

OIG

Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

*Fiscal Year 2019*

**AUDIT WORK PLAN**

*September 2018*

I am pleased to present the Office of Audit's Fiscal Year 2019 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 Social Security Administration (SSA) management to the Congress, SSA, and other key decisionmakers. For Fiscal Year 2019, the Office of the Inspector General has identified the following management challenges.

- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Administration of the Disability Programs
- Strengthen Planning, Transparency, and Accountability
- Strengthen the Integrity and Protection of the Social Security Number

The Plan describes reviews we plan to begin in Fiscal Year 2019. 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.



Assistant Inspector General for Audit

September 28, 2018

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## Acronyms

ABLE	<i>Achieving a Better Life Experience Act of 2013</i>
AFI	Access to Financial Institutions
ALJ	Administrative Law Judge
CARES	Compassionate And REsponsive Service
CDR	Continuing Disability Review
CMS	Centers for Medicare & Medicaid Services
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
EDRS	Electronic Death Registration System
eRPS	Electronic Representative Payee System
ESF	Earnings Suspense File
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
GAO	Government Accountability Office
GPO	Government Pension Offset
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPERIA	<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>
IT	Information Technology
MBR	Master Beneficiary Record
MIRS	Medical Improvement Review Standard
MNUP	Medicare Non-utilization Project
OASDI	Old-Age, Survivors and Disability Insurance
OHO	Office of Hearings Operations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PII	Personally Identifiable Information
PSC	Program Service Center
PUPS	Prisoner Update Processing System
SERS	Social Security Electronic Remittance System
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
VA	Department of Veterans Affairs
VRJ	Vital Records Jurisdiction
WC	Workers' Compensation

## **Executive Summary**

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) 2018, we issued 76 reports with about \$3 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. 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, and Communications and Resource Management.

In preparing this Plan, we solicited suggestions from the Agency. We received suggestions for inclusion in our Plan, and we incorporated those to the extent 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.

This Plan describes reviews we intend to begin in FY 2019 in the following issue areas.

- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Administration of the Disability Programs
- Strengthen Planning, Transparency, and Accountability
- 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.

## Improve Customer Service

The Social Security Administration (SSA) affects the lives of nearly every member of the public. In Fiscal Year (FY) 2018, approximately 71 million individuals depended on the benefits SSA provides. For more than 80 years, SSA has delivered critical services at significant times like birth, marriage, retirement, disability, and death.

Few government agencies touch the lives of as many people as SSA. SSA estimates, in FY 2019, it will pay more than \$1 trillion in Old-Age, Survivors and Disability Insurance (OASDI) benefits to approximately 64 million beneficiaries and nearly \$59 billion in Supplemental Security Income (SSI) payments to more than 8 million recipients each month. In addition to processing about 8.6 million OASDI and SSI claims, during this period, the Agency expects to complete approximately

- 1.5 million appeals for claimants who disagree with its decision;
- 282 million earnings items posted to workers' records;
- 17 million new and replacement Social Security number (SSN) cards,
- 2.8 million SSI redeterminations and about 700,000 full medical continuing disability reviews (CDR); and
- 100 million post-entitlement actions.

SSA's mission is to deliver Social Security services that meet the changing needs of the public. The Agency administers its programs and services through its field offices, National 800-Number, and program service centers (PSC). In FY 2017, field offices served over 42 million visitors, the National 800-Number handled over 36 million calls, and the PSCs handled complex Social Security claims, as well as provided support to the National 800-Number. Recent Office of the Inspector General (OIG) audits found the following.

- SSA faces challenges in improving its level of services and needs to continue to be proactive in managing wait times.
- The combined volume of all pending workload items at certain PSCs more than tripled from 1.1 million at the beginning of FY 2013 to about 3.5 million by the end of FY 2016 because of growth in new receipts and staffing issues. To address this issue, the Agency updated its National PSC Work Plan for FY 2018 to include an aggressive pending reduction target of 3.3 million actions. Additionally, the Agency developed a 5-year Information Technology (IT) Modernization Plan to replace core systems with modern technology.

In its March 2018 testimony, the Government Accountability Office (GAO) reported ongoing challenges facing SSA. GAO reported that SSA's workloads are increasing due to 80 million baby boomers entering their disability-prone and retirement years. At the same time, SSA projects 21,000 of its employees will retire by the end of FY 2022, resulting in a loss of institutional knowledge and impediments to succession management and knowledge transfer.

A growing workload for the Agency is its Representative Payment Program. SSA reported that in FY 2017 there were about 5.8 million representative payees managing \$70 billion in annual benefits for 8.1 million beneficiaries. As reported in a January 2018 Social Security Advisory Board report, SSA estimates the demand for representative payees will continue to increase with an aging population. For example, the number of retired worker beneficiaries with representative payees is projected to increase nearly 48 percent from 2013 to 2025 based entirely on the population aging.

In its *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2017*, SSA reported its reviews found that the majority of payees were properly using beneficiaries' funds. The Agency found misuse of benefits in approximately 1.3 percent of payees reviewed. In the report, the Agency stated it conducted 2,021 reviews and removed 114 payees and either appointed a new payee or determined the beneficiary was capable of managing his/her own Social Security benefits.

The *Strengthening Protections for Social Security Beneficiaries Act of 2018* (H.R. 4547) was passed in April 2018. This law

- requires that SSA make annual grants to State Protection and Advocacy groups to complete representative payee reviews;
- expands the required periodic onsite reviews to include individuals (including family members) and organizational payees, based on risk of potential misuse or unsuitability;
- exempts custodial parents of minor children and disabled individuals, as well as spouses, from annual payee accountings;
- requires that SSA enter into data exchange agreements with State foster care agencies to identify whether a beneficiary is in foster care;
- directs SSA to study how to improve data sharing with State Adult Protective Services to determine the need for, and provide oversight of, payees;
- holds State representative payees for minors in foster care responsible for repaying overpayments incurred while the State acted as payee;
- directs SSA to enter into an agreement with the Administrative Conference of the United States to conduct a study on opportunities for, and barriers to, information sharing with State courts;
- allows beneficiaries to make a designation of their preferred payee in advance;
- requires that SSA assess the appropriateness of the order-of-preference list it uses to select payees;
- requires SSA policies that ban individuals with certain criminal convictions from serving as payees and allows SSA to disqualify current or prospective payees who do not consent to a background check; and
- requires that current SSA policies prohibit individuals who have payees from serving as a payee.

## **Accuracy and Timeliness of Veterans Affairs Benefit Alerts**

*A-03-18-50701*

The SSI program makes monthly payments to claimants who have low income; few resources; and are aged 65 or older, blind, or have a disability. Each month, SSI recipients and their deemors must report any wages to SSA. Changes in the amount of wages an SSI recipient or deemor receives may affect the recipient's payment amount or eligibility. Not all earned income counts when determining SSI eligibility and payment amounts. To assist the Agency with identifying beneficiaries who have excess income that may affect their benefit payments and avoid future overpayments, SSA established an agreement with the Department of Veterans Affairs (VA). Each month, VA sends an electronic file that contains the SSN, name, and date of birth of all veterans and their spouses, children, and dependent parents receiving a VA pension and/or compensation benefit payments. If the VA's SSN, name, and date of birth matches Supplemental Security Record (SSR) data, SSA generates alerts/diaries that provide information or identify the income and require development. We will determine whether SSA is processing alerts generated from the VA-SSR interface accurately and timely.

## **Accuracy of Old-Age, Survivors and Disability Insurance Beneficiary Address Information in the Social Security Administration's Records**

*A-04-17-50188*

To provide beneficiaries information about their Social Security benefits or continuing disability, SSA needs their current mailing address. SSA requests OASDI beneficiaries inform it when they change their address. In our 2015 review of the *Social Security Administration's Use of the Treasury Offset Program*, we found that SSA, through April 2014, had mailed pre-offset notices that included full SSNs to about 300,000 individuals. However, the U.S. Postal Service returned 51 percent of these notices to SSA as undeliverable. If the addresses in SSA's records are inaccurate, SSA notices that contain beneficiaries' personally identifiable information (PII) could be delivered to the wrong individual. Our review will look at the accuracy of SSA addresses for adult OASDI beneficiaries who are in current pay status, are age 90 and above, and have not changed their address with SSA in 15 years.

## **Active Representative Payees in the Electronic Representative Payee System but Not on the Social Security Administration's Payment Records**

*A-09-18-50695*

SSA's Electronic Representative Payee System (eRPS) is a nation-wide database of representative payee information about pending, selected, non-selected, and terminated representative payees. SSA employees use information in eRPS about representative payees to assist them in making representative payee determinations. SSA employees also use eRPS to take and process representative payee applications. When SSA selects a representative payee in eRPS, it should update the Master Beneficiary Record (MBR) and SSR with information about the representative payee. If the representative payee information in eRPS does not agree with the information on the MBR/SSR, eRPS produces an alert to resolve the discrepancy. If the representative payee information is not on the payment record, SSA may be directly paying incapable beneficiaries. Our review will determine whether SSA properly issues payments to representative payees for beneficiaries it has determined are incapable.

## **Beneficiaries Who Received Vocational Rehabilitative Services**

*A-02-18-50544*

The vocational rehabilitation program is administered by a vocational rehabilitation agency in each State or U.S. territory to help persons who have physical or mental handicaps become gainfully employed. When a vocational rehabilitation agency is considering an individual for services, a rehabilitation counselor evaluates the person's vocational handicap. If the client is eligible for services, the counselor and client work out a plan or program of rehabilitation. We have found that some beneficiaries who received vocational rehabilitation services generated savings by forgoing benefits due to work, but some did not. Some beneficiaries work enough to trigger a payment from SSA for the vocational rehabilitation services provided but not enough to generate savings. We will survey beneficiaries who exited vocational rehabilitation programs to determine whether they correlate the services received to their ability to work.

## **Disability Beneficiaries Eligible for Total and Permanent Disability Student Loan Discharge**

*A-06-17-50281*

In 2015, the Department of Education implemented a process to simplify the steps an individual must take to obtain a total and permanent disability discharge by leveraging SSA data to document a borrower's eligibility. To that end, the Department of Education and SSA began matching the 45 million borrowers on the National Student Loan Data System who owed Federal student loans or had Teacher Education Assistance for College and Higher Education Grants to SSA's database. In 2016, SSA identified about 400,000 Federal student loan recipients who were receiving Disability Insurance (DI) benefits and had a designation of "medical improvement not expected," which qualified them for student loan debt discharge. SSA should no longer garnish SSA payments to collect unpaid student loan balances from beneficiaries with total and permanent disabilities. We plan to determine whether SSA effectively identified disabled individuals potentially eligible for loan discharge and confirm that SSA no longer garnishes total and permanent disability beneficiaries' SSA payments to collect unpaid student loan balances.

## **Follow-up: Aged Beneficiaries in Need of Representative Payees**

*A-09-18-50521*

According to SSA policy, adult beneficiaries are presumed capable of managing or directing the management of their benefits. However, if SSA employees have information that beneficiaries may have a mental or physical impairment that prevents them from doing so, they must make a capability determination. When SSA determines a beneficiary is incapable, it selects a representative payee to manage his/her benefits. In a 2010 audit, we estimated that about 1 million beneficiaries over age 85 had individuals or organizations managing their benefits without SSA's knowledge and approval. Our review will determine the number of beneficiaries over age 85 who may need a representative payee and determine whether additional safeguards are needed to ensure their benefits are being properly managed.

### **Follow-up: Deceased Representative Payees**

*A-01-18-50350*

Some individuals cannot manage or direct the management of their finances because of their age or mental and/or physical impairments. Congress provided for payment to be made through representative payees who receive and manage these individuals' benefit payments. When a representative payee dies, SSA will select a new payee or determine that the individual no longer needs a payee. In three prior audits, we determined SSA's procedures did not ensure new representative payees were selected when the former payees died. In our June 2015 report, we estimated 2,500 deceased payees received approximately \$46.8 million in OASDI and SSI payments. For our current review, we will follow up on the prior recommendations and determine whether SSA is identifying and taking action to replace payees who die.

### **Follow-up: Payments to Terminated or Non-selected Representative Payees**

*A-09-18-50560*

SSA's eRPS is a nation-wide database of representative payee information about pending, selected, non-selected, and terminated representative payees. When SSA selects a representative payee, eRPS should automatically update the payment records with information about the representative payee. If the representative payee information in eRPS does not agree with the information on the payment records, eRPS produces an alert to resolve the discrepancy. In a 2015 audit, we estimated SSA paid terminated or non-selected representative payees approximately \$367 million payable to 13,539 beneficiaries. We also estimated that SSA improperly (1) terminated in eRPS representative payees who were serving 14,809 beneficiaries and (2) did not select in eRPS representative payees who were serving 29,194 beneficiaries. We will follow up on our prior audit to determine whether SSA has adequate controls to ensure it is not making payments to representative payees it terminated or did not select.

### **Follow-up: Representative Payee Selections Pending in the Electronic Representative Payee System**

*A-09-18-50511*

SSA employees use eRPS to take and process representative payee applications. If the payee selection could not be processed or the information did not match, the representative payee selection remains in a pending status. In a 2014 audit, we found SSA did not always resolve representative payee selections pending in eRPS. We estimated that SSA did not resolve the representative payee selections for 29,092 beneficiaries, improperly changed the representative payee selections to a non-selected status for 20,141, and incorrectly recorded beneficiary information in eRPS for 5,595. SSA's eRPS Stuck Sweeper enhancement initiated in December 2017 reviews stuck applications pending in eRPS. The Sweeper automatically activates or terminates representative payee relationships or closes pending eRPS applications. The Sweeper also identifies necessary action for cases that cannot be automatically cleared and creates a corresponding issue code in eRPS. We will follow up on our 2014 review to determine whether SSA properly resolves applications that are pending in the Representative Payee System.

## **Implementation of the Social Security Electronic Remittance System**

*A-08-18-50619*

The Social Security Electronic Remittance System (SERS) is an automated payment solution that uses card readers and check scanners to electronically process domestic remittances paid by check, money order, or debit or credit card in SSA field offices. SSA initially used SERS to collect non-programmatic fees. However, between October and December 2017, SSA rolled out the SERS program for debt collections in its field offices. We will review a random sample of SERS transactions to determine whether SSA field office personnel processed SERS remittances accurately and timely.

## **Individual Representative Payee Serving as a Guardian in the New York Region**

*A-02-18-50613*

We identified organizational and individual representative payees in the New York region who also serve as court-appointed guardians and selected one for audit. We will determine whether the payee (1) had effective controls over the receipt and disbursement of SSA payments and (2) managed those payments in accordance with SSA's policies and procedures.

## **Methods of Requesting Assistance Between Social Security Administration Offices**

*A-07-18-50363*

Because SSA's systems access and processing knowledge is limited to the employee's specific job duties, SSA employees are often required to contact other offices to request case processing assistance. Field office and program service center employees use Modernized Development Worksheets to document requests made via telephone contact or initiate contact with another office. Component managers may submit high-priority requests that require swift resolution through the manager-to-manager Web application. We will review SSA employees' use of these methods for requesting assistance.

## **Processing Electronic Financial Account Verification Responses for Supplemental Security Income Recipients**

*A-03-18-50700*

In 2009, SSA began using the Electronic Financial Account Verification subsystem as part of the Modernized Supplemental Security Income Claims System to automate paper Form SSA-4641-F4, *Authorization for the Social Security Administration to Obtain Account Records*. It also reviews financial information from financial institutions and searches for undisclosed accounts. During the SSI initial claim and redetermination processes, SSA must initiate Verification requests when applicants, recipients, or deemors allege \$400 or more in liquid resources. The Verification then provides bank account information, such as names on accounts, account titles, and account balances for the verification period, which is normally the past 26 months. In certain situations, such as instances when an account is co-owned or would cause ineligibility, the Verification cannot automatically update SSA's claims systems. In these cases, a pending account response is created in the claims system that a technician must address before adjudication. We will determine whether SSA is properly processing the Verification data for SSI recipients.

## **Processing Times for Redeterminations and Limited Issues**

*A-07-18-50637*

SSA identifies SSI recipients who have excess income and/or resources by periodically conducting non-medical redeterminations to determine whether recipients are still eligible for and receiving the correct SSI payments. In addition, SSA may require development of a specific issue or event, called a limited issue, without conducting a redetermination. SSA does not track processing time for redeterminations and limited issues. We will identify redeterminations and limited issues with lengthy processing times to identify improper payments SSA could have avoided.

## **Reclamations of Social Security Administration Payments to Direct Express Debit Cards**

*A-04-18-50637*

The Department of the Treasury contracted with Comerica Bank to establish the Direct Express debit card program, which allows beneficiaries, recipients, and individual representative payees who do not have bank accounts to have direct deposit of Federal payments. When a cardholder dies, SSA informs Comerica Bank through the Death Notification Entry process to freeze the debit card account and return to SSA payments posted to the account after the date of death. This review will assess the procedures in the reclamation of funds made to Direct Express accounts of beneficiaries/recipients after death.

## **Social Security Administration Beneficiaries/Recipients Who Have Direct Payment but Who Collect Veterans Affairs Benefits Through a Representative Payee**

*A-01-18-50380*

The National Academy of Sciences' Institute of Medicine's March 2016 report on SSA's financial capability determination noted that SSA, the VA, and other relevant Federal agencies should assess the extent of inconsistency in identifying beneficiaries who are incapable among persons receiving benefits from more than one agency. The report further noted that the agencies should explore mechanisms to facilitate ongoing interagency communication regarding beneficiaries' capabilities. Therefore, we will identify SSA beneficiaries and recipients receiving direct payment who may be incapable of handling their own financial affairs because the individual has a representative payee for VA benefits.

## **Supplemental Security Income Recipients Denied Old-Age, Survivors and Disability Insurance Benefits Based on Lack of Technical Evidence**

*A-05-18-50654*

According to SSA policy, an SSI recipient is not eligible if he/she is advised of potential eligibility for other benefits, including OASDI benefits, and does not take all appropriate steps to file for, and, if eligible, obtain, such payments. Appropriate steps include providing information and evidence required to establish entitlement. When the evidence required for OASDI benefits is difficult for the claimant to obtain because of limited education, language difficulty, limited physical or mental ability, or poverty, SSA policy requires that staff assist the claimant in obtaining the evidence. We plan to assess SSA's compliance with policies and procedures requiring SSI recipients to pursue all available benefits, including its responsibility to assist recipients with obtaining evidence necessary to establish entitlement to OASDI benefits.

## **Use of Medicare Diagnosis Codes to Identify Incapable Beneficiaries**

*A-09-18-50696*

When SSA learns a beneficiary has a mental or physical impairment that may prevent him/her from managing or directing the management of benefits, it must make a capability determination as to whether representative or direct payment is in the beneficiary's best interest. Medicare is a Federal health insurance program for individuals who are receiving retirement benefits or who have been receiving disability benefits. The Centers for Medicare & Medicaid Services (CMS) records contain diagnosis codes to identify specific health conditions for individuals who are receiving Medicare. Our review will determine whether CMS data would be useful to SSA in identifying beneficiaries who may need a representative payee because of a mental impairment.

## **Volume Individual Representative Payees for the Social Security Administration**

*A-15-18-50691*

A representative payee may be an individual or an organization. Representative payees are responsible for managing benefits in the best interest of the beneficiary. We will determine whether SSA's internal controls are adequate to ensure volume individual representative payees used and accounted for Social Security benefits in accordance with SSA's policies and procedures.

## Modernize Information Technology Infrastructure

Since SSA launched *my Social Security* in 2012, over 37.8 million customers through July 2018 have created accounts. According to SSA, in FY 2017, more than half of Social Security retirement and disability applications were filed online, and customers completed over 155 million transactions using the Agency's Website. Still, the Agency saw about 42 million visitors in its field offices and handled over 36 million calls to its national 800-number.

To reduce unnecessary field office visits by the public, SSA plans to enhance its online services to provide the public a secure and convenient self-service option. However, SSA continues relying on outdated applications and technologies to process its core workloads, such as retirement and disability claims. Many of its legacy applications were programmed using Common Business Oriented Language. SSA maintains more than 60 million lines of Common Business Oriented Language today, along with millions more lines of other legacy programming languages.

In FY 2016, SSA stated that, “. . .in the next five years, we could face a crisis keeping our systems running.” According to the Agency, its significantly aged IT infrastructure has become increasingly difficult and expensive to maintain. SSA noted that universities generally no longer teach mainframe computer environments and application languages. In addition, knowledge of SSA's dated applications and legacy infrastructure will diminish as developers retire. Further, the Agency stated that protecting its legacy systems has become more difficult because modern cyber-security tools were not designed to defend 30-year-old systems.

SSA has taken an incremental and opportunistic approach to IT modernization, replacing components of systems rather than whole systems. However, the Agency has exhausted nearly all these efforts. According to SSA, this approach is no longer viable, as technology is advancing faster than the Agency can incrementally modernize. SSA has developed a modernization roadmap; however, the Agency stated its funding has not been sufficient to undertake the necessary IT modernization. In FY 2017, SSA spent about \$1.8 billion on IT. According to SSA, because of budget constraints, much of its IT funding is used for ongoing operation and maintenance for existing systems. To ensure SSA can keep pace with increasing workloads, the Agency must maintain its legacy systems while, in parallel, develop their modern replacements.

## **Accuracy of the Social Security Administration's Information on the Office of Management and Budget's Information Technology Dashboard**

*A-14-18-50435*

The Office of Management and Budget's (OMB) IT Dashboard is a publicly accessible Website that provides information about Federal IT programs. OMB and Congress use the Dashboard to make budget and policy decisions. OMB also uses the Dashboard to identify poorly performing IT investments that require attention. In March 2011, the Government Accountability Office found that SSA reported erroneous data, which made the ratings on the IT Dashboard inaccurate. We will determine whether SSA's cost, schedule, and performance measurement data reported to OMB and recorded on the IT Dashboard are accurate.

## **Master Beneficiary/Supplemental Security Record Interface**

*A-14-17-15015*

The amount of an SSI payment may depend on the amount of OASDI benefits an individual is receiving. To ensure benefits are calculated properly, SSA's MBR/SSR interface passes information between the two systems. We will determine whether the systems controls are effective in ensuring the completeness, accuracy, validity, and confidentiality of its data.

## **Progress in Developing the Disability Case Processing System**

*A-14-18-50718*

The Disability Case Processing System is an SSA initiative to develop a common case processing system for all disability determination services (DDS). The Agency expects the System will simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs. We will continue monitoring SSA's progress in developing the Disability Case Processing System.

## **Status of the Social Security Administration's Information Technology Modernization Efforts**

*A-14-18-50558*

While the Agency has increased its use of more modern programming languages in its applications, it continues relying on out-of-date legacy applications to process its core workloads, such as retirement and disability claims. According to the Agency, its aged IT infrastructure has become increasingly difficult and expensive to maintain. We will evaluate SSA's IT modernization plans.

## **The Social Security Administration's Information Technology Investment Process**

*A-14-18-50437*

Through its IT Investment Process, SSA prioritizes and selects IT investments to support its strategic plans and goals. The IT Investment Process establishes procedures for new IT investment selections, implementation of the investments and maintenance, and operations of current and future investments. We will determine whether the IT Investment Process is effective in selecting, controlling, and evaluating the Agency's IT investments.

## **The Social Security Administration's Post-implementation Review Process**

*A-14-18-50462*

Federal agencies are required to conduct post-implementation reviews of information systems and resource management processes to validate estimated benefits and costs and document effective management practices for broader use. A post-implementation review is a diagnostic tool to evaluate the overall effectiveness of an agency's capital planning and acquisition process. Independent review teams should conduct post-implementation reviews on completed and terminated projects. We will select a recently completed review and determine whether the post-implementation review was performed according to Federal standards and industry best practices and the conclusion on the project's performance was reasonably accurate.

## Secure Information Systems and Protect Sensitive Data

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, the Agency's information systems may be at particular risk of attack. Given the sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

Our prior audit and investigative work has revealed concerns with the security of SSA's information systems. Between FYs 2012 and 2017, auditors concluded that the risk and severity of SSA's information security weaknesses they identified constituted a significant deficiency in internal controls. Those security deficiencies, when aggregated, created a weakness in SSA's overall information systems security program that the auditors concluded significantly compromised the security of the Agency's information and information systems. Additionally, other recent audits and evaluations have identified concerns with SSA's information security program.

While expanding its inventory of electronic services, the Agency needs to ensure those services are secure. Prior investigative and audit work have identified multiple incidents of fraud committed through SSA's electronic services. Despite controls to prevent unauthorized access to *my Social Security*, we continue receiving fraud allegations related to *my Social Security* accounts.

To address ever-increasing security challenges, it is crucial that SSA implement a well-designed continuous monitoring strategy to monitor and assess security controls. SSA has issued its *Continuous Monitoring Strategy* but is still implementing it. OMB and the National Institute of Standards and Technology require near real-time, continuous monitoring for risk management and risk-based decision-making. Further, technology guidelines are continually being updated. For example, in June 2017, the National Institute of Standards and Technology released Special Publication 800-63, Digital Identity Guidelines. SSA needs to reassess current processes to ensure it is meeting these Guidelines.

SSA acknowledges it must be ever mindful of potential cyber-threats and remain committed to protecting privacy and security. One of the Agency's goals is to ensure its information technology services are reliable, secure, and efficient. As part of that effort, SSA plans to strengthen its cyber-security program.

## **Access to the Social Security Administration's my Social Security Online Services**

*A-14-18-50486*

After *my Social Security* users are registered and authenticated, they can access their benefit verification letters, payment history, and earnings records; change their addresses; start or change direct deposit; and conduct other business with SSA. In September 2016, we reported that, given the sensitive information available via the portal, a higher degree of authentication assurance may be appropriate. SSA agreed and implemented mandatory second factor authentication for all users of *my Social Security*. In this review, we will follow up on the issues identified in our prior review and the corrective actions SSA has taken. We will also determine whether SSA's mandatory second-factor authentication meets Federal requirements.

## **Controls over Malware Introduced by Email Phishing**

*A-14-18-50710*

Detecting and stopping a cyber-attack while it is in progress is critical. Stronger security controls on internal networks, such as deploying correctly configured intrusion detection software, could detect computer security weaknesses or threats within the network. According to the National Institute of Standards and Technology, ensuring administrators regularly analyze log data is a fundamental problem because administrators often treat log management as a lower-priority task. This is one of three reports we will issue related to SSA's network monitoring and incident response programs. For this review, our contractor will evaluate whether SSA's controls are adequate to prevent malicious actions that are facilitated by successful phishing attacks.

## **Incident Response: The Social Security Administration's Ability to Detect and Respond to Cyber-attacks**

*A-14-18-50709*

Stronger security controls on internal networks, such as deploying correctly configured intrusion detection software, could detect computer security weaknesses or threats within the network. According to the National Institute of Standards and Technology, ensuring administrators regularly analyze log data is a fundamental problem because administrators often treat log management as a lower-priority task. This is one of three reviews we will conduct related to SSA's network monitoring and incident response programs. For this review, we will contract with information security experts, who will conduct simulated attacks to evaluate SSA's incident response program.

## **The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2019**

*A-14-18-50717*

The Federal Information Security Modernization Act of 2014 (FISMA) provides the framework for securing the Government's information and information systems. All agencies must implement FISMA's requirements 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. FISMA directs that each agency's Inspector General or independent external auditor perform an annual, independent evaluation of the effectiveness of the agency's information security program and practices. We will oversee the contractor's audit of SSA's compliance with FISMA for FY 2019.

## **The Social Security Administration's Continuous Monitoring and Incident Response Program**

*A-14-17-50098*

It is critical that cyber-attacks be detected and stopped while they are in progress. Stronger security controls on internal networks, such as deploying correctly configured intrusion detection software, could detect computer security weaknesses or threats within the network. According to the National Institute of Standards and Technology, ensuring administrators regularly analyze log data is a fundamental problem because administrators often treat log management as a lower-priority task. This is one of three reviews we will conduct related to SSA's network monitoring and incident response programs. For this review, we will evaluate SSA's policies and procedures for monitoring network activity and responding to incidents.

## **The Social Security Administration's Use of Data Loss Prevention to Protect Sensitive Information**

*A-14-18-50561*

Data loss-prevention systems help identify, monitor, and protect an organization's sensitive data from unauthorized use or transmission. Such software products use business rules to classify information and protect it from accidental or malicious disclosure. For example, software could deny permission to an employee attempting to email certain information outside the organization. According to SSA, its solution detects PII leaving SSA via the Internet and email; however, it does not prevent the transmission. The FY 2016 FISMA audit noted SSA had not fully integrated its loss-prevention systems with continuous-monitoring tools and technical incident response procedures. We will assess SSA's use of loss-prevention systems to protect sensitive information.

## Reduce Improper Payments and Increase Overpayment Recoveries

SSA is responsible for issuing approximately \$1 trillion in benefit payments annually to about 70 million people. Given the amounts involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments.

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 2016 the

- OASDI overpayment error estimate was \$1.9 billion or 0.21 percent of program outlays, and the underpayment error estimate was \$670 million or 0.07 percent of program outlays and
- SSI overpayment error estimate was \$4.3 billion or 7.62 percent of program outlays, and the underpayment error estimate was \$696 million or 1.23 percent of program outlays.

For FYs 2016 through 2018, SSA’s goal was to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments. In the same years, the Agency’s goal was to achieve an SSI underpayment accuracy rate of 98.8-percent. As of FY 2017, SSA had revised the SSI overpayment accuracy goal from 95 to 94 percent.

As shown in Table 1, SSA has not met its overpayment accuracy goals. For example, in FYs 2012 through 2016, the Agency’s goal was 95-percent payment accuracy for SSI, but SSA fell short of this goal in each of these years. Similarly, SSA has not met its OASDI targets for payments without overpayments, but has come close to doing so in multiple years.

**Table 1: Rates and Targets for Payments Without Overpayments FYs 2013 to 2017**

FY	2013		2014		2015		2016		2017	
Program	SSI	OASDI								
<b>Rate</b>	92.43	99.78	93.05	99.47	93.94	99.64	92.38	99.79	92.70	99.36
<b>Target</b>	95.00	99.80	95.00	99.80	95.00	99.80	95.00	99.80	94.00	99.80
<b>Met</b>	<b>No</b>									

In November 2009, the President issued Executive Order 13520 on reducing improper payments. Later, the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) were enacted in July 2010 and January 2013, respectively, to refine steps agencies should take to address improper payments. As a result, all agencies with high-risk programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA’s programs as high-risk.

We noted in our May 2018 report, *SSA’s Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the FY 2017 Agency Financial Report*, that SSA was not in compliance with improper payment requirements for meeting its targeted payment accuracy rates (which are shown in Table 1). We also noted that

. . . for financial accounts and wage reporting, actual SSI deficiency dollars did not significantly improve despite the implementation of Access to Financial Institutions (AFI) and SSI Telephone Wage Reporting/SSI Mobile Wage Reporting, respectively. SSA could not provide data that measured the success of these implemented corrective actions because of significant data challenges. While SSA had improved AFI since it was implemented in FY 2011, the Agency had not developed new corrective actions to address financial accounts.

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2017, it recovered \$3.9 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with a \$21.8 billion uncollected overpayment balance.

To collect debt related to overpayments, SSA uses such methods as benefit withholding and billing with 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 techniques include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal salary offset. According to SSA, in the future, it will “. . . implement the remaining debt collection tools authorized by the *Debt Collection Improvement Act of 1996*. These tools include charging administrative fees, penalties, and interest, or indexing of debt to reflect its current value.”

The CDR is also a tool for reducing improper payments. Through completed CDRs, SSA periodically verifies whether individuals are still disabled and eligible for disability payments. SSA estimates CDRs completed in 2019 will yield net Federal program savings over the next 10 years of roughly \$9 on average per \$1 budgeted for dedicated program integrity, including OASDI, SSI, Medicare, and Medicaid effects.

According to SSA, another important program integrity tool is SSI non-medical redeterminations, which are periodic reviews of such non-medical eligibility factors as income and resources. SSA estimates that non-medical redeterminations conducted in 2019 will yield a return on investment of about \$4 on average of net Federal programs over 10 years per \$1 budgeted for dedicated program integrity funding including SSI and Medicaid program effects.

## **Accuracy of Manual Actions for Old-Age, Survivors and Disability Insurance Underpayments over \$6,000**

*A-03-18-50703*

An OASDI underpayment accrues when a beneficiary is due a partial or full monthly benefit amount that has not been paid. However, an underpayment is only payable after the amount is adjusted for any overpayments for which the beneficiary is liable. SSA's automated systems should detect and process most underpayments due living beneficiaries. When SSA's systems cannot process these underpayments, SSA employees must manually issue them using the Manual Adjustment, Credit, and Award Data Entry system to manually establish, update, or correct information on beneficiaries' OASDI records. Manually issued OASDI underpayments of \$6,000 or more require a secondary review. The second reviewer is required to document in SSA's systems whether they agree or disagree with the underpayment calculation. If they disagree, the underpayment is sent back for correction. We will determine whether OASDI underpayments are processed accurately via the Manual Adjustment, Credit, and Award Data Entry system.

## **Accuracy of Manually Processed Portion of Automated Earnings Reappraisal Operation Cases**

*A-02-14-34108*

The Automated Earnings Reappraisal Operation automatically screens earnings records for possible recomputation or recalculation of benefits. The system creates alerts for re-calculations that need manual or additional processing, including retroactive primary insurance amount increase cases. Our review will determine the accuracy of the manually processed portions of partially processed Automated Earnings Reappraisal Operation cases.

## **Accuracy of the Social Security Administration's Variable Medicare Premium Determinations**

*A-07-18-50361*

The *Social Security Act* protects beneficiaries from receiving a lower OASDI payment because of an increase in the Medicare Part B premium. Generally, variable Medicare Part B is applicable when the standard premium increase is greater than the OASDI cost-of-living adjustment. If SSA does not make variable Medicare Part B determinations correctly, some beneficiaries may be unjustly disadvantaged with higher Medicare premiums, while others pay a lower premium amount than they should. As of January 2018, more than 59 million people were enrolled in Medicare. Our review will determine whether SSA correctly made variable Medicare premium determinations.

## **Adjustment of Benefits at Full Retirement Age for Beneficiaries Who Worked While Receiving Retirement Benefits**

*A-09-18-50685*

A beneficiary can work while receiving retirement benefits. If the beneficiary is younger than full retirement age and earns more than the allowable amount, SSA will reduce his/her benefits. Once a beneficiary reaches full retirement age, his/her benefit will increase to account for each month SSA withheld full or partial benefits because of the excess earnings. SSA refers to this process as the adjustment of the reduction factor, and it increases the benefit at full retirement

age. We will determine whether SSA has adequate controls over adjustment of benefits for retired working beneficiaries when they reached full retirement age.

### **Appropriateness of Actions Taken on Pending Workers' Compensation Workload Items**

*A-05-18-50627*

The *Social Security Act* requires that SSA offset disability benefits for individuals who receive Federal, State, or locally administered workers' compensation (WC) benefits in most States. Developing WC issues is a joint field office/PSC responsibility. When an individual applies for OASDI benefits, field office personnel determine whether WC may be involved. If SSA approves disability benefits and the applicant's WC claim is pending, SSA requires that beneficiaries report receipt of subsequent WC payments. SSA policies and procedures require that personnel follow up on WC issues until they are resolved. SSA's Modernized Claims System generates a one-time diary alert after benefit approval that reminds personnel to follow up on pending WC issues. PSC personnel must manually establish additional diaries to continue developing WC issues. Our review will determine the appropriateness of PSC actions taken on pending WC cases.

### **Assessing the Social Security Administration's Redetermination Process for Elderly Recipients**

*A-08-18-50480*

Redeterminations are periodic reviews of non-medical eligibility factors, such as living arrangements, income, and resources. SSA uses a predictive statistical model to focus on redeterminations most likely to result in identifying improper payments. In FY 2015, SSA conducted 2.3 million redeterminations. Our review will assess SSA's redetermination process for elderly recipients.

### **Beneficiaries Due Higher Benefits as Widow(er)s**

*A-13-13-23109*

When an OASDI beneficiary dies, a claimant could be entitled to benefits from the deceased beneficiary as a widow(er), surviving divorced spouse, or disabled widow(er). Our review will assess SSA's controls over identifying individuals who receive retirement benefits who may be entitled to, but not receiving, a higher widow(er)s benefit.

### **Beneficiaries Who Receive Payments Deposited to Prepaid Debit Cards**

*A-09-18-50699*

All SSA beneficiaries and SSI recipients are required to receive electronic payment by choosing direct deposit, a Direct Express debit card, or an Electronic Transfer Account unless they meet an exemption to the electronic payment requirement. SSA accepts pre-paid debit card accounts for direct deposits such as Green Dot, GoBank, and American Express Centurion. According to our Office of Investigations, 83 percent of the fraudulent i-claims it reviewed had payments sent to pre-paid debit cards. Our review will identify potential vulnerabilities of payments deposited to pre-paid debit cards and determine whether the payments were valid.

## **Beneficiaries with Representative Payees and Earnings**

*A-02-17-50143*

Representative payees provide financial management for beneficiaries who are incapable of managing or directing the management of their benefit payments. Most beneficiaries who have representative payees do not work. Therefore, posted earnings to the records of beneficiaries who have representative payees may indicate fraudulent activity. For example, other individuals may use beneficiaries' SSNs to work, leading to earnings the beneficiaries did not earn being posted to their records. Earnings can increase a beneficiary's Primary Insurance Amount, which SSA uses to determine the amount of benefit payments he/she receives. However, Primary Insurance Amount increases based on erroneous earnings lead to beneficiaries receiving more in benefits than they should. We will determine the accuracy of the earnings posted for OASDI beneficiaries who have representative payees.

## **Benefit Payments to Non-citizen Dependents and Survivors Living Outside the United States**

*A-07-18-50344*

Certain non-U.S. citizen dependents and survivors who were first eligible for benefits after 1984 must have resided in the United States for at least 5 years as the numberholder's spouse, widow(er), child, or parent to receive benefits while outside the United States. This can be a continuous 5 years or separate periods that total 5 years. If the 5-year residency requirement is not met, SSA will suspend benefits if the dependent or survivor is absent from the United States for longer than 6 months. We will determine whether SSA is erroneously paying benefits to non-citizen dependents and survivors living outside the United States who have not met the 5-year residency requirement.

## **Child-in-Care Payments Made to Parents**

*A-13-17-50178*

Spouses and divorced spouses of retired or disabled workers may be paid benefits if they have an eligible child beneficiary in their care. In addition, benefits may be payable to certain surviving spouses of deceased workers. We will determine whether parents are erroneously receiving ineligible child-in-care payments.

## **Combined Family Maximum Records That Are Not Adjusted When Dually Entitled Children's Benefits Terminate**

*A-04-18-50580*

The *Social Security Act* provides that a child entitled to children's benefits on more than one SSN will receive benefits on only one. The child is entitled on one SSN and "technically entitled" on the other. The maximum amount a child may receive from all SSNs on which he/she is entitled may be combined on the SSN on which payment is actually made. The Combined Family Maximum often is not removed from the MBR when the last child whose entitlement affected the Maximum stops receiving benefits, which would prevent the accumulation of potential overpayments. We will review a population with a Maximum indicator and at least three auxiliary beneficiaries in current pay and one terminated child to identify payment errors resulting from SSA not removing the Combined Family Maximum.

## **Current Old-Age, Survivors and Disability Insurance Beneficiaries Who Have Overpayments on Suspended and Terminated Records**

*A-07-18-50317*

An overpayment for which collection efforts have discontinued remains subject to recovery. SSA's systems should automatically initiate adjustment to recover the overpayment when benefits are subsequently payable to the overpaid beneficiary on the same record. However, SSA's systems do not automatically transfer the overpayment when the overpaid beneficiary becomes entitled on a different record. We will determine whether SSA is collecting the overpayments made to OASDI beneficiaries who are terminated or suspended on one record but receiving benefits on another record.

## **Electronic Death Registration System Reports Rejected by SSA**

*A-08-18-50499*

The Electronic Death Registration System (EDRS) saves the Agency resources and facilitates timely posting of death information to SSA records. In 2017, SSA received over 2 million EDRS death reports from 48 Vital Records Jurisdictions (VRJ). However, not all the deaths VRJs report to SSA through EDRS are posted to SSA's records. If the information submitted through EDRS does not match certain identifying fields, SSA rejects the death report. The 2017 EDRS acceptance rates amongst the VRJs varied widely. Accordingly, we will contact officials in VRJs to identify problems and best practices associated with EDRS. We will also obtain a population of rejected EDRS death reports from 2017 to analyze the impact that rejected death reports have on SSA records and payments.

## **Follow-up: Disabled Individuals Potentially Eligible as Auxiliary Child Beneficiaries**

*A-13-18-50714*

SSI is a program of last resort; therefore, it is important to assess other benefit programs for which an individual may be eligible. SSI recipients may also be eligible as auxiliary child beneficiaries on a wage earner's record under the OASDI program. This occurs when the recipient meets certain criteria, such as being dependent on a parent; being age 18 or older and disabled before reaching age 22; and having a parent who is entitled to DI or Retirement Insurance benefits or was insured at the time of death. Our review will determine whether SSI recipients are potentially entitled to OASDI benefits as disabled child beneficiaries. We will also examine the Agency's actions to address recommendations from our prior report.

## **Follow-up: Individual Representative Payees Who Misuse Benefits**

*A-13-18-50712*

Under the *Social Security Protection Act of 2004*—regardless of whether the Agency obtains restitution from the payee—SSA is required to certify an amount equal to misused benefits for repayment to the beneficiary or alternate representative payee in certain circumstances. In a May 2012 review, we found SSA did not always take required actions concerning individual representative payees who were serving 14 or fewer beneficiaries and who misused benefit payments. Specifically, the Agency did not always obtain restitution from payees when it could use benefit adjustment; certify benefits for payment to beneficiaries when Agency negligence was determined; document negligence decisions; refer instances of misuse to OIG; make restitution to beneficiaries when misused funds were collected in installments from payees;

follow policy regarding retention of payees who commit misuse; and record misuse-related data accurately in the Representative Payee System. We plan to review Agency actions concerning individual representative payees who were serving 14 or fewer beneficiaries and who misused benefit payments. We will also examine the Agency's actions to address recommendations from our prior report.

### **Follow-up: Old-Age, Survivors and Disability Insurance Benefits Affected by State and Local Pensions**

*A-13-17-50191*

The Windfall Elimination Provision reduces Social Security benefits for retired or disabled workers and their families receiving pensions from employment not covered by Social Security. The Government Pension Offset (GPO) provision reduces or eliminates monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work for a Federal, State, or local government not covered by Social Security. We will assess the Agency's actions to address recommendations from our prior report and review those beneficiaries who may have been receiving State or local government pensions and for whom SSA had not determined whether the Windfall Elimination Provision or GPO applied.

### **Follow-up: Self-employment Earnings Removed from the Master Earnings File**

*A-06-18-50365*

Our January 2015 report, *Self-employment Earnings Removed from the Master Earnings File*, stated that SSA removed from the Master Earnings File about \$742 million in self-employment income originally reported on approximately 50,000 numberholders' Federal income tax returns for Tax Years 2008 through 2011. During the period reviewed, SSA deleted \$343 million in self-employment income and notified the Internal Revenue Service when it deleted the earnings. However, during the same period, SSA transferred \$399 million in self-employment income to the Earnings Suspense File (ESF) instead of deleting it. SSA did not report these transactions to the Internal Revenue Service. We will determine whether SSA took corrective action to address the findings and recommendations in our January 2015 report.

### **Follow-up: Supplemental Security Income Recipients with Unreported Real Property**

*A-02-18-50373*

In a June 2011 report, we estimated that over 540,000 SSI recipients incorrectly reported real property ownership, and over 320,000 were improperly paid over \$2.2 billion. Based on our recommendation, SSA began using third-party data to determine the accuracy of recipients' allegations of resources like real property ownership. The Agency requires the real property for all claimants, recipients, and deemors be verified during full initial claims and certain redeterminations. SSA created an electronic process improvement to provide real-property information on claimants, recipients, and deemors using a third-party database. We will determine whether the changes have led to more accurate determinations of SSI recipients' non-home real property ownership.

## **Follow-up: Underpayments on Prior Supplemental Security Income Records**

*A-07-18-50676*

In a 2007 audit, we found SSA's reliance on field office staff to manually identify and resolve SSI underpayments on prior SSRs was not adequate. In September 2014, SSA released new software that posts underpayment diaries on active SSRs where there was an underpayment on a prior record terminated within the last 42 months. We will determine whether SSA's actions ensure underpayments on prior SSI records are identified and properly resolved.

## **Follow-up: Use of Department of Homeland Security Travel Data to Identify Supplemental Security Income Recipients Outside the United States**

*A-01-18-50583*

Generally, SSI recipients are ineligible for payments once they are absent from the United States for 30 consecutive days. The Department of Homeland Security's (DHS) U.S. Customs and Border Protection maintains TECS, which collects travel data on individuals who enter and leave the United States. These data include name, country visited, dates of travel, and passport number. In a FY 2013 report, we estimated SSA improperly paid \$152 million because the recipients were living outside the United States. We recommended that SSA enter into a matching agreement with DHS to routinely match TECS data to identify individuals outside the country. We will follow up on our prior recommendation.

## **Improper Prisoner Update Processing System Clearance for Supplemental Security Income Recipients**

*A-08-18-50616*

The *Social Security Act* generally prohibits SSI payments to individuals confined to a jail, prison, or certain other public institutions for committing a crime. SSA obtains prisoner data from Federal, State, and local facilities and uses the data to verify the prisoners' SSNs. If the SSNs verify, SSA electronically matches the prisoner data against its payment rolls. When the data match, the system creates a record in SSA's Prisoner Update Processing System (PUPS) and sends a PUPS alert to SSA staff. When an SSA employee receives a PUPS alert, he/she must verify the individual's identity and any other prisoner data, if necessary. If the payments should be stopped, the employee inputs the suspension into PUPS. We will evaluate SSA's policies and systems for suspending SSI payments based on PUPS alerts.

## **Ineligible Spouses or Parents with Income Increases After Reported Separations from Supplemental Security Income Recipients**

*A-02-14-31417*

SSA may count the income of recipients' spouses or parents (deemors) when it determines the recipients' SSI eligibility. To avoid losing SSI payments, some SSI recipients falsely report separations when deemors' income will affect the recipients' SSI payments. We identified recipients who reported separation from deemors after the deemors' earnings increased and whose SSR addresses matched the deemors' addresses after the reported separations. We referred a small sample of these cases for investigation. We will continue tracking these cases to determine how many years after reported separations the recipients' and deemors' addresses matched, and the SSI funds overpaid.

## **Manual Old-Age, Survivors and Disability Insurance Post-entitlement Actions**

*A-07-18-50621*

SSA may need to update beneficiaries' records for such events as death or changes in address, marital status, or work activity. When SSA's systems cannot fully automate these post-entitlement actions, employees must manually resolve the issue, making necessary updates to the beneficiary's record. Manual actions may be necessary for complex actions, such as actions for beneficiaries entitled on multiple records or actions that affect benefits for many years. We will determine whether employees processed manual post-entitlement actions accurately.

## **Maryland and Michigan Representative Payee Death Review**

*A-15-18-50682*

SSA obtained death files from Maryland and Michigan and matched them against the payment files. In this audit, we will match the Maryland and Michigan death data against representative payee data to identify deceased payees who continue to receive funds for beneficiaries.

## **Match of Death Information Against Social Security Administration Records**

*A-02-18-50693*

We plan to obtain death data from Arkansas, California, Delaware, Florida, Maine, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, and Virginia as well as the Department of the Treasury and CMS to compare to SSA's payment records. We will refer potential fraud cases to our Office of Investigations.

## **Miscellaneous Debt Protests Pending in Due Process**

*A-04-18-50546*

A debtor and his/her representative payee may contact SSA's field office, PSC, or teleservice center to protest an overpayment. SSA uses Miscellaneous Debts to prevent withholding an overpayment when no predefined protest reasons (for example, initial waiver and hearing) apply. A Miscellaneous Debt will be cleared if SSA updates the debt management system. However, if no action is taken, these Miscellaneous Debts may be ignored and remain pending for years. We will review all the Miscellaneous Debts pending 2 years or longer to determine whether SSA processed the overpayments correctly and collected the debts timely.

## **Old-Age, Survivors and Disability Insurance Overpayments Caused by Retroactive Benefit Rate Changes**

*A-07-18-50674*

Incorrect benefit computations are one of the major causes of OASDI over- and underpayments. SSA determines a beneficiary's benefit rate based on several factors, including age, earnings, and benefit type. SSA makes incorrect benefit computations when employees make administrative errors or beneficiaries provide inaccurate information. We will review overpayments that resulted from retroactive benefit rate changes and identify the reasons for the rate changes and any delays in processing.

## **Old-Age, Survivors and Disability Insurance Payments Made to Individuals Recorded As Deceased on the Supplemental Security Record**

*A-13-17-50176*

Generally, when SSA receives a death report, it may terminate the decedent's benefits and initiate recovery for any payments issued after death. However, certain reports require further action to verify the information before SSA can take additional steps. We plan to assess information for individuals who receive OASDI benefits while they are shown as deceased in the SSI information system.

## **Overpayments to Widow(er)s**

*A-01-13-23095*

If a worker chooses to receive benefits before he/she reaches full retirement age, the amount of the benefit payable to the worker's widow(er) is capped by the retirement insurance benefit limitation provision. Under this provision, the benefit to a widow(er) is reduced to the amount the deceased worker would be receiving if alive or 82.5 percent of the deceased worker's primary insurance amount, whichever is larger. Our review will determine whether SSA overpaid widow(er)s under the retirement insurance benefit limit provision.

## **Payments to Individuals Incarcerated in Department of Public Safety and Correctional Services Facilities**

*A-15-18-50686*

The *Social Security Act* generally prohibits payments to individuals confined to a jail, prison, or certain other public institutions for committing a crime. We plan to request files of Social Security numberholders incarcerated in Maryland Bureau of Prisons and Pennsylvania correctional facilities and match the files against Social Security payment records to identify SSI recipients and OASDI beneficiaries who appear to have improperly received payments while incarcerated.

## **Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients**

*A-03-18-50277*

In a December 2013 review on *Processing of Internal Revenue Service Alerts*, we found SSA did not develop some cases for SSI recipients with significant income and resources reported in Tax Year 2010, which made them ineligible for benefits. We estimated SSA may have overpaid about \$12 million in benefits to 1,014 SSI recipients. Beginning in January 2015, SSA indicated it had enhanced the existing predictive model to more effectively target SSI recipients with potential excess income and resources as indicated in our quarterly data matches with the Internal Revenue Service. In addition, on September 27, 2014, SSA implemented a system change that alerts technicians of SSI couples' incomes or resources that are above the tolerance level. We will determine whether SSA is properly processing the Internal Revenue Service alerts and appropriately adjusting benefit amounts for SSI recipients.

## **Processing Medicare Part B Payments that Are Less than the Social Security Benefit Payments**

*A-03-18-50702*

PSC technicians manually process cases where a beneficiary's monthly benefit payment is less than his/her monthly Medicare Part B premium, known as LESSDO cases. When SSA becomes aware a case meets LESSDO criteria, technicians should update the MBR to suspend the monthly benefit payments, determine the correct billing amount, and inform the beneficiary of the changes and amount owed for the Medicare premium. At the end of the calendar year, SSA generates an alert through the Benefit Rate Increase program to identify beneficiaries in LESSDO status. Once the Benefit Rate Increase alert is generated, technicians should take actions to determine whether the premiums were appropriately paid, adjust SSA records where appropriate, and document their conclusions. While SSA has a Benefit Rate Increase alert, all the actions related to LESSDO cases are manual, and there are no known controls to ensure technicians complete all steps correctly. We will determine whether SSA is accurately processing Title II benefit payments that are less than the Medicare Part B premium amount.

## **Recipients with Limited Funds in Bank Accounts When Applying for Supplemental Security Income Payments**

*A-02-18-50670*

To be eligible for SSI payments, an individual must have limited resources. To determine whether individuals meet the resource limits, SSA determines the value of all liquid resources if alleged liquid resources total \$400 or more. SSA field office staff has reported that SSI applicants and recipients are aware of this threshold and report that they have less than \$400 to avoid having their liquid resources verified when their resources actually exceed \$400. We will determine whether recipients who reported they have limited liquid resources accurately reported the value of them to SSA.

## **Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Individual is No Longer in Current Pay**

*A-04-18-50651*

When SSA cannot recover an overpayment from an overpaid individual, it may recover the overpayment from other persons receiving benefits on the same earnings record, referred to as contingent liability. When SSA recovers an overpayment from a contingently liable individual, it deletes the overpayment from the overpaid individual's record and posts the overpayment to the contingently liable individual. If the contingently liable individual stops receiving benefits or is granted a waiver, SSA should re-establish the overpayment balance to the overpaid individual's record. We identified contingently liable individuals whose benefits were terminated or suspended, but, because SSA did not re-establish the debt to the overpaid individual, the contingently liable individual continues showing an outstanding balance. We will review records to determine whether the overpaid individual is in current pay under his/her own or separate SSN, another contingently liable individual is on the overpaid record, or overpaid individuals are now deceased.

## **Recovery of Overpayments from the Estates of Deceased Title II Beneficiaries**

*A-13-18-50282*

When a beneficiary is deceased, overpayments can occur. For example, a beneficiary's representative payee can be overpaid when a payment is issued after the beneficiary's death. When a beneficiary dies with an outstanding overpayment, his/her estate becomes liable for any remaining overpayment balance exceeding \$3,000. We will determine whether SSA complied with its procedures for recovering overpayments from deceased OASDI beneficiaries' estates.

## **Redeterminations Closed with Undeveloped Resources**

*A-02-18-50545*

SSA conducts SSI redeterminations to help determine recipients' continued eligibility and to detect and prevent improper payments. For recipients who had a redetermination between January 2014 and October 2017, we will determine whether SSA developed all resources when it completed redeterminations and the funds at risk because of the undeveloped resources.

## **Social Security Payments Made to Individuals Who Were Ordered Removed from the United States**

*A-13-18-50581*

Each month, DHS sends SSA lists of individuals who were deported or removed from the United States during the previous month. However, SSA does not receive information pertaining to individuals in DHS records as subjects of final orders of removal from the United States but who remain in the United States. We will obtain data on individuals ordered removed from the United States, to determine whether they were improperly paid benefits.

## **Spouses and Widow(er)s with Unverified Government Pensions Who Are Receiving Benefits**

*A-13-17-50161*

OASDI auxiliary benefits can be subject to GPO, which 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 covered employment and not subject to Social Security taxes, under the *Federal Insurance Contributions Act*. Under certain conditions, beneficiaries may receive an exemption from GPO. SSA policy further instructs that if an exemption applies, staff should verify the exemption in accordance with policy and records, if applicable. We will review spouses and widow(er)s who have government pension data in SSA's information systems, but who do not have pension payment information or GPO exemptions on their records.

## **Supplemental Security Income Recipients Eligible as Disabled Adult Children Under the Old-Age, Survivors and Disability Insurance Program**

*A-13-18-50713*

Under certain conditions, individuals receiving SSI payments may also be eligible for benefits as disabled adult children under the OASDI program. In a prior audit, we identified SSI recipients who had received OASDI benefits as child beneficiaries but who appeared to be eligible for additional OASDI benefits not being paid. We plan to determine whether SSI recipients who

received OASDI benefits as child beneficiaries are eligible for additional OASDI benefits in addition to, or instead of, the SSI payments they are receiving.

## **Supplemental Security Income Recipients with Double-counted Social Security Benefits**

*A-05-18-50532*

Under the SSI program, each eligible individual living in his/her own household and having no other countable income is provided a \$735 maximum monthly Federal cash payment. SSA reduces SSI payments by a recipient's countable income, which includes OASDI benefits, less certain exclusions. In some instances, beneficiaries receiving both OASDI and SSI payments are overpaid under the OASDI program, which requires an adjustment to the amount deducted from the SSI payment. When this occurs, SSI systems generate a diary alerting SSA staff that the record should be reviewed for a possible adjustment. As of June 2018, about 39,000 of these diaries were outstanding for 6 months or longer, with about 51 percent outstanding for 2 years or longer. We will determine whether SSA processes SSI diaries related to double-counted SSA benefits according to policy.

## **Supplemental Security Income Trusts**

*A-02-14-34118*

A trust is an interest where property is held by a trustee (an individual or entity) that is subject to a fiduciary duty to use the property for another individual's benefit. A trust established with the assets of an SSI applicant/recipient (or spouse) is generally a resource. Also, disbursements from the trust may be income to the SSI recipient, depending on the nature of the disbursements. Cash paid directly from the trust to the individual is unearned income. Disbursements from the trust to third parties that result in the beneficiary receiving non-cash items (other than food or shelter) may be counted as in-kind income. Some disbursements from the trust are not income (for example, educational expenses, telephone bills, recreation, and entertainment). SSI recipients are required to report trust withdrawals to SSA so staff can determine the impact of the withdrawals on the recipients' eligibility and/or payment amount. Our review will determine SSA's effectiveness in monitoring trusts held by SSI recipients and their effect on the recipients' eligibility.

## **The Effectiveness of the Social Security Administration's Medicare Non-utilization Project Data**

*A-08-18-50715*

Since SSA implemented the Medicare Non-utilization Project (MNUP) in 2013, it has concluded that about 86 percent of MNUP beneficiaries were alive. This is more than double the 42 percent we identified in our August 2012 audit, *Using Medicare Claim Data to Identify Deceased Beneficiaries*. As such, we will determine what factors may explain this significant difference in outcomes. Specifically, we will determine what data SSA obtained from CMS and compare it with the data we received from CMS' contractor. In addition, CMS' contractor allows an adjudication period for its claims while the data CMS provides SSA does not allow for an adjudication period. Although there is no crosswalk between the files, we will attempt to determine whether SSA can obtain a more refined MNUP population using CMS contractor data.

## **The Social Security Administration’s Accounting of Recoveries Under Court-ordered Restitution**

*A-04-18-50633*

Courts may order individuals convicted of Social Security fraud to pay SSA restitution for illegally obtained funds in addition to any fees the court assesses. SSA is not authorized to seek restitution of fines or penalties imposed by the court. Between October 1, 2015 and September 30, 2017, the courts ordered 1,536 individuals to pay SSA approximately \$162 million. As of September 30, 2017, SSA had received approximately \$17 million of the court-ordered restitution—approximately 10.5 percent of the total amount due. We will assess SSA’s efforts to collect overpayments pursuant to court-ordered restitution.

## **The Social Security Administration’s Actions to Resolve Suspicious Internet Claims**

*A-09-18-50603*

SSA defines anomalous claims as irregular, inconsistent, exceptional, or unusual claims with patterns that do not conform to its rules or policies. Most anomalous claims are filed as Internet claims (i-claims). SSA’s Office of Anti-Fraud Programs analyzes pending i-claims to identify anomalous claims before benefits are paid. For any identified anomalous claim, SSA employees must contact and interview the individual under whose SSN the claim was filed to determine the claim’s validity. Our review will determine whether SSA is taking appropriate actions for anomalous i-claims identified by the Office of Anti-Fraud Programs.

## **The Social Security Administration’s Computer Matching with Veterans Affairs Related to Supplemental Security Income Claims**

*A-01-17-50236*

Since the SSI program is intended to be a program of last resort, individuals must apply for all other benefits for which they are potentially eligible. Generally, individuals are not eligible for SSI if they fail to take all the appropriate steps to apply for all other benefits for which they may be eligible—including VA benefits. In our January 2010 report, *Supplemental Security Income Recipients Eligible for Veterans Benefits*, we estimated SSA paid about \$1.3 billion to approximately 22,000 SSI recipients who appeared to meet VA requirements for benefits. In addition, we estimated that SSA would continue paying about \$126 million in SSI payments over the next 12 months to individuals who appeared eligible for VA benefits instead of SSI payments. We will evaluate SSA’s efforts to work with the VA to identify SSI recipients who are potentially eligible for VA benefits instead of SSI payments.

## **The Social Security Administration’s Determination of Ordinary and Necessary Expenses for Repayment Agreements**

*A-07-18-50401*

If an overpaid individual requests a repayment plan that will require longer than 36 months, SSA can negotiate a rate that allows the recipient to meet his/her ordinary and necessary living expenses while still repaying the overpayment. SSA evaluates the individual’s income, expenses, and assets to determine an appropriate monthly repayment amount. SSA policy does not provide guidance for an acceptable expense amount, leaving the determination to each employee’s discretion. For example, food is considered ordinary and necessary; however, there

is no guidance provided for the dollar value to consider. We will review repayment agreements to assess SSA's policies for determining the amount an individual should agree to repay monthly.

### **The Social Security Administration's Processing of Retirement Claims Subject to Rules Enacted by the *Bipartisan Budget Act of 2015***

*A-07-18-50362*

The *Bipartisan Budget Act of 2015* allows individuals who turned 62 before 2016 to file for spousal benefits at or after full retirement age while choosing not to take their own retirement benefits. The Act also allows for those who have already filed and are voluntarily suspended to remain suspended and accrue delayed retirement credits under the previous rules. Additionally, those who were at least 66-years-old before May 1, 2016 and who filed for benefits before that date can file and suspend under the previous rules. Our review will determine whether SSA's policy and procedure changes have effectively eliminated the unintended filing options in accordance with the *Bipartisan Budget Act of 2015* and ensure SSA is correctly adjudicating claims based on the policy changes.

### **The Social Security Administration's Processing of Returned Payments**

*A-07-18-50570*

Individuals, financial institutions, and the U.S. Postal Service may return payments to SSA for a variety of reasons. For example, the Postal Service may return checks because beneficiaries moved, and financial institutions may return payments if beneficiaries closed or changed direct deposit accounts. When SSA receives a returned payment, it determines why the payment was returned and whether it should be reissued. We will determine whether SSA processed returned payments according to its policies.

### **The Social Security Administration's Recovery of Garnishment and Levy Payments Made After a Beneficiary's Death**

*A-07-18-50635*

If OASDI benefits are terminated because a beneficiary died, and he/she had ongoing garnishment or tax levy deductions, SSA considers any amount paid to the other State or Federal agency after the month of death unjust enrichments or an incorrect payment. SSA should determine the individual or Agency to whom the payment was issued and request a refund. We will determine whether SSA is following its policies for recovering overpayments resulting from garnishment or levy payments after beneficiaries' deaths and could take actions to increase recovery of such overpayments.

### **The Social Security Administration's Use of Uncollectible Overpayment Decisions**

*A-07-18-50659*

In certain circumstances, SSA determines an overpayment is uncollectible, and it permanently writes off the debt. SSA makes this determination when it is under a court order not to collect, an administrative law judge (ALJ) declares the overpayment uncollectible, the recipient is deceased and all proper efforts to collect the overpayment have proven unsuccessful, or the SSI check was delivered early in the month of the recipient's death. SSA policies and procedures require that all uncollectible overpayment decisions be justified, documented, and, when certain dollar thresholds are met, approved by a supervisor. We plan to determine whether SSA accurately classified overpayments as uncollectible.

## **Use of Social Security Benefit Statement Corrections to Identify Potential Fraudulent Internet Claims**

*A-09-18-50698*

Each year, SSA mails Forms SSA-1099 with tax information to beneficiaries about the Social Security benefits they received for the preceding calendar year. This information includes the total amount of benefits received, the amount of Medicare premiums deducted, attorney fees, voluntary tax income withheld, and other details about prior-year benefits. SSA issues corrected statements when an SSA-1099 contains errors. If a beneficiary alleges his/her SSA-1099 shows benefit payments that he/she did not receive because of an allegation of fraud, SSA issues a corrected SSA-1099 after it refers the claim to the OIG. We will determine whether SSA should use SSA-1099 corrections to identify potential fraudulent Internet claims.

## **Using Medicare Claim Data to Identify Deceased Beneficiaries Age 80 to 89**

*A-08-18-50442*

In our August 2012 audit, *Using Medicare Claim Data to Identify Deceased Beneficiaries*, from a random sample of 125 beneficiaries age 90 or older (as of February 1, 2011), 23 (18 percent) were deceased, and 6 (5 percent) were likely deceased based on information we obtained from a relative, neighbor, or bank. SSA agreed with our recommendation and implemented its Medicare Non-utilization Project (MNUP) in September 2013. Since September 2013, SSA has identified over \$207 million in erroneous payments to deceased beneficiaries. We will determine whether SSA could use enhanced Medicare claim data to better identify deceased beneficiaries age 80 through 89.

## **Waived Old-Age, Survivors and Disability Insurance Childhood Overpayments**

*A-04-18-50275*

In a prior review, we found SSA had waived recovery of childhood overpayments for about 18 percent of the beneficiaries – about \$60 million in established overpayments. Because a childhood beneficiary's entitlement is based on the numberholder, the family unit could be benefiting from overpaid benefits they are not required to repay. This review will report on the characteristics of waived childhood overpayments.

## **Windfall Offset Determinations Involving Attorney's Fees**

*A-09-18-50697*

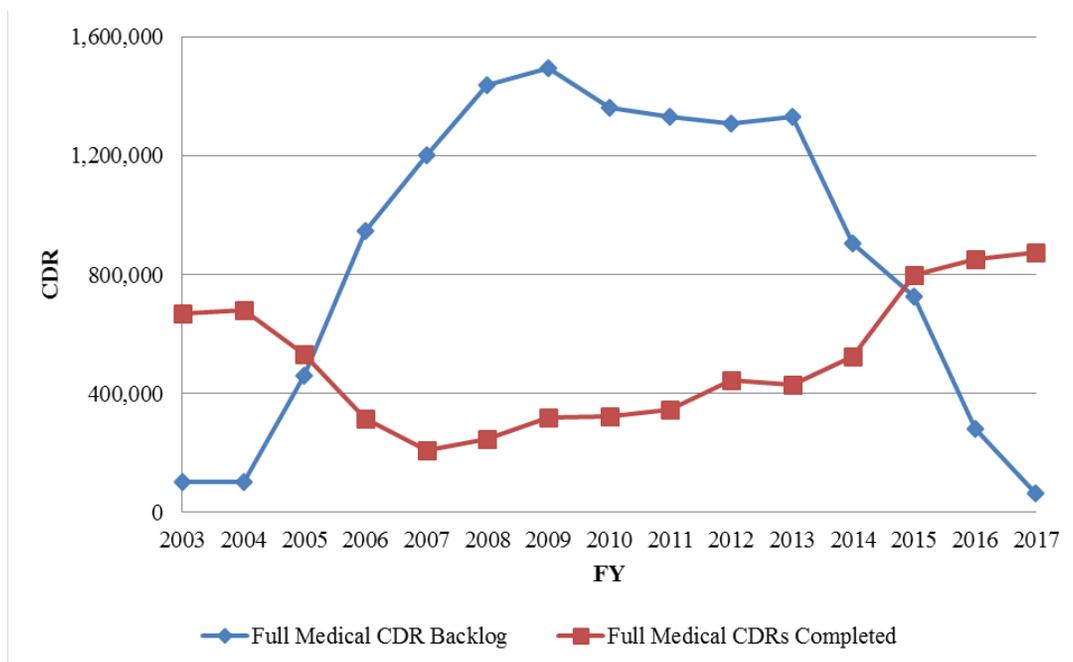
SSA's windfall offset provision prevents an individual from receiving more DI and SSI benefits than he/she would have received had the DI benefits been paid when regularly due. When beneficiaries are dually entitled to DI and SSI for the same months, SSA must reduce any retroactive DI benefits that may have been payable by any SSI payments that should not have been paid because of the DI entitlement. When an attorney fee is involved, SSA must adjust the DI income by deducting the fee from DI benefits and use the adjusted amount in the offset computation. We will determine whether SSA properly accounted for attorney fees in its windfall offset calculations.

## Improve Administration of the Disability Programs

Field offices, regional operations, hearing offices, Appeals Council, and DDS process SSA’s disability workloads. In FY 2017, SSA received over 2.4 million initial disability claims and approximately 583,000 reconsideration claims. As of May 2018, SSA had received almost 1.5 million initial claims and over 355,000 requests for reconsideration. Further, as of May 2018, there were over 555,000 initial claims pending.

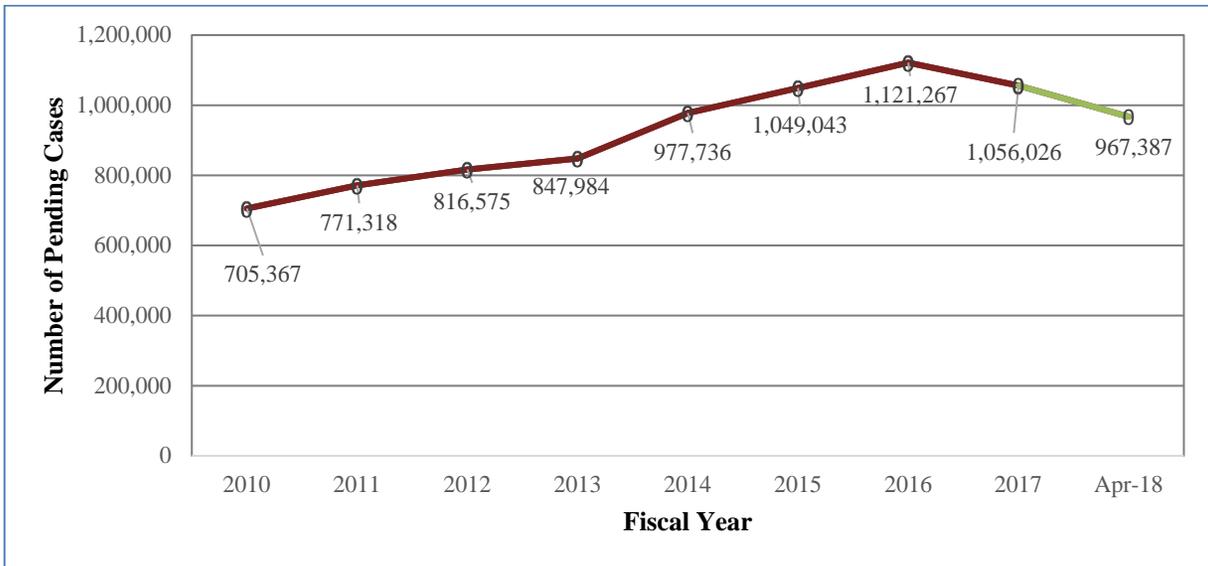
The high number of initial disability applications in previous years forced the dedication of DDS resources to processing initial applications rather than conducting medical CDRs. As a result, SSA has had a backlog of full medical CDRs since FY 2002. However, with increased program integrity funding in recent years, SSA increased the number of full medical CDRs completed and reduced the backlog to about 64,000 cases at the end of FY 2017 (see Figure 1). SSA expects to eliminate the backlog by the end of FY 2018.

**Figure 1: Full Medical CDR Backlog and Completions, FYs 2002 Through 2017**



Another part of the disability program, the hearings and appeals process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 40 percent from 426 days at the end of FY 2010 to 600 days at the end of April 2018. During the same period, pending hearings increased 37 percent from 705,367 cases at the end of FY 2010 to 967,387 cases at the end of April 2018 (see Figure 2). However, pending hearing cases have decreased recently and are at their lowest levels in 4 years.

**Figure 2: Pending Hearings, FYs 2010 Through April 2018**



In 2017, the Office of Hearings Operations (OHO) updated its *Compassionate And REsponsive Service* (CARES) plan, which outlines initiatives to address the growing number of pending hearings and increasing wait times. Initially, the CARES plan included an average processing time goal of 270 days for hearings by the end of FY 2020. However, OHO now expects to reach the goal by 2022. The 27 CARES initiatives relate to (1) Business Process Efficiencies, (2) Decisional Capacity, and (3) Information Technology Innovations and Investments.

SSA is hiring additional ALJs to increase its adjudicatory capacity. Further, OHO continues focusing on decision quality through its ongoing reviews of pre-effectuated adjudicator allowances, monitoring of potential anomalies in ALJ workload performance, and expanding hearing office workload quality measures.

## **Achieving a Better Life Experience Act Accounts**

*A-02-18-50357*

The *Achieving a Better Life Experience Act of 2013* (ABLE) allows certain disabled individuals and their families to save funds in a tax-advantaged savings and investment account. Anyone can contribute to an account that belongs to a qualified disabled individual. Account funds can be used to pay for qualified expenses that are related to the designated beneficiary's blindness or disability and helps them increase or maintain their health, independence, and quality of life. With this initial review of ABLE accounts, we plan to determine how many States have enacted legislation allowing ABLE accounts, determine the number of SSI recipients who have ABLE accounts, and review SSA's oversight of SSI recipients who have ABLE accounts. We may also survey recipients who have ABLE accounts about whether they have found them useful or see any problems with tracking these new resources and/or the policies created to do so.

## **Administrative Law Judge Remand Decisions**

*A-12-18-50290*

An initial hearing decision can be remanded if it has significant evidentiary or procedural deficiencies. Hearing offices are instructed to treat remands as a high priority, and SSA's policy manual instructs hearing offices to flag remands and assign them immediately. The Appeals Council remanded about 15,000 initial remands in FY 2017. We will determine whether ALJs are processing Appeals Council remands as a priority workload.

## **Aging of Medical Evidence - Impact on Hearings Backlog**

*A-12-18-50305*

The average processing time for a hearing claim in FY 2010 was 390 days, but that time increased to 480 days in FY 2015 and 605 days in FY 2017. A claimant's condition could change before a hearing is scheduled and heard, which would necessitate an update to his/her medical record. Scheduled hearings could need to be rescheduled to give the ALJ time to evaluate the updated medical information. We will determine how many claims had the medical evidence redeveloped because the evidence was too old.

## **Claimants Approved at the Hearing Level Based on Mental Impairments of Intellectual Disability and Organic Brain Disorder**

*A-12-18-50606*

Intellectual disability and organic brain disorder usually have sufficient medical evidence to support the claim and allowance decision at the DDS. However, in FY 2017, ALJs allowed about 5,000 cases with these disabilities (Diagnosis Codes 3180 and 2940). An allowance at the DDS level costs less than an allowance at the hearing level and provides benefits to a person with a disability more timely. Therefore, we will determine why claimants alleging Intellectual Disabilities and Organic Brain Disorders were allowed at the hearing level instead of at the DDS level.

## **Disability Claims Filed by Active Duty Military Members**

*A-06-18-50629*

The Wounded Warrior program allows members of the military to receive concurrent military pay and DI benefits while they recover from traumatic combat injuries. If they are discharged from the military, their Social Security disability benefits continue. We will identify active-duty military service members who filed disability claims and summarize the claims' status as well as Wounded Warrior geographic and demographic information. We will also identify the number of Wounded Warriors whose DI benefits had ceased and/or who had earnings-related overpayments.

## **Disability Insurance Claims for Residents with Unreported Workers' Compensation Benefits**

*A-04-18-50665*

Individuals who qualify for DI benefits may also be eligible for cash benefits under State WC programs. SSA reduces DI benefits when the total DI plus WC benefits received exceeds applicable limits. When claimants apply for DI benefits, SSA informs them of the requirement to report WC information to SSA and relies on the beneficiary to report this information. To date, SSA does not have data-matching agreements with States. We will request data from States to identify the DI claims with unreported WC benefits.

## **Disabled Beneficiaries Who Elect Reduced Retirement Benefits Based on Workers' Compensation Payments**

*A-07-18-50636*

The *Social Security Act* requires that SSA offset DI benefits when a worker is also eligible for periodic or lump-sum WC or Public Disability Benefits so the combined amount does not exceed 80 percent of the worker's average current earnings. However, when these beneficiaries turn 62, they may elect to receive reduced retirement benefits, which can be advantageous to the beneficiary because retirement benefits are not subject to the offset. Thus, the Act creates an advantage for certain beneficiaries. We will determine the effect on the OASDI trust funds caused by not permanently reducing retirement benefits when disabled beneficiaries receiving WC or Public Disability Benefits payments choose to receive reduced retirement benefits before full retirement age.

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

*A-09-18-50523*

Under certain circumstances, such as when a benefit check is returned as undeliverable, SSA may suspend benefits. SSA may also temporarily suspend benefits pending its selection of a representative payee. When this occurs, the field offices must take appropriate follow-up actions and reinstate benefits. If a beneficiary dies before SSA reinstates benefits, any previously withheld benefits should be paid to surviving beneficiaries. We will determine whether SSA has taken appropriate actions for disabled beneficiaries whose benefits were suspended for address, whereabouts unknown, or miscellaneous reasons.

## **Health Information Technology Providers**

*A-01-18-50342*

Although applicants for Social Security disability benefits must provide health records to support their claims, SSA makes every reasonable effort to assist in obtaining health records, including contacting providers. SSA uses health IT to electronically request and receive a disability applicant's health records. In a May 2015 report, we noted that, despite challenges, SSA continued expanding health IT and partnered with 38 health care organizations, exchanged electronic records in 30 States and the District of Columbia, and identified ways of enhancing health IT case processing and data analytics. For our current review, we will assess SSA's expansion of health IT and follow up on our prior recommendations.

## **Manually Effectuated Work Continuing Disability Review Determinations**

*A-07-18-50390*

While SSA's eWork simplifies development and adjudication of work CDRs, certain cases require additional manual inputs to effectuate and adjudicate work CDRs. When manual inputs are required, the disability examiner transfers the case to the benefit authorizer who updates the MBR, corrects payment information, and sends the appropriate under- or overpayment notices. In such cases, the disability examiner should allow the benefit authorizer 15 days to process the manual inputs and update the MBR. The disability examiner, claims specialist, technical experts, or area incentive coordinators should follow up with the benefit authorizer after 15 days to check the status and request further action if appropriate. We will determine whether SSA accurately and timely processed manual inputs to effectuate determinations in work CDRs for DI beneficiaries.

## **Medical Improvement Review Standard Exceptions**

*A-01-18-50347*

SSA is required to use the Medical Improvement Review Standard (MIRS) to determine whether an individual's disability benefits should continue. Under the MIRS, an individual's disability continues unless the (1) disabling condition has improved since the last favorable disability determination or comparison point decision and (2) individual can engage in substantial gainful activity (SGA). However, the *Social Security Act* provides exceptions to MIRS. These exceptions allow SSA to find disability ceased in limited situations without showing medical improvement occurred, when the evidence clearly shows the person should no longer be, or never should have been, considered disabled. The Group I exceptions require a finding that the person is not disabled, but the Group 2 exceptions do not require this finding. We plan to evaluate SSA's use of MIRS exceptions.

## **New York State Disability Determination Division's Indirect Costs** *A-02-18-50754*

Under SSA's DI and SSI programs, DDSs in each State make disability determinations in accordance with Federal regulations. Each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. SSA reimburses DDSs for 100 percent of allowable expenditures up to their approved funding authorization. At the end of each quarter, each DDS submits a State Agency Report of Obligations for SSA Disability Programs (Form SSA-4513) to account for program disbursements and unliquidated obligations. In New York State, the Office of Temporary and Disability Assistance, Disability Determination Division oversees four DDS processing centers. We will determine whether indirect costs claimed by the New York State Office of Temporary and Disability Assistance were allowable and properly allocated.

## **Obtaining Medical Records at the Office of Hearings Operations** *A-01-18-50657*

Although applicants for Social Security disability benefits must provide medical records to support their claims, SSA makes every reasonable effort to assist with obtaining the records, including contacting medical providers. We will compare the process SSA's OHO uses to obtain medical records to the process the DDSs use.

## **Pre-hearing Conference Expansion Initiative** *A-05-18-50530*

SSA's September 2016 CARES plan includes 27 initiatives to eliminate the hearings backlog and decrease average processing times. The 2017 Updated CARES and Anomaly Plan included the Pre-Hearing Conference Expansion pilot, which was intended to reduce postponements by expanding the use of pre-hearing conferences that explain the hearings process to, and better prepare, unrepresented claimants for their hearings. Phase 1 of the pilot started in May 2015 with 5 hearing offices and expanded to 33 hearing offices when OHO temporarily suspended the pilot in December 2016 to focus on decision writing backlogs. OHO resumed the Pre-Hearing Conference program on a limited basis in FY 2017. We plan to determine whether the Pre-Hearing Conference initiative has decreased hearings postponements.

## **Supplemental Disability Hearings** *A-12-18-50356*

According to SSA policy, a supplemental hearing is appropriate in certain circumstances, such as when certain testimony or a document introduced at the hearing has taken the claimant by surprise, is adverse to the claimant's interest, and presents evidence the claimant could not reasonably have anticipated and to which the claimant is not prepared to respond. The rules for conducting the initial hearing apply to the supplemental hearing. If an ALJ decides to conduct a supplemental hearing, he/she must reopen the record. Our review will determine the impact of supplemental hearings on SSA's ability to issue timely hearing decisions.

## **Supplemental Security Income Recipients Eligible for Disability Benefits** *A-09-18-50694*

An application for payments under the SSI program is considered an application for OASDI benefits. SSI recipients who are eligible for OASDI are required to file for those benefits. When SSA identifies SSI recipients who may be eligible for OASDI benefits, it must notify the individuals of their eligibility and the requirement to file for those benefits. Our review will determine whether SSA has adequate controls to ensure it properly awards OASDI benefits for individuals who are entitled to SSI.

## **Terminal Illness Cases in Payment Status for Longer than 7 Years** *A-06-18-50323*

When SSA approves a terminally ill individual for disability payments, the longest possible redetermination date (7 years) is typically established in the system because of the unlikelihood the individual will require a redetermination. As of December 31, 2015, approximately 24,000 DI beneficiaries and 6,000 SSI recipients whose disability claims were approved between 2001 and 2008 based on a terminal illness were in current pay status. Our review will determine whether the terminal illness coding of the claims was accurate and the beneficiaries are receiving redeterminations according to the appropriate schedule.

## **The Social Security Administration's Determination of Impairment-related Work Expenses When Processing Work Reviews for Disabled Beneficiaries** *A-07-18-50641*

When a disabled beneficiary has earnings from work activity, SSA conducts a work review to determine whether the beneficiary can engage in SGA. When processing work reviews, SSA considers the effect of work incentives that may reduce the earnings it counts when it makes an SGA determination. SSA can deduct the cost of certain impairment-related work expenses from gross earnings. Policy states SSA must verify and document the beneficiary's need and payment for the items or services necessary to allow the beneficiary to work. We will determine whether the Agency reduced countable earnings and paid benefits correctly based on income-related work expenses when it performs work reviews for disabled beneficiaries who returned to work.

## **The Social Security Administration's Determination of Subsidies When Processing Work Reviews for Disabled Beneficiaries** *A-07-18-50675*

When a disabled beneficiary has earnings from work activity, SSA conducts a work review to determine whether the beneficiary can engage in SGA. When processing work reviews, SSA considers subsidies that may reduce the amount of earnings it counts when making the SGA determination. If a subsidy exists, SSA only counts earnings that represent the actual value of the work performed. We will determine whether SSA reduced countable earnings and paid benefits correctly based on subsidies for disabled beneficiaries who returned to work.

## **The Social Security Administration's Initiative on Work Smart**

*A-04-18-50664*

SSA's quality reviews have consistently shown that improper processing of SGA is the leading cause of OASDI overpayments. SSA developed Work Smart in response to section 825 of the *Bipartisan Budget Act*, which simplified post-entitlement SGA determinations by allowing SSA to presume monthly earnings are earned in the month the earnings are paid, unless there is readily available evidence to indicate when earnings occurred. The new process should shorten processing times on work CDRs and lessen the possibility of overpayments for disabled beneficiaries. Our review will determine whether SSA is properly processing CDRs to identify SGA and reduce improper payments.

## **The Social Security Administration's Use of Averaging When Determining Substantial Gainful Activity for Disabled Beneficiaries**

*A-07-18-50394*

The Code of Federal Regulations allows SSA to average earnings over a period of work when it determines whether a disabled beneficiary has engaged in SGA. SSA may average earnings over a period only if work was continuous, there was no significant change in work patterns or earnings, and earnings fluctuated from above to below the SGA threshold. However, Agency policy states there is no established monetary amount that represents a significant change. Thus, staff may apply the provisions inconsistently or incorrectly. We will review beneficiaries' income to determine whether SSA applied income-averaging provisions and paid benefits correctly to disabled beneficiaries who returned to work.

## **The Social Security Administration's Use of Motor Vehicle Information to Determine Continued Eligibility for Individuals Receiving Disability Benefits**

*A-01-18-50376*

SSA has an agreement with the American Association of Motor Vehicles Administrators to provide immediate, online responses to States' queries for SSN verification to issue driver's licenses and identification cards. We will determine whether we can match the American Association of Motor Vehicles Administrators data to DI beneficiaries and SSI disability recipients in current pay status based on blindness.

## **Use of Dedicated Funding to Reduce the Hearings Backlog**

*A-05-18-50573*

To address the hearings backlog, the *Consolidated Appropriations Acts of 2017 and 2018* provided SSA \$90 and \$100 million, respectively. OHO intended to hire ALJs and support staff; pay for overtime; and fund IT investments, ALJ relocation, and training. SSA projected it would provide hearing decisions for approximately 120,000 additional cases in FY 2020 and improve average processing time by 2 months. As of April 2018, there were about 1 million pending cases at the hearing level, and the average processing time was 600 days. We plan to determine how OHO spent the dedicated funding from FYs 2017 and 2018 to reduce the hearings backlog and improve the average processing time.

## **Using Veterans Administration Data to Identify Beneficiary and Representative Payee Fraud**

*A-03-18-50541*

As of March 2014, SSA was receiving information from VA about veterans who received a 100-percent permanent and total disability rating to assist with expediting their SSA claims. While SSA receives information from the VA concerning veterans who received the permanent and total disability rating, it does not appear they are receiving information when VA convicts a veteran of fraudulent disability related to the medical eligibility that could affect their SSA benefits. In addition, the VA fiduciary program is similar to SSA's Representative Payment Program. VA fiduciaries and SSA's representative payees manage benefits for beneficiaries who are not capable of managing their own affairs. Further, both programs have nearly the same definition of misuse and improper use of beneficiary payments. For example, they define improper use as an unwise expenditure of benefits that is not in the beneficiary's best interest. We will determine whether individuals convicted of disability or fiduciary fraud at the VA are receiving Social Security disability benefits or serving as a representative payee.

## **Work Determinations for Disability Applicants at the Initial and Reconsideration Level**

*A-07-18-50388*

SSA employees are responsible for developing, documenting, resolving, and explaining work activity as well as all other non-medical factors that affect the established onset date. Thus, SSA employees must address all issues of work activity and adjudicate claims that do not require a medical determination, including denials for SGA. We will determine whether SSA employees accurately resolve and document work activity for initial and reconsideration disability applicants.

## Strengthen Planning, Transparency, and Accountability

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. Similarly, mismanagement and waste, as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

The Agency has long developed annual performance and multiple-year strategic plans, which include descriptions of the programs, processes, and resources needed to meet its mission and strategic objectives. Within these plans, the Agency has a mixture of annual outcome and output performance measures on which it publicly reports. While measuring workload outputs may be helpful for budgeting purposes, the output performance measures do not inform decision makers whether the completion of the workloads has positive outcomes. Similarly, measuring outputs, or steps in a process, does not inform the public whether SSA is achieving the outcomes it needs to efficiently and effectively provide its services and meet its mission.

We have previously noted that, while planning for the next year or few years is important, a longer-term vision is critical to ensuring the Agency has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond. In FY 2015, SSA developed a longer-term plan, *Vision 2025*. While the document provides a broad outline of SSA's service plan for the future, it does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. Also, while *Vision 2025* describes its future environmental drivers, it does not explain how they will affect SSA's ability to provide services in the future. *Vision 2025* does not choose one primary service delivery method; it promises a service delivery system that will meet each customer's desire, even though such an approach may not be financially feasible.

SSA received unmodified opinions on its (1) FY 2017 consolidated and sustainability financial statements and (2) internal control over financial reporting. However, under a contract with OIG, independent public accountants identified three significant deficiencies in internal control. Specially, it found deficiencies in certain financial information system controls, controls over the reliability of information used in certain control activities, and accounts receivable/overpayments. The Agency needs to address these three significant deficiencies to improve its accountability of these important systems and workloads.

## **Certificates of Coverage**

*A-15-18-50564*

Certificates of coverage are forms that SSA and foreign authorities subject to a Totalization Agreement issue to workers to eliminate dual taxation and social insurance coverage on the same earnings. Workers who are exempt from U.S. or foreign Social Security coverage under a Totalization Agreement must obtain a certificate of coverage from the country that will continue covering them. For example, a U.S. worker sent on temporary assignment to the United Kingdom would need an SSA-issued certificate of coverage to prove they are covered by U.S. Social Security and exempt from United Kingdom social security taxes. Requests for certificates of coverage under the U.S. system may be submitted by the employer, employee, or self-employed individual to SSA. We will review Totalization claims to determine whether SSA consistently and accurately processed U.S. and foreign work credits for beneficiaries overseas.

## **Costs of the Altmeyer Building Renovation**

*A-15-18-50483*

SSA is renovating the Altmeyer Building on SSA's Woodlawn, Maryland, main campus. This includes full interior and exterior renovations of the existing building's infrastructure, electrical system, and space. The renovation will create space for 300 to 350 additional staff that SSA estimates will be able to occupy the renovated building in FY 2021. We will review and track expenditures for the Altmeyer Building Renovation and assess SSA's estimated and reported figures.

## **Fiscal Year 2019 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges**

*A-02-18-50705*

The *Reports Consolidation Act of 2000* 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. We will provide a summary and assessment of the most serious management and performance challenges facing SSA in FY 2019.

## **Fiscal Year 2019 Risk Assessment of the Social Security Administration's Charge Card Programs**

*A-13-18-50711*

The *Government Charge Card Abuse Prevention Act of 2012* requires that all Executive Branch agencies implement additional internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts. Under the law, Inspectors General are tasked with conducting periodic risk assessments of their agencies' purchase (including convenience checks), integrated, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases. We will analyze the risk of illegal, improper, and erroneous purchases made through SSA's charge card programs in Fiscal Year 2019.

## **Pre-sort Contractor at the National Computer Center**

*A-15-18-50689*

SSA has contracted with Corporate Mailing Services to provide mail-sorting services to qualify for rate discounts under the U.S. Postal Services' automation and non-automation discount programs. The base year for this contract was August 3, 2014 to August 2, 2015 with 4 option years. Each year has a cost of \$547,500. We will determine whether the contractor is meeting its responsibilities for sorting the mail to get the most mailing discount for SSA and checking the addresses before sorting to ensure complete addresses, and whether SSA personnel are properly monitoring the contract.

## **The Social Security Administration's Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews**

*A-13-17-50192*

The *Social Security Act*, as amended by the *Social Security Protection Act of 2004*, requires that SSA report the results of site reviews of specific types of representative payees and any other reviews of payees conducted during the prior FY. We will determine whether SSA accurately reported to Congress its results for FY 2017.

## **The Social Security Administration's Compliance with the *Digital Accountability and Transparency Act of 2014 as of 2019***

*A-15-18-50614*

The *Digital Accountability and Transparency Act of 2014* (1) required disclosure of direct Federal agency expenditures and linking of Federal contract, loan, and grant spending information to agency programs; (2) established Government-wide data standards for financial data and provided consistent, reliable, and searchable Government-wide spending data; (3) streamlined reporting requirements and reduced compliance costs while improving transparency; (4) improved the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and (5) applied approaches developed by the Recovery Accountability and Transparency Board to spending across the Government. We are required to audit SSA's compliance with the Act in FY 2019.

## **The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2018 Agency Financial Report**

*A-15-18-50678*

On January 10, 2013, the President signed IPERIA into law. IPERIA amended the *Improper Payments Information Act of 2002* and IPERA. The legislation requires that agencies include in their annual Agency Financial or Performance and Accountability Reports improper payment estimates, reduction targets, root causes, corrective actions, and other areas. According to OMB guidance, each FY, each agency's Inspector General should determine whether the agency is in compliance with the Improper Payments Information Act of 2002, as amended by IPERA and IPERIA. We will determine whether the figures presented in SSA's Agency Financial Report are reasonable and the Agency complied with all requirements of the *Improper Payments Information Act of 2002*, as amended by IPERA and IPERIA.

## **The Social Security Administration’s Financial Reporting for Fiscal Year 2019**

*A-15-18-50677*

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 fairly represent 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. A contractor will perform the audit work to support this opinion of SSA’s financial statements. To fulfill our responsibilities under this Act and related legislation for ensuring the quality of the audit work performed, we will monitor the contractor’s audit of SSA’s financial statements.

## **The Social Security Administration’s Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2019**

*A-15-18-50681*

On November 20, 2009, the President issued Executive Order 13520, Reducing Improper Payments and Eliminating Waste in Federal Programs. The purpose of this Executive Order is to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in major programs while continuing to ensure Federal programs serve and provide access to their intended beneficiaries. As part of the requirements, each agency identified by OMB shall provide the agency’s Inspector General a quarterly report on high-dollar overpayments. An overpayment is considered high-dollar if it exceeds 50 percent of the correct amount of the intended payment under certain circumstances. We will review the Accountable Official’s Quarterly High-dollar Overpayment Report to the OIG for the quarters ended December 2018 and March, June, and September 2019. We will also determine whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

## **Unauthorized Direct Deposit Changes Through the my Social Security Application**

*A-01-18-50669*

In May 2012, SSA introduced *my Social Security*—an Internet services portal that allows individuals to create a personal online account to access their own information. In January 2013, the Agency enhanced *my Social Security* to allow individuals to change their direct deposit bank information. Shortly after this change, SSA and the Office of the Inspector General began receiving fraud allegations related to unauthorized direct deposit changes. In prior reports, we estimated that about \$30 million in benefit payments was misdirected in Calendar Years 2013 through 2015 because of unauthorized direct deposit changes made through *my Social Security* accounts. For our current review, we will update the amount of funds misdirected.

## **Undeliverable Mail at Headquarters**

*A-15-18-50730*

Each week, the Security West Mail Center receives on average 10,000 pieces of undeliverable mail and change of address actions. The Mail Center uses an application to locate a new address for undeliverable material. If the application does not locate a new address in SSA's systems, it prints and mails a notice to the bank and Post Office requesting updated address information. If the Mail Center does not receive a response from the bank and/or post office within a designated number of days, it provides the notice to a benefit authorizer for development and/or action. We will review a sample of notices to determine why they were undeliverable and review the controls around the processing of undeliverable mail.

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

SSA issued over 16 million original and replacement SSN cards in FY 2017. In addition, the Agency received and processed about 281 million wage items for Tax Year 2016 (as of December 2017). 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.

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

SSA has taken steps to streamline its enumeration process. For example, SSA released the Internet-based Social Security Number Replacement Card application in November 2015. This will allow SSA to reduce the number of replacement card requests in field offices and Social Security Card Centers. As of March 2018, SSA issued almost 1 million SSN replacement cards through the Social Security Number Replacement Card application. While we believe this initiative may enhance customer service, SSA must ensure it takes all necessary steps to minimize the risk of individuals fraudulently obtaining an SSN replacement card.

While SSA has improved its enumeration process, given the preponderance of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA, as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control the collection, use, and protection of these numbers by other entities. For example, some educational institutions unnecessarily collect and use SSNs as a primary student identifier. Yet, our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability that individuals could use the number to commit crimes.

We remain concerned about SSN misuse by non-citizens who are not authorized to work in the United States. We are also concerned that some individuals misuse SSNs for identity theft purposes. The Federal Trade Commission estimated that as many as 9 million Americans have their identities stolen each year.

Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA shares incorrect names/SSNs with employers when they submit their wage file to the Agency. In addition, SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefits. SSA spends scarce resources correcting earnings data when employers report incorrect information. The ESF is the Agency's record of wage reports on which wage earners' names and SSNs fail to match SSA's records. Per the latest available data, the ESF had accumulated over \$1.5 trillion in wages and 360 million wage items for Tax Years 1938 through 2016. In Tax Year 2016 alone, SSA posted about 8.9 million wage items, representing \$98 billion in wages, to the ESF.

SSA has taken steps to reduce the size and growth of the ESF. The Agency offers employers the ability to verify the names and SSNs of their employees using the Agency's SSN Verification Service, an online verification program, before reporting wages to SSA. For the last 5 years, beginning in 2013, the number of verification transactions for the SSN Verification Service has steadily increased from 111 to 156 million. In FY 2017, approximately 33,000 registered employers had submitted about 171 million verifications. SSA also supports the Department of Homeland Security's administration of its E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. According to the Department of Homeland Security, about 746,000 employers had enrolled to use E-Verify as of FY 2017, which is the most current data available. Beginning in FY 2013, the number of registered users has steadily increased from 477,000 to 746,000. In FY 2017, more than 25 million queries were submitted. 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 SSN Verification Service, and enhancing SSN verification feedback to provide employers with sufficient information on potential employee issues.

## **Accuracy of the Social Security Administration's Numident Correction Process**

*A-03-18-50576*

When SSA assigns an SSN to an individual, it creates a master record of relevant information about the numberholder in its Numident. The Numident includes such information as the numberholder's name, date of birth, place of birth, parents' names, citizenship status, date of death (if applicable), and when the SSN was issued. It is essential that the Numident be accurate and as complete as possible because SSA provides a number of verification services that allow matching of names, SSNs, and other information with SSA's records. To assist staff with correcting errors on individuals' Numident records as well as cross-referencing SSNs, effective October 23, 2013, SSA created the Numident Correction Process. This Process allows staff to process actions, such as correcting errors on the Numident record, adding or deleting multiple SSNs issued to the same individual, and ensuring the correct records are flagged for deletion. We will determine whether SSA is correctly processing Numident corrections.

## **Assignment of Nonwork Social Security Numbers**

*A-08-18-50500*

SSA records show that the number of non-work SSNs increased from about 30,000 in Calendar Year 2011 to over 77,000 in Calendar Year 2016. However, with a change in policy in January 2017, the number of non-work SSNs issued decreased in 2017. We plan to determine whether SSA properly assigned non-work SSNs and report any other trends related to non-work SSNs, such as geographical variances.

## **Effectiveness of the Enumeration Beyond Entry Program**

*A-08-18-50472*

SSA has an agreement with DHS to assist SSA in enumerating certain applicants who live in the United States, apply for work authorization, and need to obtain an SSN. Enumeration Beyond Entry, which began in October 2017, allows individuals applying for work authorization to also apply for an SSN. As of March 30, 2018, SSA had processed about 95,000 original or replacement cards through Enumeration Beyond Entry with an exception rate of about 5 percent. According to SSA, at least 400,000 noncitizens will receive their SSN cards through Enumeration Beyond Entry each year. We will determine whether (1) DHS provided SSA accurate and reliable information under the Enumeration Beyond Entry program and (2) SSA's internal controls adequately protect the integrity of the process.

## **Follow up: Access Controls over the Business Services Online**

*A-03-18-50704*

SSA offers online services via the Business Services Online, which offers electronic wage reporting, SSN verification, and submission of annual reports for representative payees. In a 2014 audit of *Access Controls over the Business Services Online*, we identified security vulnerabilities with Business Services Online authentication, authorization, and monitoring controls. For example, based on a sample of 1,673 registered users, we found SSA erroneously authenticated and authorized 689 users and provided them access to Business Services Online. We will determine whether SSA has improved its access and monitoring controls for Business Services Online to prevent and detect misuse.

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

*A-06-18-50708*

Erroneous death entries can lead to benefit termination, cause severe financial hardship and distress to affected individuals, and result in the publication of living individuals' PII in the Death Master File. When SSA becomes aware it has posted a death report in error, SSA deletes the erroneous death entry from the Master File. In our June 2008 review, we determined that, from January 2004 through April 2007, SSA's publication of the Death Master File resulted in the breach of PII for more than 20,000 living individuals erroneously listed as deceased on the Death Master File and, in some instances, these individuals' PII was still available at the time of our audit for free viewing on the Internet. We made four recommendations for corrective action. In a March 2011 review, we determined SSA had taken action to address only two of four recommendations, and, during a 3-year period, SSA's publication of the Death Master File resulted in the breach of over 36,000 additional individuals' PII. For this review, we will identify the number individuals erroneously listed as deceased since 2011 to determine whether there have been more PII breaches since our prior audit.

## **Prisoners Who Have Earnings in the Master Earnings File**

*A-03-17-50147*

PUPS records inmate information under the inmate's own SSN. PUPS verifies the SSN and locates eligibility/entitlement data using the MBR and SSR. However, PUPS does not prevent wages from being posted to incarcerated individuals' earnings records. Therefore, prisoners can later benefit from having wages earned by someone else posted to their record while they were incarcerated. These unearned wages could allow prisoners to qualify for benefits or increase their benefit amount. We obtained prison information from California, Texas, and New York and the Federal Bureau of Prisons to compare to the Master Earnings File to identify prisoners with wages posted during their incarceration. We will focus on prisoners who have been incarcerated for at least 2 years or more and determine whether (1) SSA posted erroneous wages for individuals and (2) the wages incorrectly made the individuals eligible for Social Security benefits.

## **Profile of Individuals with Wages Removed from the Earnings Suspense File**

*A-03-18-50542*

The *Social Security Act* requires that SSA maintain records of wage amounts employers pay individuals. Employers report their employees' wages to SSA at the end of each tax year. As part of the Annual Wage Reporting process, SSA validates the earnings by matching the reported names and SSNs on the Form W-2, *Wage and Tax Statement*, against its SSN records. W-2s that contain names and SSNs that do not match are posted to the ESF—a repository of W-2s that failed SSA's name and SSN matching criteria. To reduce the ESF's growth rate, SSA uses a variety of operations and systems enhancements to reinstate wages from the ESF to individuals' earnings records. We will analyze the individuals who had wages reinstated from the ESF to determine why the wages were suspended.