. If SSI recipients, their representative payees, or deemors had amounts in the “reported” column, traced beneficiaries to the SSITWR system (via review of the Traffic File).
3. Ascertained the verification code posted to the SSR.

Determine Eligibility to Use SSITWR

We ascertained eligibility (or ineligibility) of SSI recipients, their representative payees, and deemors who did not use SSITWR. We determined this by evaluating recipients based on SSITWR exclusion criteria (see Appendix B).

² These payment status codes indicate that a recipient currently is in a non-payment status.

Sample 3: Overpayments Due to Wages Not Included in Benefit Determination

From segments 5, 10, and 14 of the SSR,³ which provided 64,000 SSI recipients, their representative payees, and deemors with overpayments caused by wages, we randomly sampled 50 with overpayment balances on their SSR due to “wages” as of March 22, 2013. We reviewed these individuals to determine whether overpayment balances were due to “wages” not included in the benefit determination. We determined their eligibility to use the SSITWR. We then calculated the total amount of unreported wages and overpaid benefits. The Agency stated that the SSITWR’s national rollout was in the 4th quarter of FY 2008; therefore, our calculations were from October 2008 forward.

Sample 4: Agency Recruiting Efforts

From segment 15 of the SSR,⁴ we performed an analysis to determine whether SSITWR recruitment discussions occurred. We randomly sampled 50 SSI recipients, their representative payees, and deemors to determine whether the MSSICS - Report of Contact (DROC) screen documented SSA’s recruitment discussion to report wages via the SSITWR system. In May 2009, the Agency made it mandatory to recruit for SSITWR. Our testing allowed a quarter of the year to lapse for the Agency to be fully compliant to this mandate. Our analysis reviewed cases with an application date of August 2009 and forward.

We conducted our audit between January and June 2013 at SSA Headquarters in Woodlawn, Maryland. We tested the data obtained for our review and determined them to be sufficiently reliable to meet our objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and conduct the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³ There are 20 segments of the SSR. Grant Thornton LLP, an independent contractor, selected segments 5, 10, and 14 for overpayment testing as part of the Fiscal Year 2013 Financial Statement audit. Therefore, we selected our overpayment sample from these segments.

⁴ There are 20 segments of the SSR. We randomly selected segment 15.

Appendix B – SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING EXCEPTIONS AND EXCLUSIONS

The following exceptions or exclusions would preclude an individual from using Supplemental Security Income Telephone Wage Reporting (SSITWR).

SSITWR Exceptions

- The record has a condition listed as an exclusion and that condition cannot be corrected.
- The prospective recruit has difficulty speaking or following simple instructions in English.
- The prospective recruit has an established history of submitting false or misleading information to the Social Security Administration.
- The recipient has an institutional or organizational representative payee.
- The prospective recruit cannot easily access a telephone.

SSITWR System Exclusions

- Termination of the current Supplemental Security Record (SSR).
- The SSR has a code of M01, M02, N12, or N27 through N54.¹
- Manually computed income is present in the month of reported wages.²
- The recipient or deemor has more than one employer in Modernized Supplemental Security Income Claims System (MSSICS) in the month reported.
- There are Impairment-Related Work Expenses, Blind Work Expenses, or Plan for Achieving Self Support indicated in the reporting month.
- There are no wages in MSSICS or on the SSR for the month reported.

¹ These payment status codes indicate that a recipient currently is in a non-payment status.

² The SSR indicates this type of income as unearned income with a “V” indicator.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: January 10, 2014 Refer To: SIJ-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Katherine Thornton /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Supplemental Security Income Telephone Wage Reporting" (A-15-12-11233)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING”
(A-15-12-11233)**

Recommendation 1

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

Response

We agree. We will consider your recommended enhancement, while planning which information technology (IT) development projects we will take up in fiscal year 2015. We rely extensively on our IT to achieve our goals and keep pace with our rising workloads. While we consider many possible projects during planning, we must direct our limited IT resources to only the projects that best allow us to meet our strategic objectives and continue to deliver high-quality service to the public. Accordingly, while your recommendation has merit, we may not have the resources to implement it.

Recommendation 2

Add language to overpayment notices due to wages to inform Supplemental Security Income (SSI) recipients, their representative payees, and deemors of the methods available to report wages.

Response

We disagree. Currently, we provide SSI recipients with an SSI reporting folder and a business card containing information on their reporting responsibilities, as well as information on how to contact us to report changes that may affect their SSI payments. Information on reporting responsibilities is also available on our public website. In addition, as the audit acknowledges on page 3, SSA staff are required to “recruit recipients who had wages and representative payees as well as other household members whose wages may have influenced the SSI recipients’ eligibility or payment to report wages using SSITWR.” Thus, it is unlikely that adding information to our overpayment notice, which already contains a large amount of information related to the actual overpayment and instructs the recipient how to contact us if they have any questions, will produce a return on investment.

We believe that informing SSI recipients of their reporting responsibilities before they receive an overpayment notice is a more proactive approach and could be a more cost effective method of improving SSI wage reporting.

[In addition to the information listed above, SSA also provided general comments which have been addressed, where appropriate, in this report.]

Appendix D – MAJOR CONTRIBUTORS

Victoria Vetter, Director, Financial Audit Division

Mark Meehan, Audit Manager, Financial Audit Division

Ronald Anderson, Senior Auditor

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