

**LIMITED DISTRIBUTION****Fraud Risk Performance Audit of the Social Security Administration's Disability Programs  
A-15-25002**

April 2015

**Report Summary****Objectives**

To (1) evaluate existing disability and authentication fraud risks, (2) understand and evaluate existing anti-fraud activities to address the risks identified and management tolerance for fraud, and (3) identify any gaps or weaknesses in existing and/or proposed anti-fraud measures and provide recommendations.

The objectives were aimed at determining the Social Security Administration's (SSA) performance against Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, requirements related to management responsibility over potential fraud.

**Background**

In Fiscal Year 2014, 10.9 million beneficiaries received \$142.6 billion in Disability Insurance, and 8.4 million recipients received \$50.8 billion in Supplemental Security Income payments. SSA as a whole is under increased scrutiny after a number of highly publicized cases of fraud became the subject of several congressional hearings.

**Findings**

Our fraud risk assessment noted the following findings with respect to SSA's anti-fraud activities related to its disability programs.

- SSA does not track all instances of fraud.
- SSA does not use a risk-based approach to combating fraud.
- SSA could be more proactive in addressing and mitigating new fraud schemes.
- SSA needs to improve the design and operating effectiveness of anti-fraud measures.

**Recommendations**

To improve SSA's anti-fraud programs, we recommend SSA:

1. Track cases where a party pled guilty or was convicted of a criminal offense involving fraud and all identified cases where a beneficiary intentionally provides false information, omits or does not report information, or colludes to receive benefit payments. This will enable the Agency to perform such analyses as data mining and data analytics that will allow SSA to not only detect, but also prevent fraud and identify new potential fraud schemes.
2. Take a risk-based approach to combat fraud, such that its limited program integrity resources are aimed at addressing the fraud risk areas with the most significant impact to the Agency.
3. Take necessary steps to become more proactive in addressing and mitigating new fraud schemes by continuing to seek a dependable source of mandatory program integrity funding.
4. Correct identified design and operating effectiveness weaknesses in its anti-fraud measures.

SSA agreed with Recommendations 1 through 3 and partially agreed with Recommendation 4. Additionally, SSA provided technical comments that we incorporated, where appropriate.