



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

**Written Statement by
Inspector General of the Social Security Administration Gail S. Ennis
to the United States House of Representatives
Committee on Ways and Means
Subcommittees on Social Security and Work & Welfare
on a Hearing with
Commissioner of the Social Security Administration Martin O'Malley
on March 21, 2024**

Introduction

Chairmen Ferguson and LaHood, Ranking Members Larson and Davis, and Members of the Subcommittees on Social Security and Work & Welfare, the Social Security Administration (SSA) faces numerous challenges, and the Office of the Inspector General (OIG) is committed to addressing those challenges through diligence and innovation to protect and preserve SSA's vital programs for the American people. It is critical for the committee to understand these challenges and how the President's Budget for Fiscal Year (FY) 2025 will address them.

The mission of SSA OIG is to serve the public through independent oversight of SSA's programs and operations. SSA OIG accomplishes that mission by conducting independent and objective audits, investigations, and reviews. Our oversight work significantly impacts the integrity, effectiveness, and efficiency of SSA's programs and operations.

While SSA focuses on administering programs and operations, SSA OIG searches for and reports systemic weaknesses in SSA's programs and operations and provides recommendations for program, operations, and management improvements. SSA OIG has consistently delivered valuable oversight information to SSA, the U.S. Congress, other stakeholders, and the public.

SSA OIG has identified and is responding to new and emerging challenges and threats, including pervasive imposter scams, challenges and fraud schemes caused by the Coronavirus (COVID-19) pandemic, and the rise of the latest threats and opportunities associated with cybersecurity and artificial intelligence (AI). In FY 2025, SSA OIG will address these issues timely using our available resources, all while continuing to meet our core mission.

President's Budget for Fiscal Year 2025

The President's FY 2025 Budget for SSA OIG requests \$121.3 million in direct appropriations, which includes \$2 million to remain available until expended for information technology (IT) modernization efforts. In addition, the budget requests that SSA transfer \$19.6 million to SSA OIG for the direct costs of leading the jointly operated anti-fraud Cooperative Disability Investigations (CDI) program. These increases would help offset rising fixed costs; however, we continue to make tradeoff decisions with our resources to address emerging challenges.

The President's budget request will allow SSA OIG to perform its core mission of auditing and investigating SSA programs and operations. Further, the requested funding will allow us to take innovative steps forward by building our data analytics capacity, increasing data-driven decision-making, investing in IT and automation tools, and strengthening and building our workforce. These improvements will lead to a more nimble and responsive organization.

The Committee on Ways and Means should be aware SSA OIG received our first increase in base funding in FY 2022 after receiving no increases since FY 2016. The recent increases by the U.S. Congress have maintained SSA OIG's ability meet our core responsibilities.

In FY 2023, our auditors identified \$1.9 billion in questioned costs and \$565 million in funds that could be put to better use at SSA. In FY 2023, our investigators contributed to investigations that generated \$179 million in monetary accomplishments through court-ordered restitution and recoveries, as well as projected future savings for SSA. Most importantly, our Return on Investment was 21-to-1 for the last several FYs, generating \$21 in savings for every dollar the U.S. Congress provides SSA OIG.

Audit

As the Committee on Ways and Means knows, SSA's workforce consists of approximately 60,000 people, with over 1,500 offices nationwide and worldwide. These employees serve millions of customers annually.

Over the last several FYs SSA OIG has moved away from the historical practice in the Office of Audit (OA), which required each auditor to complete one annual audit. Audits were scoped accordingly. After examining this method and reviewing previous audits, SSA OIG concluded the status quo approach aimed to fix errors rather than get to the root cause of issues identified by our auditors. SSA OIG decided to change that approach.

OA leadership determined SSA OIG needed to produce larger and more complex audits to address the root cause of the issues facing SSA. Rather than having auditors work on individual audits, we restructured the process into audit teams to allow dedicated resources for each audit. The revised audits engage with the Agency and focus on actual results. Leadership recognized the team approach would reduce the number of audits per year but was confident it would increase the quality and impact of our work. This approach was correct. For several FYs, while we adapted to this new approach, our auditors produced fewer but also more complex audits. And, today, OA has increased its productivity while producing more impactful audits, issuing 43 comprehensive audit reports in FY 2023 that identified \$1.9 billion in questioned costs and \$565 million in funds that could have been put to better use.

OA continues working on impactful audits during FY 2024. As of January 2024, OA has 15 reports in process related to improving the prevention, detection, and recovery of improper payments.

Audits Addressing Vulnerable Populations

Since October 1, 2020, OA has completed seven audits identifying underpayments, potential underpayments, or untimely payments of funds due or benefits to vulnerable populations, such as child beneficiaries, widows, Supplemental Security Income recipients, surviving spouses, and beneficiaries whose medical condition was not expected to improve. Potential underpayments identified in these reports totaled almost \$640 million.

OA has additional ongoing work that focuses on services provided to vulnerable populations. Specifically, we have work in progress to determine whether SSA implemented planned actions to reduce barriers to accessing its services. We are also looking at whether SSA follows policies and procedures to identify and expedite initial disability applications that qualify as priority cases, such as Quick Disability Determination, Compassionate Allowance, Terminal Illness, Military Casualty/Wounded Warrior/100% Permanent & Total Disability, Homeless, Presumptive Disability/Blindness, and Hardship cases, among others.

Some individuals cannot manage or direct the management of their finances because of their age and/or mental and/or physical condition. The U.S. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments. A representative payee can be an individual or an organization. In September 2023, we reported that SSA did not take appropriate and timely action in response to alleged individual and organizational representative payees' misuse of benefits and made six recommendations to SSA. We continue to review issues impacting these vulnerable populations through in-progress work looking at the effectiveness of SSA controls and procedures for monitoring representative payees.

Cooperative Disability Investigation Program

SSA OIG has innovated processes to maximize our impact by expanding and realigning the CDI program to provide more coverage at a lower cost.

Presently, SSA OIG has 50 CDI units across the country, and we provide an SSA OIG investigator to run these anti-fraud units. CDI units, consisting of personnel from SSA, SSA OIG, state disability determination agencies, and state or local law enforcement, investigate disability fraud in SSA programs. SSA OIG worked with SSA to provide nationwide CDI coverage by October 2022, as the *Bipartisan Budget Act of 2015* intended.

In areas where we could not secure a local law enforcement partner, such as New Hampshire, Vermont, and Maine, SSA OIG and SSA collaborated on two approaches to provide CDI coverage and increase investigative capacity. First, we created CDI Hubs by consolidating SSA OIG and SSA personnel to cover multiple states. In instances when a local law enforcement partner is not present, the SSA OIG team leader covers that workload until a law enforcement partner can be secured. Second, SSA OIG harnessed the skillsets and institutional knowledge of reemployed annuitants to serve as CDI investigators. For example, the South New England Hub, which covers Connecticut and Rhode Island, has a reemployed annuitant serving as an investigator to help provide CDI coverage for Connecticut. A total of four hub models operate across the country to ensure CDI coverage.

In FY 2023, CDI efforts contributed over \$75 million in projected savings and recoveries for Social Security programs and approximately \$94 million for other Federal and state programs.

Since the program's inception, CDI efforts have contributed to projected savings of over \$8 billion.

The President's Budget provides \$19.6 million for the CDI program. In previous FYs, SSA OIG has had to assign existing investigative personnel to the CDI program, at the expense of other non-CDI investigative work. SSA's appropriations language provides the authority for SSA to transfer a portion of its Limitation on Administrative Expenses funding to SSA OIG to cover the costs associated with operating the CDI program.

While the additional CDI funding to date has supported a higher overall Full Time Employee (FTE) count for our office, our count of FTEs dedicated to our primary mission is still lower than in FY 2015. This is due to increased fixed costs, such as statutory employee pay raises. The FY 2025 budget request provides additional flexibility within SSA OIG's base appropriation and allows us to restore historical staffing levels for critical non-CDI hires.

Finally, with the FY 2025 Budget, SSA OIG will continue to conduct complex and large-scale investigations, develop and leverage partnerships and collaborations to accomplish investigative priorities to permit more effective investigative efforts.

IT Modernization

The \$2 million set-aside for IT Modernization is critical in SSA OIG's efforts to modernizing administrative applications with business process management solutions. This account provides for the continued enhancement of SSA OIG's critical administrative systems, and the integration of internal applications with SSA systems, which will enhance data sharing capabilities with external partners. This includes SSA's Allegation Referral Intake System and SSA OIG's Case Management System. Further, the account will provide for modernizing cybersecurity functions and enhancing SSA OIG's cybersecurity posture in response to evolving cybersecurity mandates and vulnerability remediation. Further, it will increase staffing to fill software development, project management, and systems security needs.

Some of the modernization projects SSA OIG is undertaking will facilitate increased/enhanced use of analytics capability. SSA OIG established the Business Intelligence and Analytics Division within our Office of Information Technology in FY 2021. This division is undertaking several initiatives to maximize the available resources—both human and technical—to enhance its data maturation for SSA OIG. This division possesses analytical skills in the initial phases of data analytics and has supported SSA OIG investigative and audit efforts by expediting data analyses that used to take months to complete manually. Finally, in FY 2023, SSA OIG established an AI Task Force to conduct a critical study and review on how AI will assist the work of the Office of Audit and the Office of Investigations, but also to look at the challenges posed with more sophisticated AI-generated scams.

Examining and Leveraging AI

Public and private sector entities will continue to explore using AI technology as a tool to improve operations. As AI advances, governmental agencies, including SSA, will seek to leverage this emerging technology. While the use of AI has the potential to improve customer service and create efficiencies, AI could also be used to create and exploit synthetic identities to direct millions of dollars away from deserving SSA beneficiaries and recipients, similar to pandemic and imposter schemes.

In FY 2023, SSA OIG established an internal AI task force comprised of investigators, auditors, IT specialists, and lawyers to confront these issues. In FY 2025, SSA OIG's oversight responsibilities will increase significantly in this area to help identify and minimize vulnerabilities in agency systems, security, and programs. Significant investments will be required in hardware, software, and training to ensure SSA OIG personnel have the appropriate tradecraft to investigate AI-enabled criminal activity, protect vulnerable persons, and provide Federal and state prosecutors with the forensic data needed to successfully prosecute fraud against SSA.

In recent years, SSA OIG identified best practices and lessons learned from analytical and investigative work done combatting pandemic- and imposter-related fraud. These will serve as the foundation for developing additional tools and investigative techniques.

Coronavirus (COVID-19) Pandemic Fraud

One of the issues that has been of interest to the United States Congress is combatting Coronavirus (COVID-19) pandemic fraud. SSA OIG's Office of Investigations has played a critical role in Federal investigations related to the misuse of Federal pandemic relief funds. Using stolen identities and Social Security numbers was critical to pandemic relief-related fraud. The misuse of SSNs and identity theft in furtherance of fraud schemes related to *Coronavirus Aid, Relief, and Economic Security Act* programs, including the Paycheck Protection Program, Pandemic Unemployment Assistance, and Economic Injury and Disaster Loans, is no exception.

Addressing pandemic fraud required SSA OIG to shift workloads within our base appropriations. In FY 2023, SSA OIG contributed to 100 investigations related to COVID-19 pandemic relief programs, funds, and scams. Further, SSA OIG participates on the National COVID-19 Fraud Enforcement Task Force led by the U.S. Deputy Attorney General, and as many as 21 pandemic-related task forces and workgroups across the country. In FY 2024, SSA OIG anticipates expending \$1.1 million on pandemic-related investigative workloads and audits. Further, SSA OIG has not received supplemental funding to address pandemic fraud. Federal agencies that administered pandemic relief programs did receive these types of additional funding.

Social Security Scams

SSA OIG has established a multidisciplinary team of professionals who develop and implement innovative approaches to combat Social Security-related and other government imposter scams through investigations, enforcement actions, and public outreach and education. SSA OIG's multipronged approach has helped significantly disrupt these scams. Our efforts have resulted in multiple arrests and convictions and eliminated many scam calls to potential victims.

Further, although SSA OIG has achieved remarkable results in the drop of SSA imposter scam-related complaints, according to the Federal Trade Commission (FTC), SSA imposter scams are still the number one government-related imposter scam and, with a recent increase in complaints, continue to be a challenge requiring the devotion of significant SSA OIG resources. Earlier this month, SSA OIG and SSA combined efforts on our fifth annual National Slam the Scam Day. The United States Senate passed a resolution supporting National Slam the Scam Day, sponsored by Senators Susan Collins and Mark Kelly, with original cosponsors Senators Mike Braun, Richard Blumenthal, Kyrsten Sinema, Marco Rubio, and Rick Scott.

SSA OIG remains engaged and committed to maintaining institutional knowledge to investigate these scams by working with Federal, state, and local partners, as well as consumer advocacy groups, to protect people from becoming victims. In FY 2024, SSA OIG expects to dedicate an estimated \$3 million to combatting imposter scams, including funding for human capital resources and allegations management. In FY 2025, SSA OIG will continue to commit staff to analyze imposter scam allegations, develop investigative leads, and deploy effective investigative strategies to combat these fraud schemes. The FY 2025 Budget will allow SSA OIG to better anticipate, recognize, and efficiently mitigate new and emerging fraud schemes, including those related to pandemic relief and government imposter scams.

SSA OIG plans to work year-round on scam education. In addition, SSA OIG will continue to track scam allegations submitted to SSA OIG, issue scam alerts, and increase its social media presence by posting new scam tactics and anti-fraud reminders. In FY 2025, SSA OIG will deploy advanced data analytics and generative AI tools to expeditiously identify and flag clusters of the most egregious cases of fraud for immediate investigation.

Conclusion

Chairmen Ferguson and LaHood, Ranking Members Larson and Davis, thank you for the opportunity to submit a written statement on this important hearing with SSA Commissioner O'Malley. I believe it is essential for the Committee on Ways and Means to understand the breadth of issues SSA OIG will be focusing on in FY 2025. The dedicated employees of SSA OIG work each day to ensure the integrity of SSA programs and the funding provided by the U.S. Congress ensures the integrity of these programs.