

SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE INSPECTOR GENERAL

Semiannual Report to Congress

OCTOBER 1, 2014 - MARCH 31, 2015

Who We Are

The Office of the Inspector General (OIG) is responsible for meeting the statutory mission of promoting economy, efficiency, and effectiveness in the administration of Social Security Administration (SSA) programs and operations; and preventing and detecting fraud, waste, abuse, and mismanagement in such programs and operations. To accomplish this mission, we conduct and supervise a comprehensive program of audits, evaluations, and investigations. We also search for and report systemic weaknesses in SSA programs and operations, and make recommendations for needed improvements and corrective actions.

What We Do

We strive for continual improvement in SSA's programs, operations, and management by proactively seeking new ways to prevent and detect fraud, waste, and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention, and fostering diversity and innovation.

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Report Fraud

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A MESSAGE FROM THE INSPECTOR GENERAL

March 31, 2015 marks the OIG's 20th anniversary providing independent oversight of SSA. I am proud of our long record of achievements in ensuring the integrity of SSA's programs by identifying and preventing fraud, waste, and abuse. As technology evolves, however, so must our approach to this important mission.

Today, in the Federal Government, before we allocate resources, pursue initiatives, or implement policies, we must first consult and analyze existing data—or find ways to produce and mine new data. While data should and must drive our decision-making, we must also ensure, at the front end, the integrity of that data we rely on and utilize.

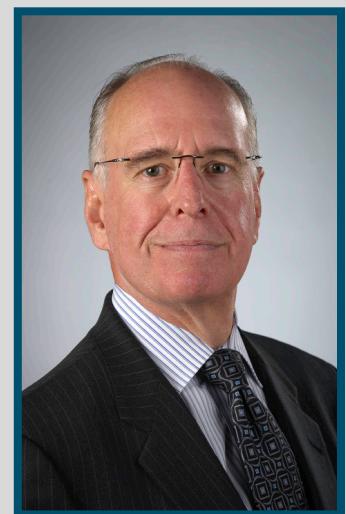
To that end, in March, my office reported that 6.5 million people whose Social Security records indicate they are 112 years old or older, are not listed on the Death Master File. Although no improper SSA payments were associated with these records, many other agencies and private industry use SSA's death data to prevent their own improper payments and transactions. Therefore, we recommended that SSA ensure the accuracy of that data to the extent possible.

This report is just one of our significant activities completed during this semiannual reporting period, October 1, 2014 through March 31, 2015. These six months have seen this office make significant advancements to prevent and detect improper payments using electronic intelligence and data analysis:

- We examined fraud trends and identified several U.S. locations—based on potential workload and available resources—to expand the thriving Cooperative Disability Investigations (CDI) program, which prevents disability overpayments. We, with SSA, plan to open these units later this year.
- We collaborated with SSA to analyze fraudulent disability claims—previously identified in large-scale fraud schemes—to identify trends or patterns; we then applied these findings to existing claims to flag suspicious or questionable activity. Our testing determined that predictive analytics can be an effective tool to combat Social Security fraud.
- We and SSA studied cases of electronic identity theft and Social Security fraud. From this study, we have identified the signs of potentially fraudulent activity associated with online profiles, to flag for review and potential investigation.

During my tenure as Inspector General, I have made a priority of finding ways to leverage technology to detect and prevent Social Security fraud as well as other government improper payments—and to address systemic vulnerabilities that may contribute to them. Going forward, we will work to achieve these goals in a cost-effective way, to provide the maximum return on investment in our operations.

For 20 years, the OIG has worked to improve and protect SSA's programs and operations. While our methods and tools may change over time, our mission and priorities remain the same. My office is committed to working with the agency and the Congress to safeguard Social Security for the many millions of Americans who depend on it. I invite you to read more about what we do and how we do it in the pages that follow.



A handwritten signature in blue ink that reads "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.
Inspector General

EXECUTIVE SUMMARY

This report presents the significant activities of the SSA OIG from October 1, 2014 through March 31, 2015, documenting the achievements of the OIG's Offices of Audit, Investigations, Counsel, and OIG's support components.

Key Accomplishments

October 1, 2014 through March 31, 2015

Audit Reports Issued	29
Questioned Costs	\$3,768,424,348
Funds Put to Better Use	\$382,248,199
Allegations Received	65,927
Investigations Opened	4,067
Investigations Closed	3,892
Arrests	286
Indictments/Informations	384
Criminal Convictions	620
Civil Actions/Civil Monetary Penalties	141
Cooperative Disability Investigations	
Confirmed Fraud Cases	584
SSA Savings	\$270,448,019
Non-SSA Savings	\$128,150,452

Audit

During this reporting period, we issued 29 reports and made recommendations on a variety of challenges facing SSA. We also identified more than \$3 billion in questioned costs and more than \$382 million in Federal funds that could be put to better use.

In one of our most noteworthy reports issued, we reviewed administrative law judges (ALJ) with high disposition rates and high allowance rates. In our review, we found 44 ALJs who met these outlier criteria, and reviewed 275 cases allowed by these outlier ALJs. We determined that over a 7-year period these 44 outlier ALJs would have improperly allowed disability benefits on approximately 24,900 cases, resulting in questionable costs of about \$2 billion. Furthermore, we projected that SSA would continue paying these beneficiaries approximately \$273 million over the next 12 months.

Investigative

During this reporting period, we received more than 65,900 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources. OIG agents closed more than 3,800 criminal investigations, resulting in over 280 arrests, over 380 indictments and informations, 620 criminal convictions (including pretrial diversions), and over 140 civil judgments or civil monetary penalty (CMP) assessments.

We are reporting over \$469 million in investigative accomplishments, including over \$160 million in SSA recoveries, restitution, fines, settlements, and judgments; and over \$308 million in projected savings from investigations resulting in the suspension or termination of benefits. In addition, we participated in multi-agency investigations that resulted in over \$22 million in savings, restitution, and recoveries for other agencies.

The Cooperative Disability Investigations (CDI) program continues to be one of SSA and OIG's most successful initiatives, ensuring the integrity of SSA's disability programs. CDI efforts during this reporting period resulted in more than \$270.4 million in projected savings to SSA programs.

Legal

During the reporting period, our attorneys successfully resolved 133 CMP actions against individuals who made false statements, representations, or omissions to obtain or retain Social Security benefits (violations of Section 1129 of the *Social Security Act*). OIG attorneys imposed more than \$7 million in penalties and assessments through the CMP program. We also pursued actions to protect the public from fraudulent schemes that make use of the SSA's well-known name and reputation (violations of Section 1140). During this reporting period, we achieved voluntary compliance in 17 Section 1140 cases, and deterred future violations through aggressive outreach and enforcement efforts.

Outreach

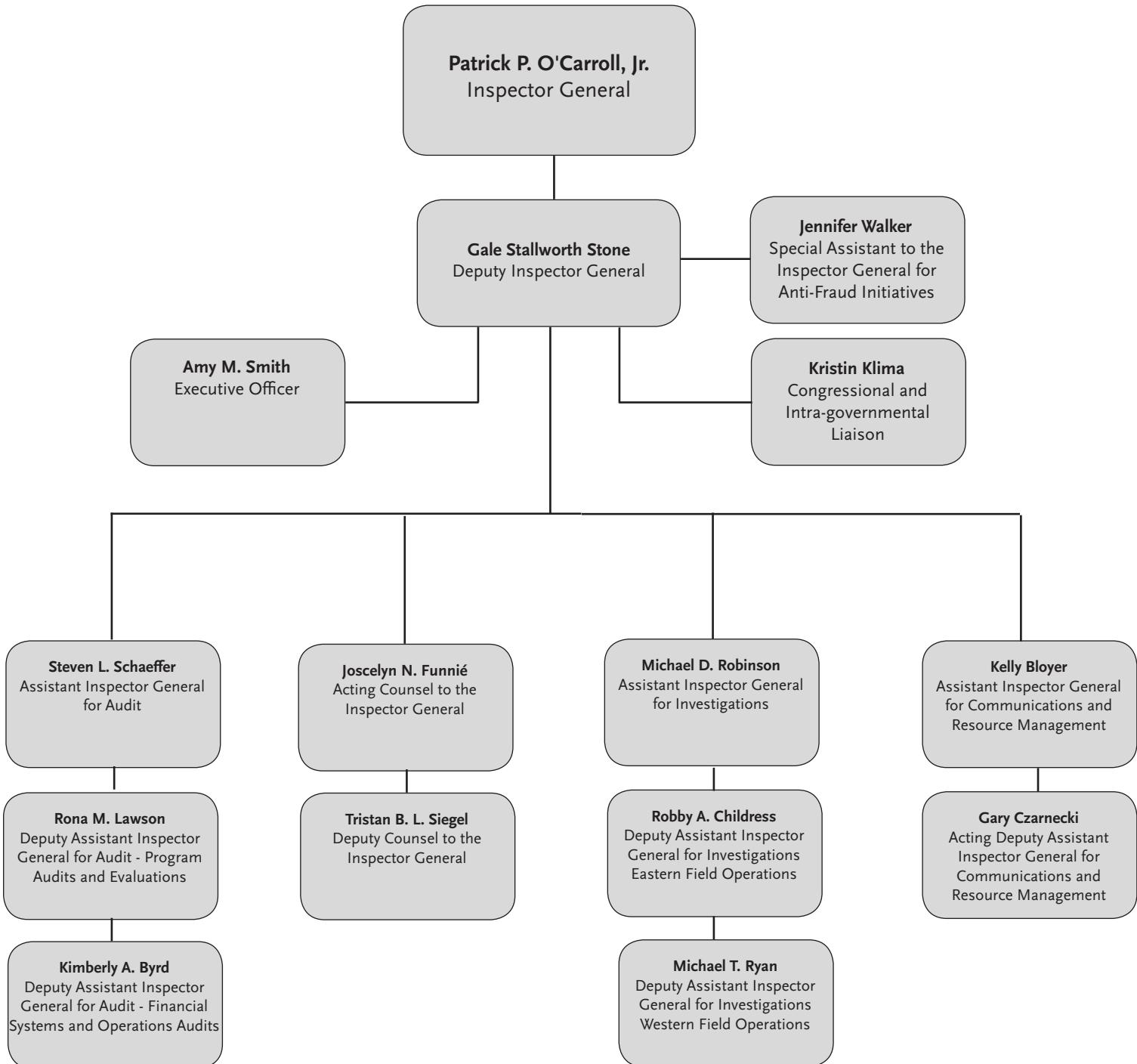
During the reporting period, Inspector General O'Carroll testified twice before the Senate Committee on Homeland Security and Governmental Affairs on improving the efficiency, effectiveness, and independence of Federal inspectors general, and on Federal improper payments and errors in SSA's Death Master File.

The Inspector General also made presentations at national conferences, increasing awareness of the OIG's work and accomplishments. He was a keynote speaker at the National Organization of Social Security Claimants' Representatives Fall Disability Law Conference, and he joined Acting Counsel to the Inspector General Helen Cooper, Special Assistant for Anti-Fraud Jennifer Walker, and Attorney David Rodriguez in conducting a fraud awareness workshop at the American Society on Aging's national conference.

We have also increased awareness of the OIG's mission and accomplishments through interaction with the news media. The Inspector General sat for an interview with CBS's "60 Minutes" for a March 2015 feature on the completeness and uses of SSA's Death Master File, and an OIG disability fraud investigation was featured on a January 2015 episode of ABC's "20/20."

INTRODUCTION TO OUR ORGANIZATION

SSA OIG comprises the Immediate Office of the Inspector General and four major components: the Offices of Audit, Communications and Resource Management, Counsel, and Investigations.



Immediate Office of the Inspector General

The Immediate Office of the Inspector General (IO) assists the Inspector General with the full range of his responsibilities. IO staff also coordinates with SSA, congressional committees, the Social Security Advisory Board, and the Council of the Inspectors General on Integrity and Efficiency (CIGIE). IO also includes the Office of Quality Assurance and Professional Responsibility (OQAPR), which reviews OIG component offices to ensure compliance with Federal laws and regulations, agency policies, and relevant professional standards; and conducts investigations into allegations of OIG employee misconduct.

Office of Audit

The Office of Audit (OA) conducts financial and performance audits of SSA programs and operations, and makes recommendations to ensure that SSA achieves program goals effectively and efficiently. Financial audits determine whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations on issues of concern to SSA, the Congress, and the public.

Office of Communications and Resource Management

The Office of Communications and Resource Management (OCRM) provides administrative support to the Inspector General and OIG components. OCRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OCRM disseminates information about the OIG's work to Congress, the media, and the public, and maintains the OIG presence on the Internet. OCRM manages OIG's human resources and develops administrative policies and procedures. OCRM also maintains hardware, software, and telecommunications networks to support the OIG's mission. Finally, OCRM manages the OIG's Fraud Hotline and Fugitive Enforcement Program.

Office of the Counsel to the Inspector General

The Office of the Counsel to the Inspector General (OCIG) provides independent legal advice and counsel to the Inspector General on a wide range of issues, including statutes, regulations, legislation, and policy directives. OCIG also administers the CMP program, and advises the Inspector General on investigative procedures and techniques, as well as on the legal implications of audit and investigative activities.

Office of Investigations

The Office of Investigations (OI) conducts investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, as well as by SSA employees. This office serves as the OIG's liaison to the Department of Justice (DOJ) on all investigative matters. OI also conducts joint investigations with other law enforcement agencies, and shares responsibility with the Department of Homeland Security's (DHS) Federal Protective Service (FPS) for investigating threats or violence against SSA employees and facilities.

SSA MANAGEMENT CHALLENGES

OIG annually identifies the most significant management issues facing SSA based on legislative mandates and its audit and investigative work. A summary of each issue is detailed in our *Fiscal Year 2014 Inspector General Statement of the Social Security Administration's Major Management and Performance Challenges*. Listed below is a summary of each challenge.

Strengthen Planning, Transparency, and Accountability

In the past, SSA has developed multiple-year strategic plans, which included general descriptions of the programs, processes, and resources needed to meet its mission and strategic objectives. However, SSA needs a longer-term vision to ensure it has the programs, processes, staff, and infrastructure required to provide services 10 to 20 years from now and beyond. In April 2015, using input from internal and external stakeholders, SSA published its Vision 2025. Vision 2025 explains the type of agency SSA needs to be to meet customers' expectations in the next 10 years and beyond. We have recommended that SSA develop more outcome-based performance measures and goals, including performance targets that are aligned with SSA's long-term goals rather than with expected appropriations. With regard to accountability, the FY 2014 Independent Auditor's Report contained two significant deficiencies in (a) internal controls related to calculation, recording, and prevention of overpayments and (b) the information systems controls. The Acting Commissioner has made addressing these deficiencies a priority.

Improve Customer Service

SSA faces several challenges as it pursues its mission to deliver services that meet the public's changing needs. One of SSA's greatest challenges is the loss of its most experienced employees, as the agency estimates that about 45 percent of its employees, including 54 percent of its supervisors, will be eligible to retire by FY 2022. This will affect SSA's customer service capability. At the same time, the public is expecting responsive service from multiple service delivery channels and the nation is becoming more diverse. Therefore, SSA must continue to consider the increasing multilingual population it serves as it enhances service delivery channels. Further, the Government Accountability Office noted that SSA struggled to effectively administer its Representative Payment Program. The projected growth in the aged population, as well as individuals with dementia, will require that SSA spend more resources recruiting and monitoring representative payees.

Improve the Timeliness and Quality of the Disability Process

SSA needs to address the receipt of millions of initial disability and reconsideration claims, as well as the backlogs of initial disability claims and Continuing Disability Reviews (CDR), while also protecting its disability programs from fraud. As of FY 2014, SSA had approximately 633,000 initial disability claims pending. In addition, SSA expects to have approximately 621,000 initial disability claims pending at the end of FY 2015. While SSA increased the number of full medical CDRs completed in recent years, it was not enough to eliminate the backlog. In FY 2014, SSA received authority to hire approximately 3,200 DDS employees—including replacement hires. In FY 2016, SSA expects these hires to process additional CDRs. Recently, high-profile fraud schemes have highlighted the vulnerability of SSA's disability programs. This year, SSA began anti-fraud initiatives that included predictive analytics; Fraud Prevention Units in New York, Kansas City, and San Francisco; and expanding the successful CDI program to 28 units.

Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA faces the challenge of how best to use technology to meet its increasing workload with limited budgetary and human resources. Further, SSA will not be able to manage its current and future workloads without the proper information technology (IT) infrastructure. We have concerns regarding the agency's IT physical infrastructure, development and implementation of secure electronic services, logical access controls and security of information systems, and management of major IT projects. The agency uses a variety of customer service delivery options including telephone, the Internet, and videoconferencing. While expanding services to meet customers' growing needs, the agency needs to ensure its existing and future electronic services are secure. SSA also faces challenges in executing and implementing major IT projects, and delivering expected functionalities on-schedule and within budget.

Reduce Improper Payments and Increase Overpayment Recoveries

SSA strives to balance its service commitments to the public while being a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. The agency is responsible for issuing over \$800 billion in benefit payments per year, to about 60 million people. Given the large overall dollars involved, even the slightest error can result in millions of dollars in over- or underpayments. Major causes of improper payments in SSA programs include individuals failing to report earnings timely. In June 2013, SSA developed a statistical model that predicts the likelihood of beneficiaries being at risk of receiving large earnings-related overpayments and implemented it nationwide. SSA also developed a monthly wage reporting system incorporating touch-tone and voice-recognition telephone technology.

Reduce the Hearings Backlog and Prevent its Recurrence

While SSA has emphasized the need for quality, consistency, and timeliness in its disability decisions, this remains a challenge as the hearings backlog approaches 1 million cases and timeliness continues to worsen. Since FY 2010, the pending hearings backlog has increased annually from 705,000 cases to about 977,000 cases the end of FY 2014. While the number of new receipts has declined over the past 4 years, they have exceeded dispositions. SSA made progress in reducing hearing waiting times to an average of 353 days in FY 2012. The agency's ability to reduce the backlog depends in large part on its adjudicatory capacity. The number of available administrative law judges (ALJ) grew by 18 percent from FY 2010 to FY 2013, but dropped in FY 2014. SSA experienced delays in hiring new ALJs in part because the agency exhausted the ALJ register administered by the Office of Personnel Management.

Strengthen the Integrity and Protection of the Social Security Number

We recognize that SSA has no legal authority to control Social Security number (SSN) use by other public and private entities. Nevertheless, given the frequency of SSN misuse and identity theft in American society, we continue to believe the Agency must take steps to protect the integrity of this critical number. In particular, it is critical that SSA properly post wages reported under SSNs to ensure payment accuracy, as SSA's programs depend on accurate earnings information to determine if an individual is eligible for benefits and to calculate the payment amount. We are pleased that the Bipartisan Budget Act of 2013 restricted public access to Death Master File (DMF) records for deaths that occurred at least 3 calendar years before the date of request. Still, because so many public and private entities utilize DMF data, we believe SSA should take all possible steps to ensure its accuracy.



AUDIT

Significant Audit Activities

Administrative Law Judges with Both High Dispositions and High Allowance Rates

In this review, we addressed the Committee on Oversight and Government Reform's concerns regarding ALJs who had 700 or more dispositions and allowance rates of 85 percent or higher in any two FYs from FYs 2007 through 2013.

Overall, we identified 44 ALJs (about 4 percent of SSA's ALJs) who met these outlier criteria. We reviewed 275 cases allowed by these outlier ALJs and referred 216 questionable cases to SSA's Division of Quality (DQ). Based on DQ's review, we estimated that over a 7-year period these 44 outlier ALJs would have improperly allowed disability benefits on approximately 24,900 cases, resulting in questionable costs of about \$2 billion. Furthermore, we projected that SSA would continue paying these beneficiaries approximately \$273 million over the next 12 months.

Additionally, our review of the 275 cases found that: the number of ALJ outliers and percentage of cases with quality issues decreased in recent years; SSA increased oversight and monitoring of ALJ workloads; and SSA took at least one administrative or disciplinary action—including training, counseling, suspension, and termination—on 15 (34 percent) of the 44 outlier ALJs, since 2007.

The Social Security Administration's Disability Case Processing System

We evaluated SSA's plans to complete the Disability Case Processing System (DCPS) project. SSA partners with State disability determination services (DDS) that use custom systems to adjudicate disability claims. The DCPS project will transition all the DDSs to one case processing system, thereby streamlining support and maintenance. In June 2014, an independent consultant hired by SSA reported that over a 6-year period, SSA invested \$288 million into DCPS, yet the system delivered limited functionality and faced schedule delays.

We found that SSA took several measures to get the DCPS project on track and ensure its successful completion. At the time of our review, SSA was evaluating whether off-the-shelf software or updated SSA-owned software could be integrated into DCPS and, if so, at what cost. However, while those evaluations were underway, the agency was also developing its custom-built solution. We advised that SSA should not commit additional resources to build these DCPS components until the Agency has determined whether it can use off-the-shelf software or modernized software. However, SSA stated that its approach would allow the agency to compare multiple alternatives against identical criteria, so it can identify the path that best improves the delivery of DCPS.

We also advised that SSA must ensure it has a process to monitor progress, identify issues in a timely manner, and take corrective action; and should keep key stakeholders informed of the project's status. We plan to monitor SSA's progress as the project moves forward.

Self-employment Earnings Removed from the Master Earnings File

In this review, we identified instances where SSA removed self-employment income (SEI) from the Master Earnings File and determined the potential impact on SSA programs. Depending on whether SSA deleted or suspended the earnings, the Internal Revenue Service (IRS) may never know if an individual disclaimed the SEI.

We initiated this review after receiving reports of SSI recipients falsifying SEI to obtain an Earned Income Tax Credit (EITC) on their Federal tax return and then, requesting SSA to remove the SEI from their record to prevent a reduction in SSI payments. Therefore, these individuals were able to take advantage of the EITC and receive full SSI payments.

We found that SSA removed from its Master Earnings File about \$742 million in SEI originally reported on the tax returns of about 50,000 recipients in Tax Years 2008 through 2011. Specifically, SSA deleted \$343 million in SEI and notified the IRS; and suspended \$399 million in SEI and did not notify the IRS.

We requested that the Treasury IG for Tax Administration review a random sample of tax returns for those who SSA suspended SEI. For 77 percent of these tax returns, the Treasury IG determined that the individuals reported SEI to claim the EITC—with an average credit of \$4,053 received per tax return.

We recommended that SSA notify the IRS of all instances where SEI is removed from the Master Earnings File. SSA agreed with our recommendation.

Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident

We conducted this audit to determine whether SSA had controls to record death information on numberholders' Numident records that exceeded reasonable life expectancies.

We obtained information indicating a man opened bank accounts using several different SSNs, including two belonging to numberholders born in 1886 and 1893. SSA's Numident indicated these numberholders were alive. Therefore, neither appeared on the DMF—an extract of Numident information used by government and private entities to match financial and other records against to ensure payment accuracy and prevent fraud.

We found that SSA did not have controls to annotate death information on the Numident record of numberholders who exceeded reasonable life expectancy. We identified approximately 6.5 million numberholders age 112 or older without death information on the Numident; however, according to the Gerontology Research Group, only 35 people had reached this age as of October 2013.

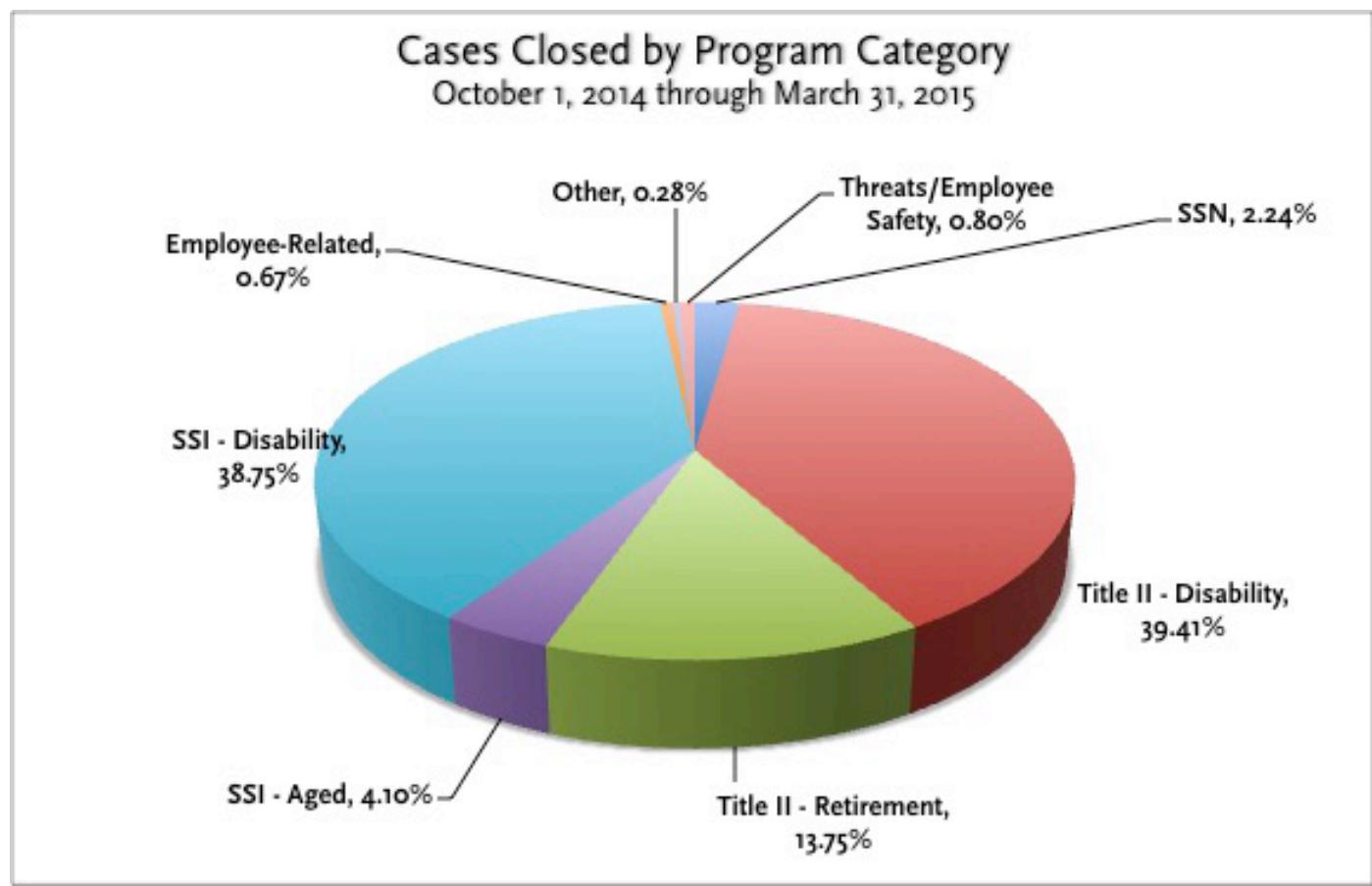
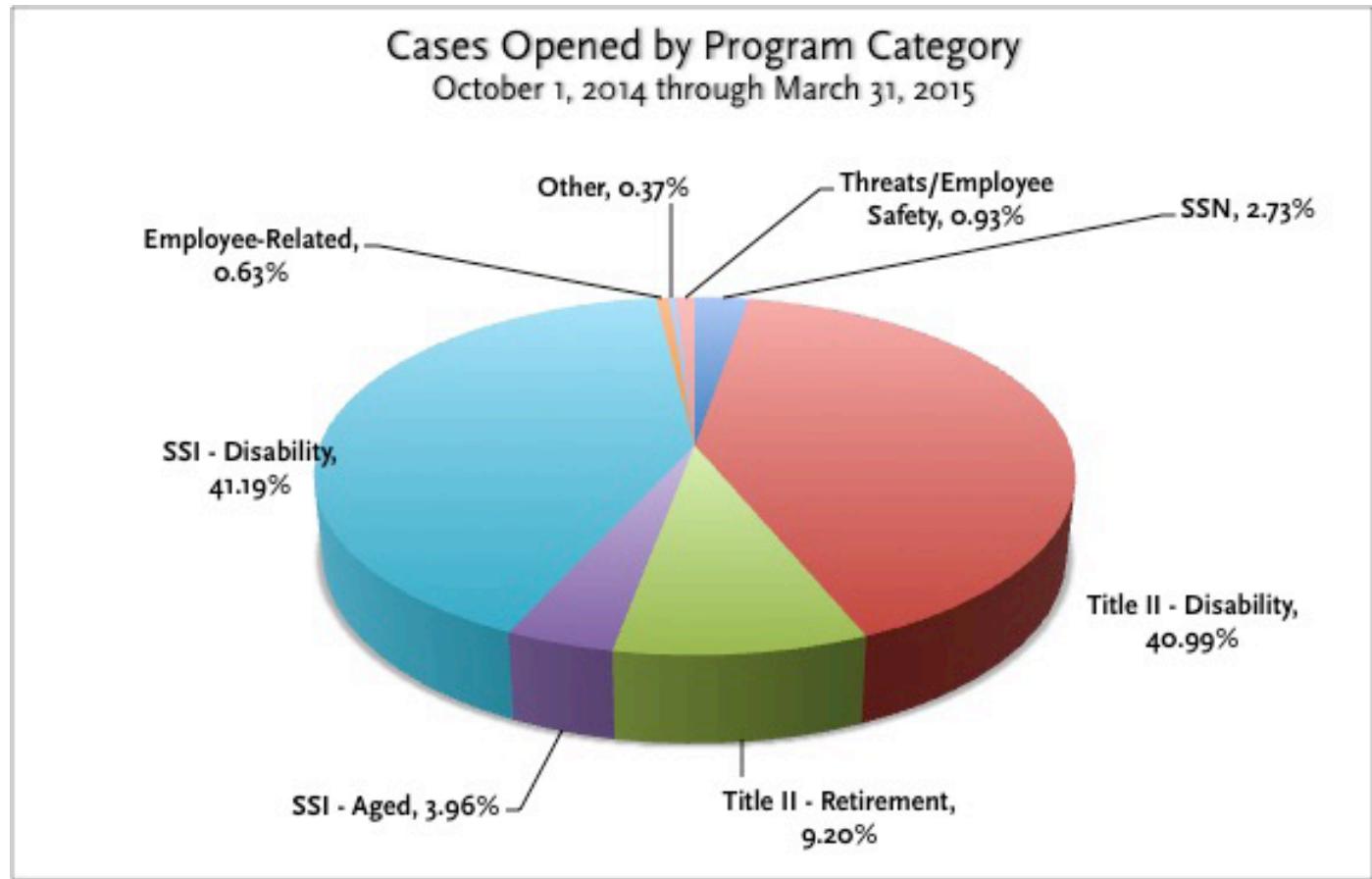
We found that none of these individuals were improperly receiving SSA benefit payments. However, we did identify more than \$3 billion in earnings reported to SSA using almost 67,000 of these SSNs, and over 4,000 E-Verify inquiries for 3,873 of these SSNs. Correcting these records will improve the accuracy of the DMF and help prevent potential future SSN misuse.

We made four recommendations for corrective action; SSA disagreed with two that, according to the agency, would require significant manual analysis and development of new protocols that could detract from other mission-critical work, such as redesigning the death processing system.

INVESTIGATIONS

Our Office of Investigations examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve issues such as benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions or the imposition of CMPs against offenders. These investigative efforts improve SSA program integrity by recovering funds and deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and other Social Security-related fraud ensures the integrity of SSA programs.

Investigative Results	
	10/1/14-3/31/15
Allegations Received	65,927
Cases Opened	4,067
Cases Closed	3,892
Arrests	286
Indictments/Informations	384
Criminal Convictions	620
Civil Actions/CMPs	141



Allegations Received by Source	
	10/1/14-3/31/15
SSA Employees	24,380
Private Citizens	22,303
Anonymous	13,969
Law Enforcement	1,720
Beneficiaries	2,479
Public Agencies	1,062
Other¹	14
TOTAL	65,927

¹ Other includes allegation sources such as: Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject.

Allegations Received by Category	
	10/1/14-3/31/15
Disability Insurance	27,291
SSI Disability	13,976
SSN Misuse	6,647
Old-Age and Survivors Insurance	11,622
Other	4,066
Threats/Employee Safety	554
Employee-Related	972
SSI Aged	799
TOTAL	65,927

Significant Investigative Activities

Disability Program Fraud

Man Receives Disability Insurance Benefits Under Another's Identity

Based on a referral received from a Detroit, Michigan SSA office, our St. Louis office investigated a 30-year-old DI beneficiary. The investigation revealed that from April 2010 through August 2012, this man assumed the identity of another individual to collect DI benefits based on the other person's work and earnings. In August 2014, the man pled guilty to false statements and aggravated identity theft. He was later sentenced in February 2015, to 2 years in prison and 3 years' supervised release. He was also ordered to repay \$21,484 to SSA.

Disability Beneficiary Conceals Bail Bonds Business

After receiving a referral from the Baton Rouge (North), Louisiana SSA office, our Baton Rouge office investigated a 59-year-old former DI beneficiary. The investigation revealed that, beginning in 2006, the beneficiary started a bail bonds business and concealed his work and earnings from SSA while simultaneously receiving benefits for back disorders. After the man pled guilty to theft of Government funds, he was sentenced in February 2015 to 6 months in prison and 2 years' supervised release. He was further ordered to repay \$136,215 to SSA.

Beneficiary Collects Disability under One Social Security Number, Works Under a Second

Acting on an allegation received from the Fayetteville, North Carolina SSA office, our Greensboro office investigated a 62-year-old former DI beneficiary. The investigation disclosed that, from January 1991 through November 2012, this individual used a fraudulently obtained SSN card to conceal his work and earnings while receiving DI for a bad back. After the man pled guilty to theft of Government funds, he was sentenced in January 2015 to 21 months in prison and 3 years' supervised release. He was ordered to repay \$165,816 to SSA.

Man Hides Landscaping Business and City Council Service

Based on a referral from the U.S. Department of Veterans Affairs (VA), our Denver office investigated a 62-year-old DI beneficiary. This man received VA and Social Security benefits for an alleged disabling condition while concealing that he owned and operated a landscaping business under his wife's name. Furthermore, the investigation revealed that the man served as a city council member. In January 2015, after the man pled guilty to two counts of making false statements, he was sentenced to 3 months in prison and 3 years' supervised release. He was also ordered to repay \$74,326 to the VA and \$55,961 to SSA.

Representative Payee Fraud

Father Fraudulently Receives Money for Child Living in Mexico

Based on a referral from SSA's Federal Benefits Unit located in Mexico City, Mexico, our Fort Lauderdale office investigated a 69-year-old representative payee. The investigation determined that this man fraudulently obtained child's benefits for his minor child, who had been residing with the child's biological mother in Mexico since entitlement began in 2008. In December 2014, the man pled guilty to theft of Government funds. He was sentenced in March 2015 to 1 year in prison and 1 year of supervised release. He was also ordered to repay \$76,204 to SSA.

Representative Payee Conceals Recipient's Death for Over 25 Years

Acting on a referral from the Lumberton, North Carolina SSA office, our Greensboro office investigated the 78-year-old representative payee for a retirement beneficiary. The investigation revealed that, from July 1988 through October 2013, the payee concealed the beneficiary's June 1988 death and continued to receive and convert to his own use the Social Security benefits intended for the beneficiary. In December 2014, after the man pled guilty to theft of Government property, he was sentenced to 4 years' probation and ordered to repay \$146,439 to SSA.

Texas Woman Fails to Report Disabled Child Left Her Custody

Based on information received from the Longview, Texas SSA office, our Dallas office investigated a 49-year-old representative payee. Between July 2010 and March 2012, this person converted the SSI disability payments intended for her child to her own use, and intentionally concealed from SSA that the child had left her custody. After the woman pled guilty to theft of Government funds, she was sentenced in December 2014 to 16 months in prison and 3 years' supervised release. She was also ordered to repay \$14,924 to SSA.

Georgia Man Falsifies Information to Receive Benefits as Payee

Acting on information received from the U.S. Postal Inspection Service, our Atlanta office investigated a 57-year-old former representative payee. Our investigation determined that the man falsified information to become the representative payee for his sister-in-law, and diverted her mail and Social Security benefit payments to his P.O. Box in Georgia. After the man pled guilty to aggravated identity theft, he was sentenced in November 2014 to 4 years in prison and 1 year of probation. He was also ordered to repay \$11,695 to the victim.

SSA Fraud

Woman Files SSA Claim for Relative Serving a Life Sentence in Prison

Acting on a referral from the St. Paul, Minnesota SSA office, our Omaha office investigated a Nebraska woman. The investigation revealed that, in November 2010, the woman filed an Internet retirement claim for her father-in-law, who was serving a life sentence in a correctional facility in Minnesota. In February 2015, after the woman pled guilty to theft of Government funds, she was sentenced to 2 years' probation and ordered to pay restitution of \$15,580 to SSA.

SSI Recipient Conceals Assets and Living Arrangements

After receiving a referral from the Lincoln, Nebraska SSA office, our St. Louis office investigated a local SSI disability recipient. The investigation revealed that this man concealed his work, earnings, and living arrangements from SSA. In addition, the man held various assets, to include approximately 36 bank accounts and 57 vehicles. After he was convicted at trial of theft of Government funds, the man was sentenced in January 2015 to 5 years' probation and ordered to repay \$126,166 to SSA. The judge in this case further ordered the man to sell all 57 of his vehicles and put all of the proceeds toward restitution.

Employee Fraud

Employee Lies to Receive Needs-Based Assistance

After receiving a referral from the Office of the State's Attorney for Baltimore City, Maryland, our Baltimore office investigated an SSA tele-service representative. The investigation determined that the employee concealed her employment with SSA to receive Temporary Cash Assistance, Food Supplement Program benefits, and Maryland Medical Assistance from the City of Baltimore and State of Maryland. She was subsequently suspended without pay. After she pled guilty to felony theft, the employee was sentenced in February 2015 to 5 years in prison, suspended, and 5 years' probation. She was ordered to pay restitution totaling \$87,424 to the multiple assistance programs.

Employee Creates Erroneous Overpayment and Cashes the Remittance

Acting on a tip from the Chico, California SSA office, our San Francisco office investigated a former SSA Assistant Module Manager. This employee falsely informed a DI beneficiary of a \$719 overpayment and requested that the beneficiary repay the money by cash or money order with the payee section left blank. The beneficiary complied, but later discovered that the money order was cashed with the employee's name listed as the payee. In May 2014, the employee resigned after approximately 12 years of service, and later pled guilty to charges of an officer or employee of the United States converting the property of another. In November 2014, she was sentenced to 30 days in prison.

Claims Representative Redirects SSI Payments to Family Member's Bank Account

Based on a referral from the Flint, Michigan SSA office, our Detroit office investigated a local SSA claims representative. It was determined that this employee redirected numerous SSI payments into her son's bank account. In February 2014, the employee resigned from her position at SSA, and ultimately pled guilty to charges of theft of public money. In March 2015, she was sentenced to 6 months in prison, 6 months' home confinement, and 3 years' supervised release. She was also ordered to repay \$76,883 to SSA.

Employee Provides Personally Identifiable Information to Facilitate Filing False Tax Returns

Acting on a referral from the IRS, Criminal Investigation, our Atlanta office investigated a Georgia-area SSA service representative. The investigation revealed that this employee was providing Personally Identifiable Information (PII), including names, SSNs, and dates of birth, to other co-conspirators involved in a fraudulent tax return scheme. The employee was terminated by SSA in December 2014. After the former employee pled guilty to aggravated identity theft, he was sentenced in March 2015 to 27 months in prison and 2 years' supervised release. He was also ordered to repay \$3,000 to the IRS.

Deceased Payee Fraud

Mother's Death Concealed for Nearly 18 Years

Acting on a referral from the Silver Spring, Maryland SSA office, our Baltimore office investigated the daughter of a Title II retirement beneficiary. The investigation determined that the beneficiary passed away in October 1997. From November 1997 through April 2014, the beneficiary's daughter received and converted to her own use the Social Security benefits intended for her mother. In October 2014, the woman pled guilty to theft of Government funds, Social Security fraud, and making a false statement in a matter affecting a Title II payment. In February 2015, she was sentenced to 6 months in prison and 3 years' supervised release. She was also ordered to repay \$299,951 to SSA.

Son Conceals Mother's Death, Fraudulently Receives SSA and VA Benefits

After receiving a referral from the Phoenix (North), Arizona SSA office, our Phoenix office investigated the 68-year-old son of a recipient of Social Security and VA benefits. The investigation determined that the beneficiary died in February 1997. Over the next 15 years, her son continued to receive and convert to his own use the benefits intended for his mother. After the man pled guilty to theft of Government funds, he was sentenced in February 2015 to 8 months in prison and 3 years' supervised release. He was also ordered to pay restitution of \$204,694 to SSA and \$22,670 to the VA.

SSN Misuse

Man Posing as Representative of 14 Non-Profit Organizations Defrauds Government

Based on a request for assistance from the General Services Administration (GSA) OIG, our Seattle office investigated a man who posed as a representative from various non-profit organizations to fraudulently obtain and sell excess Government computers, many of which were excessed by SSA. The computers were intended to benefit schools and other non-profit organizations through GSA's Computers for Learning Program. After the man pled guilty to wire fraud, aggravated identity theft, and filing a false income tax return, he was sentenced in February 2015 to 10 years in prison and 3 years' supervised release. He was also ordered to repay \$7,280,253 to GSA.

Convicted Felon Uses SSNs of Former Boyfriend and Co-Worker

Based on a referral from the U.S. Attorney's Office, our Manchester office investigated a New Hampshire woman who used the SSN of a former boyfriend to avoid detection as a convicted felon and gain employment at a financial institution. The woman then used a fellow employee's information to obtain a permanent position at the institution. After she pled guilty to SSN fraud and aggravated identity theft, the woman was sentenced in January 2015 to 27 months in prison and 3 years' supervised release.

Threats and Assaults Against SSA Employees

Employee safety is of paramount concern to SSA and OIG. Our Office of Investigations shares the responsibility for investigating reports of threats or force or use of force against agency employees with the Department of Homeland Security's Federal Protective Service, which has jurisdiction over physical property owned or leased by the Federal government, and with local law enforcement if the activity occurs off federally owned or leased property.

During the reporting period, we received more than 500 allegations nationwide related to employee safety issues, of which over 140 involved assault or harassment, and over 370 were associated with threats against SSA employees or buildings. We also opened and closed over 30 cases nationwide related to employee safety.

The following case summaries highlight significant investigations we conducted during this reporting period in which SSA employees were threatened by members of the public.

Man Threatens SSA Office, Shows Up Carrying Knife

Based on a report received from the Greenville, Mississippi SSA office, our Jackson office investigated a 49-year-old SSI disability recipient. On January 18, 2013, this man contacted the Greenville office and stated that all the employees in the SSA office were going to die. Later that day, he arrived at the SSA Greenville office, carrying a concealed knife that was approximately 9½ inches in length, and was intercepted by the onsite guard. After the man pled guilty to threatening a Federal official, he was sentenced in November 2014 to 22 months in prison and 3 years' probation.

Man Assails Guard after Trying to Avoid Detection

After receiving a report from the Salt Lake City, Utah SSA office, our Salt Lake City office investigated a 73-year-old Title II retirement beneficiary. In December 2014, the man used an SSN other than his own when checking in at the Salt Lake City SSA office to avoid detection as a banned individual. When the office guard attempted to escort the man out of the office, an altercation ensued in which the guard and the man sustained injuries. After pleading guilty to assaulting a Federal officer, the man was sentenced in January 2015 to 24 months' probation and ordered to refrain from entering SSA offices.

Man Threatens SSA Employee after Hearing He Could Not Receive Own Payments

After receiving a report from the Kansas City, Kansas SSA office, our Kansas City office investigated a 39-year-old DI beneficiary. In May 2014, the man threatened an SSA employee when informed that his payments had to be issued to a representative payee, and not himself. After he pled guilty to endeavoring to obstruct by threats a proceeding before a Federal agency, the man was sentenced in March 2015 to 133 days in prison (time served) and 3 years' supervised release.

Threatening Phone Call Leads to Shutdown of Two SSA Offices

Based on information provided by the SSA Auburn, WA Teleservice Center, our Dallas office investigated a 36-year-old Texas man. During a telephone call to SSA, the man threatened to visit his local SSA office with a baseball bat to obtain his Social Security check and kill any police officers that tried to stop him. This led to the shut down and evacuation of two SSA facilities in McKinney and Dallas, Texas. After the man pled guilty to making a terroristic threat, he was sentenced in December 2014 to 6 years' probation, 120 hours' community service, and ordered to forfeit a previously seized firearm. He was also fined \$500.

Cooperative Disability Investigations Program

The CDI program continues to be one of our and SSA's most successful initiatives, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDS, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial disability claims and CDRs. Established in FY 1998 with units in just five states, the CDI program currently consists of 28 units covering 24 states and the Commonwealth of Puerto Rico. During the reporting period, we and SSA opened a CDI unit in Providence, Rhode Island, and we plan to open four more units by the end of 2016, to bring CDI to 32 total units.

The following CDI case summaries highlight investigations we conducted during this reporting period that enhanced SSA's program integrity and operations reliability.

Woman Convicted of Concealing an Illegal Nightclub Business to Collect Disability Benefits

The St. Louis CDI unit investigated a 43-year-old DI beneficiary, after the beneficiary appeared in a newspaper article regarding her recent arrest for running a night club/brothel at her home. Our investigation revealed that the woman was running an illegal business out of her home in which she provided prostitution services and sold liquor without a license. In February 2015, after pleading guilty to interstate use of a facility to promote prostitution, she was sentenced to 48 months in prison and 3 years' supervised release. She was also ordered to repay \$14,974 to SSA and \$19,835 to the U.S. Department of Housing and Urban Development.

Louisiana Man Convicted of Concealing Several Businesses and Falsifying Disability Claim

Based on a referral from the New Iberia, Louisiana SSA office, our Baton Rouge CDI unit investigated a 37-year-old man for making false statements to obtain Social Security benefits. Our investigation revealed that the man, who was running a construction company and junkyard business, concealed earnings he received from his businesses to continue to receive disability benefits. In December 2014, after he pled guilty to Social Security fraud, the man was sentenced to 24 months in prison and 36 months' probation. He was also ordered to repay \$352,938 to SSA.

New York Man's Disability Claim Leads to Termination of Benefits and CMP

Based on a referral from the New York DDS, our New York CDI unit investigated a 49-year-old DI beneficiary alleged to be disabled due to back, neck, and shoulder pain. SSA initiated a CDR during which the man alleged that he remained disabled. He further alleged significant limitations in personal care, chores, driving, shopping, walking, standing, lifting, sitting and using his arms and hands due to pain and limited joint motion. Investigators conducted surveillance and observed the man pulling a trailer and Jet Ski by hand about 25 feet across the lawn, down an incline, and into the street without any apparent difficulty. He then removed the cover from the Jet Ski and set up the trailer for transport. After reviewing the findings of our investigation, the New York DDS terminated the man's benefits. In January 2015, OCIG issued a \$5,000 CMP against the man.

The following table highlights the successes of the CDI program, which yielded more than \$270.4 million in SSA program savings during this reporting period.

Cooperative Disability Investigations Program Results				
October 1, 2014-March 31, 2015				
State	Allegations Received	Claims Denied/ Ceased¹	SSA Savings²	Non-SSA Savings³
Arizona	167	54	\$3,091,147	\$3,703,415
California ⁴	842	200	\$9,929,732	\$14,531,093
Colorado	127	84	\$4,332,170	\$5,095,277
Florida	168	96	\$5,282,668	\$5,534,106
Georgia	207	86	\$4,244,993	\$4,500,985
Illinois	114	64	\$3,070,594	\$3,170,984
Kentucky	161	79	\$4,001,092	\$4,216,013
Louisiana	92	45	\$2,209,850	\$2,521,792
Maryland	62	1	\$74,364	\$35,286
Massachusetts	88	49	\$2,372,393	\$3,200,790
Michigan	94	12	\$564,954	\$794,652
Mississippi	79	38	\$2,093,802	\$1,895,081
Missouri ⁵	235	143	\$8,251,066	\$8,286,167
New York	70	40	\$2,630,583	\$3,362,397
Ohio	355	157	\$7,560,864	\$12,295,437
Oklahoma	148	53	\$2,981,320	\$2,544,604
Oregon	203	171	\$8,731,259	\$10,301,119
Puerto Rico ⁶	146	1,830	\$161,085,521	\$0
Rhode Island ⁷	17	0	\$0	\$0
South Carolina	243	194	\$11,039,462	\$10,535,651
Tennessee	75	48	\$2,465,850	\$3,376,245
Texas ⁸	268	138	\$6,435,065	\$9,032,384
Utah	178	86	\$4,684,677	\$4,952,612
Virginia	189	102	\$5,224,806	\$6,536,301
Washington	170	144	\$8,089,787	\$7,728,061
Total (10/1/14 – 3/31/15)	4,498	3,914	\$270,448,019	\$128,150,452

¹ The column "Cases Denied or Ceased" was renamed "Claims Denied or Ceased" for accuracy.

² Effective October 15, 2014, CDI-related SSA program savings are calculated using a new variable method that considers the type of program involved, as well as factors that account for nationwide denial/cessation rates. This change resulted from a recent revision conducted by SSA/OIG/Office of Audit.

³ Non-SSA Savings are projected over 60 months whenever another governmental program withholds benefits as a result of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

⁴ California has two units, one in Los Angeles, and the other in Oakland.

⁵ Missouri has two units, one in Kansas City and the other in St. Louis.

⁶ Significant increases in SSA Savings reported this period are the results of a major multi-year, multi-subject investigation conducted by the San Juan, Puerto Rico CDI unit.

⁷ The Providence, Rhode Island CDI unit became operational on January 5, 2015.

⁸ Texas has two units, one in Dallas, and the other in Houston.

Digital Forensic Cases

Administrative Law Judge Resigns after Pornography Allegations

Based on a request from our St. Louis office, our Digital Forensics Team (DFT) assisted in the investigation of an SSA ALJ for allegedly viewing child pornography on his SSA workstation. DFT conducted a forensic examination of the ALJ's SSA computer, which revealed a large amount of sexually explicit images; however, no known images of child pornography were located. As a result of the investigation, the former ALJ resigned his position in December 2014.

Owner of Yoga Studio Collected Disability Benefits

Our Seattle CDI unit requested DFT assistance in the investigation of DI beneficiary for running a business after an anonymous complainant alleged the beneficiary owned and operated a yoga studio. DFT conducted a Social Media and Internet examination and discovered the recipient used numerous social media outlets and a website dedicated to advertising the yoga studio. Based on this information, the DI benefits were subsequently terminated in October 2014, resulting in projected savings of \$52,976 to SSA and \$56,189 to Medicare.

Man Claiming Physical Disabilities Presses 1,400 Pounds

Based on a request for assistance from our Cleveland CDI unit, DFT assisted in the investigation of a DI beneficiary receiving benefits for physical disabilities who was allegedly involved in mixed martial arts and bodybuilding. DFT conducted a Social Media and Internet examination and located a YouTube video of the beneficiary performing 3 repetitions of 1,400 pounds on a leg press machine. Based on this information and other information obtained during the CDI investigation, the beneficiary was medically terminated in December 2014, which resulted in a projected savings of \$84,268 to SSA and \$56,185 to Medicare.



LEGAL

Section 1140 Enforcement and Case Highlights

Using authority delegated by the Commissioner of Social Security, we aggressively enforce Section 1140 of the *Social Security Act*. Section 1140 prohibits people or companies from misleading consumers by giving the false impression that they are associated with or endorsed by SSA when they advertise, solicit services, or otherwise communicate with the public. These communications can include SSA words and symbols to imply a connection with SSA. And they can take many forms, including mailed or televised advertisements, Internet sites, social media accounts, and mobile apps. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without authorization. We can impose CMPs of up to \$5,000 for each violation and \$25,000 for each broadcast/telecast aired.

During this reporting period, we focused our ongoing Section 1140 outreach and enforcement efforts on the sale and distribution of SSA's free publications on the Internet. Additionally, we held Section 1140 outreach discussions with Amazon and Barnes & Noble, and entered into settlement agreements with two insurance companies that have distributed SSA-related publications. We plan to continue our outreach efforts in these areas until we are satisfied that the industries are adequately aware of Section 1140 and are exercising due diligence to prevent violations.

SECTION 1140	
	10/1/14-3/31/15
Cases Reviewed	22
Cases Closed - No Violation of Section 1140	5
Cases Successfully Resolved (Voluntary Compliance and/or Settlement Agreement)	17
Penalties Imposed	\$525,000

Section 1140 Case Highlights

Insurance Agency Agrees to Pay CMP of \$425,000

Sauls Insurance Agency, Inc. (Sauls Insurance), a company based in North Carolina, agreed to pay a CMP of \$425,000 to settle our claim that the company violated Section 1140. Sauls Insurance (d/b/a Information Processing Center) disseminated more than 33,000,000 solicitations via the USPS, in which the envelopes purported to offer senior citizens important information about their government benefits. Sauls Insurance denied violating the *Social Security Act* and asserted that, if a violation had occurred, it was unintentional.

Insurance Company Agrees to Pay a CMP of \$100,000

We initiated a Section 1140 inquiry of Colonial Penn Life Insurance Company (Colonial Penn), asserting that the company violated a March 2014 Section 1140 settlement agreement. Colonial Penn had been offering a Social Security publication that SSA offers free of charge on its website and at its field offices nationwide, as a promotional gift for anyone buying a new insurance policy or increasing the coverage amount of an existing policy. The settlement agreement required the company to pay a \$25,000 penalty and to include an SSA Disclosure Statement prominently on all future disseminations/solicitations - including websites - offering any SSA publication. Subsequently, Colonial Penn began airing television commercials, which also offered the SSA publication as a promotional gift. Although the television commercials included the required disclosure, we asserted that the length of time the disclosure was displayed was insufficient and virtually impossible to read. OIG and Colonial Penn executed a second settlement agreement in which Colonial Penn agreed to pull the television commercials and pay a \$100,000 penalty, in addition to the previously paid \$25,000 penalty. OIG notes that Colonial Penn fully cooperated with the OIG inquiries and the matters were resolved without the OIG making a determination of violation or wrongdoing on the part of Colonial Penn.

Section 1129 Enforcement and Case Highlights

The OIG's CMP program, targeting violations of Section 1129 of the *Social Security Act*, maximizes available resources and creates a positive return on investment. Section 1129 authorizes a CMP against anyone who makes any false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*.

In addition, CMPs may be imposed against representative payees for wrongful conversion of payments, or against individuals who knowingly withhold a material fact from SSA. After consultation with DOJ, we are authorized to impose penalties of up to \$5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment.

We are committed to increasing the number of cases successfully resolved each year to ensure Section 1129 serves to punish wrongdoing in cases where criminal prosecution has been declined. In this first half of the fiscal year, we successfully resolved 133 cases and imposed more than \$7 million in CMPs.

SECTION 1129	
	10/1/14-3/31/15
Penalties and Assessments Imposed	\$7,085,106
Number of Hearings Requested	11
Cases Successfully Resolved (settled case, favorable judgment, or penalty imposed)	133

Section 1129 Case Highlights

New York Recoil Subject Collected Disability Benefits for Six Years

As part of Operation Recoil, a retired NYPD officer was caught committing Social Security disability fraud to collect benefits to which he was not entitled. We negotiated a settlement that includes a \$120,000 penalty, but have delayed an assessment in lieu of damages until SSA makes a redetermination of the overpayment amount.

Information about Operation Recoil may be found at the following links:

<http://oig.ssa.gov/newsroom/congressional-testimony/jan16>

<http://oig.ssa.gov/newsroom/blog/march14-post>.

New York Recoil Subject Received Disability Benefits for Eight Years

In another case from Operation Recoil, a New York woman misrepresented the severity of her mental impairments resulting in her improperly receiving disability benefits for herself and auxiliary benefits for her three children for nearly eight years. We negotiated a settlement, imposing a CMP of \$285,276, which was received in a single lump-sum payment in January 2015.

Connecticut Man Converted Social Security Benefits after Family Member's Death

A Norwalk man failed to notify SSA of the death of a family member in January 2004. Instead, as a joint account holder on the bank account where the deceased family member's Title II benefits were deposited, he misused the benefits until OIG initiated an investigation in 2011. During this time, the man wrongfully withdrew \$71,093 in Social Security benefits. We negotiated a settlement agreement whereby the man will pay a \$76,093 CMP.

Husband and Wife from Ohio Failed to Report Marriage

A husband and wife from Cincinnati failed to report their marriage while receiving Social Security benefits, resulting in a \$118,318 overpayment between the two of them spanning more than eight years. We negotiated a settlement in which the wife will pay a \$54,479 CMP and the husband will pay a \$78,839 CMP.

Pennsylvania Representative Payee Concealed Work Activity of Disability Beneficiary

A Pennsylvania woman, serving as Representative Payee for her daughter and her daughter's two children, concealed her daughter's substantial work activity from SSA for nearly seven years, resulting in an overpayment of approximately \$160,000. We imposed a \$162,500 penalty and a \$158,619 assessment, for a total CMP of \$321,119.

Colorado Woman Concealed Marriage

A Colorado woman concealed her marriage from SSA for a period of nearly four years while collecting SSI benefits, resulting in an overpayment of approximately \$30,000. Based on her withholding of material information from SSA, we negotiated a settlement, imposing a \$5,000 penalty on top of a \$29,877 assessment in lieu of damages, for a total CMP of \$34,877.

Nevada Woman Failed to Report Work for Numerous Employers While Collecting DI Benefits

A Nevada woman receiving DI benefits worked for at least seven different employers from February 2009 through January 2014, without reporting her work to SSA. The OIG investigation showed that all of her work was above Substantial Gainful Activity limits. We imposed a \$60,000 penalty along with an assessment in lieu of damages of \$46,649, for a total CMP of \$106,649.

Virginia Man Collected Mother's Retirement Benefits for 12 Years after Her Death

A Virginia man who was a joint owner of a checking account into which his mother's retirement insurance benefits were deposited, failed to report her passing in January 2000. He continued to collect her benefits until an OIG investigation resulted in their termination in June 2012. We imposed a \$92,000 penalty and a \$60,592 assessment in lieu of damages, for a total CMP of \$152,592.

SUPPORT

Budget

For FY 2015, our annual appropriation is \$103.4 million, which supports an estimated end-of-fiscal-year staffing level of 555. Salaries and benefits of our employees account for 88 percent of overall spending. The remaining 12 percent provides for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the President's mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs, focusing on creating a more flexible working environment. As a result, we have identified areas for potential rent savings that would allow us to maintain or improve productivity. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the *OIG Strategic Plan for Fiscal Years 2011 – 2015*. The goals and accomplishments measured in the Strategic Plan are also published in SSA's Annual Congressional Budget Justification.

Human Resource Planning and Management

We actively pursue and work to retain the best possible employees and focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership transition efforts, and reciprocal developmental programs. During this reporting period, we implemented a series of professional development opportunities in the form of competitive temporary assignments to utilize knowledge-transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement.

Information Technology

During this reporting period, OIG IT specialists continued working to update and improve our systems environment. This includes migration to a new infrastructure platform to provide redundancy and failover for OIG applications and data including our National Investigative Case Management System as well as an upgrade of our Business Process Management software, which provides workflows and approval chains for automated OIG business processes.

Also during this reporting period, we made significant investments in our IT infrastructure including the procurement of multi-function printers that enabled us to consolidate copy, scan and print capabilities into one high-speed networked device. This effort resulted in cost savings and increased efficiency for OIG offices nationwide.

We continue to make improvements to our telework infrastructure for increased capacity and improved performance. The technologies we implemented allow for a productive remote workforce without sacrificing the security of sensitive information. These steps align the OIG with the goals and requirements of the *Telework Enhancement Act of 2010*.

Finally, our IT staff analyzes industry trends to find new technologies that may enhance our business processes. During this period, we have continued to expand the use of virtual technologies and have begun to pilot virtual desktop infrastructure for both internal and remote use, to reduce hardware and deployment costs, and enhance data security. We have also utilized virtualization to decrease the number of physical servers in use, which has reduced power consumption and increased system uptime. Our IT specialists continue to meet the challenge of providing a variety of IT support services for more than 70 OIG offices throughout the country.

Allegation Management and Fugitive Enforcement Division

The OIG's Allegation Management and Fugitive Enforcement Division (AMFED) manages the Social Security Fraud Hotline, which during this reporting period, received 37,324 allegations via telephone, mail, fax, and the Internet. Hotline referrals to SSA offices resulted in the identification of \$1,297,329 in overpayments. Following is a notable investigation from the past 6 months that resulted from Hotline referrals:

- The Fraud Hotline received an Internet allegation alleging that a woman converted a deceased beneficiary's retirement and survivors benefits to her personal use. An OIG criminal investigation determined that the woman managed the deceased's finances at the time of death and had full control of the deceased's bank account resulting in a loss of \$124,825. The woman pled guilty to theft of Government funds, and was sentenced to 27 months in prison and 2 years' supervised release. She was also ordered to repay \$124,825 to SSA.

AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 85,579 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. SSA shares location information for wanted felons or parole/probation violators with local law enforcement agencies to assist in apprehending these individuals. The following is one example of our efforts:

- OIG agents and members of the U.S. Marshal's Capital Area Regional Fugitive Taskforce, in Capital Heights, Maryland arrested an SSI recipient. The SSI recipient was wanted on warrants dated September 16, 2014 for six felony charges including carjacking, use of a firearm in committing a felony, malicious wounding, and use of force to threaten and intimidate. The felony warrants were issued by the Richmond City Police Department.

Outreach

During the reporting period, Inspector General O'Carroll, testified twice before the Senate Committee on Homeland Security and Governmental Affairs.

- He appeared with inspectors general from DOJ, DHS, and the Department of State, to discuss their organizations' initiatives and priorities, as well as to suggest solutions to the challenges inspectors general face in achieving their goals. The Inspector General encouraged the Committee to consider exemptions to the *Computer Matching and Privacy Protection Act* and the *Paperwork Reduction Act* for the IG community to improve oversight efforts.
- He also testified in a hearing on Federal improper payments and error's in SSA's Death Master File. The Inspector General noted that complex issues surround the processing and utilization of SSA's death records, however, SSA must strive to maintain complete and accurate data, regardless of its use. He also summarized the OIG's work and recommendations focused on improving SSA's and other Federal agencies' payment accuracy.

The Inspector General was a keynote speaker at the National Organization of Social Security Claimants' Representatives Fall Disability Law Conference, where he discussed OIG efforts to combat disability fraud and to protect Social Security consumers from misleading advertising and communications.

- The Deputy Inspector General was a featured speaker at a meeting of the Baltimore Chapter of the Association of Government Accountants, as she discussed OIG efforts to use data analysis and predictive tools to limit Social Security overpayments and prevent fraud.
- The Inspector General joined Acting Counsel to the Inspector General Helen Cooper, Special Assistant for Anti-Fraud Jennifer Walker, and Attorney David Rodriguez in conducting a fraud awareness workshop at the American Society on Aging's national conference.

The Inspector General also sat for an interview with CBS's "60 Minutes" for a March 2015 feature on the completeness and uses of SSA's Death Master File, and an OIG disability fraud investigation was featured on a January 2015 episode of ABC's "20/20."

**REPORTING REQUIREMENTS
AND
APPENDICES**

REPORTING REQUIREMENTS

This report meets the requirements of the *Inspector General Act of 1978*, as amended, and includes information mandated by Congress.

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	Appendix I
Section 5(a)(1)	Significant problems, abuses, and deficiencies	P. 10, P. 15
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	P. 10, P. 15
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	P. 15
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of particularly significant reports	P. 10
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & B
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D

APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs that are challenged because of a violation of law, regulation, etc. Unsupported costs are those costs that are questioned because they are not justified by adequate documentation. This information is provided in accordance with P.L. 96-304 (the *Supplemental Appropriations and Recession Act of 1980*) and the *Inspector General Act of 1978*, as amended.

Reports with Questioned Costs for the Reporting Period October 1, 2014 - March 31, 2015			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	23	\$1,274,317,333	\$384,582
B. Which were issued during the reporting period.	7 ^a	\$3,768,424,348	\$0
Subtotal (A + B)	30 ^b	\$5,042,741,681	\$384,582
Less:			
C. For which a management decision was made during the reporting period.	5	\$335,462,470	\$0
i. Dollar value of disallowed costs.	2	\$323,248,098	\$0
ii. Dollar value of costs not disallowed.	3	\$12,214,372	\$0
D. For which no management decision had been made by the end of the reporting period.	26 ^b	\$4,707,279,211	\$384,582

a. See Reports with Questioned Costs in Appendix B of this report.

b. One report has multiple monetary recommendations; one recommendation is reflected in section Cii and three recommendations are reflected in section D.

The following chart summarizes SSA's response to our recommendations that funds be put to better use through cost avoidances, budget savings, etc.

Reports with Recommendations that Funds Be Put to Better Use October 1, 2014 - March 31, 2015		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	13	\$5,473,688,849
B. Which were issued during the reporting period.	4 ^a	\$382,248,199
Subtotal (A + B)	17	\$5,855,937,048
Less:		
C. For which a management decision was made during the reporting period.	1	\$552,086
i. Dollar value of recommendations that were agreed to by management.	1	\$552,086
(a) Based on proposed management action.	1	\$552,086
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	0	\$0
Subtotal (i + ii)	1	\$552,086
D. For which no management decision had been made by the end of the reporting period.	16	\$5,855,384,962

^a. See Reports with Funds Put to Better Use in Appendix B of this report.

APPENDIX B: REPORTS ISSUED

<p style="text-align: center;">Reports with Non-Monetary Findings October 1, 2014 - March 31, 2015</p>		
Audit Number	Report	Issue Date
A-14-14-24083	The Social Security Administration's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2014	10/31/2014
A-02-15-15038	Fiscal Year 2014 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/10/2014
A-15-14-14084	The Social Security Administration's Financial Report for Fiscal Year 2014	11/10/2014
A-05-14-24070	Social Security Administration Conference Expenditures in Fiscal Year 2013	11/13/2014
A-14-15-15016	Congressional Response Report: The Social Security Administration's Disability Case Processing System	11/13/2014
A-02-14-34054	Individuals with Multiple Social Security Numbers that Were Not Cross-referenced in the Social Security Administration's Systems	11/25/2014
A-04-14-24136	Congressional Response Report: The Social Security Administration's Field Office Benefit Verification Process	12/1/2014
A-15-15-15024	Disability Insurance Trust Fund	12/1/2014
A-01-13-13069	The Social Security Administration's Access to Financial Institutions Program (Limited Distribution)	12/5/2014
A-14-14-24081	The Social Security Administration's Cloud Computing Environment	12/17/2014
A-15-14-14123	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2014	12/31/2014
A-15-14-24133	The Social Security Administration's Fiscal Year 2004 Through 2013 Accounts Receivable Balances	1/5/2015
A-15-14-14040	The Social Security Administration's Use of Hurricane Sandy Relief Funds	1/8/2015
A-13-15-25018	Congressional Response Report: The Social Security Administration's Rehired Annuitants	1/12/2015
A-13-15-50002	Fiscal Year 2014 Risk Assessment of the Social Security Administration's Charge Card Programs	1/29/2015
A-06-12-12123	Self-employment Earnings Removed from the Master Earnings File (Limited Distribution)	1/30/2015
A-07-14-24004	Performance Indicator Audit: Minimize Average Wait Time for Initial Disability Claims	1/30/2015
A-13-13-13035	The Social Security Administration's Interim Assistance Reimbursement Program	1/30/2015

Reports with Non-Monetary Findings

October 1, 2014 - March 31, 2015

Audit Number	Report	Issue Date
A-02-14-24085	The Social Security Administration's Pre-release Procedures of Institutionalized Individuals	2/3/2015
A-06-14-34030	Numberholders Age 112 or Older Who Do Not Have a Death Entry on the Numident	3/4/2015

Reports with Questioned Costs
October 1, 2014 - March 31, 2015

Audit Number	Issue Date	Report	Dollar Amount
A-12-14-24092	11/14/2014	Congressional Response Report: Administrative Law Judges with Both High Dispositions and High Allowance Rates	\$2,015,392,399
A-01-14-24100	12/3/2014	The Social Security Administration's Prisoner Incentive Payment Program	\$35,290,999
A-09-13-13059	12/15/2014	Payments to Student Beneficiaries	\$1,193,399,122
A-09-13-23099	12/17/2014	Underpayments Payable to Terminated Title II Beneficiaries	\$127,779,485
A-09-14-14052	2/3/2015	Excess Withholding of Government Pension Offset	\$12,424,493
A-09-13-23071	2/18/2015	Payments to Terminated or Non-selected Representative Payees	\$367,033,970
A-02-13-13052	3/11/2015	Payments Deposited into Bank Accounts After Beneficiaries Are Deceased	\$17,103,880
Total			\$3,768,424,348

Reports with Funds Put to Better Use
October 1, 2014 - March 31, 2015

Audit Number	Issue Date	Report	Dollar Amount
A-12-14-24092	11/14/2014	Congressional Response Report: Administrative Law Judges with Both High Dispositions and High Allowance Rates	\$272,624,955
A-09-13-23054	1/30/2015	Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits	\$105,594,956
A-09-14-14052	2/3/2015	Excess Withholding of Government Pension Offset	\$2,473,898
A-06-14-14047	3/10/2015	Follow-up: Collection of Civil Monetary Penalties	\$1,554,390
Total			\$382,248,199

APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FY 1997

To meet the requirements of the *Omnibus Consolidated Appropriations Act of 1997*, P.L. 104-208, we are providing requisite data for FY 2014 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over \$160 million in SSA funds as a result of our investigative activities in this reporting period (10/1/14 – 3/31/15). These funds are broken down in the table below.

Investigative Activities			
	1st Quarter 10/1/14-12/31/14	2nd Quarter 1/1/15-3/31/15	Total
Court Ordered Restitution	\$11,778,967	\$14,024,781	\$25,803,748
Recoveries	\$115,797,339	\$15,696,459	\$131,493,798
Fines	\$1,307,123	\$1,696,335	\$3,003,458
Settlements/Judgments	\$431,989	\$92,975	\$524,964
TOTAL	\$129,315,418	\$31,510,550	\$160,825,968

OFFICE OF AUDIT

SSA management informed us that the agency has completed implementing recommendations from 6 audit reports during this period valued at over \$5 billion.

CONGRESSIONAL RESPONSE REPORT: ADMINISTRATIVE LAW JUDGES WITH BOTH HIGH DISPOSITIONS AND HIGH ALLOWANCE RATES (A-12-14-24092, 11/14/2014)

We recommended that SSA ensure full medical continuing disability reviews have been conducted on claimants associated with the higher risk disability cases in our sample—cases where the administrative law judge (ALJ) decisions would have been reversed or remanded in a pre-effectuation review. To the extent these reviews have not been performed, the agency should expedite such reviews to ensure the claimants are eligible for any ongoing disability benefits. The implemented value of this recommendation is \$272,624,955.

THE SOCIAL SECURITY ADMINISTRATION'S COMPLETION OF PROGRAM INTEGRITY WORKLOADS (A-07-14-24071, 8/18/2014)

We recommended that SSA prioritize resources toward medical continuing disability review and non-medical redetermination workloads to ensure only eligible individuals continue receiving benefits and are receiving the correct payment amounts. The implemented value of this recommendation is \$4,855,163,338.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHO HAD NOT CASHED THEIR CHECKS WITHIN 1 YEAR (A-09-13-23023, 4/7/2014)

We recommended that SSA evaluate the results of its corrective action for the 87 recipients and determine whether it should develop a cost-effective method to address the remaining population of 74,316 recipients with uncashed checks. The implemented value of this recommendation is \$41,729,861.

We recommended that SSA take corrective action to resolve and, if appropriate, reissue payments to the 87 recipients we identified. The implemented value of this recommendation is \$56,151.

CONCURRENT BENEFICIARIES IMPROPERLY RECEIVING PAYMENTS IN EXCESS OF FEDERAL LIMITS (A-06-12-22131, 1/14/2014)

We recommended that SSA review the 2,747 cases and take appropriate action to correct payment errors, establish overpayments, and prevent future payment errors. The implemented value of this recommendation is \$1,991,991.

NEW YORK STATE DISABILITY DETERMINATION PROGRAM INDIRECT COSTS (A-02-11-11135, 5/21/2012)

We recommended that SSA instruct Office of Temporary and Disability Assistance to refund the \$201,391 in unallowable, not properly allocated, or inaccurate costs we identified. The implemented value of this recommendation is \$120,683.

FOLLOW-UP: THE SOCIAL SECURITY ADMINISTRATION'S CONTROLS OVER SUSPENDING COLLECTION EFFORTS ON TITLE XVI OVERPAYMENTS (A-04-09-19039, 9/2/2009)

We recommended that SSA consider revising the May 2009 policy to require the 2-personal identification number (PIN) process (management approval) for suspension decisions controlled by the Recovery and Collection of Overpayment Process (RECOOP). The implemented value of this recommendation is \$22,639,420.

APPENDIX D: SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE INSPECTOR GENERAL DISAGREES

None

APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

The *Omnibus Consolidated Appropriations Act of 1997* (P.L. 104-208) requires us to report additional information concerning actual cumulative collections and offsets achieved as a result of OIG activities each semiannual period.

OFFICE OF INVESTIGATIONS

Total Restitution Reported by DOJ as Collected for SSA			
FY	Total Number of Individuals Assigned Court-Ordered Restitution	Court-Ordered Restitution for This Period	Total Restitution Collected by DOJ
2013	532	\$35,549,341	See Footnote 1
2014	529	\$34,002,421	\$10,620,357
2015 (10/1/14-3/31/15)	289	\$22,769,812	See Footnote 1
TOTAL	1,350	\$92,321,574	\$19,047,287

¹DOJ is working to generate reports that will provide us with this information.

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2013	1,622	\$54,903,601
2014	1,878	\$88,478,532
2015 (10/1/14-3/31/15)	2,584	\$131,493,798
TOTAL	6,084	\$274,875,931

OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA's management officials and was current as of March 31, 2015.

SSA's Responses to OIG's Recommendations						
Recovery or Redirection of Questioned and Unsupported Costs ¹						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance ²
2013	23	\$886,384,392	\$444,247,360	\$254,819,513	\$77,991,372	\$553,573,507
2014	23	\$1,056,576,142	\$487,747,953	\$471,941,320	\$27,305,032	\$557,329,790
2015	7	\$3,768,424,348	\$0	\$0	\$172,980	\$3,768,251,368
Total	53	\$5,711,384,882	\$931,995,313	\$726,760,833	\$105,469,384	\$4,879,154,665

¹ The amounts in the table regarding collections, recoveries, and write-offs/adjustments were not verified by the OIG.

² Balance = Questioned/Unsupported Costs - Amount Collected or to be Recovered - Amount Written-Off/Adjustments

APPENDIX F: SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR FYS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/2014)

Results of Review: SSA did not always resolve representative payee selections that were pending in its Representative Payee System (RPS). Based on our random sample, we estimate that SSA

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid \$132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.
- Improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries. Of these, SSA paid \$265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.
- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.
- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

Recommendation: Evaluate the results of its corrective actions for the 98 beneficiaries and determine whether it should review the remaining population of beneficiaries who have representative payee selections pending in RPS.

Agency Response: SSA agreed with the recommendation.

Valued at: \$396,806,695 in questioned costs.

Corrective Action: Since SSA has completed its actions for the 98 cases from recommendation 1, it is in the process of evaluating those results. The analysis will require regional expertise and will be an ad-hoc workload and will require balancing this work with other competing priorities. The agency expects to complete the analysis by the end of June 2015.

USEFULNESS OF DEPARTMENT OF HOMELAND SECURITY TRAVEL DATA TO IDENTIFY SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHO ARE OUTSIDE THE UNITED STATES (A-01-11-01142, 2/1/2013)

Results of Review: Although there are legal and technical challenges in obtaining data from the Department of Homeland Security (DHS) to identify Supplemental Security Income (SSI) recipients who are absent from the United States, we estimated 35,068 SSI recipients had approximately \$152 million in overpayments because of unreported absences from the United States between September 2009 and August 2011. Furthermore, millions of dollars more in overpayments could be identified if SSA includes all SSI recipients, regardless of their country of birth or associated bank. If our results using sample data associated with one bank represent all banks, we estimate our review would have identified an additional \$289 million in overpayments.

Developing a process with DHS—and if necessary, the Department of State—would be a long-term initiative; and SSA has a history of overcoming legal and technical factors with other initiatives it has pursued to address improper payments. Ultimately, the other agencies have to be willing to work with SSA.

Recommendation: Reach out to DHS again (and if necessary, the Department of State) to attempt to create a process that provides the necessary information to identify all (not just foreign-born) SSI recipients outside the United States for longer than 30 days, which could include proposing legislative changes.

Agency Response: SSA agreed with the recommendation.

Valued at: \$152,200,827 in questioned costs.

Corrective Action: SSA is exploring a data exchange opportunity with the State Department to identify SSI recipients who leave the country. SSA has two outgoing agreements with State (#810 and #10011) where the agency helps verify Social Security numbers for passport issuance. In return, SSA would like to know what happens with those passports.

In May 2014, SSA provided DHS its completed data access questionnaire to provide specific details of SSA needs. The agency's request is currently pending a response from DHS for further discussion and to determine SSA's business process with developing a potential computer matching agreement.

CHILDHOOD DISABILITY BENEFICIARIES WITH AN INCORRECT WAITING PERIOD (A-09-11-21158, 12/20/2012)

Results of Review: SSA needs to improve its controls to ensure childhood disability beneficiaries do not serve a 5-month waiting period before becoming entitled to disability benefits. We found that SSA incorrectly applied a 5-month waiting period before childhood disability beneficiaries became entitled to benefits. Based on our random sample, we estimate that SSA

- Established an incorrect initial date of entitlement to disability benefits for 5,104 beneficiaries;
- Underpaid 3,202 of the 5,104 beneficiaries about \$7.3 million in childhood disability benefits; and
- Established an incorrect initial date of entitlement to Medicare for 4,977 of the 5,104 beneficiaries.

Generally, these beneficiaries were entitled to disability benefits and Medicare coverage 5 months sooner than the date SSA established.

Recommendation: Evaluate the results of the agency's corrective action for the 161 beneficiaries and determine whether it should review our population of 6,340 disabled children who may have incorrectly served a 5-month waiting period.

Agency Response: SSA agreed with the recommendation.

Valued at: \$7,101,797 in questioned costs.

Corrective Action: SSA finalized its actions on the 161 cases and its review and action on the 6,340 cases will be completed by the end of April 2015.

ACCUMULATED FUNDS PAYABLE TO BENEFICIARIES OR THEIR REPRESENTATIVE PAYEES (A-09-12-21236, 12/11/2012)

Results of Review: SSA needed to improve controls to ensure it properly and timely paid accumulated funds to Title II beneficiaries or their representative payees. Based on a random sample, we estimate that

- 4,174 beneficiaries had accumulated funds totaling approximately \$29.9 million that SSA had not paid to the beneficiaries or their representative payees;
- 909 beneficiaries had approximately \$18.6 million in accumulated funds that were correctly paid but not timely; and
- 248 representative payees were paid accumulated funds totaling approximately \$4 million, but SSA had not evaluated their ability to manage the funds, as required.

This occurred because SSA did not always (1) establish manual diaries to control the payment of accumulated funds, (2) pay accumulated funds to representative payees when required, or (3) pay all accumulated funds due and payable upon the selection of a representative payee.

Recommendation: Develop a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

Agency Response: SSA agreed with the recommendation.

Valued at: \$29,211,452 in questioned costs.

Corrective Action: SSA will continue to work with its Office of Systems and the Deputy Commissioner for Operations (DCO) to determine the feasibility of developing a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

DISABLED INDIVIDUALS POTENTIALLY ELIGIBLE AS AUXILIARY CHILD BENEFICIARIES (A-13-10-10146, 6/12/2012)

Results of Review: Although SSA had taken actions to identify and prevent missed entitlements, we identified SSI recipients who were also eligible for Old-Age, Survivors and Disability Insurance (OASDI). Our analysis of 100 SSI recipients found 95 were eligible for OASDI as auxiliary child beneficiaries. Of these, we identified 16 SSI recipients who were due OASDI

underpayments totaling about \$71,000. We estimate approximately 2,160 SSI recipients were eligible for OASDI and were due underpayments totaling approximately \$9.6 million.

In February 2012, we identified 14,434 SSI recipients—from all 20 segments of SSA's records—who were potentially entitled disabled child beneficiaries. We provided this information to the agency for corrective action.

Recommendation: Develop and implement a cost-effective strategy to assess the 14,434 recipients we identified to correctly pay those recipients eligible for OASDI as auxiliary child beneficiaries and pay the OASDI underpayments due the recipients, as appropriate.

Agency Response: SSA agreed with the recommendation.

Valued at: \$9,582,380 in questioned costs.

Corrective Action: DCO is working with the Office of Quality Improvement (OQI) to screen and refine the list of cases, as the agency suspects some of the cases may have already been processed. SSA expects to release the cases for review in the third quarter of FY 2015.

ANNUAL EARNINGS TEST UNDERPAYMENTS PAYABLE TO BENEFICIARIES (A-09-11-11128, 4/6/2012)

Results of Review: SSA improperly paid beneficiaries whose Master Beneficiary Record (MBR) annual report data exceeded their earnings on the Master Earnings File (MEF). We estimated that SSA improperly paid 10,644 beneficiaries about \$15 million during Calendar Years 2005 through 2008. In addition, unless SSA revises the Earnings Enforcement Operation (EEO), we estimated it would improperly pay about \$3.7 million, annually, to 2,661 beneficiaries.

The improper payments occurred because SSA's policy is to exclude from the EEO beneficiaries whose MBR annual report data exceeded the earnings recorded on SSA's MEF. Finally, we found that SSA should not rely on the annual report data on the MBR to determine whether beneficiaries were properly paid. Specifically, we found that annual report data on the MBR (1) were estimated amounts, (2) contained obvious recording errors, and (3) included earnings that were not subject to the annual earning test.

Recommendation: Review its policies, procedures, and systems concerning earnings and benefit computations to provide accurate results for Title II beneficiaries.

Agency Response: SSA agreed with the recommendation.

Valued at: \$3,754,533 in funds put to better use.

Corrective Action: While SSA's Office of Systems completed the migration of Automated Job Stream 3 to Title II Redesign in August 2012, there was a release to correct issues with the month of entitlement and rates in February 2013. SSA's Office of Policy released the Month of Entitlement Program Operations Manual System (POMS) in July 2014. The first enforcement pass occurred in August 2014. SSA's OQI is now evaluating the outcome of the first pass to the MEF and SSA expects to have its analysis completed by the end of July 2015.

TITLE II BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED AND WHO HAVE A DATE OF DEATH ON THE NUMIDENT (A-09-10-10117, 4/28/2011)

Results of Review: SSA needs to improve controls to ensure it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimate that

- 4,699 beneficiaries remained in suspended pay status despite the death information on their Numident. Of these, we estimate 2,976 were improperly paid approximately \$23.8 million.
- 2,715 beneficiaries' personally identifiable information (PII) was at risk of being released to the public.
- 157 beneficiaries whose benefits were terminated were improperly paid \$342,114.

Recommendation: Take appropriate action to terminate benefits or remove erroneous death information from the Numident for the 180 beneficiaries identified by our audit.

Agency Response: SSA agreed with the recommendation.

Valued at: \$910,282 in questioned costs.

Corrective Action: SSA's Deputy Commissioner, Budget, Finance, Quality, and Management (DCBFQM)/OQI successfully terminated 34 cases in December 2014, with 129 cases remaining. After analysis of the latest DCBFQM/OQI clean-up effort and planning new policy requirements for the Death Redesign Project, Deputy Commissioner, Retirement and Disability Policy (DCRDP)/Office of Income Security Programs (OISP) has agreed to proceed with developing a new Statement of Work with DCO assistance to DCBFQM/OQI for a more extensive clean-up operation. This clean-up should allow many of the remaining cases from both Recommendations 1 and 2 to be terminated based on death on the Numident without field office development. DCRDP is taking the lead on coordinating a meeting to move forward with DCBFQM/OQI on the additional clean-up.

Recommendation: Identify and take correction action on the remaining population of 6,277 suspended beneficiaries who had a date of death on the Numident.

Agency Response: SSA agreed with the recommendation.

Valued at: \$22,855,376 in questioned costs.

Corrective Action: DCBFQM/OQI successfully terminated 849 cases in December 2014, with 3,287 cases remaining. After analysis of the latest OQI clean-up effort and planning new policy requirements for the Death Redesign Project, DCRDP/OISP has agreed to proceed with developing a new Statement of Work with DCO assistance to DCBFQM/OQI for a more extensive clean-up operation. This clean-up should allow many of the remaining cases from both Recommendations 1 and 2 to be terminated based on death on the Numident without field office development. Policy is taking the lead on coordinating a meeting to move forward with DCBFQM/OQI on the additional clean-up.

SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORTS TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTIONS HAVE BEEN MADE

FOLLOW-UP: THE SOCIAL SECURITY ADMINISTRATION'S CONTROLS OVER SUSPENDING COLLECTION EFFORTS ON TITLE XVI OVERPAYMENTS (A-04-09-19039, 9/2/2009)

Results of Review: We found that SSA took action on three of the recommendations in our prior report. However, funding limitations delayed development of an automated system that would address the two remaining recommendations. SSA's corrective actions resulted in some improvements in the error rates we previously reported. However, we still found similar conditions identified in the prior report.

We also found that SSA did not always (1) document the justification for the decisions to suspend overpayment collection efforts and (2) obtain the required management approval before suspending an overpayment. On occasion, SSA personnel suspended collection efforts when debtors or the debtors' representative payees had reported earnings that may have enabled some repayment. Also, SSA personnel suspended collections of some debts and classified the debtors as unable to locate or out of the country even though we did not find evidence that SSA attempted to contact the debtors or the debtors' representative payees through their current employer. Overall, we estimated for 6,500 cases, totaling \$52.2 million, SSA personnel did not follow policies and procedures when it suspended overpayment collection efforts.

Recommendation: Consider revising the May 2009 policy to require the 2-PIN process (management approval) for suspension decisions controlled by RECOOP.

Valued at: \$22,639,420 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA considered revising the agency's May 2009 policy to require the 2-PIN process and determined it would require complex changes to the IBIL screen, which would require significant system resources and cause an undue administrative burden.

DUALLY ENTITLED BENEFICIARIES WHO ARE SUBJECT TO THE WINDFALL ELIMINATION PROVISION AND GOVERNMENT PENSION OFFSET (A-09-12-11210, 1/31/2013)

Results of Review: SSA needs to improve its controls to ensure it properly imposes the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) for dually entitled beneficiaries. We estimate that SSA

- Overpaid \$19.2 million in retirement benefits to 2,046 beneficiaries because WEP was not properly applied;
- Overpaid \$14.6 million in spousal benefits to 1,662 beneficiaries because GPO was not properly imposed; and
- Will overpay \$12.7 million annually to 3,708 beneficiaries unless it takes action to identify and correct these payment errors.

We also estimate that 3,961 beneficiaries were exempt from WEP and 3,148 were exempt from GPO, but SSA employees did not record the exemption reason on the MBR, as required.

Finally, SSA did not take action to impose WEP and GPO on a population of beneficiaries identified in our prior audit. Consequently, we estimate that SSA overpaid these beneficiaries an additional \$181.6 million.

Recommendation: Determine whether there is a cost-effective method to identify and correct the population of overpaid dually entitled beneficiaries in current pay whose benefits should be reduced for WEP or GPO.

Agency Response: SSA agreed with the recommendation.

Valued at: \$214,514,795 in questioned costs.

Corrective Action: SSA culled the entire MBR and identified about 53,000 individuals who were dually entitled to retirement and spouse or surviving spouse benefits, and had WEP applied on his or her own entitlement, but no GPO was being applied on the spouse or surviving spouse entitlement or vice versa. After further review and validating, SSA projects that 12,000 individuals may be subject to additional offset.

The agency determined the majority of the WEP and GPO errors occurred due to the technician's failure to address or take action on the other entitlement record. SSA's Office of Operations was provided the list of cases needing review and will determine how/when to take corrective action. The full Office of Quality Review report can be found on its website.

APPENDIX G: SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR FYS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

BOND AND FINANCIAL CREDIT RISK REQUIREMENTS FOR NON-GOVERNMENTAL FEE-FOR-SERVICE REPRESENTATIVE PAYEES (A-05-12-11225, 3/28/2014)

Results of Review: SSA had established sufficient procedures to ensure non-governmental fee-for-service (FFS) representative payees maintained bond or insurance coverage and had financial credit risk reviews. However, agency staff did not always follow, or appropriately document, procedures to mitigate potential risks. In addition, we found that greater collaboration between the field offices (FO), regions, and Regional Chief Counsels could enhance the oversight process.

We sampled bond and insurance documents and related SSA controls associated with 25 FFS representative payees and found issues related to (1) insufficient policy coverage, (2) problems with policy titling, (3) undocumented annual policy re-certifications, and (4) incomplete triennial site review questionnaires. For instance, we found that 10 representative payees did not name SSA on the bond, though they had sufficient coverage amounts.

In our review of 22 Headquarters-prepared credit report summaries, we found FO staff certified a representative payee to collect fees before reviewing the payee's credit report summary. We also found the summaries provided limited guidance for handling organizations rated as high risk. In addition, some of the contractor-prepared credit reports provided insufficient financial information. The agency's nationwide implementation of a more stringent selection process for individual representative payees offers an opportunity to explore additional approaches to alleviate business risks associated with FFS representative payees.

Recommendation: Determine whether the agency needs to standardize and streamline its bond and insurance coverage methodology to ensure the type and amount of bond or insurance coverage is appropriate for the underlying risk.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is working with the Office of Research, Demonstration, and Employment Support (ORDES), which will complete a study on the strengths and weaknesses of the FFS model. This study will examine how the agency can standardize and streamline its bond and insurance methodology to ensure the type and amount of bond or insurance coverage is appropriate. SSA expects that the study will be complete by the fourth quarter of FY 2015.

Recommendation: Consider enhancements to its current credit risk review process for FFS representative payee organizations not already vetted by State or local authorities to add a greater level of fraud risk protection.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is working with ORDES, which will complete a study on the strengths and weaknesses of the FFS model. This study will examine how the agency can enhance its current credit risk review process to help identify unsuitable payees. SSA expects that the study will be complete by the fourth quarter of FY 2015.

Recommendation: Provide additional guidance on the steps staff should take for new FFS representative payees projected either high risk or where contractor-prepared credit reports provide limited financial information.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is updating its POMS instructions at GN 00506.600 Credit Reporting for New Fee-for-Service Applicants to list additional steps that staff should take if an FFS organization has a high-risk credit report or limited financial information. SSA expects to release the POMS for Intercomponent Review Draft in April 2015.

REQUEST FOR REVIEW WORKLOADS AT THE APPEALS COUNCIL (A-12-13-13039, 3/7/2014)

Results of Review: Since FY 2007, the Appeals Council (AC) has struggled to keep up with the increasing number of request for review cases it has received. As a result, by FY 2013, the AC's case backlog had tripled, and related processing times were about 60 percent higher than FY 2007. Throughout this period, the AC continued increasing dispositions and

productivity through hiring, improved training, and analyst performance goals. Moreover, the AC's focus on the oldest cases benefited claimants waiting the longest for their cases to be decided.

Our review identified steps the AC could take to further increase productivity. For instance, the lack of productivity goals and caps for administrative appeals judges (AAJ) or appeals officers (AO) processing requests for review cases, particularly given the wide range in the number of dispositions each AAJ and AO issued, increases the risk that AC managers may miss opportunities to increase production as well as identify potential quality issues. In addition, while the AC has established division level productivity goals, some managers and staff were uncertain how these goals are established. Moreover, the agency reduced the number of performance goals shared with the public. Finally, although the AC established quality control initiatives covering AC workloads, some of these initiatives were limited in duration or review results were undocumented. We also found the quality review lacked a monitoring system to identify trends and collectively they did not cover all parts of the AC workload.

Recommendation: Consider establishing uniform individual productivity goals and caps for Appeals Council adjudicators for the time they spend processing requests for review cases.

Agency Response: SSA agreed with the recommendation.

Corrective Action: While the agency does not have a definitive timeframe for completing this recommendation, SSA continues to consider a possible benchmark range for AAJ productivity. This workload is complex, and the agency is gathering and analyzing the necessary data points to look at options for possible production benchmarks. The agency brought back a retired annuitant AAJ to assist with this effort.

REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/2014)

Results of Review: SSA did not always resolve representative payee selections that were pending in its RPS. Based on our random sample, we estimate that SSA

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid \$132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.
- Improperly changed the representative payee selections to a non selected status for 20,141 beneficiaries. Of these, SSA paid \$265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.
- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.
- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

Recommendation: Determine whether it should modify the RPS clean-up operation to ensure it does not improperly change representative payee selections to a non-selected status.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA agrees. Prior to this review, SSA had identified an issue with the RPS clean-up operation. The agency has modified the clean-up program to perform more thorough comparisons with the payment systems when determining the correct status of a relationship. These changes will be in effect during the next clean-up operation. SSA is also in the process of correcting the records that were put in an incorrect status in the representative payee database in the past. This process is currently being coded and tested. SSA expects to modify existing issues in the representative payee database within the third quarter of FY 2015.

Recommendation: Determine whether it should develop additional guidance to ensure representative payee selections are properly and timely resolved.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Since SSA has completed its actions for the 98 cases from recommendation 1, it is in the process of evaluating those results to determine if any additional guidance is necessary. The analysis will require regional expertise and will be an ad-hoc workload and will require balancing this work with other competing priorities. SSA expects to complete the analysis by the end of June 2015.

IMPROPER PAYMENTS RESULTING FROM UNRESOLVED DELAYED CLAIMANTS (A-09-12-22100, 2/7/2014)

Results of Review: Since we issued our 2009 audit, SSA had reduced the number of unresolved delayed claimants. However, our current review found that SSA's controls did not always ensure it properly resolved all delayed claimants. Based on our random sample, we estimate that if SSA

- Approves the auxiliary or survivor delayed claimants on 1,620 records, they would be due about \$9.1 million and
- Does not approve the delayed claimants, the currently entitled auxiliary beneficiaries on 1,710 records will be improperly paid about \$6.8 million.

We also estimate that SSA did not timely resolve the delayed claims for 2,730 records. This occurred because SSA employees did not (1) establish diaries for claimants placed in delayed status, (2) take appropriate action on the diaries when they matured, or (3) resolve alerts for delayed claimants.

Recommendation: Remind employees of the proper policies and procedures to establish and take action on diaries and alerts received for claimants in delayed status.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Upon completion of the 5,801 records, SSA will continue working with Policy to see if changes can be made to the delayed claims procedures that would improve accuracy for these cases. Expected completion date is April 30, 2015.

SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING (A-15-12-11233, 2/6/2014)

Results of Review: We determined Supplemental Security Income Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the Supplemental Security Record (SSR) and the Modernized Supplemental Security Income Claims System. Although SSA reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process.

Additionally, we noted the following items, which we believe SSA should address.

- For the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate SSITWR transactions; however, these transactions did not affect the benefit payments since SSA only posted the most recent transaction to the recipient's record.
- We determined that 22 of 50 randomly sampled SSI recipients, their representative payees, and deemors, regardless of their association with SSITWR, did not report wages and incurred overpayments totaling \$21,388. The purpose of this comparison was to determine the importance of timely wage reporting.
- We determined that SSA did not include language in the SSI overpayment notices, due to wages, to inform the individuals about the different methods available to report their wages.

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: On May 30, 2014, SSA submitted a Strategic Information Technology Assessment and Review (SITAR) proposal for FY 2015 to identify unique wage reports and reporters for SSITWR and Supplemental Security Income Mobile Wage Reporting (SSIMWR) and to move the SSITWR Management Information (MI) to MI Central where it maintains the SSIMWR MI. SSA deferred consideration of this SITAR proposal until FY 2016. The agency will re-submit the proposal during the FY 2016 SITAR planning cycle. Implementation of the proposal is contingent upon allocation of SITAR resources.

CONCURRENT BENEFICIARIES IMPROPERLY RECEIVING PAYMENTS IN EXCESS OF FEDERAL LIMITS (A-06-12-22131, 1/14/2014)

Results of Review: SSA improperly issued approximately 2,747 concurrent beneficiaries combined SSA payments that exceeded Federal limits.

- 246 concurrent beneficiaries received combined payments in excess of Federal limits for undetermined reasons. Available records indicated that SSA had electronically linked the beneficiaries' payment records; however, for unexplained reasons, the payment system used incorrect OASDI payment amounts when it computed the SSI payments.
- 2,349 concurrent beneficiaries received combined payments in excess of Federal limits because of system-related payment computation errors.
- 152 concurrent beneficiaries received combined payments in excess of Federal limits because of system-related payment computation errors. We reported these payment errors to SSA as part of a prior audit. In 2011, SSA reported it had taken corrective action to resolve these errors. However, payment errors on these records persisted.

We estimate that SSA overpaid these beneficiaries approximately \$3.4 million in SSI payments because of these errors. If these errors are not corrected, we estimate SSA will overpay these beneficiaries approximately \$2 million over the next 12 months.

Recommendation: Correct the processing errors that resulted in missing Supplemental Security Income Data lines on concurrent beneficiaries' MBR or involved beneficiaries whose SSI payment record contained an unearned income reduction indicator code of "Y"; or implement compensating controls to timely identify and correct these errors on individual payment records.

Agency Response: SSA agreed with the recommendation but did not agree with our overpayment estimates.

Corrective Action: SSA worked with Systems and Operations to develop systems changes that can be implemented during routine maintenance without a SITAR to correct the two affected scenarios.

- Implement monthly finders that automatically remove the double-counting indicator when an overpayment is no longer being withheld from a Title II payment. This fix would also automatically post the gross Title II amount to the Title XVI record.
- Use an existing diary such as 1B (routine maintenance) to alert FOs when there is an increase in the Title II payment amount. Some systems analysis has been done but any changes are deferred until at least April 2015 due to Systems workloads.

PROCESSING INTERNAL REVENUE SERVICE ALERTS FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS (A-03-13106, 12/26/2013)

Results of Review: SSA's processing of Internal Revenue Service (IRS) alerts needs improvement. SSA staff did not develop some cases for SSI recipients with significant income and resources, which made them ineligible for benefits. We determined that 20 of the 50 sample recipients were overpaid \$237,125 because SSA's systems did not post an alert to the SSR for the IRS code assigned. As a result, FO staff was not always aware the recipients had significant income and resources. Projecting these results to our population, we estimate SSA may have overpaid 1,014 SSI recipients about \$12 million in benefits. Although our review was for Tax Year (TY) 2010 IRS data, based on our findings, we would expect similar results if we reviewed alerts from other TYs.

Furthermore, SSA did not always develop IRS alerts timely to recover potential overpayments. While SSA had an opportunity to develop cases and assess possible overpayments before administrative finality rules apply, 19,170 (27 percent) of the 70,457 alerts we identified in December 2011 were still pending as of April 2013. Further, SSA coded 1,401 of these pending alerts as high-profile redeterminations, indicating the alerts were more likely to result in overpayments.

Recommendation: Based on the results from the review of the TY 2010 cases, assess whether the IRS data for TYs 2011 and 2012 should be developed for those cases where there is significant income and resources reported.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is still waiting for OQI results for recommendation 3, now expected in early FY 2015, to determine the best approach for implementing recommendation 2. Note that the Deputy Commissioner for Systems advised that TY 2011 IRS data was lost in September 2014 and TY 2012 IRS data will be lost in September 2015.

ANALYSIS OF HEARING OFFICES USING KEY RISK FACTORS (A-12-13-13044, 12/20/2013)

Results of Review: We developed a model that measured variances among multiple risk factors. The model analyzes performance and outcome data among ALJs in the same office and uses five risk factors: (1) ALJ allowance rates, (2) ALJ dispositions, (3) ALJ on-the-record (OTR) decision rates, (4) ALJ dismissal rates, and (5) ALJ average processing time. While the agency's monitoring process identified a number of potential workload problems at the time of our review, such as ALJ-specific issues and productivity declines, our model offers another method to evaluate the performance of individual hearing offices.

Using our model and FY 2012 workload data, we identified hearing offices with the highest and lowest variance scores. We believe outlier hearing offices provide the Office of Disability Adjudication and Review (ODAR) managers with indications of potential processing issues (high-variance) as well as potential best practices (low-variance). We found 4 regions had 20 percent or more of their hearing offices among the 25 high-variance offices, and 4 regions had 20 percent or more of their hearing offices among the 25 low-variance offices. In discussions with ODAR regional managers, we learned that they focused their oversight on individual ALJ performance rather than variances among ALJs in hearing offices as we do in our model.

Finally, our review of the hearing offices with the 10 highest variance scores identified an outlier ALJ who had a significant number of dispositions and OTR decisions with 1 claimant representative. We referred this case to ODAR management for additional review.

Recommendation: Determine whether the methodology provided in this report would assist ODAR in monitoring hearing office performance, with the understanding that the number and nature of the risk factors can be adjusted to meet the needs of management.

Agency Response: SSA agreed with the recommendation.

Corrective Action: ODAR has refined the Electronic Hearing Office Process reports to be more effective in monitoring risk assessment and hearing office performance. ODAR continues to monitor both office and ALJ disposition pace and Accounts Payable Teams. In addition, the Office of the Chief Administrative Law Judge monitors the disposition pace of offices and ALJs.

TITLE XVI DECEASED RECIPIENTS WHO DO NOT HAVE DEATH INFORMATION ON THE NUMIDENT (A-09-12-22132, 5/3/2013)

Results of Review: SSA needs to improve its controls to ensure it records Title XVI recipients' death information on the Numident. Specifically, we determined that as many as

- 82,165 deceased recipients' deaths were not on the Death Master File; and
- 937 deceased recipients had earnings on the MEF for Calendar Year 2011 that were recorded 1 or more years after their deaths.

We also found that 92 employers made 113 E-Verify inquiries for 78 deceased recipients and did not receive any indication from SSA that these individuals were deceased. In addition, we found that the Help America Vote Verification system requests for 78 deceased recipients indicated they were not deceased. This would not have prevented an individual from voting under a deceased recipient's identity.

Generally, the deaths were not on the Numident because the recipients' PII on the MBR, SSR, or death report did not match the recipients' PII on the Numident.

Recommendation: Develop a cost-effective method for identifying deceased recipients who have death information on the SSR but not on the Numident. This could involve periodic matches between the SSR and Numident to detect and correct missing death information.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In 2013, SSA management made the decision to focus its limited operations and systems resources on correcting its payment records to prevent improper payments and the long-term death redesign project. Therefore, SSA reached out to OQI concerning this recommendation to determine if it had suggestions or ideas for a cost-effective

method to update death information from the SSR to the Numident. OQI continues to work with Systems to determine if there is a way to automate this work to update the Numident. There are also ongoing discussions as part of the death redesign effort, currently underway, about the feasibility and capability of OQI automating cleanup of these records while systems is in the middle of redesigning the system.

IDENTIFYING AND MONITORING RISK FACTORS AT HEARING OFFICES (A-12-12-11289, 1/24/2013)

Results of Review: We found that ODAR had created 19 ranking reports that measured hearing office performance using a single risk factor, such as average processing time or pending cases per ALJ. However, ODAR had not established a process to rank hearing office performance using a combination of risk factors. In FY 2011, ODAR began developing an early monitoring system to measure ALJ performance based on a combination of risk factors, such as number of dispositions, number of OTR decisions, and frequency of hearings with the same claimant representative. A quality division then reviewed potential issues identified in the ALJ monitoring system to ensure compliance with established policies and procedures. We reviewed hearing office risk factors particular to ALJs to determine whether such information, when alone or combined with ODAR's ALJ monitoring system outcomes, would provide ODAR management with additional information to assess hearing office management controls. We found large variances in ALJ outcomes within and between hearing offices, indicating that further review of ALJ performance variances in hearing offices, as well as a new hearing office monitoring system using a combination of risk factors, would provide ODAR with additional tools to assess hearing office management controls. Moreover, greater analysis of hearing office variance can put issues identified as part of ODAR's ALJ monitoring system and quality reviews into a broader context.

Recommendation: Create new management information reports combining ALJ-related hearing office risk factors, which could include variances within those factors, and use this information to identify potential processing and management problems at hearing offices.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In an ongoing effort to address management oversight at the hearing office level, SSA continues to monitor hearing office workloads and processing in order to identify ALJ-related risk factors. In addition, OQI will be conducting an in-depth review of two hearing offices in the second part of FY 2015.

The agency is testing a model MI report, which takes into account the hearing office risk factors identified by OIG. The model is an improved variation of the model used by OIG in its study. The preliminary information is helpful because it confirms SSA's identification of potential processing and management challenges in hearing offices. The report will be refined to best serve the agency's needs. SSA is expecting the model MI report to go into production in the third quarter of FY 2015.

THE SOCIAL SECURITY ADMINISTRATION'S SOFTWARE MODERNIZATION AND USE OF COMMON BUSINESS ORIENTED LANGUAGE (A-14-11-11132, 5/17/2012)

Results of Review: Our review determined that SSA does not have a strategic plan to convert its legacy COBOL application programs to a more modernized programming language. Nonetheless, the agency has developed an approach to gradually reduce its reliance on COBOL for its core processing of program transactions, such as retirement and disability claims.

While the agency has moved forward in modernizing its information technology environment, several factors limit the agency's ability to operate efficiently and improve service delivery. At a minimum, SSA should address the following factors in its modernization roadmap: (1) projected future service delivery demands; (2) growth of information technology and maintenance costs; (3) loss of institutional legacy programming knowledge; (4) lack of integrated business processes; and (5) outdated user interfaces. Although these factors are not unique to COBOL, SSA relies on COBOL applications to deliver its core services. Therefore, the agency's use of COBOL impacts its current system environment and its system modernization path.

Recommendation: Develop a comprehensive, long-term strategic plan to modernize SSA's legacy applications. This plan should:

- Include a target timeframe and estimated resources to modernize SSA's existing environment;
- Include an in-depth analysis of projected service delivery demands and how new approaches and technology can promote greater productivity while meeting customer expectations for service;

- Position the agency to maximize the effectiveness and cost-efficiency of its systems over the long-term; and
- Be reevaluated over time and revised as necessary.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In May 2014, SSA published its Information Resource Management (IRM) Strategic Plan for FYs 2014 – 2018, which outlines the Agency's guiding principles that demonstrate SSA's commitment to modernization. SSA's Enterprise Roadmap, which accompanied the IRM, describes how SSA plans to execute its strategic plan.

SSA does not intend to transition all of its legacy code to modern technology within a predetermined timeframe. The Agency is taking an incremental approach to modernize its older technologies when it makes good business sense to do so. SSA's modernization efforts are prioritized based on business value. SSA considers the IRM and Roadmap to be "living documents," updated annually to reflect changes in the Agency's strategic direction. Transition plans are updated to reflect planned activities for upcoming FYs.

SSA's long-term information technology (IT) plans are driven by the Agency's broader strategic planning efforts. SSA developed the Agency's Strategic Plan, 2014 - 2018 (ASP) to ensure the Agency pursues opportunities that support its goals and objectives. In addition, SSA developed a strategic document referred to as Vision 2025. In this document, SSA recognizes the need to repair or replace the Agency's decades-old technology infrastructure and legacy systems. These plans include in-depth analyses of projected service delivery demands and how new approaches and technology can promote greater productivity while meeting customer expectations for service. Likewise, those plans explicitly are intended to position the Agency to maximize the effectiveness and cost-efficiency of its systems over the long-term. The ASP, and its companion, the Agency Performance Review, are updated on a regular basis—with the measurement of goals and objectives as a specific feature—so the effectiveness of the Agency's broad strategic objectives (of which IT is part) is reevaluated over time and revised as necessary.

SSA's IRM Plan and Enterprise Roadmap carry the business-driven analysis, and the ASP and Vision 2025 bring the Agency's strategic planning into the IT planning realm. Target timeframes and estimated resources are available in Agency IT planning submissions (Exhibit 300s) to the Office of Management and Budget on an annual basis, and the planning horizon is the life of the Program described. These Exhibit 300s link explicitly to Agency goals and objectives, as described in the ASP and Vision 2025.

STATE DISABILITY DETERMINATION SERVICES' EMPLOYEE AND CONTRACTOR SUITABILITY PROGRAM (A-15-11-21180, 12/21/2011)

Results of Review: Although SSA had a limited policy in place that required a statewide criminal background check, we noted a number of vulnerable areas in the policy that could pose a risk to SSA data and systems. We found that State policy regarding suitability determinations for employees, contractors, and other DDS staff varied widely from State to State. Some states had yet to implement a policy requiring statewide criminal background checks. Additionally, we found that although most states had a policy in place for prospective employees, the policy did not require criminal background checks for existing employees.

SSA performed some oversight of the DDS suitability process. Regional Office staff should review the DDS' self-assessments, but beyond this, Regional Office staff stated they leave the suitability determinations to the DDSs. According to SSA, Regional Office staff is responsible for conducting the day-to-day monitoring of the DDSs.

Recommendation: Require all individuals with access to SSA systems and data to have an appropriate suitability determination consistent with the requirements of SSA's suitability program.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA implemented the Homeland Security Presidential Directive-12 in eight DDS sites. Plans call for credentialing in four more DDSs in FY 2015 and more in FY 2016. The number of sites for annual roll-out may be adjusted based on the capacity to conduct suitability checks, the number of DDS locations within each State, the number of personnel in those locations, and available agency/DDS staff resources.

AGED BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED FOR ADDRESS OR WHEREABOUTS UNKNOWN (A-09-09-29117, 6/17/2011)

Result of Review: SSA had not taken appropriate actions for Title II beneficiaries over age 70 whose benefits were suspended for address, whereabouts unknown, or miscellaneous reasons. We estimate that

- 29,196 beneficiaries whose whereabouts were unknown for longer than 7 years had not been terminated based on a presumption of death;
- 5,981 beneficiaries had been suspended between 2 and 7 years because their whereabouts were unknown; and
- 2,964 foreign beneficiaries were suspended because they did not return the foreign enforcement questionnaire (FEQ), and there was no evidence that SSA conducted the required follow-up actions to determine their whereabouts or whether they were deceased.

Recommendation: Take appropriate action (including termination of benefits) for the estimated 2,964 suspended beneficiaries living outside the United States who did not return the FEQ.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Publication is expected May 2015. POMS has been completed. SSA expects to complete electronic intercomponent review draft process by mid-April 2015. The target date for publication is May 2015.

SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE

DISABILITY IMPAIRMENTS ON CASES MOST FREQUENTLY DENIED BY DISABILITY DETERMINATION SERVICES AND SUBSEQUENTLY ALLOWED BY ADMINISTRATIVE LAW JUDGES (A-07-09-19083, 8/20/2010)

Results of Review: We identified the four impairments that were most often denied by DDSs in Calendar Years 2004 through 2006, appealed to the hearing level, and subsequently allowed. These impairments were Disorders of Back; Osteoarthritis and Allied Disorders; Diabetes Mellitus; and Disorders of Muscle, Ligament, and Fascia. Our analysis of cases with these four impairments disclosed :

- Claimant age impacted disability determinations.
- Determinations of claimants' ability to work resulted in differences at the DDS and hearing levels.
- Claimant representation was more prevalent in cases allowed at the hearing level than in cases decided at the DDS level.
- Cases were allowed at the hearing level based on a different impairment than that on which the DDS made its determination.
- States had both DDS denial rates and hearing level allowance rates above the national averages.
- ODAR regions, hearing offices, and ALJs had wide variations in allowance rates.

Recommendation: Consider analyzing variances between the hearing offices and ALJs with high and low allowance rates for the four impairments we analyzed to determine whether factors are present that support the variances.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA's Office of Appellate Operations (OAO) developed a program to pull data on the allowance and denial rates based on the four impairments in our report, and analyzed data from FY 2010 hearing decisions that contained the four impairments. Based on that analysis, OAO provided findings to the ODAR Executive Board in March 2015 so that it may consider this information, in combination with other sources of data the Board receives, to prioritize focused reviews for the limited Division of Quality (DQ) resources. In addition, OAO has conducted other studies, such as DQ's DDS Special Study: What Factors Lead To More Favorable Hearing Decisions When No New Medical Evidence Is Submitted After The DDS Level. SSA is using information from these studies, data gathered from its 4 years of pre-

effectuation and post-effectuation quality reviews, and the structured information in its case processing systems, to develop more sophisticated ways to identify the most-error prone policy areas. By using data-driven analysis, SSA can focus on error-prone issues and not specific adjudicators. While allowance and denial rates may be one indicator that the agency should consider in conducting post-effectuation reviews, it now has a robust compliment of factors that it can use to help prioritize post-effectuation focused reviews, and pre-effectuation random and selectively sampled reviews, that SSA conducts prior to the payment of any benefits. At the end of FY 2014, SSA began using some of these factors to selectively sample cases for a pre-effectuation review based on the most error-prone policy areas. Indictors for selectively sampled reviews could include a type of impairment. In summary, ODAR has pursued several initiatives that address the essence of this recommendation of looking for factors that may indicate policy non-compliance and addressing those issues, as allowed within our regulations, through pre- and post-effectuation reviews, policy clarifications, and feedback and targeted training for adjudicators.

APPENDIX H: PEER REVIEWS

OFFICE OF AUDIT

Our Office of Audit is required to undergo a peer review every 3 years, in accordance with generally accepted government auditing standards.

The final System Review Report related to our last peer review, conducted by the Department of Veterans Affairs, was issued in August 2012. We received a rating of pass, which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Department of Veterans Affairs OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations as a result of this peer review.

During FY 2013, we conducted a peer review of the Department of Labor OIG Audit Organization. We issued our report on March 15, 2013 and made no recommendations as a result of this peer review.

There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

OFFICE OF INVESTIGATIONS

Our Office of Investigations is required to undergo a peer review every three years to ensure general and qualitative standards comply with the requirements of the Quality Standards for Investigations adopted by the CIGIE. The peer review also ascertains whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers conferred by the 2002 amendments to the Inspector General Act are properly exercised pursuant to Section 6(e) of the Inspector General Act (as amended) and the U.S. Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.

During this reporting period, the Office of Investigations did not undergo a peer review.

During this reporting period, the Office of Investigations conducted a peer review of the Defense Criminal Investigative Service (DCIS) from September 15-19, 2014.

There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

APPENDIX I: REVIEW OF LEGISLATION AND REGULATIONS

Section 4(a)(2) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to review existing and proposed legislation and regulations relating to SSA's programs and operations, and to make recommendations concerning their impact on those programs or on the prevention of fraud and abuse. We accomplish these missions in several ways. First, many of our audits and other reports evaluate SSA's compliance with existing laws and regulations. When appropriate, we recommend issuing relevant regulations or seeking appropriate legislative authority; we also provide the status of those recommendations in our *Semiannual Report to Congress*. We will also provide Congressional Responses to Congress in response to direct requests. Finally, we describe in our annual Audit Work Plan reviews that will address issues related to laws and regulations.

With regard to proposed legislation and regulations, we provide comments on pending or proposed legislation to SSA's Office of Legislation and Congressional Affairs, which includes those comments in its agency response to OMB. In addition, we work closely with SSA throughout the year as it develops its legislative program. Finally, the Inspector General is an active member of the CIGIE Legislation Committee. In this role, we provide input to responses prepared by the Committee to congressional staff on the impact of proposed legislation, and we meet with congressional staff to discuss legislative issues.

Fraud in the programs administered by Federal agencies continues to be of great concern to Congress and the Public. On February 24, 2015, Mr. O'Carroll was one of four Inspector Generals to testify before the Senate Committee on Homeland Security and Governmental Affairs at the hearing Improving the Efficiency, Effectiveness, and Independence of Inspectors General. Citing to specific examples of SSA OIG audit and investigative activity, the IG testified that skillful, independent, and timely oversight is paramount to the integrity and efficiency of all Federal agencies. The IG stated that there were several legislative proposals pending before Congress that could help accomplish this goal. Two of those proposals are an exemption for Inspector Generals to the *Computer Matching and Privacy Protection Act of 1988* (CMPPA) and an exemption to the *Paperwork Reduction Act* (PRA) for general investigations or audits.

On March 16, 2015, the IG testified before the Senate Committee on Homeland Security and Governmental Affairs at the hearing Examining Federal Improper Payments and Errors in the Death Master File. He testified that SSA must strive to maintain complete and accurate death records, regardless of their use. OIG has performed significant work and made many recommendations to help SSA improve the accuracy of the Death Master File and to protect individuals' personal information from fraud and abuse, with the ultimate goal of improving SSA's and other Federal agencies' payment accuracy. At the same time, we are focused on pursuing deceased payee fraud—and developing tools to prevent this crime—to recover and prevent SSA overpayments.

During this reporting period, we also provided technical input to CIGIE and to congressional staff on several bills introduced in Congress. At the end of the last Congressional session, Senator Coburn introduced S. 2927, the *Inspectors General Streamlining Act*. This bill was to provide an exemption from the CMPPA for Inspector Generals. In the current session, Senator Grassley introduced S. 579, the *Inspector General Empowerment Act of 2015*, which would provide an exemption for Inspector Generals from the CMPPA and the PRA. In addition, Representative Johnson introduced H.R. 380, the *Medicare Identity Theft Prevention Act of 2015*, which would provide that a Social Security account number may not be displayed, coded, or embedded on the Medicare card, a recommendation we first made in 2006. This provision is also included in H.R. 2, the *Medicare Access and CHIP Reauthorization Act of 2015*, introduced by Representative Burgess.

During this reporting period, Representative Becerra introduced H.R. 1419, *The Social Security Fraud and Error Prevention Act of 2015*, which would: require that SSA expand the cooperative disability investigations units to cover each of the 50 States, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa; authorize new and stronger criminal and civil penalties for individuals in positions of trust; include inflation adjustment for civil monetary penalties imposed under the *Social Security Act*; provide additional funds to SSA and SSA OIG to combat fraud in SSA's programs and operations; and exclude certain medical evidence in disability cases.

GLOSSARY OF ACRONYMS

AAJ	administrative appeals judges
AC	Appeals Council
ALJ	administrative law judge
AMFED	Allegation Management and Fugitive Enforcement Division
AO	appeals officers
ASP	Agency Strategic Plan
CDI	Cooperative Disability Investigations
CDR	continuing disability review
CIGIE	Council of Inspectors General on Integrity and Efficiency
CMP	Civil Monetary Penalty
CMPPA	Computer Matching and Privacy Reduction Act of 1988
DCBFQM	Deputy Commissioner, Budget, Finance, Quality, and Management
DCO	Deputy Commissioner of Operations
DCPS	Disability Case Processing System
DCRDP	Deputy Commissioner, Retirement and Disability Policy
DDS	disability determination services
DFT	Digital Forensics Team
DHS	Department of Homeland Security
DI	Disability Insurance
DMF	Death Master File
DOJ	Department of Justice
DQ	Division of Quality
EEO	Earnings Enforcement Operation
EITC	Earned Income Tax Credit
ESF	Earnings Suspense File
FEQ	foreign enforcement questionnaire
FFS	fee-for-service
FO	field office
FPS	Federal Protective Service
FY	fiscal year
GAO	Government Accountability Office
GPO	Government Pension Offset
GSA	General Services Agency
IO	Immediate Office
IRM	Information Resource Management

GLOSSARY OF ACRONYMS (CONTINUED)

IRS	Internal Revenue Service
IT	information technology
MBR	Master Beneficiary Record
MEF	Master Earnings File
MI	Management Information
NAPA	National Academy of Public Administration
OA	Office of Audit
OAO	Office of Appellate Operations
OASDI	Old-Age, Survivors and Disability Insurance
OASI	Old-Age and Survivors Insurance
OCRM	Office of Communications and Resource Management
OCIG	Office of Counsel to the Inspector General
ODAR	Office of Disability Adjudication and Review
OI	Office of Investigations
OIG	Office of the Inspector General
OISP	Office of Income Security Programs
OQAPR	Office of Quality Assurance and Professional Responsibility
OQI	Office of Quality Improvement
ORDES	Office of Research, Demonstration, and Employment Support
OTR	on-the-record
PII	personally identifiable information
PIN	personal identification number
POMS	Program Operations Manual System
PRA	Privacy Reduction Act
RECOOP	Recovery and Collection of Overpayments System
RPS	Representative Payee System
SEI	self-employment income
SITAR	Strategic Information Technology Assessment and Review
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIMWR	Supplemental Security Income Mobile Wage Reporting
SSITWR	Supplemental Security Income Telephone Wage Reporting
SSN	Social Security number
TIGTA	Treasury Inspector General for Tax Administration
TY	tax year
VA	Veterans Affairs
WEP	Windfall Elimination Provision