
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CONTROLS OVER THE
SOCIAL SECURITY ADMINISTRATION'S
PROCESSING CENTER ACTION
CONTROL SYSTEM**

February 2004 A-14-03-23076

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: February 3, 2004 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Controls over the Social Security Administration's Processing Center Action Control System (A-14-03-23076)

OBJECTIVE

Our objectives were to determine whether Processing Center Action Control System (PCACS) transactions were (1) properly controlled and resolved in accordance with established Social Security Administration (SSA) business priorities and standards, and (2) were accurately reported to management.

Our review indicated that PCACS transactions were properly controlled and resolved in accordance with established procedures, and the information presented in management reports was accurate. However, we determined that the aging of workload items did not represent a true and complete picture to ensure management had the reliable and complete information necessary for decision making purposes.

BACKGROUND

PCACS is the Agency's national workload control system for the Processing Centers (PC). Workload items consist of computer output, electronically faxed forms, and mail room items that the PCs receive on a daily basis concerning initial claims and post-entitlement activities that cannot be handled by field offices. These items require research by PC personnel to determine and carry out the necessary course of action, if any. PCACS replaced the local case control systems previously in place at its eight PCs.¹ PCACS is housed on the mainframe computers located in SSA's National Computer Center in Woodlawn, Maryland. This system contains all computer output, electronically faxed forms, and mailroom items that the PCs receive on a daily basis. One of the primary functions of PCACS is to distribute workload items through its paperless processing system to appropriate PC personnel for control and resolution. Approximately 70 percent of each PC's annual workload is comprised of computer output workload items which are electronically generated from approximately

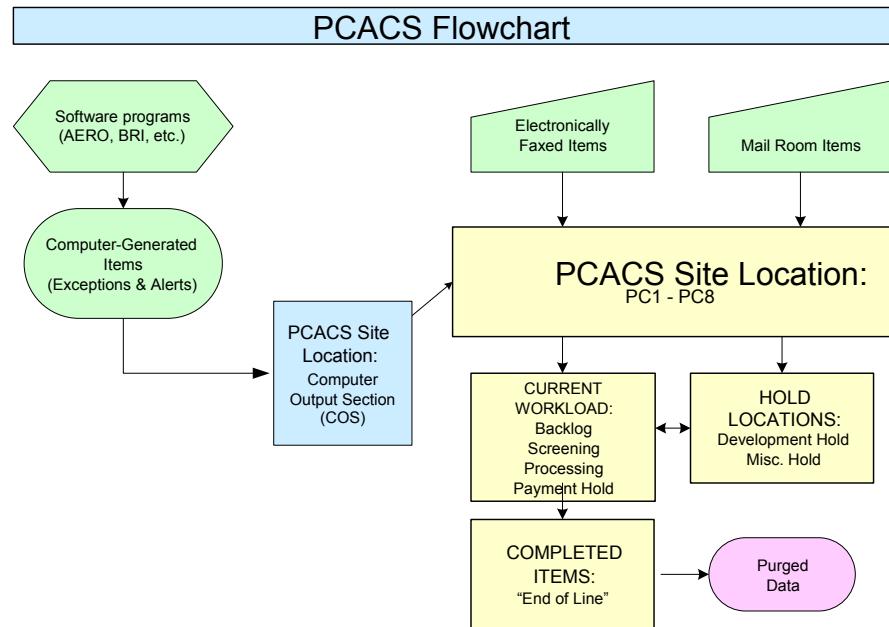
¹ The eight PCs include six regional Program Service Centers, the Office of Disability Operations, and the Office of International Operations.

27 computer processing sources. PCACS tracks the age and status of each item, and calculates workload and productivity reports for management reporting purposes.

PCACS SYSTEM

As illustrated in this flowchart, computer-generated items come into PCACS through the Computer Output Section (COS). Electronically faxed items and mail room items, however, go directly to PC sites (PC1 through PC8) without first being placed into COS. Items are either moved automatically from COS to PC sites (non-cyclical items), or stay in COS until moved by management (cyclical items).

Items are either moved automatically from COS to PC sites (non-cyclical items), or stay in COS until moved by management (cyclical items). Once items are placed in a PC site location (PC1-PC8) they may move among several operational locations,² including hold locations, before being completed and moved to an end-of-line location.



CALCULATING THE AGE OF WORKLOAD ITEMS

There are a number of ways to calculate the age of a workload item. Three of them are: (1) true age, (2) operations age, and (3) site age, as follows:

- **True Age:** True age is the total elapsed time of a workload item. It includes time spent in all locations, including COS, processing locations (i.e., “in site”), and hold locations.
- **Operations Age:** Operations age is the elapsed time of a workload item, excluding time spent in COS.
- **Site Age:** Site age is the total time a workload item spent in processing locations, excluding time spent in COS and time spent in hold locations.

² Operational locations are locations in PCACS where items may be worked, such as backlog, screening, and processing, or placed on hold, such as Development Holding File and Miscellaneous Holding File.

SCOPE AND METHODOLOGY

To accomplish our objectives, we reviewed applicable policies, procedures, prior audits related to PCACS issues, and management information reports related to PCACS. We interviewed SSA personnel in Headquarters and two Program Service Centers (PSC), the Northeastern PSC in Jamaica, New York and the Great Lakes PSC in Chicago, Illinois.

We tested a random sample of completed workload items and items in hold locations at the two PSCs and recalculated the age of all items in the PCACS master file, including COS items and items in hold locations.

We performed our fieldwork between April and August 2003. During the PSC visits, two members of PricewaterhouseCoopers staff assisted us with the testing of completed workload items and items in hold locations as part of SSA's annual financial statement audit. We conducted our review in accordance with generally accepted government auditing standards.

We determined PCACS data to be sufficiently reliable for our intended use. We tested workload items recorded in the PCACS master file, and determined that the data was sufficiently reliable to achieve our audit objectives and would not lead to an incorrect or unintentional conclusion.

RESULTS OF REVIEW

Our review indicated that PCACS transactions were properly controlled and resolved in accordance with established procedures and the information presented in management reports was accurate. However, we determined that the aging of workload items did not represent a true and complete picture to ensure management had the reliable and complete information necessary for decision making purposes. SSA produces many standard and ad-hoc management reports that capture and summarize workload information from the PCACS master file. According to the Commissioners' Message in the Fiscal Year (FY) 2002 Performance and Accountability Report,³ "SSA is committed to providing data that is complete and reliable to those who use it for decision making." The Agency's workload information can be misleading because management information reports do not include calculations of the substantial time that workload items spend in the COS and in various hold locations.

³ Social Security Administration's *Performance and Accountability Report for Fiscal Year 2002*, November 19, 2002, p.1.

TRUE AGE WAS NOT INCLUDED IN MANAGEMENT REPORTS

We found SSA uses site age for the majority of its management reports. True age or operations age is not usually presented. We calculated the effect of not showing the true age or the operations age for each PC (as of June 13, 2003)⁴ and found significant differences. As shown in Exhibit A, their overall “true age” is 59 percent higher than the site age, as follows:

Exhibit A. True Age, Operations Age, and Site Age (All PCs)

Processing Center	Total Items	Average True Age (Days)	Average Operations Age (Days)	Average Site Age (Days)	Average True Age as percentage increase of Site Age
PC1 – Northeastern PSC	77,684	64.4	42.5	29.2	120.5%
PC2 – Mid-Atlantic PSC	76,184	68.4	43.3	27.4	149.6%
PC3 – Southeastern PSC	80,788	52.8	25.8	17.1	208.8%
PC4 – Great Lakes PSC	73,864	72.7	36.2	26.3	176.4%
PC5 – Western PSC	110,105	73.1	52.0	45.1	62.1%
PC6 – Mid-America PSC	119,555	83.3	43.5	24.5	240.0%
PC7 – Office of Disability Operations	551,416	121.7	99.3	94.1	29.3%
PC8 – Office of International Operations	69,726	148.0	136.9	72.3	104.7%
Weighted Overall Averages (All PCs)	1,159,322	99.4	74.7	62.5	59%

The Office of Management and Budget requires agencies to have management controls in place to “...ensure government resources are used efficiently and effectively to achieve intended program results.”⁵ Management controls include management information reporting policies and procedures that ensure reliable and timely information is reported and used for decision making.⁶

Management reports are used to monitor workflow, project pending workloads, and assess performance within the PCs. Because SSA omitted this important information from its management reports, SSA did not have a complete picture of how old items were or how long it took to process and resolve items, and consequently, it could not be assured that it fully achieved desired results.

TIME SPENT IN COS WAS NOT INCLUDED IN AGING CALCULATIONS

COS is a component location in PCACS where computer-generated alerts and exceptions are placed until they are transferred to an operational location for processing. Many items spend only 1 or 2 days in COS before being automatically transferred to operational locations. These items are generated from computer runs

⁴ We extracted all open PCACS action control records from the PCACS master file as of June 13, 2003, and calculated the true age, operations age, and site age for all items.

⁵ Office of Management and Budget, Circular A-123, *Management Accountability and Control*, Section I.

⁶ *Ibid* at Section II.

that generate a steady flow of workload items throughout the year, often from daily or monthly runs.

However, items of a cyclical nature (called “COS controlled” items) are generated on an infrequent basis and usually create a large number of workload items all at once. In FY 2002, over 2.5 million of the 10.6 million total items (or 24 percent) that flowed through COS during the FY were COS controlled items. COS controlled items are not automatically moved by the system to operational locations in PCACS. These items stay in COS until management moves them to operational locations according to workload priority to prevent an overwhelming influx.

For example, Automated Earnings Reappraisal Operation (AERO) items are generated semiannually and Benefit Rate Increases (BRI) are generated annually. SSA’s FY 2003 National Processing Center Workplan (Workplan) specified that each PC work 100 percent of “priority” BRI workloads⁷ and 75 percent of AERO workloads by the end of the FY. The Workplan does not specify when the remaining AERO and BRI workloads will be completed. Other than the annual workload goals specified in its Workplan, the Agency does not have written policies regarding the movement of cyclical COS items out of COS to the operational locations in PCACS. The timeframes for metering cyclical items from COS to operational locations vary greatly as determined by local PC management.

Due mostly to the cyclical nature of the COS controlled items; time spent in COS can be significant. Also, depending on the timing of the cyclical workloads and the metering of workload items from COS to operational locations, the average age of COS items can fluctuate greatly throughout the year. We calculated the average age of all COS items varied from 41 to 192 days throughout FY 2003, and the average age of all COS items for all of FY 2003 (through August 8, 2003) was 109 days. As of the date of our detailed testing (June 13, 2003), the average age of all COS controlled items was 184 days, and the actual age of individual COS controlled items ranged from 0 to 1,119 days.

While separate management reports included aging data for items currently in COS, once an item leaves COS, the time counter starts over and all aging calculations are then based on the date the item left COS. Therefore, once an item leaves COS, the amount of time a workload item spent in COS is not included in standard management reports. As a result of the true age not being available, management’s decisions regarding the allocation of resources is based on incomplete information. Time spent in COS can significantly impact the timeliness of service delivery to the American public.

⁷ Priority BRI workloads were 46.7 percent of the total BRI workloads for FY 2002.

TIME SPENT IN HOLD LOCATIONS WAS NOT INCLUDED IN AGING CALCULATIONS

Hold locations are operational locations in PCACS, such as the development hold file (DHF) location and miscellaneous hold file (MHF) location where items are placed when they cannot be worked. Hold locations may be used for several reasons, such as:

- Awaiting receipt of additional information from the beneficiary, another agency, or a third party;
- Awaiting a key date before which the action cannot be processed;
- When action is expected to be completed in less than 7 days; and
- Advance filed claims, which cannot be processed until closer to the month of entitlement.

SSA practices do not permit the placement of items into hold locations for the purpose of concealing or terminating site age. During our review of selected items at the two PSCs (Northeastern and Great Lakes), we did not find any items had been placed into hold locations for impermissible reasons.

PCACS has the ability to produce ad-hoc reports based on either operations or site age, but does not have the ability to produce reports using true age. However, the initiation date is stored on the PCACS master file and, after making the appropriate software modifications, the true age could be calculated using the initiation date. Currently, the majority of standard reports that are normally distributed or are readily available to management are based on site age, and therefore, do not reflect either operations age or true age.

SSA uses site age in management reporting because there are events that can occur that prevent personnel from taking action to complete a workload item in a timely fashion that are not within the PC's control. Accordingly, for purposes of assessing performance, SSA management does not penalize personnel for time that is considered outside of their control. While we agree that this rationale has its merits, management reports may be used for reasons other than for assessing individual performance and, consequently, we believe it presents an incomplete picture.

For example, there is no indication on the weekly National PSC Processing Reports (also called the National PACER Reports) that any ages other than site and location⁸ ages are available, nor is there any mention that the site age calculation excludes time spent in COS and hold locations. This is also true for the National PSC Workload Reports and Workload Query Reports. In fact, the description of the site aging calculation in the PACER report documentation (if available to the report's user) which explains how the report is constructed is contradictory because it suggests that site age is the same as operations age. SSA asserted that items in hold locations can be

⁸ Location age is the amount of time a workload item has been in its current functional level in PCACS. This age varies depending on the functional level presented in the management report. Location age is sometimes presented in management reports (along with site age), and is most often presented at the component or site level. Because it is seldom used, it is not otherwise discussed in this report.

monitored on a national level, as well as by PC staffs and individual component managers using the Intranet reports. However, while this report provides information on items in hold locations such as DHF and MHF, again, it only shows site and location ages and not operations or true age, making it impossible for report users to correctly assess the age of these items.

We determined the amount of time items spend in hold locations can be significant. For example, for items in hold locations as of June 13, 2003, we calculated the average number of days these items spent in hold was 74.3 days.⁹ As a result of the true age not being available, management's decisions regarding the allocation of resources is based on incomplete information. Time spent in hold can significantly impact the timeliness of service to the American public.

Using PCACS Standard Statistical Reports, we calculated the average site age and average operations age for each category of workload items to further demonstrate the effect of items in hold locations. The difference between the site and operations ages represents time spent in hold locations. This difference was often substantial. For example, we identified 39 categories of items having a difference of at least 60 days between the site age and operations age. Appendix B shows 10 of the 39 categories. Because management reports showed only site age, it was impossible for report users to ascertain the average true age of these items.

CONCLUSIONS AND RECOMMENDATION

It is important for the Agency to have complete management information to ensure it is providing quality service and stewardship to the American public. To make informed management decisions, including monitoring workflow, projecting workloads, and assessing performance, management reports must include timely, reliable, and complete information. While we found that management reports were timely and appeared to be reliable, they did not represent a complete picture of the aging of workload items. As a result, the timeliness of processing actions such as overpayments, reconsideration requests, inquiries from the public and Congress, payment of attorney fees, and determinations of fraudulent transactions, may be affected.

We recommend SSA include the true age, operations age, and site age of its workload items in its standard management reports.

AGENCY COMMENTS AND OIG RESPONSE

In response to our draft report, SSA did not agree with our recommendation. While we continue to believe that having this information would be useful to the Agency in helping it to better manage its resources, we recognize that there are other ways that would

⁹ We calculated the average time spent in hold for items in hold locations as of June 13, 2003, by calculating the total number of days that items in hold locations had spent in hold through June 13, 2003, and divided the total by the number of items. As of June 13, 2003, there were 157,545 items in hold locations for a total of 11,712,722 hold days.

allow SSA to do this to some degree. However, if resources become available to allow the Agency to provide this information, then we believe it would be beneficial to do so. The text of SSA's comments is included in Appendix C.

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

James G. Huse, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Examples of Largest Age Differences (as of June 13, 2003)

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

AERO	Automated Earnings Reappraisal Operation
BRI	Benefit Rate Increases
COS	Computer Output Section
DHF	Development Hold File
FY	Fiscal Year
MHF	Miscellaneous Hold File
PCACS	Processing Center Action Control System
PC	Processing Center
PSC	Program Service Center
SSA	Social Security Administration

Appendix B

Examples of Largest Age Differences (as of June 13, 2003)

	PC	Category	Description of Category	No. of Items in Category	AVG. SITE AGE (Days)	AVG. OPER. AGE (Days)	AVG. TRUE AGE***	AVG. HOLD TIME (Days)
1	PC8	DISAB	Disability Related Actions	1,130	81.7	739.4	Not determinable	657.7
2	PC1	INQ	Inquiries from beneficiaries, the public, field offices, and other government agencies	308	48.4	529.6	Not determinable	481.2
3	PC6	FRAUD	Fraud related issues	104	234.5	649.6	Not determinable	415.1
4	PC1	OTHER	Miscellaneous actions	1,828	41.1	273.3	Not determinable	232.2
5	PC1	APPEAL	ALJ Hearings, Appeals Council Actions and Court Remands	1,415	24.9	224.3	Not determinable	199.4
6	PC8	SPEC	Special Studies	270	72.6	215.4	Not determinable	142.8
7	PC1	ATFEE	Attorney Fee Actions	1,586	39.2	181.6	Not determinable	142.4
8	PC1	RECON	Reconsideration requests	1,167	75.0	203.7	Not determinable	128.7
9	PC1	CHECK	Checks and Electronic Funds Transfer issues	6,017	18.0	145.6	Not determinable	127.6
10	PC1	OPMT	Overpayments	10,043	56.8	183.9	Not determinable	127.1
			TOTAL ITEMS	23,868				

***True age was not determinable because PCACS cannot currently provide any reports based on true age.

Appendix C

Agency Comments



MEMORANDUM

97-24-1060

Date: January 6, 2004 Refer To: S1J-3

To: James G. Huse, Jr.{PRIVATE }
Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Controls Over the Social Security
Administration's Processing Center Action Control System" (A-14-03-23076)--
INFORMATION

We appreciate OIG's efforts in conducting this review. Our comment to the recommendation is attached.

Please let us know if we can be of further assistance. Staff questions can be referred to Janet Carbonara at extension 53568.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT,
“CONTROLS OVER THE SOCIAL SECURITY ADMINISTRATION’S PROCESSING
CENTER ACTION CONTROL SYSTEM” (PCACS) A-14-03-23076

We are pleased that your review found that PCACS transactions are properly controlled and resolved in accordance with established procedures and that the information in management reports is accurate. However, we disagree with the conclusion that the failure to track “true age” and “operations age” in the management reports adversely affects the timeliness of processing actions.

Below are our comments to the recommendation.

Recommendation:

Include the true age, operations age, and site age of workload items in standard management reports.

Comment:

The OIG acknowledges that there are a number of ways to calculate the age of workload items. We do not believe that showing additional measures, such as “true age” or an “operations age,” on standard management reports, would improve the timeliness of processing actions.

Managers have access to the time actions spend in all locations, including the length of time the actions spend in the Computer Output Section (COS). Overall age (true age) shown on management reports would not enhance SSA’s ability to control or manage its workloads. COS was established to allow the Processing Centers (PC) to manage cyclical workloads, such as the Automated Earnings Reappraisal Operation and Benefit Rate Increases, by distributing them evenly throughout the year without adversely affecting other work with higher priorities. These cyclical workloads are routinely tracked from the time the actions are downloaded into COS until they are processed. Managers use the length of time actions spend in COS, in conjunction with other management information, to help them monitor workflow, assess performance, and project the work they need to process in the future.

Showing “operations age,” which adds the time actions spend in holding file locations to site age (the time spent in processing locations), would also not help SSA manage its work. Holding file time is used to control work that is outside of the control of a PC; i.e., they are waiting for additional information from a beneficiary or an attorney. The time that actions spend in holding files is monitored and controlled. Showing operations age on standard management reports would not enhance the timeliness of processing actions or enhance SSA’s ability to control and manage its workloads.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

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Acknowledgements

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Counsel to the Inspector General

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