



SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

Date: May 21, 2001

Refer To: ICN 31141-23-159

To: Larry G. Massanari
Acting Commissioner
of Social Security

Inspector General

Subject: Audit of the Social Security Administration's Fiscal Year 1999 Annual Performance Report (A-02-00-10039)

The attached final report presents the results of our audit. Our objective, in response to a request from the Chairman of the Senate Committee on Governmental Affairs, was to assess the Fiscal Year 1999 Annual Performance Report as a document that describes in a meaningful way the accomplishments of the Social Security Administration.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "James G. Huse, Jr."

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**AUDIT OF THE
SOCIAL SECURITY ADMINISTRATION'S
FISCAL YEAR 1999
ANNUAL PERFORMANCE REPORT**

May 2001

A-02-00-10039

AUDIT REPORT



Mission

We improve SSA programs and operations and protect 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, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

The objective of the audit, initiated in response to an April 18, 2000 request from the Chairman of the Senate Committee on Governmental Affairs, was to assess the Fiscal Year (FY) 1999 Annual Performance Report (APR) as a document that describes in a meaningful way the accomplishments of the Social Security Administration (SSA). An initial response was provided to the Chairman on June 6, 2000. This report incorporates that response, as well as information subsequently developed.

BACKGROUND

The Government Performance and Results Act (GPRA) of 1993 established a framework through which Federal agencies are required to set goals, measure performance, and report on the extent to which the goals were met. To accomplish this, agencies are required to prepare 5-year strategic plans, annual performance plans (APP), and annual performance reports (APR).

The strategic plan, which should include a comprehensive mission statement, identifies general goals and objectives, describes how the agency intends to achieve those goals and identifies critical external factors that could affect achievement of strategic goals and objectives. The strategic plan is the starting point for setting annual goals. The APP provides the direct link between the strategic goals and agency performance. The APP identifies (1) the annual performance goals the agency will use to gauge progress toward accomplishing its strategic goals and (2) performance measures to be used to assess annual progress. An APR, due by March 31 of each year, compares an agency's performance with the goals established in its APP, evaluates its goals for the current year in light of the prior year's performance, and summarizes the results of program evaluations completed.

SSA was a pilot agency that developed plans and reports prior to full implementation of GPRA in March 2000. SSA submitted its first strategic plan under GPRA, "Keeping the Promise," in September 1997. SSA's first APP, which defined performance indicators and goals for FY 1999, was completed in February 1998. SSA released the FY 2000 and 2001 plans in February 1999 and February 2000, respectively. SSA began reporting its accomplishments as part of its annual Accountability Report in FY 1995.

RESULTS OF REVIEW

SSA's FY 1999 APR represents SSA's strong commitment to meet the objectives of GPRA. While the APR tracks performance against established goals, discusses strategies to attain unmet goals, and generally complies with GPRA reporting requirements, opportunities exist to provide a more meaningful assessment of SSA's performance. Further, the extent to which the APR provides meaningful performance information depends upon the goals and measures established in the APP. In response to recommendations made by the Office of the Inspector General (OIG) and the U.S. General Accounting Office, SSA has taken action to improve its FY 2000 and 2001 APP. These actions, as well as additional issues raised in this report, should translate into more informative future APRs.

CONCLUSION AND RECOMMENDATIONS

GPRA is intended to increase agency accountability through a program of strategic planning, establishment of annual goals, and reporting of annual performance against goals. SSA's FY 1999 APR displays a firm commitment by SSA management to comply with the intent of GPRA, and provide Congress and the public an objective accounting of SSA performance. GPRA implementation will continue to be an evolutionary process as agencies continue developing outcome-based measures, and enhance the systems and processes that produce credible performance data. The FY 1999 APR reflects certain weaknesses in this implementation that have subsequently been addressed by SSA through strengthened annual performance plans. Additionally, we recommend that SSA take the following actions to further the value of future APRs:

- Provide a clear and informative discussion for each measure to allow a complete assessment of the extent performance met established goals.
- Discuss the effect of unmet goals upon strategic goals.
- Ensure consistent reporting for all performance measures when complete data is not available.
- Discuss the results of SSA's performance measure data validation and verification processes.

AGENCY COMMENTS

SSA generally agreed with all of our recommendations, indicating that it has, or will, incorporate our suggested improvements. SSA did not fully agree with recommendation 4, "discuss the results of SSA's performance measure data validation and verification processes" in the APR. SSA agreed that such discussion is useful information to provide in the context of its overall annual performance planning and

reporting processes. However, SSA believes that the APP is the principal GPRA document to describe agency verification and validation procedures.

SSA agreed to provide more detail on accomplishments relating to research and evaluation in future performance reports, and offered some clarification that provided the type of detail we were recommending. The full text of SSA's comments is included in Appendix B.

OIG RESPONSE

We are pleased that SSA agreed with our recommendations, and has, or plans to, implement most of our suggested improvements. As we reported, SSA noted enhancements to an APP result in improvements in the related APR. SSA further notes that improvements in its APP will facilitate a clearer link between planned and achieved performance.

While we agree that the APP is the principal document to describe these procedures, we also believe that the APR should generally disclose the results of these procedures. This information would give readers of the APR some perspective on the reliability of the performance information reported.

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Acronyms

AGA	Association of Government Accountants
APP	Annual Performance Plan
APR	Annual Performance Report
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act
OIG	Office of the Inspector General
OMB	Office of Management and Budget
SSA	Social Security Administration
SSI	Supplemental Security Income

Introduction

OBJECTIVE

The objective of the audit, initiated in response to an April 18, 2000, request from the Chairman of the Senate Committee on Governmental Affairs was to assess the Fiscal Year (FY) 1999 Annual Performance Report (APR) as a document that describes in a meaningful way the accomplishments of the Social Security Administration (SSA). An initial response was provided to the Chairman on June 6, 2000. This report incorporates that response, as well as subsequent information developed.

Specifically, the request asked that the Office of the Inspector General (OIG) address:

- how the agency performed;
- whether the performance goals and measures from the FY 1999 APR relate to the key outcomes of timely, accurate and useful service to the public, timely and accurate disability determinations, reduced disability benefits through return-to-work initiatives, timely program policy information to decisionmakers, and less fraud, waste and error in the Supplemental Security Income (SSI) program;
- the reliability of, and disclosure of limitations in, the performance data;
- whether the cause for unmet goals was explained, along with a strategy to ensure future accomplishment;
- the extent to which an explanation was provided for goals that were changed;
- if the goals and measures track performance toward the stated outcome in a meaningful way; and
- improvements made in the FY 2001 Annual Performance Plan (APP).

We provided an initial response on June 6, 2000, to the Chairman. As indicated in that response, this report expands upon our initial answers and analyzes the extent to which the APR could provide a more meaningful assessment of SSA's performance.

BACKGROUND

The intent of the Government Performance and Results Act (GPRA) of 1993¹ is to improve the performance of Government programs by having agencies clarify their missions, establish goals and strategies for attaining them, measure performance, and report progress in achieving established goals. The first APR required by GPRA was due March 31, 2000, and reported on accomplishments for FY 1999.

GPRA specifies the content of the APR, and implementing guidance is provided by the Office of Management and Budget (OMB)². Basically, the APR contains two main parts: (1) a report on actual performance achieved as compared with the performance goals established in the APP, and (2) the plans and schedules to achieve any goals that were not met. Specifically, the APR must:

- compare actual performance with planned performance set out in the APP, with at least 4 previous years of performance presented;
- describe why a projected level of performance was not met, and what steps will be taken to meet the goal in the future;
- contain an evaluation of performance for the current FY;
- summarize the findings of any program evaluations completed during the FY, and how copies can be obtained;
- include relevant budget information consistent with the obligation amounts shown in the Budget Appendix for the FY;
- identify any discontinued goals, while reporting performance;
- report performance against only revised goals, and not both initial and revised; and
- disclose when information currently not available will be available.

In addition, comment may be made on the quality of the actual performance data where such comment would help in understanding the accuracy or validity of the data.

Since 1995, SSA has reported performance data in its Annual Accountability Report under OMB authority to consolidate various reporting requirements under this report. SSA released its first APR as required by GPRA in November 1999, which displayed SSA's ability to meet the goals it established in the FY 1999 performance plan.

¹ Public Law No. 103-62.

² OMB Circular No. A-11, Part 2, "Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports", July 1999.

SCOPE AND METHODOLOGY

To meet our objectives, we reviewed SSA's FY 1999 APR to assess its adherence to GPRA requirements and implementing guidance from OMB, and reviewed reports by the General Accounting Office (GAO), The Mercatus Center of George Mason University, and the Association of Government Accountants (AGA) that analyzed SSA's FY 1999 APR.

The GAO reviewed the FY 1999 APR and FY 2001 APPs of 24 agencies at the request of Senators Fred Thompson and Joseph I. Lieberman, Committee on Governmental Affairs. The Mercatus Center also reviewed the FY 1999 APR of the same 24 agencies as part of its on-going research on GPRA implementation. Beginning with the FY 1998 Accountability Reports, the AGA initiated the Certificate of Excellence in Accountability Reporting by Federal Agencies Program, a voluntary program in which agencies submit their Accountability Reports to AGA for review. We reviewed the results of these efforts as they related to SSA.

Supported by our knowledge of SSA operations and other GPRA documents, we analyzed the FY 1999 APR to assess the extent to which it provided a balanced and informative presentation of SSA's performance against the goals established in the FY 1999 APP. Additionally, we reviewed the changes made to the FY 2000 and draft FY 2001 APP to determine whether the related subsequent APR would be more informative. Specific comments related to the FY 2001 APP are communicated in a separate report³.

Our work was conducted at the OIG New York Field Office and SSA Headquarters in Baltimore, Maryland during August and September 2000. The entity reviewed was the Office of Strategic Management within the Office of the Commissioner. Our audit was performed in accordance with generally accepted government auditing standards, as applicable to a performance audit.

³ "Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan" (A-02-00-10038).

Results of Review

SSA FY 1999 APR demonstrates a strong commitment to GPRA objectives. The APR generally tracks performance in a meaningful way, and complies with GPRA reporting requirements. Specifically, the APR presents SSA performance related to its strategic goals, provides explanations for unmet goals and strategies to achieve them in the future, as well as for changed goals. Nevertheless, we believe there are opportunities to present a more comprehensive assessment of SSA's performance, provide more information to gauge performance on certain measures, and disclose known data limitations. Further, the extent to which the APR provides meaningful performance information with which to assess agency performance directly depends upon the quality of the goals and measures established in the related APP. Prior reviews by the GAO⁴ and OIG identified actions to make the FY 1999 and 2000 APP more meaningful. In response, SSA has taken action to improve its FY 2000 and 2001 APP. These actions, as well as additional recommendations made by OIG in a recent report⁵, should translate into more informative future APRs.

APR DISCLOSES MANY FY 1999 GOALS WERE MET AND OPPORTUNITIES EXIST FOR MORE MEANINGFUL DISCLOSURE

SSA's FY 1999 APR evidences SSA's commitment to meet GPRA objectives, and complies with applicable GPRA and OMB reporting requirements. SSA incorporated its GPRA Performance Report in the FY 1999 Accountability Report, which was submitted in November 1999. This was ahead of the required deadline of March 30, 2000. GPRA performance is reported in both the Management's Discussion and Analysis section of SSA's Annual Accountability Report, as well as in the separate GPRA report. The former provides an informative overall assessment of performance, while the latter contains a detailed accounting of performance for most measures. In both sections performance is discussed under each of SSA's five strategic goals. SSA's use of graphs and narratives created a generally informative and clear presentation.

As OIG reported in its letter to the Chairman dated June 6, 2000, the APR disclosed that SSA achieved many of its goals, and has demonstrated a favorable trend in most of them. SSA reports that it met or exceeded 60 percent of the indicators for which it had a goal in FY 1999 or for which data was available to evaluate its measures (Refer to Appendix A for a comparison of planned to actual performance). SSA further reported that 73 percent of the measures represented an improvement over performance achieved in the previous year.

⁴ "The Results Act: Observations on SSA's FY 1999 Performance Plan" (GAO/HEHS-98-178R), June 1998 and "Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and FY 2001 Performance Plan" (GAO/HEHS-00126R), June 2000.

⁵ "Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan" (A-02-00-10038).

Concerning performance in the key outcomes, SSA achieved all or many of the goals established relating to accurate, timely, and useful service to the public, as well as to reducing fraud, waste, and error in the Supplemental Security Income (SSI) program. SSA failed to meet goals for timely disability determinations, and did not have data available to base an assessment of its achievement for accuracy of determinations goal. Performance information relating to SSA's research activity also does not provide a basis to clearly determine the accuracy of how well the goal provides timely and useful information to decisionmakers.

As required, the APR provides an explanation for why a goal was not met, when applicable, along with plans to ensure future achievement. For the most part, SSA clearly reports the goals and measures that were established, and the progress made toward achieving them, we believe that additional opportunities exist to provide a more meaningful assessment of performance. These include: (1) more specific performance information about what was planned and actually achieved for certain measures, (2) an overall assessment of how performance achieved furthers each of the strategic goals, (3) certain measures that are excluded from assessment, and (4) a discussion of known data limitations would permit an enhanced assessment of performance. These opportunities are discussed in the remainder of this report.

More Specific Information on Performance Needed

SSA generally provides informative data to permit the reader to make an assessment of performance that did not meet individual goals, and to evaluate the actions planned to ensure accomplishment of the goals in the future. For instance, SSA reports failure to achieve posting 98 percent of earnings to individuals' records by September 30, provides perspective on this performance by explaining that the goal would have been achieved had the records from one filer been submitted earlier, and describes plans to ensure more timely filings in the future. Similarly, SSA explains that the goal of the number of SSNs processed was not met because the expected workload did not materialize, and not because SSA's performance was inadequate.

Performance information for other measures was not as clear or informative. Additional information could have been provided to allow a better assessment of what was actually accomplished. For instance:

- The goal to implement the "Ticket to Independence Program" was considered met, but the justification was rather vague and left many questions. Achieving the goal was actually dependent upon passage of the enabling legislation, which had not yet happened. However, SSA states that, in anticipation of the legislation, it has begun developing implementation strategies, and describes what the legislation seeks to do. It is unclear what strategies have begun, and how implementation will affect the agency. While achievement of the goal is out of the control of SSA, it is nevertheless not appropriate to have considered the goal as met;

- The goal to complete testing of a prototype regarding the capacity for persons with disabilities to return to work has its accomplishment beyond FY 1999. SSA cites progress to date, however, it is not clear how the progress described will assist accomplishment of the goal;
- The progress described for the goal to complete all currently planned return-to-work research and analysis, also to be accomplished beyond FY 1999, does not give a clear indication of how it helps the ultimate attainment of the goal; and
- The goal to conduct planned research and policy evaluation was listed as met, however, one cannot independently assess performance because the APR only discusses what was completed, and does not disclose what was planned. Further, it is unclear how SSA used the research completed to devise proposals to strengthen its programs.

Need for Overall Assessment of Performance upon Strategic Goals

While SSA reports that 60 percent of its goals were met or exceeded, neither an assessment of problem areas nor the effect of both met and unmet goals upon the applicable strategic goals is clear. For instance, only one of the seven claims processing goals was met. While explanations are provided as to why performance did not meet the goals, the impact of this upon world-class service and customer satisfaction is not addressed. A similar lack of assessment exists for areas in which related goals were significantly surpassed. For instance, all five goals related to debt collection and anti-fraud activities were met, however, the effect of this was not highlighted in terms of the strategic goal for zero-fraud tolerance.

The Mercatus Center of George Mason University noted a failure to identify how achieved goals related to success in each of the five strategic goals. The Mercatus Center evaluated the APRs of 24 agencies⁶ in terms of whether (1) accomplishments were reported in a transparent fashion, (2) tangible public benefits produced by the agency were highlighted, and (3) evidence of forward-looking leadership that uses performance information to devise strategies for improvement was present. SSA's APR was ranked 8 out of the 24 agencies reviewed. However, SSA's score was 55 percent, receiving a total score of 33 out of a possible 60 (see following Table).

⁶ "Performance Report Scorecard: Which Federal Agencies Inform the Public?", May 3, 2000.

Mercatus Scoring of SSA's FY 1999 APR

Criteria Evaluated	Total Possible Score	SSA Score	Average Score of All APRs
Transparency	20	14	11.0
Leadership	20	12	10.4
Public benefit	20	7	9.8
Overall	60	33	31.2

Exclusion of Measures Creates a Less Than Comprehensive Assessment

In reporting that 60 percent of its goals were met or exceeded, SSA excludes 13 measures that did not have a FY 1999 goal and an additional 5 for which information was unavailable to measure success. While this is disclosed in a footnote, presentation of all indicators would more easily provide an overall assessment of performance. For instance, SSA could have reported that 34 (46 percent) goals were met, 21 (29 percent) were not met, 5 (7 percent) did not have data with which to measure, and 13 (18 percent) were prior year's goals. Of the latter group of 13, 6 were indicators whose goals were to be achieved in a subsequent year and 7 were reportedly met in a prior year.

SSA notes that the seven measures relating to a prior year are addressed separately because they contained goals only for FY 1998 and were reported upon in the FY 1998 GPRA Report. However, assessing the status of these goals is not always clear. For instance, one goal was to complete analysis of the operational implications of major proposals by the bi-partisan Advisory Council for long-term financing. While this was excluded on the basis that there was only a goal for FY 1998, SSA reports that the analysis is ongoing. Consequently, it is uncertain whether this is a completed goal or actually an unmet goal.

The reader is referred to the Management Discussion and Analysis section from an Appendix to the GPRA report to determine the status of the goal to complete a comprehensive action plan to improve management of the SSI program, an area rated as a major challenge by the OIG. However, while that section generally refers to planned actions, it fails to succinctly address how the management of the program would be improved.

Further, SSA reported inconsistently on measures for which recent data was not available. SSA excludes five goals in measuring overall performance because it reported that data was unavailable. For instance, SSA disclosed that SSI dollar accuracy of Old-Age and Survivor's Insurance (OASI) benefits is not counted because the statistics are not available until after the close of the FY. This disclosure follows OMB guidance that recognizes data for all performance measures may not be available until after the close of the FY, and requires disclosure of such. However, data for

another two goals was only partially available, yet these were included in the overall assessment. For instance, 800-number payment and service accuracy measures are included despite the fact that the data measured represents only 6 months of the FY.

Data Limitations Are Not Discussed

OMB guidance suggests that the APR include comments on the quality of performance data and actions taken to ensure the verification and validity of the data. SSA discusses verification and validation procedures and selected program evaluations conducted, but does not always disclose the results of these efforts.

SSA describes the financial and internal control audit conducted by the independent public accountants, the OIG approach to reviewing performance measures, and its processes for conducting management and accounting control reviews, program evaluations, and data integrity information. However, little or no results of these activities and their effect upon the performance measures, either positively or negatively, are provided. For instance, deficiencies reported in the financial and control audit that could hamper SSA's ability to produce credible data are not noted. No mention is made that the Management Information Integrity Monitoring Team, established to resolve allegations of inappropriate management information, detected few problems. This type of information would give the reader some perspective on the results of SSA's data validation and verification efforts. The Mercatus Center report also concluded that SSA's APR contained little discussion of external checks on the internal data used to measure performance.

The OIG has a 3-year audit effort through FY 2001 to determine the reliability of all performance measures. The APR discloses some of the weaknesses in the data or the method of measurement identified by the OIG. For instance, the APR notes that the indicator for annual earnings postings excludes earnings from self-employment. However, other limitations are not disclosed, such as the fact that the indicator for the number of SSNs issued accurately does not include about 20 percent of SSNs issued. Other limitations have been reported by the OIG subsequent to the release of the APR, and SSA has agreed to disclose them in future APRs. We noted that such disclosures have been made in the FY 2001 APP.

Improvements in the FY 2001 APP Should Result In More Meaningful Reporting In Future APRs

The APR's ability to convey an informative picture of SSA's performance in meeting its goals and mission is a product of the quality of the measures established in the APP. Implementation of GPRA is an evolving process, and both the GAO and OIG have recommended actions to increase the usefulness of SSA's APPs to decisionmakers. SSA agreed in principle with these recommendations and has already taken action to address some of them in its FY 2000 and 2001 APP. For instance, GAO concluded that SSA established more useful goals and measures in the FY 2001 APP relating to

strengthening the public's understanding of Social Security programs and in measuring decisional accuracy at the hearings level.

In the review of the FY 2000 APP, OIG recommended that SSA: (1) have performance measures for all management challenges; (2) establish measures that better reflect performance; and 3) identify resources with planned performance, and (4) identify known data limitations and weaknesses. While SSA has revised its FY 2001 APP to respond to these recommendations, we believe that additional actions are necessary to develop an even more meaningful APP.

To address the first issue, SSA added an Appendix to the FY 2001 APP that details how SSA will track and measure performance for major management challenges. While this is a positive step, we believe that specific performance goals should be established for those management challenges that are measurable. In response to the second issue, SSA made some changes but we believe that there are still opportunities to refine selected measurements to better reflect performance, such as separately measuring processing times for SSI disability claims and Old-Age and Survivors Disability Insurance disability claims. SSA indicated that future plans would evolve to provide more accurate measures of performance in various areas. For instance, SSA reported that it would continue to refine its measurement of disability processing times. SSA added more detail about resources requested in FY 2001 to support various goals, and advised that this implementation will continue to evolve in the FY 2002 APP and beyond. The FY 2001 APP reflects correction, or disclosure, of specific weaknesses identified to date by OIG. However, the GAO reported that the APP does not discuss the potential effect from internal control deficiencies in SSA's information systems.

The establishment of more outcome oriented measures that focus on quality and timeliness in the FY 2001 APP should translate into more informative and accountable performance reporting in the future FY 2001 APR. OIG had discussed with SSA specific areas in which this could be accomplished, and the draft revised FY 2001 APP responds in part to OIG's observations. Additional opportunities to enhance the usefulness of the FY 2001 and future APPs are discussed in a separate OIG report, *Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan* (A-02-00-10038).

Conclusion and Recommendations

GPRA is intended to increase agency accountability through a program of strategic planning, establishment of annual goals, and reporting of annual performance against goals. SSA's FY 1999 APR displays a firm commitment by SSA management to comply with the intent of GPRA, and provide Congress and the public an objective accounting of SSA performance. GPRA implementation will continue to be an evolutionary process as agencies continue developing outcome-based measures, and enhance the systems and processes that produce credible performance data. Since the APR reflects the goals and measures set in the related FY 1999 APP, actions taken by SSA to improve the usefulness of its FY 2000 and 2001 APP, and those recommended by OIG for future APPs, should result in more informative APR's. To further improve the usefulness of future APRs, we recommend that SSA:

1. Provide a clear and informative discussion for each measure to allow a complete assessment as to the extent performance met established goals;
2. Discuss the effect of unmet annual goals upon strategic goals;
3. Ensure consistent reporting for all performance measures when complete data is not available; and
4. Include a discussion of the results of SSA's performance measure data validation and verification processes.

AGENCY COMMENTS

SSA generally agreed with all of our recommendations, indicating that it has, or will, incorporate them in future APR's. SSA did not fully agree with recommendation 4 "discuss the results of SSA's performance measure data validation and verification processes" in the APR. SSA agreed that such discussion is useful information to provide in the context of its overall annual performance planning and reporting processes. However, SSA believes that the APP is the principal GPRA document to describe agency verification and validation procedures. The full text of SSA's comments is included in Appendix B.

OIG RESPONSE

We are pleased that SSA agreed with our recommendations, and has, or plans to, implement most of them. As we reported, SSA noted enhancements to an APP result in improvements in the related APR. SSA further notes that improvements in its APP will facilitate a clearer linkage between planned and achieved performance.

While we agree that the APP is the principal document to describe these procedures, we also believe that the APR should generally disclose the results of these procedures. This information would give readers of the APR some perspective on the reliability of the performance information reported.

SSA agreed to provide more detail on accomplishments relating to research and evaluation in future performance reports, and offered some clarification that actually provided the type of detail we were recommending.

Appendices

Status of FY 1999 Goals and Measures

Strategic Goal: To promote valued, strong and responsive social security programs and conduct effective policy development, research and program evaluation		2 out of 2 goals achieved (3 are not FY 1999 goals)	
	INDICATOR*	GOAL	ACTUAL
1	Implement the "Ticket to Independence" Program contingent upon enactment of legislation in FY 1998	Implementation begun	Achieved
2	Conduct the Disability Evaluation Study	Study fielded by FY 2000; final report issued by FY 2001	Not a FY 1999 goal
3	Complete testing of a prototype on an improved method for making sound decisions regarding the capacity for persons with disabilities to work (by FY 2001)	Goal set to be achieved in FY '01	Not a FY 1999 goal
4	Complete all currently planned return-to-work research and analysis (by FY 2002)	Goal set to be achieved in FY '02	Not a FY 1999 goal
5	Conduct planned research and policy evaluation necessary to assist the Administration and Congress in devising proposals to strengthen and enhance the Social Security program	Research and evaluation continued	Achieved

*SSA's FY 1999 APR disclosed 59 indicators because it reported 7 indicators that each had 2 separate measures.

Strategic Goal: To deliver customer-responsive, world-class service		8 out of 17 goals achieved (3 are not FY 1999 goals)	
INDICATOR		GOAL	ACTUAL
6	Percent of callers who successfully access the 800-number within 5 minutes of their first call	95%	95.8% - Achieved
7	Percent of callers who get through to the 800-number on their first attempt	90%	92.9% - Achieved
8	Percent of public with an appointment waiting 10 minutes or less	85%	84.6% - Not achieved
9	Percent of public without an appointment waiting 30 minutes or less	70%	71.6% - Achieved
10	Complete development of SSA standards for client authentication and establish a leadership role in governmentwide authentication policy	Standards developed; leadership role established	SSA found developing authentication standards as planned was not feasible, and changed strategy. – Not achieved
11	Take retirement or survivor claims immediately over the telephone, or in person, as long as applicant has all the information needed	Accomplish by or before September 2000	Not a FY 1999 goal
12	Provide overnight electronic Social Security number verification for employers	Accomplish by or before September 2000	Not a FY 1999 goal
13	Give employers the option to transmit wage reports to SSA electronically using a personal computer or high-speed data transmission lines	Accomplish by or before September 2000	Not a FY 1999 goal
14	Initial disability claims processing times (days)	100	105 – Not achieved
15	Percent of DI claims decided within 6 months after onset or within 60 days after effective filing date, whichever is later	53%	49.2% - Not achieved
16	Percent of SSI disability claims decided within 60 days of filing	26%	22.3% - Not achieved
17	Hearings processing time (days) September	274	317 – Not achieved
18	Hearings processing time (days) Annual average	313	316 – Not achieved
19	Percent of hearings decisions made and Notices sent within 120 days of filing	15%	14.2% - Not achieved
19	Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later	83%	84.3% - Achieved
21	Percent of initial SSI Aged claims processed within 14 days of filing	66%	63.5% - Not achieved
22	Percent of original and replacement Social Security cards issued within 5 days of receiving all necessary documentation	97%	99% - Achieved
23	Percent of public rating SSA service as "good" or "very good"	87%	88% - Achieved
24	Percent of public "satisfied" or "very satisfied" with the courteousness of SSA staff	90%	90% - Achieved
25	Percent of public who are "satisfied" or "very satisfied" with the clarity of SSA mail	82%	86% - Achieved

Strategic Goal: To make SSA program management the best in business, with zero tolerance for fraud and abuse		15 out of 23 goals achieved (data not available for 5 goals)	
	INDICATOR	GOAL	ACTUAL
26	Number of initial disability claims processed	2,090,000	2,013,089 – Not achieved
27	Initial disability claims pending	408,000	457,823 – Not achieved
28	Number of hearings processed	650,000	596,999 – Not achieved
29	Hearings pending	288,000	311,958 – Not achieved
30	OASI claims processed	3,142,600	3,076,937 – Not achieved
31	SSI Aged claims processed	145,500	148,382 - Achieved
32	SSI non-disability redeterminations	2,091,600	2,122,279 - Achieved
33	Representative payee actions	6,948,400	7,644,563 - Achieved
34	SSN requests processed	16,600,000	16,322,588 – Not achieved
35	800-number telephone calls handled	55,500,000	58,800,000 - Achieved
35	Annual earnings items	254,500,000	249,868,000 - Not achieved
37	Percent of earnings posted to individuals' records by September 30	98%	95.3 est. – Data not available
38	Percent of earnings posted correctly	99%	99% - Achieved
39	Dollar accuracy of OASI payment outlays: (a) Percent without overpayments	99.8%	Data not available
40	(b) Percent without underpayments	99.8%	Data not available
41	DDS decisional accuracy	97%	Data not available
42	Percent of SSNs issued accurately	97%	Data not available
43	Percent of 800-number calls handled accurately (a) Payment accuracy	95%	95.4% - Achieved
44	(b) Service accuracy	90%	81% - Not achieved
45	Number of periodic CDRs processed	1,637,000	1,703,414 - Achieved
46	Percent of multi-year CDR plan completed	44%	45.9% - Achieved
47	Annual increase in debt collected	7%	11.5% - Achieved
48	Overpayment dollars collected (in millions): (a) OASI dollars collected	\$1,180.60	\$1,191.50 - Achieved
49	(b) SSI dollars collected	\$576.90	\$640.00 – Achieved
50	Number of allegations that will be opened as investigations	5,700	9,238 – Achieved
51	Dollar amounts reported from investigative activities (in millions): (a) OASDI dollars reported	\$17.00	\$45.00 - Achieved
52	(b) SSI dollars reported	\$18.00	\$140.00 - Achieved
53	Number of criminal convictions	1,800	3,139 – Achieved

Strategic Goal: To be an employer that values and invests in each employee		8 out of 10 goals achieved	
	INDICATOR	GOAL	ACTUAL
54	Percent of front-line employees with intelligent workstations connected to a local area network	100%	93% - Not achieved
55	Interactive Video Training/ Interactive Distance Learning (IVT/IDL): Percent of front-line employees with access to IVT/IDL	82%	87% - Achieved
56	Implement formal management development programs	Management intern program implemented	Implemented - Achieved
57	Percent of managerial staff participating in management/leadership development experiences	60%	60% - Achieved
58	Complete Agency plan for transitioning to the workforce of the future	Curriculum for non-supervisory employees based on identification of new skill sets required in the future implemented	The core competencies and reinforcing core curriculum were identified and developed - Not achieved
59	Percent of employees reporting they are satisfied with the level of security in their facility	70%	74% - Achieved
60	Percent of environmental indoor air quality Surveys completed and percent of corrective actions taken when called for: (a) Facilities surveyed	20%	37% - Achieved
61	(b) Corrective actions taken	75%	76% - Achieved
62	Number of facilities having water quality testing and percent of corrective actions taken when called for: (a) Facilities tested	600	662 – Achieved
63	(b) Corrective actions taken	100%	100% - Achieved

Strategic Goal: To strengthen public understanding of the social security programs		1 out of 2 goals achieved (data not available for 1 goal)	
	INDICATOR	GOAL	ACTUAL
64	Percent of individuals issued Social Security Statements (formerly PEBES) as required by law	100%	100% - Achieved
65	Number of Social Security Statements issued upon request and automatically by SSA	36,000,000	30,131,400 - Not Achieved
66	Percent of public who perceive they are "very well" informed or "fairly well" informed about Social Security	59%	Data not available

Appendix to APR: The performance indicators listed below are found in the FY 1999 APP, but contained performance goals for FY 1998 only. To provide a complete picture of all performance indicators found in the FY 1999 APP, SSA has provided their current status.		Status: Some of the following indicators have been completed.
67	Increase the opportunities that disabled beneficiaries have to receive vocational rehabilitation services by contracting with alternate providers	The contract is operational and the contractor is collecting data for evaluation purposes.
68	Establish an on-going retirement policy research consortium	External research regarding SSA programs and policies is stimulated through the consortium.
69	Expand income modeling capabilities to include all sources of retirement income	Checked contractor-supplied data and developing computer programs for processing policy analyses.
70	Complete analysis of the operational implications of major proposals by the Advisory Council for long-term financing	Analysis is ongoing.
71	Increase the customer base for SSA Online and bring a modified online Social Security Statement (formerly Personal Earnings Benefit Estimate Statement) response to full-scale operation	The overall Internet services strategy is currently under executive review with the Agency.
72	Complete a business case analysis for future online services and bring up two new online services	The Electronic Service Delivery Business Case was completed and presented to SSA's Chief Information officer Core Team in January 1998.
73	Complete comprehensive action plan to improve management of the SSI program	The Agency is moving aggressively to implement its plan to strengthen management of the SSI program.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: April 16, 2001

Refer To:

To: James G. Huse, Jr.
Inspector General

From: Larry G. Massanari
Acting Commissioner of Social Security

Subject: The Office of the Inspector General Draft Report, "Review of the Social Security Administration's Fiscal Year 1999 Annual Performance Report" (A-02-00-10039)--
INFORMATION

Our comments on this report are attached. If your staff have any questions, they may contact Mark Welch on extension 50374.

Attachment:
SSA Comments

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT,
"REVIEW OF THE SOCIAL SECURITY ADMINISTRATION'S FISCAL YEAR 1999 ANNUAL
PERFORMANCE REPORT" (A-02-00-10039)

Thank you for the opportunity to review and provide comments on this draft report. We appreciate that the report notes that our Annual Performance Report (APR) for fiscal year (FY) 1999 represents the strong commitment of the Social Security Administration (SSA) to meet the objectives of the Government Performance and Results Act (GPRA) of 1993. We believe that our APR for FY 2000 is much improved relative to the FY 1999 APR, especially with regard to explaining how performance indicators relate to goals. Much of this improvement is due to corresponding enhancements in SSA's FY 2000 Annual Performance Plan (APP).

Recommendation 1

Provide a clear and informative discussion for each measure to allow a complete assessment as to the extent performance met established goals.

Comment

We agree. In future APRs, we will provide clear demonstration that a goal was met. For interim measures, we will clearly indicate how progress will assist in the accomplishment of a goal. Improvements in the APP will facilitate a clearer linkage between planned and achieved performance.

Recommendation 2

Discuss the effect of unmet annual goals upon strategic goals.

Comment

We agree and will incorporate this suggestion into future APRs. With regard to annual goals that are met or exceeded, discussion in the APR will generally indicate that such goal attainment is moving the Agency in the direction of achieving the strategic goal.

Recommendation 3

Ensure consistent reporting for all performance measures when complete data is not available.

Comment

We agree and have incorporated this recommendation into the FY 2000 APR.

Recommendation 4

Include a discussion of the results of SSA's performance measure data validation and verification processes.

Comment

We agree that this is useful information to provide in the context of our overall annual performance planning and reporting processes. While the APR provides a brief summary of our verification and validation processes, the reader is referred to a more detailed explanation in the companion APP. The APP is the principal GPRA document for describing how an agency verifies and validates performance data it collects and reports.

Other Matters

The draft report (pages 5 and 6) discusses four FY 1999 goals under our strategic goal to promote valued, strong and responsive Social Security programs and conduct effective policy development, research and program evaluation. In general, OIG suggests that "more information could have been provided to allow a better assessment of what was actually accomplished." Although we believe that the information provided was generally sufficient, we will provide more detail on accomplishments relating to research and evaluation in future performance reports.

About the four FY 1999 goals discussed in this section of the OIG draft report, we offer the following clarification.

Implementing the “Ticket to Independence” Program

SSA's stated goal was to implement the program contingent upon enactment of legislation in FY 1998. SSA reported this goal as having been accomplished because the Agency had done work to develop strategies for implementation in anticipation of enactment of the legislation. Alternatively, SSA could have reported this goal as being inapplicable in FY 1999 because the legislation had not been enacted.

Since enactment of this legislation, we have enhanced our annual performance plans for goals and measures related to progress with implementation of the Ticket to Work and Self-Sufficiency program and the success of work incentives in general. We will continue to pursue improvements to measures of work activity by our disability beneficiaries and to carry out the implementation of the Ticket to Work program, according to the established timeframes included in the implementation plan.

Complete testing a prototype on the capacity of persons with disabilities to return-to-work.

The OIG draft report states that it is not clear how the progress described will assist in accomplishment of the goal. This project, part of the State Partnership Initiative (SPI), is intended to create and test software that would allow a benefit counselor to tell a beneficiary how a change in earnings would affect his or her Social Security benefits, food stamps, housing subsidies and State-provided benefits. If feasible, this software would enable persons with disabilities to make more informed decisions about their work and earnings. The accomplishment in 1999 was to award a contract to study the feasibility of using software for this purpose.

Complete all currently planned return-to-work research and analysis

The OIG draft report indicates that the discussion of progress does not give a clear indication of how it helps the ultimate attainment of the goal. This goal refers to the SPI, which involves cooperative agreements with 12 States to develop innovative and integrated team-based projects to assist adults with disabilities to reenter the work force and decrease dependence on benefits. Under the SPI, beneficiaries will be enrolled in these projects, data on outcomes will be collected and the results will be evaluated. The accomplishments in 1999 covered enrolling participants, setting up the data collection and evaluation systems, coordinating the activities of the project and awarding a contract to evaluate this approach to return-to-work.

Conduct planned research and policy evaluation

The OIG draft report indicates that: 1) The APR discusses only what was completed and not what was planned; and 2) it is unclear how SSA used the completed research to devise proposals to strengthen its programs. With respect to the first comment, we agree that this goal was not specified sufficiently clearly and have made the goal more precise in subsequent performance plans. With respect to the second comment, we believe that the APR addressed this concern. The APR noted that the results of model-based analyses were provided to the White House, other Federal agencies and members of Congress. These analyses were used by the Administration and the Congress in developing legislative options and bills introduced in the Congress. Other analyses were used heavily in the following fiscal year to shape the legislation on eliminating the earnings test for persons aged 65-69.

OIG Contacts and Staff Acknowledgements

OIG Contacts

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Timothy Nee, Deputy Director, Performance Monitoring, (212) 264-5295

OIG Acknowledgments

In addition to those named above:

John Harrison, Senior Auditor

Annette DeRito, Program Analyst

For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-02-00-10039.

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Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Total	97

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency, as well as conducting employee investigations within OIG. Finally, OEO administers OIG's public affairs, media, and interagency activities and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

The Office of the Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.