

Social Security Administration Office of the Inspector General

Semiannual Report to Congress



Mission/Vision Statement

Mission

We improve the Social Security Administration's 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, Congress, and the public.

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.

Message from the Inspector General

Usually at this time of year, Office of the Inspectors General provide to their Agency heads a Semiannual Report. This is the fourth time since Congress created an independent Social Security Administration (SSA) that the Office of the Inspector General (OIG) has joined with the Agency to present our accomplishments to our stakeholders and partners in SSA's Accountability Report. We are pleased to be a part of this endeavor to streamline and consolidate the statutory reporting requirements.

This year our investigative operations have led to unprecedented results. The Cooperative Disability Investigations team project and the Fugitive Felon project have identified over \$64 million in overpayments and projected savings to the Government. The monetary results of these two projects alone exceed our Fiscal Year 1999 appropriation and coupled with our audit work and our investigative results we estimate that we surpassed our appropriation by over \$300 million. Also this year, our Office of the Counsel to the Inspector General was instrumental in the prosecution of individuals guilty of violating section 1140 of the Social Security Act (i.e., misleading advertising). This action sends a clear message to the direct mailing industry that bilking consumers under Social Security's good name will not be tolerated.



Anticipating an increase in requests to provide Congress, SSA management, and the general public with information and advice, I also created a Quick Response Team within the Office of Audit (OA). This team focuses on a variety of pressing issues requiring immediate attention. In addition, OA and the Office of Investigations have joined forces in the areas of Social Security number misuse and Supplemental Security Income program integrity. We find this approach the best use of our resources to improve the management and integrity in SSA's programs. With congressional support, we also strengthened our audit capacity to meet the requirements of the Government Performance and Results Act.

Our Office of Quality Assurance completed its first full year of operation. This office reviews OIG activities nationwide to ensure that our audits, investigations, and administrative functions are conducted in accordance with Federal requirements and guidelines as well as our self-imposed policies and procedures.

Our organization recognizes the necessity to build upon our efforts to date. We have created a flexible and responsive organization. I expect that in the future, Government decision-makers will rely upon our process even more for timely information and advice. We look forward to this challenge and will strive to achieve the highest level of integrity and accountability in all our efforts.

Sincerely,

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

James G. Huse, Jr.
Inspector General

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Reporting Requirements

The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to their appropriate pages in this report.

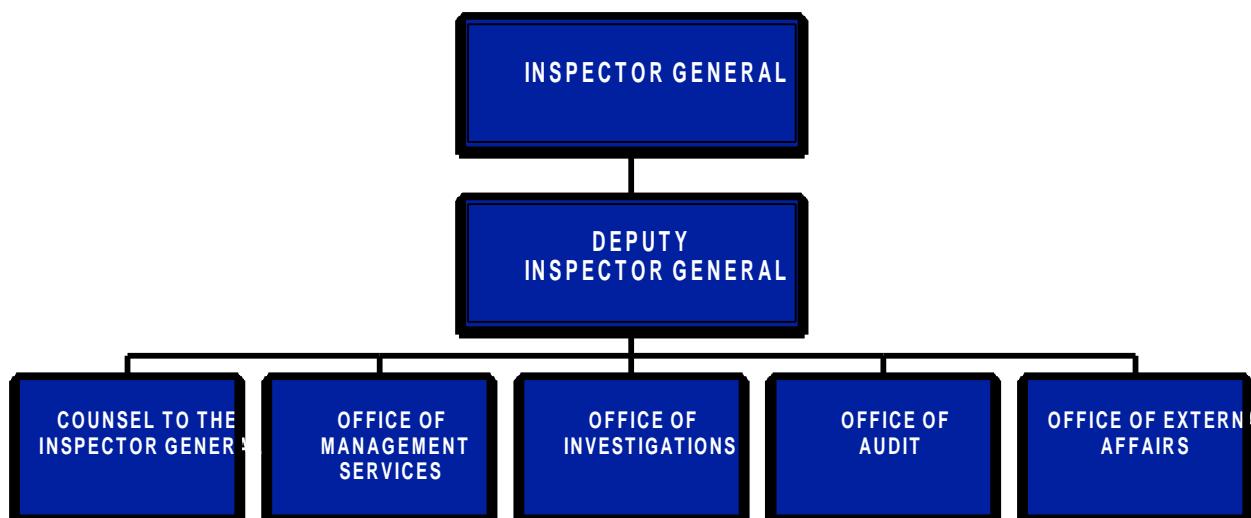
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Significant Activities

The Social Security Administration's (SSA) Office of the Inspector General (OIG) is comprised of the Offices of Audit (OA) and Investigations (OI) and is supported by the Offices of Management Services, External Affairs, and the Counsel to the Inspector General (OCIG). These offices planned and executed OIG operations for the past fiscal year (FY). This section provides a snapshot of our most notable efforts. Details on the specific accomplishments of OCIG, OI, and OA are contained in their respective sections of this report.

Cooperative Initiatives to Address Identity Theft and Fraud

The Identity Theft and Assumption Deterrence Act of 1998 (P.L. 105-318), commonly called the Identity Theft Act, acknowledges that the Social Security number (SSN) is a means of identifying an individual. This legislation empowers law enforcement authorities to arrest, prosecute, and convict individuals who fraudulently use another person's SSN to create a false identity. This law also charges the Federal Trade Commission (FTC) with establishing a centralized identity theft complaint data base and providing informational material on identity theft to complainants. In addition, the FTC may refer identity theft allegations to appropriate Federal, State, or local law enforcement agencies, as well as to the three major credit bureaus.



Armed with this new statute, OIG is working collectively with other Federal organizations to reduce the incidents and impact of these crimes. Over the past FY, OIG's proactive stance in addressing identity theft included our participation in the following activities.

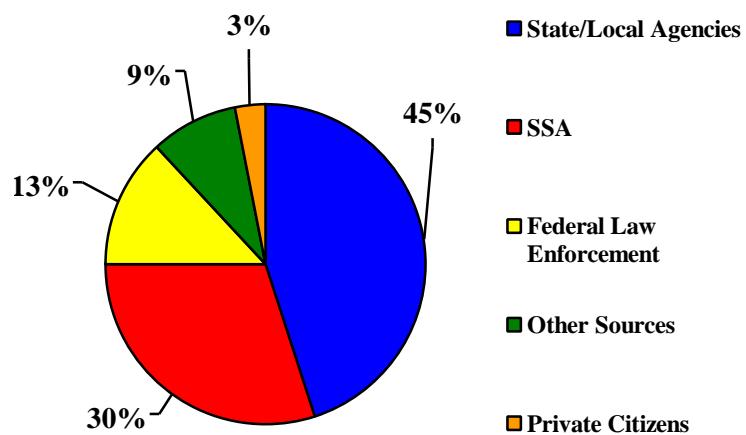
- OIG worked with the FTC to develop educational and informational material that is consistent throughout the Federal Government for victims of identity theft.
- OIG reviewed and provided input on FTC's proposed identity theft complaint form.
- OIG is a member of the Identity Theft Subcommittee, of the Law Enforcement Initiatives Committee, of the Attorney General's Council on White-Collar Crime at the Department of Justice. It gauges the extent of the identity theft problem and determines if other enforcement initiatives or strategies are needed.
- OIG is participating in the planning of the Department of the Treasury's "Summit on Identity Theft" scheduled for FY 2000.
- OIG staff members attended a conference of Federal, State, and local law enforcement agencies at the U.S. Attorney's Office in Milwaukee, Wisconsin, to discuss the implementation of the new Identity Theft Act.
- OCIG wrote an article entitled "Social Security Number Misuse and Identity Theft" for the FTC's Summer 1999 issue of *Fraudbusters!* Magazine.
- OIG staff members met with U.S. Sentencing Commission representatives to discuss sentencing guidelines for individuals convicted of identity theft.
- OIG staff members met with representatives of Canada National Services on June 29, 1999, to discuss identity theft enforcement and methodologies.
- OA prepared an analysis of SSN misuse allegations made to SSA's Fraud Hotline (Hotline) that found over 81 percent of these types of allegations are related to identity theft.
- OI launched SSN misuse pilot projects in five cities across the Nation. As part of these projects, OI has started to receive identity theft complaints from the FTC. Special Agents provide the lead in working with various Federal and State agencies along with the Assistant U.S. Attorneys and State Prosecutors on SSN misuse allegations referred to OIG.
- As a result of the substantial numbers of SSN misuse allegations, OI and OA have combined resources and are working together to identify and investigate SSN fraud. OA identifies potential fraud cases and refers them to OI for investigation.
- OI was responsible for the first indictment and conviction of an individual for identity theft under the Identity Theft Act. The details of this case are described later in the report.

The SSA Fraud Hotline

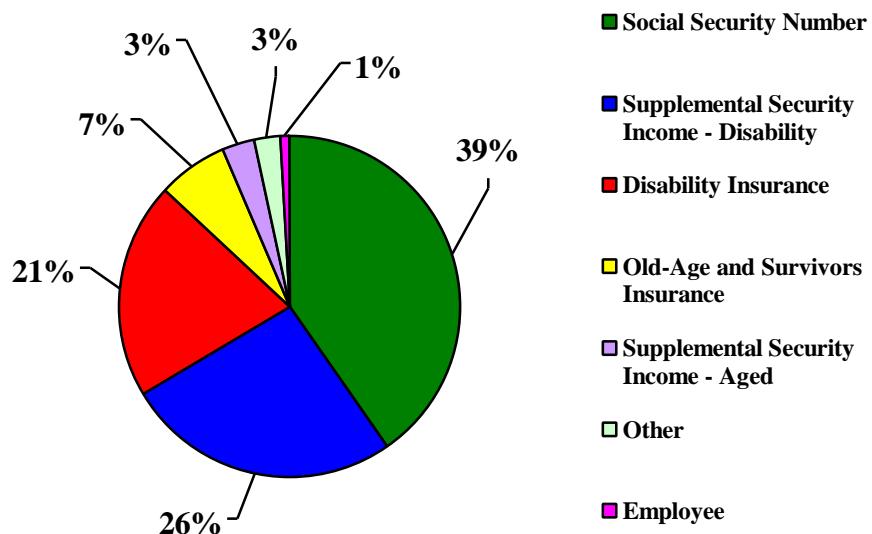
OI oversees the operation of the Hotline, which is the focal point for receiving allegations of fraud, waste, and abuse against SSA's programs and operations.

In FY 1999, the Hotline processed nearly 75,000 allegations representing a 150 percent increase in productivity from FY 1998. This is partially attributed to an increase in Hotline staff during FY 1999. This increase was necessary in order to handle the large volume of allegations received from the public; SSA employees; other Federal, State, and local authorities; and Congress.

Sources of Allegations



Allegations by Category



Efforts to Combat Misleading Advertising

Section 1140 of the Social Security Act prohibits the use of SSA's program words, letters, symbols, or emblems in advertisements or other communications that imply or falsely convey SSA's approval, endorsement, or authorization. The Commissioner of SSA delegated the authority to impose Civil Monetary Penalties (CMP) against violators to OIG. OCIG administers this program for OIG.

A major CMP settlement was reached with two of four defendants in the Federal Records Service Corporation (FRSC) case. FRSC targeted new brides and new mothers with deceptive SSA-related advertisements. OCIG initially issued a cease and desist letter to FRSC. When FRSC continued to mail its deceptive solicitations, OCIG issued a "Notice of Proposal to Impose Penalties" letter in the amount of \$640,000.

OCIG subsequently partnered with OI, SSA's Office of the General Counsel, and the Department of Justice to develop a strong case, effectuate a preliminary injunction, and negotiate a favorable settlement of this matter. Under the terms of the settlement, FRSC will be dissolved and the first two defendants will pay a penalty of \$845,000 to the Social Security Trust Fund. Of that amount, \$195,000 is in cash and \$650,000 will be paid over the next 10 years, with future payments based on the amount of income that the company president earns outside of the direct mailing industry.

Because of our success in prosecuting FRSC, the Senate Committee on Governmental Affairs, Permanent Subcommittee on Investigations, requested

the Acting Inspector General to submit a statement for the record concerning our efforts to curb deceptive mailings. This statement included details about the FRSC case and also highlighted the following investigation.

OI investigated an individual who contacted SSA beneficiaries by telephone or by mail, alleging to be an SSA employee. He would mail correspondence bearing the words "Social Security Administration" and the official SSA seal advising SSA beneficiaries that they had been approved to receive additional benefits. He would request a processing fee ranging from \$9 to \$99 and would also require additional financial information to process the benefits. Using this information he would create bank drafts and withdraw money directly from the victims' checking accounts. As a result of OI's investigation, the individual was sentenced in Federal court to 36 months' incarceration, a fine of \$7,500, and restitution of \$6,736.17 to 20 SSA beneficiaries.

Cooperative Disability Investigations

SSA and OIG developed the concept of Cooperative Disability Investigations (CDI) teams. This project initially established five CDI teams in Georgia, Louisiana, Illinois, New York, and California. These teams are composed of OIG Special Agents and State law enforcement officers, as well as SSA and State Disability Determination Service (DDS) claims professionals. These teams use their combined resources and talents to investigate suspicious initial and continuing claims of disability and seek to have the Department of Justice prosecute third parties that facilitate disability fraud.

The DDS refers suspicious cases to the team, which in turn collects evidence to verify or refute the suspicion. If the team confirms that the claim is fraudulent, the DDS is notified and either denies the application or terminates benefits.

During FY 1999, these five CDI teams received 1,098 allegations of fraud or false applications, and confirmed 378 cases of fraud or false applications. In addition, the teams documented \$362,739 in restitution and scheduled recoveries to SSA, identified \$20,366,102 in estimated SSA program savings, and reported an additional \$6,309,860 in estimated savings to other Federal and State programs. Because of their success, new teams were established in Missouri, Oregon, and Texas during FY 1999.

SSA and OIG derive an additional benefit from these units. As more and more fraudulent claims are denied, investigators gather valuable intelligence that helps to identify patterns of criminal activity. This project also deters false applications and eliminates the perception of “easy money.”

Fugitive Felon Project

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (commonly known as the Welfare Reform Act) made individuals ineligible to receive

Supplemental Security Income (SSI) during any month in which the recipient is fleeing to avoid prosecution for a felony; fleeing to avoid custody or confinement after conviction for a felony; or violating a condition of probation or parole imposed under Federal or State law.

This project identifies individuals illegally receiving SSI by conducting computer matches with the Federal Bureau of Investigation (FBI), the U.S. Marshals Service, and State agencies. When OI Special Agents identify SSI recipients who are fugitives, they notify SSA. SSA stops payments and calculates overpayments. In addition, OI Special Agents assist State and local law enforcement with the fugitives' apprehension.

In FY 1999, OI identified 7,421 fugitives who were overpaid a total of \$17,219,213. This also resulted in estimated program savings of \$27,087,149. Out of the 7,421 fugitives, 1,586 have been arrested. OI identified 4,375 more fugitives in the second half of the FY (after only one State match in June 1999). This represents about a 287 percent increase in the second half of the FY over the prior period. The chart below summarizes OI's Fugitive Felon Project achievements.

STATISTICS FOR THE FUGITIVE FELON PROJECT – FY 1999

| | <i>Fugitives Identified</i> | <i>Fugitives Arrested</i> | <i>Overpayments</i> | <i>Estimated Savings</i> |
|------------------------------------|-----------------------------|---------------------------|---------------------|--------------------------|
| <i>October 1998 – March 1999</i> | 1,523 | 633 | \$6.7 million | \$12.2 million |
| <i>April 1999 – September 1999</i> | 5,898 | 953 | \$10.5 million | \$14.8 million |
| Total | 7,421 | 1,586 | \$17.2 million | \$27.0 million |

Office of the Counsel to the Inspector General

OCIG 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 OIG.

OCIG is also responsible for regulatory commentary pursuant to The Inspector General Act of 1978, as amended. Finally, the Commissioner of SSA delegated the CMP authority under section 1140 and section 1129 of the Social Security Act to OIG. OCIG is responsible for implementing this program which has been instrumental in advancing SSA's initiative of "Zero Tolerance for Fraud."

Civil Monetary Penalties

Section 1140 – Misleading Advertising

In addition to the major settlement with FRSC cited earlier, in FY 1999, OCIG reviewed complaints or referrals involving 37 new entities and issued 12 cease and desist letters. OCIG also closed 35 existing and/or new cases because companies either voluntarily modified their advertisement, ceased mailing, or there was no violation of section 1140. Currently, there are 29 potential section 1140 cases under review.

The following are additional examples of misleading advertising cases processed by OCIG this FY.

- A company called U.S. Document Records (USDR) based in Atlanta, Georgia, charged \$16 to individuals to process name changes for newly married women. USDR did so using a highly misleading mailing that included an actual SSA application form. USDR requested that individuals complete the form and provide original or certified marriage documents. On January 26, 1999, OCIG issued a cease and desist letter and the owners agreed to voluntarily comply and ceased business as USDR.
- A company called U.S. Document Services (USDS) based in Plano, Texas, charged \$12 to individuals to process name changes for newly married women. OCIG notified the company and requested that it modify its solicitation in accordance with the judge's order in the FRSC case; otherwise it would face administrative action. USDS communicated to OCIG that it decided to leave the direct mail industry altogether rather than make the disclosures called for by the judge's order. On September 23, 1999, OCIG sent a letter to the company confirming its decision to permanently cease operations.

Section 1129 – False Statements

Under section 1129 of the Social Security Act, and as authorized by the Attorney General pursuant to established procedures, SSA may impose CMPs against individuals who make certain material false statements or omissions (after October 1, 1994) in order to receive benefits under the Social Security Act. Specifically, this section allows OIG to impose a \$5,000 penalty for each false statement and an assessment of up to twice the amount of benefits paid because of the false statement.

During FY 1999, OCIG reviewed 41 new referrals and imposed a total of \$110,441.17 in penalties and assessments in 8 final CMP actions. OCIG continued its initiative with OI to increase the number of section 1129 referrals where criminal and civil declinations from the Department of Justice have already been obtained. As a result, the number of referrals increased from 5 in the first half of FY 1999 to 36 in the second half. The following cases highlight some of the most significant work.

- A perceptive SSA employee informed OI about a couple who misrepresented business income to receive higher Social Security benefits. Penalties and assessments of \$38,000 were imposed against the couple.

- OCIG imposed penalties and assessments totaling \$10,693.27 against a representative payee (Rep Payee) who made a series of false statements to SSA, in an attempt to conceal the recent death of a beneficiary. Because of these false statements, the Rep Payee improperly secured and cashed several benefit checks.

Legislative Review and Advocacy

OCIG reviewed the Legislative Package for the Social Security Amendments for 1999 and suggested to SSA that the legislative package include the following.

- Expand section 1129 of the Social Security Act 42 U.S.C. § 1320a-8, CMPs (enforced by OIG), to include the misuse of Social Security cards and numbers and the misuse of benefits by Rep Payees.
- Provide for the increase of the maximum imprisonment for Social Security Fraud under section 208 of the Act and section 1632 of the Act from 5 years to 10 years.
- Provide for statutory law enforcement authority for OI Special Agents.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA's programs and operations. It investigates wrongdoing by applicants, beneficiaries, contractors, Rep Payees, third-party facilitators, and SSA employees. The Office frequently conducts joint investigations with other Federal, State, and local law enforcement agencies. OI is also responsible for operating the Hotline.

OI focuses its work in the six areas in SSA's programs and operations that have potential for widespread fraud and abuse. These six areas are:

- Employee Fraud,
- Disability Fraud,
- SSI Eligibility Fraud,
- Institutionalization,
- Payments Made to Deceased Individuals, and
- SSN Misuse.

During this FY, OI reached new heights in its investigative results as shown in the charts below. The following sections highlight OI's investigative projects and cases.

| Investigative Statistics | |
|-----------------------------|---------------|
| <i>Allegations Received</i> | 74,360 |
| <i>Cases Opened</i> | 9,238 |
| <i>Cases Closed</i> | 7,308 |
| <i>Convictions</i> | 3,139* |

*includes 593 illegal alien apprehensions and 1,586 fugitives

| | SSA Funds | Non-SSA Funds* | Total Funds |
|-----------------------|----------------------|---------------------|----------------------|
| Scheduled Recoveries | \$26,198,304 | \$1,279,125 | \$27,477,429 |
| Fines | \$172,940 | \$752,905 | \$925,845 |
| Settlements/Judgments | \$734,069 | \$105,500 | \$839,569 |
| Restitution | \$13,165,784 | \$12,545,253 | \$25,711,037 |
| Estimated Savings | \$144,235,534 | \$14,766,442 | \$159,001,976 |
| Total | \$184,506,631 | \$29,449,225 | \$213,955,856 |

*Non-SSA Funds represent monies attributed to other government organizations and financial institutions that benefit from the results of OI's investigative work.

Employee Fraud

While employee fraud comprises the fewest number of allegations and cases, it is still an OI priority. One employee working alone or with conspirators can corrupt the system, cause financial losses to the Trust Fund, co-opt claimants and other employees, and undermine the integrity of SSA's programs.

In an ongoing cooperative project with three financial institutions, OI has identified eight SSA employees who provided confidential SSN data to individuals who used the information to fraudulently activate credit cards. During FY 1999, this effort identified \$2.5 million in fraud losses to the financial institutions.

In addition to this project, OI conducted other employee investigations. The following highlights two of these cases.

Two Employees Sentenced for Defrauding SSA

OI investigated two SSA employees who misused their positions to defraud SSA programs. The principal offender worked as a Benefits Authorizer in a program service center. In this capacity, the employee authorized the issuance of SSA checks payable to herself, as well as her relatives, friends, and acquaintances. The employee solicited a fellow worker to expand the scheme.

As a result of this investigation, both employees were terminated from their SSA positions and prosecuted in Federal court. The principal SSA employee was sentenced to 15 months in prison and 3 years' probation and was ordered to pay SSA \$174,312 in restitution. The second employee was sentenced to 5 years'

supervised probation and ordered to pay SSA \$20,993 in restitution.

Employee Accesses Confidential Information on Individuals in the Local Business Community

On June 17, 1999, an SSA employee pled guilty to a Criminal Information that charged her with unauthorized access of SSA's systems from 1993 through at least November 18, 1997. As part of a signed Plea Agreement, she was required to pay restitution of \$4,658 to SSA, a special assessment of \$25, and resign from her position.

This case was initiated based on an anonymous letter sent to a former U.S. Attorney in Chicago. The author alleged that the SSA employee had accessed the U.S. Attorney's SSA records, as well as those of his deceased brother. OIG confirmed the access and also learned during the investigation that the SSA employee had made many other unauthorized queries. She even obtained earnings information for individuals in the local business community. These individuals included the bank president, a pharmacist, a physician, an attorney, and even her treating psychologist.

Disability Fraud

Disability fraud allegations represent about 47 percent of all fraud allegations reported to OI. The CDI teams, discussed earlier in our report, significantly contribute to our efforts in combating disability fraud. CDI teams focus on "prevention" of fraud and detection of ineligible recipients is usually resolved administratively. The following cases highlight the CDI work for FY 1999.

Atlanta. This team conducted an investigation of an individual who claimed

that his mental disability prevented him from operating his business and functioning outside the home. Third-party interviews indicated that the claimant not only ran the business on a daily basis, but also increased his level of work activity after the loss of his only employee. CDI investigators also determined that this individual was receiving concurrent benefits from the Department of Veterans Affairs (VA) for Post-Traumatic Stress Syndrome. The CDI team is cooperating with the VA's OIG, which is seeking termination of the VA benefits. The individual's disability claim was denied and prosecutorial decisions are pending.

Baton Rouge. This team investigated a 29-year-old Social Security and SSI recipient who was scheduled for a Continuing Disability Review (CDR). The woman reported that she suffered from a "nervous condition, depression, leg and stomach pain" after contracting hepatitis. She also alleged she was unable to perform

simple tasks such as combing her hair and dressing herself. She repeatedly claimed that she seldom, if ever, drove a vehicle. During examinations with physicians and a psychiatrist, she routinely gave nonsensical answers.

Investigators determined that the claimant had qualified to become a school bus driver and possessed a Commercial Driver's License (CDL). To obtain the CDL, the woman had to complete a 4-week training course, during and after which she was reported to have been articulate, knowledgeable, and proficient. The CDL also required a physical examination, at which she professed to be healthy and without any physical, mental, or emotional problems that would affect her ability to safely operate a school bus. SSA took action to end her disability benefits as a result of this investigation.

FY 99 CDI STATISTICS

| | Atlanta | Chicago | Dallas | Los Angeles | New York City | Total |
|---|-----------|-----------|-----------|-------------|---------------|------------|
| Allegations Received | 219 | 145 | 144 | 394 | 196 | 1,098 |
| Confirmed Fraud Cases | 96 | 30 | 32 | 150 | 70 | 378 |
| SSA Recoveries & Restitution | 78,737 | 0 | 0 | 55,392 | 228,610 | 362,739 |
| SSA Savings | 4,751,355 | 1,871,685 | 1,900,979 | 8,237,667 | 3,604,416 | 20,366,102 |
| Non-SSA Savings | 925,245 | 1,305,500 | 0 | 3,993,533 | 85,582 | 6,309,860 |

Chicago. This team investigated a man who claimed that he wore a back brace, walked with a cane, and suffered from depression, headaches and memory loss. During an undercover operation, the man indicated to CDI investigators that he was seeking work in engineering and provided his resume. He was also videotaped lifting 7 – 10 pound boxes of documents. Armed with this information, SSA denied his application for disability benefits and saved an estimated \$66,500 by preventing this individual from coming onto the rolls. The case was declined for prosecution.

New York City. This team conducted an investigation of an individual that owned and operated a travel agency for the past 10 years while simultaneously receiving Social Security disability benefits. The team observed and videotaped the man working alone at his office. When confronted by investigators, the individual voluntarily signed a statement in which he admitted to the work activity. As a result, in May 1999, this individual's disability benefits were stopped and SSA determined that the individual was overpaid \$28,777. This case is pending criminally.

Oakland. This team investigated a 51-year-old female applicant who alleged back problems and at a medical examination relied heavily on two crutches. The medical examination found that there were few physical findings to support the need for crutches. Investigators subsequently conducted surveillance and observed the subject walking approximately $\frac{3}{4}$ of a mile and minimally relying on only one crutch. At different points during her walk she did not use the crutch at all. Based on this evidence, SSA reopened and denied her claim.

In addition to the CDI teams' proactive efforts to identify and address disability

fraud, other instances of disability fraud and abuse are reported to, and investigated by, our field divisions nationwide. Two cases are featured in the following.

Man Fraudulently Receives Disability Benefits for 25 Years

OI conducted a joint investigation with the U.S. Postal Inspection Service of a man who created a false identity to continue receiving disability benefits while he was gainfully employed. The man created a second identity under which he was employed as a truck driver. The man continued the scheme for over 25 years while earning enough income that would have disqualified him for benefits. The man pled guilty to Social Security fraud and was sentenced to 366 days' incarceration, 3 years' supervised release, and was ordered to pay SSA \$131,210 restitution.

Man Caught After 13 Years of Working while Receiving Disability Benefits

OI and the U.S. Postal Inspection Service conducted another investigation of a disability beneficiary who was working under another SSN. The investigation determined that the individual had worked at a U.S. Postal Service facility under the second SSN since 1984. SSA overpaid the individual and his family \$109,116.

The individual was prosecuted civilly through the Department of Justice's Affirmative Civil Enforcement program. Based on a "Stipulation For Judgment By Consent," the individual agreed to pay damages of \$167,000.

SSI Eligibility Fraud

The SSI Eligibility Fraud initiative was established to identify ineligible SSI

recipients, stop fraudulent payments, recover monies, and initiate administrative actions and criminal investigations when possible. The primary theme driving the project is to identify SSI recipients who may not reside in the United States, may be deceased, or may be fictitious—and who have not had a recent, face-to-face redetermination.

In FY 1999, OI had four projects related to this initiative. The following highlights the accomplishments of these efforts.

New York Project. The New York Field Division continued its partnership with SSA's Region II in a major SSI Eligibility Verification Project. During FY 1999, statistical accomplishments included: 86 investigations that resulted in locating 3,930 individuals whose overpayments amounted to \$7,838,128. The suspension and termination of these benefits to individuals resulted in \$56,002,816 in estimated savings. The ineligible recipients fall into a number of categories including those who:

- Were absent from the United States or who failed to correctly report their time outside of the United States.
- Failed to respond to SSA's official notice to report or provide required information.
- Were found to be deceased.
- Exceeded SSI income and resource levels.

OI continues to review project results and open criminal cases as information warrants.

During June 1999, the next phase of the New York Project was initiated involving a sample of 15,992 additional SSI recipients who will be evaluated and selected for redetermination interviews. Because of the

success of the New York project, SSA along with OIG are working together to expand this project to other areas. For example, this project was expanded to New Jersey where an additional 7,982 SSI recipients were selected for review.

Chicago Project. In October 1998, OIG selected a group of 1,177 SSI recipients in the Chicago area for review. OI mailed questionnaires to these individuals and from these, OI identified 598 recipients who were then scheduled for redetermination interviews. During the first 2 weeks of December 1998, a team consisting of OI Special Agents and SSA Region V representatives interviewed 316 of these recipients. The remaining 282 recipients were scheduled for redetermination interviews by the local SSA field offices (FO). The interviews and redeterminations are now completed. It was determined that 81 subjects were overpaid a total of \$88,593, and their suspensions and terminations resulted in \$1.4 million in estimated savings.

Miami Project. At our request, the State of Florida agreed to work with OI to identify SSI recipients believed to be ineligible for SSI; this resulted in a list of 8,900 individuals. OI reviewed this list and identified 857 high-risk cases. SSA agreed to conduct eligibility redeterminations for these recipients and mailed them a letter requesting that they visit the local SSA FO for an eligibility redetermination interview.

During February 1999, OIG conducted unannounced visits to recipients who did not respond to the request for a redetermination and to recipients whose addresses could not be verified by their bank or the U.S. Postal Service.

Eighty-eight individuals were overpaid a total of \$284,004 and their suspensions and terminations resulted in \$810,140 in estimated savings.

Dallas Project. At the request of the Immigration and Naturalization Service (INS) and the U.S. Customs Service, OI conducted a special operation at ports of entry to identify ineligible SSI recipients. Phase I was held in Laredo, Texas, in August 1998; Phase II was held in Eagle Pass, Texas, in December 1998; and Phase III was conducted in Brownsville, Texas, in February 1999. All three phases resulted in 64 investigations involving 69 individuals with a fraud loss of \$186,047 and estimated savings of \$284,921.

Of the 69 subjects, 47 involve SSI fraud with 9 SSI cases from the Laredo initiative accepted for Federal prosecution in FY 1999. In July 1999, three individuals found to be residing outside the United States while receiving SSI payments were arrested. The remainder of the cases from the three phases involves SSN card fraud and tax evasion. Additionally, the Texas Department of Human Services Inspector General has reported a fraud loss in the Texas State Medicaid program of \$482,653 from this investigation.

The OI field divisions also conducted the following investigations involving SSI fraud.

Man Embezzles over \$55,000 in SSI Disability Benefits

An OI investigation determined that a man converted approximately \$55,000 in SSI disability benefits to his own use. He worked at a company that served as the Rep Payee for SSI recipients. The man embezzled the funds earmarked for these individuals.

He was ordered to repay \$53,110 and was sentenced to 4 months' imprisonment, followed by 4 months' community confinement and 5 years' supervised release. He was also ordered to receive mental health treatment.

Rep Payee Sentenced for SSI Fraud

The Connecticut Chief State's Attorney's Office (CSAO) referred a case involving a man who was the Rep Payee for his parents, who were receiving concurrent SSI and Social Security disability benefits. CSAO had been investigating the individual for arson and determined during their investigation that he had defrauded the State and SSA by failing to report that his parents were residing in Portugal while collecting benefits from SSA and the State. The investigation also revealed that his father died in Portugal in 1993.

The man pled guilty to larceny and the fraud against SSA and the State. He was sentenced to 3 years' incarceration and 5 years' probation. As part of his guilty plea, the man released \$121,000 from an escrowed account to the State of Connecticut; \$8,975.68 of that amount was paid to SSA as full restitution.

Institutionalization

In most instances, the Social Security Act prohibits SSI payments to individuals who are confined or reside in a public institution for a full calendar month. The Act also prohibits Old-Age, Survivors and Disability Insurance (OASDI) payments to individuals who are confined in a penal institution after being convicted of an offense punishable by imprisonment for more than 1 year and those individuals who are confined by court order in an institution at public expense in connection with specific verdicts or findings in certain criminal cases. As highlighted

earlier in our Fugitive Felon Project discussion, an August 1996 change to the Social Security Act also makes a person ineligible for SSI payments if they are a fugitive from justice.

The following cases highlight OI's effort in this area.

SSI Recipient Arrested for Shooting a New York City Police Officer

The New York City (NYC) Police Department requested OI's assistance with an investigation involving a man who was wanted in connection with the shooting of a NYC Police Officer. The New York State Division of Parole also wanted the individual for violating his parole. OI's investigation led to a Pennsylvania address where the individual was arrested. After his arrest the individual confessed and named his accomplices. This led to the apprehension of four additional suspects who were involved in the crime. The investigation resulted in a fraud loss to SSA of \$2,181 and estimated savings of \$35,220.

Rep Payee Failed to Report Son's Incarceration

A Rep Payee was sentenced to 5 years' probation and ordered to make restitution to SSA in the amount of \$93,667. The individual failed to notify SSA that her son, a beneficiary, was incarcerated. The investigation disclosed that the son began receiving disability benefits in 1979. In 1985, his mother became his Rep Payee. In 1987, the son was imprisoned for armed robbery and was paroled in 1991. He was imprisoned again in 1991 and remained incarcerated until January 1997. In July 1997, the son was arrested on Federal charges and in May 1998 he escaped.

Approximately 4 days later he was convicted in his absence and is currently a fugitive.

Fugitive Felon Arrested after Being Wanted for 6 Years

When a fugitive felon contacted SSA about his SSI payments, an alert SSA employee determined that there was an outstanding arrest warrant on his record. The employee notified her supervisor who immediately referred the case to OI. Special Agents assisted the local police department in arresting the fugitive, once they verified the warrant. The fugitive was overpaid \$47,859.60 in SSI payments. This fugitive had been wanted for 6 years on a charge of molestation of a child under the age of 14.

Payments Made to Deceased Individuals

OI receives allegations about individuals who are illegally receiving Social Security payments issued to deceased SSA beneficiaries. This information is received from a variety of sources including SSA, Federal, State and local agencies, businesses, and concerned citizens. Due to the frequency of these referrals, OI has developed, implemented, and participated in projects to identify unreported deaths and individuals who negotiate payments issued to deceased individuals.

For example, OI participated with SSA and its field offices in its Centenarian and Nonagenarian projects. As part of the project, SSA's field offices contact all beneficiaries who attained the age of 98, 99, or 100 during FY 1999. During this period, SSA identified and verified the status of 87,955 Centenarian/Nonagenarian cases for review, which resulted in 116 referrals to OIG.

The following three cases highlight some of OI's work related to this area.

Man Sentenced for Fraudulently Obtaining \$97,000 in Social Security Benefits by Concealing the Death of His Father

Based on an SSA referral, OI conducted an investigation of an individual who refused to divulge the location of his 101-year-old father, who had been receiving Social Security benefits since January 1961. There was strong suspicion that the father was deceased and that the son had concealed his father's death to continue receiving the father's benefits.

During interviews with the son, Special Agents were unable to determine the father's whereabouts. They also could not find a death certificate filed with the State Bureau of Vital Statistics; however, their investigation later determined that the father died in 1970.

The son pled guilty to Social Security fraud in Federal court. He was sentenced to 21 months in prison and ordered to make restitution to SSA totaling \$97,141. He was also ordered to pay a \$2,500 fine and a \$200 special assessment fee. To ensure full restitution, the judge ordered the man to consign to SSA his lease agreement with Bell South Corporation for a telecommunications tower located on his property.

Husband and Wife Scheme to Embezzle Deceased Parents' Benefits

A husband and wife were sentenced to 5 years' probation and ordered to pay joint restitution of \$100,357 to SSA after pleading guilty to the embezzlement of Social Security benefits intended for the wife's deceased parents.

An investigation conducted by OI and the U.S. Secret Service determined that the wife's parents, who were Social Security beneficiaries, died in 1994. Their deaths were not reported to SSA. SSA benefits totaling \$100,357 continued to be direct deposited into the deceased couples' bank account. After their deaths, the daughter and her husband assumed the identities of the deceased parents and continued to use the benefits for their own personal gain. In furtherance of the scheme, the daughter, impersonating her mother, called and wrote letters to SSA.

79-Year-Old Son Cashed Deceased Mother's Checks

As part of the "Centenarian Project," an SSA FO was unable to contact and verify receipt of benefits for an SSA beneficiary over age 100. OI conducted an investigation revealing that the 79-year-old son of the deceased had been cashing his mother's SSA checks since her death in 1981. Loss to SSA was \$117,494. Because of the son's age, it was determined that a civil action through the Department of Justice's Affirmative Civil Enforcement program was appropriate. As a result, the son was ordered to pay triple damages and a \$10,000 fine to SSA. The total was \$352,482.

SSN Misuse

The expanded use of the SSN as an identifier has given rise to the practice of counterfeiting SSN cards, obtaining SSN cards based on false information, and using SSNs belonging to another to obtain benefits and services from Federal programs, credit card companies, retailers, and other businesses.

Because of the passage of the Identity Theft Act, OI has stepped up its focus on SSN misuse investigations.

The following cases highlight both program-related and other SSN misuse investigations.

Program Fraud Cases

Defendant Convicted of Violating New Identity Theft Statute

OI received a referral from the Wisconsin Capitol Police, which resulted in what is believed to be the first Federal prosecution under the new Identity Theft Act. On April 21, 1999, an SSI recipient was indicted for identity theft, SSN misuse, and making false statements to SSA and the Internal Revenue Service (IRS).

OI's investigation revealed that the man had obtained the SSN of another individual and then used the SSN to obtain employment as a cleaning crew supervisor. He subsequently stole over \$80,000 in computer equipment from the State of Wisconsin office where he worked. In addition, the man had falsely told SSA that he was not employed in order to receive full SSI payments, which resulted in an overpayment in excess of \$6,800. He also used the SSN of the victim to obtain a Wisconsin Identification card that he then used to open a bank account in the victim's name. He also filed false income tax returns with the IRS using the victim's name and SSN.

The man was sentenced to 21 months in prison and ordered to pay \$62,846 in restitution to the Wisconsin Supreme Court.

SSI Recipient Receives Benefits under Two SSNs

An individual applied for and was issued two SSNs after submitting false information to SSA. In 1974, he applied for and began receiving SSI payments under one SSN. In July 1990, he applied for and began receiving

SSI payments under the second SSN. This scheme allowed him to unlawfully obtain SSI payments and an additional \$5,000 in food stamps and Ohio welfare assistance payments. Special Agents arrested the man on a Federal warrant. He was charged with knowingly stealing, embezzling, purloining, and converting SSI funds for his own use in the amount of \$92,018.08.

Man Sentenced to 1-Year Imprisonment for Collecting Disability Benefits while Working Under Another SSN

SSA provided information to OIG which resulted in an investigation of an individual who had been collecting disability benefits since September 1991, and at the same time working under an assumed name and SSN. During an interview with OI Special Agents, the individual confessed and provided a signed sworn statement. A Federal district judge sentenced the individual to 1-year imprisonment and 3 years' probation. He was ordered to pay a special assessment of \$100 and to make \$73,398 restitution to SSA.

Man Assumes Deceased Individual's Identity to Conceal Work Activity

A Social Security disability beneficiary admitted using the name and SSN of a deceased individual to work. While working under the deceased's name and SSN, he also staged accidents and filed workers' compensation claims for alleged injuries.

He pled guilty to Theft of Government Money and was sentenced to 5 months' custody of the Bureau of Prisons to be followed by 3 years' supervised release. He was ordered to pay \$56,728.33 restitution to the SSA.

Man Obtains SSN to Create False Identity and Conceal Employment

OI's investigation revealed that a man devised a fictitious identity by fraudulently obtaining an SSN in 1970. He used this fictitious identity to prevent unpaid creditors from garnishing his wages. The man also applied for Social Security disability benefits in 1976 under his true SSN. Shortly after he was awarded benefits, he returned to work. For the next 23 years he concealed his earnings under the fictitious SSN. His scheme unraveled when he tried to apply for benefits under his fictitious identity and SSN, at which point SSA linked the two identities and referred the case to OI.

He was sentenced to 3 years' probation, with the first 6 months in home detention with electronic monitoring, and ordered to pay \$110,000 restitution to SSA.

Other SSN Misuse Cases

Government Employee Steals SSN to Fraudulently Obtain Credit Cards

OI and the U.S. Postal Service conducted an investigation of an individual who obtained names, dates of birth, and SSNs from personnel folders while working for the Federal Government. He used this information to apply for 53 credit cards, of which he received 3 cards.

The man was charged with using one or more unauthorized access devices and one count of fraudulent use of an SSN. He was sentenced to 16 months' imprisonment and 3 years' supervised release and ordered to pay \$5,893.74 restitution and a special assessment of \$200.

Man Impersonated an OI Special Agent to Obtain Personal Information and File for SSNs

An individual, impersonating an OI Special Agent, obtained personal information about his victims and filed fraudulent SSN applications. These SSNs were used to commit financial crimes against various financial institutions.

He was sentenced to 71 months in Federal prison, 5 years' supervised released, and ordered to pay \$114,033 restitution to various financial institutions for his part in the conspiracy.

Woman Misused SSNs to Illegally Obtain Loans

In a joint investigation, OI discovered that a woman, while using an SSN that she invented, obtained a Department of Housing and Urban Development mortgage loan in excess of \$76,000 for a new house and an automobile loan in excess of \$11,000. She then attempted to obtain a \$12,500 home improvement loan using the same SSN. The lending institution became suspicious of the home improvement loan when they realized that it was for a brand new house. She never made a payment on the house, and the automobile was repossessed.

She was sentenced to 6 months' home confinement, 3 years' supervised release, and ordered to perform 150 hours of community service after pleading guilty to misuse of an SSN to obtain loans.

Man Incarcerated for Conspiring with an SSA Employee

OI conducted this investigation with a local police department, the U.S. Secret Service, and the FBI. This investigation was initiated

after it was discovered that an SSA employee had, without authorization, obtained numerous SSA disability documents and accessed SSN information. The employee sold the documents and information to a man who used the information to fraudulently purchase about \$425,000 in paging services, computer components, cellular telephones, an automobile, rental cars, and other goods and services.

The man was charged with the unlawful use of unauthorized access devices and was sentenced to 27 months' incarceration, 3 years' supervised release, and ordered to pay \$264,781 restitution. The SSA employee was charged with the unlawful disclosure of SSNs, sentenced to 3 years' supervised probation, and resigned from her position at SSA.

Other Cases and Projects of Interest

The following selections represent other OI efforts nationwide.

Woman Sentenced for Defrauding SSA and Various Financial Institutions

OI worked with the FBI to investigate a woman who was receiving SSI payments for herself and acting as a Rep Payee for three children and one grandchild. The investigation established that the woman defrauded SSA out of \$55,192, the Food Stamp program out of \$3,502, and various financial institutions out of \$52,919. She was charged with the following offenses in a 28-count felony indictment:

- purchasing five automobiles using false SSNs;

- misusing \$5,890 in disability benefits paid to her on behalf of a grandchild who she had stated was in her care, but who, in fact, had never been in her care;
- wrongfully receiving \$21,195 by failing to report the receipt of State child support for two of her children for whom she was also receiving full SSI payments;
- wrongfully receiving \$25,425 by failing to report her own income and resources, which precluded SSI entitlement for herself;
- wrongfully receiving \$2,681 by periodically reporting that she did not receive SSI checks for her children and herself, while she actually cashed both the original and replacement checks; and
- submitting fraudulent Food Stamp applications.

On January 25, 1999, the woman was sentenced to 15 months' incarceration, ordered to pay \$500 in special assessments, and ordered to pay \$111,613 in restitution to SSA, the Food Stamp program, and several financial institutions.

Private Investigator Impersonates an SSA Manager and Law Enforcement Official to Obtain SSA Information

Based on a referral from an SSA employee, OI identified an individual who impersonated an SSA FO Manager and a law enforcement official. The individual would contact an SSA employee and request various personal information from SSA's records. Believing the request was legitimate, the SSA employee would fax the information to the individual. OI's investigation determined that the individual was really a private investigator

who used the SSA information for commercial advantage and financial gain.

The individual was sentenced in Federal court to 2 months' home detention and 3 years' probation. He was fined \$5,000 and prohibited from acting as a licensed private investigator during the 3 years of probation. Documents found during a forensic examination of the individual's computer, indicated that he had used a similar scheme to obtain information from numerous Government and private organizations.

Rep Payee Fraudulently Converted Benefits to Her Own Use

OI conducted a joint investigation with the FBI on an individual who was a fee-for-service Rep Payee for 320 individuals. The investigation determined that the individual fraudulently converted to her own use SSA and SSI funds totaling approximately \$274,000. The individual was sentenced in Federal court to 18 months' incarceration, 3 years' probation, and ordered to pay full

restitution to SSA on behalf of the 320 individuals.

Rep Payee Misuses Funds and Bribes Witness to Lie

A former guardian and Rep Payee to numerous elderly and incapacitated VA and SSA recipients misappropriated their benefits for her own personal gain. When the woman learned of the Federal investigation, she tried to obstruct the investigation by attempting to bribe a witness and instructing him to lie to the OI Special Agents.

The woman was sentenced to 37 months' incarceration and 3 years' supervised release and was also ordered to make restitution totaling \$200,000 to the five VA and SSA recipients that she had defrauded. Prior to sentencing, the woman presented the probation office with a check for \$200,000 as payment for the anticipated restitution order.

Office of Audit

OA is organized into issue area teams that conduct comprehensive financial and performance audits of SSA's programs and operations. Our audits result in recommendations to ensure that SSA's program objectives are achieved effectively and efficiently. We also conduct management and program evaluations that identify and recommend ways of preventing program fraud and maximizing efficiency.

During FY 1999, we issued 59 reports with recommendations of \$84 million in questioned costs and approximately \$270 million in Federal funds that could be put to better use. The results of our significant work are discussed in the following sections.

Enumeration

Enumeration is the process by which SSA assigns original SSNs, issues replacement cards to people with existing SSNs, and verifies SSNs for employers and other Federal agencies.

The importance placed on SSNs in today's society provides a tempting motive for individuals to fraudulently acquire an SSN and use it for illegal purposes. These crimes affect the victims' attempts to receive legitimate benefits and harm their credit ratings. In addition, the financial industry passes on the cost associated with identity theft to all of their consumers.

During FY 1999 we issued three significant reports in this area.

Using Social Security Numbers to Commit Fraud

We performed this review to inform SSA officials of trends involving the fraudulent uses of SSNs. The report described selected SSN fraud cases, which OI referred to the Department of Justice for prosecution. Our report included observations regarding the use of SSNs to commit identity fraud that SSA can use as a catalyst for changes essential to ensuring the integrity of SSA's enumeration responsibility.

OA recommended that SSA:

- Make it clear through its policies and performance measures that fraud prevention measures should never be circumvented to satisfy customer service demands.
- Incorporate preventive controls in its Modernized Enumeration System.
- Require verification from the issuing State when an out-of-State birth certificate is presented as evidence for an SSN application.
- Continue efforts to have the INS and State Department collect and verify enumeration information for aliens.

In response to our report, SSA plans to issue a reminder to FO personnel regarding the importance of adhering to fraud prevention procedures, irrespective of customer service demands. SSA stated that it would work with OIG to target potential fraudulent activity when multiple SSNs are sent to the same address and hoped to obtain on-line access to

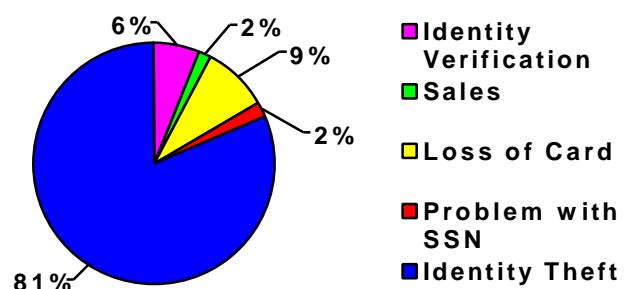
State vital records data in the future. Additionally, SSA is currently conducting two pilots in which the Agency will test the fraud prevention benefits of more stringent birth certificate verification procedures. SSA also plans to continue its efforts with INS and the State Department for those agencies to collect enumeration information for noncitizens, continue to be vigilant in guarding against fraudulent documents, and continue to work with INS to shorten the verification process.

In the Agency's final comments to this report, Commissioner Apfel reiterated his concern regarding the serious issue of SSN misuse and promised that the Agency would be proactive in fighting this problem. Nevertheless, the Agency continued to disagree with several of our recommendations because it believed that the suggested measures would negatively impact customer service.

Analysis of Social Security Number Misuse Allegations made to the Social Security Administration Fraud Hotline

In a related report, we identified the different types of SSN misuse allegations and estimated the number of occurrences for each category during the period of our review. Our analysis showed that the sampled Hotline allegations or contacts could be placed in five categories: identity verification; sales solicitation; loss of SSN card; problems with SSN; and identity theft. Our report noted about 81 percent of the SSN misuse allegations the Hotline receives relate directly to identity theft. As a result, OI staff will conduct more reviews in this area to determine the validity of those allegations.

Sample Hotline Contacts Received



Review of Controls over Nonwork Social Security Numbers

Nonwork SSNs are issued to legal aliens who do not have authorization from INS to work in the United States. The Social Security Act included no provision for the issuance of nonwork SSNs. Over time, use of the SSN spread to other Federal and private entities and it became apparent that many aliens who were lawfully present in the United States without work authorization needed SSNs for other purposes.

SSA's policy of crediting nonwork SSNs with earnings for periods of unauthorized work has been, and will continue to be, very costly to SSA's Trust Fund unless it is changed. As of May 1998, unauthorized earnings associated with nonwork SSNs have already cost SSA's Trust Fund an estimated \$287 million. If SSA continues to pay benefits to these individuals and/or their dependents, SSA may spend an additional \$63 million per year. Over the lifetime of the nonwork number holders and their dependents, we estimate that unauthorized earnings associated with these accounts will cost the Trust Fund approximately \$1.7 billion.

We reviewed the nonwork SSN applications processed at three FOs and determined the controls over this process are insufficient.

We found that FOs erroneously issued Social Security cards to individuals not authorized to work, and issued nonwork SSNs to individuals who did not have a valid reason for them.

We recommended SSA:

- Seek legislation to prohibit the crediting of nonwork earnings for purposes of benefit entitlement.
- Conduct periodic quality reviews of processed SSN applications and provide timely feedback to FO personnel.
- Review the 452 unrestricted SSNs issued erroneously to identify other coding errors that resulted in the incorrect issuance of Social Security cards.
- Perform its own actuarial calculations of the effects of the nonwork quarters of coverage on benefit payments, if deemed necessary, to support changes in legislation.

SSA did not agree to implement any of our recommendations. Instead, SSA believes the issues identified in our report would be more appropriately addressed through alternate initiatives and will conduct a study in this area. Nevertheless, we continue to believe that our recommendations are valid and, therefore, we have encouraged SSA to reconsider its initial response.

Earnings

Social Security benefits are based on an individual's earnings as reported to SSA. SSA establishes and maintains a record of an individual's earnings for use in determining an individual's entitlement to benefits and for calculating benefit payment amounts.

Patterns of Reporting Errors and Irregularities by 100 Employers with the Most Suspended Wage Items

Title II of the Social Security Act requires SSA to maintain records of wages employers pay to individuals. SSA matches employees' SSNs and names to SSA's master file to post their earnings to the Master Earnings File. Wage items that fail to match SSA name and SSN records are placed in the Earnings Suspense File.

We conducted this audit to identify patterns of errors and irregularities in wage reporting for those 100 employers who had the most suspended wage items from 1993 through 1996. We also reviewed SSA's controls and edits to detect patterns of errors and irregularities in wage reporting practices. Our review showed that 84 of the 100 employers experienced increases in their suspense items over the 4-year period, increasing at a 40-percent growth rate versus a 29-percent growth rate for the entire Suspense File. This included 27 employers with increases of 100 percent or more. The number of suspended W-2s for a restaurant chain grew from 283 in 1993 to 3,617 in 1996, a 1,178-percent increase. The 1996 Suspense File for the 100 employers contained various patterns of reporting errors, including:
(1) duplicate mailing addresses;
(2) unassigned SSNs; (3) SSNs used two or more times; and (4) reporting three or more consecutively numbered SSNs.

We recommended that SSA: (1) develop and implement a corrective action plan for the 100 employers and continue efforts to contact those employers who are responsible for large numbers of suspended wage items and (2) improve its internal control procedures by establishing preventive controls to detect wage report errors and irregularities.

SSA officials did not have any major comments or concerns regarding the audit results or the presentation of the data in the report. SSA noted that over the last 3 years it has been contacting approximately 7,000 employers with 100 or more suspense items annually. However, problems have persisted; currently IRS does not penalize employers for W-2 reporting errors.

Systems

One of the challenges facing SSA is giving the public the service it expects during a period of increasing demands without a corresponding increase in staff. Demographic changes in the Nation's population over the next several years will cause substantial increases in SSA's operational workloads. To meet this challenge, SSA must increase reliance on automated systems. The sensitivity of the data maintained and the magnitude of funds expended make controls in automated systems critical to the integrity of SSA programs and client satisfaction.

To assist SSA in ensuring the integrity of the controls over application software development and maintenance at SSA, we conducted the following reviews.

Identifying and Validating Non-Mission Critical Software for Year 2000 Compliance

We conducted an audit to determine whether SSA's non-mission critical software has been identified and validated for Year 2000 (Y2K) compliance. Our review identified two areas of concern. First, SSA's Y2K inventory of non-mission critical software was incomplete. Without a complete Y2K inventory maintained on SSA's servers, SSA cannot ensure that all of its commercial software is Y2K compliant. Second, our tests identified 54 data files (32 percent) provided by commercial applications with 2-digit dates.

Files having 2-digit dates could potentially disrupt SSA's non-mission critical operations with system failures or corrupt information.

SSA has either agreed to take action or has taken action to address our concerns. SSA is using two software packages to assist in identifying files with two-digit dates. In addition, SSA has instructed components to review reports generated from these utilities to investigate and take action on potential Y2K problems.

Follow-up Audit of Physical Security at the Social Security Administration's National Computer Center (Confidential Report)

To ensure SSA has adequate security of its information resources and facilities, we conducted a follow-up audit of SSA's progress in implementing recommendations from a prior report, *Review of Physical Security at the Social Security Administration's National Computer Center* (A-13-96-11046), issued in June 1997. During our follow-up, we identified physical security concerns that warranted management's immediate attention. We conducted briefings with senior management and prepared a management advisory report detailing the specific deficiencies that must be addressed. SSA agreed with all but 1 of our 11 recommendations. **Because of the sensitive nature of this audit, we cannot describe the findings of this report. The report is not available for distribution.**

Contingency Planning for the Social Security Administration (Confidential Report)

We initiated this audit to follow up on prior audit findings related to SSA's back-up and recovery procedures. We expanded the scope to address the overall effectiveness of SSA's contingency planning for unexpected events,

which could interrupt service delivery throughout SSA. Inadequate preparation for contingencies could significantly impact SSA's ability to provide timely services to its customers.

Our findings revealed that SSA's contingency planning program did not comply with Federal criteria established by the Computer Security Act of 1987, the Office of Management and Budget (OMB) Circular A-130, *Security of Federal Automated Information Resources*, and the National Institute of Standards and Technology. The fundamental cause of deficiencies can be attributed to an infrastructure that lacks clearly defined roles and responsibilities for contingency planning. We briefed the Agency on our findings and issued a report with 20 recommendations. **Because of the sensitive nature of this audit, we cannot describe the findings of this report. The report is not available for distribution.**

In general, SSA agreed with our recommendations and commented that they had convened an agencywide task force to address contingency planning issues.

Testing of the Contingency Plan for the Social Security Administration's National Computer Center (Confidential Report)

We evaluated the effectiveness of SSA's testing of the contingency plan for the National Computer Center (NCC). The review focused on whether or not SSA adequately tested its ability to reestablish its NCC operations at a remote facility after a large-scale disruption such as a natural disaster or massive sabotage.

We identified several instances where SSA did not adequately test key elements of its contingency plan for NCC operations.

Because of these deficiencies, the Agency cannot be sure of its ability to reestablish NCC operations at a remote facility.

As a result of our review, we made nine recommendations to the Agency. SSA took exception to one recommendation, yet we believe that this recommendation needs to be implemented. **Because of the sensitive nature of this audit, we cannot describe the findings of this report. The report is not available for distribution.**

Supplemental Security Income

The General Accounting Office declared SSI a high-risk program in February 1997. To assist in ensuring the integrity of the SSI program, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (commonly known as the Welfare Reform Act), which requires that SSA conduct CDRs in certain instances. The Welfare Reform Act also authorized appropriations for CDRs and redeterminations for FYs 1997 and 1998. SSA reports annually on its progress in conducting CDRs.

Welfare Reform Childhood Redetermination Accuracy

The objective of this review was to determine how SSA will investigate and correct accuracy problems for cessations and continuances of children redetermined by State DDS offices.

On December 17, 1997, SSA released a report, *Review of SSA's Implementation of New SSI Childhood Disability Legislation*, that outlined its findings on the implementation of new childhood disability provisions in the Welfare Reform Act. Under

this Act, individuals under age 18 are considered disabled if they have a medically determinable physical or mental impairment that results in marked and severe functional limitations and meets the statutory duration requirement.

SSA's report stated that, overall, SSA and the DDSs had done well in implementing the provisions of the Welfare Reform Act. However, because SSA found some inconsistencies in the application of the rules, there were problems with the accuracy of the assessment of childhood cases at the DDS offices. SSA further stated that SSA and DDS staff would be given updated training, many of the cases that were ceased under the new disability criteria would be reworked, continuances would be reviewed on a priority basis, and certain disability criteria would be revised. After SSA issued its report, SSA established a steering committee to implement these corrective actions.

Our review found that SSA had taken action to provide training, rework ceased cases, and revise criteria, but SSA had not given priority to potentially erroneous continuances. We estimated that at least \$9.5 million in Federal and State SSI funds were at risk over a 1-year period if SSA failed to identify and correct inaccurately continued SSI childhood cases. By correcting problems with cessation and continuance cases, SSA can offset most of the Federal and State costs incurred by the process while ensuring that all children who should continue receiving SSI payments do so and those whose payments should be ceased are stopped.

We recommended that SSA identify questionable continuation cases and update their profiles to expedite the next scheduled CDR. SSA agreed with the overall conclusion that CDRs on childhood continuances made by States with low

continuance accuracy is important. SSA also noted that it planned to release these cases for CDRs early in FY 1999. However, SSA took exception to our statistical calculations. As a result, we provided our most conservative estimates of funds at risk by providing an estimate range and adjusting these estimates to reflect the expected appeal and overturn rates.

Payment Accuracy Task Force Report – SSI Unearned Income

Prompted, in part, by the General Accounting Office's 1997 designation of SSI as a high-risk program, SSA issued a self-challenge to increase the SSI payment accuracy rate to 96 percent by FY 2002. Through a cooperative effort between SSA and OIG, the Agency established a Payment Accuracy Task Force.

Unearned income includes annuities, pensions, and other periodic payments; alimony and support payments; dividends, interests and royalties; rents; prizes and awards.

In FY 1999, the Task Force reviewed and developed the causes of SSI unearned income errors and developed agencywide recommendations to improve payment accuracy. The Task Force recommended several changes to help decrease SSI unearned income payment errors.

The Task Force recommended that SSA:

- Reinforce unearned income reporting responsibilities.
- Retitle the Program Operations Manual System section on prizes, and modify Modernized Supplemental Security Income Claims System screens to add

information about gambling and lottery winnings.

- Adapt the Unearned Income portion of the Interactive Video Training for on-line training.
- Pursue direct on-line access to State Child Support Enforcement.

Old-Age, Survivors and Disability Insurance

OASDI programs, commonly referred to as Social Security, provide a comprehensive package of protection against the loss of earnings because of retirement, disability, and death. Monthly cash benefits are financed through payroll taxes paid by workers and their employers and by self-employed individuals. Social Security is more than retirement, it also provides protection for surviving spouses and children. OA conducted several reviews about the Social Security Program, which are described in this section.

School Attendance by Child Beneficiaries Over Age 18

The Social Security Act provides benefits to children of insured workers upon the retirement, death or disability of the worker. Generally, child beneficiaries may continue to receive benefits until they marry or reach age 18. Amendments to the Act provide for extended benefits beyond age 18 to enable child beneficiaries who are full-time students to complete their education.

We conducted this audit to determine the propriety of Social Security benefits to student beneficiaries reaching age 18 and the adequacy of controls and procedures to ensure they attended school on a full-time basis.

Our review disclosed that an estimated 30,991 individuals received payments to which they were not entitled. Also, we were unable to determine the propriety of payments to an additional 35,950 individuals. We estimated that the incorrect and unsupported payments amounted to \$73.9 and \$140.4 million, respectively.

The incorrect payments occurred because SSA had not established an effective monitoring system to detect when students were not attending school on a full-time basis. In addition, SSA had not established automated controls to prevent overpayments resulting from clerical errors in determining the maximum age of entitlement for students.

The unsupported payments occurred because SSA's procedures require that documentation related to student beneficiaries be destroyed 120 days after processing. Also, SSA had not retained sufficient information to otherwise support its basis for awarding student benefits.

We recommended and SSA agreed to:

- Request assistance from school officials in identifying and reporting changes in student attendance that may affect their benefit status.
- Evaluate the feasibility of shifting the responsibility for monitoring student beneficiaries from the program service centers to the FOs.
- Obtain additional information from schools about student attendance before awarding benefit payments.
- Provide training and guidance to employees who monitor student beneficiaries to ensure that they fully understand the requirements for

determining the maximum age of entitlement.

- Perform a follow-up review to identify all students in current pay status beyond age 19 years, and 2 months prior to the end of FY 2000.
- Retain school information to provide the supporting documentation for awarding student benefits and the necessary information for monitoring student beneficiaries.

Waivers Granted for Title II Overpayments Exceeding \$500

SSA's procedures allow FO employees to waive the recovery of overpayments if a beneficiary is "without fault" and the recovery would "defeat the purpose of the Social Security Act" or is "against equity and good conscience." We conducted this audit to determine whether SSA granted waivers of overpayments exceeding \$500 to beneficiaries in accordance with the Social Security Act.

Our review disclosed that an estimated 2,260 waivers of overpayments were incorrectly granted and an additional 13,058 waivers were inadequately supported. We estimated that the incorrect and unsupported waiver decisions amounted to \$4.3 million and \$37.4 million, respectively.

Because of the complexity and subjectivity of the waiver process, we determined that the incorrect waiver decisions resulted from: (1) the misapplications of waiver criteria by FO employees and (2) clerical errors. We considered other waiver decisions to be unsupported because: SSA was unable to provide us with the case folders; supporting documentation for the waiver decisions was missing; or FO employees did not adequately develop the cases.

We recommended that SSA:

- Provide FOs with additional guidance and training to clarify when recovery of overpayments from beneficiaries would "defeat the purpose of the Social Security Act" or be "against equity and good conscience."
- Strengthen procedures to preclude waivers to beneficiaries who have the ability to repay their debts.
- Revise procedures to clarify what constitutes "lack of good faith" to ensure that waivers are denied to beneficiaries who are at fault for causing their overpayments.
- Improve controls over the retention of case folders, including supporting documentation for waiver decisions.
- Instruct FOs to document the verification of all information, either financial or testimonial.

SSA agreed with the intent of the recommendations but did not believe that all of the suggested changes would achieve the desired results. Generally, SSA attributed the findings to insufficient training rather than inadequate procedures and is working to prepare and schedule an updated training program.

Performance Monitoring

We developed a 3-year work plan (see Appendix A) to review SSA's implementation of the Government Performance and Results Act (GPRA). In implementing this plan, every OA issue team conducts GPRA-related reviews, with one issue team dedicated to coordinating all GPRA reviews. All of the teams determine the reliability of SSA's

performance data and ensure that SSA's implementation of GPRA is in accordance with GPRA requirements. Additionally in FY 1999, we acquired contracted services to assist us in completing our 3-year plan.

Performance Measure Review: Evaluation of the Thirteenth Annual Social Security Customer Satisfaction Survey Data

Since 1984, SSA's Annual Customer Satisfaction Survey has served as SSA's gauge of how well it serves the public. The enactment of GPRA, in August 1993, highlighted the importance of the data collected by the Customer Satisfaction Survey. Three of SSA's GPRA performance goals relate directly to data collected through the Customer Satisfaction Survey—overall customer satisfaction, staff courtesy, and clarity of SSA mail.

We evaluated the survey data to determine whether SSA's performance measurement data for its overall customer satisfaction, staff courtesy, and clarity of mail were accurate and appropriately measuring performance in these areas.

The Customer Satisfaction Survey accurately measured performance in overall customer satisfaction, staff courtesy, and mail clarity for the population that it reached. However, not all types of SSA customers were sampled. Also, the proportion of disabled customers in the FY 1997 sample was less than in previous years, which may have affected the overall satisfaction rating which had increased.

We recommended SSA identify and address the populations not currently reached by the Customer Satisfaction Survey and track the effects of the proportion of disabled customers on the overall satisfaction rating.

In its response, SSA agreed with our recommendations. It plans to expand the universe of customers surveyed with the Fifteenth Annual Survey and expects that the changes already made in the sampling selection methodology will provide a sample more representative of SSA's universe of customers.

Performance Measure Review: Periodic Full Medical Continuing Disability Review Data Collection

A periodic CDR is routinely conducted to determine whether a disabled individual is still medically eligible to receive benefits under the Disability Insurance (DI) or SSI programs. This evaluation assessed SSA's process to accumulate and report periodic full medical CDR workload data to Congress.

Overall, SSA's process for accumulating aggregate full medical CDR workload data was adequate, but the National Disability Determination Services System (NDDSS) did not have the capability to fully distinguish periodic CDRs from other workloads for congressional reporting. As a result, SSA could not ensure that all full medical CDRs reported in FY 1997 were correctly classified as periodic CDRs. These NDDSS classification problems increase the risk that SSA is over-reporting the number of periodic CDRs performed to Congress.

Although the CDR classification codes are key to SSA's attempt to categorize CDR workloads, SSA has not provided consistent guidance on these codes to the DDS offices. Also, the multiple software programs and computer systems DDS offices use make coding problems difficult to monitor and correct. We found that six of the seven DDS offices contacted lacked a complete, up-to-date listing of codes in their NDDSS interface software programs.

To assist the DDS offices with their CDR workload and improve the accuracy of CDR data reported to Congress, we recommended that SSA: (1) provide guidance to SSA and DDS offices on transmittal sheets and proper coding; (2) provide SSA components and DDS offices with a single source of authoritative and updated CDR classification codes; (3) coordinate with DDS offices to update the coding in their software programs; and (4) update the edits in NDDSS.

SSA agreed with all of our recommendations except for updating the edits in NDDSS. SSA took alternative action that eliminated the need to update these edits.

General Management

General Management reviews encompass a wide range of SSA's administrative functions, extensive public information activities, data processing systems, data exchanges with other agencies, and research and policy making. Parts of SSA's core business processes involve the dissemination of information about its programs. The following highlights one of our reviews in this area.

The Social Security Administration's Management of Its Freedom of Information Act Activities

The Freedom of Information Act (FOIA) requires Agencies and Departments to establish procedures advising the public of what records they keep and their availability for examination upon request, provides appeal rights if disclosure is denied, and shifts the burden to the Government if access to records is denied. This audit evaluated SSA's management of its FOIA activities to determine compliance with FOIA and related criteria and the level of service provided to the public.

We noted that SSA has taken numerous initiatives intended to improve its management of FOIA activities, such as implementing "multi-track" processing of requests and creating and maintaining FOIA information on-line so that the public has access to FOIA information from SSA's Web page. However, further improvements are necessary to improve service to the public.

Our review indicated that the ways the public can make FOIA requests are limited; requests have generally not been answered within statutory time limits; annual reports to Congress lack data that fully reflect SSA's management of its FOIA activities; advice to the public could be improved; and some FOIA reading room materials are not readily available at SSA's FOs.

We recommended that SSA:

- Expand the modes by which the public may make a FOIA request and make commensurate changes in its regulations and other relevant publications.
- Make additional efforts to comply with the legal requirement to provide a determination reply to a FOIA request within 20 business days.
- Provide the public with its best estimate of the time SSA takes to provide a determination in response to a FOIA request.
- Provide additional and more accurate data in the annual report on its effort to fully administer FOIA.
- Provide a workstation with on-line computer access to SSA's FOIA Web page at every FO so the public can access, inspect, and print FOIA reading room records.

SSA did not agree with expanding the modes by which the public may make a FOIA request, at least until such time as it can provide an appropriate level of customer service. SSA also did not agree that it needed to provide additional and more accurate data in the annual report to the Attorney General on its effort to fully administer FOIA. Lastly, SSA asserted that it met the FOIA reporting requirements.

However, SSA did agree with our recommendations to make further efforts to provide timely replies and provide the public with its best estimate of the time it takes to provide a reply to a FOIA request.

SSA won't decide on the final recommendation to provide a workstation with on-line computer access to SSA's FOIA Web page until it completes an assessment of relevant issues.

Financial Audits

The Chief Financial Officers Act of 1990 (P.L 101-576), as amended, requires that the Inspector General or an independent external auditor, as determined by the Inspector General, audit SSA's financial statements in accordance with the General Accounting Office's *Government Auditing Standards*.

In addition to our audit of the financial statement, we conduct financial-related audits of SSA programs, segments, line-items and accounts, including related internal control. We also conduct administrative audits of the State agencies and contractors receiving Federal funds for making initial and continuing disability determinations for eligibility under the DI and SSI programs and other contracts as referred by SSA's Office of Acquisitions and Grants.

Fiscal Year 1998 SSA Financial Statement Audit

Under a contract monitored by OIG, PricewaterhouseCoopers LLP, (PwC) an independent certified public accounting firm, audited SSA's FY 1998 financial statements. PwC issued an unqualified opinion stating that the principal financial statements were fairly stated in all material respects, and management fairly stated that SSA's systems of accounting and internal control were in compliance with internal control objectives in OMB Bulletin 98-08, *Audit Requirements for Federal Financial Statements*. Nonetheless, the audit identified three reportable conditions in SSA's internal control.

- SSA can further strengthen controls to protect its information.
- SSA needs to accelerate efforts to improve and fully test its plan for maintaining continuity of operations.
- SSA can improve controls over separation of duties.

In its Report on Compliance with Laws and Regulations, PwC disclosed instances of noncompliance with laws and regulations that were required to be reported under *Government Auditing Standards* and OMB Bulletin 98-08.

- SSA was not in full compliance with section 221 (i) of the Social Security Act that requires periodic CDRs for title II beneficiaries.
- SSA had weaknesses in information protection, business continuity planning, and separation of duties which PwC considered significant departures from certain requirements of OMB Circulars A-127, *Financial Management*

Systems and A-130, Management of Federal Information Resources, and were therefore instances of substantial noncompliance with Federal financial management systems requirements under the Federal Financial Management Improvement Act.

State DDS and Administrative Audits

SSA implements the DI and SSI programs under title II and title XVI of the Social Security Act, respectively. The DI program was established in 1956 to provide benefits to wage earners and their families in the event that the wage earner becomes disabled. The SSI program was established in 1972 to provide income to financially needy individuals who are aged, blind or disabled. Disability determinations under these programs are performed by State DDS offices in accordance with Federal statutes, regulations, and other written guidelines. The DDS offices assess the claimants' disabilities and ensure that adequate evidence is available to support its determinations.

Each DDS is authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from claimants' physicians or other treating sources. SSA reimburses the State agency for all allowable expenditures up to its approved funding authorization.

We conduct audits at these State agencies to determine whether costs claimed are allowable and properly allocated, and whether total SSA funds drawn down agree with total expenditures for disability determinations. We also evaluate internal control over the accounting and reporting of the administrative costs claimed.

Administrative Costs at the California DDS

We conducted this audit to determine the propriety of the administrative costs claimed by the California State Department of Social Services (DSS) for its DDSs for the 2-year period ended September 30, 1996. The DSS incorrectly allocated indirect costs, had ineffective estimation methods, and had inadequate controls for reimbursing medical costs.

The DSS overreported its total obligations to SSA by \$9.1 million for the period reviewed. Of this amount, the DSS overstated its disbursements by about \$4 million for the period July 1994 through April 1998 and unliquidated obligations by about \$5.1 million for FYs 1995 and 1996. To date, the DSS has initiated a number of corrective actions to address the deficiencies noted during our audit.

Administrative Costs Claimed by the Ohio Rehabilitation Services Commission for Its Bureau of Disability Determination

The objectives of this audit were to: (1) determine whether costs claimed by the Ohio State Bureau of Disability Determination (OH-BDD) on its *State Agency Report of Obligations for SSA Disability Programs* for the period October 1, 1994, through September 30, 1997, were allowable and properly allocated; (2) determine whether the aggregate of the SSA funds drawn down agreed with total expenditures for FYs 1995 through 1997; and (3) evaluate internal control over the accounting and reporting of the administrative costs claimed, as well as the draw down of SSA funds.

The results of our tests indicated that, with respect to the items tested, the OH-BDD financial reporting and related draw downs complied in all material respects with Federal

cost principles and regulations. We did, however, note internal control deficiencies over certain areas.

We recommended that SSA instruct the Rehabilitation Services Commission (RSC) to:

- Require OH-BDD to amend its forms.
- Improve internal control over charges of indirect cost.
- Formalize the system for conveying accounting information.
- Refund to SSA, with applicable interest, excess funds drawn by RSC.
- Improve the recording and monitoring of computer equipment and inventory.
- Improve internal control in the mailroom.

OH-BDD and SSA stated they believe the State does not have to abide by Federal restrictions on the appropriation given to OH-BDD. Instead they believe that State rules apply. SSA agreed to clarify its instructions and seek an Office of the General Counsel opinion as to whether OH-BDD must adhere to Federal appropriations restrictions. Also, we received correspondence from the State of Ohio that it will reimburse SSA \$598,414.

Single Audits

The Single Audit Act of 1984 established requirements for audits of States, local governments, and Native American tribal governments that administer Federal financial assistance programs.

On July 5, 1996, the President signed The Single Audit Act Amendments of 1996. The

Amendments extended the statutory audit requirement to nonprofit organizations and revised various provisions of The 1984 Single Audit Act including raising the dollar threshold for requiring a single audit to \$300,000 in Federal awards expended.

We review the quality of these audits, assess the adequacy of the entity's management of Federal funds, and report single audit findings identified to SSA's Management Analysis and Audit Program Support Staff for audit resolution.

During this reporting period, we completed 1 roll-up report and issued 15 single audit reports.

State Fiscal Year 1996 Single Audit Findings

This report compiled and categorized DDS findings reporting 25 States in their State FY 1996 single audits. Of the State FY 1996 State Single Audit reports we reviewed, 25 contained DDS-related findings. Our analysis disclosed similar DDS findings in the financial reporting, cash management, and computer control areas. The findings relate to DDS noncompliance with Federal requirements because of internal control weaknesses.

We recommended that SSA instruct DDSs to:

- Implement effective procedures for preparing, reviewing and approving the information on the Report of Obligations (SSA-4513) and Time Report of Personal Services (SSA-4514).
- Establish procedures for ensuring that the SSA-4513 and SSA-4514 are submitted to SSA by the 25th day after the close of each quarter.

- Adhere to the Cash Management Improvement Act agreement.
- Process non-SSA work in accordance with the Memorandum of Understanding.
- Implement controls to prevent unauthorized computer access.

SSA agreed with our recommendations and will take the appropriate steps to implement them.

Single Audits Issued FY 1999

| State/Commonwealth Audited | FY Ended | Findings | Recommendations | Questioned Costs |
|-----------------------------------|-----------------|-----------------|------------------------|-------------------------|
| Alabama | June 30, 1997 | 4 | 4 | N/A |
| Arizona | June 30, 1996 | 2 | 2 | N/A |
| California | June 30, 1997 | 1 | 1 | \$89,867 |
| Colorado | June 30, 1997 | 2 | 7 | N/A |
| District of Columbia | June 30, 1996 | 2 | 4 | N/A |
| Georgia | June 30, 1997 | 1 | 1 | N/A |
| Iowa | June 30, 1997 | 2 | 2 | N/A |
| Iowa | June 30, 1998 | 1 | 1 | N/A |
| Kentucky | June 30, 1996 | 2 | 3 | N/A |
| Kentucky | June 30, 1997 | 4 | 4 | N/A |
| Missouri | June 30, 1997 | 1 | 1 | N/A |
| Oklahoma | June 30, 1997 | 2 | 2 | \$4,389 |
| Pennsylvania | June 30, 1997 | 3 | 11 | N/A |
| Tennessee | June 30, 1997 | 1 | 1 | N/A |
| West Virginia | June 30, 1997 | 1 | 1 | N/A |

Resolving Office of the Inspector General Recommendations

Reports with Questioned Costs for the Reporting Period October 1, 1998, through March 31, 1999

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

| | Value Number | Value Questioned | Value Unsupported |
|--|-----------------|---------------------|----------------------|
| A. For which no management decision had been made by the commencement of the reporting period. | 2 ¹ | \$390,187 | \$0 |
| B. Which were issued during the reporting period. | 3 ² | \$4,080,235 | \$867,490 |
| Subtotal (A+B) | 5 | \$4,470,422 | \$867,490 |
| Less: | | | |
| C. For which a management decision was made during the reporting period: | | | |
| i. dollar value of disallowed costs. | 2 ³ | \$9,289 | \$0 |
| ii. dollar value of costs not disallowed. | 0 | \$0 | \$0 |
| D. For which no management decision had been made by the end of the reporting period. | 3 ⁴ | \$4,461,133 | \$867,490 |

¹ Single Audit of the Commonwealth of Massachusetts FY 1996—DDS Portion (A-07-98-52011), July 21, 1998; Audit of the Administrative Costs Claimed by the New Jersey Department of Labor for its Division of Disability Determinations (A-02-95-00002), June 20, 1997.

² See Reports with Questioned Dollars on page 168 of this Report.

³ Single Audit of the Commonwealth of Massachusetts FY 1996—DDS Portion (A-07-98-52011), July 21, 1998; Accounting for Social Security Benefits by Contra Costa County, California (A-09-98-52009), November 2, 1998.

⁴ Audit of the Administrative Costs Claimed by the New Jersey Department of Labor for its Division of Disability Determinations (A-02-95-00002), June 20, 1997; Audit of Administrative Costs at the California Disability Determination Services (A-09-97-51006), December 4, 1998; Single Audit of the State of California for the Fiscal Year Ended June 30, 1997 (A-77-99-00003), December 29, 1998.

Reports with Questioned Costs for the Reporting Period April 1, 1999, through September 30, 1999

| | Number | Value Questioned | Value Unsupported |
|--|----------------|-----------------------------|------------------------------|
| A. For which no management decision had been made by the commencement of the reporting period. | 3 ¹ | \$4,461,133 | \$867,490 |
| B. Which were issued during the reporting period. | 7 ² | \$78,951,099 | \$90,220 |
| Subtotal (A+B) | 10 | \$83,412,232 | \$957,710 |
| Less: | | | |
| C. For which a management decision was made during the reporting period: | | | |
| i. dollar value of disallowed costs. | 4 ³ | \$4,074,413 | \$871,879 |
| ii. dollar value of costs not disallowed. | 3 ⁴ | \$2,769,016 | \$871,879 |
| | 2 ⁵ | \$1,305,397 | \$0 |
| D. For which no management decision had been made by the end of the reporting period. | 6 ⁶ | \$79,337,819 | \$85,831 |

¹ Audit of the Administrative Costs Claimed by the New Jersey Department of Labor for its Division of Disability Determinations (A-02-95-00002), June 20, 1997; Audit of Administrative Costs at the California Disability Determination Services (A-09-97-51006), December 4, 1998; Single Audit of the State of California for the Fiscal Year Ended June 30, 1997 (A-77-99-00003), December 29, 1998.

² See Reports with Questioned Dollars on page 168 of this report.

³ Audit of Administrative Costs at the California Disability Determination Services (A-09-97-51006), December 4, 1998-**this report contained dollars that were disallowed and not disallowed**; Single Audit of the State of California for the Fiscal Year Ended June 30, 1997 (A-77-99-00003), December 29, 1998; Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 1997 (A-77-99-00008), April 19, 1999; Administrative Costs Claimed at the Missouri Disability Determination Services (A-07-97-51006), May 17, 1999.

⁴ Audit of Administrative Costs at the California Disability Determination Services (A-09-97-51006), December 4, 1998; Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 1997 (A-77-99-00008), April 19, 1999; Administrative Costs Claimed at the Missouri Disability Determination Services (A-07-97-51006), May 17, 1999.

⁵ Audit of Administrative Costs at the California Disability Determination Services (A-09-97-51006), December 4, 1998; Single Audit of the State of California for the Fiscal Year Ended June 30, 1997 (A-77-99-00003), December 29, 1998.

⁶ Audit of Administrative Costs Claimed by the New Jersey Department of Labor for its Division of Disability Determinations (A-02-95-00002), June 20, 1997; Administrative Costs Claimed by the Ohio Rehabilitation Services Commission for Its Bureau of Disability Determination (A-13-98-51007), September 24, 1999; Costs Claimed by the Center for Addictive Behaviors, Inc. on the Social Security Administration's Contract Number 600-95-22671 (A-13-98-51041), September 24, 1999; Audit of the Administrative Costs Claimed by the Delaware Disability Determination Services (A-13-98-52015), September 24, 1999; Waivers Granted for Title II Overpayments Exceeding \$500 (A-09-97-61005), September 27, 1999; School Attendance by Child Beneficiaries Over Age 18 (A-09-97-61007), September 27, 1999.

Reports with Recommendations that Funds Be Put to Better Use for the Reporting Period October 1, 1998, through March 31, 1999

The following charts summarize SSA's responses to our recommendations that funds be put to better use through cost avoidances, budget savings, etc.

| | Number | Dollar Value |
|--|----------------|----------------------------|
| A. For which no management decision had been made by the commencement of the reporting period. | 0 | \$0 |
| B. Which were issued during the reporting period. | 1 ¹ | \$134,469,523 ² |
| Subtotal (A + B) | 1 | \$134,469,523 |
| C. For which a management decision was made during the reporting period. | | |
| i. dollar value of recommendations that were agreed to by management. | | |
| (a) based on proposed management action. | 1 ³ | \$125,000,000 |
| (b) based on proposed legislative action. | 0 | \$0 |
| Subtotal (a+b) | 1 | \$125,000,000 |
| ii. dollar value of costs that were not agreed to by management. | 0 | \$0 |
| Subtotal (i+ii) | 1 | \$125,000,000 |
| D. For which no management decision had been made by the end of the reporting period. | 1 ⁴ | \$9,469,523 |

¹ See List of Reports Issued on page 164 of this report.

² This dollar amount has been modified because of developments that occurred after the issuance of our reports entitled, *Effectiveness of Obtaining Records to Identify Prisoners* (A-01-94-02004), May 10, 1996; and *Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments* (A-01-96-61083), June 24, 1997. SSA's Chief Actuary estimated a cost avoidance of about \$3.4 billion over 7 years with \$125 million to be realized semiannually from 1995 to 2001.

³ See Footnote Number 2.

⁴ *Management Advisory Report: Welfare Reform Childhood Redetermination Accuracy* (A-01-98-62012), March 3, 1999.

Reports with Recommendations that Funds Be Put to Better Use for the Reporting Period April 1, 1999, through September 30, 1999

| | Number | Dollar Value |
|--|----------------|----------------------------|
| A. For which no management decision had been made by the commencement of the reporting period. | 1 ¹ | \$9,469,523 |
| B. Which were issued during the reporting period. | 6 ² | \$385,246,919 ³ |
| Subtotal (A + B) | 7 | \$394,716,442 |
| C. For which a management decision was made during the reporting period. | | |
| i. dollar value of recommendations that were agreed to by management. | | |
| (a) based on proposed management action. | 1 ⁴ | \$125,000,000 |
| (b) based on proposed legislative action. | 0 | \$0 |
| Subtotal (a+b) | 1 | \$125,000,000 |
| ii. dollar value of costs that were not agreed to by management. | 0 | \$0 |
| Subtotal (i+ii) | 1 | \$125,000,000 |
| D. For which no management decision had been made by the end of the reporting period. | 7 ⁵ | \$269,716,442 |

¹ *Management Advisory Report: Welfare Reform Childhood Redetermination Accuracy* (A-01-98-62012), March 3, 1999.

² See List of Reports Issued on page 164 of this report.

³ This dollar amount has been modified because of developments that occurred after the issuance of our reports entitled, *Effectiveness of Obtaining Records to Identify Prisoners* (A-01-94-02004), May 10, 1996 and *Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments* (A-01-96-61083), June 24, 1997. SSA's Chief Actuary estimated a cost avoidance of about \$3.4 billion over 7 years with \$125 million to be realized semiannually from 1995 to 2001.

⁴ See Footnote Number 3.

⁵ *Management Advisory Report: Welfare Reform Childhood Redetermination Accuracy* (A-01-98-62012), March 3, 1999; *Administrative Costs Claimed at the Missouri Disability Determination Services* (A-07-97-51006), May 17, 1999; *Use of Plans for Achieving Self-Support to Obtain Supplemental Security Income Benefits* (A-01-98-61006), September 20, 1999; *Audit of Administrative Costs Claimed by the Ohio Rehabilitation Services Commission for Its Bureau of Disability Determination* (A-13-98-51007), September 24, 1999; *Waivers Granted for Title II Overpayments Exceeding \$500* (A-09-97-61005), September 27, 1999; *School Attendance by Child Beneficiaries Over Age 18* (A-09-97-61007), September 27, 1999; *Review of Controls Over Nonwork Social Security Numbers* (A-08-97-41002), September 29, 1999.

Reports Issued from October 1, 1998, through September 30, 1999

Reports with Non-Monetary Findings

| Date Issued | Title | Common Identification Number |
|-------------------|--|------------------------------|
| November 20, 1998 | Fiscal Year 1998 SSA Financial Statement Audit | A-13-98-51036 |
| November 24, 1998 | Costs Claimed by the State of Michigan on the Social Security Administration's Contract Number 600-95-22670 | A-13-97-51026 |
| November 30, 1998 | Software Development and Maintenance Controls at the Social Security Administration | A-13-96-11000 |
| December 4, 1998 | Single Audit of the State of Colorado for the Fiscal Year Ended June 30, 1997 | A-77-99-00001 |
| December 14, 1998 | Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 1997 | A-77-99-00002 |
| December 17, 1998 | Non-Council 220 Union Representative and Manager Observations on the Use and Management of Official Time at the Social Security Administration | A-02-98-02002 |
| January 5, 1999 | Performance Measure Review: Evaluation of the Thirteenth Annual Social Security Customer Satisfaction Survey Data | A-02-97-01004 |
| January 6, 1999 | Physical Security at the Social Security Administration (Confidential Report) | A-13-97-01028 |
| January 14, 1999 | Access Controls over the Modernized Interim Disability Adjudication System in the State of California (Confidential Report) | A-09-98-51010 |
| January 20, 1999 | Single Audit of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 1996 | A-77-99-00004 |
| March 2, 1999 | Office of Hearings and Appeals' Response to Fraud at the New Orleans Hearing Office (Confidential Report) | A-06-97-71006 |
| March 19, 1999 | Single Audit of the District of Columbia for the Fiscal Year Ended June 30, 1996 | A-77-99-00005 |
| March 22, 1999 | Single Audit of the State of Arizona for the Fiscal Year Ended June 30, 1996 | A-77-99-00007 |
| March 25, 1999 | The Social Security Administration's Estimation of Excess Federal Insurance Contribution Act Taxes | A-13-97-51015 |

| Date Issued | Title | Common Identification Number |
|--------------------|---|-------------------------------------|
| March 25, 1999 | Costs Claimed by the Commonwealth of Virginia on the Social Security Administration's Contract Number 600-92-0114 | A-13-98-81004 |
| April 8, 1999 | Joint Assessment of the MOU Between SSA and the Department of Labor's Employment Standards Administration's Division of Coal Mine Workers' Compensation on Handling Part B Black Lung | A-15-99-22017 |
| April 12, 1999 | Single Audit of the State of Iowa for the Fiscal Year Ended June 30, 1997 | A-77-99-00006 |
| May 27, 1999 | The Social Security Administration's Fiscal Year 1998 Financial Statement Audit Management Letters – Parts 1 and 2 (Part 1 Confidential) | A-15-99-52018 |
| May 28, 1999 | Management Advisory Report: Using Social Security Numbers to Commit Fraud | A-08-99-42002 |
| June 10, 1999 | Single Audit of the State of West Virginia for the Fiscal Year Ended June 30, 1997 | A-77-99-00009 |
| June 10, 1999 | Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 1997 | A-77-99-00010 |
| June 18, 1999 | The Social Security Administration's Effectiveness in Tracking Magnetic Media Wage Reports Returned to Employers | A-03-96-31003 |
| June 18, 1999 | National Office of Disability Budgeting: Excess Funding Authority and Obligations | A-13-98-72008 |
| July 6, 1999 | The President's Council on Integrity and Efficiency Review of Non-Tax Delinquent Debt | A-15-99-52002 |
| July 29, 1999 | Single Audit of the State of Georgia for the Fiscal Year Ended June 30, 1997 | A-77-99-00012 |
| August 2, 1999 | Single Audit of the State of Alabama for the Fiscal Year Ended September 30, 1997 | A-77-99-00011 |
| August 17, 1999 | Single Audit of the State of Missouri for the Fiscal Year Ended June 30, 1997 | A-77-99-00013 |
| August 24, 1999 | Implementation of Best Practices in the Office of Hearings and Appeals Operations | A-06-97-21007 |
| August 27, 1999 | Management Advisory Report: Analysis of Social Security Number Misuse Allegations Made to the Social Security Administration's Fraud Hotline | A-15-99-92019 |
| September 22, 1999 | The Social Security Administration's Procedures to Identify Representative Payees Who are Deceased | A-01-98-61009 |

| Date Issued | Title | Common Identification Number |
|--------------------|---|-------------------------------------|
| September 22, 1999 | Management Advisory Report: Follow-Up Audit of Physical Security at the Social Security Administration's National Computer Center (Confidential Report) | A-13-98-11040 |
| September 23, 1999 | Nonresponder Representative Payee Alerts for Supplemental Security Income Recipients | A-09-96-62004 |
| September 24, 1999 | Employee Access to Title XVI Computer Applications and Data | A-13-98-12009 |
| September 27, 1999 | Management Controls in Place for Earnings Modernization 2.8 Transactions Processed at Field Offices and Teleservice Centers | A-03-97-31001 |
| September 27, 1999 | Management Advisory Report: Usefulness of Reversal Reason Codes | A-06-96-21061 |
| September 27, 1999 | The Social Security Administration's Management of Its Freedom of Information Act Activities | A-13-98-01027 |
| September 27, 1999 | Testing of the Contingency Plan for the Social Security Administration's National Computer Center (Confidential Report) | A-13-98-12038 |
| September 27, 1999 | Management Advisory Report: Identifying and Validating Non-Mission Critical Commercial Software for Year 2000 Compliance | A-14-99-11003 |
| September 27, 1999 | Single Audit of the State of Iowa for the Fiscal Year Ended June 30, 1998 | A-77-99-00015 |
| September 27, 1999 | Single Audit of the State of Kentucky for the Fiscal Year Ended June 30, 1997 | A-77-99-00016 |
| September 29, 1999 | Identification of Beneficiaries Confined to Mental Health Institutions | A-01-99-61005 |
| September 29, 1999 | Patterns of Reporting Errors and Irregularities by 100 Employers with the Most Suspended Wage Items | A-03-98-31009 |
| September 29, 1999 | State Fiscal Year 1996 Single Audit Findings | A-07-98-71002 |
| September 29, 1999 | Payment Accuracy Task Force – SSI Unearned Income Issue Team | A-13-99-51010 |
| September 30, 1999 | Performance Measure Review: Periodic Full Medical Continuing Disability Review Data Collection | A-01-98-94003 |
| September 30, 1999 | Contingency Planning for the Social Security Administration (Confidential Report) | A-13-98-12022 |

Reports with Questioned Dollars for the Reporting Period
October 1, 1998, through March 31, 1999

| Date Issued | Title | Common Identification Number | Dollar Amount |
|-------------------|---|------------------------------|---------------------------------|
| November 2, 1998 | Accounting for Social Security Benefits by Contra Costa County, California | A-09-98-52009 | \$9,239 |
| December 4, 1998 | Audit of Administrative Costs at the California Disability Determination Services | A-09-97-51006 | \$4,848,619 |
| December 29, 1998 | Single Audit of the State of California for the Fiscal Year Ended June 30, 1997 | A-77-99-00003 | \$89,867 |
| | | | Total \$4,947,725 |

Reports with Questioned Dollars for the Reporting Period
April 1, 1999, through September 30, 1999

| Date Issued | Title | Common Identification Number | Dollar Amount |
|--------------------|---|------------------------------|----------------------------------|
| April 19, 1999 | Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 1997 | A-77-99-00008 | \$4,389 |
| May 17, 1999 | Administrative Costs Claimed at the Missouri Disability Determination Services | A-07-97-51006 | \$3,417 |
| September 24, 1999 | Audit of Administrative Costs Claimed by the Ohio Rehabilitation Services Commission for Its Bureau of Disability Determination | A-13-98-51007 | \$689,158 |
| September 24, 1999 | Audit of Costs Claimed by the Center for Addictive Behaviors, Inc. on the Social Security Administration's Contract Number 600-95-22671 | A-13-98-51041 | \$49,565 |
| September 24, 1999 | Audit of Administrative Costs Claimed by the Delaware Disability Determination Services | A-13-98-52015 | \$76,322 |
| September 27, 1999 | Waivers Granted for Title II Overpayments Exceeding \$500 | A-09-97-61005 | \$4,310,708 |
| September 27, 1999 | School Attendance by Child Beneficiaries Over Age 18 | A-09-97-61007 | \$73,907,760 |
| | | | Total \$79,041,319 |

Reports with Funds Put to Better Use for the Reporting Period
October 1, 1998, through March 31, 1999

| Date Issued | Title | Common Identification Number | Dollar Amount |
|---------------|---|------------------------------|--------------------|
| March 3, 1999 | Management Advisory Report: Welfare Reform Childhood Redetermination Accuracy | A-01-98-62012 | \$9,469,523 |
| | | Total | \$9,469,523 |

Reports with Funds Put to Better Use for the Reporting Period
April 1, 1999, through September 30, 1999

| Date Issued | Title | Common Identification Number | Dollar Amount |
|--------------------|--|------------------------------|----------------------|
| May 17, 1999 | Administrative Costs Claimed at the Missouri Disability Determination Services | A-07-97-51006 | \$107,428 |
| September 20, 1999 | Use of Plans for Achieving Self-Support to Obtain Supplemental Security Income Benefits | A-01-98-61006 | \$18,253,074 |
| September 24, 1999 | Audit of Administrative Costs Claimed by the Ohio Rehabilitation Services Commission for Its Bureau of Disability Determinations | A-13-98-51007 | \$1,109,128 |
| September 27, 1999 | Waivers Granted for Title II Overpayments Exceeding \$500 | A-09-97-61005 | \$37,417,726 |
| September 27, 1999 | School Attendance by Child Beneficiaries Over Age 18 | A-09-97-61007 | \$140,359,563 |
| September 29, 1999 | Review of Controls Over Nonwork Social Security Numbers | A-08-97-41002 | \$63,000,000 |
| | | Total | \$260,246,919 |

APPENDICES

Appendix A

Government Performance and Results Act Work Plan

In Fiscal Year (FY) 1999 we developed a 3-year work plan to review the Social Security Administration's (SSA) implementation of the Government Performance and Results Act (GPRA). The plan is based on SSA's FY 2000 Annual Performance Plan. As part of its Performance Plan, SSA has established the following broad strategic goals, which encompass its program activities.

Goal 1: To promote valued, strong, and responsive Social Security programs and conduct effective policy development, research, and program evaluation

Goal 2: To deliver customer-responsive world-class service

Goal 3: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse

Goal 4: To be an employer that values and invests in each employee

Goal 5: To strengthen public understanding of the Social Security programs

Each of these strategic goals has supporting strategic objectives and corresponding performance indicators and goals.

Below is our plan for reviewing SSA's GPRA implementation and performance measures. As performance measures and goals change in future Annual Performance Plans, we will adjust our work plan accordingly.

FY 1999—COMPLETED REVIEWS

In FY 1999, we conducted performance measure reviews to determine the reliability of the data used to measure the following SSA performance indicators and goals.

| Strategic Goal: To deliver customer-responsive world-class service | |
|--|--------------|
| <i>Objective: By 2002, to have 9 out of 10 customers rate SSA's service as good, very good or excellent, with most rating it excellent</i> | |
| Performance Indicator | FY 2000 Goal |
| • Percent of SSA's core business customers rating SSA's overall service as excellent, very good or good | • 88 |
| • Percent of SSA's core business customers rating SSA's overall service as excellent | • 37 |
| • Percent of SSA's core business customers rating the clarity of SSA's notices as excellent, very good, or good | • 82 |

FY 2000—PLANNED REVIEWS

In FY 2000, we plan to conduct performance measure reviews of:

- SSA's Performance Measure Data;
- SSA's FY 1999 Annual Performance Report, and
- SSA's 2000 and 2001 Annual Performance Plans.

We also plan to conduct reviews that will determine the reliability of the data used to measure the following SSA performance indicators and goals.

| Strategic Goal: To deliver customer-responsive world-class service | |
|---|--|
| <i>Output Measures for Major Budgeted Workloads</i> | |
| • Retirement, Survivors Insurance claims processed • Supplemental Security Income (SSI) aged claims processed • Initial disability claims processed • Disability claims pending • Hearings processed • Hearings pending • Social Security number (SSN) requests processed • 800-number calls handled | • 3,134,800 • 144,200 • 2,144,000 • 408,000 • 622,400 • 209,000 • 16,300,000 • 60,000,000 |
| <i>Objective: By 2002, to have 9 out of 10 customers rate SSA's service as good, very good or excellent, with most rating it excellent</i> | |
| Performance Indicator | FY 2000 Goal |
| • Percent of callers who successfully access the 800-number within 5 minutes of their first call • Percent of callers who get through to the 800-number on their first attempt • Percent of public with an appointment waiting 10 minutes or less • Percent of public without an appointment waiting 30 minutes or less • Percent of 800-number calls handled accurately: <ul style="list-style-type: none">• service accuracy• payment accuracy | • 95 • 90 • 85 • 70 • 90 • 95 |

| <i>Objective: To raise the number of customers who receive service and payments on time</i> | |
|--|---------------------|
| Performance Indicator | FY 2000 Goal |
| • Initial disability claims average processing time (days) | • 100 |
| • Hearings average processing time (days) | • 268 |
| • Percent of Old-Age and Survivors Insurance (OASI) claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later | • 83 |
| • Percent of initial SSI aged claims processed within 14 days of filing date | • 66 |

| Strategic Goal: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse | |
|--|---------------------|
| <i>Output Measures for Major Budgeted Workloads</i> | |
| Performance Indicator | FY 2000 Goal |
| • Continuing Disability Reviews (CDR) processed | • 1,882,700 |
| • SSI nondisability redeterminations | • 2,238,550 |
| • Annual earnings postings | • 258,900,000 |
| • Representative payee actions | • 6,990,600 |
| <i>Objective: To make benefit payments in the right amount</i> | |
| Performance Indicator | FY 2000 Goal |
| • Dollar accuracy of OASI payment outlays: | |
| • Percent without overpayments | • 99.8 |
| • Percent with underpayments | • 99.8 |
| • Disability Determination Services decisional accuracy rate | • 97 |
| • Percent of SSNs issued accurately | • 99.8 |
| <i>Objective: To maintain through 2002, current levels of accuracy and timeliness in posting earnings data to individuals' earnings records</i> | |
| Performance Indicator | FY 2000 Goal |
| • Percent of earnings posted to individuals' records by September 30 | • 98 |
| • Percent of earnings items posted correctly | • 99 |

| | |
|--|--|
| <i>Objective: To increase debt collections by 7 percent annually through 2002</i> | |
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> • Old-Age, Survivors and Disability Insurance (OASDI) debt collected • SSI debt collected | <ul style="list-style-type: none"> • \$1,263.2 million • \$617.3 million |

| | |
|--|--|
| Strategic Goal: To be an employer that values and invests in each employee | |
| <i>Objective: To provide a physical environment that promotes the health and well-being of employees</i> | |
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> • Percent of employees reporting they are satisfied with the level of security in their facility | <ul style="list-style-type: none"> • 75 |

| | |
|---|---|
| Strategic Goal: To strengthen public understanding of the Social Security program | |
| <i>Objective: By 2005, 9 out of 10 Americans will be knowledgeable about the Social Security Programs in five important areas</i> | |
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> • Percent of individuals issued SSA-Initiated Personal Earnings and Benefit Estimate Statement (PEBES) as required by law | <ul style="list-style-type: none"> • 100 |

FY 2001—PLANNED REVIEWS

In FY 2001, we plan to conduct performance measure reviews of:

- SSA's FY 2000 Annual Performance Report, and
- SSA's FY 2002 Annual Performance Plan.

We also plan to conduct reviews that will determine the reliability of the data used to measure the following SSA performance indicators and goals.

| Strategic Goal: To promote valued, strong, and responsive Social Security programs and conduct effective policy development, research, and program evaluation | |
|---|---|
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none">• Identification, development, and utilization of appropriate barometer measures for assessing the effectiveness of OASDI programs• Preparation of analyses and reports on the effect of OASDI programs on different populations to identify areas for policy change and develop options as appropriate• Preparation of analyses and reports on demographic, economic, and international trends and their effects of OASDI programs in order to anticipate the need for policy change and develop options as appropriate• Preparation of research and policy evaluation necessary to assist the Administration and Congress in developing proposals to strengthen and enhance the solvency of OASDI programs | <ul style="list-style-type: none">• Identify and define barometer measures to be used <p>Prepare analyses and reports in the following topics:</p> <ul style="list-style-type: none">• The effect of OASDI programs on women• The effect of OASDI programs on minorities• The effect of OASDI programs on low-wage workers• Study on characteristics of people receiving DI benefits, and• Analysis on the effect of changes in Social Security benefits on the DI program <p>Prepare analyses in the following topics:</p> <ul style="list-style-type: none">• Trends in marriage, divorce, and re-marriage on Social Security programs• Immigration and Social Security• Lifetime redistributive effects of Social Security cohorts, and• International retirement policy reforms <p>• Prepare analyses on the distributional and fiscal effects of solvency proposals developed by the Administration, Congress, and other policymakers</p> |

Strategic Goal: To promote valued, strong, and responsive Social Security programs and conduct effective policy development, research, and program evaluation

Objective: *To promote changes based on research and evaluation analysis, that shape the SSI program in a manner that protects vulnerable populations, anticipates evolving needs of SSI populations, and integrates SSI payments with other Social Benefit programs to provide a safety net for aged, blind and disabled individuals.*

| Performance Indicator | FY 2000 Goal |
|--|---|
| <ul style="list-style-type: none"> Identification, development, and utilization of appropriate barometer measures for assessing the effectiveness of SSI program Expansions and acquisition of data on the characteristics of SSI populations in order to improve capacity to provide analyses, identify areas for policy change, and develop options as appropriate Preparation of a report and completion of data collection of the SSI Childhood Disability Survey in order to assess the impact of welfare reform, identify areas of potential policy change, and develop options as appropriate Preparation of analysis on sources of support for the SSI population in order to identify areas for better coordination with other social benefits and develop options as appropriate | <ul style="list-style-type: none"> Identify and define barometer measures to be used Link survey data with programmatic data Prepare final report on the effects of 1996 welfare reform legislation on SSI children with disabilities Begin implementation of a national survey of children with disabilities Prepare the analysis |

Objective: *To promote policy changes based on research and evaluation analysis, that shape the Disability program in a manner that increases self-sufficiency and takes account of changing needs based in the medical, technological, demographic, job market, and societal trends.*

| Performance Indicator | FY 2000 Goal |
|--|--|
| <ul style="list-style-type: none"> Number of DI adult worker beneficiaries who begin a trial work period Number of SSI disabled and blind beneficiaries, aged 18-64, who are working Preparation of a research design to develop techniques for validating medical listings Preparation of reports on results of the Disability Evaluation Study in order to identify potentially eligible disabled populations, interventions that enable continued work effort among the disabled, and guide changes to the disability decision process Establish a Disability Research Institute | <ul style="list-style-type: none"> 17,600 10 percent Award a contract to design a methodology to validate a single listing Complete pilot study Award contract to establish the Disability Research Institute |

Objective: *Provide information for decisionmakers and others on the Social Security and SSI programs through objective and responsive research, evaluation, and policy development*

| Performance Indicator | FY 2000 Goal |
|---|---|
| <ul style="list-style-type: none"> Percent of customers assigning a high rating to the quality of SSA's research and analysis products in terms of accuracy, reliability, comprehensiveness, and responsiveness Issuance of periodically updated research and policy agenda | <ul style="list-style-type: none"> Develop customer survey and data collection mechanism Issue the initial research and policy agenda |

Strategic Goal: To deliver customer-responsive world-class service

Objective: *By 2002, to have 9 out of 10 customers rate SSA's service as good, very good or excellent, with most rating it excellent*

| Performance Indicator | FY 2000 Goal |
|---|--|
| <ul style="list-style-type: none"> Percent of employers rating SSA's overall service as excellent, very good or good Percent of employers rating SSA's overall service as excellent | <ul style="list-style-type: none"> 93 13 |

Objective: *By 2002, to increase the range of program information services available to customers over the phone or electronically*

| Performance Indicator | FY 2000 Goal |
|--|---|
| <ul style="list-style-type: none"> New or expanded service available over the phone New or expanded service available electronically Number of customers accessing Social Security Online Percent of automated SSA-initiated PEBES inquiries processed on Internet | <ul style="list-style-type: none"> Take retirement or survivors claims immediately over the telephone, or in person, as long as the applicant has all the information needed Provide overnight electronic SSN verification for employers Give employers the option to transmit wage reports to SSA electronically using a personal computer or high-speed data transmission lines Establish capacity to receive secure, on-line public inquiries about claims and benefits Establish the capacity to schedule hearings with attorneys over the Internet 7.0 million 50 percent (Baseline to be established in FY 1999) |

Strategic Goal: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse

| <i>Objective: To make benefit payments in the right amount</i> | |
|--|---|
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> Office of Hearings Appeals decisional accuracy rate | <ul style="list-style-type: none"> • 85 |
| <i>Objective: To become current with DI and SSI CDR requirements by 2002</i> | |
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> Percent of multi-year (FY 1996-2002) CDR plan completed | <ul style="list-style-type: none"> • 63 |
| <i>Objective: To aggressively deter, identify and resolve fraud</i> | |
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> Number of investigations conducted OASDI dollar amounts reported from investigative activities SSI dollar amounts reported from investigative activities Number of criminal convictions | <ul style="list-style-type: none"> • 7,200 • \$9 million • \$55 million • 1,800 |

Strategic Goal: To be an employer that values and invests in each employee

| <i>Objective: To provide the necessary tools and training to achieve a highly skilled and high-performing workforce</i> | |
|--|--|
| Performance Indicator | FY 2000 Goal |
| <ul style="list-style-type: none"> Percent of offices with access to Interactive Video Training/Interactive Distance Learning Formal management development programs implemented Percent of managerial staff participating in management/leadership development experiences | <ul style="list-style-type: none"> • 100 percent • Senior Executive Service completed • Advanced Leadership Program completed • Leadership Program started • 33 1/3 percent |

***Objective:** To provide a physical environment that promotes the health and well-being of employees*

| Performance Indicator | FY 2000 Goal |
|---|---|
| <ul style="list-style-type: none"> Percent of environmental air quality surveys completed and percent of the corrective actions taken when called for Number of facilities having water quality testing and percent of corrective actions taken when called for Number of relocated offices having security surveys and percent of accepted security recommendations implemented | <ul style="list-style-type: none"> 20 percent facilities surveyed 75 percent corrective actions taken 600 facilities tested 100 percent corrective actions taken 150 offices surveyed 85 percent accepted recommendations implemented |

***Objective:** To promote an Agency culture that successfully incorporates our values*

| Performance Indicator | FY 2000 Goal |
|---|--|
| <ul style="list-style-type: none"> Create Agency change strategy | <ul style="list-style-type: none"> Develop and implement strategy |

***Objective:** To create a workforce to serve SSA's diverse customers in the twenty-first century*

| Performance Indicator | FY 2000 Goal |
|---|--|
| <ul style="list-style-type: none"> Complete Agency plan for transitioning to the workforce of the future | <ul style="list-style-type: none"> Implement competency-based models for recruitment and training needs assessment Complete employee survey Publish transition plan |

Strategic Goal: To strengthen public understanding of the Social security programs

***Objective:** By 2005, 9 out of 10 Americans will be knowledgeable about the Social security programs in five important areas*

| Performance Indicator | FY 2000 Goal |
|--|--|
| <ul style="list-style-type: none"> Percent of public who are knowledgeable about Social Security programs | <ul style="list-style-type: none"> To be set once baseline established in FY 1999 |

The Complete text of SSA's Strategic Plan can be found on the Internet.

Appendix B

Reporting Requirements Under the Omnibus Consolidated Appropriations Act for Fiscal Year 1997

To meet the requirements of The Omnibus Consolidated Appropriations Act for 1997 (Public Law 104-208), we are providing in this report requisite data for Fiscal Year 1999 from the Offices of Investigations and Audit.

We are reporting \$40,271,097 in Social Security Administration (SSA) funds as a result of our Office of Investigations activities in this reporting period. These funds are broken down in the table below.

| Types of Funds | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total |
|---------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Court-Ordered Restitution | \$3,219,133 | \$2,619,704 | \$3,253,271 | \$4,073,676 | \$13,165,784 |
| Scheduled Recoveries | \$3,992,853* | \$7,116,998* | \$5,679,842 | \$9,408,611 | \$26,198,304 |
| Fines | \$41,414 | \$7,450 | \$33,359 | \$90,717 | \$172,940 |
| Settlements/Judgments | \$239,011 | \$115,000 | \$339,058 | \$41,000 | \$734,069 |
| Totals | \$7,492,411 | \$9,859,152 | \$9,305,530 | \$13,614,004 | \$40,271,097 |

* Figures reduced due to implementation of a new tracking system.

SSA management has informed the Office of Audit that it has completed implementing recommendations from 2 audit reports during this fiscal year valued at \$13.4 million.

**Special Joint Vulnerability Review of the Supplemental Security Income Program
(A-04-95-06020), December 16, 1997**

We recommended that SSA identify Supplemental Security Income recipients for the remainder of the 500 members of the extended Georgia family and conduct Continuing Disability Reviews and evaluate the results, individually and collectively, to determine if there is any pattern or potential patterns of fraud that may warrant referral to the Office of the Inspector General's Office of Investigations. SSA implemented this recommendation in December 1998. The implemented recommendation is valued at \$2.1 million.

Potential for Contracting with Medical Provider Networks to Purchase Consultative Examinations (A-07-95-00828), May 14, 1997

We recommended that SSA direct State Disability Determination Services to negotiate contracts with medical provider networks for volume discounts on consultative examinations to the maximum extent possible. SSA implemented this recommendation in March 1999. The implemented recommendation is valued at \$11.3 million.

Appendix C

Actual Collections and Offsets for Office of the Inspector General Audit Reports Fiscal Years 1997 - 1999

The following chart summarizes the Agency's responses to the Office of the Inspector General's recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with the Agency's management officials and is current as of September 1999.

| Number of Reports | Questioned/ Unsupported Costs | Management Concurrence | Amount Collected or Recovered | Amount Written Off/ Adjustments | Balance |
|--------------------------|--|-------------------------------|--------------------------------------|--|---------------------|
| FY 1997 | 6 | \$3,964,487 | \$3,377,089 | \$3,372,181 | \$4,908 |
| FY 1998 | 10 | \$14,661,078 | \$13,986,131 | \$14,057,007 | \$1,583,066 |
| FY 1999 | 10 | \$83,989,044 | \$77,651,983 | \$3,650,134 | \$1,305,397 |
| TOTALS | 26 | \$102,614,609 | \$95,015,203 | \$21,079,322 | \$2,893,371 |
| | | | | | \$80,479,521 |

Appendix D

Significant Monetary Recommendations from Prior Reports for which Corrective Actions Have Not Been Completed

Southwest Tactical Operation Plan: Investigative Results (A-06-97-22008), March 31, 1998

Develop guidance on using locally determined characteristics warranting in-depth investigation to accurately determine residency status.

Monitoring Representative Payee Performance: Roll-up Report (A-09-96-64201), March 28, 1997

1. Consider requiring reports from low-risk representative payees in 3-year intervals instead of on an annual basis.
2. Seek legislative relief from the Social Security Act and Jordan Court Order to change annual reporting requirements for some payees.

Appendix E

Significant Non-Monetary Recommendations from Prior Reports for which Corrective Actions Have Not Been Completed

Special Joint Vulnerability Review of the Supplemental Security Income Program, (A-04-95-06020), December 16, 1997

Modify the Supplemental Security Income Display to include additional comments or codes for the identification of potential fraud/abuse cases, subject to the Social Security Administration's evaluation of the most advantageous method of presentation on the Supplemental Security Income Display.

Effectiveness in Obtaining Records to Identify Prisoners (A-01-94-02004), May 10, 1996

Provide a single standard for stopping payments to prisoners receiving Old-Age, Survivors and Disability Insurance and Supplemental Security Income payments.

Appendix F

Significant Management Decisions with which the Inspector General Disagrees

Effects of State Awarded Workers' Compensation Payments on Social Security Benefits (A-04-96-61013), September 30, 1998

Recognize and identify workers' compensation offset as a reportable internal control weakness under the Federal Managers' Financial Integrity Act, including its significant \$526.7 million effect on the Master Beneficiary Record, and the shortcomings in the administration and processing of workers' compensation offsets.

Inconsistent Beneficiary Entitlement Periods (A-09-97-21003), July 2, 1998

1. The Social Security Administration (SSA) should submit a legislative proposal to define age attainment as occurring on a person's birthday.
2. SSA should submit a legislative proposal to define the month after the individual's birthday as the first month of entitlement.

Audit of Separation of Duties in the Social Security Administration's Modernized Supplemental Security Income Claims System (Confidential Report) (A-07-96-21065), August 29, 1997

SSA should improve separation of duties by preventing employees and supervisors from adjudicating claims for the same accounts on which they change death information or process Social Security number (SSN) applications.

Canada's Experience in Charging a User Fee for Social Insurance Number Cards (A-06-97-62003), May 22, 1997

SSA should charge a fee for replacement SSN cards.

Review of Internal Controls in the Social Security Administration's Modernized Claim System (Confidential Report) (A-04-95-06019), May 16, 1997

1. Notify number holder, within limitations of the Privacy Act, whenever individuals begin to receive benefits under their accounts.
2. Alert field office employees of the potential for fraudulent claims through the use of beneficiary responses to SSA's notification under Family Maximum Provisions.

3. Prevent supervisors from adjudicating claims and deleting death information by either maintaining separation of duties for these functions in TOP SECRET or by developing application controls to prevent these actions on the same claim.
4. Prevent supervisors from overriding controls on claims they have processed with unknown SSNs and/or death discrepancies.

The Social Security Administration's Program for Monitoring the Quality of Telephone Service Provided to the Public (A-13-96-52001), July 31, 1997

SSA should (1) require a PIN/password for log-on and (2) prevent the monitoring of calls from any telephone that is outside of SSA's telecommunication system.

Audit of the Social Security Administration's Fiscal Year 1995 Financial Statements (A-13-96-51002), April 8, 1996

Report lack of separation of duties as a material weakness under the Federal Managers' Financial Integrity Act.

How to Report Fraud

The Social Security Administration (SSA) Fraud Hotline offers a convenient means for you to provide information on suspected fraud, waste, and abuse. If you know of current or potentially illegal or improper activities involving SSA programs or personnel, we encourage you to contact the SSA Fraud Hotline.

Call
1-800-269-0271

Write
Social Security Administration
Office of the Inspector General
Attention: SSA Fraud Hotline
P.O. Box 17768
Baltimore, MD 21235

410-597-0118 (**fax**)

E-Mail
Oig.hotline@ssa.gov



Glossary of Acronyms

| | |
|---------|--|
| ACLI | American Council of Life Insurance |
| AERO | Automatic Earnings Reappraisal Operation |
| AICPA | American Institute of Certified Public Accountants |
| ALJ | Administrative Law Judge |
| AO | Adjudication Officer |
| APP | Annual Performance Plan |
| AWR | Annual Wage Report |
| BL | Black Lung |
| CDI | Cooperative Disability Investigation |
| CDL | Commercial Driver's License |
| CDR | Continuing Disability Review |
| CFO | Chief Financial Officer |
| CIRP | Comprehensive Integrity Review Process System |
| CMP | Civil Monetary Penalty |
| COLA | Cost-of-Living Adjustment |
| CSAO | Connecticut Chief State's Attorney's Office |
| CSRS | Civil Service Retirement System |
| DDS | Disability Determination Service |
| DES | Disability Evaluation Study |
| DI | Disability Insurance |
| DOL | Department of Labor |
| DRP | Disaster Recovery Plan |
| DSS | Department of Social Services |
| ETA | Electronic Transfer Account |
| FASAB | Federal Accounting Standards Advisory Board |
| FBI | Federal Bureau of Investigation |
| FECA | Federal Employees' Compensation Act |
| FERS | Federal Employees' Retirement System |
| FFMIA | Federal Financial Management Improvement Act |
| FICA | Federal Insurance Contributions Act |
| FMFIA | Federal Managers' Financial Integrity Act |
| FO | Field Office |
| FOIA | Freedom of Information Act |
| FPM | Full Process Model |
| FRSC | Federal Records Service Corporation |
| FTC | Federal Trade Commission |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| GPRA | Government Performance and Results Act |
| GSA | General Services Administration |
| HCFA | Health Care Financing Administration |
| HI/SMI | Hospital Insurance/Supplemental Medical Insurance |
| Hotline | Social Security Administration Fraud Hotline |
| HPI | Hearings Process Improvement Plan |
| IAA | Inter-Agency Agreement |
| IAQ | Indoor Air Quality |
| IDD | International Direct Deposit |
| INS | Immigration and Naturalization Service |
| IRS | Internal Revenue Service |
| IVT/IDL | Interactive Video Training/Interactive Distance Learning |
| IWS/LAN | Intelligent Workstation/Local Area Network |
| LAE | Limitation on Administrative Expenses |

| | |
|-----------|--|
| LAN | Local Area Network |
| MD&A | Management's Discussion and Analysis |
| MDF | Modular Disability Folder |
| MI | Management Information |
| MIIM | Management Information Integrity Monitoring Team |
| MINT | Modeling Income in the Near Term |
| MRC | Mainframe/Midrange Recovery Centers |
| NA | Not Available |
| NCC | National Computer Center |
| NDDSS | National Disability Determination Services System |
| NHSPCS | National Health and Safety Partnership Committee on Security |
| NYC | New York City |
| OA | Office of Audit |
| OASDI | Old-Age and Survivors and Disability Insurance |
| OASI | Old-Age and Survivors Insurance |
| OCIG | Office of the Counsel to the Inspector General |
| OESP | Office of Employment Support Programs |
| OHA | Office of Hearings and Appeals |
| OH-BDD | Ohio State Bureau of Disability Determination |
| OI | Office of Investigations |
| OIG | Office of the Inspector General |
| OIG/OA | Office of the Inspector General/Office of Audit |
| OMB | Office of Management and Budget |
| ONRS | On-Line Notice Retrieval System |
| PC | Personal Computer |
| PEBES | Personal Earnings and Benefit Estimate Statement |
| PIN | Personal Identification Number |
| P.L. | Public Law |
| PUMS | Public Understanding Measurement System |
| PwC | PricewaterhouseCoopers LLP |
| Rep Payee | Representative Payee |
| RO | Regional Office |
| RRB | Railroad Retirement Board |
| RRC | Retirement Research Consortium |
| RRI | Railroad Retirement Interchange |
| RSC | Rehabilitation Services Commission |
| RSI | Retirement and Survivors Insurance |
| RTO | Recovery Time Objective |
| SAP | Security Action Plan |
| SECA | Self-Employment Contributions Act |
| SMART | Security Management Action Report |
| SPI | State Partnership Initiative |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |
| SSN | Social Security Number |
| TOP | Treasury Offset Program |
| TRO | Tax Refund Offset |
| TY | Tax Year |
| USDR | U.S. Document Records |
| USDS | U.S. Document Services |
| VA | Department of Veterans Affairs |
| VCU | Virginia Commonwealth University |
| VR | Vocational Rehabilitation |
| WRC | Workarea Recovery Centers |
| Y2K | Year 2000 |