

Who We Are

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

What We Do

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

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Report Fraud

Reporting is easy, safe, and secure. You can reach us by internet, mail, phone, or fax.

Internet: <http://oig.ssa.gov/report>

U.S. Mail: Social Security Fraud Hotline
P.O. Box 17785
Baltimore, Maryland 21235

FAX: (410) 597-0118

Telephone: (800) 269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time
TTY: (866) 501-2101 for the deaf or hard of hearing

Feedback

After reading our *Semiannual Report to Congress*, we encourage you to take a brief, anonymous survey to let us know how we're doing. The survey is available on our website listed above. We appreciate any feedback that can help us improve our publication.

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A MESSAGE FROM THE INSPECTOR GENERAL

We won't soon forget Hurricane Sandy and the devastation the super storm inflicted on much of the East Coast in October 2012. The hurricane caused 72 deaths in eight states and tens of billions of dollars of damage, as severe floods and fires destroyed thousands of homes and left millions without electricity for weeks. The events were truly harrowing; we continue to keep those affected in our thoughts and prayers.

I remain very proud of the Social Security Administration (SSA) Office of the Inspector General (OIG) employees who responded to help their communities recover from the devastating storm. Our agents in New Jersey and New York supported SSA and citizens who depend on the Agency, setting up temporary workspaces for SSA employees, escorting Federal officials to assess the damage to SSA offices, and managing crowds at offices that opened after the storm. Our agents also assisted the American Red Cross on Staten Island and were the first Federal agents to offer assistance, working through the first weekend of the storm and beyond.



With these outstanding efforts in mind, I am pleased to present our *Semiannual Report to Congress*, covering the period October 1, 2012 through March 31, 2013. This report includes our most significant audit, investigative, and legal accomplishments, as we continue to work with SSA to improve Agency functions, and, in turn, the services it provides.

During this reporting period, we issued 55 audit reports covering a wide range of Social Security issues. The most-read reports on our website over the last 6 months specifically focused on SSA's disability programs:

- [Termination of Disability Benefits Following a CDR Cessation Determination](#);
- [Individuals Hiding Self-Employment Income to Receive Disability Insurance Benefits](#) ; and
- [SSI Applicants with Earnings Received After the Disability Onset Dates and Before Favorable Hearing Decisions](#)

In this Semiannual Report to Congress, you can also read highlights of the audit reports we feel were our most significant accomplishments of the reporting period.

In the past six months, our investigators continued to focus on high-priority allegations of fraud in SSA's electronic systems, Social Security number misuse that led to improper benefit payments, and employee misconduct and misuse of government computers. Also, our team of attorneys continued outreach and enforcement efforts to identify and prevent violations of Sections 1129 and 1140 of the Social Security Act.

All of our daily efforts, as well as our response to unforeseen events like Hurricane Sandy, illustrate the extraordinary dedication of OIG employees, and it is an honor to work with them, day in and day out. I assure you that we will continue to work with SSA and the Congress, to ensure that the Agency honors its commitment to all American citizens both now and into the future.

A handwritten signature in blue ink, appearing to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.
Inspector General

EXECUTIVE SUMMARY

Key Accomplishments	
October 1, 2012 - March 31, 2013	
Total Audit Reports Issued	55
Questioned Costs	\$740,014,798
Funds Put to Better Use	\$52,499,193
Total Allegations Received	59,745
Investigations Opened	3,963
Investigations Closed	4,077
Arrests	275
Indictments/Informations	582
Criminal Convictions	711
Civil/Civil Monetary Penalties	134
Cooperative Disability Investigations	
Program Results (10/1/12-3/31/13)	
Confirmed Fraud Cases	2,068
SSA Savings	\$169,810,725
Non-SSA Savings	\$122,523,007

This report presents the significant activities of the SSA OIG from October 1, 2012 through March 31, 2013. The report details the achievements of the OIG's offices of Audit, Investigations, Counsel, and OIG's support components.

Audit

In the first half of fiscal year (FY) 2013, OIG auditors issued 55 reports and made recommendations on a variety of challenges facing SSA. Auditors also identified more than \$740 million in questioned costs and more than \$52 million in Federal funds that could be put to better use.

Among their noteworthy reports completed during the reporting period, OIG auditors issued three reviews of SSA's controls over the processing of beneficiary direct deposit information. Auditors found controls over direct deposit changes were not fully effective and did not prevent SSA from processing changes requested by someone other than the beneficiary or his/her representative. SSA should continue work on enhancing the authentication and verification processes related to direct deposit information.

Investigative

During this reporting period, we received more than 59,000 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources. OIG agents closed more than 4,000 criminal investigations, resulting in 275 arrests, 582 indictments and informations, 711 criminal convictions (including pretrial diversions), and 134 civil judgments or civil monetary penalty (CMP) assessments.

In one notable case, we investigated a Baltimore man who concealed his work and earnings from 1996 to 2009 while receiving disability benefits. From 2007 to 2010, he even worked for SSA as a benefit authorizer. During the reporting period, a jury found the man guilty of Social Security fraud. He was sentenced to two years in prison and ordered to pay more than \$121,000 to SSA. The Agency terminated his employment in 2010.

We are reporting over \$254 million in investigative accomplishments, including over \$52 million in SSA recoveries, restitution, fines, settlements, and judgments; and over \$201 million in projected savings from investigations resulting in the suspension or termination of benefits.

The Cooperative Disability Investigations (CDI) program continues to be one of SSA and OIG's most successful initiatives, ensuring the integrity of SSA's disability programs. CDI efforts during this reporting period resulted in almost \$170 million in projected savings to SSA programs.

Legal

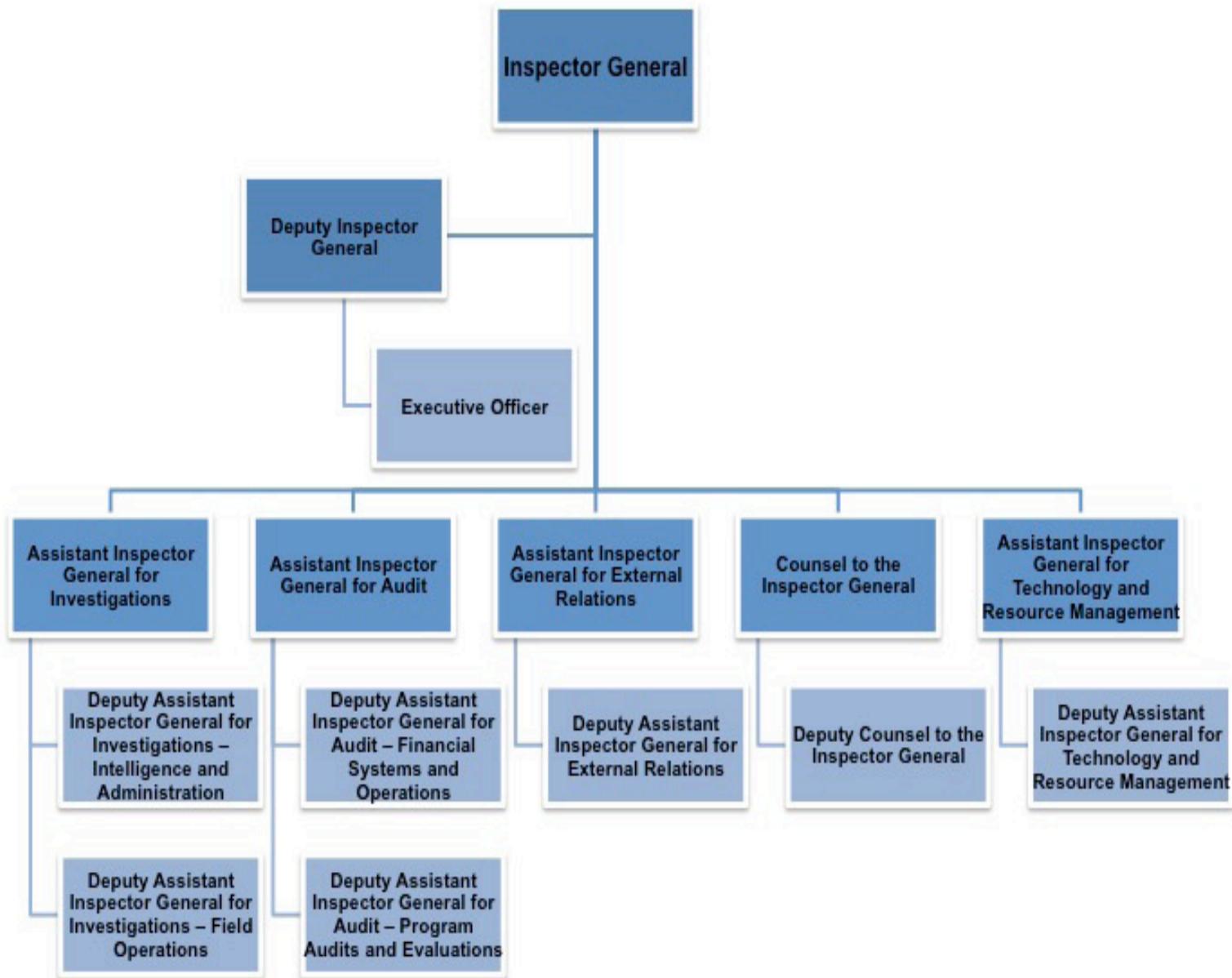
Our attorneys initiated 240 CMP actions against individuals who made false statements, representations, or omissions to obtain or retain Social Security benefits (violations of Section 1129 of the *Social Security Act*). OIG attorneys imposed \$5.3 million in penalties and assessments through the CMP program. We also pursued actions to protect the public from fraudulent schemes that make use of the SSA's well-known name and good reputation (violations of Section 1140). During this reporting period, we achieved voluntary compliance in 41 Section 1140 cases and deterred future violations through aggressive outreach and enforcement efforts.

Outreach

During the emergency response to Hurricane Sandy, the OIG's New York Field Division provided services to the American Red Cross and the victims of the floods and fires in Staten Island, the New Jersey shores, Breezy Point, and Far Rockaway, New York. Also during the reporting period, Inspector General O'Carroll testified before the House Subcommittee on Social Security on Disability Insurance (DI) program integrity; and he spoke at the National Association of Disability Examiners (NADE) mid-year board meeting in Baltimore, Maryland.

INTRODUCTION TO OUR ORGANIZATION

SSA OIG comprises the Immediate Office of the Inspector General and five major components: the Offices of Audit, Counsel, External Relations, Investigations, and Technology and Resource Management.



Immediate Office of the Inspector General

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

Office of Investigations

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

Office of Audit

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

Office of External Relations

The Office of External Relations (OER) disseminates information about the OIG's work to Congress, the media, and the public. OER prepares presentations for OIG executives, publishes informational materials, prepares *the Semiannual Report to Congress*, and represents the OIG in the news media. OER also maintains the OIG presence on the Internet, and supports OIG components with respect to external communications.

Office of the Counsel to the Inspector General

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

Office of Technology and Resource Management

The Office of Technology and Resource Management (OTRM) provides administrative support to the Inspector General and OIG components. OTRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OTRM manages OIG human resources and develops administrative policies and procedures. OTRM also maintains hardware, software, and telecommunications networks to support the OIG's mission. Finally, OTRM manages the OIG's Allegation Management and Fugitive Enforcement Division.

MANAGEMENT CHALLENGES

OIG annually identifies the most significant management issues facing SSA based on legislative mandates and its audit and investigative work. A summary of each issue is below:

Strengthen Strategic and Tactical Planning

While near-term planning is important, SSA needs plans that address long-term challenges, including a rising workload, a decrease in experienced staff, overly complex program policies, and a rising need to provide more services electronically. As workloads rise, a greater proportion of SSA's workforce will also become eligible to retire. At a time when SSA needs to plan to do more with less, SSA lacks long-term plans in a number of critical areas. In its report, *The Social Security Administration: A Vision of the Future*, the Social Security Advisory Board recommended that SSA take multiple steps to ensure success in 2020, including rethinking its service delivery strategy, performing a comprehensive review of program policy to reduce complexity, establishing a Systems Modernization Plan, and developing a Human Capital Plan.

Improve Customer Service

Many factors challenge SSA's ability to provide quality customer service to the public, including budget constraints, growing workloads, changing customer expectations, an aging, retirement-eligible agency workforce, and shifting demographics. Each day, almost 182,000 people visit SSA field offices. SSA serves over 60 million people per year over the national 800 telephone number and an additional 53 million phone calls that are handled by the field offices , but in FY 2012, SSA lost over 1,600 employees. Consequently, the Agency projected its national 800 number customer service would deteriorate significantly. The projected retirement of its employees continues to present a challenge to SSA's customer service capability. In addition, technology is rapidly changing and the public expects to complete more business online.

Improve the Timeliness and Quality of the Disability Process

SSA needs to address millions of initial disability and reconsideration claims, and it also continues to have a backlog of continuing disability reviews (CDR). Over the past 2 years, SSA has received a large influx of initial and reconsideration claims. We have an ongoing audit to look at SSA's progress in reducing the initial claims backlog. SSA also has a backlog of 1.2 million medical CDRs. Medical CDRs are effective in reducing overpayments in the DI program, and therefore, are a critical workload. We have continued working with SSA to address the integrity of the disability programs through CDI that obtain evidence to resolve questions of fraud in SSA's disability claims.

Improve Transparency and Accountability

SSA faces a number of challenges in ensuring accountability, including concerns over its internal controls, systems security, and administrative cost allocations. SSA continues to lack a full set of performance indicators that measure whether the Agency is meeting all its strategic goals. Moreover, we believe SSA can bring greater accountability to its administrative cost allocation. Finally, in the FY 2012 Independent Auditor's Report, the auditors cited a material weakness and a significant deficiency in an internal control related to monitoring activities and overall control environment, and information security.

Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA will not be able to manage current and future workloads without the proper IT infrastructure. The Agency uses a variety of technologies, including telephone service, Internet services and tools, and videoconferencing, to deliver service to its customers. However, SSA must find ways to expand easy-to-use and secure electronic services for its customers. We have concerns regarding the Agency's IT physical infrastructure; logical access controls and security of sensitive information; development of electronic services; and strategic IT planning. Our prior audit work in this area found that SSA's IT planning process only spans 2 years.

Reduce Improper Payments and Increase Overpayment Recoveries

SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. Given the size and complexity of the programs, some payment errors will occur, but due to the large overall dollars involved in SSA's payments, even the slightest error can result in millions of dollars in over- or underpayments. Once SSA determines an individual has been overpaid, it must recover any overpayment. SSA uses a variety of methods to collect the debt related to overpayments, but SSA reported that the percent of debt collected decreased from FY 2011 to FY 2012.

Reduce the Hearings Backlog and Prevent its Recurrence

SSA has directed increased resources to improve hearing timeliness and process more hearings. While timeliness and ALJ productivity have improved, an increased number of applicants has led to an increase in the hearings backlog. Expanded use of video teleconferencing, the relocation of unused equipment and expanded use of desktop video units could increase the available capacity of video hearings. Also, various obstacles impact the hearing office staff's ability to timely schedule hearings. Finally, Congress continues to express concerns about ALJ adherence to the Agency's policies and procedures while demonstrating good stewardship of taxpayer dollars.

Strengthen the Integrity and Protection of the Social Security Number

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring that SSN integrity and eligible individuals receive the full benefits due them. We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States, as well as the misuse of children's SSNs for work and identity theft purposes. Accuracy in recording workers' earnings is critical because future benefit payments are calculated based on the earnings an individual accumulates over his/her lifetime. While SSA cannot control all the factors associated with erroneous wage reports, we believe there are ways it could improve wage reporting.

AUDIT

Significant Audit Activities

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the President signed into law the Recovery Act, Public Law. 111-5. The Administration is committed to investing Recovery Act funds with an unprecedented level of transparency and accountability so Americans know where their tax dollars are going and how they are being spent. SSA was provided funds under the Recovery Act in the following areas:

- \$500 million designated for the replacement of SSA's National Computer Center (NCC);
- \$500 million designated for processing disability and retirement workloads, and information technology acquisitions and research in support of these workloads; and,
- \$90 million to reimburse costs for processing a one-time economic recovery payment (ERP) of \$250 to millions of qualified individuals receiving Social Security benefits and/or Supplemental Security Income (SSI).

Congress provided our office \$2 million to oversee SSA programs, projects, and activities funded by the Recovery Act. During this reporting period, we issued one final report related to our oversight of the NCC replacement.

National Support Center Cost Savings

The purpose of this review was to determine the following:

1. Whether the selected Design/Build proposal fully incorporates SSA's Program of Requirements (PoR). Specifically, does the Design/Build proposal provide reasonable assurance that SSA will receive a data center that is cost-effective, efficient, with the required capacity, operational in the required timeframe, and has an appropriate useful life.
2. Whether there are any additional cost savings opportunities that can be incorporated into the National Support Center (NSC) PoR without significantly affecting the project's schedule while meeting SSA's needs.

OIG contracted with Strategic e-Business Solutions, Inc. (SeBS) and its subcontractor, Fortress International Group, to assist with this review.

SeBS determined that the proposed conceptual level design for the NSC meets or exceeds the mandatory requirements and generally follows best practices. SeBS identified cost-savings opportunities for the Agency's consideration. However, because of the critical nature of this project and the need to keep the project on-schedule, several identified cost savings represent missed cost-saving opportunities, such as designing a Multi-Tier Data Center with Electrical Power Distribution options.

The Agency agreed with 17 of 27 recommendations and has implemented 4 of those. The other 13 observations with which SSA agreed, if implemented, could potentially result in a net project cost savings ranging from \$600,000 to \$950,000.

Controls over the Enrollment Process with the Direct Express® Debit Card Program (Limited Distribution)

Direct Deposit Changes Initiated Through Financial Institutions and SSA's Internet and Automated 800-Number Applications (Limited Distribution)

Controls over Direct Deposit Changes Initiated in Field Offices (Limited Distribution)

These reports contain restricted information for official use. Distribution is limited to authorized officials.

These three audits determined the effectiveness of controls over:

- the beneficiary enrollment process for the Express® Debit Card Program;
- direct deposit changes originating in financial institutions and SSA field offices; and
- direct deposit changes initiated through SSA's Internet and Automated 800-Number Applications.

In October 2011, we began tracking allegations that indicated individuals other than the beneficiaries or their representatives had redirected benefit payments away from the beneficiaries' bank accounts to accounts the individuals controlled.

Our reviews found that the controls over direct deposit changes were not effective and did not prevent SSA from processing direct deposit account changes requested by someone other than the beneficiary or his/her authorized representative. More specifically, unauthorized individuals redirected beneficiaries' benefit payments by initiating changes to the beneficiaries' direct deposit information at SSA's field offices and through its Internet and Automated 800-number applications. The individuals also redirected benefits through auto enrollment and the Direct Express® Debit Card Program.

To prevent fraudulent changes to beneficiaries accounts, our reports recommended that SSA work to enhance the authentication process for the Direct Express® Debit Card and to strengthen identity verification procedures when individuals contact SSA to request direct deposit account changes.

SSA agreed with our recommendations. In November 2011, to reduce fraudulent changes, SSA revised its policy for verifying the identities of callers who request to establish, change, or cancel direct deposit payments. In addition, SSA issued reminders to its staff on how to properly process callers' requests to change direct deposit information, especially if the related record in SSA's systems had notations indicating the beneficiary's direct deposit information was previously changed fraudulently. SSA also developed an application that allows beneficiaries to elect to prevent future automated enrollment changes from updating SSA payment records. Lastly, in March 2013, SSA terminated the Direct Deposit Automated Application for all field office and 800-number callers.

Usefulness of Department of Homeland Security Data to Identify SSI Recipients Who Are Outside the United States

Generally, SSI recipients are ineligible for payments once they are absent from the United States for 30 consecutive days. The Department of Homeland Security's (DHS) U.S. Customs and Border Protection collects travel data on individuals who enter and leave the U.S.

Despite legal and technical challenges in obtaining DHS data, our review estimated that foreign-born SSI recipients had approximately \$152 million in overpayments because of unreported absences from the United States between September 2009 and August 2011. SSA could identify more overpayments if it were able to look at all SSI recipients, regardless of their country of birth or associated bank. Moreover, if our results using sample data associated with one bank represented all banks, we estimate our review would have identified an additional \$289 million in overpayments.

Our report recommended that SSA reach out to DHS again, and if necessary, the Department of State, to attempt to create a process that provides the necessary information to identify all (not just foreign-born) SSI recipients outside the United States for longer than 30 days, which could include proposing legislative changes. SSA agreed with our recommendation.

Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination

SSA conducts CDRs on DI beneficiaries and SSI recipients to determine whether they remain medically eligible for disability payments. SSA terminates benefits when a CDR shows that the individual is no longer disabled according to SSA's guidelines. SSA policy states that SSA should inform the individual of its decision and discontinue payments 2 months after the cessation determination.

Our review identified DI beneficiaries and SSI recipients who received medical cessation determinations during Calendar Years 2005 through 2010, but continued to receive monthly benefit payments more than 2 months after the medical cessation determination. Specifically, our review found 30 percent of sampled DI beneficiaries received improper benefit payments of approximately \$48.9 million, and 16 percent of sampled SSI recipients received \$34.7 million.

Our report recommended that SSA: (1) enhance the ability of the processing system to perform automated terminations to ensure the timely termination of benefits following a medical cessation determination; (2) remind employees to check cases to ensure termination actions were accomplished timely; and (3) prioritize the identification of cases where disability payments have not been terminated following medical cessation determinations to minimize improper payments.

Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO)

The Social Security Act includes two provisions that reduce benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security: the WEP reduces a wage earner's monthly retirement benefit and the GPO reduces monthly benefits for spouses and widows.

Our audit found that SSA needs to improve the way it imposes WEP and GPO for dually entitled beneficiaries. Our report recommended that SSA: (1) establish overpayments or record a WEP or GPO exemption for the 104 beneficiaries identified by our audit; (2) determine whether there is a cost-effective method to identify and correct the population of overpaid dually entitled beneficiaries whose benefits should be reduced for WEP or GPO; (3) identify and, if appropriate, implement controls to prevent and resolve pension discrepancies recorded on the Master Beneficiary Records of dually entitled beneficiaries; and, (4) remind employees to review both the WEP and GPO provisions when they receive pension information for dually entitled beneficiaries.

SSA agreed with all our recommendations.

Identifying and Monitoring Risk Factors at Hearing Offices

Our review found that the Office of Disability Adjudication and Review (ODAR) had created 19 reports that measured hearing office performance using a single risk factor, such as average processing time or pending cases per administrative law judge (ALJ). However, ODAR had not established a process to rank hearing office performance using a combination of risk factors. In Fiscal Year 2011, ODAR began developing an early monitoring system to measure ALJ performance based on a combination of risk factors, such as number of dispositions, number of on-the-record decisions, and frequency of hearings with the same claimant representative. A quality division then reviewed potential issues identified in the ALJ monitoring system to ensure compliance with established policies and procedures. We reviewed hearing office risk factors particular to ALJs to determine whether such information, when alone or combined with ODAR's ALJ monitoring system outcomes, would provide ODAR management with additional information to assess hearing office management controls. We found large variances in ALJ outcomes within and between hearing offices, indicating that further review of ALJ performance variances in hearing offices, as well as a new hearing office monitoring system using a combination of risk factors, would provide ODAR with additional tools to assess hearing office management controls.

Our report recommended and SSA agreed to: (1) ensure an ALJ early monitoring system becomes a permanent part of management oversight and use this information to timely address potential anomalies in the hearings process; and (2) create new management information reports combining ALJ-related hearing office risk factors, which could include variances within those factors, and use this information to identify potential processing and management problems at hearing offices.

Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records

SSA matches data with Federal, State, and local agencies to record beneficiary deaths on its records and create the Death Master File. Our review found that SSA needs to improve its controls to ensure it resolves date of death discrepancies across all SSA records. We estimated that: (1) 9,795 deceased beneficiaries had unresolved date of death discrepancies between SSA data records; (2) 1,469 deceased beneficiaries had undetected improper payments of about \$6.7 million; and (3) 8,326 deceased beneficiaries had an incorrect date of death.

Our report recommended that SSA: (1) analyze its death processing systems to ensure the date of death is consistent between the Numident and MBR/SSR; (2) determine whether it can efficiently resolve the population of deceased beneficiaries identified by our audit; and (3) develop a cost-effective method for identifying and resolving beneficiary records that have a different date of death on the Numident and MBR/SSR. This could involve periodic matches between the Numident and the MBR/SSR to detect and correct discrepant dates of death. SSA agreed with all of our recommendations.

The Social Security Administration's Development of Earnings Alerts for SSI Recipients

SSA's computer systems send an electronic alert when earnings information reported by recipients does not match information from other sources, like the Internal Revenue Service. SSA designed the earnings alert system to ensure individual records are current and accurate.

Our review found that SSA's development of SSI earnings alerts was not fully effective. We reviewed cases that SSA had developed and those that it did not. Based on these results, we estimate that SSA could have recorded approximately \$110 million more in SSI overpayments if it had pursued earnings alerts more carefully.

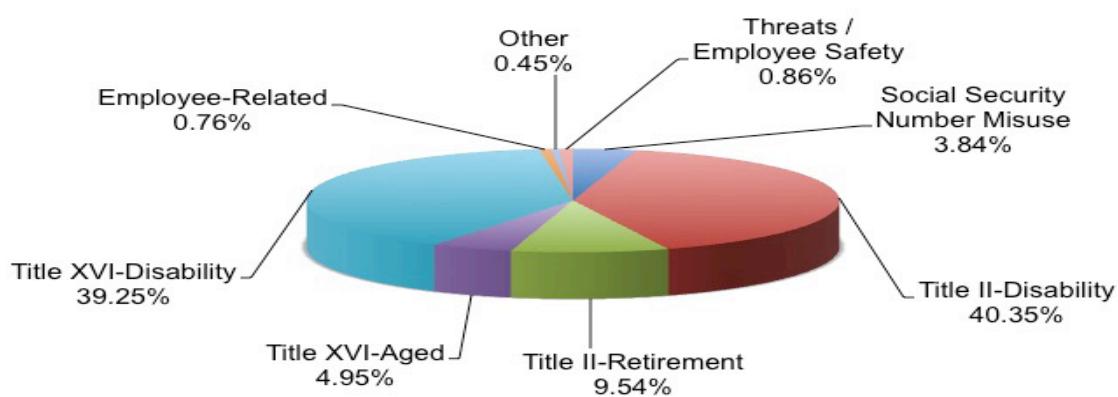
Our report recommended and SSA agreed to: (1) remind staff to develop alerts by taking all appropriate actions to post earnings to the SSR accurately and transmit earnings data to the SSR when recorded in Modernized Supplemental Security Income Claims System; and (2) evaluate whether it is cost-effective to establish earnings alerts that are more likely to lead to payment changes.

INVESTIGATIONS

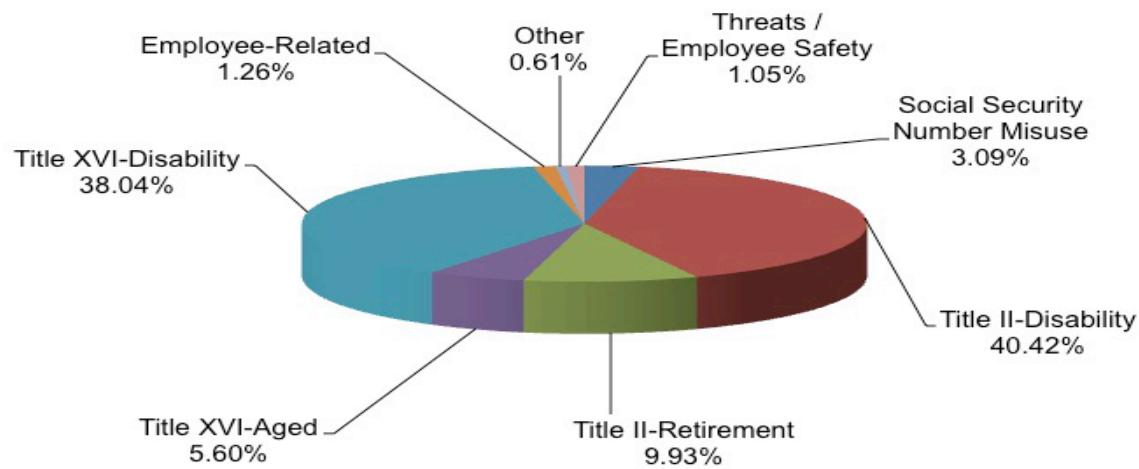
Our Office of Investigations examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve issues such as benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations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

Investigative Results	
	10/1/12-3/31/13
Allegations Received	59,745
Cases Opened	3,963
Cases Closed	4,077
Arrests	275
Indictments/Informations	582
Criminal Convictions	711
Civil/CMPs	134

Cases Opened by Program Category
October 1, 2012 - March 31, 2013



Cases Closed by Program Category
October 1, 2012 - March 31, 2013



Allegations Received by Source	
	10/1/12 – 3/31/13
SSA Employees	28,150
Private Citizens	16,812
Anonymous	10,150
Law Enforcement	1,513
Beneficiaries	1,330
Public Agencies	1,779
Other	11
TOTAL	59,745

Allegations Received by Category	
	10/1/12 – 3/31/13
Disability Insurance	21,931
SSI Disability	12,348
SSN Misuse	5,142
Old-Age and Survivors Insurance	14,553
Other	3,018
Threats/Employee Safety	837
Employee-Related	580
SSI Aged	1,336
TOTAL	59,745

Significant Investigative Activities

Disability Program Fraud

Man Hides Employment from SSA for Over 10 Years

Based on a phone call to our Fraud Hotline, our Richmond office investigated a 66-year-old man who, for over 10 years, had received Title II (DI) benefits due to disorders of the back. Our investigation confirmed that the man concealed from SSA that he was working construction and other manual labor jobs, while receiving disability benefits. In October 2012, after the man pled guilty to theft of government money, a U.S. District Court judge sentenced him to 2 years in prison and 3 years' probation; and ordered him to pay \$265,673 to SSA.

Las Vegas Area Mortgage Lender Collects Disability Benefits

Our Las Vegas, Nevada office and the Department of Housing and Urban Development (HUD) OIG conducted a joint investigation involving a 66-year-old former DI beneficiary who received benefits due to chronic renal failure. From 1990 through 2010, the man concealed his employment as a mortgage lender. In this capacity, the man defrauded distressed Las Vegas area homeowners by falsely representing that he could refinance their "upside down" home loans. In December 2012, after pleading guilty to theft of government funds and wire fraud, a U.S. District Court judge sentenced him to 37 months in prison and 3 years' supervised release; and ordered him to pay \$208,106 to SSA and \$112,160 to various mortgage fraud victims.

Representative Payee Fraud

Parents Conceal Loss of Custody to Receive Benefits

Based on a referral from the Pittsburgh (Downtown), Pennsylvania SSA office, our Pittsburgh office investigated a 44-year-old woman and her 79-year-old boyfriend, who were the representative payees for their two children. In November 1994 and September 1995, the Children and Youth Services of Pittsburgh removed the children from their care, at birth, because the children were born with prenatal drug exposure. Upon the children's removal, their grandmother and great aunt adopted them; however, neither of the parents reported the change in the children's living arrangements to SSA. For approximately two years, the father continued to receive and negotiate the checks, and provide the cash to the children's mother. After he relinquished his responsibilities as representative payee, his girlfriend continued to receive and negotiate the checks for approximately nine years, even though the children were never in her custody. In February 2013, after a jury found the woman guilty of Social Security fraud and theft of government funds, a U.S. District Court judge sentenced her to 2 years' probation, and ordered her to pay \$126,276 to SSA.

Representative Payee Conceals Income from Illegal Drug Distribution Operation

Acting on information from the U.S. Department of Justice/Bureau of Alcohol, Tobacco, Firearms, and Explosives, our Lexington, Kentucky office investigated a 41-year-old SSI representative payee. From March 2000 through February 2010, the payee concealed her income from an illegal drug distribution enterprise while receiving SSI on behalf of five family members. In addition, the woman misused the SSI benefits intended for these family members, in order to facilitate illegal drug transactions. In December 2012, after the woman pled guilty to theft of government funds, SSI fraud, and numerous drug-related

charges, a U.S. District Court judge sentenced her to 16 years in prison and 5 years' supervised release; and ordered her to pay \$150,337 to SSA.

SSA Fraud

Nursing Home Employee Steals over \$500,000 in Residents' SSA Benefits

Based on information provided by the Newberry (South Carolina) Police Department, our Columbia, South Carolina office investigated a 59-year-old former employee of a local nursing home. From approximately 2000 through 2009, the woman diverted SSA funds received by the nursing home for their residents for her own personal use. As a result, the nursing home filed an insurance claim to recover the lost SSA benefits. In October 2012, after the woman pled guilty to theft of government funds, a U.S. District Court judge sentenced her to 30 months in prison and 3 years' supervised release; and ordered her to pay \$543,940 to the nursing home's insurance company.

SSI Recipient Defrauds Various Federal Agencies

Acting on a referral from the Department of Veterans Affairs (VA) OIG, our Philadelphia office investigated a 60-year-old woman receiving Department of Housing and Urban Development (HUD) benefits and SSI because of a back disorder. In April 1986, the woman's grandmother died. From May 1986 through November 2007, the woman converted to her own use her grandmother's VA and Office of Personnel Management (OPM) survivors' benefits. The woman failed to report the receipt of these benefits to SSA and HUD when she applied for benefits. In October 2012, after she pled guilty to theft of government money, wire fraud, and Social Security fraud, a U.S. District Court judge sentenced the woman to 33 months in prison and 3 years' supervised release; and ordered her to pay \$16,764 to SSA, \$161,757 to OPM, \$33,782 to VA, and \$10,338 to HUD.

Employee Safety Investigations

Disgruntled Beneficiary Assaults Security Officer

After receiving a referral from the Gastonia, North Carolina SSA office, our Greensboro office investigated a 47-year-old man receiving DI benefits due to affective disorders. In February 2011, the man visited the Gastonia SSA office to discuss his non-receipt of benefits for several months in 2005. During his interview with an SSA claims representative, the man became disruptive and assaulted the on-duty security officer, punching him in the mouth. In October 2012, after the man pled guilty to assaulting officers/employees of the U.S. Government, a U.S. District Court judge sentenced him to 130 months in prison and 3 years' supervised release.

Man Threatens Local SSA Office and Senior SSA Official for Appointing Representative Payee

Acting on information from the Auburn, Maine SSA office, our Manchester, New Hampshire office investigated a 55-year-old man receiving DI benefits due to affective disorders. The man sent threatening letters to an SSA Deputy Commissioner and to the Auburn SSA office. In response to SSA's appointment of a representative payee to manage his benefits, the man threatened to kill anyone who "messed with his money." In November 2012, after the man pled guilty to mailing threatening communications, a U.S. District Court judge sentenced him to 27 months in prison and 3 years' supervised release.

Deceased Payee

Louisiana Woman Negotiates Deceased Father's SSA Payments

Based on a referral from the Kenner, Louisiana SSA office, our Baton Rouge office investigated a 62-year-old Louisiana woman. We determined that the woman's father died in October 1994, and that SSA continued sending benefit payments to the address on the SSA record. From November 1994 through October 2011, the woman received and converted \$261,665 of her deceased father's SSA payments for her personal use. In December 2012, after the woman pled guilty to theft of government funds and forgery, a U.S. District Court judge sentenced her to 5 years' probation and ordered her to pay \$261,665 to SSA.

Arizona Woman Pleads Guilty to Theft of Over \$200,000 in Government Funds

After receiving a referral from the Phoenix, Arizona SSA office, our Phoenix office investigated the 71-year-old daughter of a retirement beneficiary who died in March 2001. From April 2001 through January 2010, SSA continued to deposit benefits into the bank account of the deceased woman. In addition, the Arizona woman's stepfather died in January 2003, and his retirement and VA benefits continued, via direct deposit, into the same bank account. During this time, the woman converted the benefits issued to both of the deceased beneficiaries for her own use. In October 2012, after the woman pled guilty to theft of government funds, a U.S. District Court judge sentenced her to 5 years' probation, and ordered her to pay \$196,148 to SSA and \$20,399 to VA.

SSN Misuse

California Woman Ordered to Pay Restitution to SSA and to a Former Employer

Based on an allegation submitted to our Fraud Hotline, our Los Angeles office investigated a 46-year-old California woman for fraudulently receiving DI benefits for herself and her children. The woman received benefits due to blindness and diabetes. From November 2002 through January 2011, the woman concealed her employment as an office administrator by using her husband's SSN. In addition, the woman embezzled \$636,550 from her former employer. In January 2013, after she pled guilty to grand theft and identity theft, a California Superior Court judge sentenced her to 180 days in prison and 5 years' probation; and ordered her to pay \$208,744 to SSA and \$636,550 to her former employer.

Nevada Woman Creates a Second Identity to Receive Benefits

Based on a referral from the Nevada Department of Motor Vehicles, our Las Vegas office investigated a 67-year-old woman who fraudulently received SSI, due to affective disorders, under two different identities. The investigation revealed that the woman applied for a second SSN under the name of the main character in novels she had written. She then applied for and received SSI under the second identity while also receiving SSI under her true identity. For 20 years, the woman received \$158,122 in SSI payments. In January 2013, after the woman pled guilty to theft of government funds and SSN misuse, a U.S. District Court judge sentenced her to 10 months in prison (suspended), 4 months' home confinement and 3 years' probation; and ordered her to pay \$158,122 to SSA.

Employee Fraud

SSA Benefit Authorizer Fraudulently Collects Disability Benefits

Based on a referral from SSA's Office of Central Operations, our Baltimore office investigated a 50-year-old SSA employee who also received DI benefits. From 1996 through August 2009, the man concealed his work and earnings, while receiving disability benefits. In addition, the employee fraudulently received Medicare and Medicare low-income subsidy benefits. From June 2007 through January 2010, SSA employed the man as a benefit authorizer. In January 2013, after a jury found him guilty of Social Security and Medicare fraud, a U.S. District Court judge sentenced the man to 2 years in prison and 3 years' supervised release; and ordered him to pay \$121,790 to SSA and \$32,443 to Medicare. SSA terminated his employment in January 2010.

Attorney-Advisor Conceals Receipt of SSI

Acting on a referral from the St. Louis (Southside), Missouri SSA office, our St. Louis office investigated a 37-year-old attorney-advisor employed by the SSA Office of Disability Adjudication and Review (ODAR) National Hearing Center. The employee received SSI due to blindness. The man attended law school and graduated in 2008. He subsequently applied for employment with ODAR in March 2010; however, he failed to notify SSA of his employment. In January 2013, after pleading guilty to theft of government property, a U.S. District Court judge sentenced him to 5 years' probation and ordered him to pay \$9,244 to SSA. The employee resigned from SSA in June 2011.

Former SSA Employee Convicted of Possession of Child Pornography

Based on information provided by SSA's ODAR, our Chicago office investigated a 47-year-old SSA teleservice representative who possessed child pornography. We determined that during work hours, the employee accessed sexually explicit websites. After his arrest in August 2012, the Cook County (Illinois) Circuit Court indicted the employee on 27 related charges. In January 2013, after the employee pled guilty to aggravated possession of child pornography, a Cook County Circuit Court judge sentenced him to 30 months' probation and ordered him to pay a \$2,834 fine. SSA terminated his employment in December 2011.

Value Attained Through Investigations

During this reporting period, the efforts of our investigators yielded significant results arising from the successful prosecution of cases that we developed. Our investigators achieved over \$254 million in monetary accomplishments, including over \$52 million in SSA recoveries, restitution, fines, settlements, and judgments; and over \$201 million in projected savings from investigations resulting in the suspension or termination of benefits. The following table represents our efforts nationwide to recover SSA funds paid in fraudulent benefits or through other illegal actions.

SSA FUNDS REPORTED	
	10/1/12 – 3/31/13
Recoveries	\$29,022,264
Fines	\$3,008,188
Settlements/ Judgments	\$1,393,058
Restitution	\$19,128,387
Estimated Savings	\$201,795,928
TOTAL	\$254,347,825

Cooperative Disability Investigations Program

The CDI program continues to be one of our most successful joint initiatives, contributing to the integrity of SSA's State disability programs. CDI is a joint effort of the OIG, SSA, State Disability Determination Services (DDS), and State/local law enforcement personnel. Established in 1998 with units in just five states, the CDI program now has 24 units in 21 states. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims.

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

CDI Case Highlights

Salt Lake City Photographer Falsifies Disability Claim

The Salt Lake City CDI Unit investigated a 35-year-old woman who applied for disability benefits due to Lyme disease, chronic fatigue, pain, depression, and fibromyalgia. On her application, the woman indicated that she stopped working, and that most days she received treatment from a clinic or a chiropractor for several hours a day. SSA's ODAR referred this case to the CDI unit due to questions arising during the woman's disability hearing. ODAR indicated that the woman appeared to be more active than she admitted. Our investigation revealed that the woman operated a photography business, hosted a radio show at a local Internet-based radio station, and worked as an adjunct professor of photography at a local university. ODAR denied the woman's appeal. After she pled guilty to an attempted false statement or representation relating to medical benefits, a third-degree felony in the State of Utah, a Salt Lake County District Court judge sentenced the woman to a suspended term of one year, 6 months of probation, and a suspended fine of \$2,500.

Self-Employed Legal Consultant Fraudulently Collects Disability Benefits

The Los Angeles CDI Unit investigated a 40-year-old woman receiving SSI due to depression, anxiety, and pain. The woman alleged that she spent her days in bed, and was too depressed to leave her home or socialize. A private citizen made a fraud allegation that the woman was not disabled, and the CDI unit opened an investigation.

The investigation revealed that the woman was functioning at a higher level than alleged. To receive Federal subsidized housing assistance, she reported self-employment as a legal consultant for a university. In addition, the woman engaged in self-employment as a legal consultant on television shows, which included an appearance on the "Dr. Phil" show. The California DDS denied the woman's claim retroactively to the date her disability allegedly began; and we are pursuing a CMP against her.

Oregon Businesswoman Attempts to Collect Disability Benefits

The Salem CDI Unit investigated a 51-year-old woman who applied for DI and SSI alleging attention deficit-hyperactivity disorder and headaches. Though born in the United States, she claimed not to speak English. Based on her actions during multiple evaluations, her doctor had determined that she met the disability criteria for mild retardation. During a quality assurance review of her claim, a reviewer noted inconsistencies between the woman's reported functioning, her 25-year employment history, and other medical records. The claim was returned to the Oregon DDS for review, and the DDS referred it to the Salem CDI Unit.

Investigators discovered that the woman owned and managed several rental homes, and was a well-known businesswoman, having operated a brothel, a second-hand store, and a taco truck, before starting her current restaurant business, a walk-up Mexican food stand located a few blocks from a local SSA office. Investigators interviewed persons who confirmed the woman spoke English. In addition, she had filed numerous eviction orders related to her rental properties. Copies of these records revealed that she had completed the forms in English. The Oregon DDS denied the woman's application for DI and SSI claims. In addition, we are considering pursuing a CMP against her for false statements.

The following table highlights the successes of the CDI program, which yielded almost \$170 million in SSA program savings during this reporting period:

Cooperative Disability Investigations Program Results				
October 1, 2012 through March 31, 2013				
State	Allegations Received	Cases Denied/ Ceased	SSA Savings¹	Non-SSA Savings²
Arizona	149	59	\$5,353,347	\$3,937,123
California³	459	192	\$13,640,173	\$13,345,207
Colorado	113	91	\$8,201,375	\$5,392,315
Florida	108	79	\$6,297,288	\$4,624,129
Georgia	162	98	\$7,467,151	\$5,015,498
Illinois	111	74	\$5,611,139	\$3,504,074
Kentucky	71	36	\$2,784,562	\$1,756,499
Louisiana	132	75	\$6,110,033	\$4,168,428
Massachusetts	113	70	\$6,308,750	\$5,264,817
Mississippi	49	31	\$1,981,215	\$1,260,491
Missouri⁴	286	172	\$13,875,542	\$9,542,432
New Jersey⁵	31	3	\$270,375	\$155,231
New York	45	25	\$2,412,032	\$1,903,914
Ohio	314	170	\$13,398,538	\$10,961,804
Oklahoma	139	83	\$7,215,672	\$3,827,707
Oregon	161	143	\$12,664,349	\$8,713,277
South Carolina	184	146	\$11,803,622	\$8,145,195
Tennessee	74	42	\$3,727,027	\$2,620,526
Texas⁶	259	179	\$15,315,780	\$11,227,017
Utah	144	72	\$6,126,827	\$3,657,924
Virginia	152	112	\$10,093,111	\$7,840,076
Washington	190	116	\$9,152,817	\$5,659,323
Total (10/1/12 – 3/31/13)	3,446	2,068	\$169,810,725	\$122,523,007

¹ SSA program savings are reported at a flat rate of \$90,125 for initial claims that are denied as a result of CDI investigations. When a CDI Investigation supports the cessation / termination of an in-pay case, SSA program savings are calculated using a formula that takes into account the average number of years that SSA has determined that a person remains on its rolls, as well as the total percentage of CDRs that resulted in a suspension, termination, or reduction in benefits due to CDI investigations.

² Non-SSA Savings are also projected over 60 months whenever another governmental program withholds benefits as a result of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

³ California has two units, one in Los Angeles, and the other in Oakland.

⁴ Missouri has two units, one in Kansas City and the other in St. Louis.

⁵ The Iselin, New Jersey CDI Unit became non-operational during this reporting period.

⁶ Texas has two units, one in Dallas, and the other in Houston.

LEGAL

Section 1140 Enforcement

The OIG is authorized to enforce Section 1140 of the *Social Security Act*, which protects the public by prohibiting the misuse of SSA words and symbols in misleading advertisements, solicitations, or other communications. It also prohibits the reproduction and sale of SSA forms without authorization.

Misleading communications running afoul of Section 1140 take many forms, such as deceptive paper-based mailers, misleading attorney advertising, and more recently (at an alarming rate), misleading Internet solicitations, including the Internet-based sale of otherwise free Social Security forms. Internet scammers, in the pursuit of financial gain and/or the accumulation of personally identifiable information (PII), utilize misleading domain names, develop misleading websites, and place deceptive advertisements with search engines to create a false sense that they are somehow associated with SSA.

Using authority delegated by the Commissioner of Social Security, we aggressively enforce Section 1140. The statute provides for up to \$5,000 in CMPs for each violation, and \$25,000 for a broadcast or telecast. Penalties collected for violations of Section 1140 are deposited into SSA's Old Age and Survivors Trust Fund.

SECTION 1140	
	10/1/12– 3/31/13
Cases Reviewed	81
Cases Closed - No Violation of Section 1140	6
Cases Successfully Resolved (Voluntary Compliance and Settlement Agreement)	41
Penalties Imposed	\$52,000

Section 1140 Case Highlights

Virginia Company Agreed to Pay CMP to Settle Website Claim

Names for Sale, LLC (doing business as SocialSecurityAdministration.org), of Richmond, Virginia, agreed to pay a CMP of \$35,000 to settle our claim that the company violated Section 1140. The company used the domain name for its website to generate leads for its sponsored listings and other companies offering Social Security-related services. The domain name SocialSecurityAdministration.org and the related website contained the header banner “Social Security Administration” and images of the U.S. Capitol Building, the Statue of Liberty, and the U.S. flag to convey the false impression of a connection with SSA. Without admitting that it violated Section 1140, Names for Sale, LLC voluntarily shut down the website and agreed to pay a CMP, discontinue its use of the domain name SocialSecurityAdministration.org, and comply with Section 1140 for future website operations.

New York Company Agrees to Pay CMP to Settle Alleged Violation

Site Central, LLC (doing business as GovDatalink.org), of New York City, agreed to pay a \$5,000 CMP to settle our claim that the company violated Section 1140. Site Central used the display domain name SSN.GovDatalink.org and destination website domain name govdatalink.org/SSN-Records for its website offering public records searches. Both domain names’ use of an official-looking eagle emblem, the header banner “Gov DATALINK,” and the bolded caption “Instant Access to SSN Records” conveyed the false impression of a connection with SSA. Without admitting that it violated Section 1140, Site Central voluntarily redesigned its website and agreed to pay a CMP and discontinue using both domain names.

Two Related Texas Companies Agree to Pay CMP to Settle Website Claim

The common owners of Ardykay, Inc. (doing business as SocialSecurityandDisability.com) and Four Seasons Marketing (doing business as SocialSecurityGovBenefits.com), located in Frisco, Texas, agreed to pay a \$12,000 CMP to settle our claim that their companies violated Section 1140. Ardykay’s use of the header phrase “Www Ssi Gov” in search engine advertisements placed with Yahoo and Microsoft/Bing promoting one of its websites conveyed the false impression of a connection with SSA. In addition, Four Seasons Marketing’s use of the domain name SocialSecurityGovBenefits.com and the related website’s use of images of U.S. flags, an American bald eagle, the U.S. Capitol Building, and the header banner “Social Security Government Benefits,” also conveyed the false impression of a connection with SSA.

Without admitting that they violated Section 1140, the common owners of the two companies agreed to pay a CMP, discontinue using the violative header in advertising, cease using the domain name SocialSecurityGovBenefits.com (and 16 other domain names), and either shut down or redesign SocialSecurityandDisability.com to comply with Section 1140.

Section 1129 Enforcement

The OIG's CMP program, targeting violations of Section 1129 of the Act, maximizes available resources and creates a positive return on investment. Section 1129 authorizes a CMP against those who make false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of the Act. In addition, CMPs may be imposed against representative payees for wrongful conversion of payments, or against individuals who knowingly withhold a material fact from SSA. After consultation with DOJ, we are authorized to impose penalties of up to \$5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment. The following table and cases highlight the value achieved through our Section 1129 efforts for this reporting period.

SECTION 1129	
	10/1/12– 3/31/13
Cases Received	1,152
Cases Initiated	240
Cases Closed	533
Penalties and Assessments Imposed	\$5,315,903
Number of Hearings Requested	24
Cases Successfully Resolved (settled case, favorable judgment, or penalty imposed)	106

Section 1129 Case Highlights

Federal Employee Physician Worked While Collecting Disability Benefits

A medical doctor applied for DI after being diagnosed with cancer. However, he failed to notify SSA when he returned to work as a contract doctor at a Federal agency and later as a Federal employee. An OIG investigation revealed that the doctor wrongfully received \$32,223 in benefits between June 2006 and July 2008. We imposed a \$60,000 penalty and a \$32,223 assessment, for a total recovery of \$92,223.

College President Failed to Report Daughter's Change in Living Arrangements

A college president, serving as her child's representative payee, failed to notify SSA when her daughter began living with, and was financially supported by, the daughter's husband. Due to the failure to notify SSA that her daughter's living arrangements had changed, the college president wrongfully received \$34,047 in SSI. We entered into a settlement agreement including a \$92,000 penalty and a \$34,047 assessment, for a total recovery of \$126,047.

Georgia Woman Fraudulently Takes Dead Woman's Benefits

A Georgia woman, serving as representative payee for a deceased beneficiary, failed to report the beneficiary's death in November 2006 and continued to accept and use her DI benefits for 33 months. By failing to report her death and accepting those benefits for nearly three years, the subject committed 33 separate material withholdings. We imposed a \$66,000 penalty and a \$35,634 assessment, for a total recovery of \$101,634.

Hawaii Man Failed to Disclose \$1 Million in Assets While Receiving SSI

A Hawaii man, whose total assets equaled \$1.75 million during an eight-year period, fraudulently received more than \$24,000 in SSI while hiding these assets from SSA. In order to steal less than \$100 per month from the needs-based SSI program, the man concealed his ownership of a posh condominium, stock, bonds, and property in other states. After a Departmental Appeals Board hearing, the ALJ upheld our \$140,000 penalty and \$7,658 assessment, for a total recovery of \$147,658.

New Hampshire Realtor Concealed Work Activity

A New Hampshire realtor applied for DI and failed to report that she returned to work as a realtor a year after applying for disability benefits. The subject owned a successful real estate brokerage company while simultaneously collecting DI. Although the subject had numerous opportunities to report her work activity, she withheld the information for 42 months. We negotiated a settlement with the subject resulting in a penalty of \$5,000 and a \$67,585 assessment, for a total recovery of \$72,585.

Minnesota Man Concealed Work Activity by Using Wife's SSN for 49 Months

A Minnesota man failed to report his work activity to SSA while collecting disability benefits. He also actively conspired to conceal his work activity by requesting that his employer pay his salary to his wife, using her name and SSN, instead of his own. His fraudulent actions resulted in an overpayment of \$60,284. We negotiated a settlement including a \$51,000 penalty and a \$60,284 assessment, for a total recovery of \$111,284.

SUPPORT

Budget

For FY 2013, under sequestration, our annual appropriation is \$96.9 million, which supports an estimated end-of year staffing level of 560. The salaries and benefits of employees account for 90 percent of overall spending. The remaining 10 percent is used for necessary expenses such as travel, training, communications, reimbursable work authorizations, and general procurements, as well as to provide for basic infrastructure needs such as rent and interagency service agreements. We use our appropriation each year in support of our efforts to meet and exceed the goals set forth in the *OIG Strategic Plan for Fiscal Years 2011 – 2015*. The goals and accomplishments measured in the Strategic Plan are also published in SSA's Annual Congressional Budget Justification. As of the publication of this report, we were still assessing the impact of sequestration on our operations. We will include this information in our next Semiannual Report to Congress, for the latter half of FY 2013.

Human Resource Planning and Management

We actively pursue and work to retain the best possible employees. First, our staffing plan forecasts employee departures based on historical trends and human resources data, which allows us to establish optimal timeframes for recruiting new employees. Moreover, OIG managers monitor staffing to ensure that vacant positions are filled promptly, ensuring that OIG components have the ability to fulfill their respective missions.

Our human resource specialists and recruiters participate in national and virtual career fairs to attract the best and brightest talent to OIG. Ongoing evaluation and updating of our recruitment displays and brochures continue to enhance our outreach efforts. These events enable us to actively recruit underrepresented groups in the labor market, enabling us to maintain a truly diverse workforce. Once we identify the best candidates, we utilize a structured interview process to equitably assess candidates' skills and qualifications. This process has been instrumental in predicting the future success of new employees.

Our succession planning and knowledge-transfer strategies focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership transition efforts, and reciprocal developmental programs. In addition to participating with agency developmental programs, OIG continues to expand current developmental programs to utilize knowledge transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement.

Information Technology

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

effort to implement business intelligence software to provide enhanced management information to OIG Executives and managers. Once these upgrades have been completed, we will continue to automate our existing business processes in an effort to decrease costs and increase efficiency. During this reporting period, we continued to expand our telework program with plans for additional expansion by the end of the year. We continue to make improvements to our telework infrastructure for increased capacity and improved performance. The technologies we implemented allow for a productive remote workforce without sacrificing the security of sensitive information. These steps align the OIG with the goals and requirements of the Telework Enhancement Act of 2010.

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

Allegation Management and Fugitive Enforcement Division

The OIG's Fugitive Felon Enforcement Program identifies individuals reported to have outstanding felony arrest warrants and outstanding warrants for parole and probation violations. SSA shares its location information for wanted felons with local law enforcement agencies to assist in their apprehension efforts. In turn, these agencies advise SSA on the disposition of the warrant so SSA can take appropriate administrative action on the benefits.

Our data-sharing efforts with law enforcement agencies contributed to the arrest of 158 subjects during the reporting period, and more than 95,500 arrests since the program's inception in 1996. The following are some examples of fugitive felon activities during the past six months:

Case Highlights

- OIG agents and members of the U.S. Marshals Service in Lowell, Massachusetts arrested an SSA beneficiary wanted on a warrant dated July 2012 after an Indictment by a Federal Grand Jury sitting in the Southern District of New York. The Indictment charged the SSA beneficiary with Conspiracy to Distribute and to Possess with Intent to Distribute Crack Cocaine. The SSA beneficiary was Indicted along with twenty-four other co-conspirators. The felony warrant identified members of a criminal organization based in two Bronx housing developments that were involved in drug and gun crimes.
- OIG agents and members of the U.S. Marshals Pacific Northwest Violent Offender Task Force and the Spokane Police in Spokane, Washington arrested an SSA beneficiary wanted on a warrant dated November 2012 for Murder 1st Degree, Conspiracy, Mutilating a Human Body, Concealing a Human Body, Tampering with Evidence, and Hindering Prosecution. This felony warrant was issued by the Apache County Superior Court in Arizona (AZ).
- OIG agents and police officers of the Boston Police Department assigned to the U.S. Marshals Service Sex Offender Investigations Branch arrested an SSA beneficiary wanted on two warrants. One warrant dated August 2012, Failing to Appear to answer charges of Possession of a Class B Drug (Cocaine) and another dated November 2012, Failing to Register as a Sex Offender.

**REPORTING REQUIREMENTS
AND
APPENDICES**

REPORTING REQUIREMENTS

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

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

APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

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

Reports with Questioned Costs for the Reporting Period October 1, 2012 - March 31, 2013			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	17	\$77,006,197	\$70,611
B. Which were issued during the reporting period.	16 ^{a,b}	\$733,306,987	\$6,707,811
Subtotal (A + B)	33	\$810,313,184	\$6,778,422
Less:			
C. For which a management decision was made during the reporting period.	18	\$328,499,230	\$0
i. Dollar value of disallowed costs.	15	\$305,981,290	\$0
ii. Dollar value of costs not disallowed.	3	\$22,517,940	\$0
D. For which no management decision had been made by the end of the reporting period.	16	\$481,813,954	\$6,778,422

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

^b. One report has two monetary recommendations; one recommendation is reflected in section Ci and one recommendation is reflected in section D.

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

Reports with Recommendations that Funds Be Put to Better Use Reporting Period October 1, 2012 - March 31, 2013		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	8	\$3,321,944,092
B. Which were issued during the reporting period.	6 ^a	\$52,499,193
Subtotal (A + B)	14	\$3,374,443,285
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.	5	\$2,460,684,615
(a) Based on proposed management action.	5	\$2,460,684,615
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	3	\$362,635,540
Subtotal (i + ii)	8	\$2,823,320,155
D. For which no management decision had been made by the end of the reporting period.	6	\$551,123,130

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

APPENDIX B: REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2012 – March 31, 2013		
Audit Number	Report	Issue Date
A-08-12-11280	Accuracy of the Social Security Administration's Numident	10/3/2012
A-01-12-12104	Administrative Costs Claimed by the Connecticut Disability Determination Services	10/18/2012
A-03-12-11201	Monitoring Controls for the Consent Based Social Security Number Verification Program	10/25/2012
A-02-13-13041	Fiscal Year 2012 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/8/2012
A-15-12-11286	The Social Security Administration's Financial Report for Fiscal Year 2012	11/8/2012
A-14-12-12120	The Social Security Administration's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2012	11/15/2012
A-05-12-11239	Controls over Payments Made to Claimant Representatives at the Hearings Level	12/4/2012
A-13-12-11245	Benefit Payments Managed by Representative Payees of Children in Pennsylvania's State Foster Care Programs	12/4/2012
A-06-10-20155	Noncitizens Issued Multiple Social Security Numbers	12/10/2012
A-12-12-11240	Training and Development of Hearing Office Group Supervisors	12/10/2012
A-13-12-22143	Congressional Response Report: The Social Security Administration's Compliance with Equal Employment Opportunity Commission Decisions	12/11/2012
A-14-12-21271	Direct Deposit Changes Initiated Through Financial Institutions and the Social Security Administration's Internet and Automated 800-Number Applications (Limited Distribution)	12/20/2012
A-15-12-21273	Controls over the Enrollment Process with the Direct Express® Debit Card Program (Limited Distribution)	12/21/2012

Reports with Non-Monetary Findings October 1, 2012 – March 31, 2013		
Audit Number	Report	Issue Date
A-15-13-13068	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012	12/28/2012
A-15-13-23043	Congressional Response Report: Memorandum of Understanding between General Services Administration and Social Security Administration for Space and Service	12/28/2012
A-07-12-11268	Individuals Hiding Self-Employment Income to Receive Disability Insurance Benefits	1/11/2013
A-06-12-22101	Controls over Direct Deposit Changes Initiated in Field Offices (Limited Distribution)	1/23/2013
A-12-12-11289	Identifying and Monitoring Risk Factors at Hearing Offices	1/24/2013
A-77-13-00001	Single Audit of the Hawaii Department of Human Services for the Fiscal Year Ended June 30, 2011	1/25/2013
A-15-11-01127	Access to Social Security Administration Data at the Disability Determination Services	1/29/2013
A-01-13-23051	Congressional Response Report: The Social Security Administration's Disability Research Consortium	2/1/2013
A-06-12-11283	Administrative Costs Claimed by the Texas Disability Determination Services	2/4/2013
A-77-13-00002	Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 2011	2/7/2013
A-01-13-23064	Sanctioned Medical Providers and Medical Evidence of Record	2/8/2013
A-04-12-11230	Overall Processing Times for 2010 Childhood Supplemental Security Income Claims	2/8/2013
A-05-12-22144	Congressional Response Report: Interagency Agreements with the Office of Personnel Management for Administrative Law Judge Services	2/14/2013
A-77-13-00003	Single Audit of the State of North Carolina for the Fiscal Year Ended June 30, 2011	2/26/2013
A-77-13-00004	Single Audit of the State of Nebraska for the Fiscal Year Ended June 30, 2011	2/26/2013

Reports with Non-Monetary Findings October 1, 2012 – March 31, 2013		
Audit Number	Report	Issue Date
A-15-12-12115	Performance Indicator Audit: Hearing Requests	2/27/2013
A-77-13-00005	Single Audit of the State of Wisconsin for the Fiscal Year Ended June 30, 2011	2/27/2013
A-01-13-23031	Summary of Inspectors General Compliance with the Improper Payments Elimination and Recovery Act of 2010	3/1/2013
A-03-12-11213	Accuracy of Quarterly Wage Data and Their Impact on Social Security Benefits	3/12/2013
A-77-13-00006	Single Audit of the State of Iowa for the Fiscal Year Ended June 30, 2011	3/13/2013
A-12-12-11274	Hearing Office Case Rotation Among Administrative Law Judges	3/14/2013
A-13-13-23012	Department of Labor Office of Inspector General Peer Review	3/15/2013
A-15-13-13067	The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2012 Performance and Accountability Report	3/15/2013
A-77-13-00007	Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2011	3/21/2013
A-14-12-12107	National Support Center Cost Savings (Limited Distribution)	3/29/2013

Reports with Questioned Costs October 1, 2012 – March 31, 2013			
Audit Number	Issue Date	Report	Dollar Amount
A-01-11-01120	10/3/2012	Beneficiaries Incorrectly Identified as Prisoners	\$59,706
A-04-11-11102	10/5/2012	Claimant Representative Fees Paid but Not Withheld from DI Past-Due Benefits	\$21,005,047
A-01-11-01135	10/12/2012	Supplemental Security Income Recipients Whose Medicare Benefits Were Terminated Due to Death	\$405,357
A-02-10-20128	10/26/2012	Supplemental Security Income Applicants with Earnings Received After Their Disability Onset Dates and Before Favorable Hearing Decisions	\$5,597,500
A-07-12-11211	11/1/2012	Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination	\$83,583,935
A-01-12-21238	12/10/2012	Supplemental Security Income Recipients Eligible for, or Receiving, Russian Pensions	\$44,553,360
A-09-12-11220	12/10/2012	Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records	\$6,707,811
A-09-12-21236	12/11/2012	Accumulated Funds Payable to Beneficiaries or Their Representative Payees	\$29,935,853
A-02-11-11185	12/20/2012	The Social Security Administration's Development of Earnings Alerts for Supplemental Security Income Recipients	\$110,142,700
A-04-12-22135	12/20/2012	Personnel Costs and Hiring Practices of the Georgia Disability Adjudication Services	\$7,097
A-09-11-21158	12/20/2012	Childhood Disability Beneficiaries with an Incorrect Waiting Period	\$7,333,126
A-09-12-11210	1/31/2013	Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset	\$215,457,523

Reports with Questioned Costs October 1, 2012 – March 31, 2013			
Audit Number	Issue Date	Report	Dollar Amount
A-01-11-01142	2/1/2013	Usefulness of Department of Homeland Security Travel Data to Identify Supplemental Security Income Recipients Who Are Outside the United States	\$152,200,827
A-09-11-21194	3/21/2013	Controls over the Issuance of Supplemental Security Income Installment Payments	\$55,342,288
A-01-12-11299	3/22/2013	Adjustments to Widow's Benefits at Full Retirement Age	\$7,661,824
A-06-12-11261	3/27/2013	Payee Assistance Management, Inc., an Organizational Representative Payee for the Social Security Administration	\$20,844
Total			\$740,014,798

Reports with Funds Put to Better Use October 1, 2012 – March 31, 2013			
Audit Number	Issue Date	Report	Dollar Amount
A-01-11-01135	10/12/2012	Supplemental Security Income Recipients Whose Medicare Benefits Were Terminated Due to Death	\$214,303
A-01-12-21238	12/10/2012	Supplemental Security Income Recipients Eligible for, or Receiving, Russian Pensions	\$5,134,041
A-13-12-11267	12/10/2012	Genesis Eldercare Catonsville Commons, an Organizational Representative Payee for the Social Security Administration	\$5,863
A-09-12-21236	12/11/2012	Accumulated Funds Payable to Beneficiaries or Their Representative Payees	\$4,031,088
A-09-12-11210	1/31/2013	Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset	\$12,652,302
A-01-12-11299	3/22/2013	Adjustments to Widow's Benefits at Full Retirement Age	\$30,461,596
Total			\$52,499,193

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

To meet the requirements of the *Omnibus Consolidated Appropriations Act of FY 1997*, P.L. 104-208, we are providing requisite data for the second half of FY 2012 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over \$52 million in SSA funds as a result of our investigative activities in this reporting period (10/1/12 - 3/31/13). These funds are broken down in the table below.

Investigative Activities			
	1st Quarter 10/1/12 – 12/31/12	2nd Quarter 1/1/13 – 3/31/13	Total
Court Ordered Restitution	\$9,326,659	\$9,801,728	\$19,128,387
Recoveries	\$13,445,935	\$15,576,329	\$29,022,264
Fines	\$1,457,075	\$1,551,113	\$3,008,188
Settlements/ Judgments	\$827,647	\$565,411	\$1,393,058
TOTAL	\$25,057,316	\$27,494,581	\$52,551,897

OFFICE OF AUDIT

SSA management informed us that the Agency has completed implementing recommendations from 7 audit reports during this period valued at over \$41 million.

GENESIS ELDERCARE CATONSVILLE COMMONS, AN ORGANIZATIONAL REPRESENTATIVE PAYEE FOR THE SOCIAL SECURITY ADMINISTRATION (A-13-12-11267, 12/10/2012)

We recommended that SSA follow through with its planned action to determine if there is an estate for the deceased beneficiary and take action as appropriate. The implemented value of this recommendation is \$1,081.

We recommended that SSA remind Genesis Eldercare Catonsville Commons to (a) notify the Agency timely when a beneficiary is no longer in its care and (b) obtain SSA's approval of transfers of conserved funds to a new payee or beneficiary. SSA should assess Genesis' compliance during its next site review. The implemented value of this recommendation is \$4,782.

USING MEDICARE CLAIM DATA TO IDENTIFY DECEASED BENEFICIARIES (A-08-09-19105, 8/2/2012)

We recommended that SSA continue working with the Centers for Medicare and Medicaid Services to establish a data use agreement to identify aged beneficiaries who are not using Medicare and use this information to conduct Medicare Non Usage Project reviews. The implemented value of this recommendation is \$9,141,120.

BENEFIT PAYMENTS MANAGED BY REPRESENTATIVE PAYEES OF CHILDREN IN FOSTER CARE IN THE SOCIAL SECURITY ADMINISTRATION'S CHICAGO REGION (A-13-11-21105, 6/18/2012)

We recommended that SSA partner with the State of Michigan to increase opportunities to share information, such as establishing an agreement to use the State Verification Exchange System (SVES), and discuss with the State of Indiana the existing SVES agreement to maximize the potential to identify unsuitable representative payees and decrease instances of benefit payment misuse. The implemented value of this recommendation is \$1,072,984.

INDIVIDUAL REPRESENTATIVE PAYEES WHO MISUSE BENEFITS (A-13-10-10182, 5/4/2012)

We recommended that SSA repay the 13 beneficiaries identified in our audit for which the Agency has obtained restitution from the misusers, but has not repaid these funds to the beneficiaries. The implemented value of this recommendation is \$29,694.

We recommended that SSA repay the four beneficiaries we identified where Agency negligence was determined concerning the misuse, but the beneficiaries were not paid. The implemented value of this recommendation is \$30,934.

FOLLOW-UP: INDIVIDUALS RECEIVING BENEFITS UNDER MULTIPLE SOCIAL SECURITY NUMBERS AT DIFFERENT ADDRESSES (A-01-11-11145, 1/13/2012)

We recommended that SSA take appropriate action, such as assessing overpayments, stopping benefits, etc. The implemented value of this recommendation is \$487,146.

HOMELESS OUTREACH PROJECTS AND EVALUATION DEMONSTRATION PROJECT (A-03-09-19073, 7/2/2010)

We recommended that SSA deobligate \$83,725 in grant funds awarded but not disbursed to one grantee. The implemented value of this recommendation is \$96,171.

PROBATION OR PAROLE VIOLATORS SERVING AS REPRESENTATIVE PAYEES (A-01-09-29112, 8/19/2009)

We recommended that SSA update the computer-matching agreement to identify probation or parole violators who are serving as Representative Payees and use the information in determining whether a Representative Payee is suitable. The implemented value of this recommendation is \$30,952,311.

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

MONITORING CONTROLS FOR THE CONSENT BASED SOCIAL SECURITY NUMBER VERIFICATION PROGRAM (A-03-12-11201, 10/25/2012)

Results of Review: SSA's monitoring controls for the Consent Based Social Security Number Verification (CBSV) program need to be improved. While the User Agreement required that participating companies include the date of birth (DoB) on the consent form, SSA did not require the DoB as part of the matching criteria. As a result, SSA verified about 227,000 names and SSNs without verifying DoBs, of which 337 related to children (2 months to 17 years). Because SSA verified the names and SSNs without a DoB, it did not alert participating companies to possible discrepancies between the DoBs provided by individuals and the DoBs recorded in SSA records. These false positive responses may have contributed to the misuse of children's identities. In addition, we found the consent form did not require that the relationship be specified for individuals who gave consent on behalf of 126 children who ranged from ages 2 months to 11 years. Finally, SSA did not always require that participating companies conduct an annual compliance review. Specifically, we found

- 15 (26 percent) companies did not have a compliance review;
- 17 (29 percent) companies were in various stages of the compliance review process; and
- 26 (45 percent) companies had a compliance review.

Recommendation: Make a systems change to the CBSV program to prevent the processing of verification requests without a DoB.

Agency Response: SSA disagreed with the recommendation. SSA stated that the Agency found it cost prohibitive to change its system to incorporate the DoB in the verification process at this time. SSA will reevaluate this decision in the future, as resources allow. In the interim, SSA will include more SSN verification disclosures related to minors' records in the audit compliance review certified public accountants conduct for participating companies. This inclusion will strengthen efforts to ensure companies' compliance with the revised user agreement requirements for verifying minors' SSNs.

OIG Response: The cost to change the CBSV system to incorporate the DoB in the verification program should not be prohibitive because SSA is reimbursed all costs incurred to operate and manage CBSV through fees paid by participating companies. Annually, SSA assesses the cost to operate CBSV and adjusts its fees accordingly. This helps ensure that the Agency's appropriation does not bear the cost for CBSV since it does not directly relate to the administration of SSA programs. Therefore, we encourage the Agency to reconsider and implement our recommendation sooner

rather than later to protect the identity of children and provide more assurance that a valid verification response is provided to third parties.

BENEFIT PAYMENTS MANAGED BY REPRESENTATIVE PAYEES OF CHILDREN IN PENNSYLVANIA'S STATE FOSTER CARE PROGRAMS (A-13-12-11245, 12/4/2012)

Results of Review: Our review of Pennsylvania foster care records for 6 counties identified 130 children whose representative payees were neither the foster care parent nor a county-based foster care program and therefore may not have been suitable. We believe these children's benefits were at risk of misuse since these payees may not have been using the funds for the children's current and foreseeable needs.

Recommendation: Conduct assessments for the 130 representative payees identified to determine whether the payees are suitable, and if necessary, refer suspected misuse to our Office of Investigations.

Agency Response: SSA disagreed with the recommendation stating the report did not contain sufficient analysis to support this recommendation.

OIG Response: Results of similar computer comparisons using foster care data from four other States are included in the report. Based on SSA's assessments of certain representative payees that served 189 children, the Agency determined about 28.6 percent misused benefit payments. SSA's assessments were conducted of payees who were not foster care programs or foster care parents. We conclude this information is sufficient to warrant our recommendation.

APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

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

OFFICE OF INVESTIGATIONS

Total Restitution Reported by DOJ as Collected for SSA			
FY	Total Number of Individuals Assigned Court Ordered Restitution	Court Ordered Restitution for This Period	Total Restitution Collected by DOJ
2011	550	\$26,408,142	See Footnote ¹
2012	580	\$35,388,290	See Footnote ¹
2013 (10/1/12 - 3/31/13)	263	\$15,481,666	See Footnote ¹
TOTAL	1,393	\$77,278,098	See Footnote¹

¹DOJ migrated collection data to a new computer system and is working to generate reports that will provide us with this information.

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2011	1,310	\$45,989,019
2012	1,382	\$53,354,863
2013 (10/1/12 - 3/31/13)	827	\$29,022,264
TOTAL	3,519	\$128,366,146

OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA's management officials and was current as of March 31, 2013.

SSA's Responses to OIG's Recommendations						
Recovery or Redirection of Questioned and Unsupported Costs ¹						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance ²
2011	28	\$1,587,604,454	\$1,561,809,217	\$46,764,785	\$79,008,858	\$1,461,830,811
2012	29	\$1,170,466,288	\$863,001,277	\$121,687,025	\$292,413,282	\$756,365,981
2013	16	\$740,014,798	\$274,818,171	\$465,063	\$21,005,047	\$718,544,688
TOTAL	73	\$3,498,085,540	\$2,699,628,665	\$168,916,873	\$392,427,187	\$2,936,741,480

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

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

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

DISABILITY INSURANCE AND SUPPLEMENTAL SECURITY INCOME CLAIMS ALLOWED BUT NOT PAID (A-01-10-10177, 6/20/2011)

Results of Review: Based on SSA's review of the cases we identified and referred to the Agency, SSA staff determined that some claimants were eligible for benefits not paid.

Recommendation: Complete its work on the remaining cases of the 1,847 unpaid claimants we identified and ensure all past due benefits are paid to beneficiaries as appropriate.

Agency Response: SSA agreed with the recommendation.

Valued at: \$8,921,121 in questioned costs.

Corrective Action: A March 1, 2013 extension was given to the Payment Centers to work these cases. Five of the nine regions have completed their cases. The other four are working their cases. SSA expects to complete all cases by second quarter of 2013.

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

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

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

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

Agency Response: SSA agreed with the recommendation.

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

Corrective Action: SSA is working to review and terminate the identified cases as appropriate.

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

Agency Response: SSA agreed with the recommendation.

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

Corrective Action: SSA is working to review and terminate the identified cases as appropriate.

RECOVERY OF DI PAYMENTS ISSUED AFTER BENEFICIARIES' DEATHS (A-09-10-11037, 1/4/2011)

Results of Review: SSA needs to improve its controls and procedures to ensure that appropriate and timely actions are taken to recover payments issued after beneficiaries' deaths. Based on a random sample of 200 beneficiaries, we estimate about

- \$18.8 million in payments after death was not recovered or properly resolved for approximately 25,940 deceased beneficiaries, and
- \$34.8 million in payments after death that had been recovered or properly resolved needed to be removed as overpayments from SSA's records for approximately 17,520 deceased beneficiaries.

Recommendation: Evaluate the results of its corrective actions for the 68 errors and determine whether the Agency should review the population of 6,486 deceased beneficiaries with payments after death.

Agency Response: SSA agreed with the recommendation.

Valued at: \$18,787,948 in questioned costs.

Corrective Action: Based on the results of the review of the 68 errors, SSA determined that action on the population of 6,486 deceased beneficiaries is not necessary. SSA has a 3-year period to request a debit of an account for payments disbursed after death. If the Agency does not request the debit within 3 years, the request is rejected and not processed. This time has elapsed for many of these cases. It would not be cost effective to review over 6,000 cases when SSA would only be able to recover limited money.

BENEFITS PAYABLE TO CHILD BENEFICIARIES WHO NO LONGER NEED REPRESENTATIVE PAYEES (A-09-09-29116, 8/20/2010)

Results of Review: SSA needed to improve controls to ensure child beneficiaries who attained age 18 were paid benefits that had been previously withheld pending the selection of a representative payee. Based on a random sample of beneficiaries, we found that SSA did not pay an estimated 13,464 beneficiaries approximately \$31.2 million in withheld benefits.

Generally, these errors occurred because SSA did not generate a systems alert to identify beneficiaries who should have been paid withheld benefits when they attained age 18 or SSA employees did not take corrective actions to pay withheld benefits when processing student awards when a child attained age 18.

Recommendation: Identify and take corrective action on the population of child beneficiaries over age 18 whose benefits were withheld pending the selection of a representative payee.

Agency Response: SSA agreed with the recommendation.

Valued at: \$31,052,839 in questioned costs.

Corrective Action: SSA analyzed the 13,739 records and identified 482 individuals who are now in current pay or hold status (H70/H80) on their own SSNs. SSA reviewed the 482 records and issued underpayments when appropriate. Due to limited resources, it will take the Agency a while to review the remaining cases in the OIG's population, perhaps all of FY 2013 or longer.

RETROACTIVE DI PAYMENTS TO RELEASED PRISONERS (A-06-08-38081, 7/14/2010)

Results of Review: SSA issued improper or questionable retroactive payments to beneficiaries after their release from prison. About half the retroactive payment transactions of \$10,000 or more we reviewed were either improper or issued without any explanation or justification being documented. SSA did not establish sufficient controls to ensure large retroactive payments to released prisoners were valid. Specifically, SSA payment systems allowed SSA personnel to compute and issue large retroactive payments without explanation or justification and without supervisory review. The lack of sufficient controls over these payments increased the potential for fraud, waste, or abuse.

Based on our sample results, we estimate that SSA issued approximately \$10.3 million in retroactive payments to prisoners that were either incorrect or could not be explained based on available documentation.

Recommendation: Establish controls to ensure employees explain and justify large retroactive payments issued to released prisoners.

Agency Response: SSA agreed with the recommendation.

Valued at: \$6,468,914 in questioned costs.

Corrective Action: Implementation of this recommendation is tied to the implementation of a separate recommendation. Enhancements to the Prisoner Update Processing System (PUPS) screens are needed to force users to document PUPS Remarks with the rationale for reinstating benefits when the reinstatement effective date is equal to or earlier than the confinement date or conviction date.

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

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

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

Recommendation: Consider revising the May 2009 policy to require the 2-PIN process (management approval) for suspension decisions controlled by the Recovery and Collection of Overpayment Process.

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA discussed the feasibility of a 2-pin process for suspension decisions controlled by the Recovery and Collection of Overpayments System with the Agency's Office of Systems. Through those discussions, SSA determined that the 2-pin process is feasible but due to Office of Systems resources, the Agency is not sure when this process can be implemented but will continue to follow up with the Office of Systems.

FOLLOW-UP ON DISABLED DI BENEFICIARIES WITH EARNINGS REPORTED ON THE MASTER EARNINGS FILE (A-01-08-28075, 4/15/2009)

Results of Review: Our audit found that the Agency made efforts to reduce overpayments resulting from work activity. However, we found that SSA did not evaluate all earnings, and as a result, overpayments resulted from work activity.

Based on our review, we estimate that approximately \$3.1 billion was overpaid to about 173,000 disabled beneficiaries because of work activity. Although SSA identified about 58 percent of these overpayments, we estimate the remaining 42 percent—approximately \$1.3 billion—went undetected by the Agency to about 49,000 disabled beneficiaries. In addition, we estimate SSA will continue to incorrectly pay about

\$382 million over the next 12 months to individuals who are no longer entitled to disability benefits if action is not taken by the Agency.

SSA performed 170,664 work-related continuing disability reviews (CDR) in 2008 at a unit cost of \$397.45. Based on our review, we estimate about \$3.1 billion was overpaid to approximately 173,000 disabled beneficiaries (out of 518,080 in the estimated universe) because of work activity. To perform work-related CDRs for all 518,080 disabled beneficiaries, it would cost SSA about \$206 million (assuming the \$397.45 unit cost remains the same). This results in a potential benefit-cost ratio of \$15.0 to \$1.0.

We recognize SSA's efforts to improve the work-related CDR process. In addition, we acknowledge the Agency's limited resources with which to perform this workload. However, we believe SSA may achieve greater savings in the long-term if the Agency could provide the resources to perform work-related CDRs for all disabled beneficiaries with substantial earnings reported on the Master Earnings File.

Recommendation: Develop and implement a plan to allocate more resources to timely perform work-related continuing disability reviews—and assess overpayments resulting from work activity—for cases identified by the Agency's earnings enforcement process.

Valued at: \$1,335,815,580 in questioned costs and \$381,563,100 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA made the following improvements to the Agency's work-related CDR processes and management information.

- SSA established a dedicated staff, which targets the oldest cases.
- SSA now prioritizes enforcement alerts (for cases with unreported earnings) by the amount of earnings. SSA works the cases with highest earnings first to minimize overpayments.
- SSA improved communications between its field offices and processing centers for priority cases that must be transferred between components.
- SSA established an Agency standard report for work CDR management information and overpayments. It is currently in the final stages of validation.
- SSA is establishing streamlined earnings reporting processes via telephone and Internet.

In addition, as recommended by the Government Accountability Office, SSA is evaluating the feasibility of:

- Periodically matching disability beneficiaries and recipients to Federal payroll data.

- Using the Automated Earnings Reappraisal Operation to identify individuals who have returned to work.

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

DEDICATED ACCOUNT UNDERPAYMENTS PAYABLE TO CHILDREN (A-09-09-29110, 11/10/2010)

Results of Review: SSA needs to improve controls to ensure it pays dedicated account underpayments to representative payees for the children in their care. Based on a random sample of 275 underpayments, we found SSA did not pay an estimated 7,775 underpayments totaling approximately \$35 million. This included 3 organizational representative payees who did not establish dedicated accounts for \$367,612 in underpayments for 47 children.

Generally, this occurred because SSA did not have adequate controls to ensure that representative payees established dedicated accounts. In addition, SSA staff did not notify representative payees about the existence of underpayments that required the establishment of dedicated accounts, or adequately control the issuance of installment payments.

Recommendation: Identify and take corrective action on the population of Supplemental Security Income (SSI) recipients who have dedicated account underpayments.

Agency Response: SSA agreed with the recommendation.

Valued at: \$34,229,920 in questioned costs.

Corrective Action: SSA published AM-10193 - AM-10193: Reminder Items Regarding Dedicated Account Underpayments Payable to Children on December 15, 2010 to remind technicians to ensure they notify representative payees of any underpayments that require the establishment of a dedicated account.

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

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

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

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

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA Stated that its State DDSs follow current SSA's suitability program policy requirements. SSA also continues efforts to implement HSPD 12 Credentialing. Specifically, the Agency completed implementation in the Alabama DDS in May of 2012, and is currently implementing in the Minnesota DDS. The estimated completion of the Minnesota DDS is May 2013.

CONTROLS FOR ISSUING SOCIAL SECURITY NUMBER PRINTOUTS (A-04-11-11105, 12/13/2011)

Results of Review: Despite some corrective actions SSA took in response to our previous report, we continue to believe the Agency should strengthen its controls for issuing SSN Printouts. In fact, since our December 2007 report, we found an increase in the (1) number of SSN Printouts SSA issued, (2) volume of numberholders obtaining more than 10 SSN Printouts in a day and a year, and (3) occurrences of fraud involving SSN Printouts. Additionally, SSA managers still had little information to monitor the number of SSN Printouts issued and related anomalies.

SSA stated its procedures for issuing SSN Printouts must comply with the intent of the Privacy Act and Office of Management and Budget (OMB) guidelines—to

provide individuals appropriate and timely access to their SSN information. We acknowledge the importance of SSA's compliance with Privacy Act and OMB guidelines. Nevertheless, we are concerned SSA continues to issue a high number of SSN Printouts with less stringent identity requirements and fewer controls than those for SSN cards.

Finally, SSA field offices located near the United States-Mexico border did not issue a higher number of SSN Printouts than other field offices.

Recommendation: Establish a limit on the number of SSN Printouts an individual may obtain in a day, year, and lifetime and require specific management approval for requests that exceed that limit

Agency Response: SSA agreed with the recommendation.

Corrective Action: In response to this audit, SSA is modifying its policies for issuance of Social Security Number (SSN) Printouts. SSA expects this new policy to take effect in the summer of 2013. Once implemented, SSA stated that applicants for SSN Printouts will be required to submit the same evidence that is needed for a replacement SSN card. In addition, only one SSN Printout can be issued per day, and SSN Printouts will be subject to the same yearly and lifetime limits as applicants for replacement SSN cards. Printouts do not count against the card limits, but once the card limits are met, the applicant must provide evidence of an acceptable exception reason (e.g., a hardship) before he or she can receive an SSN printout. Requests to exceed card limits must be approved by a manager. In addition, like applications for replacement SSN cards, requests for SSN Printouts will be processed through the Social Security Number Application Process (SSNAP).

FOLLOW-UP: SURVIVOR BENEFITS PAID IN INSTANCES WHEN THE SOCIAL SECURITY ADMINISTRATION REMOVED THE DEATH ENTRY FROM A PRIMARY WAGE EARNER'S RECORD (A-06-10-20135, 9/1/2011)

Result of Review: SSA has made progress in completing corrective actions to address the recommendations in our September 2006 report. SSA determined that 286 of the 307 wage earners identified during the prior review were actually deceased. SSA confirmed that 14 wage earners were alive and took action to terminate survivor benefit payments. SSA erroneously issued approximately \$579,000 in survivor benefits to family members of these wage earners. SSA could provide no documentation to indicate completion of death verifications for the remaining seven individuals.

As part of our follow-up review, we identified an additional 642 wage earners whose family members received survivor benefits even though SSA had deleted the wage earners' death entries from the Death Master File, and SSA's Numident file indicated the wage earners were alive. At the time of our review, SSA paid approximately \$644,000 in monthly survivor benefits to family members of the 642 wage earners. Our review of sampled records indicated that, similar to our 2006 findings, SSA employees who deleted these death entries did not document pertinent facts to support or explain these transactions. The resurrection transactions indicated the

wage earners were alive, and survivor benefits were improper. If the wage earners were actually deceased, SSA erroneously deleted their information from the Death Master File.

Recommendation: Perform death verifications for each of the 642 records with survivor benefit payments identified in this review and the 7 pending from our prior review and take appropriate action (for example, terminate benefits and establish overpayments, refer potentially fraudulent cases to OIG, and/or reinstate death entries).

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA plans to send the cases to the field offices for processing.

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

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

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

Recommendation: Identify and terminate in accordance with the Social Security Administration's presumption of death policy, the entitlement of the estimated 29,196 beneficiaries whose whereabouts were unknown and have been in suspended pay status for 7 or more years.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA will identify and terminate beneficiaries in this category. The Agency's DI Beneficiaries Suspense Workgroup will study other long-term suspense categories and SSA will act on its findings and recommendations.

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA's Office of Systems identified the beneficiaries requiring review on 6/26/12. SSA continues to await guidance from the Office of International

Policy (OIP): on 7/31/12, OIP requested an opinion from the Office of General Counsel (OGC). OIP is still waiting for a response from OGC, which may take several months.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS WITH UNREPORTED REAL PROPERTY (A-02-09-29025, 6/1/2011)

Results of Review: SSA's records on real property ownership matched with public property records in LexisNexis for 298 of the 350 recipients we reviewed. SSA determined that 25 recipients did not own what appeared to be unreported properties listed in LexisNexis. For the remaining 27 recipients, SSA determined LexisNexis was accurate and the recipients owned unreported real property. Sixteen of these 27 recipients were improperly paid about \$112,000 when the value of their unreported real property was taken into account. The Agency could not recover approximately half of this because of its rules of administrative finality. Based on our sample results, we estimated that about 541,580 recipients misreported real property ownership, and SSA improperly paid 320,940 of these recipients over \$2.2 billion. Comparing the costs of using LexisNexis to the benefits gained, we concluded that the use of LexisNexis was cost effective and would save about \$350 million annually.

Recommendation: Expand the use of LexisNexis if the pilot study demonstrates it is cost-beneficial to do so.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Users will be transitioned from LexisNexis Risk Management to Accurint by June 1, 2013.

THE SOCIAL SECURITY ADMINISTRATION'S TIME ALLOCATION SYSTEM (A-14-10-20122, 4/18/2011)

Result of Review: We found several events that led to SSA's decision to terminate the Time Allocation System (TAS). Some of these events raised questions about SSA's management of the TAS project, given that the project was terminated without proper analysis to determine which Workload Management System (DOWS or TAS) more accurately accounted for workload time measurements. We believe if SSA had conducted sufficient project planning before initiating the TAS project, most, if not all, of the events identified in this report could have been resolved before expending approximately \$36 million of Agency resources. We have organized our findings based on the Systems Development Life Cycle used by SSA.

- Planning and Analysis Phase
 - Insufficient Planning and Analysis Leading to the Termination of TAS
 - TAS Benefits and Costs Were Not Identified Timely
- Construction Phase
 - Insufficient Testing Due to Storage Constraints

- Post Release Phase
 - No Post Implementation Review (PIR) after a system was in operation for 6 months, or after TAS was terminated, to determine reasons for the project's failure.
- Maintenance Phase
 - Inability to maintain TAS cost-effectively.

Recommendation: Take the necessary steps to validate the accuracy of the current work measurement system or future replacements.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is currently refining the Agency's Post Implementation Review guidance.

Recommendation: Perform a PIR after a system has been in operation for 6 months and for all terminated projects to determine reasons for the project's termination.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In support of conducting PIRs in FY 2013, SSA's Office of Systems is in the process of refining the policy and framework that was developed. SSA is comparing the PIR data requirements against the Project Success Verification (PSV) process in order to identify the areas to enhance as outlined in the OMB guidance. SSA continues to perform PSVs on the Agency's completed projects.

IMPACT OF ALIEN NONPAYMENT PROVISIONS ON FIELD OFFICES ALONG THE MEXICAN BORDER (A-08-10-20140, 2/15/11)

Results of Review: While we recognize current law requires that alien nonpayment provision (ANP) beneficiaries routinely visit the United States to maintain their benefits, we believe this practice has a significant impact on some field offices along the Mexican border. For example, we found that over 1,000 ANP beneficiaries visit some field offices monthly to establish presence in the United States. Providing services to such a large volume of beneficiaries increases workload; adds to wait times; and, during high traffic days, results in some office space issues. Furthermore, field office personnel at each office we visited told us the number of ANP beneficiaries is increasing. For these reasons, some field office personnel we interviewed questioned the need for ANP beneficiaries to routinely visit field offices.

Recommendation: Continue to work with the Department of Homeland Security (DHS) to verify the identities of ANP beneficiaries at the border. To ensure consistency, we believe SSA should consider developing model language for field offices to use when establishing agreements with DHS. Once implemented, field office personnel should monitor the identity verification process to ensure that DHS personnel are complying with SSA policies and procedures.

Agency Response: SSA agreed with the recommendation.

Corrective Action: After working with DHS through the Biometric Identity Proofing Workgroup, it was determined there were disclosure and data exchange issues that could not be resolved. The lead for the Bio-Metrics Workgroup was the Office of Chief Information Officer, which was dismantled in 2011. In addition, the Office of General Counsel expressed legal issues with the ownership and storing of biometric data.

OFFICE OF DISABILITY ADJUDICATION AND REVIEW HEARING REQUESTS DISMISSALS (A-07-10-20171, 12/14/10)

Results of Review: We found that there were areas where improvements could be made for dismissing hearing requests.

- For untimely hearing requests, our review disclosed cases where dismissals were not (1) appropriate, (2) supported by the Office of Disability Adjudication and Review (ODAR) requests for claimants' explanations for untimely filing, (3) supported by an ALJ rationale, or (4) processed timely.
- For abandonment dismissals, we found cases where the dismissals were issued without the necessary attempts to contact claimants documented in the case folders.
- For withdrawal dismissals, we found one case where the claimant's case folder did not contain evidence the claimant or the claimant's representative requested the hearing request be withdrawn.

In addition, our analysis of dismissal rates identified wide variances among ODAR regions, hearing offices, and ALJs.

Recommendation: Determine whether factors are present that explain variances in dismissal rates among ODAR's regions, hearing offices, and ALJs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA conducted ODAR Continuing Education Program Quarterly IVT on dismissals in January 2013. The Office of Appellate Operations (OAO) continues to evaluate case processing options that would allow specialized staff to process all requests for review on ALJ dismissals. In addition, OAO is conducting a focused study on dismissals.

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

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

- Claimant age impacted disability determinations.
- Determinations of claimants' ability to work resulted in differences at the DDS and hearing levels.

- Claimant representation was more prevalent in cases allowed at the hearing level than in cases decided at the DDS level.
- Cases were allowed at the hearing level based on a different impairment than that on which the DDS made its determination.
- States had both DDS denial rates and hearing level allowance rates above the national averages.
- ODAR regions, hearing offices, and ALJs had wide variations in allowance rates.

Recommendation: SSA should consider analyzing variances between the hearing offices and administrative law judges with high and low allowance rates for the four impairments we analyzed to determine whether factors are present that support the variances

Agency Response: SSA agreed with the recommendation

Corrective Action: SSA's Office of Appellate Operations (OAO) is developing a report, which will track the allowance and denial rates based on specific impairments. Once the report is complete and the data is captured, SSA will analyze that data, and in consultation with the Office of the Chief Administrative Law Judge (OCALJ), determine if focused reviews are necessary.

FOLLOW-UP OF PENDING WORKERS' COMPENSATION (A-08-09-19167, 7/12/2010)

Results of Review: SSA had not taken corrective actions to address recommendations in our September 2005 report. Specifically, SSA had not (1) followed through with steps to reduce its backlog of DI cases having pending Workers' Compensation (WC) claims; (2) developed and implemented an automated process to ensure it systematically and routinely follows up on new pending WC cases; or (3) explored systems enhancements that would detect situations in which WC is not applicable to prevent personnel from retrieving and analyzing cases that no longer require development. As a result, the volume of cases with WC claims pending for 2 or more years increased from 227,615 in January 2005 to 268,825 in November 2009, an 18-percent increase over the past 4 years. In addition, we estimated SSA had overpaid DI beneficiaries between \$44 and \$58 million because of unreported WC payments since our June 2003 report.

Recommendation: SSA should explore systems enhancements that would detect situations in which WC is not applicable to prevent personnel from retrieving and analyzing cases that no longer require development.

Agency Response: SSA agreed with the recommendation.

Corrective Action: There is no legal requirement that States report WC benefit information to SSA. Therefore, SSA must rely on the disabled worker, the worker's attorney, or other outside sources to obtain WC verification. However, SSA continues to propose legislation mandating State reporting. This legislative proposal would require State and local governments and other entities that administer WC and

public disability benefit (PDB) plans to provide SSA with information on the receipt of payments to an individual under such plans. SSA would use this information to offset DI benefits and determine entitlement to SSI payments, as necessary. The proposal would also provide for the development and implementation of a system to collect this information requiring a uniform format from State and local governments and private insurers. Under the proposal, SSA would also provide pertinent collected information to the Secretary of Health and Human Services for child support enforcement purposes. This proposal would also alleviate our dependency on the wage earner to provide accurate and timely reporting of WC and PDB. SSA has made attempts to negotiate with other federal agencies to establish data matches to obtain federal WC benefit information on disabled workers who also receive Title II benefits. In 2006, SSA was successful in negotiating an agreement with the Department of Labor (DOL) to obtain access to DOL's Agency Query System (AQS) to obtain verification of federal WC paid under the Federal Employees Compensation Act (FECA).

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

None to report

APPENDIX H: OFFICE OF THE INSPECTOR GENERAL PEER REVIEWS

OFFICE OF AUDIT

- Our Office of Audit is required to undergo a peer review every three years, in accordance with generally accepted government auditing standards.
- The final System Review Report related to our last peer review, conducted by the Department of Veterans Affairs, was issued in August 2012. We received a rating of pass, which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Department of Veterans Affairs OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations as a result of this peer review.
- During FY 2013, we conducted a peer review of the DOL OIG's Office of Audit. We issued our report on March 15, 2013 and made no recommendations as a result of this peer review.
- There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

OFFICE OF INVESTIGATIONS

- Our Office of Investigations is required to undergo a peer review every three years to ensure general and qualitative standards comply with the requirements of the Quality Standards for Investigations adopted by the CIGIE. The peer review also ascertains whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers conferred by the 2002 amendments to the Inspector General Act are properly exercised pursuant to Section 6(e) of the Inspector General Act (as amended) and the United States Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.
- During this fiscal year, the Office of Investigations neither underwent nor conducted a peer review.
- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

APPENDIX I: REVIEW OF LEGISLATION AND REGULATIONS

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

With regard to proposed legislation and regulations, we provide comments on pending or proposed legislation to SSA's Office of Legislation and Congressional Affairs, which includes those comments in its agency response to OMB. In addition, we participate on an SSA working group that reviews legislative proposals throughout the year. This working group provides feedback on proposals submitted from all SSA components. Finally, the Inspector General is an active member of the CIGIE Legislation Committee. In this role, we provide input to responses prepared by the Committee to congressional staff on the impact of proposed legislation, and we meet with staff as needed to discuss legislative issues.

During this reporting period, we reviewed several legislative proposals to ensure that the proposals adequately addressed the potential for fraud and abuse in SSA's programs and operations. In this session of Congress, H.R. 3475, Keeping IDs Safe Act of 2011 was introduced. This legislation was designed to protect SSA's information related to deceased individuals. On May 8, 2012, the Inspector General testified at a hearing on Identity Theft and Tax Fraud, regarding how our investigations have shown that individuals can use available death data to obtain SSNs to commit fraud. H.R. 3475 is designed to address this concern. We have provided technical input to congressional staff on the proposed language, with suggested modifications as appropriate. Specifically, we suggested language relating to the prosecution of individuals who commit violations of the proposed legislation, along with appropriate criminal and civil penalties.

Throughout the Federal Government, improper payments are a major concern. On July 25, 2012, the Inspector General testified at a hearing on the Use of Technology to Improve the Administration of SSI's Financial Eligibility Requirements. He testified that the prolonged process to secure computer matching agreements with other Federal agencies pursuant to the Computer Matching and Privacy Protection Act (CMPPA) often delays or derails time-sensitive audit and investigative projects. This process hampers our ability to prevent fraud and reduce improper payments. We support a CIGIE legislative proposal to exempt all Federal OIGs from complying with the provisions of the CMPPA for projects relating to fraud, waste, and abuse; and we have met with various congressional staff to provide input on this issue.

GLOSSARY OF ACRONYMS

AC	Appeals Council
ALJ	Administrative Law Judge
AET	Annual Earnings Test
BIC-D	National Deceased Payee Project
BOND	Benefit Offset National Demonstration
CBSV	Consent Based Social Security Number Verification
CDI	Cooperative Disability Investigations
CDR	Continuing Disability Review
CIGIE	Council of Inspectors General on Integrity and Efficiency
CKEEP	Central Kentucky Economic Empowerment Project
CMP	Civil Monetary Penalty
DC	Double Check Negotiation
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
DMF	Death Master File
DOJ	Department of Justice
DOL	Department of Labor
DUA	Disaster Unemployment Assistance
EDR	Electronic Death Registration
FEQ	Foreign Enforcement Questionnaire
FI	Financial Institutions
FY	Fiscal Year
FOIA	Freedom of Information Act
GAO	Government Accountability Office
ICE	Immigration and Customs Enforcement
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
IP	Internet Protocol
LDOL	Louisiana Department of Labor
LM	Lockheed Martin
MBR	Master Beneficiary Record

GLOSSARY OF ACRONYMS (CONTINUED)

MEF	Master Earnings File
MI	Management Information
NCC	National Computer Center
NH	Number Holder
OA	Office of Audit
OAO	Office of Appellate Operations
OASDI	Old-Age, Survivors, and Disability Insurance
OCIG	Office of the Counsel to the Inspector General
ODAR	Office of Disability Adjudication and Review
OER	Office of External Relations
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQAPR	Office of Quality Assurance and Professional Responsibility
OQP	Office of Quality Performance
OTRM	Office of Technology and Resource Management
PASS	Plan to Achieve Self Support
PII	Personally Identifiable Information
PUPS	Prisoner Update Processing System
PIR	Post Implementation Review
SAC	Special Agent-in-Charge
SSA	Social Security Administration
SPS	Single Payment System
SSI	Supplemental Security Income
SSN	Social Security Number
the Act	Social Security Act
TAS	Time Allocation System
TY	Tax Year
U.S.	United States
VA	Department of Veterans Affairs
WC	Workers' Compensation