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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**THE SOCIAL SECURITY  
ADMINISTRATION'S PROCEDURES  
FOR ADDRESSING  
EMPLOYEE-RELATED  
ALLEGATIONS IN REGION IV**

June 2004

**A-04-04-20425**

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

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- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
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## SOCIAL SECURITY

### MEMORANDUM

Date: June 22, 2004

Refer To:

To: Paul D. Barnes  
Regional Commissioner  
Atlanta

From: Assistant Inspector General  
for Audit

Subject: The Social Security Administration's Procedures for Addressing Employee-Related Allegations in Region IV (A-04-04-20425)

### OBJECTIVE

Our objectives were to determine whether the Atlanta Regional Office (ARO) complied with the Social Security Administration's (SSA) policies and procedures for addressing employee-related allegations and referred all employee-related allegations warranting further investigation to the Office of the Inspector General (OIG).

### BACKGROUND

SSA receives various types of allegations related to its programs, the misuse of Social Security numbers (SSN) and employee conduct. Some examples of employee-related allegations include ethics violations, theft of Government property, rude behavior and/or poor service to SSA's customers. SSA receives allegations from employees, the public, and the OIG.<sup>1</sup> Allegations concerning SSA employees are significant because of the potential monetary losses to SSA's programs and the corresponding negative public impact. In determining the validity of allegations, SSA is required to conduct sufficient development to support or remove suspicion that criminal violations may have been committed.<sup>2</sup>

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<sup>1</sup> OIG receives employee-related and other allegations through SSA's fraud hotline. OIG then passes these allegations to the responsible SSA component for investigation, resolution, and if necessary referral back to the OIG Office of Investigations.

<sup>2</sup> Program Operations Manual System (POMS), GN 04110.010 A.

In the ARO, the Office of the Regional Commissioner (ORC) and the Center for Security and Integrity (CSI) review employee conduct and program-related allegations.

Generally, the ORC reviews service-related allegations that do not appear to involve fraud. The CSI reviews employee-related allegations involving SSA systems violations and employee misconduct that may result in an adverse employee action. The CSI is responsible for supporting field office (FO) managers in developing potential fraud issues by using computer system analysis and providing other technical support. Employee-related allegations that are potential criminal violations must be referred to the OIG for appropriate action.<sup>3</sup>

In Fiscal Years (FY) 2001 and 2002, OIG's Allegation Management Division (AMD) referred 77 employee-related allegations to SSA's Atlanta Region. In addition, the ARO identified 26 employee-related allegations received from sources other than the OIG, for a total of 103 allegations during our audit period.

## **RESULTS OF REVIEW**

The ARO is strongly committed to resolving all employee-related allegations and considers this task an important management responsibility. However, the ARO's procedures for tracking and monitoring the resolution of employee-related allegations could be improved to ensure each allegation is properly investigated and resolved. Additionally, the ARO should maintain better documentation to evidence its investigation and resolution of the allegations. Our audit disclosed the following instances, which we believe could have been prevented if ARO had more effective procedures:

- The investigation of one employee-related allegation identified possible criminal activity, which should have been referred to the OIG formally.
- The ARO did not investigate three employee-related allegations that involved the possible mishandling or misuse of SSA beneficiary information.
- The ARO had no evidence that it had investigated, resolved and responded to 7 of the 77 (9 percent) OIG referred employee-related allegations. Additionally, in another of the OIG-referred cases, ARO documentation indicated the Region only investigated and resolved allegations concerning one employee, when three employees were named in the complaint.<sup>4</sup>

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<sup>3</sup> POMS, GN 04112.005 B.

<sup>4</sup> After we presented a preliminary list of these cases to the ORC, ARO personnel attempted to locate and/or develop documentation to evidence the investigation and resolution of these cases. For those cases where the ARO provided documentation of sufficient actions taken by the Region during our audit period, FYs 2001 and 2002, we deleted those cases from the total exceptions reported. For the eight cases remaining, the ARO either (1) could not locate documentation indicating the case was ever investigated and resolved or (2) provided documentation that showed the case was not fully developed and/or the development occurred recently as a result of our audit.

- The ARO could not provide case documentation to evidence the resolution of 32 of the 103 (31 percent) employee-related allegations.<sup>5</sup>
- The written responses provided to the ORC for three service-related allegations did not document whether the component that investigated the allegation had resolved the complainant's concerns.<sup>6</sup>

### **ATLANTA REGIONAL OFFICE SHOULD HAVE FORMALLY REFERRED ONE EMPLOYEE-RELATED ALLEGATION TO THE OFFICE OF THE INSPECTOR GENERAL**

The ARO's investigation of one employee-related allegation identified possible criminal activity, which the Region should have formally referred to the OIG Office of Investigation Field Division (OIFD). SSA policy states, "When the evidence and information, *either directly or circumstantially*, establishes that a potential violation may have been committed, forward the allegation to the OIFD.... Do not delay forwarding the allegation to the OIFD even if additional information is being developed."<sup>7</sup>

Case documentation indicated that SSA FO officials discussed the circumstances of this case with a Special Agent from the OIFD. According to one SSA FO manager, he believed this discussion constituted a formal referral of the case to the OIFD. However, the Special Agent recalls that he asked the SSA official to refer the case to the OIFD formally. Despite the misunderstanding, SSA policy requires managers to contact the OIG regarding possible employee criminal violations and that this contact be documented in a confidential memorandum to the appropriate OIFD. The SSA policy also states that the memorandum to the OIFD should contain a complete description of the alleged or suspected violation, including:

- the name, position, and work location of the suspect;
- the time, place, and nature of the violation;
- how, when, and by whom the violation was discovered;
- names, positions, and work locations of potential witnesses; and
- any other information pertinent to the violation.<sup>8</sup>

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<sup>5</sup> The 32 cases include the 8 cases discussed in the preceding bullet.

<sup>6</sup> Service-related employee allegations involve a complainant stating that an SSA employee's conduct resulted in poor or inadequate service, but did not involve fraud.

<sup>7</sup> POMS, GN 04110.010 C.2.

<sup>8</sup> POMS, GN 04112.015 B.2.

In this case, several of the employee's actions were similar to those actions identified on SSA's list of employee violations that must be referred to the OIG.<sup>9</sup> This list can be found at Appendix C. Specifically, SSA's case file documentation indicated an employee issued new SSNs without required documentation or management approval, which was apparently contrary to management's direction. The employee recorded these actions as if he issued replacement cards. The ARO's documentation also indicated the employee arranged for an SSA beneficiary to stay at his friend's boarding home. The employee later issued a \$999 immediate SSA payment to the boarding home owner, who he asked to serve as the beneficiary's representative payee. Additionally, the employee issued a \$6,540 check to the new representative payee on behalf of the recipient. The recipient later claimed the representative payee had misused the funds.

Based on the preliminary investigation, ARO management notified the employee of its proposal and justification to remove him from service. The employee resigned within 45 days from receipt of the proposal. However, because the ARO did not formally refer the matter to the OIFD, the OIG did not criminally investigate the case. In the future, the ARO should reiterate to its managers SSA's policy regarding the formal referral of employee-related allegations with potential criminal involvement to the OIFD via a confidential memorandum.

### **ATLANTA REGIONAL OFFICE DID NOT INVESTIGATE ALLEGATIONS WITH POSSIBLE SYSTEMS OR ETHICAL VIOLATIONS**

The ARO did not investigate three employee-related allegations that indicated the mishandling or misuse of SSA's beneficiary information. OIG referred the three allegations to the CSI unit.

- One allegation stated that an SSA employee removed, from an SSA office, computer generated printouts containing SSA benefit information and other personal beneficiary information.
- A second allegation indicated that an SSA employee improperly accessed and disclosed individuals' benefit information.
- The third allegation stated an employee from an SSA office released confidential information to his former wife who was not authorized to receive the information. The allegation further stated two other SSA employees from the same office also released confidential information to unauthorized individuals.

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<sup>9</sup> POMS, GN 04112.005 A.

SSA's policy states:

"Prior to referral to the Office of the Inspector General, Office of Investigations Field Division, each potential violation and allegation must be developed by the FO, processing center, or other SSA office to the point where enough evidence has been secured to either remove suspicion or substantiate the violation."<sup>10</sup>

A CSI official stated that these cases had not been investigated due to a misunderstanding on whether the CSI or ORC was responsible for investigating the allegations. Since the allegations were not investigated, we could not determine whether they were valid or should have been referred to the OIG.

### **ATLANTA REGIONAL OFFICE COULD NOT PROVIDE DOCUMENTATION TO SHOW IT PROPERLY INVESTIGATED AND RESOLVED EIGHT OFFICE OF THE INSPECTOR GENERAL-REFERRED ALLEGATIONS**

At the time of our audit, the ARO could provide no evidence that it had investigated, resolved and reported on 7 of the 77 OIG-referred employee-related allegations. Additionally, in another of the OIG-referred cases, ARO documentation indicated it only investigated and resolved allegations concerning one employee, when three employees were named in the complaint. Seven of the eight allegations involved service-related matters and one alleged that a FO racially discriminated when it provided customer service. When the OIG AMD refers an allegation to an SSA component, it asks that a response be provided—within 90 days—explaining the actions taken to resolve the allegation. Also, an ARO official stated that the Region forwards OIG referred employee-related allegations to its components and requires them to investigate and develop a response to the allegation within 14 days.

Because the ARO could not provide documentation to support the full development of the eight allegations and no responses had been received by OIG's AMD, we cannot determine whether the allegations were investigated properly. Without a complete investigation, the ARO cannot determine the validity of these allegations and whether corrective actions are needed. Given the significant time that has elapsed since the allegations were referred, we believe ARO investigations at this time may yield little results.

### **ATLANTA REGIONAL OFFICE COULD NOT ALWAYS PROVIDE CASE DOCUMENTATION**

For 32 of the 103 (31 percent) employee-related allegations received by the ARO during our audit period, the Region could not locate documentation to evidence it had investigated and resolved the allegations. In 21 of these cases, OIG's AMD provided us with basic information that indicated the ARO closed the cases. Nevertheless, the resolution of all allegations involving possible employee wrong-doing is such an

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<sup>10</sup> POMS, GN 04110.010 B.

important Agency responsibility, we believe the ARO should maintain sufficient evidence to document that such cases have been properly handled.

The ARO does not maintain paper case folders for OIG referred employee-related allegations. Rather, it maintains electronic files that consist of the allegation and the ARO's response to the allegation. Typically, the ARO's response documents the investigation and resolution of an allegation. From the electronic files, the ARO was unable to locate a response for 32 of the 77 OIG referred employee-related allegations.

The lack of such documentation limits management's ability to readily determine whether appropriate actions were taken to resolve the allegations. Also, insufficient documentation hampers management's ability to identify recurring problems related to certain SSA locations or employees. Finally, because documentation to support the development of the allegation was not available, we could not determine whether the allegation was valid or should have been referred to the OIG.

An ARO official stated the Region's practice has been to retain documentation related to allegations against an employee for a minimum of 2 years. Moreover, in accordance with provisions of the Federal Records Act (FRA), we believe documents such as those concerning employee-related allegations constitute a specific class of records, which should be maintained in accordance with SSA record retention policies.<sup>11</sup>

### **ATLANTA REGIONAL OFFICE OVERSIGHT OF COMPONENT RESPONSES COULD BE IMPROVED**

According to a Regional Office official, the ARO requires its components to investigate and develop a response detailing corrective actions taken or proposed within 14 days of the receipt of an employee-related allegation. However, when the ARO forwards an OIG referred employee-related allegation to the responsible component for development and resolution, the ARO instructs the component to respond directly to the OIG with a copy to the ARO. This procedure does not ensure ARO officials review the responses to determine whether appropriate corrective actions have been taken. We believe a more effective system would require all responses be directed to the ARO for review before being forwarded to the OIG.

For example, 3 of the ARO components' responses to the 77 OIG referred employee-related allegations did not adequately indicate whether the complainants' concerns of poor service were resolved.<sup>12</sup> Although the components sent a copy of

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<sup>11</sup> Federal agencies' records creation, management, and disposal duties are set out in a collection of statutes known as the FRA. See 44 United States Code (U.S.C.) §§ 2101 *et seq.*, 2901 *et seq.*, 3101 *et seq.*, 3301 *et seq.* The FRA prescribes the exclusive mechanism for the disposal of Federal records. See 44 U.S.C. § 3314 (no records may be "alienated or destroyed" except in accordance with the FRA's provisions).

<sup>12</sup> The other 26 employee-related allegations referred to ARO from sources other than the OIG did not involve service-related issues.

their responses to the ARO, it did not appear that regional management screened these responses to ensure that the matters had been satisfactorily resolved. Given the importance of employee-related allegations, we believe oversight by regional management is integral to ensuring that proper actions are taken.

- In one allegation, the complainant alleged poor service in resolving a matter where the complainant's client and another individual with the same name had been assigned the same SSN. The allegation further explained the complainant's client was denied a mortgage because his SSN has been used on another mortgage loan. However, the response to the allegation only states, "...no attempt to defraud was found in this case of multiple users of an SSN." The response did not indicate whether the service issue was addressed or resolved.
- In a second allegation, the complainant alleged poor service when he attempted to obtain a password to access his account information using SSA's internet web site. The response indicated the district office provided some assistance in the matter; however, we could not determine whether the primary complaint was resolved.
- A third allegation stated SSA was not responsive to an individual who reported misuse of her funds by a representative payee. The response to the allegation indicated actions were initiated to resolve the issue. However, no final resolution was documented. As a result, we could not determine whether the matter was resolved.

#### **ATLANTA REGIONAL OFFICE PROCEDURES FOR CONTROLLING AND MANAGING EMPLOYEE-RELATED ALLEGATIONS COULD BE IMPROVED**

The ARO's procedures do not always ensure all employee-related allegations are investigated and resolved in a timely manner. We found ARO's procedures for controlling and monitoring employee-related allegations did not provide management with information identifying the number of allegations received, investigated, reported, or that remained unresolved. As a result, management cannot easily identify allegations that still require an investigation and response. Additionally, the ARO's current process for controlling and maintaining documentation related to allegations against an employee lacked an important internal control feature. Specifically, the ARO did not log and sequentially number employee-related allegations upon receipt. A sequentially numbered control log would enable the ARO to identify the total number of employee-related allegations received and would provide a basis to verify that all files related to an allegation were maintained.

Our review of the ARO's procedures for controlling and managing employee-related allegations identified the following weaknesses. We believe improved procedures would enable the ARO to manage employee-related allegations better and help

eliminate the issues identified in this report.

- Employee-related allegations were not logged and sequentially numbered upon receipt.
- Management information regarding the number of allegations received, investigated, responded to, and the frequency of the employees or components involved was not developed. Without this information, management's ability to identify specific issues needing attention was limited. It could also have used this information to identify trends of employee misconduct in the Region.
- Employee-related allegations received from sources other than the OIG were not formally documented. Specifically, a summary of the allegation was not prepared to document the nature of the allegation, the employee or component involved, and the date received.
- ARO did not have written procedures to address employee-related allegations.<sup>13</sup>

Federal regulations prescribe that management controls should ensure transactions are promptly recorded, accounted for, and properly classified.<sup>14</sup> Because the ARO did not use control logs to account for employee-related allegations received from sources other than the OIG, we were unable to determine whether these allegations were properly controlled, investigated, and resolved.

A control log containing, at a minimum, a field for a sequential control number, the allegation number assigned by the OIG, the date received, and the date resolved would help ensure each allegation is accounted for and would provide management with information on whether an allegation was resolved or needed investigation. Finally, we believe written procedures identifying and detailing the roles and responsibilities each employee and component have in handling employee-related allegations would improve the ARO's ability to manage employee-related allegations.

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<sup>13</sup> In a previous audit report, *The Social Security Administration's Regional Office Procedures for Addressing Employee-Related Allegations in Region VI* (A-06-03-13075), we identified procedures Region VI had implemented to address employee-related allegations. We believe similar procedures would be beneficial for Region IV.

<sup>14</sup> Office of Management and Budget Circular, A-123, Attachment II, *Establishing Management Controls* (as revised June 21, 1995).

## **CONCLUSION AND RECOMMENDATIONS**

We acknowledge the importance the ARO places on resolving all employee-related allegations. However, our review found the ARO's procedures for addressing employee-related allegations could be improved to ensure all allegations are investigated and properly resolved. Also, ARO should ensure that information is maintained to document the investigation and resolution of employee-related allegations.

Accordingly, we recommend the ARO:

1. Record all employee-related allegations received by the ARO in a control log. We suggest the control log contain a sequential control number, the OIG AMD allegation number, date received, and the date resolved.
2. Periodically review all employee-related allegations to ensure the appropriate corrective actions have been taken.
3. Maintain case documentation that supports investigative and resolution actions taken on all employee-related allegations.
4. Prepare descriptions and maintain documentation of employee-related allegations received from sources other than the OIG. For example, the ARO could prepare a summary to document the nature of the allegation, the employee or component involved, and the date received.
5. Consider developing and issuing regional policies that outline the action components should take to develop, track, document, and resolve employee-related allegations.

## **AGENCY COMMENTS**

SSA agreed with all our recommendations and has already taken corrective actions on most. See Appendix D for the text of SSA's comments.



Steven L. Schaeffer  
Steven L. Schaeffer

# **Appendices**

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**Appendix A** – Acronyms

**Appendix B** – Scope and Methodology

**Appendix C** – Employee Violations

**Appendix D** – Agency Comments

**Appendix E** – OIG Contacts and Staff Acknowledgments

## Acronyms

AMD	Allegation Management Division
ARO	Atlanta Regional Office
CHR	Center for Human Resources
CSI	Center for Security and Integrity
FRA	Federal Records Act
FO	Field Office
FY	Fiscal Year
OIG	Office of the Inspector General
OIFD	Office of Investigation Field Division
ORC	Office of the Regional Commissioner
POMS	Program Operations Manual System
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code

# Scope and Methodology

Our review included Fiscal Years (FY) 2001 and 2002. For this period, we identified and reviewed 77 referrals from the Office of the Inspector General (OIG) and 26 employee-related allegations from sources other than the OIG. Additionally, we reviewed the adverse actions processed by the Center for Human Resources' (CHR) Employee Relations Staff to identify severe actions that may be related to possible criminal violations.

To accomplish our objectives, we:

- Reviewed the following criteria:
  - Office of Management and Budget Circular A-123, *Management Accountability and Control*,
  - Program Operations Manual System,
  - The Social Security Administration's (SSA) Administrative Instructions Manual System, and
  - Standards of Ethical Conduct for Employees of the Executive Branch.
- Obtained the database of employee-related allegations processed by the OIG during FYs 2001 and 2002.
- Interviewed officials within the Office of the Regional Commissioner (ORC), Center for Security and Integrity (CSI), and CHR in Atlanta, Georgia.
- Reviewed ORC and CSI documentation for the development of evidence related to allegations received from the OIG and other sources.
- Reviewed documentation processed by CHR for the development of evidence applicable to adverse actions.

We performed field work at the SSA Regional Office in Atlanta, Georgia from July 2003 through February 2004. The entity reviewed was the Atlanta Regional Office under the Deputy Commissioner for Operations. We conducted our review in accordance with generally accepted government auditing standards.

## Appendix C

# Employee Violations

<b>EMPLOYEE POTENTIAL VIOLATIONS (Program Operations Manual System GN 04112.005D)</b>	
Employee violations include but are not limited to situations in which an employee is suspected of willfully	
<ul style="list-style-type: none"><li>• acting as an agent or attorney for prosecuting any Social Security claim before the Commissioner while an employee;</li><li>• disclosing without authorization any confidential information in violation of the Social Security Act or the Privacy Act of 1974;</li><li>• obtaining or attempting to obtain confidential information under false pretenses;</li><li>• making or causing to be made any false representation concerning the requirements of the Social Security Act or related provisions of the Internal Revenue Code;</li><li>• asking for, accepting, or agreeing to accept anything of value from a third party in return for executing or influencing the performance of official duties;</li><li>• participating in the planning or execution of any scheme or other activity under which a financial or other advantage improperly accrues or could accrue to any person or organization at the expense of the Government or parties with whom the Government may contract or otherwise deal;</li><li>• stealing or otherwise illegally disposing of refund remittances, Government checks, cash, directly deposited funds, or other obligations;</li><li>• illegally generating Social Security checks or depositing funds electronically to oneself or another;</li><li>• stealing or mutilating Government records, or destroying or removing them without authorization;</li><li>• violating conflict of interest laws as described in the Ethics in Government Act, the <i>Standards of Ethical Conduct for Employees of the Executive Branch</i>, and the <i>SSA Guide on Employee Conduct</i>;</li><li>• making or causing to be made any false statement or representation about wages, earnings, or self-employment income in connection with claims or the maintenance of earnings records;</li><li>• making or causing to be made any false statement or representation of a material fact in an application for payments or for a disability determination, or at any other time for use in determining rights to payments;</li><li>• concealing or failing to disclose a fact or event affecting initial or continued eligibility for payment;</li><li>• furnishing or causing to be furnished false information about identity in connection with a claim, issuing a Social Security number, or maintaining an earnings record;</li><li>• selling Social Security numbers/cards; or</li><li>• unlawfully disclosing, using, or compelling the disclosure of a Social Security number.</li></ul>	

## *Appendix D*

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### **Agency Comments**

To: Assistant Inspector General for Audit

From: Regional Commissioner  
Atlanta

Subject: The Social Security Administration's Procedures for Addressing Employee-Related Allegations in Region IV (A-04-04-20425)--REPLY

We reviewed the findings and recommendations in the OIG Draft Report on Employee-Related Allegations. In the report, OIG acknowledges the importance the Atlanta Regional Office (ARO) places on resolving all employee-related allegations but made the following recommendations to ensure all allegations are investigated and properly resolved. In response to the report, our comments are provided in blue.

1. Record all employee-related allegations received by the ARO in a control log. We suggest the control log contain a sequential control number, the Office of Inspector General Allegation Management Division (OIG AMD) allegation number, date received, and the date resolved.

A control log has been developed which captures all the information recommended above. The database is maintained by the Center for Security and Integrity (CSI) and was established in March 2004.

2. Periodically review all employee-related allegations to ensure the appropriate corrective actions have been taken.

The CSI staff routinely reviews all case development to ensure appropriate corrective actions have been taken prior to submitting an allegation response to OIG AMD.

3. Maintain case documentation that supports investigative and resolution actions taken on all employee-related allegations.

CSI maintains an electronic folder containing all OIG allegation cases including all correspondence between CSI and the case developer and the final allegation reply that CSI sends to the OIG AMD to clear the case.

4. Prepare descriptions and maintain documentation of employee-related allegations received from sources other than the OIG. For example, the ARO could prepare a summary to document the nature of the allegation, the employee or component involved, and the date received.

We agree and will begin to capture employee-related allegations we receive from sources other than the OIG as part of our current control system.

5. Consider developing and issuing regional policies that outline the action components should take to develop, track, document, and resolve employee-related allegations.

CSI does refer all allegations to the appropriate component with guidance on addressing the development and resolution of the case. The components are also given a time frame in which to respond to ensure timely resolution of all current issues.

Thank you for the opportunity to comment. If you have questions, please contact Nathan Holmes at (404) 562-1292.

Paul D. Barnes

## *Appendix E*

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# OIG Contacts and Staff Acknowledgments

### *OIG Contacts*

Kim Byrd, Director (205) 801-1605

Frank Nagy, Audit Manager (404) 562-5552

### *Acknowledgments*

In addition to those named above:

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Phillip Krieger, Auditor

Annette DeRito, Writer/Editor

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### **Office of Executive Operations**

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