

Office of the Inspector General

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William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Performance Measure Review: Reliability of the Data Used to Measure the Dollar Accuracy of Old-Age and Survivors Insurance Payment Outlays (A-02-98-01001)

Attached is a copy of the subject final report. The objective of this audit was to determine the reliability of the data and the accuracy of the estimate used by the Social Security Administration in Fiscal Year 1996 to measure the dollar accuracy of Old-Age and Survivors Insurance payment outlays.

You may wish to comment on any further action taken or contemplated on our recommendations. If you choose to offer comments, please provide them within the next 60 days. If you wish to discuss the final report, please call me or have your staff contact Daniel R. Devlin, Acting Assistant Inspector General for Audit, at (410) 965-9702.

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PERFORMANCE MEASURE
REVIEW: RELIABILITY OF THE
DATA USED TO MEASURE THE
DOLLAR ACCURACY OF OLD-AGE
AND SURVIVORS INSURANCE
PAYMENT OUTLAYS**

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AUDIT REPORT



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The Government Performance and Results Act (GPRA) of 1983, Public Law 103-62, 107 Stat. 285, requires the Social Security Administration (SSA) to develop performance indicators that assess the relevant service levels and outcomes of each program activity. GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance. SSA has stated that the Office of the Inspector General (OIG) plays a vital role in evaluating the data used to measure performance. The objective of this audit was to determine the reliability of the data and the accuracy of the estimate used by SSA in Fiscal Year (FY) 1996 for the following GPRA performance indicator:

Dollar Accuracy of Old-Age Survivors Insurance (OASI) payment outlays:

Percent without overpayments – 99.8

Percent without underpayments – 99.8

RESULTS OF REVIEW

We found that the data used by SSA to report on the FY 1996 title II OASI accuracy rate was statistically reliable. However, in determining the reliability of the data, we reviewed the Stewardship Review process (see Appendix A) and found weaknesses in the collection and reporting of the data. Specifically, we are concerned that: (1) the accuracy rate did not include errors less than \$5.00 and those subject to administrative finality,¹ (2) payment errors were not properly calculated, reported, or reviewed, (3) feedback reports were not completed or followed up, and (4) methodology and case files were not adequately documented. While the exclusion of these errors from the projection did not materially affect the FY 1996 accuracy rate, these weaknesses should

¹ Administrative finality generally provides that any overpayment for which the beneficiary is not at fault and which has been paid continuously for 4 years cannot be adjusted, while any underpayment would be adjusted.

be corrected since their effect upon future years' rates can not be determined. These errors are already recorded in the Office of Quality Assurance (OQA) data base, and their addition into the payment accuracy rate calculation would not entail the use of additional resources.

THE DATA USED TO MEASURE PAYMENT ACCURACY WAS RELIABLE

Based upon our review of a sample of OQA case files and our documentation of OQA's Stewardship sampling methodology, we believe the FY 1996 title II OASI accuracy rate is reliable. While we found several discrepancies in our review of all 72 dollar-error cases identified and of 100 nondollar-error cases from the universe of 1,434 cases reviewed by OQA, the effect of these discrepancies was not material to the accuracy rate. Specifically, these discrepancies had an immaterial effect of .0001 percent on the accuracy rate.

While OQA did not have detailed documentation of its sampling methodology, we obtained descriptions of the process from OQA officials and determined the extent to which OQA corrected prior weaknesses in its methodology. We ensured that the methodology had been implemented. Based on this work, we believe that OQA's sampling design is statistically valid.

ACCURACY RATE DID NOT INCLUDE ALL ERRORS

While OQA analyzes and records all payment errors so that their relative significance can be evaluated by special studies, the payment accuracy rate does not recognize errors less than \$5.00 or those subject to administrative finality. OQA excludes errors less than \$5.00 since they do not significantly affect the accuracy rate. OQA also excludes payment errors subject to administrative finality because the payments cannot be adjusted.

PAYMENT ERRORS WERE NOT PROPERLY CALCULATED, REPORTED OR REVIEWED

We found the dollar error amounts reported by OQA in 8 of the 72 dollar-error cases, or 11 percent, were incorrect. Six of these cases involved incorrect calculations of the dollar error amount. The remaining two cases' calculations were correct, but the amounts were reported incorrectly to the OQA data base used to project the accuracy rate. These discrepancies occurred because OQA did not adequately follow the case review procedures.

These errors were not detected during the OQA, Central Office (CO) consistency review. OQA procedures require CO to perform a consistency review on all payment-error cases. If an error is found, CO informs the regional OQA office of the corrective action to be taken. Based on the information in the case files, CO should have identified these discrepancies and reported them for correction.

OQA DID NOT COMPLETE OR FOLLOW-UP ON FEEDBACK REPORTS

When an error is identified in a case review or when a case is excluded because the beneficiary refuses to cooperate, a quality reviewer (QR) must complete and send a feedback report to the operating component at the applicable Program Service Center indicating the corrective action to be taken. The QR is responsible for monitoring to ensure that the correction is made. The accuracy of the OQA data base can be affected when an operating component makes an adjustment different than the one documented in a feedback report or when no adjustment is made at all.

We identified 10 cases where either the report form was not completed or the appropriate corrective action was not taken. Feedback reports were not in the file for two of these cases that required corrections to earnings records. There were three cases in which the beneficiaries refused to cooperate, and OQA did not complete feedback reports. Although OQA informed the operating components of errors, the remaining five cases were never corrected. The operating component attempted to correct three of these, but the actions were performed incorrectly.

When a QR detects an error that is outside the scope of the Stewardship Review, an “informational” feedback report is completed and sent to the operating component for corrective action. In this instance, the QR is not responsible for following up. In one case, the QR completed an “informational” feedback report; however, no action was taken. Incorrect action in one other case caused an overpayment to the beneficiary.

METHODOLOGY AND CASE FILES WERE NOT ADEQUATELY DOCUMENTED

While the Stewardship sampling methodology has continually evolved and been refined in response to prior weaknesses noted by OIG, OQA did not have detailed documentation of its sampling methodology. Therefore, we obtained descriptions of the process from OQA officials and determined the extent to which OQA corrected prior weaknesses noted in its methodology. Additionally, to the extent data was available, we tested the implementation of the methodology.

Also, according to the OQA manual, adequate case file documentation is needed to provide an audit trail. A case file must contain all information necessary to establish review findings, and descriptions of development undertaken, including all worksheets and conclusions reached. The QR must also conduct a full investigation of earnings when inconsistencies exist.

During our review, we found 20 occurrences of inadequate documentation in the OQA case files. In eight of these occurrences, forms, primarily related to date of birth determinations or case review analyses for deceased nonsampled number holders, were missing. There were also six instances where the QRs did not properly address various issues that could have affected the beneficiaries’ payments and five cases where the QRs did not properly develop inconsistencies in earnings records. In the remaining case, the beneficiary refused to cooperate with the QR and the case should

have been excluded from the review since the earnings could not be verified. In the FY 1998 SSA Management Letter, independent public accountants identified similar examples of inadequate documentation and noted that OQA needed to improve the overall quality of its documentation and accuracy of its data bases.

CONCLUSIONS AND RECOMMENDATIONS

Although the FY 1996 title II accuracy rate of 99.8 percent was reliable, we believe that the completeness and consistency of the Stewardship Review could be improved. While excluding errors of less than \$5.00 and those not subject to adjustment because of administrative finality did not materially affect the FY 1996 accuracy rate, their inclusion could affect future accuracy rates. Similarly, incorrect payment calculations and lack of appropriate follow-up on feedback reports could also have a material effect at some point. Additionally, to ensure a complete audit trail and facilitate an independent assessment of procedures performed, OQA should fully document its sample methodology and case file reviews.

We recommend that SSA take the following corrective actions to lessen the risk of inaccuracy in the calculation and reporting of future OASI Stewardship accuracy rates:

1. Include all error cases in the calculation of the accuracy rate;
2. Calculate, report, and review payment errors correctly;
3. Properly complete and process all feedback reports; and
4. Formally document the sampling methodology and ensure consistent documentation of case file development.

AGENCY COMMENTS

SSA was pleased to note that the OIG review indicated that the data used to report on the FY 1996 title II OASI accuracy rate was statistically reliable. SSA agreed, in part, with the first recommendation and agreed fully with the remaining three recommendations.

SSA agreed with part of the first recommendation, which was to include all error cases in the calculation of the accuracy rate. SSA agreed to include payment discrepancies of less than \$5.00 in the calculation of the OASI accuracy rate beginning with the FY 1999 review. However, SSA did not agree that overpayments subject to administrative finality should be included. SSA stated that including payments subject to administrative finality as a measure of accuracy would distort the validity of the data since they are not subject to correction. SSA also added that while the inclusion of these cases would have no impact on the underpayment dollar accuracy rate and a minimal impact on the overpayment dollar accuracy rate, OQA does track these cases to establish trends and make recommendations to SSA management for improvement. The full text of SSA's comments is provided in Appendix C.

OIG RESPONSE

The purpose of the Stewardship Review is to provide an assessment of the accuracy of payments in the title II program. Although payments subject to administrative finality cannot be adjusted, they are erroneous payments. These payments should be included in the calculation of the title II rate since their inclusion would result in a better representation of the accuracy of title II payments.

We appreciate SSA's proposed implementation of the remaining recommendations. We believe the proposed changes will improve the Stewardship Review process and provide greater precision in the calculation and reporting of the payment accuracy rate.

James G. Huse, Jr.

APPENDICES

APPENDIX A – Background

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – Major Contributors to this Report

APPENDIX E – SSA Organizational Chart

BACKGROUND

The Office of Quality Assurance and Performance Assessment (OQA), formerly known as the Office of Program and Integrity Reviews, serves a quality assurance function under the Deputy Commissioner for Finance, Assessment and Management and the Chief Financial Officer. OQA conducts quality assurance reviews and special studies to evaluate and assess the integrity and quality of the Social Security Administration (SSA) programs with emphasis on preventing program and systems abuse, eliminating waste, and increasing efficiency. One of OQA's quality assurance reviews is the annual Old-Age and Survivors Insurance (OASI) Stewardship Review. The Stewardship Review selects a sample of OASI payments issued each month to determine the accuracy rate and compliance of OASI payments with national policies and procedures. It is also designed to assist management in formulating operating policy, and improving procedures to better administer the OASI program.

The quality reviewers (QR) are located in 10 regional offices, known as the Office of Regional Quality Assurance and Performance Assessment. The QRs review each payment by using the Quality Assurance Manual procedures and perform desk reviews, interview beneficiaries, and obtain necessary evidence to assess payment accuracy. The data is analyzed and projected to national payments as an indicator of SSA's success in paying OASI benefits correctly.

The Stewardship accuracy rates are reported annually in a memorandum to SSA's Commissioner, as well as to Congress and other interested parties. SSA also reports the accuracy rates in its annual Accountability Report as a benefit-payment performance measure.

SSA's goal, as stated in the Fiscal Year (FY) 1999 Annual Performance Plan, is to continue issuing OASI payments 99.8 percent free of overpayments or underpayments. During FY 1996, SSA distributed \$299 billion to 37.6 million OASI beneficiaries.

SCOPE AND METHODOLOGY

We reviewed the sample methodology employed in the FY 1996 title II Stewardship Review to assess its reliability as a data source for reporting payment accuracy. Due to the lack of formal documentation, we relied primarily upon discussion with OQA officials to detail the methods used in the Stewardship Review. In addition, we documented through discussion any significant changes made in the FY 1997 and 1998 reviews.

We reviewed a random selection of 100 cases from the FY 1996 Retirement and Survivors Insurance Modernized Assessment System (RMAS), which is the data base containing the results of the review of 1,434 cases by OQA. We reviewed FY 1996 data as it represented the most current data available at the commencement of our review. The data base is designed to receive, tabulate, and evaluate the accuracy of payments for the title II Stewardship cases. We reviewed these cases to determine if SSA met the FY 1996 title II Stewardship accuracy rate. We verified all aspects of OQA's desk and field reviews by following the procedures outlined in the OQA manual. This included a verification of all factors of entitlement for each sampled beneficiary. We determined whether the OQA case files contained all the required forms and whether all of the necessary documents were secured. We also reviewed each OQA case file to verify that the calculation of the beneficiary's sample month payment, payment discrepancy, if any, and all other pertinent data, were recorded correctly to the RMAS data base.

From the universe of 1,434 cases, we also reviewed 72 cases where OQA reported a payment discrepancy of \$5.00 or more. We limited our review of these cases to issues directly related to the calculation of the beneficiaries' sample month payment, the determination and calculation of the dollar error, and the entries made to the RMAS. We traced case file information to the OQA data base to confirm the accuracy of the data base and determined whether the operating components took corrective action on OQA's recommended changes.

Our selection of 100 random cases and 72 dollar-error cases resulted in 172 cases chosen for review. However, we only reviewed 160 cases, as 12 of the dollar-error cases were also included in the selection of the random cases.

In addition, we reviewed 62 cases that OQA excluded from its sample as circumstances prevented their review from being completed. We determined whether these cases were excluded in compliance with OQA procedures. We also determined the effect of including errors less than \$5.00 in the calculation of the accuracy rate.

To complete our review, we obtained and reviewed the OQA manual and relevant sections of Program Operations Manual System. We also interviewed OQA staff to gain an understanding of the Stewardship process, the OQA data base, the statistical methods used, and other relevant matters. In addition, for each case finding noted in this report, we analyzed the OQA case file and all pertinent documentation with OQA representatives and discussed the case findings with them. The OQA staff concurred with our conclusions on each of these findings.

We provided details and documentation to OQA's Central Office on eight cases where the beneficiaries were either currently receiving incorrect payments, or the payments in periods prior to the sample month were in error. The OQA staff indicated that they would review each case and take whatever corrective action is necessary.

Our work was conducted at the New York Regional Office and at the OQA offices in Jamaica, New York and Woodlawn, Maryland. The fieldwork was conducted from June 1998 to April 1999. Our audit was performed in accordance with generally accepted government auditing standards.

APPENDIX C

AGENCY COMMENTS

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "PERFORMANCE MEASURE REVIEW: RELIABILITY OF THE DATA USED TO MEASURE THE DOLLAR ACCURACY OF OLD-AGE AND SURVIVORS INSURANCE PAYMENT OUTLAYS" (A-02-98-01001)

Recommendation

Include all error cases in the calculation of the accuracy rate.

Comment

Although discrepancies of under \$5 have virtually no impact on the dollar accuracy rate and, in the past, these errors were excluded in an effort to focus corrective action on discrepancies with the greatest impact upon trust fund and/or beneficiaries, the Office of Quality Assurance and Performance Assessment (OQA) will include these errors in the calculation of the Old-Age and Survivors Insurance (OASI) accuracy rate beginning with fiscal year (FY) 1999 data.

SSA's regulations on administrative finality provide that determinations and decisions made by the Agency can be reopened and revised only for certain reasons and within certain periods of time. Since these determinations are the final decisions of the Commissioner, they are presumed to be correct and payments subject to administrative finality cannot be adjusted. No overpayment exists or should be computed for the period. If these cases were counted as an error there would be presumption that SSA would take corrective action.

We believe there is little utility to reporting situations that are not subject to correction and including these cases as a measure of accuracy would distort the validity of the data. OQA data show that inclusion of administrative finality would have virtually no impact on the underpayment dollar accuracy rate and minimal impact (about 0.02 percent for FY 1997) on the overpayment dollar accuracy rate. It should be noted that OQA does track these cases to establish trends and make recommendations for improvement.

Recommendation

Calculate, report and review payment errors correctly.

Comment

We agree. OQA alerted regional management to the importance of careful analysis in the conduct of reviews during the February 1999 meeting of the Assistance and Insurance Program Quality Branch Directors and Satellite Office Managers. OQA is also in the process of evaluating the problem cases identified by OIG and plans to share these cases with the regions. Following this evaluation, OQA will clarify instructions and issue periodic reminder items to analysts, as necessary. OQA will complete the evaluation and all subsequent actions by the end of calendar year 1999.

Recommendation

Properly complete and process all feedback reports.

Comment

We agree. OQA will issue periodic reminders and follow up with regions on feedback reports.

Recommendation

Formally document the sampling methodology and ensure consistent documentation of case file development.

Comment

We agree. OQA will update the documentation for the sample methodology to reflect the current process and, following the evaluation detailed above, will issue reminders and conduct followup reviews to ensure consistency.

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For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-02-98-01001.

APPENDIX E

SSA ORGANIZATIONAL CHART
