

Social Security Administration  
Office of the Inspector General  
Office of Audit

Fiscal Year 2011  
Work Plan



I am pleased to present the Office of Audit's Fiscal Year 2011 Annual Work Plan (Plan). The reviews described in the Plan are designed to address those areas that are most vulnerable to fraud, waste, and abuse. Since 1997, we have provided our perspective on the top challenges facing SSA management to the Congress, Social Security Administration, and other key decisionmakers. For Fiscal Year 2011, the Office of the Inspector General has identified the following management challenges.

- Implement the *American Recovery and Reinvestment Act* Effectively and Efficiently
- Improve Customer Service
- Improve the Timeliness and Quality of the Disability Process
- Improve Transparency and Accountability
- Invest in Information Technology Infrastructure to Support Current and Future Workloads
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce the Hearings Backlog and Prevent its Recurrence
- Strengthen the Integrity and Protection of the Social Security Number

The Plan describes 110 reviews we plan to complete in Fiscal Year 2011 and 112 reviews we plan to begin in Fiscal Year 2011. In developing these reviews, we worked with Agency management to ensure we provide a coordinated effort.

Our Plan is dynamic, so we encourage continuous feedback and additional study suggestions. This flexibility enables us to meet emerging and critical issues evolving during the upcoming year.

A handwritten signature in black ink, reading "Steven L. Schaeffer".

Steven L. Schaeffer  
Assistant Inspector General for Audit  
October 1, 2010

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## Acronyms

ALJ	Administrative Law Judge
ARRA	<i>American Recovery and Reinvestment Act of 2009</i>
CAS	Cost Analysis System
CDR	Continuing Disability Review
COBOL	Common Object Business Oriented Language
COGS	Court Ordered Garnishment System
CY	Calendar Year
DDS	Disability Determination Services
DI	Disability Insurance
DMF	Death Master File
eCAT	Electronic Claims Analysis Tool
ERP	Economic Recovery Payment
ESF	Earnings Suspense File
FISMA	<i>Federal Information Security Management Act of 2002</i>
FY	Fiscal Year
iClaim	Internet Claim
IRS	Internal Revenue Service
IT	Information Technology
MEF	Master Earnings File
MEGAHIT	Medical Evidence Gathering and Analysis through Health Information Technology
NCC	National Computer Center
OAG	Office of Acquisition and Grants
OASDI	Old-Age, Survivors and Disability Insurance
ODAR	Office of Disability Adjudication and Review
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PII	Personally Identifiable Information
QDD	Quick Disability Determinations
SSA	Social Security Administration
SSC	Second Support Center
SSI	Supplemental Security Income
SSN	Social Security Number
SSNAP	Social Security Number Application Process
TIN	Tax Identification Number
TY	Tax Year
VOIP	Voice Over Internet Protocol
WC	Workers' Compensation
WIPA	Work Incentives Planning and Assistance

## Executive Overview

The **Office of the Inspector General (OIG)** improves the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public. The **Office of Audit** conducts financial and performance audits of SSA's programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess the reliability of financial data reported by SSA in its annual financial statements and any number of managerial information reports. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. The Office of Audit also conducts short-term management and program evaluations and projects on issues of concern to SSA, the Congress, and the general public. In Fiscal Year (FY) 2010, we issued 108 reports with over \$4.5 billion in monetary findings.

## Annual Work Plan

Our Annual Work Plan (Plan) outlines our perspective of the major management and performance challenges facing SSA and serves as a tool for communicating our priorities to SSA, Congress, the Office of Management and Budget (OMB), and other interested parties. While our list of management challenges has not changed significantly in several years, SSA's environment has changed. For example, the hearings backlog exceeds 700,000 cases, rising workloads have added greater challenges to SSA's customer service, and passage of the *American Recovery and Reinvestment Act* added additional workloads and reporting responsibilities. These changes led us to revise our list of SSA's major management and performance challenges in FY 2010. Our list has not changed for FY 2011.

Our work is prioritized to focus our resources on those areas that are most vulnerable to fraud, waste, and abuse. To ensure we provide a coordinated effort, we work with our Offices of Investigations, Counsel to the Inspector General, External Relations, and Technology and Resource Management.

In preparing this Plan, we solicited suggestions from the Agency. We received a number of suggestions for inclusion in our Plan, and we have incorporated as many of them as possible.

We recognize this Plan is dynamic, so we encourage continuous feedback and additional suggestions. This flexibility enables us to meet emerging and critical issues evolving throughout the upcoming year.

To assist us in setting the major challenges, we cross-referenced the Commissioner and the Social Security Advisory Board priorities to those identified by our prior and ongoing work. The following table demonstrates that our perspective is congruent with other key decisionmakers.

<b>Commissioner Priorities</b>	<b>OIG Major Management Challenges</b>	<b>Social Security Advisory Board</b>
Eliminate the Hearing Backlog	Reduce the Hearings Backlog and Prevent its Recurrence	Disability Process
Improve the Speed and Quality of SSA's Disability Process	Improve the Timeliness and Quality of the Disability Process	
Preserve the Public's Trust in SSA's Programs	Reduce Improper Payments and Increase Overpayment Recoveries	Supplemental Security Income Process
	Invest in Information Technology Infrastructure to Support Current and Future Workloads	Platform
	Strengthen the Integrity and Protection of the Social Security Number	Retirement Process
Improve Retiree and Other Core Services	Improve Transparency and Accountability  Improve Customer Service  Implement the American Recovery and Reinvestment Act Effectively and Efficiently	Service Delivery Process  People

This Plan describes 110 reviews we intend to complete and 112 reviews we intend to begin in FY 2011 in the following issue areas.

- Implement the *American Recovery and Reinvestment Act* Effectively and Efficiently
- Improve Customer Service
- Improve the Timeliness and Quality of the Disability Process
- Improve Transparency and Accountability
- Invest in Information Technology Infrastructure to Support Current and Future Workloads
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce the Hearings Backlog and Prevent its Recurrence
- Strengthen the Integrity and Protection of the Social Security Number

For more information on this Plan, please contact the Office of Audit at (410) 965-9700.

# Implement the *American Recovery and Reinvestment Act of 2009* Effectively and Efficiently

On February 17, 2009, the President signed into law the *American Recovery and Reinvestment Act of 2009* (ARRA), P.L. 111-5. The Administration committed to investing ARRA funds with an unprecedented level of transparency and accountability so Americans know where their tax dollars are going and how those dollars are being spent. ARRA provided SSA funds in the following areas.

- \$500 million to replace SSA's National Computer Center (NCC);
- \$500 million to process disability and retirement workloads and information technology (IT) acquisitions and research in support of these workloads; and
- \$90 million to reimburse costs to process a \$250, one-time payment to millions of qualified individuals receiving Social Security benefits and Supplemental Security Income (SSI).

Congress provided \$2 million for the OIG to oversee SSA programs, projects, and activities funded by ARRA.

In FYs 2009 and 2010, we provided oversight of SSA's ARRA implementation and issued 23 ARRA-related reports. In FY 2011, we will continue providing oversight of SSA's ARRA implementation. Since the majority of the one-time ERPs has been paid, we will concentrate our efforts in three areas.

1. Overall ARRA Implementation
2. Disability and Retirement Workloads
3. Replacement of the NCC

## Overall ARRA Implementation

We will review SSA's efforts to ensure (1) recipients of ARRA funds properly report to [FederalReporting.gov](http://FederalReporting.gov) and (2) Office of Acquisition and Grants (OAG) staff has appropriate knowledge, skills, and abilities.

## Disability and Retirement Workloads

We will review SSA's efforts to invest in technology to enhance SSA's ability to (1) eliminate the hearings backlog and prevent its recurrence, (2) improve the speed and quality of the disability process, and (3) improve retiree and other core services.

## Replacement of the NCC

We will review SSA's efforts to ensure (1) proper overall project management, proper site selection, proper facility, and infrastructure construction oversight; (2) IT investments support SSA's strategic IT vision and plan; and (3) the facility complies with the *National Environmental Policy Act*.

In FY 2011, we plan to complete six reviews and start four reviews in this area.

In FY 2009, SSA identified five specific challenges it faced in implementing ARRA: Overall ARRA Implementation, One-Time Economic Recovery Payment (ERP) Administrative Expenses, One-Time ERP, Disability and Retirement Workloads, and Replacement of the NCC.

## **We Plan to Complete the Following Reviews in FY 2011**

Contractors' Reporting of Jobs Created Using Recovery Act Dollars in Fiscal Year 2011

Economic Recovery Payments - Catch-up Payments

National Computer Center Replacement Strategy Implementation

The Social Security Administration's Program of Requirements for its New Data Center

The Social Security Administration's Use of Building Design Industry Best Practices for its New Data Center

The Social Security Administration's Use of Recovery Act Funds to Administer Economic Recovery Payments

## **We Plan to Begin the Following Reviews in FY 2011**

Contracts Issued Under the *American Recovery and Reinvestment Act*

Recovery Act Nationwide Health Information Network Contracts

The Social Security Administration's New Data Center Capabilities

The Social Security Administration's Recovery Act Contract with International Business Machines, Incorporated

## **Contractors' Reporting of Jobs Created Using Recovery Act Dollars in Fiscal Year 2011**

### ***Objective***

To determine whether SSA has (1) continued verifying the number of jobs reported as created by the recipients of ARRA awards and (2) review data quality of recipient reports.

### ***Background***

ARRA was designed to save and create jobs, cushion the economic downturn, and make crucial public investments. To evaluate the employment effects of ARRA, all recipients of ARRA funds for Government investment are required to provide a narrative description of the employment impact of ARRA-funded work. This description should discuss the types of jobs created and retained, an estimate of the number of jobs created and retained by the prime contractor, and information on the direct job creation and retention.

## **Economic Recovery Payments - Catch-up Payments**

### ***Objective***

To determine whether SSA accurately disbursed the catch-up ERPs to eligible beneficiaries under ARRA.

### ***Background***

ARRA provides for a \$250, one-time ERP to adult Social Security and SSI recipients. Individuals eligible for benefits from SSA in November 2008, December 2008, or January 2009, were eligible to receive an ERP. SSA paid the vast majority of the ERPs in FY 2009, but there were some beneficiaries eligible for ERPs who were identified at later dates.

## **National Computer Center Replacement Strategy Implementation**

### ***Objective***

To provide periodic status reports on SSA's implementation of its NCC Replacement Strategy.

### ***Background***

While the NCC was once a state-of-the-art data center, it is now over 30 years old, and its infrastructure systems have exceeded their useful life of 15 to 20 years. SSA is working to build a new facility. The construction of a new data center is at the core of SSA's IT strategy. Thus, this initiative supports all four of the strategic goals in SSA's Strategic Plan. SSA is developing plans and site criteria and conducting studies for the purchase of the land to construct the new data center, including the development of a program of requirements, detailed project plan, and timeline.

## **The Social Security Administration's Program of Requirements for its New Data Center**

### ***Objective***

To determine whether SSA followed best practices in developing its overall Program of Requirements for the new data center.

### ***Background***

We contracted with Strategic e-Business Solutions, Inc., and its subcontractor, Fortress International Group, to assist us in this review. Strategic e-Business and Fortress International Group provide expertise in systems engineering and critical facility infrastructure, which will allow us to evaluate SSA's process for developing its overall program of requirements for the new data center.

## **The Social Security Administration's Use of Building Design Industry Best Practices for its New Data Center**

### ***Objective***

To evaluate the building plans for SSA's new data center and determine whether the Agency followed building design best practices to provide a data center that meets SSA's requirements.

### ***Background:***

Strategic e-Business Solutions, Inc. and its subcontractor, Fortress International Group, provide expertise in the areas of systems engineering and critical facility infrastructure, which will allow us to evaluate SSA's use of building design industry best practices.

## **The Social Security Administration's Use of Recovery Act Funds to Administer Economic Recovery Payments**

### ***Objective***

To determine the appropriateness of expenses charged against the \$90 million made available to SSA to administer the ERPs.

### ***Background***

SSA is required to identify individuals entitled to receive ERPs and provide the Secretary of the Treasury with information required to disburse the payments. ARRA provided up to \$90 million to reimburse SSA for administrative costs incurred in carrying out these responsibilities.

## Improve Customer Service

For the past 75 years, the public has depended on SSA's programs. Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, SSA touches the lives of virtually every person in America. The Commissioner of Social Security has acknowledged that the Agency has struggled to maintain the level of service people deserve.

SSA concedes it is at a critical time concerning its ability to deliver quality customer service to the public. Many factors challenge the Agency, including shifting demographics, growing workloads, changing customer expectations, and an aging workforce. SSA is also finding that increasing numbers of individuals expect the Agency to provide services in new ways made possible by technology. Finally, SSA anticipates increases in non-traditional workloads, including new provisions of the Medicare program and immigration enforcement.

To enhance customer service, SSA has focused its efforts on increasing staffing levels, clarifying its correspondence, expanding the use of on-line and automated services, improving telephone services, improving services provided by local field offices, and integrating policy changes to complete work more efficiently. While SSA has made great strides in improving service to the public, SSA acknowledges increasing workloads and the loss of expertise due to the retirement of its employees continues to be a challenge for the Agency.

Providing oversight to ensure representative payees properly manage Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. Some beneficiaries are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment. For such individuals, SSA appoints a representative payee who receives and manages the beneficiary's benefit payments. As of December 2009, SSA reported there were approximately 5.6 million representative payees who managed about \$61 billion in annual benefit payments for approximately 7.6 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve. In addition, SSA is required to conduct periodic site reviews of certain types of representative payees. Finally, if either a representative payee is problematic or SSA suspects a representative payee of misusing benefits, SSA may request an audit or investigation by OIG.

As of March 2010, the Government Accountability Office had placed strategic human capital management on its list of high-risk Federal programs and operations. The Agency recognizes

As a result of the economic downturn and the leading edge of baby boomer retirements, SSA is being inundated with retirement and disability claims. The Agency reported in its FY 2011 Annual Performance Plan that it anticipated receiving over 3.3 million initial disability claims in FY 2010, over 10 percent more than in FY 2009, and nearly 30 percent more than in FY 2008. Additionally, nearly 80 million baby boomers are expected to file for retirement over the next 20 years—an average of 10,000 per day.

its employees are key to improving customer service. The projected retirement of its employees continues to present a challenge to SSA's customer service capability. About two-thirds of the Agency's 60,000 employees deliver direct service to the public or directly support the services provided by front-line workers. The Agency projects 50 percent of its employees, including 66 percent of supervisors, will be eligible to retire by FY 2018. SSA expects this will result in a loss of institutional knowledge that will affect SSA's ability to deliver quality service to the public.

In FY 2011, we plan to complete 19 and begin 19 reviews in this area.

## **We Plan to Complete the Following Reviews in FY 2011**

Congressional Response Reports: Claimant Experiences with Disability and Retirement Internet Claim Applications (2 Reviews)

Congressional Response Reports: Disability and Retirement Internet Claim Applications (2 Reviews)

Follow-up: Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee

Improperly Titled Bank Accounts for Beneficiaries with Representative Payees and Access to Their Own Funds

Minor Children Receiving Benefits Without a Representative Payee

Quality of Service Provided by Large Volume Organizational Representative Payees

Quality of Service Provided Via the Social Security Administration's National 800 Customer Service Telephone Number

Quick Response Evaluation: Threats Against Social Security Administration Employees or Property Representative Payee Accounting Report Non-Responders

Representative Payees for the Social Security Administration (7 Reviews)

Underpaid Disabled Widows

## **We Plan to Begin the Following Reviews in FY 2011**

Bond and Credit Analysis for Fee for Service Representative Payees

Disabled Individuals with Mental Impairments in Need of a Representative Payee

Group and Boarding Homes Serving as Representative Payees

Internet Claim Benefit Applications from Foreign Countries

International Claims

Maintenance of Current Addresses for Supplemental Security Income Recipients

Pending Representative Payee Applications

Quick Response Evaluation: Individual Representative Payees' Misuse

Quick Response Evaluation: Individuals Eligible for Retirement Benefits

Representative Payees for the Social Security Administration (2 Reviews)

Representative Payees that Serve Children in Foster Care

Representative Payees that use the Direct Express Debit Card Program

Social Security Administration Beneficiaries and Recipients Using the Direct Express Card

The Office of Quality Performance Quality Review Feedback Form

The Social Security Administration's Employer Representative Payees Reviews

The Social Security Administration's Management of Congressional Inquiries

The Social Security Administration's Plans for Transitioning to Direct Express

The Social Security Administration's Triennial Site Reviews of Representative Payees

**Congressional Response Reports:  
Claimant Experiences with  
Disability and Retirement  
Internet Claim Applications  
(2 Reviews)**

***Objective***

To obtain claimants' perceptions on the Internet claim (iClaim) process for retirement and disability benefits.

**Congressional Response Reports:  
Disability and Retirement  
Internet Claim Applications  
(2 Reviews)**

***Objective***

To evaluate the iClaim application process for disability and retirement benefits.

***Background for 4 Reviews***

During an April 15, 2010, House Committee on Ways and Means, Subcommittee on Social Security, hearing on SSA field office service delivery, Congressman Becerra expressed interest in the OIG reviewing iClaims.

In FY 2009, SSA received more than 1.2 million retirement and disability iClaim applications, which represented approximately 25 percent of all Title II applications received for the year. SSA's goal is to have 50 percent of all retirement claims and 25 percent of all disability claims completed on-line by FY 2012.

**Follow-up: Beneficiaries in  
Suspended Payment Status  
Pending the Selection of a  
Representative Payee**

***Objective***

To determine whether SSA takes appropriate actions for beneficiaries whose payments have been suspended pending the selection of a representative payee.

***Background***

In a May 2006 audit, we found SSA needed to improve its controls to ensure benefit payments were (1) suspended only in situations that were allowed by Agency policies and (2) reinstated in a timely manner. We estimated that approximately

- \$4.6 million in benefits was improperly suspended and should have been paid directly to about 1,700 beneficiaries;
- \$5.2 million in benefits payable to about 1,580 beneficiaries was not reinstated, as required, after 1 month; and
- \$5.7 million in benefits was withheld from about 2,220 children under age 15 for an average of 252 days.

## **Improperly Titled Bank Accounts for Beneficiaries with Representative Payees and Access to Their Own Funds**

### ***Objective***

To determine whether beneficiaries who have representative payees have direct access to funds in their bank accounts.

### ***Background***

SSA appoints representative payees when it finds beneficiaries are incapable of managing their own benefits. These representative payees receive benefits on behalf of the incapable beneficiaries and use the funds to meet the beneficiaries' necessary expenses.

According to SSA policy, a bank account's title must reflect the payee's fiduciary interest in the funds and the beneficiary's ownership interest in the funds. However, the title must not allow the beneficiary to have direct access to those funds. SSA's field offices are responsible for ensuring that direct deposit of benefits to representative payees is established to properly titled accounts.

## **Minor Children Receiving Benefits Without a Representative Payee**

### ***Objective***

To determine whether SSA is complying with its policies and procedures regarding direct payment of benefits to minor children without an appointed representative payee.

### ***Background***

SSA generally presumes minor children under age 18 to be incapable of managing their own benefit payments. However, a child age 15 to 17 may be presumed capable and paid directly if certain conditions exist. SSA policy states children under age 15 must have a representative payee.

## **Quality of Service Provided by Large Volume Organizational Representative Payees**

### ***Objective***

To determine whether organizational representative payees with large numbers of SSA beneficiaries have the resources and capability to properly service the beneficiaries in their care.

### ***Background***

Previous audits have identified organizational representative payees with a large number of beneficiaries that lacked the staff and expertise to provide the required services. For example, 1 organizational representative payee served about 500 SSA beneficiaries. However, excluding the director, the representative payee had only one full-time and one part-time staff. The representative payee primarily issued checks to the beneficiaries and occasionally paid some beneficiaries' expenses.

## **Quality of Service Provided Via the Social Security Administration's National 800-Customer Service Telephone Number**

### ***Objective***

To determine whether SSA's teleservice center staff effectively serve callers to its national 800-customer service telephone number.

### ***Background***

Staff at SSA's 35 teleservice centers is responsible for answering questions; performing changes of address and telephone number; processing requests for direct deposit and replacement Medicare cards; and scheduling appointments with local field offices for more complex issues.

## **Quick Response Evaluation: Threats Against Social Security Administration Employees or Property**

### ***Objective***

To review SSA's process for reporting and responding to threats against its employees or property.

### ***Background***

Preventing workplace violence is a growing concern. In recent congressional testimony, the Commissioner cited a growing number of threats against SSA employees. SSA has an Automated Incident Reporting System for recording threats against employees. The System's data indicate the number of recorded threats against SSA employees and property in FY 2009 increased by more than 50 percent compared to FY 2008.

## **Representative Payee Accounting Report Non-Responders**

### ***Objective***

To determine whether SSA's controls are effective in ensuring organizational representative payees annually account for use of beneficiary/recipient funds as required.

### ***Background***

SSA's Representative Payment Program provides financial management for more than 7 million beneficiaries who are incapable of managing their Social Security or SSI payments. Generally, SSA looks for family or friends to serve in this capacity. When friends and family are not able to serve as a payee, SSA looks for qualified organizations. Payees are required to report annually how they spent and/or saved benefits on the beneficiary's behalf. SSA mails each representative payee the accounting forms. Payees can either complete and return the forms or complete the accounting report on-line. Cases where a payee does not respond to the initial or second request for the annual accounting report are sent to SSA field offices for follow-up. SSA data indicated that from CYs 2007 through 2009, SSA referred approximately 1.9 million non-responders to its field offices for resolution. If SSA is unsuccessful in obtaining an accounting report, the field office should consider a change of payee.

## **Representative Payees for the Social Security Administration (7 Reviews)**

### ***Objective***

To review organizational and individual representative payees in Alabama, the District of Columbia, Illinois, Kansas, Maryland, New York, and North Dakota. We will determine whether these payees

- have effective safeguards over the receipt and disbursement of Social Security benefits;
- ensure Social Security benefits are used and accounted for in accordance with SSA's policies and procedures; and
- adequately protect the beneficiaries' personally identifiable information (PII).

### ***Background***

A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI) and/or SSI beneficiaries when representative payments would serve the individual's interests. Representative payees are responsible for managing benefits in the best interest of the beneficiary.

## **Underpaid Disabled Widows**

### ***Objective***

To identify and prevent disabled widows from being underpaid.

### ***Background***

While identifying our population for our audit, *Disability Insurance and Supplemental Security Income Claims Approved in 2006 But Not Paid*, we found 16 claimants who should have received benefits earlier than they did. The Agency applied an incorrect month of entitlement while processing these cases, which caused the claimants to start receiving benefits later than they should have. The Agency calculated \$122,154 in past-due benefits for these 16 disabled widows. The average past-due benefit was \$7,635; and these past-due benefits ranged from a low of \$2,100 to a high of \$15,557. This review will identify similarly underpaid cases in SSA's records.

## Improve the Timeliness and Quality of the Disability Process

In April 2010, the Commissioner testified that SSA's plan is to reduce the initial claims backlog to a pre-recession level by 2014. To do so, SSA developed a multi-year plan that includes:

- increasing staffing in the disability determination services (DDS) and Federal disability processing components;
- improving efficiency through automation;
- expediting planned IT infrastructure investments to optimize systems performance; and
- refining policies and business processes to expedite case completion.

As part of the strategy, SSA hired additional DDS employees and plans to maintain higher staffing levels over the next several years. In addition, SSA is maximizing the use of overtime in the DDSs. SSA also created centralized units, called Extended Service Teams, in four States (Arkansas, Mississippi, Oklahoma, and Virginia). The Teams will assist and take claims from the States with the highest pending levels.

In FY 2010, SSA placed 280 new employees in the four sites. SSA also increased staffing levels in the Federal disability processing components that support the DDSs – hiring about 237 additional employees.

While SSA has hired additional DDS employees, some DDSs are facing high attrition rates, hiring freezes, and employee furloughs, all of which impact SSA's ability to process the disability workload. In our November 2009 review, *Impact of State Budget Issues on SSA's Disability Programs*, we reported that State furloughs will impact the number of disability determinations some DDSs will make in FY 2010. Because of the furloughs, we expected approximately 69,000 cases to be delayed in processing over a 12-month period, resulting in about \$126.2 million in benefit payments being delayed to newly disabled claimants. In July 2010, the Commissioner of Social Security announced that the Agency is submitting legislation to Congress to end furloughs of federally paid, State disability workers. That legislation would prohibit States, without the Commissioner's prior authorization, from reducing the number of State personnel who make disability determinations for Social Security or the hours they work below the amount the Agency authorizes.

SSA is facing a considerable increase in initial and reconsideration claims. At the end of FY 2008, there were over 565,000 initial claims pending. As of June 2010, initial claims pending had grown to over 837,000, an increase of 48 percent over the FY 2008 year-end pending level. In addition, reconsideration claim receipts through the third quarter of FY 2010 were 14 percent higher than the same period in FY 2009.

The increase in initial disability applications also forces the dedication of DDS resources to processing initial applications rather than conducting full medical continuing disability reviews (CDR). In our March 2010 review of *Full Medical Continuing Disability Reviews*, we reported that SSA estimates a backlog of over 1.5 million full medical CDRs at the end of FY 2010. As a result, we estimated that from Calendar Years (CY) 2005 through 2010, SSA will have made benefit payments of between \$1.3 billion and \$2.6 billion that could have potentially been avoided if the full medical CDRs in the backlog had been conducted by DDSs when they became due.

We will continue to work with SSA as it improves the disability process and addresses the workload backlogs. We will also continue to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations program. The program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. The program is managed in a cooperative effort between SSA's Offices of Operations, Inspector General, and Disability Programs.

In FY 2011, we plan to complete 17 reviews and begin 23 reviews in this area.

## **We Plan to Complete the Following Reviews in FY 2011**

Accuracy of Quick Disability Determination Selections

Administrative Costs Claimed by the Maine, Nevada, North Dakota, Ohio, and South Carolina Disability Determination Services (5 Reviews)

Disabled Individuals Hiding Self-Employment Income

Disabled Individuals Potentially Eligible as Auxiliary Beneficiaries

Failure to Cooperate Denials and Initial Claims Backlog at the California Disability Determination Services

Health Information Technology Evidence Provided by Beth Israel Deaconess Medical Center and MedVirginia

Indirect Costs Claimed by the New York Division of Disability Determination

Job Information Used in the Social Security Administration's Disability Claims Adjudication Process

Overall Disability Processing Times for 2009

Questionable Evidence from a Michigan Medical Professional

The Impact of Furloughs on the Social Security Administration's Disability Workloads in Fiscal Year 2011

The Social Security Administration's Plan for Reducing the Initial Claims Backlog

Unpaid Allowance Decisions

## **We Plan to Begin the Following Reviews in FY 2011**

Accuracy of Special Disability Workload Payments

Administrative Costs Claimed by the Arkansas, Illinois, Iowa, Louisiana, North Carolina, Oregon, Texas, and Virginia Disability Determination Services (8 Reviews)

Average Processing Time by Diagnosis

Disability Medical Adoption Cases

Disabled Supplemental Security Income Recipients Who Own an Aircraft

Expansion of the Single Decision Maker Authority

Extended Service Teams

Failure to Cooperate Denial Decisions by State Disability Determination Services

Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations

Individuals Receiving Increased Disability Benefits Due to Work

Non-Medical Denials Among Disabled Applicants

Oversight of Medical Professionals

Request for Program Consultation

The Role of the Reconsideration Step at State Disability Determination Services

Unnecessary Referrals to Disability Determination Services

Use of Mailer Continuing Disability Reviews

## **Accuracy of Quick Disability Determination Selections**

### ***Objective***

To determine whether disability claims were accurately selected as Quick Disability Determinations (QDD).

### ***Background***

On August 1, 2006, SSA implemented the QDD process in the Boston Region. QDD cases are initial disability cases that are electronically identified as (a) having a high potential the claimant is disabled, (b) likely that evidence of the claimant's allegations can be easily and quickly obtained, and (c) a case that can be processed quickly in the DDSs. In October 2007, SSA began expanding QDD beyond the Boston Region, and the national rollout was completed in February 2008.

## **Administrative Costs Claimed by the Maine, Nevada, North Dakota, Ohio, and South Carolina Disability Determination Services (5 Reviews)**

### ***Objective***

To (1) evaluate the DDS' internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the DDS were allowable and funds were properly drawn; and (3) assess limited areas of the general security controls environment.

### ***Background***

Disability determinations under SSA's Disability Insurance (DI) and SSI programs are performed by a DDS in each State or other responsible jurisdiction, according to Federal regulations. Each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations.

To make proper disability determinations, each DDS is authorized to purchase consultative medical examinations and medical evidence of record from the claimants' physicians or other treating sources. SSA pays the DDS for 100 percent of allowable expenditures using a *State Agency Report of Obligations for SSA Disability Programs* (SSA Form 4513). The DDS withdraws Federal funds through the Department of the Treasury's Automated Standard Application for Payments system to pay program expenditures.

## **Disabled Individuals Hiding Self-Employment Income**

### ***Objective***

To identify individuals receiving DI benefits who may have participated in self-employment activities and concealed their income by reporting it belonged to another person.

### ***Background***

Self-employed individuals report self-employment income to the Internal Revenue Service (IRS). The IRS sends self-employment income information to SSA where it is recorded on an individual's earning record and used to determine eligibility for retirement, survivors, disability, and health insurance benefits as well as to calculate benefit amounts.

Reporting earnings activity to the IRS under another individual's Social Security number (SSN) could make an individual appear to be eligible for disability benefits when he/she is not. Individuals awarded disability benefits under the DI program may be inclined to conceal work by reporting their income as if it belonged to someone else.

## **Disabled Individuals Potentially Eligible as Auxiliary Beneficiaries**

### ***Objective***

To determine whether SSI recipients may be eligible as auxiliary beneficiaries for OASDI benefits as disabled children.

### ***Background***

SSA administers the SSI and OASDI programs. The SSI program provides cash assistance to individuals who have limited income and resources and who are either age 65 or older, blind, or disabled. The OASDI program provides benefits to qualified retired and disabled workers and their dependents, and to survivors of insured workers. According to SSA policy, an application for benefits under one program is considered an application for all programs administered by SSA.

Individuals receiving SSI payments with a date of disability onset before age 22 may be eligible for benefits as disabled children under the OASDI program based on their parents' entitlement to OASDI benefits or upon a parents' death.

## **Failure to Cooperate Denials and Initial Claims Backlog at the California Disability Determination Services**

### ***Objective***

To determine whether the California DDS (1) incorrectly denies initial claims based on failure to cooperate and (2) understates the size and age of its initial claims backlog.

### ***Background***

An individual must provide medical evidence of impairment and how severe the impairment is to establish a disability. This may include evidence of age, education, training, work experience, daily activities, and any other factors that show how the impairment affects the ability to work. Before a DDS can make a determination concerning an individual's disability, it will develop a complete medical history and make every reasonable effort to help obtain medical reports from appropriate medical sources. The claimant must cooperate with the DDS to obtain or identify available medical or other evidence about the impairment. When an individual fails to cooperate, the DDS will make a decision based on the available information.

## **Health Information Technology Evidence Provided by Beth Israel Deaconess Medical Center and MedVirginia**

### ***Objective***

To determine whether evidence obtained through Health IT is improving SSA's disability claims process.

### ***Background***

In August 2008, SSA began piloting the Medical Evidence Gathering and Analysis through Health Information Technology (MEGAHIT) prototype with Beth Israel Deaconess Medical Center in Boston, Massachusetts. This computer process automatically requests and receives electronic health records in a standardized form to support SSA's disability claim decisionmaking process. MEGAHit then analyzes the data and alerts the disability examiner if the claim might be ready for adjudication. According to SSA, this process occurs within a matter of minutes.

In February 2009, SSA began working with MedVirginia in a trial implementation of a system-to-system health information exchange through the Nationwide Health Information Network. This is a secure Network connecting consumers, medical providers, and others involved in supporting health care. SSA requests and receives electronic health records through the Network. MEGAHit then processes the electronic health record data.

## **Indirect Costs Claimed by the New York Division of Disability Determination**

### ***Objective***

To determine whether indirect costs claimed by the New York Division of Disability were allowable and properly allocated.

### ***Background***

In September 2004, we issued a report on New York's indirect costs for FYs 2000 through 2002. This report stated that New York State claimed about \$4 million in unallowable and improperly allocated indirect costs from October 1999 through September 2002. We also found \$1.1 million in duplicate personnel costs that resulted in overcharges to claimed direct administrative costs.

## **Job Information Used in the Social Security Administration's Disability Claims Adjudication Process**

### ***Objective***

To assess SSA's efforts to develop an occupational information system specifically for its disability adjudication process.

### ***Background***

In December 2008, SSA established the Occupational Information Development Advisory Panel to provide advice on creating an occupational system tailored specifically for SSA's disability programs. This panel delivered recommendations for the content model and classification of a new occupational information system.

## **Overall Disability Processing Times for 2009**

### ***Objective***

To determine SSA's average overall processing time for disability claims decided in 2009 by DDSs, administrative law judges (ALJ), the Appeals Council, and Federal Courts.

### ***Background***

In our December 2008 report, *Disability Claims Overall Processing Times*, we stated that disability claims in CY 2006 took (a) 131 days for cases decided at the DDS level (initial claims); (b) 279 days for cases decided at the DDS level (reconsiderations); (c) 811 days for cases decided at the ALJ level; (d) 1,053 days for cases decided at the Appeals Council level; and (e) 1,720 days for cases decided at the Federal Court level. This represents the time from the date of application to the date of denial or the date benefits were paid if allowed (including any back payments).

## **Questionable Evidence from a Michigan Medical Professional**

### ***Objective***

To assess the risk to SSA's disability programs regarding the use of medical evidence from a Michigan medical provider later charged with providing false medical evidence to another Federal agency.

### ***Background***

While performing an audit at the Michigan DDS, we learned of a medical professional in Dearborn, Michigan, who was charged by a Federal grand jury of conspiring to defraud the United States. Specifically, between 1998 and 2002, the physician falsified medical evidence so non-citizens could obtain U.S. citizenship. Most of these false diagnoses related to mental impairments. In May 2009, this physician

pled guilty to conspiring to commit naturalization fraud as part of an ongoing investigation by the U.S. Immigration and Customs Enforcement.

## **The Impact of Furloughs on the Social Security Administration's Disability Workloads in Fiscal Year 2011**

### ***Objective***

Evaluate the impact furloughs are having on SSA's disability programs in FY 2011.

### ***Background***

In March 2009, we issued a report, *Impact of State Employee Furloughs on SSA's Disability Programs*. In November 2009, we issued a report, *Impact of State Budget Issues on SSA's Disability Programs*. Our prior reviews found that furloughs and other State budget issues, such as hiring freezes at the DDSs, impact SSA's ability to process its disability workloads. Additionally, because fewer disability decisions were made in States with furloughs, there was a negative impact on the flow of money in the U.S. economy.

## **The Social Security Administration's Plan for Reducing the Initial Claims Backlog**

### ***Objective***

To evaluate the actions SSA has taken or plans to take to reduce its initial claims backlog to an optimum pending level.

### ***Background***

At the end of FY 2008, there were 556,670 initial claims pending. However, as of April 2010, there were 776,151 initial claims pending, a 39-percent increase over FY 2008. Accordingly, SSA developed a multi-year strategy to achieve an optimum pending level.

The strategy will include (1) increasing staff in the DDSs and Federal processing components, (2) improving efficiency through automation, (3) expediting planned IT infrastructure investments, (4) expanding the use of screening tools to identify likely allowances, and (5) refining policies and business processes to expedite case processing.

## **Unpaid Allowance Decisions**

### ***Objective***

Identify DI and SSI claims that were allowed by SSA but not paid timely.

### ***Background***

In a prior audit, *Disability Insurance and Supplemental Security Income Claims Allowed in 2006 But Not Paid*, we found 45 beneficiaries who had not been paid as of 2010—4 years after SSA made the decisions to pay the claimants. These 45 cases represent 0.004 percent of the 1.3 million allowance decisions issued in 2006. This review will determine whether similar cases exist in other years.

## Improve Transparency and Accountability

In a January 21, 2009 memorandum on open Government to the heads of Executive Departments and Agencies, the President noted that Government should be transparent because transparency promotes accountability and provides information for citizens about what their Government is doing. In FY 2011, we will report on SSA's implementation of the Open Government Directive, which requires that SSA take steps to make its operations more transparent, participatory, and collaborative.

Sound financial reporting and effective performance measurement support both concepts of transparency and accountability. Per the *Chief Financial Officers Act of 1990*, an audit of SSA's financial statements is overseen by the OIG each year to ensure that SSA provides clear and accurate financial information to the Administration, Congress, and the public. Similarly, the *Government Performance and Results Act* requires that the Agency develop objective, quantifiable, and measurable goals and outcome-based performance measures each year that are reported publicly in annual performance and accountability plans and reports. The plans and reports help hold the Agency accountable for achieving results, and the public reporting of the Agency's progress in meeting its goals adds transparency to its operations. In FY 2011, we will continue to evaluate the quality of SSA's performance measures and goals to ensure they are focused on the critical programs and tasks SSA needs to achieve to successfully meet its mission.

Effective internal control helps ensure SSA is accountable to its mission. OMB Circular A-123, *Management's Responsibility for Internal Control*, requires that SSA develop and implement cost-effective internal controls for results-oriented management. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. SSA management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. In FY 2011, we will complete a number of audits that determine the effectiveness of the controls SSA has in place over its programs and systems.

Transparency and accountability are critical factors in the level of trust and confidence the American public has in its Government, including SSA. If tax dollars are not spent wisely or efficiently, the goals SSA is trying to accomplish are undermined. Mismanagement and waste as well as a lack of transparency for Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

As part of its efforts to be accountable, SSA must ensure that its partners provide the services they are contracted to provide efficiently and effectively. Each year, SSA enters into a number of contracts and provides a number of grants that help SSA obtain needed services and research. In FY 2009, SSA spent over \$1.1 billion on contracts that provided many services, including computer system development and support and Social Security Statement print and mail services. We will review multiple contracts and grants in FY 2011 to ensure SSA is getting the services for which it paid and has proper internal controls in place to ensure effective oversight of contractors.

In FY 2011, we plan to complete 13 reviews and begin 12 reviews in this area.

### **We Plan to Complete the Following Reviews in FY 2011**

CESSI, Division of Axiom Resource Management Inc., Indirect Cost Rate Proposal for Fiscal Year 2009

Collection of Backup Withholding Taxes from Vendors

Congressional Response Report: The Social Security Administration's Facilities Management

Contract Audits: AHTNA Engineering Services LLC, Dell Marketing, Paragon Systems, Inc. (3 Reviews)

Cost Rates Charged for the Social Security Administration's Reimbursable Work for Data Exchanges

Fiscal Year 2010 Financial Statement Audit Oversight

Fiscal Year 2010 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges

Oversight of Contract with Grant Thornton to Perform Reviews of the Social Security Administration's Cost Analysis System

Oversight of Contract with SourceLink for Mailing Social Security Statements

The Social Security Administration's Acquisition Workforce Plan

Work Incentives Planning and Assistance Project

### **We Plan to Begin the Following Reviews in FY 2011**

Access Measures under Executive Order 13520

Approval of Employee Outside Activities

Controls over Religious Compensatory Leave

Fiscal Year 2011 Financial Statement Audit Oversight

Fiscal Year 2011 Inspector General's Statement on the Social Security Administration's Major Management and Performance Challenges

Follow-up: Monitoring of Off-Site Training

MAXIMUS' Incurred Cost Rate Proposal for Fiscal Years 2004 and 2005

Performance Measure Audits

Protection and Advocacy of Beneficiaries of Social Security Programs

The Social Security Administration's Administrative Vendor File

The Social Security Administration's Compliance with Energy Conservation Policy

The Social Security Administration's Grants Program

## **CESSI, Division of Axiom Resource Management Inc., Indirect Cost Rate Proposal for Fiscal Year 2009**

### ***Objective***

To evaluate the indirect cost rates as reported in CESSI's FY 2009 incurred cost rate proposals. Specifically, we will determine whether the direct and indirect costs used to develop these rates are reasonable, allowable, and allocable in accordance with contract terms and applicable Government acquisition regulations.

### ***Background***

On December 17, 1999, the President signed Public Law 106-170, *The Ticket to Work and Work Incentives Improvement Act of 1999*. This law established a Ticket-to-Work and Self-Sufficiency Program within SSA. The Program provides employment services to beneficiaries with disabilities and increases provider incentives to serve these individuals. SSA awarded CESSI two contracts related to the Program.

## **Collection of Backup Withholding Taxes from Vendors**

### ***Objective***

To determine whether SSA is appropriately collecting backup withholding taxes from vendors and reporting those taxes to the IRS.

### ***Background***

In 1997, the IRS initiated a Tax Identification Number (TIN) matching program that agencies can use to determine whether vendors have provided a correct TIN/name combination. If a vendor either fails to provide a TIN or provides a TIN/name combination that does not match information in IRS's records, and the

vendor subsequently fails to provide a correct TIN/name combination upon request, the Federal agency is required to initiate back-up withholding of future payments for services. Federal agencies are also required to initiate back-up withholding if instructed by the IRS. The amount of back-up withholding is 28 percent of certain taxable payments.

## **Congressional Response Report: The Social Security Administration's Facilities Management**

### ***Objective***

Our objective is to provide the requested information concerning SSA's facilities management.

### ***Background***

On August 6, 2010, Congressman Sam Johnson requested that we provide information to assist the Social Security Subcommittee in determining whether SSA is strategically planning its facility needs. Specifically, he requested that we provide information on the following:

- Does SSA have a comprehensive strategic plan with regard to its facilities? What facilities are included in the plan (e.g. teleservice centers, field offices, etc.)? Does the plan address current and future facility needs?
- Given the changing demographics, increased workloads, and technological advancements, what is the process and/or criteria used by SSA to determine: (1) the degree to which currently occupied space is being effectively utilized; (2) the type, number, and location of new facilities; and (3) placement of staff and/or equipment within all facilities?

## **Contract Audits (3 Reviews)**

### **AHTNA Engineering Services LLC**

This contract is to furnish all management, supervision, supplies, equipment, materials, and labor for the provision of Folder Storage Management Support Services at the National Records Center in Independence, Missouri.

### **Dell Marketing Government Service**

This contract is to provide IT services. The initial award is approximately \$17 million and will grow to approximately \$120 million over the 5-year term of the contract.

### **Paragon Systems, Inc.**

The contract is to provide guard services at the SSA Main Complex in Woodlawn, Maryland, including the NCC and Security West Building. This contract is for 1 base year and 9 option years with an obligated amount of \$21.5 million per year. The total value of this contract is \$215 million.

## **Cost Rates Charged for the Social Security Administration's Reimbursable Work for Data Exchanges**

### ***Objective***

To determine whether SSA is properly reimbursed by other government agencies and the private sector for its data exchange services.

### ***Background***

Over the past several years, SSA has significantly increased its electronic exchange workload. The Agency has been verifying information for Federal, State, and local government agencies, and with many private organizations. SSA uses various systems for these data exchanges. As the number, type, and complexity of these exchange programs increase and

supporting agreements increase, the workloads of SSA's components responsible for these various programs has increased. From our previous reviews of the Agency's verification programs, we have found that the cost for the data exchange programs vary and can range from as high as \$5.00 for the Consent Based Social Security Number Verification Program to \$0.0062 for the Help America Vote Verification Program.

## **Fiscal Year 2010 Financial Statement Audit Oversight**

### ***Objective***

To fulfill our responsibilities under the *Chief Financial Officers Act of 1990* and related legislation for ensuring the quality of the audit work performed, we will monitor Grant Thornton's audit of SSA's financial statements.

### ***Background***

The *Chief Financial Officers Act of 1990* requires that agencies annually prepare audited financial statements. Each agency's Inspector General is responsible for auditing these financial statements to determine whether they provide a fair representation of the entity's financial position. This annual audit also includes an assessment of the Agency's internal control structure and its compliance with laws and regulations. For FY 2010, the audit work to support the opinion on SSA's financial statements will be performed by Grant Thornton. We will monitor the contract to ensure the reliability of the firm's work to meet our statutory requirements for auditing the Agency's financial statements.

## **Fiscal Year 2010 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges**

### ***Objective***

To provide a summary and assessment of the most serious management and performance challenges facing SSA in FY 2010.

### ***Background***

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General provide a summary and assessment of the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This document responds to the requirement to include this statement in SSA's FY 2010 Performance and Accountability Report.

The major management challenges for FY 2010 are as follows.

- Implement ARRA Effectively and Efficiently
- Improve Customer Service
- Improve the Timeliness and Quality of the Disability Process
- Improve Transparency and Accountability
- Invest in IT Infrastructure to Support Current and Future Workloads
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce the Hearings Backlog and Prevent its Recurrence
- Strengthen the Integrity and Protection of the SSN

## **Oversight of Contract with Grant Thornton to Perform Reviews of the Social Security Administration's Cost Analysis System**

### ***Objective***

To monitor Grant Thornton's work on three reviews related to SSA's Cost Analysis System (CAS).

### ***Background***

OIG contracted with Grant Thornton to review SSA's CAS and Cost Assignment Methodology. The goals of the CAS reviews are to present recommendations for enhancing SSA's use of cost accounting to improve business processes and aid in management decisionmaking.

The reviews by Grant Thornton are for the following three tasks.

1. **Effectiveness of CAS** - To determine the effectiveness and viability of CAS as well as create a comparison between CAS and other modern cost accounting systems.
2. **CAS Data Reliability** - To determine the accuracy, validity, reliability, and completeness of inputs and outputs to CAS, as well as determine whether the current methodology subscribes to the standards outlined in the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards Number 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*.
3. **SSA's Cost Assignment Methodology** - To determine whether SSA has a consistent, reliable, logical, and equitable method of determining the costs of internal services.

## **Oversight of Contract with SourceLink to Mail Social Security Statements**

### ***Objective***

To determine whether the contractor is using National Change of Address software to update claimants' mailing addresses. We will also examine the contractor's quality control processes to ensure the statements delivered to the U.S. Postal Service contain valid addresses.

### ***Background***

The *Social Security Act* requires that SSA provide annual statements with benefits and earnings information to individuals over the age of 25 who are not yet in benefit status and for whom a current mailing address can be determined. These individuals must have an SSN, earnings, and a valid mailing address.

During our audit, *Accuracy of Addresses on SSA's Social Security Statements*, we determined that during a 5-day period, approximately 166,000 Statements were returned as undeliverable. To qualify for presorted discounts, mailers must comply with all postal regulations, including using National Change of Address software. If SSA lost the presort rate to mail earnings statements, it could cost the Agency as much as \$15 million more in postage per year.

## **The Social Security Administration's Acquisition Workforce Plan**

### ***Objective***

To determine whether SSA's OAG has adhered to OMB's Acquisition Workforce Development Strategic Plan for Civilian Agencies. In addition, we will determine whether OAG's workforce is appropriately staffed, receiving appropriate training and

development, and improving its Workforce Management Infrastructure.

### ***Background***

As of November 2009, SSA was required to submit plans to OMB on how the Agency would strengthen its acquisition workforce to ensure that contracts are awarded and administered in accordance with the Federal Acquisition Regulation. Our review will focus on SSA's plan submitted to OMB and other actions taken to adhere to the Acquisition Workforce Development Strategic Plan. We will review OAG's current personnel resources, succession planning, and whether its workforce has the appropriate contracting certification levels.

## **Work Incentives Planning and Assistance Project**

### ***Objective***

To determine whether (1) SSA has appropriate oversight and monitoring controls for the Work Incentives Planning and Assistance (WIPA) project and (2) grant expenditures for the WIPA project are allowable, supported, and in accordance with the terms of the grant award.

### ***Background***

The *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170) requires that SSA award cooperative agreements (or grants or contracts) with community-based organizations called WIPA organizations to provide information to disabled beneficiaries on work incentive programs and issues related to such programs. There are 103 WIPA projects across the United States and U.S. Territories. During grant periods 2006 through 2010, SSA awarded over \$80 million to WIPA grantees.

## Invest in Information Technology Infrastructure to Support Current and Future Workloads

Today, SSA faces the challenge of how to best use technology to meet the Agency's increasing workloads. Congress, SSA's Advisory Board, the OIG, and others have concerns regarding the Agency's systems continuity and availability, system modernization efforts, IT service delivery, and IT strategic planning and management of IT investments.

SSA's primary IT investment over the next few years is the replacement of its NCC. SSA has received over \$500 million from ARRA to replace the NCC. The NCC was built in 1979 and while its computing capacity has been expanded over its 30 years of operations, increasing workloads and expanding telecommunication services are now severely straining the NCC's ability to support the Agency's business. SSA estimates that by 2012, the NCC as a stand-alone data center will no longer be able to support this expanding environment. Additionally, significant structural problems and electrical capacity issues have developed that now make construction of a new primary computer center imperative; however, the Agency has projected that this new facility cannot be operational before 2015.

SSA took possession of the Second Support Center (SSC) in January 2009. The SSC is a co-processing center, as routine operations will be divided between the NCC and the SSC, each backing up data to the other on a continual basis. Some of SSA's production systems began operating in the SSC in May 2009. In June 2010, SSA conducted an Accelerated Disaster Recovery Environment exercise to test the Agency's ability to recover completely from an NCC disaster. The exercise used tapes for recovery purposes. The Accelerated Disaster Recovery Environment exercise was designed to determine whether the critical systems can be available at the SSC if the NCC is not available.

In addition to its aging data center, SSA's legacy systems and applications are in need of modernization. Over the past 30 years, SSA has developed some of the most complex, powerful, and successful Common Object Business Oriented Language (COBOL) software in the world. The Agency has roughly 60 million lines of COBOL in production. These COBOL programs support the Agency's high transaction volume and enable SSA to meet its regulatory, benefit, and reporting requirements.

However, some consider COBOL a dead or dying language. On the other hand, COBOL is used in other Federal agencies and Fortune 500 companies to process billions of transactions every day. In a 2007 report, the National Research Council stated that newer programming languages had more productive capabilities than applications written in COBOL. Further, applications in COBOL were cumbersome to maintain. On the other hand, in a 2002 study, Gartner stated that replacing all SSA's COBOL applications at once is too costly and risky. The study reported that many of SSA's COBOL applications provide excellent, continuing

Managing its current workloads and those projected for the future will not be possible for SSA without the proper IT infrastructure. The Agency uses a variety of technologies, including telephone service, the Internet, and videoconferencing to deliver service to its customers.

support, particularly for routine, high volume workloads. In conclusion, Gartner suggested restructuring the COBOL applications to better support SSA's future systems development.

Historically, SSA has primarily administered its services through face-to-face or telephone contact. The Agency estimated the aging of the baby boomers would substantially increase its traditional workloads. To improve its services to the public, the Agency has been transitioning to Web-based services for both retirement and disability claims. The Agency took its first step toward this transition by introducing the Internet Social Security Benefit Application in 2000, and by the end of 2007, SSA offered 17 eServices to the public. While SSA offers web-based services, currently, only 35 percent of retirement applications are filed by the public on-line. The Commissioner testified that to keep SSA's field offices from being overwhelmed by increasing workloads, the Agency would need to increase electronic filings to 50 percent by 2013.

In FY 2008, SSA's 800-number network handled about 58 million calls. Call volumes are estimated to reach 68 million by 2010 and have surpassed the Agency's ability to keep pace with its workloads. One way SSA is addressing this need is through the use of Voice Over Internet Protocol (VOIP) telephone systems. VOIP places telephone calls through the Internet, which allows SSA to fully integrate its telephone system and computer network. Thus, VOIP provides faster call routing to any geographic location, the ability for calls to follow the users between locations across the network, and quicker access to caller information.

In our 2010 review, *The Social Security Administration's Voice Over Internet Protocol Contract* (A-14-09-19045), we contacted several field offices where VOIP had been installed and they had experienced service issues. For example, we encountered long wait times, disconnected or dropped calls, poor sound quality, and difficulty when navigating the telephone menu tree. If our experiences are representative of VOIP functionality, this raises concerns about the level of customer service provided to individuals calling SSA's field offices.

In FY 2011, we plan to complete 10 reviews and begin 10 reviews in this area

### **We Plan to Complete the Following Reviews in FY 2011**

Controls over the Social Security Number Application Process

Electronic Claims Analysis Tool

Fiscal Year 2010 Evaluation of the Social Security Administration's Compliance with the *Federal Information Security Management Act*

Follow-up: Personally Identifiable Information Made Available to the General Public Via the Death Master File

Homeland Security Presidential Directive 12 Badging Process

The Social Security Administration's Agency-wide Support Services Contract with Lockheed Martin

The Social Security Administration's e-Authentication Process

The Social Security Administration's Managing and Monitoring of Local Profiles

The Social Security Administration's Post-Implementation Review of Internet Claims

Voice Over Internet Protocol's Impact on Field Office Telephone Service

### **We Plan to Begin the Following Reviews in FY 2011**

Contractor Security of the Social Security Administration's Homeland Security Presidential Directive-12 Badges

Fiscal Year 2011 Evaluation of the Social Security Administration's Compliance with the *Federal Information Security Management Act*

Simplified Disability Internet Application Review

The Social Security Administration's Field Office Positional Profiles

The Social Security Administration's PC Mall Government, Incorporated

The Social Security Administration's Strategic Plan for COBOL Conversion

The Social Security Administration's Systems Development Lifecycle -- Software Validation Process

The Social Security Administration's Systems Development Lifecycle -- User Requirements Phase

The Social Security Administration's Use of Contractors for IT-Related Projects

Unlicensed Software Installed on Social Security Administration Computers

## **Controls over the Social Security Number Application Process**

### ***Objective***

To assess controls over SSA's Social Security Number Application Process (SSNAP).

### ***Background***

SSA employees previously used two systems to process SSN card requests. The SSNAP initiative combined the functionality from the two systems into a single Web-based application. As of February 1, 2010, SSNAP was fully implemented in all SSA regions to process original and replacement Social Security cards.

## **Electronic Claims Analysis Tool**

### ***Objective***

To assess the national rollout of SSA's Electronic Claims Analysis Tool (eCAT).

### ***Background***

In 2005, SSA began the development of eCAT to document the analysis made by a DDS employee at each step in the disability adjudication process. The eCAT was designed to

- provide a comprehensive claim determination/decision rationale at each respective adjudicative level;
- capture data for re-use and analysis at/between all levels of case adjudication;
- capture management information at each decisional step;
- integrate with quality initiatives;
- provide training efficiencies; and
- provide consistency and conformity in rationale format and documentation.

In 2006, SSA released eCAT on a limited basis and has gradually expanded its use while increasing its functionality. SSA expects to complete the national rollout by April 2011.

## **Fiscal Year 2010 Evaluation of the Social Security Administration's Compliance with the Federal Information Security Management Act**

### ***Objective***

To determine whether SSA's overall security program and practices complied with the requirements of the *Federal Information Security Management Act of 2002* (FISMA) in FY 2010.

### ***Background***

FISMA provides the framework for securing the Government's information and information systems. All agencies must implement the requirements of FISMA and report annually to OMB and Congress on the adequacy and effectiveness of their security programs. FISMA requires that each agency develop, document, and implement an agency-wide information security program.

OMB uses information reported pursuant to FISMA to evaluate agency-specific and Government-wide security performance, develop the annual security report to Congress, and assist in improving and maintaining adequate agency security performance. On April 21, 2010, OMB issued FISMA reporting instructions.

## **Follow-up: Personally Identifiable Information Made Available to the General Public Via the Death Master File**

### ***Objective***

To determine the extent to which publication of the Death Master File (DMF) results in a breach of PII.

### ***Background***

In our June 2008 report, we determined that SSA's publication of the DMF resulted in the breach of PII for more than 20,000 living individuals erroneously listed as deceased on the DMF.

## **Homeland Security Presidential Directive 12 Badging Process**

### ***Objective***

To assess the internal controls over the distribution of Agency badges to contractor personnel.

### ***Background***

Homeland Security Presidential Directive - 12 requires that all Federal agencies develop a common identification process for Agency personnel and contractor employees. SSA compliance with this directive required the issuance of nearly 100,000 compliant identification badges and the installation of appropriate hardware and supporting software systems for all points of physical access to every SSA facility.

To comply with this Directive, SSA created an electronic system, the Identity Management System, to store required information and interface with other SSA systems.

## **The Social Security Administration's Agency-wide Support Services Contract with Lockheed Martin**

### ***Objective***

To (1) ensure SSA received the goods and services for which it contracted and (2) review the services provided by Lockheed Martin and related costs charged to SSA for adherence to the negotiated contract terms and applicable regulations.

### ***Background***

SSA contracted with Lockheed Martin to supplement existing staff with specialized technical skills needed for the Agency to achieve its strategic goals. The Agency's strategic goals are to eliminate the hearings backlog and prevent its recurrence; improve the speed and quality of the disability process; and improve retiree and other core services. The contract total award amount is \$493 million (of which about \$2 million is from ARRA funds). This contract provides support for a wide range of Agency strategic initiatives, projects, and functions. The contract was awarded through September 30, 2011, with 6 option years.

## **The Social Security Administration's E-Authentication Process**

### ***Objective***

To determine whether SSA's e-authentication process creates a strong, secure protocol that meets Federal guidelines and standards.

### ***Background***

SSA is implementing more robust Internet services that will feature on-line exchange of information. The Agency collects information from users, such as earnings data, employment history, and other sensitive information. Such services carry a risk of inappropriate disclosure. The Agency has researched e-authentication solutions for its automated services.

## **The Social Security Administration's Managing and Monitoring of Local Profiles**

### ***Objective***

To determine whether SSA's management and monitoring of non-financially significant profiles compromises the security of its information, information systems, personnel, or other resources, operations, or assets.

### ***Background***

During our FY 2009 financial statement audit, we identified approximately 3,650 local profiles. Initially, we identified 101 of those local profiles as having access to financially significant applications. Based on the analysis of additional information received from SSA, we found that the Agency had not properly managed and monitored 91 local profiles.

## **The Social Security Administration's Post-Implementation Review of Internet Claims**

### ***Objective***

To determine whether SSA performed its post-implementation review of iClaim in accordance with Federal guidelines, standards, and best practices. In addition, we will assess the functionality and security of the iClaim application.

### ***Background***

OMB defines a post-implementation review as a diagnostic tool to evaluate the overall effectiveness of an agency's capital planning and acquisition process. The iClaim application was designed to be user-friendly and shorten the time it takes to file an online application. SSA performed an iClaim post-implementation review in 2009.

## **Voice Over Internet Protocol's Impact on Field Office Telephone Service**

### ***Objective***

To determine the impact of VOIP on customer service in SSA's field offices.

### ***Background***

VOIP is the delivery of voice communications over certain networks, such as the Internet. VOIP will allow SSA to fully integrate its telephone systems and computer network to provide a consolidated communications platform.

During our 2010 review, *The Social Security Administration's Voice Over Internet Protocol Contract*, we found long wait times, disconnected or dropped calls, poor sound quality, and difficulty when navigating the telephone menu tree. We are concerned that VOIP may be impacting customer service.

## Reduce Improper Payments and Increase Overpayment Recoveries

Workers, employers, and taxpayers who fund the SSA and SSI programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers, some payment errors will occur.

For example, according to SSA, in FY 2008,

- SSI overpayments were \$4.6 billion (10.3 percent of outlays) and underpayments were \$789 million (or 1.8 percent of outlays).
- DI overpayments were \$1.2 billion (1.12 percent of outlays) and underpayments were \$160 million (or 0.15 percent of outlays).
- OASI overpayments were \$841 million (0.17 percent of outlays) and underpayments were \$334 million (or 0.07 percent of outlays).

For FYs 2009 to 2012, SSA's goal is to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments; whereas for SSI, the Agency's goal is to achieve an underpayment accuracy rate of 98.8 percent and an overpayment accuracy rate of 96 percent.

In November 2009, the President issued Executive Order 13520 on reducing improper payments; and in March 2010, OMB issued guidance for implementing it. Also, in July 2010, the *Improper Payments Elimination and Recovery Act of 2010* was enacted. As a result, all agencies with high-priority programs—because they have significant improper payments—are required to intensify their efforts to eliminate payment errors. SSA's programs are designated as high risk.

The reduction of improper payments is one of SSA's key strategic objectives. A powerful tool for reducing improper payments is the CDR. Through completion of CDRs, SSA periodically verifies that individuals are still disabled and entitled to disability payments. Available data indicate that SSA saves about \$10 for every \$1 spent on CDRs. However, the Agency has cut back on this workload over the past several years. From CY 2005 through CY 2010, we estimate SSA will make between \$1.3 and \$2.6 billion in disability benefit payments that could potentially have been avoided if full medical CDRs were conducted when they became due. Furthermore, although SSA plans to conduct an increased number of full medical CDRs in FY 2011, a backlog of approximately 1.5 million full medical CDRs will most likely remain. Therefore, we estimate SSA will pay between \$556 million and \$1.1 billion during CY 2011 that could have been avoided if the full medical CDRs were conducted when they became due.

SSA is responsible for issuing over \$700 billion in benefit payments annually to about 60 million people. Given the large overall dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.

Similarly, SSA decreased the number of SSI redeterminations conducted between FYs 2003 and 2009 by more than 40 percent. We estimated in a July 2009 report, *Supplemental Security Income Redeterminations*, that SSA could have saved an additional \$3.3 billion during FYs 2008 and 2009 by conducting redeterminations at the same level it did in FY 2003.

SSA has identified the major causes of improper payments and has taken steps to address them. For example, one of the major causes of improper payments in the OASDI program is benefit computation errors. SSA developed automated tools to address the more troublesome computation issues. Another major cause of improper payments in the SSI program is the failure of a recipient or representative payee to provide accurate and timely reports of new or increased wages. In response, SSA developed a large-scale monthly wage reporting system incorporating touch-tone and voice recognition telephone technology. SSA also uses the Access to Financial Institutions to reduce SSI payment errors by identifying undisclosed financial accounts with balances that place recipients over the SSI resource limit. SSA plans to expand the use of this process in the future.

SSA uses a variety of methods to collect the debt related to overpayments. Collection techniques include internal methods, such as benefit withholding and billing and follow-up. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. These debt collection tools include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment and Federal Salary Offset. In FY 2009, SSA recovered \$3.06 billion in improper payments at an administrative cost of \$0.06 for every dollar collected. According to SSA, the Agency began developing several debt collection enhancements in FY 2010, and it will continue to improve its debt collection program.

SSA has also worked to improve its ability to prevent over- and underpayments by implementing our audit recommendations. For example, in June 2010, we issued a report, *Manual Computations of Supplemental Security Income Payments*, which identified about \$4.4 million in overpayments and about \$3.7 million in underpayments for the period July 2008 through June 2009. SSA agreed with the recommendations we made to improve this area and had already initiated actions to correct the payment errors identified.

We also issued a report in July 2010, *Retroactive Title II Payments to Released Prisoners*, where we estimated SSA issued approximately \$3.8 million in retroactive payments that released prisoners were not entitled to receive. SSA agreed with our recommendations.

In FY 2011, we plan to complete 30 reviews and begin 25 reviews in this area.

## **We Plan to Complete the Following Reviews in FY 2011**

Accuracy of Fiscal Year 2009 Title II Disability Insurance Benefit Payments Involving Workers' Compensation Offset

Accuracy of Survivor Benefit Payments Issued Through the Social Security Administration's Manual Adjustment, Credit and Award Process System

Administrative Waivers Granted when a Beneficiary's Liability Balance Totals More Than \$1,000

Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown Reasons  
Benefits Withheld from Deceased Beneficiaries that Are Payable to Survivors

Concurrent Beneficiaries Receiving Supplemental Security Income Payments in Excess of the Federal Benefit Rate

Data Match of the Social Security Administration's Disability Insurance Records with Ohio's Workers' Compensation Payment Data

Debt Collection Activities for the Supplemental Security Income Program

Development of Supplemental Security Income Wage Alerts and Diaries

Follow-up: Accuracy of the Garnishment of Title II Benefits by the Social Security Administration's Court Order Garnishment System

Follow-up: Controls over Old-Age, Survivors and Disability Insurance Replacement Checks for Beneficiaries Who Previously Double Negotiated Benefit Checks

Follow-up: Individuals Receiving Benefits Inappropriately Under Multiple Social Security Numbers

Follow-up: Social Security Funds Held in Dormant Bank Accounts

Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions

Follow-up: Survivor Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record

Implementation of the Martinez Settlement Agreement

Old-Age, Survivors and Disability Insurance Benefits Affected by Government Pensions

Processing of Internal Revenue Service Alerts

Quick Response Evaluation: The Social Security Administration's Interim Assistance Reimbursement Sample Reviews

Streamlining of the Medicare Non-Usage Project

Supplemental Security Income Double Check Negotiations

Supplemental Security Income Recipients Who Allege Being Separated or Divorced

Supplemental Security Income Recipients with Frequent Overpayments

The Social Security Administration's Plan to Reduce Improper Payments under Executive Order 13520 for Fiscal Year 2011

The Social Security Administration's Collection of Civil Monetary Penalties

Title II Alien Nonpayment Provisions

Title II Beneficiaries Whose Benefits Have Been Suspended and Have a Date of Death on the Numident

Title XVI Hearing Applicants with Earnings after Disability Onset

Underpayments Payable under the Annual Earnings Test Provisions  
Unprocessed Supplemental Security Income Windfall Offsets

### **We Plan to Begin the Following Reviews in FY 2011**

Comparison of Title II and Title XVI Debt Collection Activities  
Compliance with the *No Social Security Benefits for Prisoners Act of 2009*  
Credit Information for Supplemental Security Income Recipients with Excess Unstated Income  
Development of Supplemental Security Income Living Arrangements when There is an Address Change  
Discharging Overpayments Based on Bankruptcy Petitions  
Follow-up: Adjustment to Widows Benefits  
Follow-up: Collection of Old-Age, Survivors and Disability Insurance Overpayments from Representative Payees for Deceased Beneficiaries  
Follow-up: Payments Resulting from Disability Insurance Actions Processed via the Social Security Administration's Manual Adjustment, Credit and Award Processes System  
Follow-up: Supplemental Security Income Recipient Marriages Not Recorded on the Social Security Administration's Systems  
Old-Age, Survivors and Disability Insurance Benefits That Should Have Been Subject to Supplemental Security Income Windfall Offset  
Payments Made through the Manual Adjustment, Credit and Award Processes System that Should Have Been Processed Through the Single Payment System  
Quick Response Evaluation: Supplemental Security Income Resources – Life Insurance Ownership with Cash Surrender Value  
Redetermination Profiling and Selection Process  
Reportable Income and Resources from Gambling Winnings for Supplemental Security Income Recipients  
State Supplement Reimbursement by the Social Security Administration  
Supplemental Security Income High Error Profile Redeterminations  
Supplemental Security Income Offset Cases that Involve a Second Reason for Suspension  
The Interim Assistance Reimbursement Program  
The Social Security Administration's Controls over Government Pension Offset - Beneficiaries Who Reported Eligibility for a Future Pension  
The Social Security Administration's Controls over Limited Payability Credits for Title XVI Checks  
The Social Security Administration's Controls over Questionable Retirements  
The Social Security Administration's Foreign Enforcement Questionnaires  
The Social Security Administration's Recovery Audit Program  
The Social Security Administration's Use of Administrative Sanctions in the Supplemental Security Income Program  
The Supplemental Security Income Financial Account Verification Process

## **Accuracy of Fiscal Year 2009 Title II Disability Insurance Benefit Payments Involving Workers' Compensation Offset**

### ***Objective***

To determine whether SSA accurately offset Title II benefits on FY 2009 DI claims that involved State Workers' Compensation (WC) benefits.

### ***Background***

Workers injured on the job may qualify for DI benefits in addition to benefits received from Federal, State, and other WC programs. However, the combined DI and WC benefits could result in workers receiving more in disability payments than they earned before they became disabled. To prevent this, Congress enacted the WC offset provision, which requires that SSA reduce DI payments by the amount of other disability benefits received from State or Federal WC, as well as Public Disability Benefits.

## **Accuracy of Survivor Benefit Payments Issued Through the Social Security Administration's Manual Adjustment, Credit and Award Process System**

### ***Objective***

To determine the payment accuracy of survivor benefit payments issued through SSA's Manual Adjustment, Credit and Award Process system.

### ***Background***

In certain situations, SSA's automated systems cannot completely process a survivor's benefit action. Our April 2006 review, *Payments Resulting from Disability Insurance Actions Processed via the Social Security Administration's Manual Adjustment, Credit and Award Processes*, found that disabled beneficiaries had payment errors of about \$19.7 million.

## **Administrative Waivers Granted When a Beneficiary's Liability Balance Totals More Than \$1,000**

### ***Objective***

To determine the number of beneficiaries who received administrative waivers when their outstanding liability balance was greater than the \$1,000 threshold.

### ***Background***

Beginning on October 15, 2008, SSA raised the limit to \$1,000 for when overpayment recovery can be waived unless there is some indication that the beneficiary may be at fault in causing the overpayment.

Policy states that if a person is liable for several overpayments that total over \$1,000, even though each is under \$1,000, the overpayments cannot be waived.

## **Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown Reasons**

### ***Objective***

To determine whether SSA has taken appropriate actions for aged beneficiaries whose benefits were suspended for address or whereabouts unknown reasons.

### ***Background***

Third-party reports, mail, and undeliverable checks may indicate that a beneficiary's whereabouts are unknown. Suspension of benefits is proper when SSA cannot locate beneficiaries and their whereabouts are unknown. SSA staff is required to document any efforts to locate the beneficiary. When benefits have been suspended for whereabouts unknown for a period of at least 7 continuous years, SSA assumes the beneficiary is deceased and terminates entitlement to benefits effective with the date the beneficiary disappeared.

## **Benefits Withheld from Deceased Beneficiaries that Are Payable to Survivors**

### ***Objective***

To determine whether SSA is taking appropriate action to identify and pay surviving beneficiaries previously withheld payments of deceased beneficiaries

### ***Background***

SSA may suspend benefits when it receives a report that a beneficiary's whereabouts are unknown or if benefit checks are undeliverable. SSA may also temporarily suspend benefits pending selection of a representative payee. When this occurs, the field offices must take appropriate actions and reinstate benefits. If a beneficiary dies before SSA reinstates benefits, any previously withheld benefits should be paid to surviving beneficiaries.

## **Concurrent Beneficiaries Receiving Supplemental Security Income Payments in Excess of the Federal Benefit Rate**

### ***Objective***

To determine whether concurrent beneficiaries received SSI payments that, when combined with their OASDI benefits, exceeded the Federal benefit rate.

### ***Background***

Our 2009 report, *Supplemental Security Income Overpayments to Concurrent Beneficiaries Resulting from Incorrect Benefit Calculations*, estimated that SSA issued overpayments to approximately 6,800 concurrently entitled beneficiaries as the result of an SSI unearned income computation error. The recipients were overpaid because SSA erroneously offset their SSI payments using OASDI benefit amounts that were not adjusted to reflect benefit payment increases.

## **Data Match of the Social Security Administration's Disability Insurance Records with Ohio's Workers' Compensation Payment Data**

### ***Objective***

To determine whether the WC data SSA used to process DI claims for workers injured in Ohio, agreed with Ohio's WC payment data.

### ***Background***

Workers injured on the job may qualify for DI benefits in addition to benefits under Federal and State WC programs. However, combined DI and WC benefits could result in workers receiving more in disability payments than they earned before they became disabled. To prevent this, Congress enacted the WC offset provision that requires that SSA reduce DI payments

by the amount of any other disability benefit paid under any law or plan of the United States, a State, or a political subdivision.

The State of Ohio maintains an electronic data base of its WC payment data. This data can be matched against SSA information to determine whether the correct amount of DI benefits were paid.

## **Debt Collection Activities for the Supplemental Security Income Program**

### ***Objective***

To identify the potential financial impact if SSA performed additional debt collection activities for SSI overpayments.

### ***Background***

The 2008 *Annual Report of the Supplemental Security Income Program* states, "Just as the decreased stewardship focus has increased SSI overpayments, efforts to maintain frontline services have also eroded SSA's ability to collect this debt. In spite of advancements in systems and methods used to collect overpayments...lessened funding of SSI's debt collection activity has led to decreased percentages of debt in payment arrangements."

Since FY 2002, SSA's percentage of outstanding SSI debt in a collection arrangement has been in decline. Specifically, between FYs 2002 and 2009, the percentage of outstanding SSI debt in a collection arrangement fell from 55.4 percent to 49.9 percent.

## **Development of Supplemental Security Income Wage Alerts and Diaries**

### ***Objective***

To determine the effectiveness of SSA's development of SSI wage alerts and diaries.

### ***Background***

Agency staff receives an alert when the State wage amount for an SSI recipient exceeds SSA's recorded wage amount by \$250 or more in a quarter. SSA staff also receives a diary to take action when the annual wage report for an SSI recipient is \$1,000 or more higher than the amount that was used to calculate the recipient's SSI payment.

## **Follow-up: Accuracy of the Garnishment of Title II Benefits by the Social Security Administration's Court Order Garnishment System**

### ***Objective***

The objectives of our review are to determine whether SSA's Court Ordered Garnishment System (COGS) accurately (1) calculates the allowable garnishment amounts and (2) documents all new, amended, and terminated garnishment orders in a retrieval system for later access.

### ***Background***

OASDI benefits are subject to legal proceedings brought by a State Agency or individual to enforce a legal obligation of a beneficiary to provide child support and/or make alimony payments.

COGS is SSA's system that automates many of the tasks associated with withholding from beneficiaries in compliance with State- or court-ordered garnishment requests. For example, COGS tracks payments and court orders;

deducts the garnishment from the beneficiary's payment; issues the payment to the court, child support agency, or ex-spouse; and sends the appropriate notice.

As of March 2006, approximately 180,000 beneficiaries with garnishments were converted from the manual garnishment system to the automated COGS. These converted cases have a default start date in COGS of March 6, 2006. The garnishment amounts included in COGS were the previous amounts in the manual garnishment system.

## **Follow-up: Controls over Old-Age, Survivors and Disability Insurance Replacement Checks for Beneficiaries Who Previously Double Negotiated Benefit Checks**

### ***Objective***

To determine the effectiveness of SSA's controls over the OASDI replacement check process for beneficiaries who had previously negotiated multiple benefit checks.

### ***Background***

If an individual is overpaid for cashing both an original and replacement check, SSA should not issue an immediate replacement if another non-receipt is claimed in the following 2 years; instead they should wait to determine whether the original check was cashed.

## **Follow-up: Individuals Receiving Benefits Inappropriately Under Multiple Social Security Numbers**

### ***Objective***

To identify and prevent individuals from receiving OASDI benefits and/or SSI payments inappropriately under multiple SSNs.

### ***Background***

In FY 2005, we issued a report, *Individuals Receiving Benefits under Multiple Social Security Numbers*, which identified almost \$9.2 million in benefits inappropriately paid to 220 beneficiaries with multiple SSNs. Our FY 2006 review, *Beneficiaries Paid Under More Than One Social Security Number*, found 212 cases involving possible fraud and 9 with administrative errors. As of July 2006, SSA had identified \$3 million in overpayments for these cases.

## **Follow-up: Social Security Funds Held in Dormant Bank Accounts**

### ***Objective***

To determine the effectiveness of the Agency's efforts to collect SSA funds held in dormant bank accounts.

### ***Background***

Our February 2004 audit, *Social Security Funds held in Dormant Bank Accounts*, reviewed 15 beneficiaries who were presumed dead and had \$1.3 million in SSA funds in dormant bank accounts. The funds accumulated in the bank accounts after the presumed date of death because of the continuing of direct deposit benefit payments. We looked at these same 15 beneficiaries in December 2009 and SSA still had not determined a date of death

in most cases and had not collected the funds in the dormant bank accounts.

## **Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions**

### ***Objective***

To (1) determine the status of corrective actions SSA has taken to address recommendations in our June 2006 report, *Supplemental Security Income Overpayments to Recipients in Title XIX Institutions*, and (2) assess overpayments to SSI recipients living in Title XIX institutions.

### ***Background***

Residence in a Title XIX institution, such as a nursing home or other long-term care facility, can affect an SSI recipient's eligibility and/or payment amount.

Our June 2006 audit determined that SSA continued to overpay recipients in such institutions millions of dollars each year and did not collect most of the overpayments. SSA's ability to prevent these overpayments was diminished because some recipients or representative payees did not report changes in living arrangements, and the institutions did not routinely report SSI recipients' admissions. Further, SSA personnel did not promptly process alerts that identified SSI recipients' admissions to nursing homes.

## **Follow-up: Survivor Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record**

### ***Objective***

To determine whether SSA took effective action in response to our September 2006 report, *Survivor Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record*.

### ***Background***

Our 2006 report identified 307 wage earners whose family members received survivor benefits even though SSA removed the wage earners' death entries from the DMF, and SSA's records indicated the wage earners were alive.

## **Implementation of the Martinez Settlement Agreement**

### ***Objective***

To assess SSA's implementation of the Martinez settlement agreement.

### ***Background***

In September 2009, a U.S. District Court for the Northern District of California approved a class action settlement agreement (*Martinez v. Astrue*) that reduced the number and type of felony warrants SSA uses to prohibit payment of OASDI and SSI benefits. The settlement agreement also provided for retroactive payments.

SSA planned to implement the settlement agreement and issue retroactive payments in four phases. SSA estimated that the Martinez settlement would cost the Agency about \$693 million to restore benefits and/or eliminate overpayments to fugitive felons.

## **Old-Age, Survivors, and Disability Insurance Benefits Affected by Government Pensions**

### ***Objective***

To identify OASDI beneficiaries whose payments may be affected by State or local government pensions.

### ***Background***

The OASDI program provides monthly benefits to retired or disabled workers and their families and to survivors of deceased workers. An individual may be eligible for benefits under his or her own work history as well as under a spouse's work history.

The *Social Security Act* contains two provisions that reduce the monthly benefits paid to individuals who also receive a pension based on Federal, State, or local government employment not covered by Social Security—Windfall Elimination Provision and Government Pension Offset. The Windfall Elimination Provision eliminates "windfall" Social Security benefits for retired and disabled workers receiving pensions from employment not covered by Social Security. Government Pension Offset reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension payment based on their own work for a Federal, State, or local government that was not subject to Social Security taxes.

## **Processing of Internal Revenue Service Alerts**

### ***Objective***

To determine whether SSA is properly processing the IRS' 1099 alerts and adjusting benefit amounts appropriately.

### ***Background***

SSA must adjust SSI payments accordingly when there are changes in a recipient's income or resources. The *Tax Reform Act of 1984* provides for SSA to receive financial information from the IRS to help detect unreported nonwage information, such as pensions, interest, and dividends. When IRS records indicate possible income or resources not reported on their SSI records, an alert is generated. SSA staff is required to verify the information with the recipient or the financial institution and adjust or terminate the benefits if warranted.

## **Quick Response Evaluation: The Social Security Administration's Interim Assistance Reimbursement Sample Reviews**

### ***Objective***

To assess the extent to which SSA conducts Interim Assistance Reimbursement sample reviews.

### ***Background***

Many SSI applicants need financial aid before SSA can establish eligibility. As a result, States may enter into an agreement with SSA to provide individuals interim assistance paid from state funds. Upon determining the applicant's eligibility for SSI, the Agency reimburses the State or local government for payments made to recipients using State funds.

Currently, 38 states and the District of Columbia participate in this program. SSA policy requires each regional office to conduct a "sample review" of the States' accounting records of monthly interim assistance reimbursement payments.

## **Streamlining of the Medicare Non-Usage Project**

### ***Objective***

To determine whether the Medicare Non-Usage Project can be enhanced through matching SSA beneficiary records with databases containing information on Health Maintenance Organizations, private insurance use, and nursing facility admissions.

### ***Background***

SSA has conducted two Medicare Non-Usage Projects using data matches with the Centers for Medicare and Medicaid Services to determine whether Title II beneficiaries over age 90 had used Medicare in the previous 3 years. SSA recovered millions of dollars from these projects, but only about 5 percent of the targeted individuals were deceased or could not be located. Many of the remaining 95 percent were alive, but data matches did not detect this because they were using private insurance or Health Maintenance Organizations rather than Medicare. Others were in nursing facilities and presumably using Medicaid. Because of the costs and time involved in trying to contact these individuals, SSA suspended the Project.

Since the last Project, Medicare's databases have been enhanced and are now more comprehensive. In this review, we plan to remove the majority of beneficiaries who are alive, thereby reducing the project's time and cost factors.

## **Supplemental Security Income Double Check Negotiations**

### ***Objective***

To determine whether actions taken by SSA to reduce double-check negotiations were effective.

### ***Background***

We issued a September 2003 report, *Controls over Supplemental Security Income Replacement Checks*, and a September 2006 report, *Follow-up Review of Controls over Supplemental Security Income Replacement Checks*.

The 2003 audit estimated that SSA could realize about \$137.5 million in program savings over a 5-year period if it took action to deter individuals from initiating multiple double check negotiations and recovered related overpayments timely. Our 2006 review disclosed that SSA had implemented corrective actions to address the recommendations in our 2003 report. While SSA had taken corrective action, we found that the Agency would benefit by taking additional steps to prevent and recover double check negotiation overpayments.

## **Supplemental Security Income Recipients Who Allege Being Separated or Divorced**

### ***Objective***

To assess the living arrangements of SSI recipients who allege being separated or divorced and determine the effect of such allegations on SSI payments.

### ***Background***

As of January 2010, the Federal benefit rate was \$674 for individuals and \$1,011 for couples. In addition, SSI payments are dependent, in part, on the amount of income available to individuals. As such, spouses' income may reduce or eliminate

individuals' SSI payments. A benefit rate for married couples that is lower than that for two individuals who live together, may provide an incentive for recipients to falsely report their living arrangements. To receive higher benefits, couples may say they have separated or divorced when, in fact, they are still living together.

## **Supplemental Security Income Recipients with Frequent Overpayments**

### ***Objective***

To determine the causes for SSI recipients who frequently receive SSI overpayments.

### ***Background***

As outlined in the Social Security Advisory Board Issue Brief Number 4 *A Look Back at the Last 10 Years of SSI Program Integrity*, SSI overpayments have increased since 1999. The Issue Brief states that many SSI recipients who receive overpayments did so, in part, because they did not know the program rules or reporting was too difficult. Over the past 6 years, SSI overpayments have increased from just over \$2 billion in FY 2003 to almost \$5 billion in FY 2008.

## **The Social Security Administration's Plan to Reduce Improper Payments under Executive Order 13520 for Fiscal Year 2011**

### ***Objective***

To review the *Accountable Official's Annual Report* submitted in March 2011, as required by Executive Order 13520 on reducing improper payments, and determine whether (1) the figures presented are accurate, and (2) the Agency complied with all requirements of the Executive Order.

### ***Background***

On November 20, 2009, the President issued Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the Government, while continuing to ensure that Federal programs serve and provide access to their intended beneficiaries.

Under the order, SSA is to provide the OIG a report containing the Agency's:

- methodology for identifying and measuring improper payments by high-priority program;
- plan for meeting the reduction targets for improper payments in the high-priority programs, and
- plan for ensuring the initiatives undertaken pursuant to the order do not unduly burden program access and participation by eligible beneficiaries.

## **The Social Security Administration's Collection of Civil Monetary Penalties**

### ***Objective***

To determine whether SSA collects civil monetary penalties once they are imposed by the OIG.

### ***Background***

The use of civil monetary penalties went into effect on October 1, 1994. The Commissioner of Social Security delegated the authority to impose these penalties to the OIG. The OIG may impose a penalty against any person whom it determines (1) made or knew that a statement being made was false, lacked material fact, or was a disregard for the truth or (2) misused certain Social Security program words, letters, symbols, and emblems.

Once a determination becomes final, collection of the civil monetary penalties should be at 100 percent. Collection may be deducted from ongoing benefits, a person's tax refund, or any combination thereof. In addition, SSA may use the collection authorities provided under the *Debt Collection Act of 1982*.

## **Title II Alien Nonpayment Provisions**

### ***Objective***

To assess the impact of the alien nonpayment provisions on SSA field offices along the Mexican border.

### ***Background***

Under the *Social Security Act*, OASDI benefits are withheld for otherwise eligible noncitizens when they are outside the United States. However, there are several exceptions to that rule, and in practice, citizens of many countries can meet one or more of those exceptions. A noncitizen beneficiary who does not meet an exception becomes ineligible after being outside the United States for 6 full calendar months. However, if the beneficiary establishes presence in the United States at least once every 30 days, the 6-month period will never begin, and payment can continue indefinitely.

## **Title II Beneficiaries Whose Benefits Have Been Suspended and Have a Date of Death on the Numident**

### ***Objective***

To evaluate SSA's controls over reported deaths for beneficiaries whose benefits are suspended.

### ***Background***

When SSA receives a report that a beneficiary is deceased, benefits are suspended pending development. SSA staff is required to verify the month and year of death and terminate benefits accordingly. If the beneficiary is alive benefits are resumed effective with the first month of suspension.

## **Title XVI Hearing Applicants with Earnings after Disability Onset**

### ***Objective***

To determine whether earnings after an alleged disability onset are taken into account before making hearing decisions.

### ***Background***

We identified at least 13,000 individuals receiving SSI payments who had earnings after their date of disability onset, but before an ALJ issued a favorable disability decision. While claimants may work between the date they applied for disability benefits and the date they receive a final decision, their work history, especially if it was above allowable levels, should be considered by an ALJ when making his or her decision.

## **Underpayments Payable under the Annual Earnings Test Provisions**

### ***Objective***

To determine whether the Agency correctly pays individuals whose self-reported earnings exceeds the earnings on SSA's Master Earnings File (MEF).

### ***Background***

Social Security benefits are intended to replace, in part, earnings an individual or family loses because of retirement, disability, or death. Title II of the *Social Security Act* requires that SSA use an annual earnings test to measure the extent of beneficiaries' retirement and determine the amount to be deducted from their monthly benefits.

Prior audit work has disclosed that SSA did not process the records of beneficiaries whose annual earnings report was higher than the amount posted to the MEF. SSA accepted the earnings reported by the beneficiary instead of processing the records through its Earnings Enforcement Operation and determining the cause of the discrepant data.

## **Unprocessed Supplemental Security Income Windfall Offsets**

### ***Objective***

To determine whether SSA has taken proper action to process SSI windfall offsets and issue any Title II benefits withheld in a timely manner.

### ***Background***

When beneficiaries are entitled to both OASDI and SSI for the same months, any retroactive OASDI benefits that may be payable must be reduced by any SSI payments that should not have been paid because of the OASDI entitlement.

In potential offset cases, when an OASDI claim is processed, past due benefits are withheld pending an SSI offset computation. The offset determination is controlled by a follow-up diary and alert to ensure the offset is processed.

## Reduce the Hearings Backlog and Prevent Its Recurrence

Since May 2007, the Agency has been implementing the Commissioner's plan to eliminate the backlog of hearing requests and prevent its recurrence. The Commissioner's plan focuses on (1) compassionate allowances, (2) improving hearing office procedures, (3) increasing adjudicatory capacity, and (4) increasing efficiency with automation and improved business processes. The Agency's goal is to eliminate the hearings backlog by 2013 and improve average processing time to 270 days. Achieving these goals will depend on a number of factors, including available resources and expected workloads. For example, the additional resources provided under ARRA for FYs 2009 and 2010 allowed the Agency to hire more ALJ and support staff to process hearing requests. As a result, the Agency is making progress in this area. In March 2010, the Commissioner announced that the number of pending hearings was at the lowest level since June 2005.

**Compassionate Allowances.** The compassionate allowances initiative, implemented nationwide in October 2008, seeks to identify cases where the disease or condition is so consistently devastating that SSA can presume the claimant is disabled once a valid diagnosis is confirmed. SSA launched the expedited decision process with 50 conditions—25 rare diseases and 25 cancers. Another 38 conditions were added to this list in February 2010.

**Improve Hearing Office Procedures.** Reducing aged cases is one of the two initiatives SSA has in place to improve hearing office procedures, the second being adjudication of cases by Senior Attorneys. Under the aged claim initiative, SSA focused on eliminating cases 1,000 days or older in FY 2007, cases 900 days or older in FY 2008, cases 850 days or older in FY 2009, and cases 825 days or older in FY 2010. This initiative has refocused the hearings process to ensure the oldest cases are processed first. Under the Senior Attorney program, staff other than ALJs issue fully favorable on-the-record decisions to expedite the decision and conserve ALJ resources for the more complex cases and cases that require a hearing. SSA reported that Senior Attorneys had issued approximately 41,000 decisions as of June 2010.

**Increase Adjudicatory Capacity.** SSA has seven initiatives aimed at increasing adjudicatory capacity. One initiative is hiring new ALJs. In FY 2009, ARRA provided SSA \$500 million to assist with increases in retirement and disability workloads, of which \$123 million was allocated to the Office of Disability Adjudication and Review (ODAR). Using

At the forefront of congressional and Agency concern is the timeliness of SSA's disability decisions at the hearings adjudicative level. The average processing time at the hearings level has increased over the years—from 293 days at the end of FY 2001 to 435 days at the end of June 2010. Additionally, the pending hearings workload grew to approximately 694,000 by the end of June 2010—up from about 392,000 cases at the end of FY 2001.

these funds, ODAR hired 30 new ALJs and 535 additional support staff in FY 2009. ODAR also continues to build new hearing offices around the country. In addition, ODAR will be operating five National Hearing Centers by the end of FY 2010.

**Increase Efficiency with Automation and Improved Business Process.** SSA has more than two dozen initiatives related to automation and business processes. Such initiatives include shared access to electronic files, improved management training, enhanced electronic business processes, and a new quality assurance program. One initiative is expanding the use of video equipment at hearings to increase ALJ productivity and decrease ALJ travel. This video initiative also includes a Representative Video Project that allows claimant representatives to use their equipment to participate in hearings from their own offices.

We will continue to work with SSA as it proceeds with its initiatives. For example, in our June 2010 review of hearing office staffing and performance, we found that ODAR's staffing ratio was 5.1, exceeding the Agency's national goal of 4.5 staff per ALJ. We also found most hearing offices exceeded the decision writer per ALJ goal. However, we identified a number of offices that still needed attention to meet the Agency's goals, and found the staffing ratio methodology needed to be updated. We also found that centralized units were assisting hearing offices with staffing shortages and recommended their expansion.

In a July 2010 review, we reported SSA should be able to achieve its FY 2013 pending hearings backlog goal if the Agency has reliably projected the key factors, such as hearing level receipts, ALJ availability levels, ALJ productivity levels, and senior attorney adjudicator decisions through 2013. We also acknowledged that the Agency has varying control over these factors, and a small variance in these projections could cause SSA to exceed the targeted number of cases in its 2013 pending hearings backlog plan. As a result, we noted that continued assessment of the factors, appropriate adjustments, and communication of Agency needs to other parties, including the Congress and the Office of Personnel Management, will be essential to keep this endeavor on track.

In FY 2011, we plan to complete 7 reviews and begin 11 reviews in this area.

### **We Plan to Complete the Following Reviews in FY 2011**

Availability and Use of Vocational Experts for Hearings

Congressional Response Report: The Office of Disability Adjudication and Review's Scheduling Procedures for Hearings

Office of Disability Adjudication and Review's Screening Units

Role of National Hearing Centers in Reducing the Pending Hearings Backlog

Senior Attorney Adjudicator Initiative

Training of Hearing Office Employees

Use of Video Hearings to Reduce the Hearing Case Backlog

### **We Plan to Begin the Following Reviews in FY 2011**

Attorney Fee Payments and the Issuance of Internal Revenue Service Forms 1099 to Attorneys  
Claimants Not Pursuing Appeal

Controls over Approval of Fees for Claimant Representatives

Cost Savings if Attorneys are Required to File Claims and Appeals Online

Factors that Result in the Subsequent Allowance of Cases Denied by Disability Determination Services

Quality Controls over Office of Disability Adjudication and Review Decisions

Representative Fees Paid before Claimants' Benefits were Authorized for Payment

Role of Appointed Representative Suite of Services in Improving Hearing Office Productivity

Rotation of Claims among Administrative Law Judges at Hearing Offices

The Administrative Law Judge Alleged Misconduct and Complaint Process

The Office of Disability Adjudication and Review's Service Delivery Plan

## **Availability and Use of Vocational Experts for Hearings**

### ***Objective***

To evaluate the availability and use of vocational experts at hearings offices, including the screening and selection process for such experts.

### ***Background***

The basic function of vocational experts is to provide definitive guidance in the adjudication of cases that require consideration of vocational factors of age, education, training, and work experience.

In recent years, some experts have expressed concerns about how their services are contracted and used. In addition, these experts have questioned the current fees for these services, stating the fees have not been properly adjusted over the years to reflect the true cost of the services performed.

## **Congressional Response Report: The Office of Disability Adjudication and Review's Scheduling Procedures for Hearings**

### ***Objective***

To identify practices at the hearing office, regional, and national levels that may be inconsistent with ODAR's first-in/first-out scheduling policy.

### ***Background***

On March 31, 2010, we received a request from the Subcommittee on Social Security to review SSA's first-in/first-out scheduling procedures. We provided the Subcommittee with our first report in April 2010. This second review will expand our assessment to all hearing offices to identify scheduling trends and examine the rationale for those hearings not scheduled according to first-in/first-out.

## **Office of Disability Adjudication and Review's Screening Units**

### ***Objective***

To assess the role of the screening units in reducing the pending hearings backlog.

### ***Background***

ODAR has implemented several screening units to identify possible on-the-record decisions. For example, ODAR established a Virtual Screening Unit, consisting of 100 senior attorneys in hearing offices nationwide. The Virtual Screening Unit identifies cases with a high probability of a favorable decision.

## **Role of National Hearing Centers in Reducing the Pending Hearings Backlog**

### ***Objective***

To assess the role of the NHCs in addressing the hearings backlog. In particular, we will determine whether the NHCs have contributed to a reduction in case processing time and have best practices that can be shared.

### ***Background***

The NHC is part of SSA's strategy to address the hearings backlog and reduce case processing time. The NHCs, which conduct all their hearings using video equipment, can target their services to hearing offices and regions with the most significant backlogs.

ODAR has five operating NHCs that are expected to process approximately 21,000 cases. NHCs opened/will open in:

- Falls Church, Virginia in FY 2008;
- Albuquerque, New Mexico; Chicago, Illinois; and Baltimore, Maryland in FY 2009.
- St. Louis, Missouri in FY 2010.

## **Senior Attorney Adjudicator Initiative**

### ***Objective***

To assess the role of the Senior Attorney Adjudicator program in reducing the pending claims backlog.

### ***Background***

The Senior Attorney Adjudicator program's goals are to expedite decisions and conserve ALJ resources for the more complex claims that require a hearing.

Under the program, hearing office senior attorney advisors, hearing office directors, group supervisors, and attorneys in the regional offices at the GS-13 level and above issue fully-favorable decisions. Pending claims are assigned to each senior attorney adjudicator by the local hearing office management, who also decide the amount of time a senior attorney adjudicator devotes to this duty.

## **Training of Hearing Office Employees**

### ***Objective***

To assess SSA's efforts to train employees at ODAR's hearing offices to ensure they have the requisite skills to successfully perform their duties.

## ***Background***

SSA's strategic goal to eliminate the hearings backlog and prevent its recurrence has two objectives, (1) increase capacity to hear and decide cases, and (2) improve workload management practices throughout the hearings process. In FYs 2009 and 2010, ARRA funds, as well as increased appropriations, have significantly increased the number of ALJs and support staff to process the hearings workload. This review will assess the training programs in place to ensure both new and existing ODAR employees have the requisite skills to effectively perform their duties.

## **Use of Video Hearings to Reduce the Hearing Case Backlog**

### ***Objective***

To assess the ongoing implementation and use of video hearing technology in ODAR.

### ***Background***

Increased video hearings are part of the Agency's efforts to reduce the size of the backlog and improve hearing timeliness by enhancing organizational flexibility to assist backlogged offices, improving ALJ productivity since less time is spent traveling to remote sites, and shortening the time claimants wait for hearings to be scheduled. The video hearing process also allows expert witnesses to participate remotely, potentially reducing scheduling delays and hearing-related travel costs.

## Strengthen the Integrity and Protection of the Social Security Number

The SSN is heavily relied on in U.S. society as an identifier and valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates future benefit payments based on the earnings an individual has accumulated over his or her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the numbers are assigned, and accurately posting the earnings reported under SSNs are critical SSA missions.

### Efforts to Protect the Social Security Number

To its credit, SSA has implemented numerous improvements in its SSN assignment, or enumeration process. With these new procedures/requirements, the enumeration workload has increased in complexity for SSA personnel. Despite these challenges, we believe SSA's improved procedures have reduced its risk of improperly assigning these important numbers. Some of SSA's more notable enumeration improvements include the following.

- Establishing Enumeration Centers in many States that focus exclusively on assigning SSNs and issuing SSN cards.
- Requiring that field office personnel who process SSN applications use a Web-based, intranet application known as SSNAP. This process combines the functionality of the two prior systems, the *SS-5 Assistant* and the Modernized Enumeration System, into a single system. Because of numerous policies and procedures involved with processing SSNs, including third party verification of applicant documents, SSA developed SSNAP to help reinforce those policies by collecting data in standardized fields and facilitating interfaces with other agency systems in which verification of applicant information is required.
- Strengthening the standards and requirements for identity documents presented with SSN applications to ensure the correct individual obtains the correct SSN.

In FY 2009, SSA processed approximately 6 million original and 12 million replacement SSN cards and received approximately \$671 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them.

We applaud the Agency for these efforts. Nevertheless, we continue to have concerns regarding SSN assignment and protection. For example, the Agency cannot prohibit the collection and use of SSNs. Our audit and investigative work have taught us that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society. We are also concerned about the practice of assigning SSNs to certain categories of noncitizens who will only be in the United States temporarily but are allowed to obtain SSNs that are *valid for life*. Further, we believe controls over the

issuance of SSN Verification Printouts are insufficient to prevent improper attainment of these sensitive documents and disclosure of PII.

Finally, SSA is devoting resources to develop an on-line system for issuing replacement Social Security cards. While we support the Agency's decision to offer more services on-line to enhance customer service, we are concerned about the potential for unscrupulous individuals to manipulate such a system. As such, we encourage the Agency to proceed carefully with this initiative, ensuring proper authentication controls are in place before full implementation.

To further enhance SSN integrity, we believe SSA should

- support legislation to limit public and private entities' collection and use of SSNs and improve the protection of this information when obtained,
- continue its efforts to safeguard and protect PII, and
- develop stringent authentication measures to ensure the highest level of security and identity assurance **before** moving forward in offering on-line replacement SSN cards.

### **The Social Security Number and Reported Earnings**

Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If earnings information is reported incorrectly or not reported at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. In addition, SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments.

SSA spends scarce resources correcting earnings data when incorrect information is reported. The Earnings Suspense File (ESF) is the Agency's record of annual wage reports for which wage earners' names and SSNs fail to match SSA's records. As of October 2009, the ESF had accumulated about \$836 billion in wages and 296 million wage items for TYs 1937 through 2007. In TY 2007 alone, the ESF grew by \$90 billion in wages and 10.7 million wage items.

SSA has taken steps to reduce the size and growth of the ESF. The Agency offers employers the ability to verify names and SSNs of their employees using the Agency's Social Security Number Verification Service, which is an on-line verification program, before reporting wages to SSA. In FY 2009, employers submitted over 99 million verifications.

SSA also supports the Department of Homeland Security in administering the E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. As of September 4, 2010, about 222,000 employers, representing about 794,000 locations, were enrolled to use E-Verify. As of that date, these employers had submitted approximately 15 million queries in 2010.

While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the Agency's employee verification programs, and enhancing the employee verification feedback to provide employers with sufficient information on potential employee issues. SSA can also improve coordination with other Federal agencies with separate, yet related, mandates. For example, the Agency needs to work with the IRS to achieve more accurate wage reporting.

In FY 2011, we plan to complete eight reviews and begin eight reviews in this area.

### **We Plan to Complete the Following Reviews in FY 2011**

Controls for Issuing Social Security Number Verification Printouts

Disability Beneficiaries with Wages Reported to the Earnings Suspense File

Follow-up: Social Security Number Cards Issued After Death

Questionable, Overstated, and/or Missing Wages in the Master Earnings File

Quick Response Evaluation: Social Security Number Replacement Card Non-Receipts

Social Security Number Card Processing at the Second Support Center

Social Security Numbers Assigned to H-1B Visa Holders

Use of Employment Verification by the Social Security Administration's Contractors and Subcontractors

### **We Plan to Begin the Following Reviews in FY 2011**

Controls for Issuing Individuals a New, Different Social Security Number

Follow-up: Risks Posed by Digital Photocopiers Used in Social Security Administration Offices

Follow-up: The Social Security Administration's Program for Issuing Replacement Social Security Cards to Prisoners

International Enumeration

New Earnings Suspense File Edits and Changes in Disability Income Benefits

Quick Response Evaluation: Aged Individuals with Reported Wages

State Departments' of Public Health Use of Social Security Numbers in Newborn Screening Programs

The Effectiveness of the Social Security Number Verification Program

## **Controls for Issuing Social Security Number Verification Printouts**

### ***Objective***

To determine whether (1) SSA implemented the recommendations in our December 2008 report, and (2) field offices on the border of United States and Mexico issued a significantly higher number of SSN Verification Printouts.

### ***Background***

SSA issues the SSN Verification Printout to all numberholders who request them. However, SSA's proof of identity standard for the Printout is lower than that of a replacement SSN card. There is no limit on the number of Printouts a numberholder may request in a day or year. The Printout is free and provided to the requestor instantly at an SSA field office.

## **Disability Beneficiaries with Wages Reported to the Earnings Suspense File**

### ***Objective***

To identify disabled beneficiaries potentially working under another person's SSN.

### ***Background***

Employers report their employees' wages to SSA at the end of each Tax Year (TY). Wages on those reports containing invalid names and/or SSNs cannot be posted to an individual's earnings record by SSA. Instead, such wages are placed in the ESF—a repository for unmatched wages.

SSA sends correspondence to employees to resolve SSN and/or name discrepancies on reported earnings. The correspondence provides the wage earner with information about the reported name/SSN and wage amount and requests that the reported information be reviewed, verified or corrected where possible.

## **Follow-up: Social Security Number Cards Issued After Death**

### ***Objective***

To determine whether SSA complied with its policy concerning the issuance of original and replacement SSN cards for individuals who were deceased.

### ***Background***

Effective November 2002, SSA amended its policy and eliminated the provision that allowed the issuance of replacement cards on behalf of deceased individuals. The amended policy states that SSA can offer to provide verification, such as third-party verification, an SSN Verification Printout, or instructions on how to obtain a numerical identification record; however, a replacement card will not be issued.

## **Questionable, Overstated, and/or Missing Wages in the Master Earnings File**

### ***Objective***

To (1) evaluate SSA's controls for manually posting wages to the MEF and (2) determine whether these postings could relate to fraud, overstated wages, and/or missing wages in the MEF.

### ***Background***

Individuals occasionally inform SSA about wages that are missing from their earnings history. SSA personnel follow explicit instructions in resolving earnings discrepancies and answering earnings inquiries. If they are unable to resolve the earnings problem, they establish the case in the Item Correction system. If the missing earnings are not located in the ESF, the field office uses routine procedures for adding the missing earnings to the wage earner's record. Missing earnings in wage reports may result from

- possible fraud by the individual to increase earnings, add quarters of coverage, and improperly obtain SSA benefits;
- errors in reports filed by employers and/or self-employed individuals;
- errors in transcribing reports from employers and self-employed individuals; and/or
- failure of employers or self-employed individuals to file the required reports with SSA and/or the IRS.

## **Quick Response Evaluation: Social Security Number Replacement Card Non-Receipts**

### ***Objective***

To determine the effectiveness of SSA's controls over SSN replacement cards released because of a non-receipt report.

### ***Background***

OIG has received reports from local field office staff that non-receipt reports were being used to get around SSN card limits. Claiming non-receipt of an SSN card may not count toward the limits on the number of SSN cards a numberholder can receive in a single year or over his or her lifetime.

Per SSA policy, the non-receipt of an SSN card is defined as ". . . when an applicant alleges they have not received their SSN card and at least one (1) week has elapsed from the date the [application] was processed, as determined by the cycle date on the corresponding Numident." The request must be made within 45 days of the cycle date and the applicant's name and address must match the original request. If the applicant believes there is a potential problem with delivering the card to his or her address, a replacement card can be delivered to the SSA field office. The applicant could then receive the replacement card at the field office. Field office staff is responsible for ensuring the person alleging non-receipt is the numberholder.

## **Social Security Number Card Processing at the Second Support Center**

### ***Objective***

To assess the internal controls over the processing of SSN cards at the SSC.

### ***Background***

Although the SSN card has a number of security features built into the printing process to prevent the card from being fraudulently duplicated, strict procedures are required to control the processing and destruction of SSN cards.

SSN cards are printed at SSA Headquarters in Baltimore, Maryland. Beginning in June 2010, SSA will also print SSN cards at the SSC. To properly safeguard SSN cards throughout the printing process, SSA needs to establish strict handling procedures. Since the SSN card process will be a new function at the SSC, SSA needs to appropriately prepare this site for printing SSN cards. This would include having fully operational equipment; a trained, qualified staff; sufficient quantities of SSN card stock; and security measures.

## **Social Security Numbers Assigned to H-1B Visa Holders**

### ***Objective***

To (1) assess SSN use by noncitizens with an H-1B work visa and (2) evaluate SSA's compliance with policies and procedures when processing H-1B SSN applications.

### ***Background***

Employers use the H-1B visa program to employ foreign workers in "specialty" occupations that require theoretical or technical expertise in a specialized field and a bachelor's degree or its equivalent. Typical H-1B occupations include architects, engineers, computer programmers, accountants, doctors, and college professors.

According to a 2008 report issued by the U.S. Citizenship and Immigration Services, 13.4 percent of petitions filed for H-1B visas on behalf of employers were fraudulent and another 7.3 percent contained technical violations. The types of misrepresentation included fraudulent educational degrees or experience letters, forged signatures on supporting documentation, visa holders who never worked at the location on the application, and workers paid below the prevailing wage.

## **Use of Employment Verification by the Social Security Administration's Contractors and Subcontractors**

### ***Objective***

To determine whether SSA contractors and subcontractors are complying with the requirement to verify employment eligibility of their employees through the E-Verify system.

### ***Background***

Effective September 8, 2009, Executive Order 12989 directed all executive departments and agencies to require that contractors electronically verify employment authorization of their employees performing work under qualifying Federal contracts.

A contract is considered exempt if one or more of the following apply.

- It is for fewer than 120 days.
- It is valued at less than \$100,000.
- All work is performed outside the United States.
- It includes only commercially available off-the-shelf items and related services.

The E-Verify Federal contractor rule also requires that certain prime contractors require their subcontractors to use E-Verify when

1. the prime contract includes the E-Verify clause,
2. the subcontractor is for commercial or noncommercial services or construction,
3. the subcontract has a value of more than \$3,000, and/or
4. the subcontractor includes work performed in the United States.

Prime contractors should provide general oversight to their subcontractors to ensure they meet their contractual requirements. The prime contractor may be subject to fines and penalties if it knowingly continues to work with a subcontractor who is in violation of the E-Verify requirement.

