

# OIG

Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION



## Semiannual Report to Congress

October 1, 2015 – March 31, 2016

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## A MESSAGE FROM THE INSPECTOR GENERAL

Change is inevitable, and it can occur and affect organizations in many ways. The Office of the Inspector General (OIG), though, has a long record of adapting to organizational, technological, and legislative changes, effectively navigating new terrain as it provides independent oversight of the Social Security Administration (SSA). Leadership turns over, tools and methods evolve, agencies implement policies, Congress enacts laws—but our work continues.

It continues because one thing that has not changed over time is this organization's steady focus on its mission to ensure the integrity of SSA's programs by identifying and preventing fraud, waste, and abuse. The OIG mission, untouched for more than 20 years, guides everything we do, regardless of the changes occurring around us.

I am proud, then, of the many significant mission-related activities completed by the OIG during this semiannual reporting period, October 1, 2015 through March 31, 2016. In this report, we highlight our investigators' dedication to prioritize and pursue cases of suspected fraud against SSA's programs; our auditors' ability to develop and issue reports that identify significant Social Security overpayments and underpayments and include appropriate recommendations to the Agency to reduce those errors; and our attorneys' commitment to uphold the laws of the *Social Security Act*. For example:

- Our investigators continue to pursue cases of disability fraud, to deter others from misusing Social Security benefits and preserve these funds for eligible, deserving people. In one case, a Maine man was sentenced to prison for failing to report his work activity as a successful fisherman and stealing almost \$70,000 in disability payments; in another, a Pennsylvania woman was ordered to repay more than \$140,000 to SSA after she was found to have concealed work activity under another Social Security number to collect benefits.
- Through data mining and analysis, our auditors identified significant improper payments in SSA's programs. In one report, we estimated about \$130 million in payment errors to disability beneficiaries who also received *Federal Employees' Compensation Act* (FECA) payments; in another report, we estimated about \$64 million in improper payments to Supplemental Security Income (SSI) recipients because SSA did not consider the recipients' earnings. SSA agreed with all but one of our recommendations from both reports.
- Harvard University's Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government recognized our attorneys for their efforts to educate the public on how to recognize and avoid scams that use SSA as bait and for its work with the private sector to develop innovative approaches to combat fraud. Harvard awarded our attorneys with a Top-25 Innovations in America Government Award for their consumer protection, outreach and enforcement program.

During my tenure as Inspector General, I have made it a priority to bring everything we do back to our mission to oversee SSA's operations, so that the Agency can continue to help the millions of Americans who depend on its programs. I am honored to serve with a skilled and dedicated staff that is committed to working with the Agency and Congress to fulfill this mission, today and into the future. Though various circumstances change, our purpose and its importance remain the same.



Patrick P. O'Carroll, Jr.  
Inspector General



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## EXECUTIVE SUMMARY

This report presents the significant activities of the SSA OIG from October 1, 2015 through March 31, 2016, documenting the achievements of the OIG's Offices of Audit, Investigations and Counsel, and OIG's support components.

<b>Key Accomplishments</b> October 1, 2015 through March 31, 2016	
<b>Audit Reports Issued</b>	28
<b>Questioned Costs</b>	\$370,291,338
<b>Funds Put to Better Use</b>	\$28,626,369
<b>Allegations Received</b>	75,230
<b>Investigations Opened</b>	4,148
<b>Investigations Closed</b>	4,057
<b>Arrests</b>	157
<b>Indictments/Informations</b>	454
<b>Criminal Convictions</b>	608
<b>Civil Actions/Civil Monetary Penalties</b>	158
<b>Cooperative Disability Investigations</b>	
--Claims Denied/Ceased	2,483
--Projected SSA Savings	\$131,183,884
--Projected Non-SSA Savings	\$159,380,454

### Audit

We issued 28 reports and made recommendations on various challenges facing SSA. We also identified more than \$370 million in questioned costs and more than \$28 million in Federal funds that could be put to better use.

During this reporting period, we looked at Disability Insurance (DI) beneficiaries who were receiving concurrent FECA payments, and estimated that SSA improperly paid almost 6,000 beneficiaries about \$130 million because it did not properly offset their benefits for those payments.

In other significant audit work, we found that:

- SSA improperly paid approximately \$64 million to about 38,600 SSI recipients because the Agency did not consider all their earnings;
- SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at one specific bank; and
- SSA denied retirement benefits to 3,575 fully insured individuals from January 2004 to April 2014, and 3,154 of these individuals were entitled to \$20.8 million in retirement benefits.

### Investigative

During this reporting period, we received more than 75,000 allegations from SSA employees, Congress, the public, law enforcement agencies, and other sources. OIG agents closed more than 4,000 criminal investigations, and reported over 150 arrests, over 450 indictments and informations, over 600 criminal convictions (including pretrial diversions), and over 150 civil judgments or civil monetary penalty (CMP) assessments.

We are reporting over \$222 million in investigative accomplishments, including over \$56 million in SSA recoveries, restitution, fines, settlements, and judgments.

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## Legal

During this reporting period, our attorneys successfully resolved 147 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 more than \$7 million in penalties and assessments through the CMP program. We also pursued actions to protect the public from fraudulent schemes that make use of SSA's well-known name and reputation (violations of Section 1140). During this reporting period, we shut down or achieved voluntary compliance in 11 Section 1140 cases, imposed penalties totaling \$11,500, and deterred future violations through our innovative outreach efforts.

## Outreach

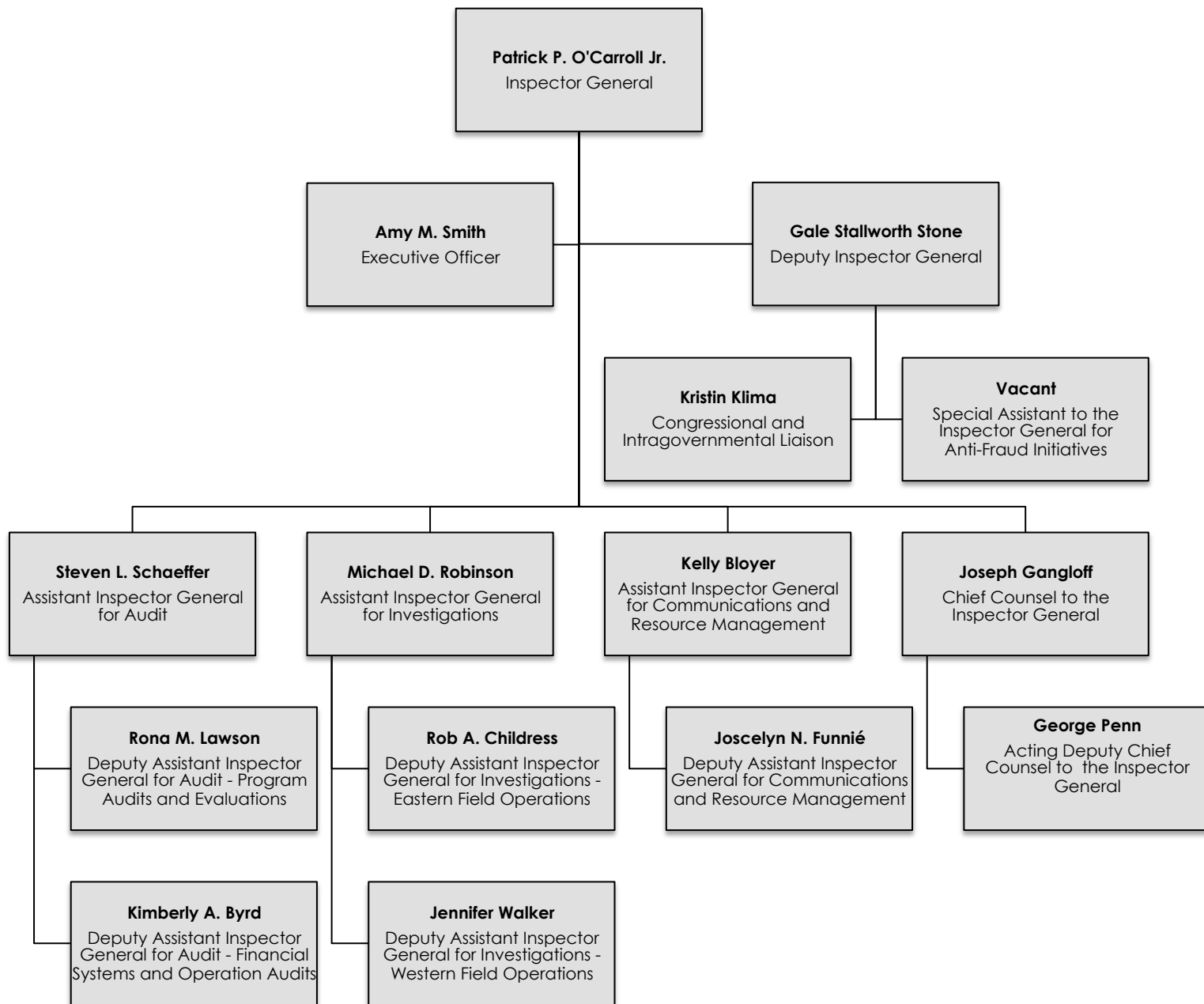
During the reporting period, Inspector General O'Carroll testified before the House and Senate Joint Economic Committee on the Social Security Disability Insurance program.

The OIG also participated in five press conferences with SSA and local law enforcement partners to announce new CDI units that opened in Providence, Rhode Island; Miami, Florida; Little Rock, Arkansas; Des Moines, Iowa; and most recently, St. Paul, Minnesota.

Finally, the Inspector General sat down with Federal News Radio and NBC New York to discuss OIG's efforts to reduce fraud, waste, and abuse, and SSA's Death Master File (DMF), respectively.

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# INTRODUCTION TO OUR ORGANIZATION



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SSA OIG comprises the Immediate Office of the Inspector General and four major components: the Offices of Audit, Communications and Resource Management, Counsel, and Investigations.

## **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 the Inspectors General on Integrity and Efficiency (CIGIE). IO also includes the Office of Quality Assurance and Professional Responsibility, which ensures compliance with Federal laws and regulations, agency policies, and relevant professional standards; and investigates OIG employee misconduct.

## **Office of Audit**

The Office of Audit (OA) conducts financial and performance audits of SSA programs and operations, and makes recommendations to ensure that SSA achieves program goals effectively and efficiently. Financial audits determine whether SSA's financial statements fairly represent 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 public.

## **Office of Communications and Resource Management**

The Office of Communications and Resource Management (OCRM) provides administrative support to the Inspector General and OIG components. OCRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OCRM disseminates information about the OIG's accomplishments to Congress, the media, and the public, and maintains the OIG web presence. OCRM manages OIG's human resources and develops administrative policies and procedures. OCRM also maintains the hardware, software, and telecommunications networks that are integral to OIG's operations. Finally, OCRM manages the OIG's Fraud Hotline and Fugitive Enforcement Program.

## **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 Investigations**

The 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, and third parties, and by SSA employees. OI 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 for investigating threats or violence against SSA employees and facilities.

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## SSA MANAGEMENT CHALLENGES

OIG annually identifies the most significant management challenges facing SSA based on legislative mandates and our audit and investigative work. Listed below is a summary of each challenge. We provide more detail on each challenge in our *Fiscal Year (FY) 2015 Inspector General Statement of the Social Security Administration's Major Management and Performance Challenges*.

### **Strengthen Planning, Transparency, and Accountability**

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the agency's ability to provide its services efficiently and effectively now and in the future. While planning for the next few years is important, a longer term vision is critical to ensuring that SSA has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond. In April 2015, SSA published its *Vision 2025* report, which SSA stated is "an aspirational vision of the agency in 2025 and beyond and presents three clearly defined priorities of Superior Customer Experience, Exceptional Employees and Innovative Organization." However, we are concerned that *Vision 2025* does not include the critical milestones and strategic roadmap needed to steer the agency toward the organization of the future. We will continue to assess SSA's progress toward developing and reaching its goals, strategic objectives, and performance measures. Regarding accountability, the FY 2015 Independent Auditor's Report contained three significant deficiencies in (a) internal controls related to calculation, recording, and prevention of overpayments, (b) redeterminations, and (c) information systems controls. The Acting Commissioner has made addressing these deficiencies a priority.

### **Improve Customer Service**

SSA faces several challenges as it pursues its mission to deliver services that meet the public's changing needs. One of SSA's greatest challenges is the loss of its most experienced employees, as the agency estimates that about 45 percent of its employees, including 54 percent of its supervisors, will be eligible to retire by FY 2022. This could affect SSA's ability to provide superior customer service. At the same time, the public is expecting responsive service from multiple service delivery channels and the nation is becoming more diverse. Therefore, SSA must continue to consider the increasing multilingual population it serves as it enhances service delivery channels. Further, the Government Accountability Office noted that SSA struggled to administer its Representative Payment Program effectively. The projected growth of the aged population, particularly those with dementia, will require SSA to expend more resources to recruit and monitor representative payees.

### **Improve the Timeliness and Quality of the Disability Process**

SSA needs to address the receipt of millions of initial disability and reconsideration claims, as well as the backlogs of initial disability claims and Continuing Disability Reviews (CDR), while also protecting its disability programs from fraud. SSA expects to have approximately 628,000 initial disability claims pending at the end of FY 2016. While SSA increased the number of full medical CDRs completed in recent years, it was not enough to eliminate the backlog. In FY 2014, SSA received authority to hire approximately 3,200 State Disability Determination Services (DDS) employees—including replacement hires. In FY 2016, SSA expects these hires to process additional CDRs. Recently, high-profile fraud schemes have highlighted the potential vulnerability of SSA's disability programs. This year, SSA began anti-fraud initiatives that included predictive analytics; Fraud Prevention Units in New York, Kansas City, and San Francisco; and expansion of the CDI program to 36 units as of the close of this reporting period.

### **Invest in Information Technology Infrastructure to Support Current and Future Workloads**

SSA faces the challenge of how best to use technology to meet its increasing workload with budget and human resources limitations. Further, SSA will not be able to manage its current and future workloads without the proper information technology (IT) infrastructure. We have concerns regarding the agency's IT physical infrastructure, development and implementation of secure electronic services, logical access controls and security of information systems, and management of major IT projects. The agency uses various customer service delivery options such as telephone, the Internet, and videoconferencing. While expanding services to meet customers' growing needs, SSA needs to ensure its existing and future electronic services are secure. SSA



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also faces challenges in executing and implementing major IT projects, and delivering expected functionalities on-schedule and within budget. Our previous Inspector General Statements have discussed the issue of cyber-security under the Invest in Information Technology Infrastructure to Support Current and Future Workloads challenge. While we will continue discussing cyber security under this challenge in the FY 2015 report, we plan to make it a separate challenge titled Secure Information Systems and Protect Sensitive Data in FY 2016.

### **Reduce Improper Payments and Increase Overpayment Recoveries**

SSA strives to balance its service commitments to the public while being a responsible steward of the funds entrusted to its care and minimizing the risk of making improper payments. The agency is responsible for issuing over \$900 billion in benefit payments per year, to about 60 million people. Given the large overall dollars involved, even the slightest error can result in millions of dollars in over- or underpayments. For example, one of the major causes of improper payments in the SSI program is the failure of individuals to report earnings timely. In June 2013, SSA developed a statistical model that predicts the likelihood of beneficiaries being at risk of receiving large earnings-related overpayments, and implemented it nationwide. SSA also developed a monthly wage reporting system incorporating touch-tone and voice-recognition telephone technology.

### **Improve the Responsiveness and Oversight of the Hearings Process**

While SSA has emphasized the need for quality, consistency, and timeliness in its disability decisions, this remains a challenge as pending hearings surpass 1 million cases and processing time increases. Since FY 2010, the pending hearings total has risen from 705,000 cases to about 1.1 million (1,109,540) cases at the end of February 2016. While the number of new receipts has declined over the past four years, it has still exceeded the number of dispositions. The agency's ability to reduce the number of pending hearings depends in large part on its adjudicatory capacity. The number of available administrative law judges (ALJ) grew by 18 percent from FY 2010 to FY 2013, but dropped in FY 2014 and continued to drop in FY 2015. Hundreds of ALJs were hired in FY 2015, which replaced departing ALJs and increased the number of available ALJs in FY 2016 for the first time in years. SSA and OPM continue to work together to ensure enough of ALJ candidates are available for the SSA program.

### **Strengthen the Integrity and Protection of the Social Security Number**

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. While SSA has improved its enumeration process, given the preponderance of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protects it. However, we believe that SSA should take steps to ensure the accuracy and completeness of its SSN records not only for its own program purposes, but also because Federal benefit paying entities, the Department of Homeland Security, the Internal Revenue Service, State and local governments, and private industry customers rely on that information as well, to detect unreported deaths and prevent fraud.

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# AUDIT

## Significant Audit Activities

### ***Accuracy of Disability Benefits to Beneficiaries Who Also Receive Federal Employees' Compensation Act Payments***

We issued this report to determine the accuracy of Social Security disability benefits paid to beneficiaries who also received FECA payments.

FECA is a type of workers' compensation payment administered by the Department of Labor. When a beneficiary receives both DI and FECA payments, SSA reduces the DI benefits for the beneficiary and his/her family to ensure that the combined DI benefits and FECA amounts do not exceed the higher of 80 percent of the beneficiary's average current earnings or the total family benefit.

SSA systems calculate DI benefits based on FECA information entered by SSA staff when the DI claim is processed and recalculate them when staff input FECA payment changes. Incomplete, inaccurate, and untimely updates of records for FECA payment changes can cause improper payments.

We found SSA staff entered incomplete and inaccurate FECA information into SSA's systems when beneficiaries' DI claims were processed and their records updated. Also, FECA payments often changed after the beneficiaries began receiving DI benefits, but SSA updated its records infrequently or not at all. These errors often caused improper payments.

From our sample of 100 DI beneficiaries, we identified total improper payments of about \$853,000 for 39 of the 65 DI beneficiaries who were receiving concurrent FECA payments. Specifically, SSA overpaid 28 beneficiaries about \$797,000 and underpaid 11 beneficiaries about \$56,000. Based on these results, we estimate SSA improperly paid 5,960 beneficiaries approximately \$130 million because it did not properly offset their DI benefits for their FECA payments.

We made 5 recommendations including that SSA develop the 39 improper payment cases we identified. SSA agreed with four of the five recommendations.

### ***Supplemental Security Income Recipients Who Have Earnings***

The objective of our report was to determine whether the SSA considered SSI recipients' earnings when it determined eligibility and payment amounts.

We identified 15,643 non-blind SSI recipients who were receiving payments as of July 2014. We identified these recipients from 1 of 20 SSN segments with at least 1 year of earnings on SSA's Master Earnings File between 2010 and 2013 that exceeded \$780 and did not have a current non-medical eligibility review pending. We selected a random sample of 275 of these cases for detailed analysis.

SSA did not always consider SSI recipients' earnings when it determined SSI eligibility and payment amounts. As a result, we identified some improper payments that were previously undetected.

The reasons over- and underpayments went undetected were SSA staff (a) did not take the necessary action to send information from the Modernized Supplemental Security Income Claims System to the Supplemental Security Record, (b) did not work alerts, and (c) cleared alerts without posting earnings. In reports issued in 2005 and 2012, we recommended SSA improve these areas, but as of 2015, issues still existed.

Based on our sample results, we estimate that SSA improperly paid approximately \$64 million in SSI payments to about 38,600 SSI recipients because the Agency did not consider all their earnings when it calculated SSI payment amounts.

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We recommended SSA: (1) remind employees to develop earnings alerts before clearing them and to send wage entries posted in the Modernized Supplemental Security Income Claims System to the Supplemental Security Record; and (2) review the 34 improperly paid sample cases and take appropriate action.

SSA agreed with the recommendations.

### ***SSI Recipients Receiving Payments in Bank Accounts outside the United States***

Our objective was to determine the appropriateness of continued SSI payments to recipients who received payments directly deposited into accounts at banks outside the United States.

With limited exceptions, individuals living outside the United States, including Puerto Rico or the Virgin Islands, are ineligible to receive SSI payments. Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries are eligible to receive payments while living outside the United States; however, if they concurrently receive SSI and are outside the country for longer than 30 consecutive days, SSA should suspend their SSI payments.

We identified 1,196 SSI recipients who received SSA payments directly deposited into bank accounts outside the United States. Of those:

- 1,171 recipients received payments in accounts established in Puerto Rico banks, including 240 concurrent beneficiaries with Puerto Rico or Virgin Island addresses listed on their OASDI records. Most of the 1,171 recipients received payments in accounts at a specific bank (Bank A) in San Juan, Puerto Rico.
- 25 recipients received OASDI payments deposited in foreign banks via international direct deposit. All 25 recipients had foreign addresses listed on their OASDI records.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

We estimate that, from December 2010 through April 2015, SSA issued approximately \$1.5 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A, and will continue issuing improper payments without corrective action. Further, SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries living in foreign countries and receiving OASDI benefit payments via international direct deposit.

SSA agreed with all three recommendations for corrective action.

### ***On-the-Record Favorable Decisions Process at Hearing Offices Within 100 Days of Receipt***

When an individual applies for disability benefits from SSA, a State DDS reviews the individual's medical and other related evidence. When the DDS denies a claim, the individual can request a review of the case by an adjudicator at the Agency's Office of Disability Adjudication and Review (ODAR). While most ODAR cases are decided after a hearing with the claimant, an adjudicator can make an on-the-record (OTR) decision without a hearing when the merits of the case support a decision.

We reviewed 100 OTR decisions issued in FY 2013 within 100 days of receipt at a hearing office and found that 50 decisions contained no new medical evidence at the hearings level. These decisions had the following characteristics that may be of interest to Agency managers (some cases overlap into more than 1 category):

- 46 cases where ODAR adjudicators determined the individual had little or no ability to work in the economy, even though the DDS had recently considered the same evidence;
- 9 cases where medical evidence was posted at the DDS level after a decision had been rendered on the case; and

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- 8 cases where ODAR adjudicators noted obesity as a contributing factor in the claimant's impairment, though obesity was not cited at the DDS level.

The treatment of a claimant's ability to work as well as obesity may relate to differences in approach and related training at the DDS and ODAR. In FY 2008, SSA's Unified Disability Training Workgroup recommended the Agency develop training that follows an individual through the entire disability process. However, the Agency ended the Unified Disability Training effort after creating only one training class.

We recommended that SSA consider: (1) re-establishing the Unified Disability Training Workgroup model to identify and create multi-component training for all disability adjudicators; and (2) conducting quality reviews that focus on a sample of cases at each step in the disability process to identify any inconsistencies in practices.

SSA agreed with our recommendations.

### ***Retirement Claim Denials Because of Lack of Insured Status***

Insured status is the earnings requirement an individual must meet to establish entitlement to retirement benefits. A claimant must be insured, attained age 62, and have applied for benefits. Before denying a retirement claim for lack of insured status, SSA employees must complete all development for lag earnings and resolve all earnings discrepancies and coverage issues. SSA employees should not deny a claim for lack of insured status if an individual will be insured within 4 months of the month of adjudication and evidence of earnings for the qualifying quarter is available.

For this review, we determined whether SSA properly denied retirement applications for lack of insured status. Our review found that SSA needed to improve its controls to ensure that it does not deny retirement benefits to individuals who are fully insured. We estimated that SSA denied retirement benefits to 3,575 fully insured individuals from January 2004 to April 2014. Of these, 3,154 individuals were entitled to \$20.8 million in retirement benefits. Generally, this occurred because (1) SSA employees did not review earnings or develop for lag earnings, and (2) claimants did not report, or provide proof of, earnings to SSA.

We recommended SSA: (1) take corrective action to award retirement benefits, as appropriate, to the 68 individuals identified by our audit; (2) evaluate the results of its corrective action for the 68 individuals and determine whether it should review the remaining population of 5,157 individuals; and (3) remind employees to (a) develop for lag earnings if a claimant's eligibility to retirement benefits depends on those earnings and (b) review the prior retirement applications for individuals who file a new claim and may be entitled to additional benefits based on an earlier filing date.

SSA agreed with our recommendations.



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## 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.

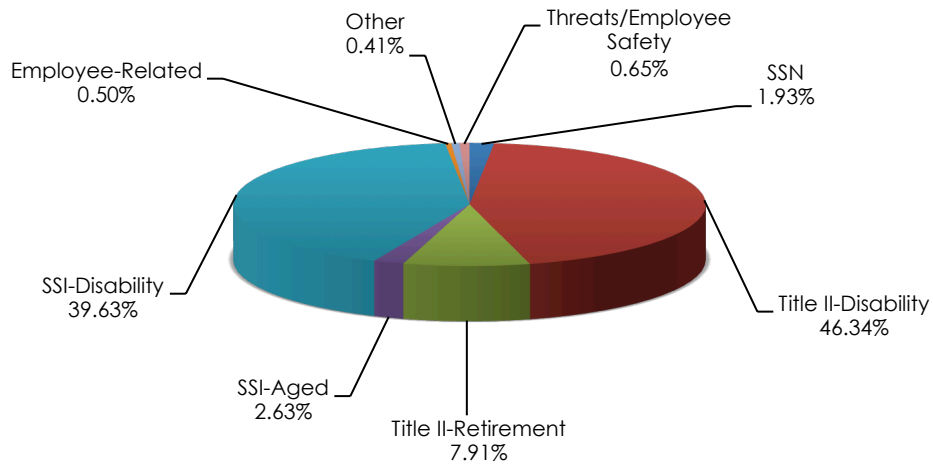
INVESTIGATIVE RESULTS	
	10/1/15-3/31/16
Allegations Received	75,230
Cases Opened	4,148
Cases Closed	4,057
Arrests	157
Indictments/Informations	454
Criminal Convictions	608
Civil Actions/CMPs	158

ALLEGATIONS RECEIVED BY SOURCE	
	10/1/15-3/31/16
SSA Employees	26,645
Private Citizens	29,352
Anonymous	14,257
Law Enforcement	1,375
Beneficiaries	2,623
Public Agencies	971
Other (Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject)	7
<b>TOTAL</b>	<b>75,230</b>

ALLEGATIONS RECEIVED BY CATEGORY	
	10/1/15-3/31/16
Disability Insurance	28,935
SSI Disability	13,989
SSN Misuse	12,292
Old-Age and Survivors Insurance	12,903
Other	4,493
Threats/Employee Safety	640
Employee-Related	1,226
SSI Aged	752
<b>TOTAL</b>	<b>75,230</b>

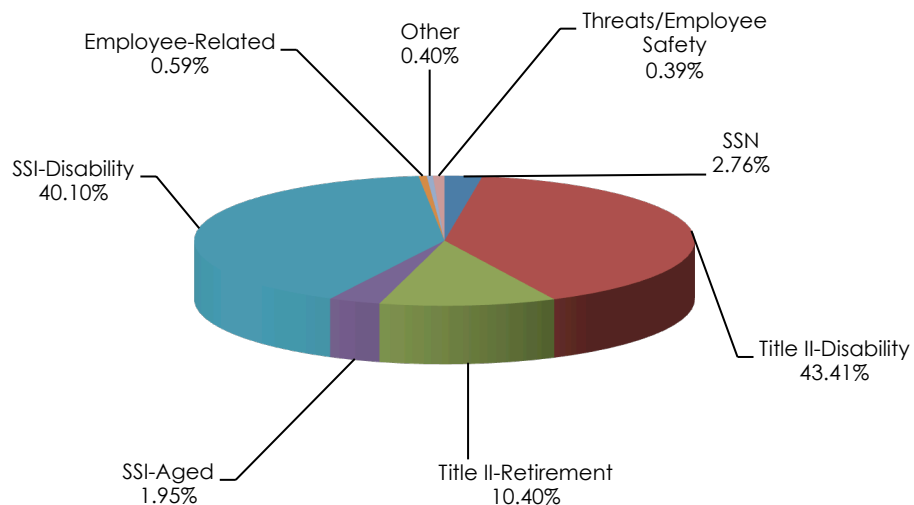
## Cases Opened by Program Category

October 1, 2015 through March 31, 2016



## Cases Closed by Program Category

October 1, 2015 through March 31, 2016



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## Significant Investigative Activities

### *Disability Fraud*

#### **Comedian Finds out Fraud is No Laughing Matter**

Based on a referral from the SSA Marianna, Florida office, our Jacksonville, Florida office investigated a 54-year-old SSI recipient. The investigation determined that, since December 2006, when the man became entitled to benefits, he concealed his work and earnings as a stand-up comedian and elsewhere, despite portraying himself as being severely mentally handicapped. The man pleaded guilty to theft of government property and, in December 2015, he was sentenced to six months in prison and three years' probation. He was also ordered to repay \$63,285 to SSA.

#### **Woman Conceals Work by Using an Assumed Identity**

Acting on a fraud referral from the Texas Health and Human Services Commission (THHSC) OIG, our Dallas, Texas office investigated a 40-year-old SSI recipient. The investigation determined that, from 2012 through November 2014, the woman concealed her work and earnings from SSA and other state and federal agencies by using an assumed identity. The woman pleaded guilty to theft of government funds and, in December 2015, she was sentenced to three years' probation and ordered to repay \$22,756 to SSA, \$22,877 to the U.S. Department of Housing and Urban Development, and \$11,508 to the THHSC.

#### **Work Concealed Through Use of a Second SSN**

After receiving a report from the Fraud Hotline, our Philadelphia, Pennsylvania office investigated a 60-year-old SSI recipient. The investigation determined that the woman concealed her work and earnings from SSA by using an SSN that was improperly assigned to her as a child. In December 2015, after pleading guilty to Social Security fraud and theft of government funds, she was sentenced to five years' probation and ordered to repay \$146,092 to the SSA.

#### **Disabled Beneficiary is a Successful Fisherman**

Acting on a report received from the Office of Congressman Michael Michaud, our Bangor, Maine office investigated a 47-year-old former DI beneficiary. The investigation determined that the man concealed work activity and earnings as a successful fisherman since 1999. The man pleaded guilty to Social Security fraud and, in February 2016, he was sentenced to 15 months in prison and three years' supervised release. He was also ordered to repay \$67,753 to SSA.

#### **Disabled Man Conceals Imprisonment from SSA**

Based on a referral received from the Davenport, Iowa SSA office, our Des Moines, Iowa office investigated a 67-year-old former DI beneficiary. The investigation determined that, from October 2009 through May 2014, the man failed to report to SSA that he was incarcerated and continued to receive the SSA benefits issued to him while incarcerated. The man pleaded guilty to theft of government property and, in January 2016, was sentenced to 15 months in prison and three years' supervised release. He was also ordered to repay \$52,441 to SSA.

### *Representative Payee Fraud*

#### **Payee Conceals that Children Were Removed Prior to Filing for Benefits**

After receiving a report from the Texas Department of Family and Protective Services, Child Protective Services (DFPS/CPS), our San Antonio, Texas office investigated a 43-year-old former representative payee. The investigation determined that in January 2011, the man applied for and began receiving survivor's benefits for himself and six minor children, although the children had been removed from his care by the DFPS/CPS in November 2010. The man pleaded guilty to felony insurance fraud and, in January 2016, the man was sentenced to 30 months in prison and ordered to repay \$33,782 to SSA.



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### **Payee Conceals Remarriage to Continue Own Benefits**

Based on a referral from the St. Albans, West Virginia SSA office, our Charleston, West Virginia office investigated a 66-year-old former payee who also received mother with child-in-care benefits, SSI benefits, and disabled widow's benefits. The investigation determined that the woman concealed that she remarried in 1997, making her ineligible to receive the SSA benefits. The woman pleaded guilty to theft of government money and, in January 2016, she was sentenced to five years' probation and ordered to repay \$131,581 to SSA.

### **Payee Conceals Properties to Continue Entitlement**

After receiving an allegation from the Mount Pleasant, Michigan SSA office, our Detroit, Michigan office investigated a 66-year-old former SSI recipient and representative payee. The investigation determined that the woman concealed that she owned property in multiple states, which exceeded the allowable resources for receiving SSI benefits. The woman pleaded guilty to theft of government funds and, in February 2016, she was sentenced to three years' probation and ordered to repay \$161,681 to SSA.

### **Stepparent Fails to Inform SSA of Divorce, Misuses Benefits**

Acting on a report from the Concord, New Hampshire SSA office, our Manchester, New Hampshire office investigated a 50-year-old former representative payee. The investigation determined that the payee, who was the beneficiary's stepfather, failed to inform SSA that he was divorced from beneficiary's mother, making the child ineligible for child's benefits. The investigation also found that the man misused the monthly benefits he received as representative payee for his own child. The man pleaded guilty to Social Security fraud and, in October 2015, he was sentenced to 15 months in prison and one year of supervised release. He was also ordered to repay \$53,372 to SSA.

### **Woman Fails to Report Husband's Incarceration**

Based on a referral from the Texarkana, Texas SSA office, our Little Rock, Arkansas office investigated the 39-year-old wife and payee of an SSI recipient. The investigation revealed that the woman failed to report her husband's incarceration to SSA and continued to receive and spend his monthly SSI benefits for five years while he was in jail. The woman pleaded guilty to theft of government funds and, in October 2015, was sentenced to 21 months in prison and was ordered to repay \$31,920 to SSA.

### **Woman Uses the SSI Benefits of Others to Pay Her Personal Expenses**

After receiving a fraud referral from the Indianapolis, Indiana SSA office, our Indianapolis, Indiana office investigated a 33-year-old former employee of a township trustee's office, which served as representative payee for multiple SSI recipients. The investigation disclosed that the woman used the SSI benefits of several clients to pay her credit card, cell phone, and utility bills. The woman pleaded guilty to embezzlement and, in October 2015, she was sentenced to 266 days in prison and two years' probation. She was also ordered to repay \$88,259 to SSA.

### **Payee Receives SSI Benefits for Incarcerated Man for 10 Years**

Acting on a report from the San Fernando, California SSA office, our Los Angeles, California office investigated the 52-year-old former payee of an SSI recipient. The investigation determined that the woman concealed the beneficiary's 10-year incarceration and continued to receive and spend his monthly benefit. The woman pleaded no contest to felony theft and, in October 2015, she was sentenced to one year in prison and four years' probation. She was also ordered to repay \$116,427 to SSA.

## ***Employee Fraud***

### **SSA Employee Receives Deceased Mother's Pension**

Based on a referral from the Baltimore City State's Attorney's Office, our Baltimore office investigated an SSA employee alleged to be collecting benefits on behalf of her deceased mother. The investigation determined that the employee collected her mother's pension and filed false tax returns in her mother's name for approximately 15 years following her mother's death. The woman pleaded guilty to a theft scheme over \$100,000 and, in November 2015, she was sentenced to 1 year in prison and five years' probation. She was also ordered to repay \$123,929 to the City of Baltimore, Maryland.

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### **Employee Receives SSA Benefits for Child Who Was Adopted Years Prior**

After receiving a report from an SSA office in Chicago, Illinois, our Chicago, Illinois office investigated an SSA Claims Representative Trainee and DI beneficiary. The investigation disclosed that, in February 2011, the former employee fraudulently applied for and began receiving Child's Insurance benefits for a child she had given up for adoption in 2003. The investigation also found that the woman fraudulently received benefits administered by the State of Illinois. The woman pleaded guilty to theft of government funds and, in October 2015, she was sentenced to six months in prison and three years' supervised release. She was also ordered to repay \$8,969 to SSA and \$40,444 to the Illinois Department of Human Services.

### **SSA Employee Alters Earnings and Conceals Information to Receive State Assistance**

Acting on information received from the Maryland Department of Human Resources OIG, our Baltimore, Maryland office investigated a Tele-Service Representative. The investigation revealed that the employee altered her earnings statements and concealed her marriage when applying for Medicaid and food stamps from the State of Maryland. The woman pleaded guilty to theft of government property and, in December 2015, she was sentenced to three months in prison and three years' supervised release. She was also ordered to repay \$91,367 to the State of Maryland and the City of Baltimore.

## ***Deceased Payee Fraud***

### **Woman Collects Deceased Grandmother's Benefits for Over 24 Years**

After receiving a Medical Non-Utilization Project (MNUP) referral from the Middleburg Heights, Ohio SSA office, our Cleveland, Ohio office investigated the granddaughter of a Survivor's Insurance beneficiary. The investigation determined that, following the death of her grandmother in November 1989, the woman continued to receive and convert to her own use the benefits intended for her grandmother. The woman pleaded guilty to theft of government funds, and in November 2015, she was sentenced to three years' probation and ordered to repay \$317,441 to SSA.

### **Caretaker Takes Deceased's Benefits for Self**

After receiving an MNUP referral from an SSA Public Affairs Specialist, our Washington, D.C. office investigated the former caretaker of an RI beneficiary. The investigation determined that this woman received and converted to her own use the benefits intended for the beneficiary following the beneficiary's death in January 2003. The caretaker pleaded guilty to theft of government funds and, in November 2015, she was sentenced to 18 months in prison and three years' supervised probation. The caretaker was also ordered to repay \$115,388 to SSA.

### **Son Conceals Mother's Death since 1980s**

After receiving a Centenarian Project referral from the Spokane, Washington SSA office, our Spokane, Washington office investigated the son of an RI beneficiary. The investigation determined that the son concealed the mid-1980s death of his mother by hiding her body in a remote area and continued to receive her SSA and Veteran's benefits. The man pleaded guilty to theft of government funds and, in December 2015, he was sentenced to one year of home detention and three years' supervised release. He was also ordered to repay \$135,501 to SSA and \$304,155 to the U. S. Department of Veterans Affairs.

### **Husband and Wife Conceal Godmother's Death**

After receiving a Centenarian Project referral from the Fairless Hills, Pennsylvania SSA office, our Philadelphia, Pennsylvania office investigated a husband and wife. The investigation determined that, from January 1999 through September 2011, the couple concealed that the man's godmother, an RI beneficiary, passed away in December 1998. The couple continued to receive and convert her SSA benefits to their own use. The man pleaded guilty to conspiracy and wire fraud and, in January 2016, he was sentenced to eight months in prison and three years' supervised release. The woman pleaded guilty to wire fraud and false statements and, in January 2016, she was sentenced to nine months in prison and three years' supervised release. Both were ordered to repay \$68,462 to SSA.

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### **Daughter Continues to Receive Mother's Benefits**

Based on an MNUP referral received from the Fond du Lac, Wisconsin SSA office, our Milwaukee, Wisconsin office investigated the daughter of an RI beneficiary. The investigation determined that from February 1995 through 2014, the woman received and converted to her own use the benefits intended for her mother, following her death in January 1995. The woman pleaded guilty to theft of government funds and, in January 2016, she was sentenced to eight months' home confinement and three years' supervised release. The woman was also ordered to repay \$248,026 to SSA.

### **Woman Receives Mother-in-Law's Benefits for Almost 20 Years**

Based on an MNUP referral from the Roanoke Rapids, North Carolina SSA office, our Greensboro, North Carolina office investigated the daughter-in-law of an RI beneficiary. The investigation determined that, from December 1993 through October 2013, the woman continued to receive and convert to her own use the benefits intended for her mother-in-law following her November 1993 death. The woman pleaded guilty to theft of government funds and, in February 2016, she was sentenced to 37 months in prison and three years' supervised release. The woman was also ordered to repay \$271,333 to SSA.

## **SSN Misuse**

### **Man Convicted for Role in Fraudulent iClaims Scheme**

Based on referrals from multiple SSA district offices and the Boston, Massachusetts SSA Regional Office, our Boston, Massachusetts office investigated a resident of Gallup, New Mexico. The investigation determined this man participated in a scheme in which the personally identifiable information (PII) of retirement-age wage earners was used to file fraudulent SSA iClaims, generating retroactive payments. The man would then keep a portion of the payment and forward the balance to individuals overseas. The man pleaded guilty to theft of government funds and, in November 2015, he was sentenced to four months in prison and two years' supervised release. He was also ordered to repay \$104,625 to SSA.

### **Woman Uses 21 SSNs to Defraud Area Banks**

Acting on a report from the First National Bank of Texas, our Dallas, Texas office investigated a resident of Corinth, Texas. The investigation determined that the woman used 21 SSNs that did not belong to her to open bank accounts from which she wrote numerous worthless checks. The woman pleaded guilty to SSN misuse and, in January 2016, she was sentenced to 32 months in prison and three years' supervised release. The woman was also ordered to repay \$3,848 to the First National Bank of Texas.

### **Man Files Over 600 Fraudulent SSA Claims**

Acting on data analysis provided by the SSA's Office of Electronic Services and Technology, our Fort Lauderdale, Florida office investigated a Miami man. The investigation determined that this man was associated with 633 fraudulent online my Social Security accounts and successfully redirected 312 SSA benefit payments to various prepaid debit cards and bank accounts. The man pleaded guilty to access device fraud and aggravated identity theft and, in January 2016, he was sentenced to 27 months in prison and three years' supervised release. The man was also ordered to repay \$189,026 to SSA.

### **Woman Files False Income Tax Returns Using Other's SSNs**

Acting on a referral from the Internal Revenue Service (IRS), our Batavia, New York office investigated a Syracuse, New York woman who reported false self-employment income and used the PII of other people to file fraudulent income tax returns, which resulted in tax refunds. The woman pleaded guilty to identity theft and SSN misuse and, in January 2016, she was sentenced to 78 months in prison and ordered to repay \$12,239 to the IRS.

### **Man Uses Name and SSN of Family Friend to Fraudulently Receive Benefits**

After receiving a report from OIG's Fraud Hotline, our Boston, Massachusetts office investigated an SSI recipient. The investigation determined that the man assumed the identity of a family friend who resides in Puerto Rico and, from March 2007 through July 2015, received SSI benefits in the victim's name and SSN. The investigation also determined that the man obtained health benefits and unemployment insurance benefits by using the

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victim's identity. The man pleaded guilty to SSN misuse and, in February 2016, he was sentenced to two years in prison and three years' supervised release. The man was also ordered to repay \$76,288 to SSA, \$83,865 to the U.S. Department of Health and Human Services, and \$20,573 to the U.S. Department of Labor.

#### **Social Services Employee Directs Creation of False SSN Cards**

Based on a report from the Edmonds, Washington Police Department, our Seattle, Washington office investigated a social services case manager employed by the City of Seattle. The investigation determined that the woman knowingly directed the creation of at least 18 counterfeit SSN cards and then represented those cards as legitimate on behalf of her clients to obtain taxpayer-funded financial and employment assistance. The woman pleaded guilty to SSN misuse and, in February 2016, she was sentenced to three years' probation and 75 hours of community service.

#### **Family Member Uses Deceased Sister's Identity to Receive SSA Benefits**

Based on a referral received from the Washington State Department of Licensing, our Spokane, Washington office investigated an SSI recipient. The investigation determined that this person used the name and SSN of his deceased sister to conceal his employment and earnings from SSA while receiving SSI and needs-based benefits from the State of Washington. The investigation also determined that he obtained a replacement SSN card in the identity of his sister and legally changed his name to that of his sister. The SSI recipient pleaded guilty to SSN fraud and, in February 2016, he was sentenced to one year and a day in prison and three years' supervised release. He was also ordered to pay restitution in the amount of \$53,658 to SSA and \$50,051 to the Washington State Department of Social and Health Services.

### ***Digital Forensics***

#### **Seized Computer Reveals Evidence of Vehicle Scheme**

Our St. Louis, Missouri office, in collaboration with the United States Postal Inspection Service, conducted an investigation into a criminal ring alleged to be using various identities to obtain multiple car loans on the same vehicles. Our Digital Forensics Team (DFT) analyzed a computer hard drive and a cell phone seized from a female subject during a search warrant and revealed over 400 documents, emails, images, and Internet artifacts related to numerous activities associated with the purchase of vehicles. The woman pleaded guilty to making false statements and misuse of an SSN and, in October 2015, was sentenced to serve 10 months in prison and two years' probation.

#### **Website Reveals Evidence of Beneficiary's Employment**

Based on a referral from our Manchester, New Hampshire office, our DFT conducted an Internet and Social Media examination on a DI recipient who was working while receiving benefits. The DFT captured multiple websites, including the subject's business website which substantiated the allegations that the subject was employed. The subject pleaded guilty to Social Security fraud and, in December 2015, was sentenced to two years' supervised release with six months' home confinement.

#### **Seized Computer Contains Evidence of False Filings**

During an investigation into fraudulent iClaim filings, our Houston, Texas office seized a laptop computer during the execution of a search warrant. The DFT conducted analysis of the laptop's hard drive and located several documents and spreadsheets containing lists of names and other PII. The investigation determined that the man fraudulently created online my Social Security accounts and used the accounts to file for benefits. The man pleaded guilty to theft of government funds and, on December 7, 2015, he was sentenced to 10 months in prison and ordered to pay restitution of \$42,230 to SSA.

#### **Indiana Couple Caught Committing Multiple Frauds**

Our Indianapolis, Indiana office investigated a husband and wife alleged to be engaged in multiple frauds against the SSA. The investigation determined that the couple concealed the death of a grandparent and continued to receive benefits following the grandparent's death from October 2006 through November 2009. The investigation further determined that the couple conspired to conceal earnings while collecting DI benefits.



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The DFT conducted an analysis of two computer hard drives that were seized as a result of a search warrant. The analysis of the hard drives revealed 45 business emails relating to manifest numbers, dates, destinations and gross and net pay information for their business. The couple pleaded guilty to conspiracy to commit wire fraud and, in November 2015, they were sentenced to four years' probation, including four months in a Residential Re-Entry Program and eight months of home detention. The pair was ordered to pay \$280,664 to SSA.

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## Threats and Assaults against SSA Employees

Employee safety is of paramount concern to SSA and OIG. Social Security employees must follow extreme caution as the number of Americans who depend on government services increases during times of economic challenge.

The Inspector General's OI shares the responsibility for investigating reports of threats or use of force against Agency employees with the Department of Homeland Security's Federal Protective Service, and with local law enforcement if the activity occurs off federally owned or leased property.

During the reporting period, OIG received more than 600 allegations nationwide related to employee safety issues, of which over 200 involved assault or harassment, and over 400 were associated with threats against SSA employees or buildings. We also opened over 20 and closed over 10 cases nationwide related to employee safety.

The following case summaries highlight significant investigations we conducted during this reporting period in which SSA employees were threatened by members of the public.

### **Woman Threatens to Kill SSA Manager and Security Guard**

Acting on a report received from the Kennett, Missouri SSA office, our St. Louis, Missouri office investigated a 39-year-old disability applicant. The investigation determined that in February 2016, the woman caused a disturbance and was asked to leave the Kennett, Missouri SSA office. Once outside the office, she threatened to kill the manager of the office and the security guard who had advised her to leave. The woman pleaded guilty to misdemeanor disturbance of the peace and, in February 2016, she was sentenced to six months in prison and two years' probation.

### **Woman Assaults SSA Guard After Refusing Screening**

After receiving a report from SSA's Phoenix, Arizona Social Security Card Center, our Phoenix, Arizona office investigated a 22-year-old Arizona woman. In March 2015, the woman refused to be screened upon entering the office and ultimately assaulted the SSA guard. The woman pleaded guilty to assaulting an employee performing federal duties and, in October 2015, she was sentenced to two years' probation.

### **Man Pulls Out Loaded Firearm Magazine at SSA Office**

Based on a report from a Dallas, Texas SSA office, our Dallas, Texas office investigated a 33-year-old SSI recipient. While being interviewed at the SSA office, the man became upset and pulled out a magazine loaded with ammunition. A subsequent search of his person revealed he was carrying a 9mm handgun magazine, an M16 rifle magazine, and a box of 9mm ammunition. The man pleaded guilty to making a terroristic threat to a public servant and, in February 2016, he was sentenced to three years' deferred adjudication with community supervision.

## Cooperative Disability Investigations Program

The CDI program continues to be one of our most successful initiatives with SSA, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDSs, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial disability claims and CDRs. We established the CDI Program in FY 1998 with units in just five States; during this reporting period we expanded the program to 37 units covering 32 states, the District of Columbia, and the Commonwealth of Puerto Rico.

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

### **St. Louis Man Falsifies Disability to Receive Benefits**

The St. Louis CDI Unit investigated a 52-year-old man who applied for SSI for the third time. The case was referred by the St. Louis DDS because the man was using a walker at the initial SSA interview, but did not use an assistive device at a consultative exam.

CDI investigators observed the man using a walker while at an SSA office, but later walking unassisted with a normal gait and pace when shopping at a liquor store. CDI investigators later observed the man at his home, where he folded up the walker and carried it without any difficulty up the stairs to his residence.

The man entered into an Agreement for Pretrial Diversion for making false statements. As part of the agreement, he will be placed on probation for 18 months and ordered to pay restitution to SSA in the amount of \$257, the cost to SSA of acquiring medical records and paying for consultative exams.

### **Kentucky Man Conceals Work Activity Using Wife's SSN to Collect Disability Benefits**

The Lexington CDI Unit investigated a 63-year-old man who was receiving DI due to musculoskeletal and respiratory problems. It was alleged that the beneficiary was working as a truck driver.

The CDI investigation revealed that the man was driving a truck full-time, while being paid under his wife's name and SSN. The wife worked as a full-time teacher at a local elementary school and had full knowledge of the scheme. SSA determined that the man should not have received DI from January 2008 through March 2013.

The man and his wife pleaded guilty to one count each of Social Security fraud. In February 2016, the man was sentenced to three months in prison, while his wife received five years' probation. Both were ordered to jointly pay \$92,101 to SSA.

### **Seattle Woman Conceals Incarceration of Son to Receive Disability Benefits and Food Assistance**

The Seattle CDI Unit investigated a 32-year-old woman who was the representative payee for her son's SSI benefits. The Washington DDS referred the case, alleging the woman concealed that her son was not residing in the home.

The CDI investigators interviewed witnesses and the woman, who ultimately admitted that she concealed that her son was incarcerated for several years and was not residing in her home. By concealing this fact, the woman continued to receive SSI for her son, and state food assistance from the Washington State Department of Social and Health Services (DSHS).

The woman pleaded guilty to one count of theft of public funds. She was sentenced to five years' supervised release and ordered to repay \$16,463 to SSA and \$6,311 to DSHS.

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### **Phoenix Woman Operates Restaurant and Received Benefits**

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The Phoenix CDI Unit received a referral from the Arizona DDS regarding a 50-year-old woman who was receiving DI benefits. While conducting a CDR on the woman's claim, DDS made the referral on suspicions that the woman was denying improvement of her medical conditions.

The woman applied for DI benefits in May 2007, due to a kidney transplant. The investigation revealed that the woman failed to disclose to SSA that she owned and operated a restaurant while collecting benefits. As a result of the investigation, the DDS determined that the woman had medically improved and was ineligible to receive benefits due to her self-employment.

The woman pleaded guilty to Social Security fraud and was sentenced to six months' home confinement and five years' supervised probation. She was also ordered to repay \$97,159 to SSA.



The following table highlights the successes of the CDI program, which yielded more than \$131 million in projected SSA program savings during this reporting period.

<b>CDI Program Results</b> <b>October 1, 2015 – March 31, 2016</b>				
State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>
Alabama <sup>4</sup>	1	0	\$55,933	\$37,162
Arizona	62	3	\$3,337,716	\$4,216,304
Arkansas <sup>5</sup>	19	0	\$995,568	\$970,483
California <sup>6</sup>	459	0	\$24,305,807	\$33,722,095
Colorado	61	0	\$3,276,621	\$3,484,438
District of Columbia <sup>7</sup>	8	0	\$354,510	\$589,854
Florida <sup>8</sup>	107	4	\$5,478,014	\$6,129,689
Georgia	106	0	\$5,706,118	\$5,426,452
Illinois	68	0	\$3,328,497	\$3,180,123
Iowa <sup>9</sup>	40	0	\$2,097,822	\$2,357,857
Kansas	28	3	\$1,620,395	\$1,894,849
Kentucky	73	2	\$3,911,837	\$3,753,813
Louisiana	50	0	\$2,836,395	\$3,210,159
Maryland	13	0	\$699,213	\$871,807
Massachusetts	40	0	\$1,842,840	\$3,238,552
Michigan	37	0	\$2,159,153	\$2,479,957
Minnesota <sup>10</sup>	1	0	\$40,484	\$152,075
Mississippi	53	0	\$2,653,495	\$2,817,735
Missouri <sup>11</sup>	105	11	\$5,803,164	\$7,051,124
New York	60	16	\$4,359,141	\$4,095,278
North Carolina <sup>12</sup>	6	0	\$301,422	\$424,857
Ohio	119	1	\$5,948,035	\$10,038,698

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>
Oklahoma	56	0	\$3,065,768	\$2,793,702
Oregon	146	1	\$7,550,412	\$9,009,881
Puerto Rico	20	32	\$1,452,952	\$539,413
Rhode Island	20	0	\$1,025,830	\$1,230,661
South Carolina	161	0	\$8,281,985	\$9,058,360
Tennessee	65	0	\$3,176,187	\$4,953,493
Texas <sup>13</sup>	152	6	\$7,420,378	\$10,193,362
Utah	89	3	\$4,797,578	\$5,427,842
Virginia	152	0	\$7,803,056	\$9,916,848
Washington	103	6	\$5,334,896	\$5,946,210
West Virginia <sup>14</sup>	3	0	\$162,662	\$167,321
Wisconsin <sup>15</sup>	0	0	\$0	\$0
<b>(10/1/15-3/31/16)</b>	<b>2,483</b>	<b>88</b>	<b>\$131,183,884</b>	<b>\$159,380,454</b>

<sup>1</sup> Judicial Actions include Sentencings, Pre-Trial Diversions, Civil Settlements, and Civil Monetary Penalties

<sup>2</sup> Effective October 15, 2014, CDI-related SSA program savings are calculated using a new variable method that considers the type of program involved, as well as factors that account for nationwide denial/cessation rates. This change resulted from a recent revision conducted by SSA/OIG/Office of Audit.

<sup>3</sup> Non-SSA Savings are 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.

<sup>4</sup> The Birmingham, Alabama CDI Unit has been operational for less than one year.

<sup>5</sup> The Little Rock, Arkansas CDI Unit has been operational for less than one year.

<sup>6</sup> California has two units, one in Los Angeles and the other in Oakland.

<sup>7</sup> The District of Columbia Unit has been operational for less than one year.

<sup>8</sup> Florida has two units, one in Tampa and the other in Miami. The Miami, Florida CDI Unit has been operational for less than one year.

<sup>9</sup> The Des Moines, Iowa CDI Unit has been operational for less than one year.

<sup>10</sup> The St. Paul, Minnesota CDI Unit has been operational for less than one year.

<sup>11</sup> Missouri has two units, one in Kansas City and the other in St. Louis.

<sup>12</sup> The Raleigh, North Carolina CDI Unit became operational on September 28, 2015.

<sup>13</sup> Texas has two units, one in Dallas and the other in Houston.

<sup>14</sup> The Charleston, West Virginia CDI Unit has been operational for less than one year.

<sup>15</sup> The Milwaukee, Wisconsin CDI Unit has been operational for less than one year.

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## LEGAL

### Section 1140 Enforcement

We pursue an innovative and effective consumer protection program using authority delegated by the Commissioner of Social Security under Section 1140 of the *Social Security Act*. Section 1140 prohibits people or companies from misleading consumers by giving the false impression that they are associated with, or endorsed by SSA when they advertise, solicit services, or otherwise communicate with the public. These communications can take many forms, including mailed, emailed and televised advertisements, Internet websites, social media targeted ads and accounts, mobile apps and text messages. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without authorization and charging for services SSA provides for free without providing proper notice. We can impose CMPs of up to \$5,000 for each violation and \$25,000 for each violative broadcast/telecast aired. CMP amounts will increase later this fiscal year due to the passage of the *Bipartisan Budget Act of 2015* which now authorizes penalty amounts to be adjusted for inflation.

### Section 1140 Outreach

We continually explore outreach opportunities to educate the public on how to recognize and avoid scams, and welcome the opportunity to work with companies to develop innovative approaches to combat Section 1140 violations. During this reporting period, we launched a new initiative with the Internet search engine industry. We are in the process of identifying the top consumer SSA-related search engine queries that will trigger public service notices informing the public of SSA's official website and the Agency's free services and information. We believe this will help consumers that are trying to reach SSA's official website from unknowingly landing on websites that appear to be SSA-related and mistakenly purchasing products offered for free by SSA and/or disclosing PII.

We also continued with our early intervention initiative which focuses on increasing efficiencies in detection and initiation of Section 1140 action. This initiative has the positive benefit of minimizing harm to the public and to SSA's reputation, while also allowing companies the opportunity to work with OIG to bring their operations into compliance with Section 1140 before facing more substantial penalties and other business-related costs.

For example, we have been working with the Domain Registrar services industry on an early intervention initiative which focuses on expediently identifying potentially violative websites and in some instances, even preventing misleading websites from becoming operational. OIG, along with SSA (assisting through the Agency's Skills Connect program), review newly issued Uniform Resource Locators (URLs)/Domain Names which contain one or more SSA-related letters or words as part of the domain name, increasing the likelihood that the related website will be SSA-related (e.g. [SSAonline.us](http://SSAonline.us), [SocialSecurity.tax](http://SocialSecurity.tax), and [Medicare-Socialsecurity.com](http://Medicare-Socialsecurity.com)). The URL owner is contacted to educate the owner about Section 1140, including exposure to penalties for violation of the Act.

Finally, we are pleased to report that Harvard University's Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government recognized our Section 1140 Outreach and Enforcement Program with a Top 25 Innovations in American Government Award. Award recipients represent dedicated efforts of city, state, and federal governments and are selected by policy experts, researchers, and practitioners.

SECTION 1140	
	10/1/15–3/31/16
Cases Reviewed	35
Cases Closed – No Violation of Section 1140	24
Cases Successfully Resolved (Voluntary Compliance and Settlement Agreement)	11
Penalties Imposed	\$11,500

## Section 1140 Case Highlight

### ***Internet Company Agrees to Pay \$5,000 Penalty***

We reached an agreement with an Internet company regarding advertisements for its SocialSecurityLawFirms.com website. The company cooperated with OIG's Section 1140 inquiry, immediately discontinued the at-issue advertisements and agreed to pay a \$5,000 penalty. OIG was able to intervene while the company had generated only a few hundred dollars from the advertisements.

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## Section 1129 Enforcement

The OIG's CMP program, targeting violations of Section 1129 of the *Social Security Act*, maximizes available resources and creates a positive return on investment. Section 1129 authorizes a CMP against anyone who makes any false statements or representations to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security 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.

We are committed to increasing the number of cases successfully resolved each year to ensure that Section 1129 serves to address wrongdoing in cases where criminal prosecution has been declined. During this fiscal year, we successfully resolved 147 cases and imposed more than \$7 million in CMPs.

SECTION 1129	
	10/1/15–3/31/16
Penalties and Assessments Imposed	\$7,124,413
Number of Hearings Requested	12
Cases Successfully Resolved (settled case, favorable judgment, or penalty imposed)	147

## Section 1129 Case Highlights

### ***Texas Man Withdrew and Used Deceased Uncle's Social Security Benefits***

A Texas man withdrew from a bank account he shared with his uncle and used for his own benefit the Social Security benefits intended for his uncle after his death. His fraudulent behavior resulted in his wrongful receipt of \$38,146 in benefits between January 2005 and December 2014. During an OIG interview, he admitted to his wrongful behavior and stated that he knew he should have reported his uncle's death to SSA. We imposed a penalty of \$48,000 plus an assessment in lieu of damages of \$38,146 for a total CMP of \$86,146.

### ***Maine Woman Fails to Report Marriage to Former Spouse***

A Maine woman failed to report to SSA that she remarried her ex-spouse in February 2005. She also neglected to report that he lived with her between their marriages and contributed to their household income during that time, while she improperly received SSI. We imposed a \$75,000 penalty and a \$79,873 assessment in lieu of damages, for a total CMP of \$154,873.

### ***California Man Failed to Report He Was Living in Vietnam***

A California man failed to notify SSA that he was living in Vietnam so he could wrongfully receive SSI payments between August 2011 and December 2014. We imposed a penalty of \$20,500 plus an assessment in lieu of damages of \$35,330 for a total CMP of \$55,830.



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***Texas Man Conceals Resources***

A Texas man applied for SSI in 2009, claiming in his application and in reviews he submitted thereafter to SSA that he did not possess excess resources. However, an investigation revealed that he had over \$90,000 in cash in a bank account and owned property valued at \$215,000. We imposed a penalty of \$57,000 and an assessment of \$41,274 for a total CMP of \$98,274.

***Idaho Woman Failed to Report Employment***

An Idaho woman withheld material information from SSA regarding her ability to work, which resulted in her wrongful receipt of SSI. Specifically, she failed to report to SSA that she was working at her father's business between 2011 and 2015. We negotiated a Settlement Agreement under which she paid a \$47,595 assessment and a \$5,000 penalty for a total CMP of \$52,595 in one lump sum payment.

***Illinois Man Failed to Notify SSA of Father's Death***

An Illinois man failed to notify SSA of the death of his father so that he could receive Social Security retirement benefits deposited into a bank account he shared with the deceased. We imposed a penalty of \$120,000 and an assessment of \$209,514 for a total CMP of \$329,514.

***Ohio Woman Fails to Report Daughter's Removal from Home***

An Ohio woman failed to notify SSA that her daughter was removed from her home by child protective services while serving as the representative payee for her daughter. The mother continued to receive her daughter's SSI benefits for four years and falsely reported that her daughter resided with her on multiple SSA forms. We imposed a penalty of \$50,000 and an assessment of \$32,225 for a total CMP of \$82,225.

***Nebraska Man Conceals Employment***

A Nebraska man worked as a mechanic for a large excavation company and was paid in cash so he could receive DI benefits from 2002 through 2009. Despite the man's repeated denial of employment, an investigation confirmed his employment which resulted in an overpayment of \$59,488. We imposed a \$20,000 penalty and a \$59,488 assessment in lieu of damages for a total CMP of \$79,488.

***New York Woman's Allegations of Disability Contradicted by Spouse***

A New York woman claimed to be physically and mentally incapable of performing many functions of daily living. Contrary to these claims, an investigation revealed that the woman had an active lifestyle, and in fact, her application for disability stated that the subject handled all activities of daily living for her household. We obtained a \$70,000 (penalty only) settlement, including a \$25,000 up-front payment.

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## SUPPORT

### Budget

For FY 2016, our annual appropriation is \$105.5 million, which supports a staffing level of 540. Salaries and benefits of our employees account for 87 percent of overall spending. The remaining 13 percent provides for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the President's mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs. As a result, we created a plan to reduce the footprint of several offices over the next five years. As a result, the cost savings in rent will allow us to support other initiatives within our organization. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the *OIG Strategic Plan for Fiscal Years 2016-2020*. Also, the goals and accomplishments measured in the *OIG Strategic Plan* are published in SSA's Annual Congressional Budget Justification.

### Human Resource Planning and Management

OIG actively pursues and works to retain the best possible employees. We focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership-transition efforts, and reciprocal developmental programs. During this reporting period, we continued to expand and offer a series of professional development opportunities in the form of competitive temporary assignments to use knowledge-transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement. In addition, we also launched an internal *OIG Mentor* program. Specifically, the program is designed to ensure that every new hire is assigned a more experienced staff member in furtherance of his or her own professional career development.

### Information Technology

During this reporting period, *OIG IT* specialists continued their efforts to update and improve our systems environment. This endeavor includes the 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.

Also during the last six months, we continued to make significant investments in our IT infrastructure, including the procurement of servers and storage to create data centers in Richmond, California and Chicago, Illinois that will provide data redundancy for *OIG* field office servers. In addition, to enhance remote communication and collaboration, we procured state-of-the-art videoconferencing equipment to replace outdated equipment in *OIG* offices nationwide. We continue to make improvements to our telework infrastructure for increased capacity and improved performance. We also procured new laptops to facilitate expansion of our telework program.

Finally, our IT staff analyzes industry trends to identify new technologies that may enhance our business processes. During this period, we continued to expand the use of virtual technologies. We used virtualization to decrease the number of physical servers in use, which has resulted in reduced power consumption and increased system uptime. Our IT specialists continue to meet the challenge of providing various IT support services for more than 70 *OIG* offices throughout the country.

### Allegation Management and Fugitive Enforcement Division

The *OIG*'s Allegation Management and Fugitive Enforcement Division (AMFED) manages the Social Security Fraud Hotline, which during this reporting period, received 47,056 allegations via telephone, mail, fax, and the

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Internet. Hotline referrals to SSA offices resulted in the identification of \$1,596,783 in Social Security overpayments. The following is a notable investigation from the past six months that resulted from a Hotline referral:

- The Fraud Hotline received a telephone allegation alleging that a Massachusetts man was improperly receiving SSI benefits under the identity of his mentally disabled brother. An OIG investigation determined that the man used the identity to improperly receive SSI benefits, unemployment benefits, and Personal Care Attendant services. After pleading guilty to three counts of misuse of a Social Security Number, the man was sentenced to 24 months' in prison and three years' supervised release. He was also ordered to repay \$76,288 to SSA, \$83,865 to the U.S. Department of Health and Human Services, and \$ 20,753 to the U.S. Department of Labor.

AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 72,120 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. We share location information for wanted felons or parole/probation violators with local law enforcement agencies to help with apprehending these individuals. The following is one example of our efforts:

- OIG agents and members of the United States Marshals Service, Capital Area Regional Fugitive Taskforce arrested an SSI recipient. The SSI recipient was wanted on a warrant for Forcible Rape/Sodomy dated December 7, 2015. The felony warrant was issued by the Richmond City Police.

## Outreach

During the reporting period, the Inspector General testified before the Joint Economic Committee to discuss ways to improve SSA's DI program. The DI program is the nation's primary Federal disability program; however, managing such a large and complex program for SSA is difficult, especially given the resource constraints and demographic changes. Thus, the Inspector General outlined ways that SSA can improve upon the SSDI program so that they can continue to provide a safety net for the millions of Americans that depend upon it.

In December, the Inspector General participated in an interview with Federal News Radio where he discussed OIG's efforts to reduce fraud, waste, and abuse in Social Security's programs and operations. In March, the Inspector General participated in an interview with NBC New York, where he discussed SSA's death record accuracy.

In February, the Assistant Inspector General for Communications and Resource Management, Kelly Bloyer, participated in the Federal Trade Commission's webinar to Congressional staff on free resources available to their constituents to fight scams and fraud. This was part of National Consumer Protection week. Mr. Bloyer's presentation was focused on 1140 scams and how the public can make referrals to OIG.

Finally, in March, OIG representatives presented fraud schemes that target Social Security beneficiaries at the American Society on Aging's "Aging in America" conference in Washington.

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Reporting Requirements  
&  
Appendices

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## 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	p. 64
Section 5(a)(1)	Significant problems, abuses, and deficiencies	P. 9, P. 15
Section 5(a)(2)	Recommendations concerning significant problems, abuses, and deficiencies	P. 9, P. 15
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	P. 15
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 significant reports	P. 9
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & 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 Public Law 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, 2015 – March 31, 2016			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	38	\$5,081,347,110	\$395,111
B. Which were issued during the reporting period.	9 <sup>a</sup>	\$367,440,656	\$2,850,682
Subtotal (A + B)	47	\$5,448,787,766	\$3,245,793
Less:			
C. For which a management decision was made during the reporting period.	9	\$67,674,311	\$10,529
i. Dollar value of disallowed costs.	9	\$67,674,311	\$10,529
ii. Dollar value of costs not disallowed.	0	\$0	\$0
D. For which no management decision had been made by the end of the reporting period.	39 <sup>b</sup>	\$5,381,113,455	\$3,235,264

<sup>a</sup>See Reports with Questioned Costs in Appendix B of this report.

<sup>b</sup>One report has multiple 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.

<b>Reports with Funds Put to Better Use for the Reporting Period October 1, 2015 – March 31, 2016</b>		
	<b>Number</b>	<b>Dollar Value</b>
A. For which no management decision had been made by the commencement of the reporting period.	19	\$9,077,688,505
B. Which were issued during the reporting period.	4 <sup>a</sup>	\$28,626,369
Subtotal (A + B)	23	\$9,106,314,874
Less:		
C. For which a management decision was made during the reporting period.	0	\$0
i. Dollar value of recommendations that were agreed to by management.	0	\$0
(a) Based on proposed management action.	0	\$0
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	0	\$0
Subtotal (i + ii)	0	\$0
D. For which no management decision had been made by the end of the reporting period.	23	\$9,106,314,874

<sup>a</sup> See Reports with Funds Put to Better Use in Appendix B of this report.

## APPENDIX B: REPORTS ISSUED

<b>Reports with Non-Monetary Findings</b> <b>October 1, 2015 – March 31, 2016</b>		
<b>Audit Number</b>	<b>Report</b>	<b>Issue Date</b>
A-08-15-50020	Social Security Administration Employees with Conduct Issues Who Received Monetary Awards	11/2/2015
A-02-16-50118	Fiscal Year 2015 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/9/2015
A-15-16-50025	The Social Security Administration's Financial Report for Fiscal Year 2015	11/9/2015
A-14-16-50037	The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2015	11/12/2015
A-08-15-15021	Social Security Numbers Assigned to Diversity Visa Immigrants	11/17/2015
A-12-15-50040	Workload Review of the Dover Hearing Office (Limited Distribution)	12/1/2015
A-15-16-50067	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2015	12/29/2015
A-06-15-50033	Colorado Disability Determinations Service Administrative Cost Reporting	12/31/2015
A-04-16-50064	Beneficiaries Who Left the Social Security Administration's Disability Programs from 2004 Through 2013	1/6/2016
A-12-14-14082	On-the-Record Favorable Decisions Processed at Hearing Offices Within 100 Days of Receipt	1/21/2016
A-15-16-50034	Volume Individual Representative Payees	1/22/2016
A-13-16-50061	Fiscal Year 2015 Risk Assessment of the Social Security Administration's Charge Card Programs	1/28/2016
A-14-15-25025	The Social Security Administration's Management of Electronic Message Records	2/19/2016
A-08-14-14098	Households With Multiple Children Receiving Supplemental Security Income Payments Because of Mental Impairments	3/2/2016

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A-01-16-50051	Status of Compassionate Allowance and Quick Disability Determination Expedited Cases	3/16/2016
A-02-16-50125	Congressional Response Report: The Social Security Administration's Vision 2025 Plan	3/16/2016

<b>Reports with Questioned Costs</b> <b>October 1, 2015 – March 31, 2016</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-06-14-14037	10/19/2015	Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States	\$1,210,409.00
A-01-12-11215	11/5/2015	Parole and Probation Violators and the Clark Court Order	\$27,892,667.00
A-02-15-22114	11/13/2015	Accuracy of Disability Benefits to Beneficiaries Who Also Receive Federal Employees' Compensation Act Payments	\$130,195,140.00
A-01-16-50003	12/23/2015	Supplemental Security Income Recipients Who Have Earnings	\$64,435,500.00
A-09-14-34107	1/28/2016	Retirement Claim Denials Because of Lack of Insured Status	\$20,829,617.00
A-09-16-50047	2/10/2016	Indirect Costs Claimed by the California Disability Determination Services	\$2,850,682.00
A-07-16-50055	3/15/2016	Children and Families of Iowa, a Fee-For-Service Representative Payee for the Social Security Administration	\$201.00
A-09-15-15041	3/21/2016	Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination	\$71,899,681.00
A-01-16-50073	3/24/2016	The Social Security Administration's Compliance with the Martinez Fugitive Settlement	\$50,977,441.00
<b>Total</b>			<b>\$370,291,338.00</b>

<b>Reports with Funds Put to Better Use</b> <b>October 1, 2015 – March 31, 2016</b>			
Audit Number	Issue Date	Report	Dollar Amount
A-06-14-14037	10/19/2015	Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States	\$379,295.00
A-13-14-24137	1/21/2016	Jones and Jones, LLC, A Representative Payee for the Social Security Administration	\$15,661.00
A-09-14-34080	2/2/2016	Higher Retirement Benefits Payable to Families of Disabled Beneficiaries	\$27,974,234.00
A-13-12-21247	2/25/2016	Agency Actions Concerning Misuse of Benefits by Organizational and Volume Representative Payees	\$257,179.00
<b>Total</b>			<b>\$28,626,369.00</b>

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## APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FISCAL YEAR 1997

To meet the requirements of the Omnibus Consolidated Appropriations Act of 1997, P.L. 104-208, we are providing requisite data for fiscal year 2016 from the Offices of Investigations and Audit in this report.

### OFFICE OF INVESTIGATIONS

We are reporting over \$56 million in monetary accomplishments as a result of our investigations during this reporting period (10/1/15 – 3/31/16). These funds are broken down in the table below.

	1st Quarter 10/1/15-12/31/15	2nd Quarter 1/1/16-3/31/16	TOTAL
Court-Ordered Restitution	\$13,742,290	\$13,373,700	\$27,115,990
Recoveries	\$12,157,176	\$13,242,905	\$25,400,081
Fines	\$1,564,660	\$1,233,771	\$2,798,431
Settlements/ Judgments	\$353,674	\$332,590	\$686,264
<b>TOTAL</b>	<b>\$27,817,800</b>	<b>\$28,182,966</b>	<b>\$56,000,766</b>

### OFFICE OF AUDIT

SSA management informed us that the agency has completed implementing recommendations from 1 audit report during this period valued at over \$4,600,000.

#### **ADJUSTMENT OF MONTHLY BENEFITS UNDER THE FAMILY MAXIMUM PROVISIONS (A-09-13-13087, 3/11/14)**

We recommended that SSA improve controls to ensure that child and spousal benefits are properly adjusted for records with dually entitled spouses. The implemented value of this recommendation is \$4,617,735.



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

None

## 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 the Department of Justice as Collected for the Social Security Administration			
Fiscal Year	Total Number of Individuals Assigned Court-Ordered Restitution	Court-Ordered Restitution for This Period	Total Restitution Collected by the Department of Justice
2014	529	\$34,002,421	\$10,620,357
2015	589	\$45,984,533	See Footnote <sup>1</sup>
2016 (10/1/15-3/31/16)	301	\$24,108,842	See Footnote <sup>1</sup>
<b>TOTAL</b>	<b>1,419</b>	<b>\$104,095,796</b>	<b>\$10,620,357</b>

<sup>1</sup> The Department of Justice is working to generate reports that will provide us with this information.

Recovery Actions Based on Investigations by the Office of Investigations		
Fiscal Year	Total Number of Recovery Actions Initiated	Amount for Recovery
2014	1,878	\$88,478,532
2015	3,296	\$162,779,626
2016 (10/1/15-3/31/16)	611	\$25,400,081
<b>TOTAL</b>	<b>5,785</b>	<b>\$276,658,239</b>

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## Office of Audit

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. We prepared this information in coordination with SSA's management officials, and it was current as of September 30, 2015.

SSA's Responses to the OIG's Recommendations Recovery or Redirection of Questioned and Unsupported Costs <sup>1</sup>						
Fiscal Year	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance <sup>2</sup>
2014	23	\$1,056,576,142	487,784,148	\$479,595,248	\$27,305,032	\$549,675,862
2015	21	\$4,142,508,569	\$2,822,712	\$1,310,857,	\$174,324	\$4,141,023,388
2016	9	\$370,291,338	\$64,831,726	\$64,435,500	\$0	\$305,855,838
<b>Total</b>	<b>53</b>	<b>\$5,569,376,049</b>	<b>\$555,438,586</b>	<b>\$545,341,605</b>	<b>\$27,479,356</b>	<b>\$4,996,555,088</b>

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

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

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

### FOLLOW-UP: COLLECTION OF CIVIL MONETARY PENALTIES (A-06-14-14047, 3/10/15)

**Results of Review:** Section 1140 civil monetary penalty (CMP) collection efforts were effective. All \$526,000 in CMPs imposed during the audit period were collected in full.

The Social Security Administration's (SSA) section 1129 CMP collection efforts still require improvement. SSA made progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

Our review of 50 randomly selected CMPs imposed from January 2010 through December 2012 indicated that SSA collected only 13 percent of the amounts imposed. Based on our sample results, we estimate that SSA had not initiated any collection action on approximately \$1.6 million of the \$19 million in CMPs imposed during that period.

SSA did not always collect CMP balances in accordance with approved collection terms from individuals who received SSA payments. Further, SSA did not initiate alternative collection action against individuals who did not receive SSA payments or voluntarily remit CMP restitution. Addressing and correcting these discrepancies could improve CMP recoveries.

**Recommendation:** Identify an accountable official responsible for developing a time-phased action plan to implement a process for monitoring section 1129 CMP collection status and ensuring CMP balances are posted and collected in accordance with approved settlement agreements or default determinations.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$1,554,390 in funds put to better use.

**Corrective Action:** Activities continue. System enhancements will be included in the Overpayment Redesign Project, which is in the planning and analysis phase.

### PAYMENTS TO TERMINATED OR NON-SELECTED REPRESENTATIVE PAYEES (A-09-13-23071, 2/18/15)

**Results of Review:** SSA needs to improve its controls to ensure that it does not make payments to representative payees it terminated or did not select. Based on our random sample, we estimated that SSA paid terminated or non-selected representative payees approximately \$367 million in benefits payable to 13,539 beneficiaries. We also estimated that SSA improperly (1) terminated in the Representative Payee System (RPS) representative payees who were serving 14,809 beneficiaries and (2) did not select in RPS representative payees who were serving 29,194 beneficiaries.

This occurred because SSA did not (1) remove terminated or non-selected representative payees from the Master Beneficiary Record (MBR)/Supplemental Security Record (SSR) or (2) correct representative payees' status in RPS from terminated or non-selected to selected. We also found that RPS did not always generate alerts when representative payee information in RPS did not agree with representative payee information on the MBR/SSR.

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**Recommendation:** Evaluate the results of its corrective actions for the beneficiaries identified by our audit and determine the appropriate action it should take with the remaining population of beneficiaries who have active representative payees on the MBR/SSR that are terminated or not selected in RPS.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$366,166,493 in questioned costs.

**Corrective Action:** SSA's Offices of Operations and Systems are working to test the new RPS Redesign application, which creates an alert for employees to resolve the discrepancy, "there is an established MBR/SSR with representative payee data, but no active payee data is shown on the representative payee file." SSA expects completion by the end of third quarter Fiscal Year (FY) 2016.

#### **DISABLED BENEFICIARIES WHO ARE ELIGIBLE FOR HIGHER RETIREMENT BENEFITS (A-09-13-23054, 1/30/15)**

**Results of Review:** SSA needs to improve its controls to ensure that it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimate that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

**Recommendation:** Take appropriate action for the 66 beneficiaries identified by our audit.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$406,691 in funds put to better use.

**Corrective Action:** The Program Center (PC) has reviewed 50 of the 66 cases, and it has initiated development on the remaining 16 cases. The PC also unexpectedly had to work with the field office to set up in-office appointments, after its initial contact, to complete the cases. Due to the lack of availability on the appointment calendar, SSA anticipates having these cases completed by April 30, 2016.

**Recommendation:** Evaluate the results of its corrective actions for the 66 beneficiaries and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher retirement benefits.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$406,691 in funds put to better use.

**Corrective Action:** SSA thinks it's important for the Mid-Atlantic Program Service Center to finish its review, in order for the Agency to develop an appropriate action plan and timeline for working the remaining universe, so completion will be some time after April 2016.

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## UNDERPAYMENTS PAYABLE TO TERMINATED TITLE II BENEFICIARIES (A-09-13-23099, 12/17/14)

**Results of Review:** SSA needs to improve its controls to ensure that it properly pays underpayments due terminated beneficiaries. Based on our random sample, we estimate that

- 55,925 terminated beneficiaries were due \$122.6 million in underpayments that SSA should have paid to eligible beneficiaries, and
- 5,687 terminated beneficiaries had \$5.2 million in erroneous underpayments that SSA should have removed from the MBR.

Generally, this occurred because there was no systems alert when SSA employees manually establish underpayments. In addition, SSA employees did not always (1) pay underpayments to eligible beneficiaries, (2) remove underpayments from the MBR when they were paid, or (3) ensure underpayments recorded on the MBR were valid.

**Recommendation:** Implement a cost-effective approach for correcting and/or paying the population of terminated beneficiaries with special payment amount underpayments on the MBR.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$127,630, 795 in questioned costs.

**Corrective Action:** SSA provided the alert criteria to the Deputy Commissioner for Systems (DCS) on 08/06/15. However, DCS determined this request will need to go through Strategic Information Technology Assessment and Review (SITAR). The Agency will continue to work on this recommendation in FY 16 and will submit this through the SITAR process for FY 17.

## ACCUMULATED FUNDS PAYABLE TO BENEFICIARIES OR THEIR REPRESENTATIVE PAYEES (A-09-12-21236, 12/11/2012)

**Results of Review:** SSA needed to improve controls to ensure it properly and timely paid accumulated funds to Title II beneficiaries or their representative payees. Based on a random sample, we estimate that:

- 4,174 beneficiaries accumulated funds totaling approximately \$29.9 million that SSA had not paid to the beneficiaries or their representative payees;
- 909 beneficiaries had approximately \$18.6 million in accumulated funds that were correctly paid but not timely; and
- 248 representative payees were paid accumulated funds totaling approximately \$4 million, but SSA had not evaluated its ability to manage the funds, as required.

This occurred because SSA did not always (1) establish manual diaries to control the payment of accumulated funds, (2) pay accumulated funds to representative payees when required, or (3) pay all accumulated funds due and payable upon the selection of a representative payee.

**Recommendation:** Develop a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

**Agency Response:** SSA agreed with the recommendation.



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**Valued at:** \$29,211,452 in questioned costs.

**Corrective Action:** The Agency agrees. It will continue to work with the Office of Systems and the Deputy Commissioner for Operations to determine the feasibility of developing a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

#### **DISABLED INDIVIDUALS POTENTIALLY ELIGIBLE AS AUXILIARY CHILD BENEFICIARIES (A-13-10-10146, 6/12/2012)**

**Results of Review:** Although SSA had taken actions to identify and prevent missed entitlements, we identified SSI recipients who were also eligible for OASDI. Our analysis of 100 SSI recipients found 95 were eligible for OASDI as auxiliary child beneficiaries. Of these, we identified 16 SSI recipients who were due OASDI underpayments totaling about \$71,000. We estimate approximately 2,160 SSI recipients were eligible for OASDI and were due underpayments totaling approximately \$9.6 million.

In February 2012, we identified 14,434 SSI recipients—from all 20 segments of SSA's records—who were potentially entitled disabled child beneficiaries. We provided this information to the Agency for corrective action.

**Recommendation:** Develop and implement a cost-effective strategy to assess the 14,434 recipients we identified to correctly pay those recipients eligible for OASDI as auxiliary child beneficiaries and pay the OASDI underpayments due the recipients, as appropriate.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$9,582,380 in questioned costs.

**Corrective Action:** SSA sent 14,453 cases to the regions on June 19, 2015. The regions completed 11,940 (82 percent of the total cases) as of January 1, 2016. The remaining 2,522 (18 percent) are still pending action. The regions have 146 cases awaiting disability decisions at Disability Determination Services, 779 cases awaiting processing by either a field office or PC, 175 cases that require further review and action due to case transfer for change of address/jurisdiction to a new region, and 1,422 cases where the claimant has not responded, and they are either in payment suspension, or SSA sent close-out notices. There has been some input from a few of the regions pertaining to a policy issue, and the Agency is working with the Office of Income Security Programs to resolve. SSA will continue to work with policy to resolve the outstanding policy issue so all work can be completed by June 1, 2016.

#### **ANNUAL EARNINGS TEST UNDERPAYMENTS PAYABLE TO BENEFICIARIES (A-09-11-11128, 4/6/2012)**

**Results of Review:** SSA improperly paid beneficiaries whose MBR annual report data exceeded their earnings on the Master Earning File (MEF). We estimated that SSA improperly paid 10,644 beneficiaries about \$15 million during Calendar Years 2005 through 2008. In addition, unless SSA revises the Earnings Enforcement Operation (EEO), we estimated it would improperly pay about \$3.7 million, annually, to 2,661 beneficiaries.

The improper payments occurred because SSA's policy is to exclude from the EEO beneficiaries whose MBR annual report data exceeded the earnings recorded on SSA's MEF. Finally, we found that SSA should not rely on the annual report data on the MBR to determine whether beneficiaries were properly paid. Specifically, we

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found that annual report data on the MBR (1) were estimated amounts, (2) contained obvious recording errors, and (3) included earnings that were not subject to the annual earning test.

**Recommendation:** Review its policies, procedures, and systems concerning earnings and benefit computations to provide accurate results for Title II beneficiaries.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$3,754,533 in funds put to better use.

**Corrective Action:** SSA's Office of Systems completed the migration of Automated Job Stream 3 to Title II Redesign in August 2012. There was a release to correct issues with the month of entitlement and rates in February 2013. The first enforcement pass occurred in August 2014. The Deputy Commissioner for Retirement and Disability Policy (DCRDP) is awaiting Office of Quality Improvements' (OQI) analysis of that enforcement pass. Once OQI shares the analysis, DCRDP will review the Annual Earnings Test and benefit computations policies and procedures for any needed clarification.

#### **TITLE II 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 that 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 corrective 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 has 207 cases remaining; 177 cases are pending termination in the PCs for processing limitations and 30 cases require additional development for incorrect/missing beneficiary's own account numbers and fraud investigations. These cases might have to be referred to the Regions before SSA can terminate. The Agency estimates an additional 4 months for this recommendation.

#### **PAYMENT ACCURACY OF DUALY ENTITLED TITLE II BENEFICIARIES (A-04-13-13014, 8/27/2014)**

**Results of Review:** Of the 50 sample Title II beneficiaries who were receiving benefits on two Social Security records, we determined that SSA incorrectly paid 29 (58 percent) beneficiaries full benefits on both records.

Of the 29 payment error cases, nine may have been barred from correction due to SSA's administrative finality regulations. When administrative finality regulations bar correction, SSA will not revise the determinations to

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assess any possible overpayments or correct the ongoing payments. For these payment error cases, we estimate, as of March 2013, SSA overpaid about 664 beneficiaries approximately \$7.6 million. SSA will continue paying the erroneous amount to child beneficiaries until they reach age 18 and are no longer entitled to benefits or the adult beneficiaries die, resulting in paying additional benefits of about \$10.3 million than what should have been due had the amounts been determined properly initially. In a previous report, we recommended that SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.

For the remaining 20 payment error cases, we estimate that, as of March 2013, SSA overpaid approximately 1,475 beneficiaries about \$6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. As such, we estimate that, for the 12 months following our audit, overpayments in our population totaled about \$4.3 million.

**Recommendation:** Review all cases in our population to ensure that all overpayments are identified, recorded, and pursued for recovery.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$13,557,247 in questioned costs and \$14,569,033 in funds put to better use.

**Corrective Action:** SSA's new expected completion date is May 2016.

#### **ACCRUED BENEFITS PAYABLE ON BEHALF OF DECEASED BENEFICIARIES (A-09-14-14034, 8/20/2014)**

**Results of Review:** SSA needs to improve its controls to ensure that it pays accrued benefits on behalf of deceased beneficiaries. Based on our random sample, we estimate

- 3,440 deceased beneficiaries accrued \$24.7 million in benefits that SSA should have paid to a surviving beneficiary in current pay, and
- 1,183 deceased beneficiaries' MBRs incorrectly showed they accrued unpaid benefits.

This occurred because (1) SSA employees did not take appropriate action to pay accrued benefits to surviving beneficiaries; (2) there was no systems alert that identified the accrued benefits that may have been payable; and (3) SSA did not remove temporary suspensions from the MBR after it paid or resolved the accrued benefits.

**Recommendation:** Evaluate the results of its corrective actions for the 86 beneficiaries and determine whether it should review the remaining population of 5,275 beneficiaries.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$24,272,227 in questioned costs.

**Corrective Action:** SSA stated it would provide an action plan by April 1, 2016 to address the remaining universe of cases.

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## **SPOUSAL BENEFICIARIES WHOSE GOVERNMENT PENSION OFFSET HAS STOPPED (A-09-13-23049, 5/27/2014)**

**Results of Review:** SSA needs to improve its controls to ensure that it does not improperly stop Government Pension Offset (GPO) for spousal beneficiaries. We estimate that SSA incorrectly recorded GPO stop dates for 812 spousal beneficiaries on the MBR. This included 314 beneficiaries whom SSA overpaid about \$9.1 million because it improperly stopped withholding GPO or incorrectly calculated the GPO amounts. Finally, we estimate that SSA will overpay the 314 spousal beneficiaries about \$2 million, annually, unless it takes action to identify and correct these errors.

Generally, these errors occurred because SSA employees erroneously recorded GPO stop dates on the MBR, did not properly calculate GPO because they incorrectly recorded monthly pensions as lump sum payments, or did not properly apply pension amounts when they calculated the GPO amount.

**Recommendation:** Evaluate the results of its corrective action for the 88 beneficiaries and determine whether it should review the remaining population of 823 spousal beneficiaries.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$8,156,734 in questioned costs.

**Corrective Action:** SSA released the cases on January 21, 2016, and June 2016 is still the expected completion date. The Agency does not have a mechanism to determine progress on the cases. As the Office of Electronic Services Technology rolls out the Ad Hoc Workload Tracker, this will provide SSA with the opportunity to track and monitor throughout the process.

## **NON-RECEIPT OF SOCIAL SECURITY BENEFITS DUE TO UNAUTHORIZED DIRECT DEPOSIT CHANGES (A-02-13-23004, 5/13/2014)**

**Results of Review:** We identified 23,192 beneficiaries who had multiple changes to their direct deposit information and who reported that they did not receive 25,728 Social Security payments, totaling \$28.3 million, between September 2, 2011 and June 11, 2012. SSA sent replacement payments to many beneficiaries, but not all of them had their missing payment replaced. In total, SSA sent replacement payments totaling \$17.4 million to 13,380 individuals.

When SSA issues a replacement payment, it also initiates a teletrace request with the Department of the Treasury (Treasury) to determine the status of the initial non-received payment. In cases that involve unauthorized changes to direct deposit information, the Treasury often determines that the new financial account that received the initial payment was in the beneficiary's name because fraudsters used the beneficiary's identity to establish the bank account they control. Since the payment was deposited into an account under the beneficiary's name, the Treasury does not return a credit to SSA, and SSA establishes an overpayment on the beneficiary's record.

SSA charged 2,452 of the beneficiaries who received replacement payments with overpayments totaling \$3 million.

**Recommendation:** Ensure beneficiaries with outstanding overpayments for replacement payments after unauthorized changes to their direct deposit information are not held liable for repaying them.

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**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$1,409,671 in questioned costs.

**Corrective Action:** Before SSA starts collecting an overpayment in an individual case, it sends a notice to the individual explaining his or her right to appeal the overpayment. In addition, this notice provides the individual the right to request a waiver of Agency collection activities at any time in the process. Both the right to a formal appeal and the right to request a waiver are specified policies in SSA's regulations. Consistent with the Agency's policies and regulations, SSA is reviewing and correcting the cases the Office of the Inspector General identified for it as being erroneously processed (i.e., erroneously collecting an overpayment). There are over 1,300 cases that are complex with many requiring multiple manual actions. SSA is processing these cases under its current policy and anticipates completing the actions by September 30, 2016.

### **ACCURACY OF AUXILIARY PAYMENTS TO CHILDREN AFTER DIVORCE (A-13-11-21100, 5/12/2014)**

**Results of Review:** SSA issued payments to auxiliary beneficiaries after the parents' divorce. We identified 1,390 stepchildren whom SSA determined were entitled to auxiliary OASDI benefits, and the beneficiary's marriage ended in divorce in or after June 2007. We randomly selected 60 of the 1,390 stepchildren to determine whether SSA properly terminated their benefits after the parents divorced.

Of the 60 beneficiaries sampled, we found SSA did not take appropriate action to terminate OASDI benefits for 11 stepchildren. Based on our analysis, we estimate SSA overpaid about \$3.1 million to 248 stepchildren. Unless SSA takes action to identify and correct these errors, we estimate the stepchildren will receive additional overpayments of approximately \$479,000 until they reach age 18 or are older and a full-time student.

**Recommendation:** Determine and implement the most cost-effective process to prevent and detect overpayments to stepchildren after the parents' divorce.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$2,942,001 in questioned costs and \$448,299 in funds put to better use.

**Corrective Action:** SSA is reviewing the additional 1,330 cases identified in this audit to determine what actions are feasible to prevent overpayments to stepchildren. The Agency will complete this analysis by the end June 2016 and share the results with Operations for further action. Operations will determine a timeframe for evaluating the results once it receives OQIs results.

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

#### **USEFULNESS OF DEPARTMENT OF HOMELAND SECURITY (DHS) TRAVEL DATA TO IDENTIFY SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHO ARE OUTSIDE THE UNITED STATES (A-01-11-01142, 2/1/2013)**

**Results of Review:** Although there are legal and technical challenges in obtaining data from the Department of Homeland Security (DHS) to identify SSI recipients who are absent from the United States, we estimated 35,068 SSI recipients had approximately \$152 million in overpayments because of unreported absences from the United States between September 2009 and August 2011. Furthermore, millions of dollars more in

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overpayments could be identified if SSA includes all SSI recipients, regardless of their country of birth or associated bank. If our results using sample data associated with one bank represent all banks, we estimate our review would have identified an additional \$289 million in overpayments.

Developing a process with DHS—and if necessary, the Department of State—would be a long-term initiative; and SSA has a history of overcoming legal and technical factors with other initiatives it has pursued to address improper payments. Ultimately, the other agencies have to be willing to work with SSA.

**Recommendation:** 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.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$152,200,827 in questioned costs.

**Corrective Action:** SSA reached out to DHS on May 1, 2014, and has conducted ongoing discussions since then to begin a study. The study is to determine whether the DHS Arrival and Departure Information System or other systems can provide data to allow SSA to identify SSI recipients outside the United States for longer than 30 days and make improper payment determinations. It will include receiving a sample set of data from DHS to match to SSA's SSI recipients, then analyzing the results to validate the potential exchange process and determine the value of the potential data and matching results. SSA and DHS have drafted the Concept of Operations document and legal agreement to exchange the study data. DHS advised that it must update its System of Records Notices before the study exchange. Upon completion of its action and SSA's receipt of a signed agreement, SSA and DHS will conduct the exchange and complete the study. If the study results determine value in the exchange, SSA and DHS will formalize an ongoing data exchange to receive and use the data for continuing improper payment determinations. SSA considers this recommendation to be closed.

## **TITLE II 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 that 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:** 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:** OQI manually terminated benefits in accordance with Operation and Policy review for the 180 beneficiaries.



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

### PAYMENTS DEPOSITED INTO BANK ACCOUNTS AFTER BENEFICIARIES ARE DECEASED (A-02-13-13052, 3/11/15)

**Results of Review:** The Social Security Administration (SSA) did not effectively recover direct deposit payments to bank accounts after beneficiaries' deaths because the Agency did not always determine when suspended beneficiaries died. We concluded that 58 of the 59 beneficiaries we reviewed died or were likely deceased. SSA terminated benefits for 6 of these beneficiaries but left the remaining 52 in a suspended payment status. When benefits are suspended instead of terminated, SSA cannot reclaim payments through the reclamation process.

Multiple sources reported dates of death or had information on the likely deaths for the 52 beneficiaries who remained suspended:

- 15 beneficiaries had dates of death recorded on SSA's Numident;
- 16 beneficiaries had death information on a third-party database;
- 2 beneficiaries' dates of death were provided by a financial institution;
- we obtained death certificates for 11 beneficiaries; and
- bank records for the remaining 8 beneficiaries had information that indicated they were likely deceased.

We estimate that SSA improperly paid about \$1,111,000 to the 58 deceased or likely deceased beneficiaries. While SSA recovered about \$35,000 paid after the deaths of the six beneficiaries it terminated, the Agency did not attempt to recover payments from the other beneficiaries. Most these funds have since been withdrawn or escheated to a State treasury's division of unclaimed property.

**Recommendation:** Determine the cost-effectiveness of using third-party databases for dates of death and contact information for beneficiaries whose benefits were suspended for reasons that may indicate that they died, when it is determined the information available in third-party databases cannot be found in SSA records.

**Agency Response:** The Agency agreed with our recommendation.

**Corrective Action:** The Third Party data base report should be available by June 2016.

### FOLLOW-UP: COLLECTION OF CIVIL MONETARY PENALTIES (A-06-14-14047, 3/10/15)

**Results of Review:** Section 1140 civil monetary penalty (CMP) collection efforts were effective. All \$526,000 in CMPs imposed during the audit period were collected in full.

SSA's section 1129 CMP collection efforts still require improvement. SSA made progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

Our review of 50 randomly selected CMPs imposed from January 2010 through December 2012 indicated that SSA collected only 13 percent of the amounts imposed. Based on our sample results, we estimate that SSA had not initiated any collection action on approximately \$1.6 million of the \$19 million in CMPs imposed during that period.

SSA did not always collect CMP balances in accordance with approved collection terms from individuals who received SSA payments. Further, SSA did not initiate alternative collection action against individuals who did

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not receive SSA payments or voluntarily remit CMP restitution. Addressing and correcting these discrepancies could improve CMP recoveries.

**Recommendation:** Pursue alternative methods to collect section 1129 CMP balances due from individuals who do not receive SSA payments or voluntarily remit restitution.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** The Notice of Proposed Rulemaking is in internal review.

#### **DISABLED BENEFICIARIES WHO ARE ELIGIBLE FOR HIGHER RETIREMENT BENEFITS (A-09-13-23054, 1/30/15)**

**Results of Review:** SSA needs to improve its controls to ensure that it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimate that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

**Recommendation:** Improve controls to ensure that disabled beneficiaries are informed when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** The Potential Entitlements Workgroup continues to consider this recommendation as part of its ongoing activities.

#### **BOND AND FINANCIAL CREDIT RISK REQUIREMENTS FOR NON-GOVERNMENTAL FEE-FOR-SERVICE REPRESENTATIVE PAYEES (A-05-12-11225, 3/28/2014)**

**Results of Review:** SSA established sufficient procedures to ensure non-governmental fee-for-service (FFS) representative payees maintained bond or insurance coverage and had financial credit risk reviews. However, Agency staff did not always follow, or appropriately document, procedures to mitigate potential risks. In addition, we found that greater collaboration between the field offices (FO), regions, and Regional Chief Counsels could enhance the oversight process.

We sampled bond and insurance documents and related SSA controls associated with 25 FFS representative payees and found issues related to (1) insufficient policy coverage, (2) problems with policy titling, (3) undocumented annual policy re-certifications, and (4) incomplete triennial site review questionnaires. For instance, we found that 10 representative payees did not name SSA on the bond, though they had sufficient coverage amounts.

In our review of 22 Headquarters-prepared credit report summaries, we found FO staff certified a representative payee to collect fees before reviewing the payee's credit report summary. We also found the summaries provided limited guidance for handling organizations rated as high risk. In addition, some of the contractor-prepared credit reports provided insufficient financial information. The Agency's nationwide implementation of a more stringent selection process for individual representative payees offers an opportunity to explore more approaches to alleviate business risks associated with FFS representative payees.

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**Recommendation:** Determine whether the Agency needs to standardize and streamline its bond and insurance coverage methodology to ensure the type and amount of bond or insurance coverage is appropriate for the underlying risk.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** SSA is working with the Office of Research, Demonstration, and Employment Support, which will complete a study on the strengths and weaknesses of the FFS model. This study will examine how the Agency can standardize and streamline its bond and insurance methodology to ensure the type and amount of bond or insurance coverage is appropriate. SSA expects that the study will be complete by May 2016. The study completion date was extended to May 2016 to account for the additional time needed to compile the appropriate study data and develop the final report.

#### **REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/2014)**

**Results of Review:** SSA did not always resolve representative payee selections that were pending in its Representative Payee System (RPS). Based on our random sample, we estimate that SSA

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid \$132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.
- Improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries. Of these, SSA paid \$265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.
- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.
- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

**Recommendation:** Determine whether it should modify the RPS clean-up operation to ensure that it does not improperly change representative payee selections to a non-selected status.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** SSA's Office of Systems modified the clean-up program to perform more thorough comparisons with the payment systems when determining the correct status of a relationship per the audit recommendation. SSA reviewed the interaction between RPS and the payment systems and found at least one situation where RPS is not responding appropriately to updates received from the payment systems. In the redesigned RPS system, the Agency will be creating work items when an application is processed and SSA does not receive confirmation that it has been received by the payment system. This change will be completed by July 2016 and it will reduce the number of records that will need to go through the clean-up process.

**Recommendation:** Determine whether it should develop additional guidance to ensure that representative payee selections are properly and timely resolved.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** Since SSA has completed its actions for the 98 cases from recommendation 1, it is in the process of evaluating those results to determine if any additional guidance is necessary. The Agency is currently

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testing the new electronic RPS redesign, a web-based application. The design modernizes the existing RPS application by streamlining the application, selection, and adjudication processes. All FOs, processing centers, teleservice centers, and management received interactive video teletraining on the electronic RPS redesign at the end of February 2016. This training will also include a review of instruction materials for employees who are directly involved in electronic RPS. SSA expects to close this once it confirms that efforts are completed.

#### **IMPROPER PAYMENTS RESULTING FROM UNRESOLVED DELAYED CLAIMANTS (A-09-12-22100, 2/7/2014)**

**Results of Review:** Since we issued our 2009 audit, SSA reduced the number of unresolved delayed claimants. However, our current review found that SSA's controls did not always ensure that it properly resolved all delayed claimants. Based on our random sample, we estimate that if SSA

- Approves the auxiliary or survivor delayed claimants on 1,620 records, they would be due \$9.1 million; or
- Does not approve the delayed claimants, the currently entitled auxiliary beneficiaries on 1,710 records will be improperly paid about \$6.8 million.

We also estimate that SSA did not timely resolve the delayed claims for 2,730 records. This occurred because SSA employees did not (1) establish diaries for claimants placed in delayed status, (2) take appropriate action on the diaries when they matured, or (3) resolve alerts for delayed claimants.

**Recommendation:** Remind employees of the proper policies and procedures to establish and take action on diaries and alerts received for claimants in delayed status.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** SSA is in the process of developing the reminder and plan for an inter-component review by the end of June 2016.

#### **SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING (A-15-12-11233, 2/6/2014)**

**Results of Review:** We determined Supplemental Security Income Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the Supplemental Security Record and the Modernized Supplemental Security Income Claims System. Although SSA reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process.

Additionally, we noted the following items, which we believe SSA should address.

For the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate SSITWR transactions; however, these transactions did not affect the benefit payments since SSA only posted the most recent transaction to the recipient's record.

We determined that 22 of 50 randomly sampled Supplemental Security Income (SSI) recipients, their representative payees, and deemors, regardless of their association with SSITWR, did not report wages and incurred overpayments totaling \$21,388. The purpose of this comparison was to determine the importance of timely wage reporting.

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We determined that SSA did not include language in the SSI overpayment notices, due to wages, to inform the individuals about the different methods available to report their wages.

**Recommendation:** Adopt a process to identify and report unique SSITWR (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** On May 30, 2014, SSA submitted a Strategic Information Technology Assessment and Review (SITAR) proposal for Fiscal Year (FY) 2015 to identify unique wage reports and reporters for SSITWR and Supplemental Security Income Mobile Wage Reporting (SSIMWR) and to move the SSITWR Management Information (MI) to MI Central where it maintains the SSIMWR MI. SSA deferred consideration of this SITAR proposal until FY 2016. The Agency will re-submit the proposal during the FY 2016 SITAR planning cycle. Implementation of the proposal is contingent upon allocation of SITAR resources.

### **IDENTIFYING AND MONITORING RISK FACTORS AT HEARING OFFICES (A-12-12-11289, 1/24/2013)**

**Results of Review:** We found that the Office of Disability Adjudication and Review (ODAR) created 19 ranking 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 FY 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. Moreover, greater analysis of hearing office variance can put issues identified as part of ODAR's ALJ monitoring system and quality reviews into a broader context.

**Recommendation:** 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.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** The Office of the Chief Administrative Law Judge (OCALJ) continues to work with Office of Electronic Services and Strategic Information on the model MI report, currently in development. We estimate completion by end of FY 2016. To date, the Office of Quality Improvement has not provided OCALJ with any feedback regarding the completion of its review.

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

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**Results of Review:** Although SSA had a limited policy in place that required a statewide criminal background check, we noted several 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:** At the close of FY 2015, 19 DDS sites have completed or are in process for implementing Homeland Security Presidential Directive (HSPD)-12 suitability reviews. With the recent Office of Personnel Management breach and heightened federal security directives, HSPD-12 is targeted for full implementation for all DDS sites by December 2016. This accelerated schedule is dependent upon appropriate resources in staffing and travel.

#### **REPRESENTATIVE PAYEES AND BENEFICIARIES WHO WERE RESIDING IN DIFFERENT STATES (A-02-14-14044, 8/27/2014)**

**Results of Review:** Based on our observations during our visit, we believe that the representative payees were using beneficiaries' benefits to meet their food, clothing, and shelter needs in all but two cases. We referred these two cases to SSA to determine whether the representative payees were suitable to manage benefits for the beneficiaries they represented. SSA has taken action on one of these cases. Additionally, we were unable to determine whether 41 (23 percent) of the beneficiaries' needs were being met because the representative payees or their beneficiaries refused to participate in our review or we were unable to contact them. We also found that SSA did not mail Representative Payee Reports to all representative payees, as required, and did not always follow up with representative payees who did not submit their accounting reports.

**Recommendation:** Determine whether additional oversight is required for representative payees who reside in a State different from the beneficiaries they represent based on any action taken in response to Recommendations 1 and 2.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** In an upcoming release of RPS Redesign (date to be determined), the Deputy Commissioner for Systems plans to generate an alert to the FO technicians requiring further investigation and determination of suitability in cases in which the payee resides in a different state than the beneficiary.

#### **SUBSEQUENT APPELLATE ACTIONS ON DENIALS ISSUED BY LOW-ALLOWANCE ADMINISTRATIVE LAW JUDGES (A-12-13-13084, 7/3/2014)**



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**Results of Review:** While ALJ decisions on cases may differ for various reasons, including qualified decisional independence, the rate of subsequent actions on denied cases should be relatively consistent among ALJs. Remand and reversal rates on appealed cases can provide indications about the quality of an ALJ's decisions. In addition, time spent processing such cases delays final decisions for affected claimants and reduces the time available for other cases awaiting processing.

For the 12 low-allowance ALJs, we found the following related to their Title II workloads.

- Four had at least 80 percent of their denied cases appealed to the Appeals Council (AC), compared to the 67-percent national average. For instance, 84 percent of one ALJ's denied cases were appealed to the AC.
- Six ALJs had AC reversal rates that were more than twice the 2-percent national average. For instance, one ALJ had a 10-percent reversal rate, 5 times the national average.
- One ALJ had a 42-percent AC remand rate, more than twice the 19-percent national average. Overall, the AC remanded the ALJs' decisions at about the same rate as the national average.

ODAR implemented a number of tools to track ALJ and hearing office performance. However, we believe that ODAR could further improve management oversight by

- Informing ALJs about the reasons for AC reversals;
- Monitoring AC reversal trends to identify ALJs who have high reversal rates; and
- Tracking subsequent ALJ actions on remanded cases.

**Recommendation:** Monitor administrative law judge decisions on Appeals Council remands to identify outlier behavior that may require additional management attention.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** The Office of Appellate Operations' Division of Quality (DQ) has a draft report to track outcomes in remanded cases. DQ is working with appropriate components to refine the draft report to make it most effective. SSA estimates completion in fall 2016.

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

### **TITLE XVI DECEASED RECIPIENTS WHO DO NOT HAVE DEATH INFORMATION ON THE NUMIDENT (A-09-12-22132, 5/3/2013)**

**Results of Review:** SSA needs to improve its controls to ensure that it records Title XVI recipients' death information on the Numident. Specifically, we determined that as many as

- 82,165 deceased recipients' deaths were not on the Death Master File, and
- 937 deceased recipients had earnings on the Master Earnings File for Calendar Year 2011 that were recorded 1 or more years after their deaths.

We also found that 92 employers made 113 E-Verify inquiries for 78 deceased recipients and did not receive any indication from SSA that these individuals were deceased. In addition, we found that the Help America



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Vote Verification system requests for 78 deceased recipients indicated they were not deceased. This would not have prevented an individual from voting under a deceased recipient's identity.

Generally, the deaths were not on the Numident because the recipients' personally identifiable information (PII) on the Master Beneficiary Record, Supplemental Security Record (SSR), or death report did not match the recipients' PII on the Numident.

**Recommendation:** Develop a cost-effective method for identifying deceased recipients who have death information on the SSR but not on the Numident. This could involve periodic matches between the SSR and Numident to detect and correct missing death information.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** Due to the Phase 2 release of the Death Redesign project, we are closing this recommendation.

### **BOND AND FINANCIAL CREDIT RISK REQUIREMENTS FOR NON-GOVERNMENTAL FEE-FOR-SERVICE REPRESENTATIVE PAYEES (A-05-12-11225, 3/28/2014)**

**Results of Review:** SSA established sufficient procedures to ensure that non-governmental FFS representative payees maintained bond or insurance coverage and had financial credit risk reviews. However, Agency staff did not always follow, or appropriately document, procedures to mitigate potential risks. In addition, we found that greater collaboration between the FO, regions, and Regional Chief Counsels could enhance the oversight process.

We sampled bond and insurance documents and related SSA controls associated with 25 FFS representative payees and found issues related to (1) insufficient policy coverage, (2) problems with policy titling, (3) undocumented annual policy re-certifications, and (4) incomplete triennial site review questionnaires. For instance, we found that 10 representative payees did not name SSA on the bond, though they had sufficient coverage amounts.

In our review of 22 Headquarters-prepared credit report summaries, we found FO staff certified a representative payee to collect fees before reviewing the payee's credit report summary. We also found the summaries provided limited guidance for handling organizations rated as high risk. In addition, some of the contractor-prepared credit reports provided insufficient financial information. The Agency's nationwide implementation of a more stringent selection process for individual representative payees offers an opportunity to explore additional approaches to alleviate business risks associated with FFS representative payees.

**Recommendation:** Provide additional guidance on the steps staff should take for new FFS representative payees projected either high risk or where contractor-prepared credit reports provide limited financial information.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** On February 5, 2016, SSA updated Program Operations Manual System (POMS) GN 00506.600 to provide updated instructions that enhance its credit risk review for non-governmental FFS representative payees. We provided additional guidance on the steps staff should take for new FFS

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representative payees whose credit reports identify risk factors that may impact their ability to be a suitable payee.

**Recommendation:** Consider enhancements to its current credit risk review process for FFS representative payee organizations not already vetted by State or local authorities to add a greater level of fraud risk protection.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** On February 5, 2016, SSA updated POMS GN 00506.600 that enhances its current credit risk review for non-governmental FFS representative payees. SSA's policies now require additional documentation from non-governmental FFS payees with limited credit report information or symptoms of financial distress.

The Agency's Office of Research, Demonstration, and Employment Support attempted to complete a study on the strengths and weaknesses of the FFS model. However, due to limited availability of historical data, it could not obtain a statistically valid sample size of credit reports for the study. Therefore, SSA decided not to use the FFS study to address this recommendation and took action to update its POMS to require additional documentation from FFS payees that have insufficient credit information or symptoms of financial distress.

### **REQUEST FOR REVIEW WORKLOADS AT THE APPEALS COUNCIL (A-12-13-13039, 3/7/2014)**

**Results of Review:** Since FY 2007, the AC has struggled to keep up with the increasing number of *request for review* cases it has received. As a result, by FY 2013, the AC's case backlog had tripled, and processing times were about 60 percent higher than FY 2007. Throughout this period, the AC continued increasing dispositions and productivity through hiring, improved training, and analyst performance goals. Moreover, the AC's focus on the oldest cases benefited claimants waiting the longest for a decision.

Our review identified steps the AC could take to further increase productivity. For instance, the lack of productivity goals and caps for administrative appeals judges (AAJ) or appeals officers (AO) processing requests for review cases, given the wide range in the number of dispositions each AAJ and AO issued, increases the risk that AC managers may miss opportunities to increase production as well as identify potential quality issues. In addition, while the AC has established division-level productivity goals, some managers and staff were uncertain how these goals are established. Moreover, the Agency reduced the number of performance goals shared with the public. Finally, although the AC established quality control initiatives covering AC workloads, some of these initiatives were limited in duration or review results were undocumented. We also found the quality review lacked a monitoring system to identify trends and collectively they did not cover all parts of the AC workload.

**Recommendation:** Consider establishing uniform individual productivity goals and caps for Appeals Council adjudicators for the time they spend processing requests for review cases.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** SSA has considered whether other individual goals or recommendations might be appropriate. The Agency's AC adjudicators have clearly defined case processing standards that provide a good basis for ensuring timely, quality decisions. SSA used the data to determine an acceptable range of annual case clearances. The Agency only intends to use this as guidance for AAJs. It is also important to note that AAJs have several responsibilities in addition to adjudicating cases, and that not all AAJs perform the same

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work. The Office of Appellate Operations successfully uses numeric performance standards where it is appropriate and enforceable. SSA is concerned that any specific performance standard it might establish for AC adjudicators would be unenforceable, given the high volume of action documents even the lowest producing AAJ issues. Consequently, the Agency plans to take no additional action and suggests this recommendation be closed out.

### **NUMBERHOLDERS AGE 112 OR OLDER WHO DO NOT HAVE A DEATH ENTRY ON THE NUMIDENT (A-06-14-34030, 3/4/15)**

**Results of Review:** SSA did not have controls in place to annotate death information on the Numident records of numberholders who exceeded maximum reasonable life expectancies and were likely deceased. To illustrate, we identified approximately 6.5 million numberholders age 112 or older who did not have death information on the Numident.

- SSA issued approximately 6.4 million of the Social Security numbers (SSN) to process benefit claims filed before March 1972, including 48,746 SSNs issued to process death claims.
- SSA had input dates of death on approximately 1.4 million non-beneficiaries' payment records but had not recorded the death information on the Numident.
- SSA terminated payments and input dates of death on 410,074 beneficiaries' payment records but had not recorded the death information on the Numident.

We also determined that thousands of the SSNs could have been used to commit identity fraud.

- For Tax Years 2006 through 2011, SSA received reports that individuals using 66,920 SSNs had approximately \$3.1 billion in wages, tips, and self-employment income. SSA transferred the earnings to the Earnings Suspense File because the employees' or self-employed individuals' names on the earnings reports did not match the numberholders' names.
- During Calendar Years 2008 through 2011, employers made 4,024 E-Verify inquiries using 3,873 SSNs belonging to numberholders born before June 16, 1901.

Resolving these discrepancies will improve the accuracy and completeness of the Death Master and help prevent future misuse of these SSNs.

**Recommendation:** Determine whether it can efficiently correct the approximately 5 million remaining records identified by our audit.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** Due to the Acting Commissioner of Social Security's decision made on November 6, 2015, SSA closed this recommendation.

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## APPENDIX H: PEER REVIEWS

### OFFICE OF AUDIT

- Our Office of Audit is required to undergo a peer review every 3 years, in accordance with generally accepted government auditing standards.
- The final System Review Report related to our last peer review, conducted by the General Services Administration (GSA), was issued in September 2015. 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 GSA Office of Inspector General 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 Fiscal Year 2015, we conducted a peer review of the Environmental Protection Agency Office of Inspector General Audit Organization. We issued our report on June 12, 2015 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 Council of the Inspectors General on Integrity and Efficiency. 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 U.S. Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.
- During this reporting period, the Office of Investigations did not undergo a peer review.
- The Office of Investigations conducted a peer review of the Defense Criminal Investigative Service from September 15-19, 2014.
- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

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## APPENDIX I: REVIEWS OF LEGISLATION & 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*. We will also provide *Congressional Response Reports* in response to direct requests. Finally, we describe in our annual Audit Work Plan planned reviews that will address issues related to laws and regulations.

Regarding 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 the Office of Management and Budget. In addition, the Inspector General (IG) is an active member of the Council of the Inspectors General on Integrity and Efficiency (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 congressional staff as needed to discuss legislative issues.

Fraud in the programs administered by Federal agencies remains a great concern to Congress and the public. SSA OIG has emphasized over the past several years the investigation of fraud perpetrated on SSA by persons in positions of trust. These individuals, (defined in the statutes as a person who receives a fess or other income with respect to benefits under titles II, VIII, or XVI of the Act, including a claimant representative, translator, or current or former SSA employee, or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with a determination by SSA for disability benefits), fraudulently assist applicants who apply for Social Security benefits. For persons in positions of trust, SSA OIG provided criminal and civil legislative proposals to increase the maximum criminal penalty for a violation of 42 U.S.C. §§ 408(a), 811(a) and 1632(a) from 5 years to 10 years and to increase the maximum civil monetary penalty from \$5,000 to \$7,500 for each violation. These provisions were included in the *Bipartisan Budget Act of 2015*, Pub. L. 114- 74, signed into law November 2, 2015. Also included in the legislation were several additional SSA OIG legislative proposals, including: (1) expansion of the CDI program to cover each of the 50 States, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa; (2) amending the *Federal Civil Penalties Inflation Adjustment Act of 1990* to allow for the civil monetary penalties imposed under sections 1129 and 1140 of the Social Security Act to be adjusted for inflation pursuant to guidelines provided by OMB; (3) amending 42 U.S.C. §§ 408(a), 811(a), and 1632(a) to provide for a specific charge conspiracy for a violation of the statute; and, (4) clarification that section 1140 of the Act applies to the Internet or other electronic communication.

Over the years, SSA OIG has made many recommendations to how to improve SSA's disability program to reduce fraud, waste and abuse. On November 4, 2015, Mr. O'Carroll testified before the Joint Economic Committee of the United States Congress, discussing efforts to ensure success for the Social Security Disability Insurance Program and its beneficiaries. The IG testified about updating the DI program and claims process; making more timely and accurate determinations; and, ensuring that current beneficiaries remain eligible.

During this reporting period, we also provided technical input to CIGIE and to congressional staff on several legislative proposals both prior to introduction and while pending, in Congress. Following up on its August 2015 letter to Congress expressing its concern with the effect of DOJ's OLC opinion limiting the access of the DOJ OIG to certain agency records, CIGIE has worked with Congress on a legislative resolution. In addition, SSA OIG has provided comments to CIGIE for consideration in its comments on several additional legislations, including S. 2127, the *Dr. Chris Kirkpatrick Whistleblower Act*, and S. 2450, the *Administrative Leave Act of 2016*.

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## GLOSSARY OF ACRONYMS

AAJ	administrative appeals judges
AC	Appeals Council
ALJ	administrative law judge
AO	appeals officers
CDI	Cooperative Disability Investigations
CDR	Continuing Disability Reviews
CMP	civil monetary penalty
CIGIE	Counsel of Inspector Generals for Integrity and Efficiency
DCS	Deputy Commissioner for Systems
DCRDP	Deputy Commissioner, Retirement and Disability Policy
DDS	Disability Determination Services
DFPS/CPS	Department of Family and Protective Services, Child Protective Services
DFT	Digital Forensics Team
DHS	Department of Homeland Security
DI	Disability Insurance
DITI	Division of Information Technology Integration
DOJ	Department of Justice
DQ	Division of Quality
DSHS	Department of Social and Health Services
EEO	Earnings Enforcement Operation
FECA	Federal Employees' Compensation Act
FFS	fee-for-service
FO	field office
FY	fiscal year
GPO	Government Pension Offset
GSA	General Services Administration
HSPD	Homeland Security Presidential Directive
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
MBR	Master Beneficiary Record
MEF	Master Earnings File
MI	Management Information
MNUP	Medical Non-Utilization Project
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OCALJ	Office of the Chief Administrative Law Judge
OCIG	Office of Counsel to the Inspector General
OCRM	Office of Communications and Resource Management
ODAR	Office of Disability Adjudication and Review
OI	Office of Investigations
OIG	Office of the Inspector General

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OQI	Office of Quality Improvement
OTR	on-the-record
PC	Program Center
PII	personally identifiable information
POMS	Program Operations Manual System
RI	Retirement Insurance
RPS	Representative Payee System
SITAR	Strategic Information Technology Assessment and Review
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIMWR	Supplemental Security Income Mobile Wage Reporting
SSITWR	Supplemental Security Income Telephone Wage Reporting
SSN	Social Security number
SSR	Supplemental Security Record
THHSC	Texas Health and Human Services Commission
Treasury	Department of the Treasury