



## SOCIAL SECURITY

### **MEMORANDUM**

**Date:** December 27, 2010

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Performance Indicator Audit: Electronic Service Delivery (A-15-10-11073)

We contracted with KPMG to evaluate 10 of the Social Security Administration's performance indicators (PI) established to comply with the *Government Performance and Results Act*. The attached final report presents the results of three of the PIs evaluated. For the PIs included in this audit, KPMG's objectives were to:

1. Comprehend and document the sources of data that were collected to report on the specified PI.
2. Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were generated.
3. Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI.
4. Recalculate each measure to ascertain its accuracy.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink that reads "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

Attachment

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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**PERFORMANCE INDICATOR AUDIT:  
ELECTRONIC SERVICE DELIVERY**

**December 2010      A-15-10-11073**

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**AUDIT REPORT**

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

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

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

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

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

## **Vision**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter 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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## MEMORANDUM

Date: December 20, 2010

To: Inspector General

From: KPMG, LLP

Subject: Performance Indicator Audit: Electronic Service Delivery (A-15-10-11073)

## OBJECTIVE

The *Government Performance and Results Act of 1993* (GPRA)<sup>1</sup> requires that the Social Security Administration (SSA) develop performance indicators (PI) that assess the relevant service levels and outcomes of each program activity.<sup>2</sup> GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance.<sup>3</sup>

Our audit was conducted in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained does this.

For this audit of SSA PIs, *Achieve the target percentage of initial disability claims filed online; Achieve the target percentage of retirement claims filed online; and Achieve the target percentage of paper Forms W-2 received for Fiscal Year (FY) 2009*, our objectives were to:

1. Comprehend and document the sources of data that were collected to report on the specified PI.
2. Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were generated.
3. Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI.

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<sup>1</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

<sup>2</sup> 31 U.S.C. § 1115(a)(4).

<sup>3</sup> 31 U.S.C. § 1115(a)(6).

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4. Recalculate each measure to ascertain its accuracy.

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This performance audit did not constitute an audit of financial statements in accordance with government auditing standards. KPMG was not engaged to, and did not, render an opinion on SSA's internal controls over financial reporting or over financial management systems (for purposes of Office of Management and Budget [OMB] Circular No. A-127, *Financial Management Systems*, January 9, 2009, as revised). KPMG cautions that projecting the results of our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

## BACKGROUND

We audited the following PIs, which were included in SSA's FY 2009 Performance and Accountability Report (PAR).

<u>Performance Indicator</u>	<u>FY 2009 – Target</u>	<u>FY 2009 – Actual</u>
Achieve the target percentage of initial disability claims filed online <sup>4</sup>	18%	21%
Achieve the target percentage of retirement claims filed online <sup>5</sup>	26%	32%
Achieve the target percentage of paper Forms W-2 received <sup>6</sup>	17%	16%

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<sup>4</sup> FY 2009 PAR, p. 55.

<sup>5</sup> FY 2009 PAR, p. 57.

<sup>6</sup> FY 2009 PAR, p. 68.

The strategic goals and objectives related to these performance indicators are as follows.

<b>Performance Indicator</b>	<b>Strategic Goal</b>	<b>Strategic Objective</b>
Achieve the target percentage of initial disability claims filed online <sup>7</sup>	Improve the speed and quality of SSA's disability process <sup>8</sup>	Make it easier and faster to file for disability benefits online <sup>9</sup>
Achieve the target percentage of retirement claims filed online <sup>10</sup>	Improve SSA's retiree and other core services <sup>11</sup>	Dramatically increase baby boomers' use of our online retirement services <sup>12</sup>
Achieve the target percentage of paper Forms W-2 received <sup>13</sup>	Preserve the public's trust in SSA's programs <sup>14</sup>	Maintain accurate earnings records <sup>15</sup>

According to SSA, “Our Mission: Deliver Social Security services that meet the changing needs of the public.”<sup>16</sup> SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. The OASDI program, authorized by Title II of the *Social Security Act* (Act), provides income for eligible workers and for eligible members of their families and survivors.<sup>17</sup> The Disability Insurance (DI) program, also authorized by Title II of the Act, provides income for eligible workers with qualifying disabilities and eligible members of their families, before those workers reach retirement age.<sup>18</sup> The SSI program, authorized by Title XVI of the Act, was designed as a needs-based program to provide or supplement the income of aged, blind, and/or disabled individuals with limited income and resources.<sup>19</sup> A claimant may receive disability benefits under the DI and/or SSI programs.

<sup>7</sup> FY 2009 PAR, p. 55.

<sup>8</sup> FY 2009 PAR, p. 17.

<sup>9</sup> *Id.*

<sup>10</sup> FY 2009 PAR, p. 57.

<sup>11</sup> FY 2009 PAR, p. 18.

<sup>12</sup> *Id.*

<sup>13</sup> FY 2009 PAR, p. 68.

<sup>14</sup> FY 2009 PAR, p. 19.

<sup>15</sup> *Id.*

<sup>16</sup> FY 2009 PAR, p. 7.

<sup>17</sup> The Act § 201, 42 U.S.C. § 401.

<sup>18</sup> *Id.*

<sup>19</sup> The Act § 1601, 42 U.S.C. § 1381.

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Online applications for disability and retirement claims have increased dramatically in recent years. The PAR states that, “In FY 2009, almost 600,000 individuals filed for disability benefits online. This was more than a 100-percent increase over FY 2008 (260,902),”<sup>20</sup> and “In FY 2009, 833,433 individuals filed for retirement benefits online. This was more than a 100-percent increase over FY 2008 (407,443).”<sup>21</sup> These increases reflect SSA’s efforts to achieve its strategic goals and objectives.

As part of the effort to reduce paper wage reports (Form W-2, *Wage and Tax Statement*), SSA continues to promote and encourage employers to submit electronic wage reports. As stated in the PAR, annually SSA “. . . receive[s] over 43 million paper wage reports from approximately 4.4 million employers.”<sup>22</sup> Reducing the number of paper wage reports filed will increase efficiency in SSA’s processing since paper wage reports are more error-prone, labor-intensive, and expensive to process.

## **RESULTS OF REVIEW**

We noted several instances where SSA was unable to provide data related to the critical internal controls over the systems from which the specified performance data were generated for the three PIs: *Achieve the target percentage of initial disability claims filed online*; *Achieve the target percentage of retirement claims filed online*; and *Achieve the target percentage of paper Forms W-2 received*.

We also noted several instances where SSA was unable to provide underlying data to support the adequacy, accuracy, reasonableness, completeness, and consistency of the PIs *Achieve the target percentage of initial disability claims filed online* and *Achieve the target percentage of retirement claims filed online*.

### ***Achieve the Target Percentage of Initial Disability Claims Filed Online***

#### **Indicator Background**

A disability claim is initiated when a claimant files an initial disability application and SSA Form 3368, *Adult Disability Report*, or SSA Form 3820, *Child Disability Report*. The application and Form 3368 or Form 3820 can be submitted to SSA by a claimant in one of three ways:

- over the Internet (via SSA’s Website),
- over the telephone, or
- by visiting a local field office.

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<sup>20</sup> FY 2009 PAR, p. 55.

<sup>21</sup> FY 2009 PAR, p. 57.

<sup>22</sup> FY 2009 PAR, p. 68.

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All initial disability applications are processed at 1 of more than 1,300 field offices, which are aggregated into 10 regions. Regardless of how a claim is filed (Internet, telephone, or field office), a local field office representative reviews all initial disability claims submitted. To file a claim, a claimant or a third-party representative appointed by the claimant must, at a minimum, file an initial disability application and SSA Forms 3368 or 3820. There are other forms that may be required depending on the claimant's work status, age, disability allegations, mental health, income, work history, and education. However, either SSA Form 3368 or Form 3820 are required for all claimants as these Forms contain the information necessary for determining whether an individual qualifies for DI or SSI. The submission of additional technical forms and representations may be necessary based on the claimant's particular disability and eligibility for Title II or XVI disability benefits.

To apply for disability benefits online, an applicant accesses the application, iClaim, on SSA's Website. Claimants can use the iClaim application to establish a claim for DI, but not for SSI. When a disability claim is initially entered using iClaim, an indicator is set in the record that indicates the information was initially received online. The claimant's disability application is automatically entered into SSA's Modernized Claims System (MCS) in real-time when a claims representative selects the claim and begins processing the case. For claims submitted via telephone or in person through a local SSA field office, a claims representative must enter the claimant's information into MCS for Title II claims. Once a claim is submitted into MCS the initial disability application, disability report, and all relevant supporting documentation (medical records, expert testimony, work history, etc.) must be either scanned (for paper documents) or transmitted electronically (when available) into the Electronic Disability Collect System (EDCS). The record is stored in EDCS, and the claim is concurrently transmitted to the applicable disability determination services office.

The performance target is calculated by dividing the number of initial disability claims filed online by the total number of initial disability claims that could be filed online.

### Performance Indicator Calculation

$$\text{Percentage of initial disability claims filed online} = \frac{\text{Total number of initial Social Security disability claims filed online in FY 2009}}{\text{Total number of initial disability claims that could be filed online in FY 2009}}$$

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## Findings

We noted one instance where SSA could not provide the data related to the internal controls over the systems supporting the PI. We noted one instance where SSA could not provide the underlying data related to the adequacy, accuracy, reasonableness, completeness, and consistency of the specified PI in the FY 2009 PAR.

### Critical Internal Controls - Completeness

In accordance with Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, transactions should be recorded completely, accurately, and timely.<sup>23</sup> We were unable to obtain the run-to-run logs that supported the updating of the Management Information databases because SSA had no requirement to maintain the Management Information detail supporting the PI. These databases are used to create the reports from which the performance results for the PI are tabulated. As a result, we were unable to test critical internal controls over the systems from which the performance data were generated.

### Adequacy, Accuracy, Reasonableness, Completeness, and Consistency of Underlying Data

In accordance with GAO *Standards for Internal Control in the Federal Government*, transactions should be recorded completely, accurately, and timely.<sup>24</sup> We were unable to obtain the detailed data supporting the PI because SSA had no requirement to maintain it. As a result, we were unable to verify the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for this PI.

As an alternative audit procedure, we reviewed supporting FY 2010 data for this PI. Although we could not review an entire year, we did not find any discrepancies or issues with the underlying data or the calculations for FY 2010.

## ***Achieve the Target Percentage of Retirement Claims Filed Online***

### **Indicator Background**

An individual is entitled to retirement benefits when they are fully insured, attain age 62, and file an application for benefits. To apply for retirement benefits online, an applicant accesses the application, iClaim, on SSA's Website. When a retirement claim is initially entered using iClaim, an indicator is set in the record that indicates the information was initially received online. The claimant's retirement application is automatically entered into SSA's MCS in real-time when a claims representative selects the claim and begins processing the case. For claims submitted via telephone or in person through a local SSA field office, a claims representative must enter the claimant's information into MCS.

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<sup>23</sup> GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1., p.15, November 1999..

<sup>24</sup> *Id.*

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Only after a retirement benefit claim has been reviewed and flagged as completed will it be automatically entered into MCS.

The calculation of the performance target is performed by dividing the number of retirement claims filed online by the total number of retirement claims that could be filed.

### **Performance Indicator Calculation**

$$\text{Percentage of retirement claims filed online} = \frac{\text{Total number of retirement claims filed online in FY 2009}}{\text{Total number of retirement claims that could be filed online in FY 2009}}^{25}$$

### **Findings**

We noted one instance where SSA could not provide the data related to the internal controls over the systems supporting the PI. We noted one instance where SSA could not provide the underlying data related to the adequacy, accuracy, reasonableness, completeness, and consistency of the specified PI in the FY 2009 PAR.

#### **Critical Internal Controls - Completeness**

In accordance with GAO Standards for Internal Control in the Federal Government, transactions should be recorded completely, accurately, and timely.<sup>26</sup> However, we were unable to obtain the run-to-run logs that support the updating of the Management Information databases. These databases are used to create the reports from which the performance results for the PI are tabulated. SSA had no requirement to maintain the Management Information detail supporting the PI. As a result, we were unable to test critical internal controls over the systems from which the performance data were generated.

#### **Adequacy, Accuracy, Reasonableness, Completeness, and Consistency of Underlying Data**

In accordance with GAO Standards for Internal Control in the Federal Government, transactions should be recorded completely, accurately, and timely.<sup>27</sup> We were unable to obtain the detailed data supporting the PI because SSA had no requirement to maintain it. As a result, we were unable to verify the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for this PI.

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<sup>25</sup> Medicare claims could not be filed online in FY 2009.

<sup>26</sup> GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, p. 15, November 1999.

<sup>27</sup> *Id.*

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As an alternative audit procedure, we reviewed supporting FY 2010 data for this PI. Although we could not review an entire year, we did not find any discrepancies or issues with the underlying data or the calculations for FY 2010.

### ***Achieve the Target Percentage of Paper Forms W-2 Received***

#### **Indicator Background**

The *Internal Revenue Service Restructuring and Reform Act of 1998* (RRA 98)<sup>28</sup> authorized the Electronic Tax Administration Advisory Committee (ETAAC) to provide feedback to the Internal Revenue Service (IRS) on electronic tax administration. RRA 98 requires that ETAAC annually report to Congress on the IRS' progress in meeting the goal to receive electronically 80 percent of tax and information returns. SSA receives its W-2s on behalf of the IRS and has established the same goal to achieve an 80-percent electronic filing rate.

SSA supports two methods of receiving IRS Forms W-3, *Transmittal of Wage and Tax Statements*, and W-2: electronically or hard copy. For the electronically captured method, the employer enters its Forms W-3 with W-2 via SSA's Website. The hard copy method requires that the employer send hard copies of its W-3 with W-2s to SSA's data operations center in Wilkes-Barre, Pennsylvania. Electronically entered W-3s with their associated W-2s are entered through SSA's employer Website in one of four ways:

- Electronic Data Transfer,
- Online Wage Reporting System-Internet,
- W2 Online, or
- Web Service.

The W-3s and W-2s received electronically are initially received and stored in an interim file containing all electronic wage reports received through SSA's online facility. Hard copy records sent to SSA's data operations center in Wilkes-Barre are scanned, converted into text files, and stored. The hard copy records have the same W-3/W-2 "set" as those entered electronically: one W-3 with a W-2 for each employee who works, or has worked, for the employer.

The performance target is calculated by dividing the number of paper Forms W-2 by the total number of Forms W-2 received.

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<sup>28</sup> Pub. L. No. 105-206, 112 Stat. 685.

## Performance Indicator Calculation

$$\text{Percentage of paper Forms W-2 received} = \frac{\text{Total number of paper Forms W-2 received}}{\text{Total number of Forms W-2 received}}$$

## **Findings**

We noted one instance where SSA could not provide the data related to the internal controls over the systems supporting the PI. We did not identify any significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI in the FY 2009 PAR.

### Critical Internal Controls - Completeness

In accordance with *GAO Standards for Internal Control in the Federal Government*, transactions should be recorded completely, accurately, and timely.<sup>29</sup> We were unable to obtain the run-to-run logs that supported the updating of the Management Information databases for 10 of 12 months in FY 2009 (only data for August and September 2009 were available). These databases are used to create the reports from which the performance results for PI are tabulated. As a result of the Agency's data retention policy that permitted data to be effectively purged after 6 months, we were unable to verify the effectiveness of the controls supporting the performance data population from which this PI's performance results were tabulated.

## **CONCLUSION**

For PIs, *Achieve the target percentage of initial disability claims filed online; Achieve the target percentage of retirement claims filed online; and Achieve the target percentage of paper Forms W-2 received*, we were unable to obtain the run-to-run logs that supported the updating of the Management Information databases and therefore we were unable to test critical internal controls. For PIs, *Achieve the target percentage of initial disability claims filed online* and *Achieve the target percentage of retirement claims filed online*, we were unable to obtain the underlying data supporting the PI; therefore, we were unable to verify the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.

In response to a prior PI audit, SSA stated that the Agency did not maintain data to support some PIs as a result of computer storage capacity issues and staffing resources. Over the past several years, technology has evolved. Therefore, this is an opportune time for SSA to reevaluate computer storage capacity. In prior audits, SSA also quoted OMB's Circular A-11, *Preparation, Submission and Execution of the Budget*, which previously stated, "Performance data need not be perfect to be reliable,

<sup>29</sup> GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, p.15, November 1999.

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particularly if the cost and effort to secure the best performance data will exceed the value of any data so obtained.”<sup>30</sup> OMB Circular A-11, as of November 2010, states that “Performance data need not be perfect to be reliable; however, significant data limitations can lead to inaccurate assessments and distort performance results. Examples of data limitations include imprecise measurement and recordings, incomplete data, and inconsistencies in data collection procedures.”<sup>31</sup> Additionally, OMB Circular A-11, section 230.5, states that verification and validation of performance data to support the general accuracy and reliability of performance information reduces the risk of inaccurate performance data and provides a sufficient level of confidence to the Congress and the public that the information presented is credible.<sup>32</sup> Although we are not making formal recommendations in this report, we encourage SSA to revisit the issue of maintaining data to support the PIs reported in the Agency’s annual PAR. Maintaining the supporting data would enable third party evaluations of the PI, as suggested by Circular A-11.

## **AGENCY COMMENTS AND KPMG RESPONSE**

While there were no recommendations, SSA stated it would not be implementing any processes for storing PI data because of technical and staffing constraints. SSA suggested that KPMG consider an equally effective technique for auditing PI activity in real time as they produce it, rather than trying to reconstruct Management Information 1 year later.

The text of SSA’s general comments can be found in Appendix D.

### **KPMG Response**

We appreciate the Agency’s comments and consideration of our statements. Reviewing real-time data as SSA produces it only provides evidence that the data are available in the year produced. It does not provide sufficient evidence of the underlying data supporting the FY being audited. We have addressed the technical comments as deemed appropriate.

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<sup>30</sup> SSA OIG, *Performance Indicator Audit: Outstanding Debt* (A-02-05-15116), p. D-2, January 27, 2006.

<sup>31</sup> OMB, *Circular A-11, Preparing and Submitting the Annual Performance Report*, Section 230.5, November 12, 2010.

<sup>32</sup> Id..

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# Appendices

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Process Flowchart

[APPENDIX C](#) – Scope and Methodology

[APPENDIX D](#) – Agency Comments

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## **Appendix A**

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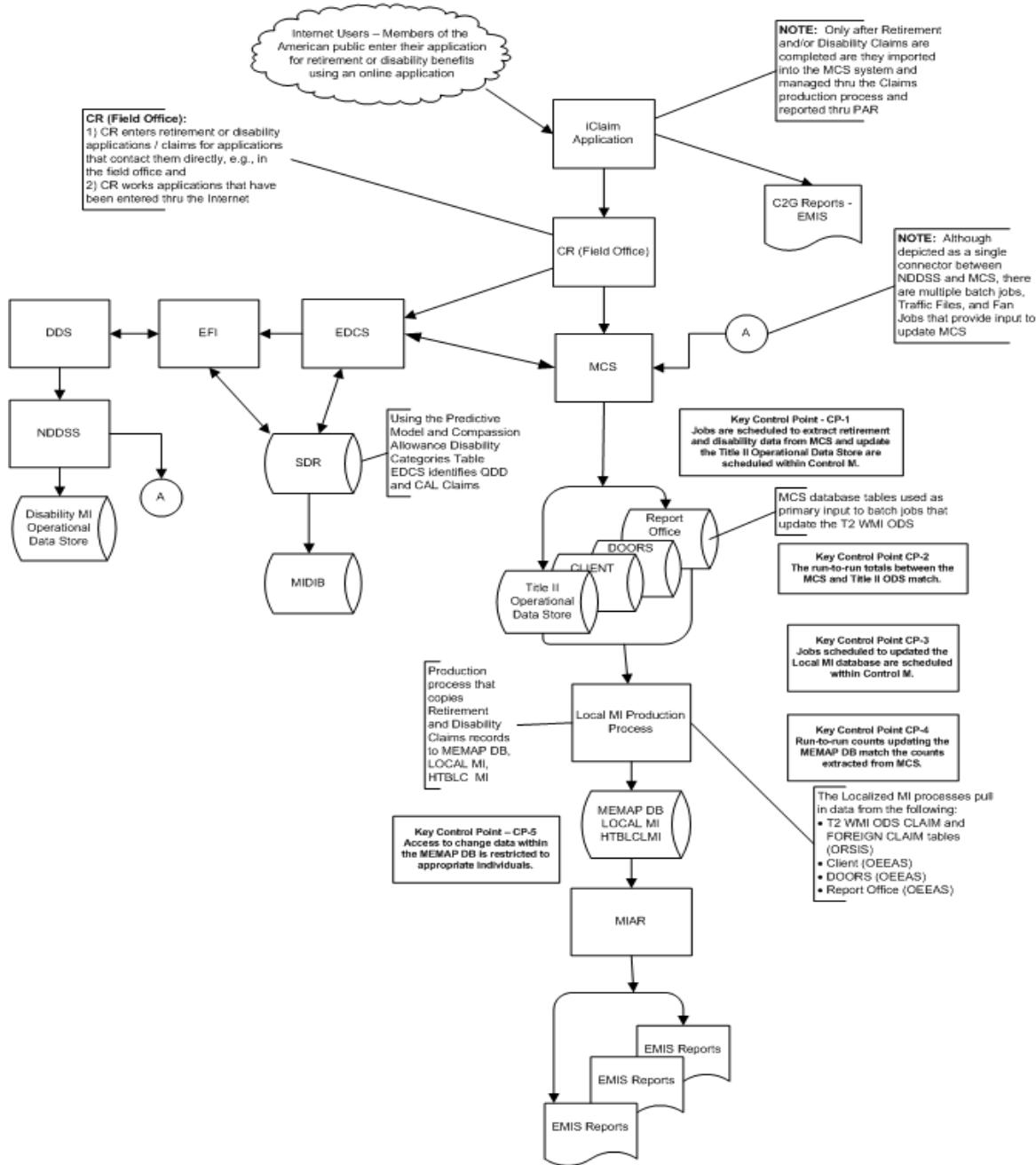
### **Acronyms**

Act	<i>Social Security Act</i>
DI	Disability Insurance
EDCS	Electronic Disability Collect System
ETAAC	Electronic Tax Administration Advisory Committee
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	<i>Government Performance and Results Act of 1993</i>
IRS	Internal Revenue Service
MCS	Modernized Claims System
OASDI	Old-Age, Survivors and Disability Insurance
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PI	Performance Indicator
Pub. L. No.	Public Law Number
RRA 98	<i>Internal Revenue Service Restructuring and Reform Act of 1998</i>
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

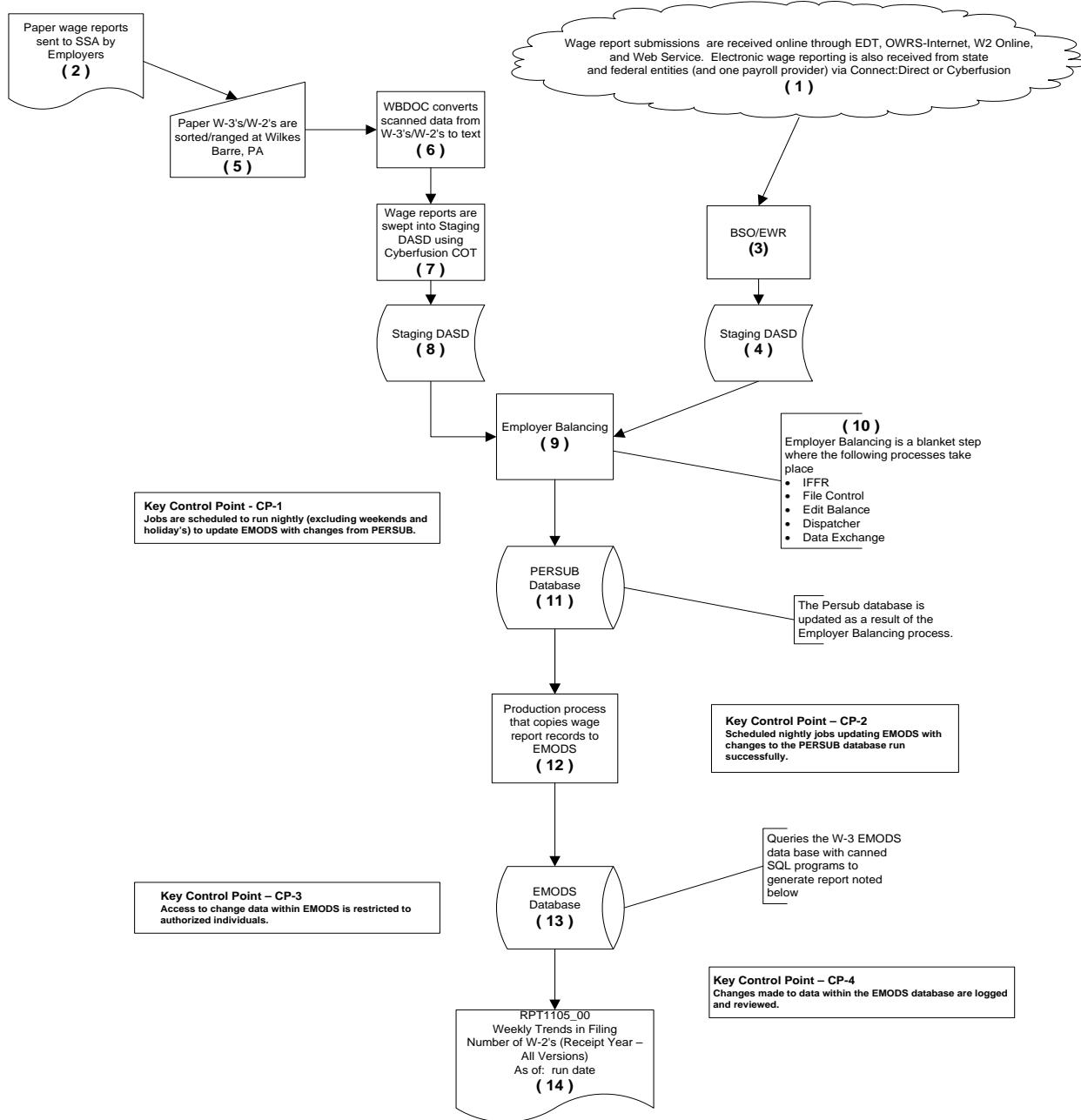
## Appendix B

### Process Flowchart

**Retirement Insurance Benefits and Disability Insurance Benefits  
Online Application Process Flow**



**Data Flow Diagram - Performance Measure 4.3a:  
Production processing flow for hard copy and electronically entered wage reports (W-3/W-2 Forms)**



## Process Flowchart Acronyms

BSO/EWR	Business Services Online/Electronic Wage Reporting
CAL	Compassionate Allowance
CR	Customer Representative
DASD	Direct Access Storage Device
DB	Database
DDS	Disability Determination Services
DOORS	Detailed Office Organization Resource System
EDCS	Electronic Disability Collect System
EDT	Electronic Data Transfer
EFI	Electronic Folder Interface
EMIS	Executive Management Information System
EMODS	Earnings Modernization Operational Data Store
HTBLC	Hierarchical Table for Local Management Information
IFFR	Initial File Format Record
MCS	Modernized Claim System
MEMAP	Electronic Service Delivery/Internet Management Information Architecture Project
MI	Management Information
MIAR	Management Information Architecture
MIDIB	Management Information Disability
NDDSS	National Disability Determination Services System
ODS	Operational Data Store
OEEAS	Office of Earnings, Enumeration, and Administrative Systems
ORSID	Office of Retirement and Survivors Insurance
OWRS	Online Wage Reporting System
PAR	Performance and Accountability Report
PERSUB	Production Employer Submission Database
QDD	Quick Disability Determination
SDR	Structured Data Repository
SQL	Structured Query Language
WBDOC	Wilkes-Barre Data Operation Center
WMI	Workload Management Information

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## **Appendix C**

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### **Scope and Methodology**

We obtained an understanding of the Social Security Administration's (SSA) *Government Performance and Results Act of 1993 (GPRA)*<sup>1</sup> business processes related to performance indicators (PI) *Achieve the target percentage of initial disability claims filed online; Achieve the target percentage of retirement claims filed online; and Achieve the target percentage of paper Forms W-2 received.* We completed this through research and interviewing key SSA personnel responsible for the PIs. The primary SSA components responsible for these measures were the Offices of Vision and Strategy within the Office of the Chief Information Officer; Electronic Services; and Earnings, Enumeration and Administrative Systems.

Through inquiry, observation, and other substantive testing, including testing source documentation, we performed the following:

- Reviewed prior SSA, Government Accountability Office (GAO), Office of the Inspector General, and other reports related to SSA's GPRA performance and related information systems.
- Reviewed applicable laws, regulations, and SSA policy.
- Interviewed appropriate SSA personnel to confirm our understanding of the PIs.
- Flowcharted the processes (see Appendix B).
- Documented the data sources used to report on the PIs.
- Identified and tested the critical (key) internal controls (automated and manual) over the systems from which performance data were generated.
- Determined the adequacy, accuracy, reasonableness, completeness, and consistency of performance data reported in SSA's Fiscal Year 2009 Performance and Accountability Report.
- Recalculated each measure to ascertain its accuracy, as necessary.

As part of this audit, we documented our understanding, as conveyed to us by Agency personnel, of the alignment of the Agency's mission, goals, objectives, processes, and related PIs. We used our understanding of the Agency's mission, goals, objectives, and processes to determine whether the PI appeared to be valid and appropriate.

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<sup>1</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C. and 39 U.S.C.).

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We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## ***Appendix D***

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### **Agency Comments**



## SOCIAL SECURITY

### MEMORANDUM

Date: December 14, 2010 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.  
Inspector General

From: Dean S. Landis /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Performance Indicator Audit: Electronic Service Delivery" (A-15-10-11073)--INFORMATION

Thank you for the opportunity to review the draft report. Attached is our response to the report.

Please let me know if we can be of further assistance. Please direct staff inquiries to  
Rebecca Tohero, Acting Director, Audit Management and Liaison Staff, at (410) 966-6975.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “PERFORMANCE INDICATOR AUDIT: ELECTRONIC SERVICE DELIVERY” (A-15-10-11073)**

Thank you for the opportunity to review the subject report. We offer the following comments.

**GENERAL COMMENTS**

You reviewed three fiscal year (FY) 2009 performance indicators (PI) during your audit. For all three, you “noted several instances where SSA was unable to provide data related to critical internal controls over the systems from which the specified performance data were generated.” For two of the three, you “were unable to verify the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.” You make no formal recommendations concerning your statements, but you suggest it may be an opportune time for us to reevaluate our practices for compiling and maintaining management information (MI) to support PI data.

Due to technical and staffing constraints, we are not implementing any new processes for storing PI data. To obtain the data you seek, we suggest you consider an equally effective technique for auditing PI activity -- a “real-time” review of performance measure data as we produce it, rather than trying to reconstruct MI a year later. While FY 2010 was not the focus of your current audit, it appears you used a real-time approach to review data from part of that year and “did not find any discrepancies or issues with the underlying data or the calculations for FY 2010.” Your findings are a strong indication that our performance information is reliable. Going forward, a similar real-time review should be sufficient to confirm that fact.

We have previously taken actions to obtain better MI for two of the PIs you reviewed: *Achieve the target percentage of initial disability claims filed online*; and *Achieve the target percentage of retirement claims filed online*. In 2007, we implemented “iClaim Localized MI.” This application provides data on geographic trends for people filing online disability and retirement claims. We use the data in determining where to focus our efforts in encouraging more people to use iClaim.

**[In addition to the information listed above, SSA also provided technical comments that have been addressed, where appropriate, in this report.]**

## **DISTRIBUTION SCHEDULE**

Commissioner of Social Security  
Chairman and Ranking Member, Committee on Ways and Means  
Chief of Staff, Committee on Ways and Means  
Chairman and Ranking Minority Member, Subcommittee on Social Security  
Majority and Minority Staff Director, Subcommittee on Social Security  
Chairman and Ranking Minority Member, Committee on the Budget, House of Representatives  
Chairman and Ranking Minority Member, Committee on Oversight and Government Reform  
Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives  
Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives  
Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate  
Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate  
Chairman and Ranking Minority Member, Committee on Finance  
Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy  
Chairman and Ranking Minority Member, Senate Special Committee on Aging  
Social Security Advisory Board

## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess 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 reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Office of the Counsel to the Inspector General**

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

### **Office of External Relations**

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.