



SOCIAL SECURITY

MEMORANDUM

Date: August 1, 2002

Refer To:

To: The Commissioner

From: Inspector General

Subject: Case Folder Storage and Retrieval at the Social Security Administration's Megasite Records Center (A-04-99-62006)

The attached final report presents the results of our audit. Our objectives were to evaluate the Social Security Administration's (SSA) management of title II case folder storage and retrieval at the Rolling Heights Megasite and to determine the cause for folder request processing delays and missing case folders.

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

James A. Frank

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CASE FOLDER STORAGE AND
RETRIEVAL AT THE
SOCIAL SECURITY ADMINISTRATION'S
MEGASITE RECORDS CENTER**

August 2002

A-04-99-62006

AUDIT REPORT



Mission

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

Authority

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

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

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

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

Vision

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

Executive Summary

OBJECTIVE

Our objectives were to evaluate the Social Security Administration's (SSA) management of title II case folder storage and retrieval at the Rolling Heights Megasite (Megasite) and to determine the cause for folder request processing delays and missing case folders.

BACKGROUND

SSA strives to provide its customers world-class service. One way to measure good customer service is through the timeliness of SSA's actions. SSA's ability to quickly find claims folders is critical to ensuring the integrity of SSA's actions including disability determinations and continuing payments. Finding or replacing missing medical folders is costly. Even more costly is the erroneous continuation of title II disability benefits to an individual who is no longer disabled but continues to receive benefits because SSA personnel cannot locate the medical folder containing prior diagnostic information. SSA stores much of the needed title II disability information at the Megasite.

SSA's Office of Central Operations operates the Megasite, which houses over 4.7 million active title II disability folders for individuals under 55 years old. Field offices, Disability Determination Services (DDS), hearing offices, and program service centers (PSC) routinely request case folders from the Megasite to facilitate initial and post-entitlement actions. In August 1998, SSA hired a contractor to provide all clerical and file support involved in filing and retrieving individual folders, filing loose documentation in folders, and deactivating folders. Since August 1998, SSA has paid the Megasite contractor over \$24 million for these services as well as to maintain the overall integrity of the folder inventory. Included in this amount is almost \$1 million SSA paid the contractor during 1998 and 1999 to sequence and validate the Megasite folder inventory. The contractor tracks folder requests and movement through the Processing Center Action Control System (PCACS).

We began this audit after receiving frequent complaints from field offices, DDSs, hearing offices, and regional components (components) regarding long delays in obtaining requested folders and a high rate of "lost" folders. Most complainants could not provide concrete evidence or data to support their allegations. However, one DDS did provide evidence supporting a lost folder rate of approximately 20 percent. We also encountered difficulty in obtaining requested folders when conducting financial and performance audits. As noted in Appendix A, the Office of the Inspector General and its contractors experienced unfilled folder requests ranging from 7 to 52 percent.

To accomplish our objectives, we reviewed operations at SSA's three major folder storage locations to gain an understanding of the differences among the facilities.¹ We also visited field offices, hearing offices, and DDSs in the respective regions to establish that folder problems were not isolated to one region or geographic area. This audit focuses on operations at the Megasite folder storage facility.

To test the Megasite's ability to fulfill folder requests, we used a variety of approaches both statistical and non-statistical. In brief, we:

- Surveyed a 5-percent random sample of SSA components to gather their opinions on the folder retrieval process.
- Analyzed a sample of folders requested by the 5-percent sample of components and followed up to obtain information regarding folder timeliness and completeness.
- Obtained data files used to generate folder retrieval lists at the Megasite and, using statistical samples, tested the computerized PCACS inventory and physical inventory at the Megasite.

RESULTS OF REVIEW

Case folder retrieval remains a significant problem for field offices, DDSs, hearing offices, and PSCs. Complaints are commonplace. Since August 1998, SSA has paid the Megasite contractor over \$24 million to control the movement of folders in and out of the facility and to preserve the folder inventory's overall integrity. However, we found the inventory was inaccurate because the contractor and other responsible SSA parties had not properly maintained and updated the Megasite's folder inventory and PCACS. As a result, SSA components were unable to obtain case folders timely, which caused a ripple effect on other critical SSA missions.

PROBLEMS OBTAINING CASE FOLDERS

To evaluate the extent of the overall problems experienced in obtaining folders, we queried 100 randomly selected components including field offices, DDSs, hearing offices, and PSC modules. Our intent was to obtain candid opinions and identify specific problems encountered as related to the title II and title XVI folder request processes. Of these components, about 85 percent used PCACS when requesting folders. The other 15 components requested folders directly via fax, telephone, or administrative message. Of the 91 components that routinely requested case folders, 69 (76 percent) experienced difficulties. For example, 34 of the 91 components experienced untimely folder receipts, with 27 noting that it often took over 30 days for a folder to arrive. Most of the 91 components, 76 percent, complained that they were routinely forced to reconstruct title II folders when the original folder could not be located

¹ Rolling Heights Megasite, Baltimore, Maryland; Kansas City Centralized Folder Storage, Independence, Missouri; Wilkes-Barre Folder Servicing Operation; Wilkes-Barre, Pennsylvania.

or the medical evidence was missing. As a result, certain claim decisions and actions were unnecessarily delayed, and scarce resources were wasted trying to locate and reconstruct folders. In these instances, SSA offices may have inconvenienced customers and left them skeptical of the Agency's ability to safeguard important documents.

MEGASITE INVENTORY MISSTATED

SSA and its contractor did not properly maintain and update the Megasite physical folder inventory and PCACS computerized inventory. The contractor is responsible for preserving the integrity of the Megasite inventory and the inventory records. Even though SSA paid the contractor about \$1 million to sequence and validate the inventory, 18 months after completion, our tests identified large numbers of inventory errors and a variety of housekeeping problems.²

For example, 5 percent of folders we statistically selected on the Megasite floor to trace to the PCACS inventory record were not listed. This means that 1 of every 20 folders or approximately 238,000 folders may not be inventoried. In testing the PCACS inventory record to actual folders on the Megasite floor, we found additional folders missing, which could equate to approximately 95,000 folders improperly listed in PCACS as located at the Megasite. These errors may have occurred because the contractor neglected to scan all folders in and out of the Megasite, which would undermine the integrity of the Megasite inventory. We also determined that the contractor did not merge temporary folders with the primary folder, as required, or transfer folders of beneficiaries over the age of 55 as instructed to the Kansas City Centralized Folder Storage facility. These and other inventory deficiencies combined with the lack of housekeeping leaves us concerned about the accuracy of the Megasite's physical and computerized PCACS inventory. With an inaccurate and poorly maintained inventory, Megasite title II disability folders may not be readily accessible when needed for claims or post-entitlement actions.

FOLDERS NOT DELIVERED TIMELY

Folders should be scanned out of the PCACS inventory and readied for shipping from the Megasite within a 24-hour period.³ Requesting components waited more than 2 weeks to receive over 60 percent of the PCACS folder requests we tested. In contrast, the folder delivery rate for Continuing Disability Reviews (CDR) was much higher, with 84 percent of the folders we tracked being delivered within the 2-week period. Although we are encouraged by the timeliness of scheduled CDR folder request deliveries, we do not believe the time required to obtain other PCACS folders is reasonable or acceptable. For 15 PCACS requests going to the Megasite during our

² SSA's contract with the contractor defined "housekeeping activities" as resolving work discrepancies, replacing torn or damaged folder jackets, replacing damaged or incorrect bar-code labels, and replacing/adding/relabeling any damaged or absent boxes. (Contract No. 0600-98-34420 Section C-8, F.)

³ Contract, section C-8, C.

sample period, 10 (66 percent) were not scanned out of the PCACS inventory and readied for shipping from the Megasite within the 24-hour contract period. For 7 of these 10 folders, it took the contractor 5 or more days to locate and ship the folder. Poor inventory and housekeeping practices may affect the contractor's ability to fulfill folder requests timely. Other delays in delivering folders to field components could result from problems at SSA's mailrooms or with the U.S. Postal Service. As discussed above, if folders cannot be delivered timely, field components may be forced to reconstruct folders if the original claim folder cannot be provided timely or the needed documentation is missing.

CONCLUSION AND RECOMMENDATIONS

The Megasite's physical inventory and PCACS computerized inventory were not accurate, and folders were not being delivered to field components timely. The records maintained at the Megasite are essential for SSA to make sound decisions regarding title II disability entitlements. If SSA cannot readily find needed records and provide those records to field components in a timely manner, SSA may not be able to adequately fulfill established program goals.

SSA should do more to oversee the Megasite contractor's efforts to ensure the integrity of the inventory and the inventory system. Therefore, we recommend that SSA:

- Perform independent quality assurance reviews to ensure the integrity of the Megasite's folder inventory. As part of the quality assurance review, SSA should assess and document the contractor's performance in accordance with the contract provisions. SSA should routinely verify that the contractor is:
 - processing all folder requests within the 24-hour time frame established under the contract;
 - scanning all folders entering and leaving the Megasite facility;
 - properly filing primary folders, merging temporary folder information with the primary folders and deleting the temporary folder records from PCACS;
 - pulling all over-55 folders as instructed and sending them to Kansas City; and
 - performing general housekeeping duties.
- In accordance with the contract, instruct the contractor to resequence and revalidate the Megasite inventory at the contractor's expense if, as a result of SSA's quality assurance reviews, SSA determines there are unacceptable numbers of misfiled and poorly controlled folders.

To help identify existing problems in the Megasite inventory, we suggest that SSA develop as part of PCACS an automated process to periodically identify all records in which:

- A primary folder and temporary folder(s) for a beneficiary are located at the Megasite. With these data, SSA can require the contractor to merge the temporary folder(s) documentation with the primary folder and delete the temporary folder record(s) from PCACS.
- Temporary folders exist, but a primary folder record is not listed in PCACS. From these data, SSA or the contractor can search for the primary folders and, once located, reinstate them into PCACS.
- The beneficiary is over 55 years of age. To free needed storage space at the Megasite, SSA should explore the possibility of increasing the number of annual over-55 folder shipments to the Kansas City Caves. In addition, SSA should continue to use the claimant's date of birth as the selection criteria to ensure that all over-55 folders are identified for shipment.

AGENCY COMMENTS

In response to our draft report, SSA agreed with our overall recommendations. With regard to our third recommendation, SSA stated that locating primary folders and reinstating them into PCACS is outside the contractor's scope of responsibility. However, SSA is developing a process whereby its Megasite employees can locate and reinstate primary folders into PCACS. SSA also stated the Kansas City Caves would not accept more than one shipment of over age 55 folders because of workloads, space, and transportation. SSA provided other comments, and we incorporated them into the report as appropriate. See Appendix D for the full text of SSA's comments.

OIG RESPONSE

We concur with SSA's plan to develop a process for the Megasite employees to locate and reinstate primary folders into PCACS. Regarding shipments to the Kansas City Caves, we understand that logistical circumstances may not be conducive to frequent shipments. However, when the Megasite identifies a large population of over age 55 folders, we urge SSA to negotiate special shipments instead of waiting for the annual shipment.

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Acronyms

CDR	Continuing Disability Review
DDS	Disability Determination Services
FY	Fiscal Year
OCO	Office of Central Operations
OHA	Office of Hearings and Appeals
OIG	Office of the Inspector General
PCACS	Processing Center Action Control System
POMS	Program Operations Manual System
PSC	Program Service Center
PwC	PricewaterhouseCoopers
SSA	Social Security Administration
SSN	Social Security Number
USPS	U.S. Postal Service
WBFSO	Wilkes-Barre Folder Servicing Operation

Introduction

OBJECTIVE

Our objectives were to evaluate the Social Security Administration's (SSA) management of title II case folder storage and retrieval at the Rolling Heights Megasite (Megasite) and to determine the cause for folder request processing delays and missing case folders.

BACKGROUND

SSA strives to provide its customers world-class service. One way to measure good customer service is through the timeliness of SSA's actions. SSA's ability to promptly react is often directly dependent on its ability to retrieve historical claim information. Historical files may be needed for a variety of reasons, such as new claims, appeals, attorney reviews and litigation, and Continuing Disability Reviews (CDR). For disability cases subject to a CDR, SSA personnel need the prior title II disability folder to determine whether the beneficiary's medical condition has improved. SSA's ability to quickly find claims folders is an important part in upholding the integrity of SSA's disability determinations and continuing payments. Finding or replacing missing medical folders is costly. Even more costly is the erroneous continuation of title II disability benefits to an individual who is no longer disabled but continues to receive benefits because SSA personnel cannot locate the medical folder containing prior diagnostic information. SSA stores much of the needed title II disability information in folders at the Megasite.

SSA's Office of Central Operations (OCO) operates the Megasite, which houses over 4.7 million active title II disability folders for individuals under 55 years old. The Offices of Disability Operations and International Operations store folders at the Megasite. Field offices, Disability Determination Services (DDS), hearing offices, and program service centers (PSC) routinely request case folders from the Megasite to facilitate initial and post-entitlement actions. SSA hired a contractor to provide all clerical and file support involved in filing and retrieving individual folders, filing loose documentation in folders, and deactivating folders. Since August 1998, SSA has paid the Megasite contractor over \$24 million for these services as well as to preserve the folder inventory's overall integrity. Included in this amount is almost \$1 million SSA paid the contractor in 1998 and 1999 to sequence and validate the Megasite folder inventory. The contractor tracks folder requests and movement through the Processing Center Action Control System (PCACS).¹

¹ PCACS was created for the PSCs to control their workload of folders, paper and diaries. PCACS also identifies the kind of folder, action or diary and tells where the item is located and how long it has been there.

The Program Operations Manual System (POMS) instructs components to use PCACS when requesting folders from storage facilities.² SSA processes the requests overnight. During processing, several computer programs “clean” the data and segment them into a print file sorted by terminal digit range.³ The Center for Systems and Logistics prints each folder request on a single sheet of paper and delivers the papers to the Megasite the next morning. Once the printed request package arrives at the Megasite, SSA staff reviews the requests for errors and provides them to the contractor. The contractor separates the individual requests by terminal digit and assigns them to the floor staff for retrieval. The contractor is also tasked with pulling title II disability folders needed for system-scheduled CDRs and other special workloads. Per the contract, the contractor has 1 workday to pull the requested folders and scan the folders out of the PCACS inventory.

The OCO mailroom processes most of the Megasite folders. Mailroom staff picks up folders at the Megasite via truck twice daily. At the mailroom, OCO staff sorts the folders by State and places them in appropriately addressed envelopes or boxes. They then weigh, post and mail the folders within a 24-hour period. SSA uses the U.S. Postal Service (USPS) to mail Megasite folders. Federal Express is used only for extremely urgent requests.⁴

We began this audit after receiving frequent complaints from field offices, DDSs, hearing offices, and regional components (components) regarding long delays in obtaining requested folders and a high rate of “lost” folders. Most complainants could not provide concrete evidence or data to support their allegations. However, one DDS did provide evidence supporting a lost folder rate of approximately 20 percent. We also encountered difficulty in obtaining requested folders when conducting financial and performance audits. As noted in Appendix A, the Office of the Inspector General (OIG) and its contractors experienced unfilled folder requests ranging from 7 to 52 percent.

SCOPE AND METHODOLOGY

To accomplish our objectives, we reviewed operations at SSA’s three major folder storage locations⁵ to gain an understanding of the differences among the facilities. We also visited field offices, hearing offices, and DDSs in those three regions to establish that folder problems were not isolated to one region or geographic area. In performing our audit, we:

- ◆ Reviewed the POMS related to development, processing, storing, and accessing title II and title XVI folders.

² POMS DG 97-093.

³ The last four digits of the Social Security number.

⁴ See Appendix B for supplemental background information.

⁵ Rolling Heights Megasite, Baltimore, Maryland; Kansas City Centralized Folder Storage, Independence, Missouri; Wilkes-Barre Folder Servicing Operation; Wilkes-Barre, Pennsylvania.

- ◆ Reviewed prior OIG and PricewaterhouseCoopers (PwC) audit work related to problems associated with requesting and obtaining title II and title XVI folders.
- ◆ Reviewed internal SSA documentation related to problems with folder storage, accession and mailing costs.
- ◆ Interviewed Office of Systems personnel to obtain an understanding of PCACS and the Supplemental Security Insurance Control System.
- ◆ Reviewed folder storage and retrieval operations at the Megasite, Kansas City Centralized Folder Storage (Caves), and Wilkes-Barre Folder Servicing Operation (WBFSO).
- ◆ Interviewed SSA and contractor personnel involved in managing folder storage and retrieval systems at all three folder storage facilities.
- ◆ Gathered limited background information and interviewed staff concerning SSA's various efforts to move toward a paperless environment for claims and medical information.
- ◆ Observed the paperless scanning process used to image incoming documentation at the PSCs in a move toward paperless processing.

Because SSA components attributed few problems with folder requests directed to the Caves, we elected not to conduct any further audit work at that facility at this time. Allegations of problems at the WBFSO were similar to those attributed to the Megasite. Nevertheless, because the WBFSO planned to sequence and validate its inventory to remedy some of the outstanding issues, we suspended audit work at that facility to allow time to complete the process. Therefore, we focused our initial audit work on the Megasite because this location had completed the sequencing and validation of its inventory, and management had reported improved operations.

To test the Megasite's ability to fulfill folder requests, we used a variety of approaches both statistical and non-statistical. Appendix C describes our statistical methodology and results. In brief, we:

- ◆ Surveyed a 5-percent random sample of SSA components to gather their opinions on the folder retrieval process.
- ◆ Analyzed a sample of folders requested by the 5-percent sample of components and followed up to obtain information regarding folder timeliness and completeness.
- ◆ Obtained data files used to generate folder retrieval lists at the Megasite and, using statistical samples, tested the computerized PCACS inventory and physical inventory at the Megasite.

We performed our field work from August 1999 to December 2001. Our audit included an evaluation of existing controls, policies and procedures specifically related to folder processing at the Megasite facility. While we tested the reliability of the Megasite's computerized PCACS inventory, we did not determine the reliability of the entire PCACS system or evaluate internal controls over that system. Our findings include any control weaknesses identified and our recommendations to correct the deficiencies, where appropriate. The entity audited was the Center for Material Resources and Support within the Office of Central Operations. We performed our audit in Baltimore, Maryland; Independence, Missouri; Wilkes-Barre, Pennsylvania; and Atlanta, Georgia. We conducted our audit in accordance with generally accepted government auditing standards.

Results of Review

Case folder retrieval remains a significant problem for field offices, DDSs, hearing offices, and PSCs. Complaints are commonplace. Of the offices surveyed that requested title II folders, 76 percent reported difficulties. These problems included (1) non-receipt of requested folders, (2) receipt of wrong folders, (3) long delays, (4) folders provided without necessary medical evidence, and (5) folders not located where listed in PCACS.

Since August 1998, SSA has paid the Megasite contractor over \$24 million to control the movement of folders in and out of the facility and to preserve the overall integrity of the folder inventory. However, the contractor and other responsible SSA parties have not properly maintained and updated the Megasite's folder inventory and PCACS. SSA components' inability to obtain case folders in a timely fashion may have had a ripple effect on other critical SSA missions. For example, SSA delayed certain claim decisions and actions and expended scarce resources trying to locate and reconstruct folders. Additionally, SSA offices may have inconvenienced customers and left them skeptical about the Agency's ability to safeguard important documents.

PROBLEMS OBTAINING CASE FOLDERS

To evaluate the extent of the overall problems experienced in obtaining folders, we queried 100 randomly selected components including field offices, DDSs, hearing offices, and PSC modules. Our intent was to obtain candid opinions and identify specific problems encountered as related to the title II and title XVI folder request processes. Of these components, about 85 percent used PCACS when requesting title II folders. Other components requested folders via fax, telephone, or administrative message. Of the 91 components that routinely requested title II case folders, 69 components (76 percent) claimed they experienced difficulties obtaining them in a timely, accurate and complete fashion.⁶

The most recurring problem cited was the untimely receipt of folders (34 components). These delays can cause significant problems for claims processing locations. For example, one hearing office made the following statement.

Judges are unable to make decisions on a current case because there is pertinent information in the prior file that is needed to make an accurate decision. There is a problem when we receive a request for a second hearing in OHA but the first hearing file cannot be requested because it is not listed in PCACS. It is frustrating when a file is remanded back to our office from the Appeals Council stating they are unable to locate the

⁶ Respondents were not limited to providing one answer; therefore, problems reported are greater than the number of components responding.

file to make their decision. This is a very time consuming process because the file has to be reconstructed. It also does not look good that our organization loses so many claim files.

Twenty-seven components noted it often took over 30 days to receive a requested folder. Twenty-two of the 91 components received folders with no medical evidence or the wrong files. Sixteen components indicated folders were often subsequently found in locations other than where PCACS indicated. Further, a small number of sample respondents indicated that PCACS is not user-friendly and requested training to understand the various codes used in PCACS. Respondents also suggested that PCACS be modified to maintain a history of folder movement. Additionally, components recommended that storage facilities pull all related folders in multiple filing situations and determine whether the correct folder is being sent.

Sixty-nine (76 percent) of the 91 SSA components surveyed reported they routinely reconstructed title II folders when the contractor could not locate the original file. As one District Manager explained, the components often must attempt to reconstruct medical evidence, which may be irreplaceable. If the medical evidence cannot be satisfactorily reconstructed, beneficiaries continue to collect SSA benefits because no comparison point decision⁷ information exists to adequately gauge medical improvement. Reconstructing folders can also pose a significant public relations problem because SSA must obtain critical information from the claimant and, from a resource standpoint, the reconstruction process is time-consuming and expensive.

One DDS we interviewed alleged a high rate of "lost" folders and provided some detailed information regarding their experiences. The DDS reported it reviewed a random sample of 993 CDR folder requests from January 1999 to January 2000 and found that 21.8 percent had been misplaced. Another similar review of 504 randomly selected CDR folders from June 2000 to March 2001 resulted in similar findings. Specifically, the DDS determined that 96 folders (19 percent) had been misplaced. From these two samples, the DDS determined that, in cases where the prior folder was available for adjudication, the CDR resulted in a 9.5- and a 6.1-percent cessation rate, respectively. In contrast, for CDRs where the folder could not be located, the cessation rate was estimated at 1.9 and 1.2 percent, respectively. The DDS further estimated that the cost to reconstruct all the "lost" folders required for adjudication was \$2.4 million in Fiscal Year (FY) 2000 and \$2.2 million in FY 2001. Based on the DDS estimation that each percentage point of cessation equaled \$10.1 million in savings, management estimated that \$50.5 million in excessive SSI payments could have been made in this State because of lost folders.⁸

⁷The comparison point decision is the latest consideration of medical evidence resulting in a determination regarding the claimant's initial or continued disability.

⁸We did not recalculate these estimations or review the sample results. Therefore, we cannot attest to the accuracy and reasonableness of these figures. Additionally, the DDS obtained this sample from a universe of title II and title XVI folder requests submitted to multiple storage facilities, not only the Megasite.

We noted from our questionnaire that users (field components) and the supplier (Megasite) have different expectations. The user believes the storage facility should provide all information necessary to perform the required SSA action (for example, a CDR). The storage facility sees its duty merely to provide the specific information requested. For example, the user might request a folder for a CDR, expecting the folder to include medical information. If the folder the user received did not contain medical information, the user would view the retrieval as unsuccessful. However, the storage facility would view the retrieval as successful because it sent the folder requested, irrespective of the folder's contents.

In our attempt to assess the case folder storage, retrieval and delivery process, it became evident SSA had no system to track folder movement. Accordingly, it was difficult for us to determine the exact cause of folder delays. Specifically, delays could result from inefficiencies at the Megasite, SSA mailrooms, USPS, or the receiving component. Therefore, we restricted our evaluation to Megasite activities. Our review included testing the reliability of the inventory and evaluating contractor and SSA activities associated with inventory maintenance and oversight. As part of this process, we tracked the actual time it took the Megasite contractor to deliver 103 PCACS and 100 CDR folder requests. Our resulting audit work disclosed that the Megasite folder inventory and PCACS computerized inventory had numerous errors and, in some instances, the contractor did indeed provide folders in an untimely manner.

MEGASITE INVENTORY MISSTATED

SSA and its contractor did not properly maintain and update the Megasite physical folder inventory and PCACS computerized inventory. The contractor is responsible for preserving the integrity of the Megasite inventory and the inventory records. Even though SSA paid the contractor about \$1 million to sequence and validate the inventory, 18 months later, our tests identified folders not inventoried and missing and a variety of other inventory housekeeping problems.⁹ As a result, Megasite title II disability folders may not be readily available when needed for claims or post-entitlement actions.

SSA stores about 4.7 million title II folders at the Megasite. In 1998 and 1999, the SSA contractor was paid \$740,293 and \$258,968, respectively, to sequence and validate the Megasite folder inventory. From that point forward, the contract required the contractor to maintain the folder inventory in good condition with folders sequentially filed in the appropriate boxes and locations accurately recorded in the PCACS computerized inventory. The contract also required the contractor to "drop-file" title II disability documents arriving at the Megasite in the appropriate folder or a temporary folder if the primary folder was out at a field location. When the primary folder was returned to the Megasite, the contractor was to combine any temporary folders created in its absence with the primary folder. The contractor would then physically remove the temporary folder jacket from the box and delete the temporary file record from PCACS, leaving the

⁹ SSA's contract with the contractor defined "housekeeping activities" as resolving work discrepancies, replacing torn or damaged folder jackets, replacing damaged or incorrect bar-code labels, and replacing/adding/relabeling any damaged or absent boxes.

primary folder as the only inventoried file. As part of an on-going quality assurance process, the contractor indicated it continually validates the inventory. SSA informed us it previously performed periodic quality assessments of the contractor's performance by evaluating the condition of the Megasite inventory. We could not verify the results of these assessments because SSA did not maintain an archive of the assessment results. The Agency temporarily stopped these tests early in FY 2001 to devote resources to other workloads but resumed the assessments as of January 2002, again with no available records documenting the test results.

To test the maintenance of the Megasite inventory, we developed a two-part statistical sampling approach (Appendix C). We first selected 200 folders from randomly selected file boxes on the floor of the Megasite and traced them to the PCACS computerized inventory (Physical Inventory Test). We reviewed each box for housekeeping issues and selected the first folder in each sampled box to determine whether the folder was included on the Megasite's PCACS inventory listing. We also selected a sample of 100 Office of Disability Operations folders listed in the Megasite PCACS computerized inventory on March 6, 2001 and traced the sampled items to the designated file location. For projection purposes, we selected a second sample of 100 folders from the entire universe of 4,754,668 folders stored for the Offices of Disability Operations and International Operations on March 7, 2001. We traced the 100 sampled items to the designated file location (PCACS Computerized Inventory Test). The overall purpose for conducting these tests was to check for missing or misfiled folders and to identify inventory housekeeping issues.

Through our tests, we determined the Megasite folder inventory was inaccurate and incomplete. Specifically, we identified errors during both the physical inventory test and the test of the computerized PCACS inventory. As shown in Tables 1 and 2, we identified folders physically located at the Megasite but listed at another location in PCACS. We also determined that several folders PCACS purported to be at the Megasite were not. The numbers and types of errors we identified led us to question the effectiveness of SSA and its contractor in maintaining the integrity of the Megasite folder inventory. Additionally, we question SSA's effectiveness in overseeing the contractor and the folder inventory and retrieval processes.

Inventory Test Results

As outlined in Table 1, of the 200 folders selected for our physical inventory test, we identified 32 (16 percent) the contractor or SSA had not inventoried or had improperly filed.

Table 1: Results of Physical Inventory Test

Inventory Error:	Number of Instances
Primary folders not inventoried	10
Filing Errors:	
Temporary folder not merged with the primary folder	8
Temporary folders inventoried, but no primary folder	6
Folders, over the age of 55, located at the Megasite ¹⁰	5
Related folders missing	3
Total Errors	32

As shown in table 2, of the 2 samples of 100 folders selected to test the computerized PCACS inventory, we identified 3 missing folders in the first sample and 2 more missing and misfiled folders in the second sample.

Table 2: Results of PCACS Computerized Inventory Test

Inventory Error:	Number of Instances in First Sample (Not Projected)	Number of Instances in Second Sample (Projected)
Primary folder missing	3	1
Primary folder misfiled	0	1
Filing Errors:		
Temporary folder not merged with the primary folder	1	0
Folders, over the age of 55, located at the Megasite	6	0
Total Errors	10	2

Although we discovered fewer problems when testing the PCACS computerized inventory, the aggregate effect of both tests was alarming. After sequencing and validating the inventory, the contractor was required to maintain the integrity of the folder inventory. The contract specifically provides that if SSA determines the contractor improperly filed or controlled a significant number of folders, the contractor shall, without payment, be required to sequence and validate the entire folder inventory

¹⁰ A computer program is run against the PCACS database to identify folders located at the Megasite that have reached the over-55 criteria. The contractor then pulls these folders and ships them to Kansas City for storage. SSA should have identified these 5 folders for shipment to Kansas City for storage since the ages of the 5 individuals ranged from 57 to 62 years of age.

to correct the noted problems and return the files to an acceptable condition.¹¹ We believe the errors noted during our testing are significant enough to warrant such action. Without corrective measures, SSA may be unable to locate information needed to make sound decisions on pending claims and post-entitlement actions.

Folders Not Inventoried

We identified 10 instances (5 percent) in our physical inventory test in which a case folder was located at the Megasite but listed in PCACS at another location. The error rate from our sample could indicate that 1 of every 20 folders located at the Megasite may not be included in the inventory. Projecting to the universe of about 4.7 million folders identified in PCACS as being located at the Megasite, we estimate that approximately 238,000 additional folders may be physically located at the Megasite but improperly listed in PCACS at another facility.¹²

While we could not ascertain why each folder was not included in the Megasite inventory, we believe the primary cause relates to scanning failures. When the Megasite contractor scans a folder's barcode, PCACS should automatically update the inventory list to reflect the folder's location as the Megasite. If the contractor completes the scanning operation as required, all folders physically located at the Megasite should be accurately reflected in PCACS. Therefore, it appears that, in these instances, the contractor did not scan the folder's barcode when initially validating the Megasite inventory or when a field component returned a folder to the Megasite.

If a folder is physically located at the Megasite but PCACS lists it at another location, any request for the folder will be misdirected. Additionally, if an SSA component later requests the file from the Megasite, the contractor will not perform the search because PCACS lists the file as being at another location. As a result, SSA may never find the uninventoried folder. Unless the Megasite is subsequently asked to perform a special search for the lost folder, the contractor will take no additional action.

Folders Missing

In our initial PCACS computerized inventory test, we identified 3 folders of the 100 sampled folders that could not be located at the Megasite. To statistically project the results of our testing to the entire population of folders housed at the Megasite, we selected a second sample of 100 folders representing the Offices of Disability Operations and International Operations. In our second PCACS computerized inventory test, we identified two more instances in which PCACS designated the folders as located at the Megasite, but we were unable to find them in the appropriate box. Projecting this 2-percent error rate to the universe of approximately 4.7 million folders, we estimate that approximately 95,000 folders listed in PCACS with a Megasite designation are either filed improperly or not physically located at the Megasite.

¹¹ Contract, section C-9, B(3).

¹² Our estimates were made at the 90-percent confidence level.

After the contractor sequenced and validated the Megasite folder inventory, the physical inventory and the PCACS computerized inventory should have been in agreement. Because the PCACS computerized inventory now lists folders that cannot be readily located during an initial search, we conclude the contractor must have retrieved and shipped files without properly scanning the folder's barcode or improperly filed the folders on their return. With a proper scan, PCACS would show a folder in-transit and located at another component.

We requested SSA's Megasite Quality Assurance Team to conduct a special search for the missing folders in our two samples. Special searches include looking in surrounding boxes and looking in boxes where the contract staff may have transposed a number. The Quality Assurance Team located one of the missing folders in our second sample but found none of the others.

If the contractor cannot locate a folder purportedly at the Megasite, "Ques Ques" is recorded as its location, meaning the folder's whereabouts are questionable. As of March 7, 2001, PCACS identified 90,342 folders with a "Ques Ques" location at the Megasite.

Improper management of case folders hinders SSA's ability to provide world-class customer service. Waiting for folders to move results in lengthy delays, as users must spend time trying to identify other possible locations where the folder might be found. If the folder does not move in a reasonable period of time, the requester must reconstruct the folder information, if possible, to complete the action. Searching for a folder causes delays, and reconstructing a folder causes SSA to reveal to the claimant that their folder has been lost. Ultimately, the claimant may question SSA's ability to safeguard the records entrusted to its care, and SSA's ability to provide quality, timely service may be harmed.

Temporary Folders Not Merged with the Primary Folder

We identified eight instances (4 percent) in our physical inventory test and one instance in our first PCACS computerized inventory test in which the contractor inventoried both a primary folder and temporary folder(s) for the same Social Security number (SSN). This situation should never occur because, when primary folders return to the Megasite, the contractor should merge documentation included in a temporary folder with the primary folder and then delete the temporary folder from PCACS. With 8 errors in our physical inventory sample of 200, we estimate there could be approximately 190,000 temporary folders improperly inventoried in PCACS.

This oversight creates a problem when the field requests a primary folder that has separate temporary folders. The contractor's instructions are to ship primary folders, but temporary folders are to remain. This policy prevents separation of folder material outside the Megasite if a request is made for a temporary folder. Therefore, if the contractor does not properly merge the temporary folder with the primary folder, SSA staff may not receive a complete folder and all available documentation available on

that beneficiary. To make appropriate determinations, it is essential that SSA decision-makers have all relevant information about a beneficiary.

Temporary Folder Inventoried, But No Primary Folder Listed

We found 6 (3 percent) other instances in our physical inventory test where PCACS identified a temporary folder, but a primary folder for the same SSN was not listed. A primary folder should always exist. As described above, when primary folders are sent to the field and additional file information arrives at the Megasite for that file, the contractor creates a temporary folder. When the field component returns the primary folder, the contractor should merge information in the temporary folder with the primary folder, and the temporary folder should be deleted. If the contractor or another SSA component inadvertently deletes the primary folder from PCACS, it can no longer be requested. With 6 instances out of 200, we estimate there may be approximately 143,000 primary folders located at the Megasite or elsewhere that are not inventoried in PCACS. As such, requestors may be unable to obtain these folders.

Folders for Beneficiaries over Age 55 Located at the Megasite

We estimate the Megasite stored approximately 119,000 folders the contractor should have relocated to the Kansas City Caves. SSA practice is to move the folders of beneficiaries reaching age 55 during each annual period from the Megasite to the Caves. The Caves will only accept over-55 folders from the Megasite once each year around October. A computer program is run against the PCACS data base to identify folders located at the Megasite that have reached the over-55 criteria. The contractor then pulls these folders and ships them to Kansas City for storage. However, we identified five (2.5 percent) folders in our physical inventory test and six folders in our first PCACS computerized inventory test where the beneficiary was over age 55. As a result, valuable storage space needed at the Megasite was unavailable.

SSA could not explain why the contractor had not shipped these folders to Kansas City. We believe the contractor overlooked the primary folders and created additional temporary folders after the primary folders were forwarded to the Caves. Standard computer routines will no longer identify the files the contractor previously overlooked because the established search criteria only identify folders of beneficiaries that "turn" 55 during the specified year.

In October 2001, SSA performed a modified search for folders based on the claimant's date of birth. This search found approximately 400,000 over-55 folders that could be shipped to the Caves. Accordingly, SSA should continue to run this special routine to find all of the over-55 folders and ship them to the appropriate location. In addition, Megasite staff should take steps to negotiate more frequent shipments of the over-55 folders to the Caves.

Related Folders Missing

The Megasite folder inventory could have approximately 71,000 folders with missing related files. We found three folders located in the PCACS inventory for which related folders were not co-located in the box. Two of the three missing folders appeared to be foreign claims; the remaining folder was a disability claim. The processing centers responsible for foreign and disability claims use the Megasite to store folders. For all three cases, PCACS indicated the related folders were filed at the Megasite, but they could not be found. The missing folders may be at another location, misfiled or nonexistent.

Other Housekeeping Issues

During our test of the inventory, we identified 36 boxes out of 300¹³ with various housekeeping errors. These errors included boxes that were mislabeled, were filled too tightly with folders, and contained folders that were out of sequence. We also noted 13 folders with missing labels during our physical inventory test of 200 folders. Housekeeping is important in any inventory system. The lack of a good inventory system can impede the location of folders and adversely affect the overall integrity of the Megasite inventory.

The contractor is responsible for filing folders in proper sequence in the correct box and labeling the box with the applicable SSN range of the folders. The contractor must also move folders from boxes that are packed too tightly into the next sequenced box to facilitate the retrieval and filing of folders. The 36 errors included 18 incorrectly labeled boxes, 3 boxes that were packed too tightly, and 15 boxes with improperly sequenced folders. Projected to the estimated universe of 349,965 boxes located at the Megasite, there are approximately 42,000 boxes in the Megasite inventory that could reflect 1 or more of the problems identified.

FOLDERS NOT DELIVERED TIMELY

Requesting components had to wait more than 2 weeks to receive over 60 percent of the PCACS folder requests we tested. The folder delivery rate for CDRs was much higher with 84 percent of the folders we tracked being delivered within the 2-week period. Although we are encouraged by the timeliness of scheduled CDR folder requests deliveries, we do not believe the time required to obtain other PCACS folders is reasonable or acceptable.

Based on our discussions with those involved in the folder retrieval and delivery processes, we estimated that the folder request, retrieval and delivery process should reasonably take about 10 days.

¹³ The 300 boxes are comprised of 100 boxes from our second PCACS computerized inventory test and 200 boxes from our physical inventory test.

- Day 1: Field office requests folder; request processed overnight.
- Day 2: Printed request package delivered to Megasite, reviewed for errors.
- Day 3: Contractor staff pull folder, trucks deliver tubs of folders to mail room.
- Day 4: Mailroom staff prepares packages for mailing.
- Day 5: USPS picks up packages.
- Day 6,7,8: USPS processes and delivers packages
- Day 9: Packages delivered to field office mailroom
- Day 10: Field office mailroom delivers file to requestor's desk.

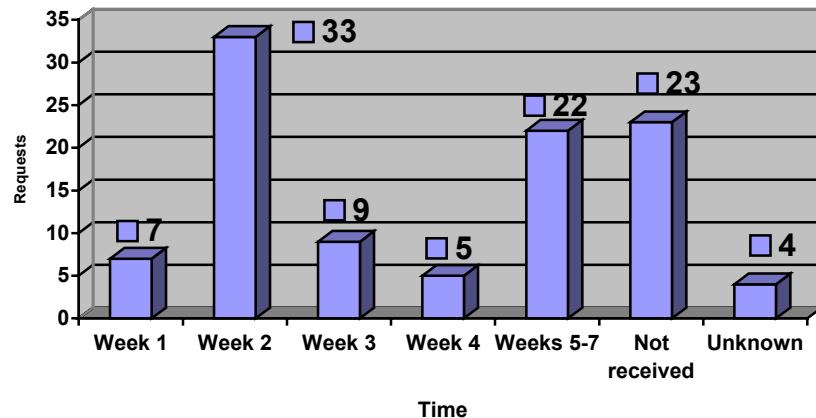
Once the contractor scans a folder out of the Megasite, there are no interrelated systems that track the folder from the time it leaves the Megasite until it reaches its destination and eventually returns to the Megasite. Components do not have equipment to scan the folder upon receipt. Also, components cannot indicate in PCACS if a folder was shipped to another field unit for action. Therefore, until the folder returns to a PSC or storage facility and is properly scanned, PCACS will continue to indicate the folder is located at the first requesting field unit. Consequently, we were limited in our ability to track a folder once it left the Megasite and entered the mail system. Nevertheless, we designed tests for both PCACS and CDR folder requests to determine whether there was a timing difference in how these workloads were handled.

PCACS Folder Requests

To test the timeliness of the PCACS folder retrieval and delivery process, we requested the 91 locations in our random sample of 100 components to track folder requests from March 5 to 9, 2001. Of the 91 components, 55 requested at least 1 title II folder during that period for a total of 401 folders. From this self-reported universe, using a weighted average based on the type of component and the number of folders requested during our sample period, we randomly selected 103 title II folder requests to track timeliness.

As shown in Figure 1, of the 103 folders requested, 40 (38.8 percent) were received within the first 2 weeks. They received 14 additional folders within weeks 3 and 4. During weeks 5 through 7, they received 22 folders. However, the components never received 23 of the 103 folders tested (22 percent).

Figure 1: PCACS Requests Received by Week



Of the 103 folders we randomly sampled, only 15 were actually stored and therefore requested from the Megasite. The remainder of the requests were forwarded to the Kansas City Caves or the Northeastern PSC. The components received none of the 15 Megasite folders during the first week and only 5 (33 percent) during the second week. They received three more folders during the third week, but none during week 4. Thus, just 53 percent of the 15 PCACS folders requested from the Megasite were retrieved, mailed and received within a 4-week period. During weeks 5 and 6, the components received four more folders from the Megasite. One other folder was received sometime during the 6-week period, but the component could not provide a receipt date. At the end of the 6-week period, the components had not received 2 of the 15 folders requested, about 13 percent.

The bulk of the requests (56) was for folders stored at the Caves. While we received few complaints on how the Caves was filling folder requests, our test indicated the time it took to deliver around 25 percent of the folders from this facility was just as lengthy as from the Megasite. Based on this evidence, we are concerned potential issues may also exist at the Kansas City Caves.

We could not specifically identify the reasons for delays or non-receipt of PCACS folder requests, but possible explanations could include the improper filing of folders at the Megasite or folder locations improperly coded in PCACS. Either one of these reasons could cause a significant delay in obtaining a folder. Of the 15 folders in our sample of 103 that were requested from the Megasite, 10 were not scanned out of the PCACS inventory and readied for shipping from the Megasite within the 24-hour period dictated by the contract. For 7 of these 10 folders, it took 5 or more days to locate the file and move it from the Megasite. Other delays or non-receipt could result from problems in the SSA mailrooms or with USPS. Delays and the inability to find folders needed for claimant actions can create significant public relations problems for SSA because beneficiaries expect SSA to properly safeguard the documentation that is supplied during the application and adjudication processes. When SSA must delay actions because of slow folder retrieval, beneficiaries are also forced to wait. Although SSA typically does not penalize the beneficiary for its delays, customer confidence in SSA will erode. SSA should be careful to maintain adequate record storage and expedient folder retrieval.

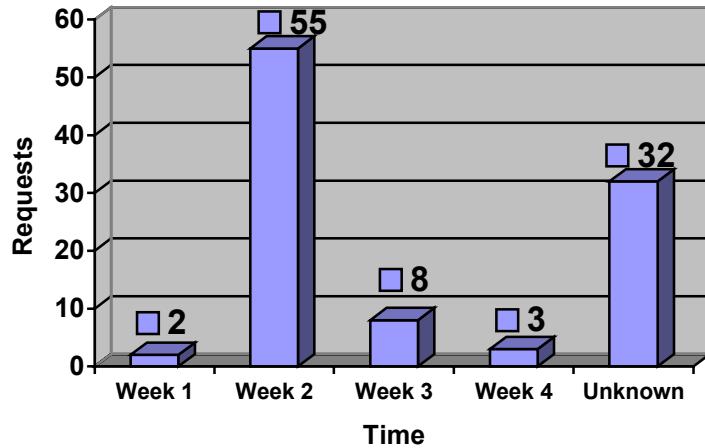
CDR Folder Requests

We were encouraged by the relative timeliness of CDR folder request deliveries. Title II CDR folder requests are a negotiated workload. The Office of Disability determines the number of CDRs SSA components will conduct during a cycle as a part of its annual CDR process to meet CDR goals. Title II and title XVI CDR cycles alternate about every 2 months. The number of CDRs needed for each cycle is divided by the number of days available for the contractor to retrieve the folders from the Megasite folder inventory. SSA attempts to serve all States equitably by pulling an equal percentage of each State's CDR requests for the cycle.

From a universe of 2,499 CDR folder requests dated March 6, 2001, we selected a random sample of 100 folder requests to track for timeliness. For the 100 folder requests, we telephoned the SSA components listed as the addressee on the CDR requests to obtain the following information: if and when the folder was received, the folder's overall physical condition, and whether the folder contained the appropriate medical evidence needed to conduct the CDR. Unfortunately, for 32 folders, we were unable to determine the exact date a requested folder was received by the requesting component because the component's local practice did not include date stamping or logging the receipt of folders. Consequently, we grouped these folders separately, rather than considering them errors.

For the 68 folders we could track, the majority, 84 percent, were received within the first 2 weeks after the request was provided to the contractor. The rest of the folders were received within the following 2 weeks. While we could not establish the actual date of receipt for the remaining 32 folders, we did determine the folder was received. Additionally, the offices reported that the Megasite sent only one folder that was in poor condition and one other that lacked the relevant medical evidence.

Figure 2: CDR Requests Received by Week



Considering 10 working days is sufficient time for the Megasite to receive a folder request and deliver that folder to a requesting component, as shown in Figure 2, 11 folders¹⁴ from our sample took an excessive amount of time. Projected to our universe, we estimate that 275 folders from the CDR universe of 2,499 took more than 10 days to be delivered to the requesting components.

Delays in delivery of the 11 CDR folders to the field offices may have resulted from the contractor's failure to find and ship the folder from the Megasite within the allowed 24-hour period. Theoretically, there may also have been mail delays at the SSA mailroom or USPS. Unfortunately, we have no specific evidence to pinpoint the cause.

¹⁴ Eight folders were received during week 3; three folders were received during week 4.

In any case, since field offices work CDRs in addition to their other workloads, delays in CDR deliveries mean that field offices must put aside other priority work to complete the CDRs timely. Thus, claimants may be inconvenienced while waiting for action on their claim.

Conclusions and Recommendations

The Megasite's physical inventory and PCACS computerized inventory were not accurate. We believe SSA needs to do more to oversee the Megasite contractor's efforts to ensure the integrity of the inventory and the inventory system. The records maintained at the Megasite are essential for SSA to make sound decisions on beneficiary entitlements and to deliver world class service. Therefore, we recommend that SSA:

1. Perform independent quality assurance reviews to ensure the integrity of the Megasite's folder inventory. As part of the quality assurance review process, SSA should assess and document the contractor's performance in accordance with the contract provisions. SSA should routinely verify that the contractor is:
 - processing all folder requests within the 24-hour time frame established under the contract;
 - scanning all folders entering and leaving the Megasite facility;
 - properly filing primary folders, merging temporary folder information with the primary folders and deleting the temporary folder records from PCACS;
 - pulling all over-55 folders as instructed and sending them to Kansas City; and
 - performing general housekeeping duties.
2. In accordance with the contract, instruct the contractor to resequence and revalidate the Megasite inventory at the contractor's expense if, as a result of SSA's quality assurance reviews, SSA determines there are unacceptable numbers of misfiled and poorly controlled folders.
3. To help identify existing problems in the Megasite inventory, we suggest that SSA develop as part of PCACS an automated process to periodically identify all records in which
 - A primary folder and temporary folder(s) for a beneficiary are located at the Megasite. With these data, SSA can require the contractor to merge the temporary folder(s) documentation with the primary folder and delete the temporary folder record(s) from PCACS.
 - Temporary folders exist but a primary folder record is not listed in PCACS. From these data, SSA or the contractor can search for the primary folders and, once located, reinstate them into PCACS.

- The beneficiary is over 55 years of age. To free needed storage space at the Megasite, SSA should explore the possibility of increasing the number of annual over-55 folder shipments to the Kansas City Caves. In addition, SSA should continue to use the claimant's date of birth as the selection criteria to ensure that all over-55 folders are identified for shipment.

AGENCY COMMENTS

In response to our draft report, SSA agreed with our overall recommendations. With regard to our third recommendation, SSA stated that locating primary folders and reinstating them into PCACS is outside the contractor's scope of responsibility. However, SSA is developing a process whereby its Megasite employees can locate and reinstate primary folders into PCACS. SSA also stated the Kansas City Caves would not accept more than one shipment of over age 55 folders because of workloads, space, and transportation. SSA provided other comments, and we incorporated them into the report as appropriate. See Appendix D for the full text of SSA's comments to our draft report.

OIG RESPONSE

We concur with SSA's plan to develop a process for the Megasite employees to locate and reinstate primary folders into PCACS. Regarding shipments to the Kansas City Caves, we understand that logistical circumstances may not be conducive to frequent shipments. However, when the Megasite identifies a large population of over age 55 folders, we urge SSA to negotiate special shipments instead of waiting for the annual shipment.

Appendices

Appendix A

Prior Social Security Administration Office of the Inspector General and Other Reviews

The Megasite has been unable to provide large numbers of disability folders to its customers, including folders needed for audits by the Office of the Inspector General (OIG) and its contractor, PricewaterhouseCoopers (PwC). Below are examples in which the OIG and PwC were not provided folders in a timely manner.

- ◆ *Effects of State Awarded Workers' Compensation Payments on Social Security Benefits*, A-04-96-61013 (September 1998). The Social Security Administration (SSA) took 15 months to locate 100 folders requested by the OIG. Of the 100 folders we requested from March 1997 through September 1997, SSA located 67 folders. From October 1997 through March 1998, SSA located an additional 18 of the requested folders, bringing the total to 85 of 100. By June 1998, the additional 15 folders had been located.
- ◆ *PricewaterhouseCoopers Management Letter* (November 1998). As of October 31, 1998, SSA could not provide 12 of 66 (18 percent) folders requested in July 1998.
- ◆ *Waivers Granted for Title II Overpayments Exceeding \$500*, A-09-97-61005 (September 1999). OIG reported SSA could not provide 38 of the 99 disability folders in its sample. The audit was performed from November 1997 through October 1998.
- ◆ *PricewaterhouseCoopers Management Letter* (November 1999). PwC reported SSA could not provide 6 of 90 (6.6 percent) folders requested in 1999.
- ◆ *PricewaterhouseCoopers Management Letter* (April 2001). SSA procedures and systems used to secure and track case files were not consistently enforced throughout SSA's operating environment. This was noted as a prior year issue.
- ◆ *OIG Representative Payee Audit Assist*. We requested 27 folders between December 2000 and March 2001. As of November 2001, 14 of the 27 (51.9 percent) folders ordered were either incomplete or could not be located by SSA.

Supplemental Background Information

Individuals who perform work covered by Social Security must have a unique Social Security number (SSN) to receive proper credit for that work. Covered earnings are reported to and maintained by the Social Security Administration (SSA) under each individual's SSN. When an individual files a claim for SSA benefits, the Agency reviews the earnings information for the individual filing the claim to determine whether the claimant is entitled to benefits and, if so, the amount of benefits the claimant will receive. SSA prepares a claims folder to house all material used to document action on the claim. If the claimant files for multiple benefits, the Agency may prepare several folders.

Processing Center Action Control System

The Processing Center Action Control System (PCACS) tracks the movement of actions and folder records for SSNs. PCACS is designed to provide support to the claims folder and retrieval process by establishing and controlling actions, folders, and diaries; automating classification of most actions; controlling movements; and generating bar codes and processing instructions. SSA describes PCACS as an integral part of its System Modernization Plan, noting that PCACS' capability to track actions and folders enhances the management and control of processing center workflow.

The Paperless Process

SSA is piloting paperless processes that the program service centers (PSC) may use to store claims information and the Disability Determination Services (DDS) may use to store medical documentation. At the PSCs, mailroom personnel scan incoming documents using high-speed scanners. These scanners handle 250 pages per minute and are capable of scanning 2-sided documents. Casual scanners that scan single pages will be available in every PSC module for scanning extraneous material not scanned by the mailroom. The PSC pilots did not include the scanning of medical records even though the medical records are primary records of interest when conducting Continuing Disability Reviews (CDR) and making determinations of benefits.

Other paperless pilots are underway. For example, in a Kentucky DDS pilot proposal, a third party will scan current medical information and post it to a secure website. Each DDS will have its own website that includes cases assigned to its staff. Additionally, a local web manager will designate individuals who can access files, as well as track files that are accessed. Scanned documentation will be assigned a unique customer identification number based on the DDS location. Unfortunately, the information will be deleted from the website after a file is printed or at the end of 30 days because SSA does not plan to pay for information storage. Therefore, this procedure will not benefit SSA's record retention needs.

While SSA is trying to improve end users' abilities to obtain documentation quickly by having data available electronically, the various pilots do not address the current inventory of folders stored at SSA folder storage facilities. None of the pilots plan to scan the documentation in the existing folders. Only current and prospective data will be captured as it flows through the PSC or DDS. In addition, current pilots do not address the massive amounts of archival space that will be needed to store scanned information as increasing numbers of baby boomers retire or become disabled. For the long-term, if information is needed from a claimant's prior paper folder, the folder must still be requested through PCACS from a record storage facility. Hence, for years to come, SSA will need to maintain accurate physical inventories at the folder storage facilities.

Sampling Methodology and Results

We obtained access from the Social Security Administration (SSA) to the Processing Center Action Control System (PCACS) computerized inventory that contains the locations of title II folders. To test the PCACS inventory, we randomly selected 200 Social Security numbers (SSN) from this file and reviewed the appropriate box on the floor of the Megasite to verify that the folder was properly filed and maintained. Specifically, we selected a sample of 100 Office of Disability Operations folders listed in the Megasite PCACS computerized inventory on March 6, 2001 and traced the sampled items to the designated file location. For projection purposes, we selected a second sample of 100 folders from the entire universe of 4,754,668 folders stored for the Offices of Disability Operations and International Operations on March 7, 2001. We traced the 100 sampled items to the designated file location (PCACS Computerized Inventory Test). To test the physical inventory, we randomly selected 200 terminal digit ranges between 0001 and 9999. For each terminal digit selected, we picked the first folder from the first box in that terminal digit range as our sampling unit. We then verified that the folder was appropriately listed in the PCACS computerized inventory. During our tests of the inventory, we reviewed 300 boxes for housekeeping errors.

To test folder retrieval and timeliness for Continuing Disability Reviews (CDRs), we obtained the list of CDRs provided to the Megasite for retrieval on March 6, 2001. We randomly selected 100 SSNs from this universe and contacted the designated components to determine when the folders were received. To test the timeliness of the PCACS folder retrieval and delivery process, we requested our random sample of 100 components to track folder requests during the period March 5 to 9, 2001. We identified 9 components that did not request folders. Of the remaining 91 components that regularly requested folders, 55 requested at least one title II folder during the sampling period for a total of 401 folders.¹ From this self-reported universe and using a weighted average based on the type of component and the number of folders requested during our sample period, we randomly selected 103 title II folder requests to track timeliness by contacting the requesting component to determine folder receipt. Our projections were made at the 90 percent confidence level.

¹ We did not verify these reported results for accuracy or reasonableness. We simply selected a random sample of these folders to determine Megasite folder retrieval and delivery timeliness.

Sample Results and Projections		
Population Sizes	Number of Folders at Megasite	4,754,668
	Estimated Number of Boxes at Megasite	349,965
	Number of CDRs on March 6, 2001	2,499
	Number of Field Requests March 5-9, 2001	401
Sample Sizes	Folders Sampled / Projected – Computerized	100
	Folders Sampled / Projected –Physical	200
	Boxes Reviewed	300
	Folders Sampled – CDRs	100
	Folders Sampled – Field Requests	103
Attribute Projections		
Sampled folders not accurately reflected in physical inventory		10
Projection of folders not accurately reflected in physical inventory		237,733
Projection of lower limit		130,157
Projection of upper limit		396,228
Sampled folders not accurately reflected in computerized inventory		2
Projection of folders not accurately reflected in computerized inventory		95,093
Projection of lower limit		16,951
Projection of upper limit		292,977
Sampled temporary folders not merged with primary folders		8
Projection of temporary folders not merged with primary folders		190,187
Projection of lower limit		95,364
Projection of upper limit		337,646
Sampled temporary folders missing primary folders		6
Projection of temporary folders missing primary folders		142,640
Projection of lower limit		62,496
Projection of upper limit		277,431
Sampled folders for beneficiaries over age 55		5
Projection of folders for beneficiaries over age 55		118,867
Projection of lower limit		47,078
Projection of upper limit		246,496
Sampled folders missing related folders		3
Projection of folders missing related folders		71,320
Projection of lower limit		19,497
Projection of upper limit		182,148
Sampled folders with missing labels		13
Projection of folders with missing labels		309,053

Projection of lower limit	184,828
Projection of upper limit	481,916
Sampled boxes with housekeeping errors	36
Projection of boxes with housekeeping errors	41,996
Projection of lower limit	31,635
Projection of upper limit	54,369
Sampled CDR folders taking longer than 10 days for delivery	11
Projection of CDR folders taking longer than 10 days for delivery	275
Projection of lower limit	159
Projection of upper limit	436

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

29218-24-545

Date: July 10, 2002 Refer To: S1J-3

To: James G. Huse, Jr.
Inspector General

From: Larry Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Case Folder Storage and Retrieval at the Social Security Administration's Megasite Records Center" (A-04-99-62006)—
INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the report content and recommendations are attached.

Please let us know if we can be of further assistance. Staff questions may be referred to Trudy Williams on extension 50380.

Attachment:
SSA Response

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "CASE FOLDER STORAGE AND RETRIEVAL AT THE SOCIAL SECURITY ADMINISTRATION'S MEGASITE RECORDS CENTER" (A-04-99-62006)

Recommendation 1

SSA should perform independent quality assurance reviews to ensure the integrity of the Megasite's folder inventory. As part of the quality assurance review, SSA should assess and document the contractor's performance in accordance with the contract provisions. SSA should routinely verify that the contractor is: 1) Processing all folder requests within the 24-hour timeframe established under the contract; 2) scanning all folders entering and leaving the Megasite facility; 3) properly filing primary folders, merging temporary folder information with the primary folders and deleting the temporary folder records from Processing Center Action Control System (PCACS); 4) pulling all over-55 folders as instructed and sending them to Kansas City; and 5) performing general housekeeping duties.

Comment

We agree with this recommendation. SSA currently performs quality review to ensure that all contractor activities are measured, including proper recordation, sequencing, and misfiling of folders. We are continuing to refine the procedures for the review process.

The Megasite Quality Assurance Technicians (QAT) monitor the workflow and control the folder requests that are given to the contractor. There are very rare occasions when the contractors do not process folder requests timely and the contractor usually meets the turn around time stated in the contract.

Several situations may impact the timeliness of folder retrieval. For instance, the contractor cannot send out folders without a label. However, contract employees are not responsible for preparing labels unless the label on the folder is torn, mutilated or will not scan. If the label is missing from a folder, the contractor has to give the folder to the QATs to prepare the folder label. The preparation of labels by the QATs can sometimes hold up the folder from recordation and the physical transfer for a day or more. Also, if a folder is not in file (NIF), the contractor has to obtain a query to determine the location of the folder. If the query shows that the folder was just returned to the Megasite, the contractor holds the retrieval request until the folder is actually filed.

The QATs at the Megasite review 100 percent of folder requests that are returned from the contractor as NIF. In addition, the QATs perform random samples of folders entering and leaving the Megasite. Any items that need corrective action are returned to the contractor.

The National Records Center (NRC) in Kansas City controls the transfer of over-55 and death terminations. The contractor is not responsible for pulling those folders on a daily/routine basis.

OCO provides the contractor with a list of SSNs for transfer once a year, usually in October. Additional information on the NRC is included at Recommendation 3.

Recommendation 2

In accordance with the contract, SSA should instruct the contractor to resequence and revalidate the Megasite inventory at the contractor's expense if, as a result of SSA's quality assurance reviews, SSA determines there are unacceptable numbers of misfiled and poorly controlled folders.

Comment

We agree with this recommendation. If, as a result of SSA's quality assurance reviews, it is determined there are unacceptable numbers of misfiled and incorrect recordation, we will request, through our Office of Acquisition and Grants, a resequencing and revalidation of the Megasite's inventory at the contractor's expense.

However, the results of our most recent quality assurance reviews indicate there has been improvement in retrieving folders and the problem is not as severe as it was 4 years ago when the OIG began its audit. In reviewing quality assurance data for the period October 2000 through August 2001, our records show a 98.4 percent locate rate for folder retrieval and for the period December 2001 through May 31, 2002, the locate rate is 98.58 percent. Our most current data shows 1,038 folders reviewed with accuracy rates of 95.2 percent for recordation, 99.9 percent for sequencing and 99.7 percent for misfiles.

Recommendation 3

SSA should develop as part of PCACS an automated process to periodically identify all records in which: 1) A primary folder and temporary folder(s) for a beneficiary are located at the Megasite. With these data, SSA can require the contractor to merge the temporary folder(s) documentation with the primary folder and delete the temporary folder record(s) from PCACS; 2) temporary folders exist, but a primary folder record is not listed in PCACS. From these data, the contractor can search for the primary folders and, once located, reinstate them into PCACS; and 3) the beneficiary is over 55 years of age. To free needed storage space at the Megasite, SSA should explore the possibility of increasing the number of annual over-55 folder shipments to the Kansas City Caves. In addition, SSA should continue to use the claimant's date of birth as the selection criteria to ensure that all over-55 folders are identified for shipment.

Comment

We agree with this recommendation overall, but do not agree with the proposed corrective action for part of the recommendation. Regarding item 1 of the recommendation, we agree and will develop a local program to capture all primary and temporary folders with the same SSN housed in the Megasite. The list will be given to the contractor for corrective action, at no additional charge to the government (the Office of International Operations temporary folders and primary

folders cannot be merged into a Title II primary folder or temporary folder). The target date for implementation of the temporary/primary folder listing is September 9, 2002.

We agree with the intent of item 2 of the recommendation, but do not agree with the proposed corrective action. Contractually, the contractor is not responsible for locating the primary folder if it is not housed at the Megasite or recorded on PCACS to the Megasite. SSA (QATs) employees determine whether a primary folder exists and where the folder is located. If the QATs determine the folder should be housed at the Megasite, the folder is requested and given to the contractor for recordation and filing. The QATs also determinate whether the temporary folder should be deleted and the material sent to another component.

SSA will develop a local program to capture the SSNs of all temporary folders that do not have a primary folder recorded to the Megasite. SSA will also develop a process the QATs can use to locate and determine whether a primary folder should be housed at the Megasite. The target implementation date for implementation of both these initiatives is September 9, 2002.

With regard to item 3 of the recommendation, the National Record Center (NRC) in Kansas City controls the age 55 folder transfer. At this time, the NRC will only accept one shipment per year, usually in October. NRC has indicated it is not feasible for them to accept the age 55 folders more than once per year due to workloads, space, transportation, etc. Discussions between SSA staff and NRC on the age 55 folder transfer are ongoing.

SSA currently uses the date of birth to determine age-55 and will continue to use that criterion for selection.

Other Comments

The contractor only retrieves the folder with the SSN-suffix (SSNX) recorded on the request with the exception of folders rubber banded together. Some folders cannot leave the Megasite, i.e. end stage renal disease temporary folders. The contractor would have no way of knowing what folder is related to another unless the folders were in the file together. It is not the responsibility of the contractor to determine if the correct medical evidence is in file. They retrieve the folder as requested. They are not supposed to look inside the folder.

The contractor prepares a new folder jacket when the current folder is torn in half. They do not repair folders that are only damaged. When the statement of work was written, it was decided that only folders completely torn in half would be replaced. Many folders are damaged or torn and the cost would be prohibitive to have every folder jacket replaced.

On page 9 of the report, the Inventory Test Results are slightly skewed. Table 1 shows 32 errors. However, the “Temporary folders inventoried, but no primary folder” item shows 6 instances and “Folders, over age 55, located at the Megasite” item shows 5 instances--these are not controlled by the contractors. In addition, in Table 2, of the 10 errors shown, 6 were for “Folders over the age of 55, located at the Megasite.” Again, the over age 55 folders are not controlled by the contractor.

SSA is currently in the process of developing and implementing an electronic disability business process. This plan includes automating the disability intake process; creating an electronic folder and interface to existing SSA/Disability Determination Services systems; automating the Office of Hearing and Appeals, incorporating electronic medical evidence and forms; converting incoming evidence and documents to digital images; and supporting internal paperless caseload management. Using an electronic folder will enable SSA to eliminate many of the costs associated with handling, tracking and managing paper folders. The electronic folder will be created when a disability case is initially filed and will enable all disability case processing components to access, review and electronically transact business involving the disability folder. The plan to implement an electronic folder has been accelerated and SSA will begin implementing its new electronic disability process in calendar year 2004.

Appendix E

OIG Contact and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director, Southern Audit Division (205) 801-1605

Acknowledgments

In addition to those named above:

James D. O'Hara, Deputy Director

Paula W. Johnson, Senior Auditor

Catherine Burnside, Auditor

Kimberly Beauchamp, Writer/Editor

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President, Federal Managers Association	1
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Total	96

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