

Fiscal Year 2018

AUDIT WORK PLAN

October 2017

I am pleased to present the Office of Audit's Fiscal Year 2018 Annual Work Plan (Plan). The reviews described in the Plan are designed to address those areas that are most vulnerable to fraud, waste, and abuse. Since 1997, we have provided our perspective on the top challenges facing Social Security Administration (SSA) management to the Congress, SSA, and other key decisionmakers. For Fiscal Year 2018, the Office of the Inspector General has identified the following management challenges.

- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Administration of the Disability Programs
- Strengthen Planning, Transparency, and Accountability
- Strengthen the Integrity and Protection of the Social Security Number

The Plan describes reviews we plan to begin in Fiscal Year 2018. In developing these reviews, we worked with Agency management to ensure we provide a coordinated effort.

Our Plan is dynamic, so we encourage continuous feedback and additional study suggestions. This flexibility enables us to meet emerging and critical issues evolving during the upcoming year.



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September 29, 2017

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Acronyms

ALJ	Administrative Law Judge
CARES	Compassionate And REsponsive Service
CDR	Continuing Disability Review
DACA	Deferred Action for Childhood Arrivals
DDD	Division of Disability Determination
DDS	Disability Determination Services
DI	Disability Insurance
DRL	Deficit Reduction Leave
eRPS	Electronic Representative Payee System
ESF	Earnings Suspense File
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
GAO	Government Accountability Office
GPO	Government Pension Offset
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPERIA	<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>
IT	Information Technology
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
ODAR	Office of Disability Adjudication and Review
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PDB	Public Disability Benefit
PUPS	Prisoner Update Processing System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
VA	Department of Veterans Affairs
WC	Workers' Compensation

Executive Summary

The Office of the Inspector General (OIG) improves the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public. The Office of Audit conducts financial and performance audits of SSA's programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess the reliability of financial data reported by SSA in its annual financial statements and any number of managerial information reports. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. The Office of Audit also conducts short-term management and program evaluations and projects on issues of concern to SSA, the Congress, and the general public. In Fiscal Year (FY) 2017, we issued 75 reports with over \$4.5 billion in monetary findings.

Annual Work Plan

Our Annual Work Plan (Plan) outlines our perspective of the major management and performance challenges facing SSA and serves as a tool for communicating our priorities to SSA, Congress, the Office of Management and Budget (OMB), and other interested parties. Our work is prioritized to focus our resources on those areas that are most vulnerable to fraud, waste, and abuse. To ensure we provide a coordinated effort, we work with our Offices of Investigations, Counsel to the Inspector General, and Communications and Resource Management.

In preparing this Plan, we solicited suggestions from the Agency. We received a number of suggestions for inclusion in our Plan, and we have incorporated as many of them as possible. We recognize this Plan is dynamic, so we encourage continuous feedback and additional suggestions. This flexibility enables us to meet emerging and critical issues evolving throughout the upcoming year.

This Plan describes reviews we intend to begin in FY 2018 in the following issue areas.

- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Administration of the Disability Programs
- Strengthen Planning, Transparency, and Accountability
- Strengthen the Integrity and Protection of the Social Security Number

For more information on this Plan, please contact the Office of Audit at (410) 965-9700.

Improve Customer Service

SSA provides benefits to a monthly average of 71 million individuals. SSA's programs serve as vital financial protection for working men and women, children, disabled individuals, and the elderly. SSA's longstanding priority is to deliver world-class service to every customer.

In FY 2018, SSA estimates it will pay about \$990 billion in Old-Age, Survivors and Disability Insurance (OASDI) benefits to a monthly average of 63 million beneficiaries and over \$51 billion in Supplemental Security Income (SSI) payments to a monthly average of over 8 million recipients. In addition to processing about 8.6 million OASDI and SSI claims, the Agency expects to complete 1.5 million appeals for claimants who disagree with its decision; post about 273 million earnings items to workers' records; and conduct approximately 2.8 million SSI redeterminations and complete about 1 million full medical continuing disability reviews (CDR).

SSA's workloads have grown with the aging of the baby boomer population. At the same time, many of the Agency's most experienced employees are retiring. As a result, SSA faces significant customer service challenges. SSA estimates on average each month that OASDI and SSI beneficiaries will increase from 75 million in 2020 to 84 million in 2025. In addition, SSA projects that about 9,500 of its 61,000 employees are eligible to retire in 2017. The Agency's Vision 2025 document describes its vision of customer service now and in the Agency's future, which includes addressing its loss of institutional knowledge because of retirement.

In its 2017 update, the Government Accountability Office (GAO) continued reporting human capital management as a high-risk area. GAO reported that mission-critical gaps impede the Government from cost-effectively serving the public and achieving results. Moreover, the changing Federal workforce and a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge, threaten to aggravate the problems created by existing skills gaps.

Some of the Agency's most vulnerable beneficiaries—including the young, aged, and disabled—depend on representative payees to receive and manage their Social Security benefits to cover their basic needs and expenses. SSA reported there were about 6 million representative payees managing \$70 billion in annual benefits, and projections indicate the number of beneficiaries needing representative payee assistance will increase in the coming decades as our population ages.

In its *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2016*, SSA reported its site reviews strengthen the Agency's oversight of representative payees. In the report, the Agency stated it conducted 2,590 reviews and removed 38 representative payees for misusing beneficiary funds or because of poor performance of duties.

In February and March 2017, Congress held hearings on SSA's representative payee program. The hearings focused on SSA's capability determinations that determine whether the beneficiaries need representative payees and how SSA selects and monitors those serving as representative payees. In SSA's testimony, it stated it was committed to improving the capability determination process and its representative payee monitoring program.

Our audits continue to find problems with SSA's administration of the Representative Payment Program. Some of our most recent audits have found SSA needs to improve controls to ensure it

- pays child beneficiaries' withheld benefits pending the selection of a representative payee;
- makes and documents capability determinations for disabled beneficiaries who previously had a representative payee;
- records representative payees' Social Security numbers (SSN) in SSA records;
- generates system alerts when there is a discrepancy between representative payee information in the Electronic Representative Payee System (eRPS) and SSA records;
- does not improperly suspend mother/father and spousal beneficiaries who have a child in care and are serving as a representative payee for children; and
- does not make payments to representative payees who are not in eRPS.

Beneficiaries Who Received Vocational Rehabilitative Services

A-02-18-50544

The vocational rehabilitation program is a public program administered by a State vocational rehabilitation agency in each State or U.S. territory to help persons who have physical or mental handicaps become gainfully employed. When a vocational rehabilitation agency is considering an individual for services, a rehabilitation counselor evaluates the person's vocational handicap. If the client is eligible for services, the counselor and client work out a plan or program of rehabilitation. We have found that some beneficiaries generated savings, but some do not. Some beneficiaries worked enough to trigger a payment from SSA for the vocational rehabilitation services provided but not enough to generate savings. Any savings because of forgone benefits because of work were less than payments made to the state for the vocational rehabilitation services provided. We will survey beneficiaries who exited VR programs to determine whether they correlate the services received to their ability to work.

Disability Beneficiaries Eligible for Total and Permanent Disability Student Loan Discharge

A-06-17-50281

In 2015, the Department of Education implemented a process to identify and assist disabled Federal student loan recipients who may be eligible for total and permanent disability loan discharge. The process is intended to simplify the steps to obtain a total and permanent disability discharge by leveraging SSA data to document a borrower's eligibility. To that end, the Department of Education and SSA began matching the 45 million borrowers on the National Student Loan Data System who owed Federal student loans or had Teacher Education Assistance for College and Higher Education Grants to SSA's database. With the first set of matches in 2016, SSA identified about 400,000 Federal student loan recipients who were receiving DI benefits and had a medical designation of "medical improvement not expected," which qualified them for student loan debt discharge. The average student loan debt for graduates from a 4-year college or university is approximately \$26,000. We will review SSA's process for sharing information with the Department of Education regarding Social Security beneficiaries and recipients diagnosed with total and permanent disabilities.

Follow-up: Aged Beneficiaries in Need of Representative Payees

A-09-18-50521

According to SSA policy, adult beneficiaries are presumed capable of managing or directing the management of their benefits. However, if SSA employees have information that beneficiaries may have a mental or physical impairment that prevents them from doing so, they must make a capability determination. When SSA determines a beneficiary is incapable, it selects a representative payee to manage his/her benefits. In a 2010 audit, we estimated that about 1 million beneficiaries over age 85 had individuals or organizations managing their benefits without SSA's knowledge and approval. This occurred, in part, because (1) SSA did not have a means of identifying aged beneficiaries who became incapable after their initial entitlement to benefits and (2) individuals or organizations who managed the benefits were not always aware of SSA's Representative Payment program. Our review will determine the number of beneficiaries

over age 85 who may need a representative payee and determine whether additional safeguards are needed to ensure their benefits are properly managed.

Follow-up: Payments to Terminated or Non-selected Representative Payees

A-09-18-50560

SSA's eRPS is a nation-wide database of representative payee information about pending, selected, non-selected, and terminated representative payees. SSA employees use information in eRPS to assist them in making good representative payee determinations and take and process representative payee applications. When SSA selects a representative payee, eRPS should automatically update the payment records with information about the representative payee. If the representative payee information in eRPS does not agree with the information on the payment records, eRPS produces an alert to resolve the discrepancy. In a 2015 audit, we found that SSA needed to improve its controls to ensure it did not make payments to representative payees it terminated or did not select. We estimated that SSA paid terminated or non-selected representative payees approximately \$367 million payable to 13,539 beneficiaries. We also estimated that SSA improperly (1) terminated in eRPS representative payees who were serving 14,809 beneficiaries and (2) did not select in eRPS representative payees who were serving 29,194 beneficiaries. We will follow up on our prior audit to determine whether SSA has adequate controls to ensure it is not making payments to representative payees it terminated or did not select.

Follow-up: Representative Payee Selections Pending in the Electronic Representative Payee System

A-09-18-50511

If a payee selection in eRPS cannot be processed or the information does not match, the representative payee selection remains in a pending status. The eRPS generates an alert to remind field office employees to take manual action to resolve the discrepancy. In a 2014 audit, we found that SSA did not always resolve representative payee selections that were pending in eRPS. We estimated that SSA did not resolve the representative payee selections for 29,092 beneficiaries, improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries, and incorrectly recorded beneficiary information in eRPS for 5,595 beneficiaries. We will follow up to determine whether SSA properly resolves applications that are pending in eRPS.

High-volume Individual Representative Payee in the Boston Region

A-01-18-50588

We identified an individual representative payee in the Boston Region who went from serving about 100 beneficiaries to serving 369 beneficiaries. Therefore, we will review this individual volume payee to ensure Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.

High-volume Individual Representative Payee in the Chicago Region

A-05-18-50587

We identified an individual representative payee in the Chicago Region who served 181 beneficiaries. We will determine whether SSA's internal controls are adequate to ensure volume individual representative payees used and accounted for Social Security benefits in accordance with SSA's policies and procedures.

Prisoners with Earnings in the Master Earnings File

A-03-17-50147

The Prisoner Update Processing System (PUPS) records inmate information under the inmate's own SSN. PUPS verifies the SSN and locates eligibility/entitlement data using the Master Beneficiary (MBR) and Supplemental Security Records (SSR). However, PUPS does not prevent wages from being posted to the earnings record for individuals who are incarcerated. Therefore, prisoners can benefit from having wages earned by someone else posted to their record. These unearned wages could allow prisoners to qualify for benefits or increase their benefit amount. A 2014 Treasury Inspector General for Tax Administration report showed, in Calendar Year 2012, prisoners filed 137,000 fraudulent tax returns valued at \$1 billion. The *American Taxpayer Relief Act of 2012* gave the Internal Revenue Service authority to share false prisoner tax return information with Federal and State prisons. We will focus on prisoners who have been incarcerated for two years or more and determine whether (1) SSA posted erroneous wages for individuals and (2) the wages incorrectly made the individuals eligible for Social Security benefits.

Representative Payees' Use of Group/Personal Care Homes

A-04-16-50120

Our Office of Investigations has identified several representative payees that appear to be referring SSA beneficiaries to boarding/group homes that have substandard living conditions. This process could enable the representative payee to provide room and board at a lower-than-market cost, thereby making SSA beneficiary funds available to supplement the representative payee's operations. We will determine whether representative payees are referring beneficiaries to group homes with substandard living conditions.

Social Security Administration Programs that Assist Beneficiaries in Returning to Work

A-04-18-50600

SSA's Benefit Offset National Demonstration project, Ticket to Work, and Plan to Achieve Self-Support programs were implemented to help disabled beneficiaries return to work. We will report on the programs SSA has in place to assist beneficiaries to return to work, including the number of beneficiaries who have successfully used the programs and the cost and benefits of each program.

The Social Security Administration's Re-selection of Previously Terminated Representative Payees Who Misused Beneficiaries' Funds

A-07-16-50087

If SSA determines a representative payee misused benefits, it should terminate the representative payee's services and select a new payee for the beneficiary. Prior misuse of benefits does not prohibit SSA from re-selecting a representative payee. However, SSA employees should not appoint a representative payee who committed prior misuse unless there is a compelling reason to do so. Our review will determine whether SSA followed its policies and procedures when it re-selected previously terminated representative payees who misused beneficiaries' funds.

U.S. Veteran Disability Case Processing

A-15-17-50227

Members of the military can receive expedited processing of disability claims from Social Security. The expedited process is used for military service members who became disabled while they were on active military duty on or after October 1, 2001, regardless of where the disability occurred. Men and women in the military can receive expedited service whether they apply online or in person. Our review will determine (1) the extent that veterans disability cases are (or were) included in SSA's disability backlog and (2) the processing times of critical cases flagged as disabled veterans and military casualty claims in relation to other corresponding claims. We will measure several steps in case processing. For example, the number of days from the date of application to the date of final disability determination either by DDS or ODAR, and the number of days from the date of application to the date the claim was flagged as critical or flagged for expedited processing. We will also do some comparisons to other expedited claims.

Modernize Information Technology Infrastructure

Since SSA launched *my Social Security* in 2012, over 26.9 million customers have created accounts. According to SSA, in FY 2016, more than half of Social Security retirement and disability applications were filed online, and customers completed over 121 million transactions using the Agency's Website. Still, the Agency saw about 43 million visitors in its field offices and handled over 37 million calls to its National 800-Number.

To reduce unnecessary field office visits, SSA plans to enhance its online services to provide the public a secure and convenient self-service option. However, SSA continues relying on outdated applications and technologies to process its core workloads, such as retirement and disability claims. Many of its legacy applications were programmed using Common Business Oriented Language. SSA maintains more than 60 million lines of Common Business Oriented Language today, along with millions more lines of other legacy programming languages.

In FY 2016, SSA stated that, “. . .in the next five years, we could face a crisis keeping our systems running.” According to the Agency, its significantly aged information technology (IT) infrastructure has become increasingly difficult and expensive to maintain. SSA noted that universities generally no longer teach mainframe computer environments and application languages. In addition, knowledge of SSA’s dated applications and legacy infrastructure will diminish as developers retire. Further, the Agency stated that protecting its legacy systems has become more difficult because modern cyber-security tools were not designed to defend 30-year-old systems.

SSA has taken an incremental and opportunistic approach to IT modernization, replacing components of systems rather than whole systems. However, the Agency has exhausted nearly all these efforts. According to SSA, this approach is no longer viable, as technology is advancing faster than the Agency can incrementally modernize. SSA has developed a modernization roadmap; however, the Agency stated its funding has not been sufficient to undertake the necessary IT modernization. In FY 2016, SSA spent about \$1.5 billion on IT. According to SSA, because of budget constraints, much of its IT funding is used for ongoing operation and maintenance for existing systems. To ensure SSA can keep pace with increasing workloads, the Agency must maintain its legacy systems while, in parallel, develop their modern replacements.

Accuracy of the Social Security Administration's Information on the Office of Management and Budget's Information Technology Dashboard

A-14-18-50435

OMB's IT Dashboard is a publicly accessible Website that provides information about Federal IT programs. OMB and Congress use the Dashboard to make budget and policy decisions. OMB also uses the Dashboard to identify poorly performing IT investments that require attention. In March 2011, GAO found that SSA reported erroneous data. As a result, the ratings shown on the IT Dashboard were inaccurate. We will determine whether SSA's cost, schedule, and performance measurement data reported to OMB and recorded on the IT Dashboard are accurate.

Congressional Response Report: Progress in Developing the Disability Case Processing System

A-14-17-50291

The Disability Case Processing System is an SSA initiative to develop a common case processing system for all DDSs the Agency expects will simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs. We will continue our series of reports to inform the Subcommittee on Social Security of SSA's progress in developing the Disability Case Processing System.

Controls to Prevent Fraud in the Internet Social Security Number Replacement Card Application

A-14-18-50455

The Internet Social Security Number Replacement Card Application allows adult U.S. citizens who have a *my Social Security* account and meet certain criteria to request SSN replacement cards online by completing online applications and providing data from either their State-issued drivers' licenses or identification cards. All requests for replacement cards undergo fraud analysis that looks for data anomalies and provides human intervention when fraud is suspected. We will evaluate the effectiveness of SSA's fraud analysis process supporting the Internet Social Security Number Replacement Card Application.

Master Beneficiary/Supplemental Security Record Interface

A-14-17-15015

The amount of an SSI payment may depend on the amount of OASDI benefits an individual is receiving. To ensure benefits are calculated properly, SSA's MBR/SSR interfaces pass information between the two systems. We will determine whether the systems controls are effective in ensuring the completeness, accuracy, validity, and confidentiality of its data.

Status of the Social Security Administration's Information Technology Modernization Efforts

A-14-18-50558

While the Agency has increased its use of more modern programming languages in its applications, it continues relying on out-of-date legacy applications to process its core workloads, such as retirement and disability claims. According to the Agency, its aged IT infrastructure has become increasingly difficult and expensive to maintain. For our review, we will evaluate SSA's IT modernization plans.

The Electronic Representative Payee System

A-04-18-50449

In April 2016, SSA implemented eRPS, which is part of the Agency's core business, and affects SSA's claims-taking process. Ineffective systems controls can result in significant risk to operations and assets. Our review will assess eRPS and its controls that affect operations.

The Social Security Administration's Information Technology Investment Process

A-14-18-50437

Through its IT Investment Process, SSA prioritizes and selects IT investments to support the Agency's strategic plans and goals. The IT Investment Process establishes procedures for new IT investment selections, implementation of the investments and maintenance, and operations of current and future investments. We will determine whether the IT Investment Process is effective in selecting, controlling, and evaluating the Agency's IT investments.

The Social Security Administration's Post-Implementation Review Process

A-14-18-50462

Federal agencies are required to conduct post-implementation reviews of information systems and resource management processes to validate estimated benefits and costs and document effective management practices for broader use. A post-implementation review is a diagnostic tool to evaluate the overall effectiveness of an agency's capital planning and acquisition process. Independent review teams should conduct post-implementation reviews on completed and terminated projects. We will review the overall process and select a recently completed review to confirm the process is working as intended. We will determine whether the post-implementation review was performed according to Federal standards and industry best practices and the conclusion on the project's performance was reasonably accurate.

Secure Information Systems and Protect Sensitive Data

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, the Agency's information systems may be at particular risk of attack. Given the sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

Our prior audit and investigative work has revealed concerns with the security of SSA's information systems. Between FYs 2012 and 2016, auditors concluded that the risk and severity of SSA's information security weaknesses they identified constituted a significant deficiency in internal controls. Those security deficiencies, when aggregated, created a weakness in SSA's overall information systems security program that the auditors concluded significantly compromised the security of the Agency's information and information systems. Additionally, other recent audits and evaluations have identified concerns with SSA's information security program.

While expanding its inventory of electronic services, the Agency needs to ensure those services are secure. Prior investigative and audit work have identified multiple incidents of fraud committed through SSA's electronic services. Despite controls to prevent unauthorized access to **my Social Security**, the Office of the Inspector General continues to receive fraud allegations related to **my Social Security** accounts.

To address ever-increasing security challenges, it is crucial that SSA implement a well-designed continuous monitoring strategy to monitor and assess security controls. SSA has issued its *Continuous Monitoring Strategy* but is still implementing it. OMB and the National Institute of Standards and Technology require near real-time, continuous monitoring for risk management and risk-based decisionmaking. Further, technology guidelines are continually being updated. For example, the National Institute of Standards and Technology released Special Publication 800-63, Digital Identity Guidelines, in June 2017. SSA may need to reassess current processes to ensure it is meeting these guidelines.

SSA acknowledges it must be ever mindful of potential cyber-threats and remain committed to protect privacy and security. One of the Agency's goals is to ensure its information technology services are reliable, secure, and efficient. As part of that effort, SSA plans to strengthen its cyber-security program.

Follow-up: Access to the Social Security Administration's my Social Security Online Services

A-14-18-50486

After *my Social Security* users are registered and authenticated, they can access their benefit verification letters, payment history, and earnings records; change their addresses; start or change direct deposit; and conduct other business with SSA. In September 2016, we reported that, given the sensitive information available via the portal, a higher degree of authentication assurance may be appropriate. SSA agreed and planned to implement mandatory second factor authentication for all users of *my Social Security*. In this review, we will follow up on the issues identified in our prior review and the corrective action SSA has taken. We will also determine whether SSA's mandatory second factor authentication meets Federal requirements.

The Social Security Administration's Compliance with the *Federal Information Security Modernization Act of 2014* for Fiscal Year 2018

A-14-18-50505

The Federal Information Security Modernization Act of 2014 (FISMA) provides the framework for securing the Government's information and information systems. All agencies must implement FISMA's requirements and report annually to OMB and Congress on the adequacy and effectiveness of their security programs. FISMA requires that each agency develop, document, and implement an agency-wide information security program. OMB uses information reported pursuant to FISMA to evaluate agency-specific and Government-wide security performance, develop the annual security report to Congress, and assist in improving and maintaining adequate agency security performance. FISMA directs that each agency's Inspector General or independent external auditor perform an annual, independent evaluation of the effectiveness of the agency's information security program and practices. We will provide oversight of the contractor's audit of SSA's compliance with FISMA for FY 2018.

The Social Security Administration's Incident Response Program

A-14-17-50098

The ability to detect and stop a cyber-attack while it is in progress is critical. Stronger security controls on internal networks, such as deploying correctly configured intrusion detection software, could detect computer security weaknesses or threats within the network. According to the National Institute of Standards and Technology, ensuring administrators regularly analyze log data is a fundamental problem because administrators often treat log management as a lower-priority task. We will determine whether SSA's security controls are adequate to detect and stop cyber-attacks in a timely manner.

The Social Security Administration’s Use of Data Loss Prevention to Protect Sensitive Information

A-14-18-50561

Data loss-prevention systems help identify, monitor, and protect an organization’s sensitive data from unauthorized use or transmission. Such software products use business rules to classify information and protect it from accidental or malicious disclosure. For example, software could deny permission to an employee attempting to email certain information outside the organization. According to SSA, its solution detects personally identifiable information leaving SSA via the Internet and email; however, it does not prevent the transmission. During the FY 2016 FISMA audit, our contractor noted SSA had not fully integrated its loss-prevention systems with continuous monitoring tools and technical incident response procedures. We will assess SSA’s use of loss-prevention systems to protect sensitive information.

The Social Security Administration’s Vulnerability Management Program

A-14-18-50585

The National Institute of Standards and Technology recommends that security issues be patched timely to maintain the operational availability, confidentiality, and integrity of IT systems. Additionally, GAO’s Federal Information System Control Audit Manual requires that an effective patch management process be documented and implemented. SSA’s policies and procedures also require timely patching of systems. In our 2014 report on SSA’s Patch Management Process, we stated that the independent public accounting firm we contracted with to audit SSA’s FY 2013 financial statements identified weaknesses with the Agency’s patch management process, which contributed to the firm’s determination that SSA had a significant deficiency in its systems environment. While our last report focused on servers, the objective of this report will be, from a broad perspective, to determine whether SSA effectively addresses known systems vulnerabilities.

Reduce Improper Payments and Increase Overpayment Recoveries

SSA is responsible for issuing over \$980 billion in benefit payments annually to a monthly average of over 69 million people. Given the amount involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments.

Workers, employers, and taxpayers who fund the SSA and SSI programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers, some payment errors will occur.

For example, according to SSA, in FY 2015 the

- OASDI overpayment error was \$3.1 billion or 0.36 percent of program outlays, and the underpayment error was \$572 million or 0.07 percent of program outlays and
- SSI overpayment error was \$3.4 billion or 6 percent of program outlays, and the underpayment error was \$770 million or 1.36 percent of program outlays.

For FYs 2016 through 2018, SSA's goal was to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments. For SSI, the Agency's goal was to achieve a 98.8-percent underpayment accuracy rate and a 95-percent overpayment accuracy rate.

Over the last 5 years, SSA has not met its payment accuracy targets (see Table 1).

Table 1: Rates and Targets for Payments Without Overpayments FYs 2011 to 2015

FY	2011		2012		2013		2014		2015	
Program	SSI	OASDI								
Rate	92.66	99.68	93.66	99.78	92.43	99.78	93.05	99.47	93.94	99.64
Target	93.30	99.80	95.00	99.80	95.00	99.80	95.00	99.80	95.00	99.80
Met	No									

SSA is undertaking projects to (1) maximize its use of proven debt collection tools and techniques; (2) implement new tools for debt collection; and (3) develop recommended changes to laws, regulations, and policies to enhance its ability to collect debt.

In November 2009, the President issued Executive Order 13520 on reducing improper payments. In March 2010, OMB issued guidance for implementing the Executive Order. Also, in July 2010, the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) was enacted. Furthermore, in January 2013, the *Improper Payments Elimination and Recovery Improvement Act of 2012* was enacted, which refined steps agencies should take to address improper payments. As a result, all agencies with high-risk programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA's programs as high-risk.

CDRs and redeterminations are cost-effective program integrity tools. By completing CDRs, SSA periodically verifies that individuals are still disabled and entitled to disability payments whereas, through redeterminations, SSA verifies that SSI recipients still meet the non-medical factors of eligibility.

For FY 2014 (the most recent available data), SSA estimated net program savings to administrative costs was approximately \$14.1 to \$1 for CDRs, including Medicare and Medicaid program effects. However, because of the lack of funding, the Agency reduced this workload over a several year period. From Calendar Years 2005 through 2010, we estimated SSA made between \$1.3 and \$2.6 billion in disability benefit payments that could have been avoided had full medical CDRs been conducted when they became due.

SSA has identified, and taken steps to address, the causes of improper payments. For example, one of the major causes of improper payments in the OASDI program is beneficiaries' failure to timely report earnings or SSA not timely withholding monthly benefit payments from beneficiaries who are engaging in substantial gainful activity. SSA developed a statistical model that predicts the likelihood of beneficiaries' being at risk of receiving large earnings-related overpayments and implemented it nationwide in June 2013. For the SSI program, SSA implemented its Access to Financial Institutions project to reduce SSI payment errors by identifying undisclosed financial accounts with balances that placed recipients over the SSI resource limit. However, SSA was not using Access to Financial Institutions on all SSI cases—only those that met a certain tolerance level.

SSA uses a variety of methods to collect debt related to overpayments. Collection techniques include internal methods, such as benefit withholding and billing and follow-up. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts. These debt collection tools include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal Salary Offset. In FY 2016, SSA recovered about \$3.6 billion in OASDI and SSI overpayments.

Accuracy of Manually Deemed Income Calculations for Supplemental Security Income Recipients

A-07-18-50295

The process of considering a person's income to be an SSI recipient's income is known as deeming. If a child eligible for SSI lives with his/her parents and at least one parent does not receive SSI payments, SSA looks at the ineligible parent's income to decide whether some of the income must be deemed to the child. Income is deemed because it is expected that the parent would use some of his/her income to meet some of the SSI recipient's needs. In some cases, SSA's automated system cannot properly calculate the amount of deemed income for children receiving SSI payments. Therefore, the correct amount of deemed income must be manually calculated and posted. Specifically, manual deeming must be done when the deemor is undocumented or when one spouse and a child are both eligible (spouse-to-spouse to child deeming). We will determine whether SSA is correctly computing income that must be manually deemed to children receiving SSI payments.

Accuracy of the Social Security Administration's Variable Medicare Premium Determinations

A-07-18-50361

The *Social Security Act* protects beneficiaries from receiving a lower OASDI payment due to an increase in the Medicare Part B (SMI) premium from year-to-year. Generally, variable SMI is applicable when the standard premium increase is greater than the OASDI cost-of-living adjustment. If variable SMI determinations are not made correctly, some beneficiaries may be unjustly disadvantaged with higher Medicare premiums than necessary, while others may receive a lower premium amount. As of December 2016, more than 57.7 million people were enrolled in Medicare. Our review will determine whether SSA correctly made determinations of variable Medicare premiums.

Anomalous Internet Claims for Benefits

A-09-18-50603

SSA defines anomalous claims as irregular, inconsistent, exceptional, or unusual claims with patterns not conforming to its rules or policies. Internet claims (i-claims) are often the preferred method of filing anomalous claims. SSA's Office of Anti-Fraud Programs analyzes pending i-claims to identify anomalous claims prior to paying benefits. For any identified anomalous claim, SSA employees must contact and interview the individual under whose SSN the claim was filed to determine the validity of the claim. Our review will determine whether SSA took appropriate actions for identified anomalous i-claims and whether SSA's detection of anomalous i-claims is effective.

Beneficiaries Eligible for Windfall Elimination Provision Exemptions

A-13-17-50199

The Social Security Amendments of 1983 (Pub. L. No. 98-21) include a provision that eliminates “windfall” Social Security benefits for retired and disabled workers who are receiving pensions from employment not covered by Social Security. However, under certain circumstances, beneficiaries’ payments are exempt from this provision. Our review will determine whether beneficiaries with Windfall Elimination Provision offset applied to their OASDI benefits were eligible for Windfall Elimination Provision exemptions.

Beneficiaries with Representative Payees and Earnings

A-02-17-50143

Generally, beneficiaries who have representative payees are less likely to work than those who do not have payees. When a beneficiary does not work, but SSA posts earnings, an overpayment can occur. We plan to identify beneficiaries who likely did not work, but had earnings posted that may have incorrectly raised their benefit payments.

Benefit Payments to Non-citizen Dependents and Survivors Living Outside the United States

A-07-18-50344

Certain non-U.S. citizen dependents and survivors who were first eligible for benefits after 1984 must have resided in the United States for at least 5 years as the spouse, widow(er), child, or parent of the numberholder to receive benefits while outside the United States. This can be a continuous 5-year period or separate periods that total 5 years. If the 5-year residency requirement is not met, the dependent or survivor must periodically return to the United States or SSA will suspend their benefits. We will determine whether SSA is erroneously paying benefits to non-citizen dependents and survivors living outside the United States who have not met the 5-year residency requirement.

Controls over Supplemental Security Income Applicants/Recipients’ Transferring Ownership of Resources

A-02-16-50066

Transferring ownership of a resource for less than fair market value can result in a period of SSI ineligibility of up to 36 months. There are more than 27,000 matured diaries nationwide for cases involving alleged transfer of resources for over 18,000 recipients. Some of the diaries are nearly 40-years-old, but over half were added within the last 5 years. We will determine whether SSA accurately processed cases when applicants/recipients alleged transferring ownership of a resource for less than fair market value.

Discrepant Records Prevent the Social Security Administration from Collecting Debts

A-04-18-50286

During our July 2015 audit of the *Social Security Administration's Use of the Treasury Offset Program*, we found that SSA did not select certain debts for External Collection Operation because of discrepancies on the individual's record. Specifically, for about 37 percent of the selected overpayments, SSA did not select the record for the Treasury Offset Program because the MBR overpayment data were inconsistent with the Recovery of Overpayments, Accounting and Reporting (ROAR) system. We identified approximately 120,000 beneficiaries who have an overpayment balance over \$284 and no active collection by SSA. These beneficiaries also have discrepancies between the MBR overpayment data and the ROAR system that could have prevented SSA from initiating collection actions. Our review will determine whether discrepancies on a beneficiary's record prevented SSA from initiating collection actions.

Filing Dates on Old-Age, Survivors and Disability Insurance Claims with Prior Supplemental Security Income Records

A-08-18-50582

Filing dates determine the date beneficiaries may start receiving their benefits. Prior audit work and SSA studies have found incorrect filing dates resulted in substantial underpayments and occasional overpayments to beneficiaries. In particular, overlooked filing dates on SSI records frequently caused incorrect entitlement dates on OASDI claims. SSA created a special workload to process disability claims for SSI recipients. We will determine whether SSA used the correct filing date on OASDI applications when the claimant had an SSI record.

Follow-up: Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown

A-09-16-50077

SSA may suspend benefits when it receives third-party reports, undelivered mail, or undeliverable checks that indicate a beneficiary's whereabouts are unknown. When this occurs, SSA employees must try to locate the beneficiary and document their efforts to do so. When benefits have been suspended for "whereabouts unknown" for a period of at least 7 continuous years, SSA presumes the beneficiary is deceased and terminates benefits effective the date the beneficiary disappeared. In a June 2011 audit, we estimated 29,000 beneficiaries whose whereabouts were unknown for longer than 7 years had not been terminated based on a presumption of death. We will follow up to determine whether SSA has taken appropriate actions for aged beneficiaries whose benefits were suspended for address or whereabouts unknown.

Follow-up: Beneficiaries Whose Benefits Have Been Suspended and Have Death Information on the Numident

A-09-18-50518

To identify and prevent erroneous payments to deceased beneficiaries, SSA's Death Information Processing System matches death reports from Federal, State, and local agencies against SSA's MBR. The System also records death information on the Numident, a master file that contains personally identifiable information for each individual issued an SSN. In a 2011 audit, we found that SSA needed to improve controls to ensure it took timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimated that 4,699 beneficiaries remained in suspended pay status despite the death information on their Numident. We also estimated that 2,976 of these beneficiaries were improperly paid approximately \$23.8 million. Finally, we found that the personally identifiable information for approximately 2,715 beneficiaries was at risk of being released to the public. This included 29 beneficiaries whom SSA subsequently determined were alive and receiving benefits. We will follow up to determine whether SSA has improved controls to ensure it resolves death information on the Numident for suspended beneficiaries.

Follow-up: Individuals Collecting Social Security Administration Payments Under Multiple Social Security Numbers

A-01-16-50075

Generally, SSA assigns an individual one SSN. In prior audits, we identified 706 individuals who were improperly receiving OASDI or SSI payments under multiple SSNs at the same or different mailing addresses. As a result of those reports, SSA assessed about \$17 million in overpayments, and our Office of Investigations was investigating many of the potential fraud cases. We will (a) provide SSA with the amount of improper payments assessed/collected and the status of the fraud investigations for the cases we previously identified and (b) identify any new cases.

Follow-up: Moving Supplemental Security Income Overpayments from Prior Records to the Current Record for Recovery

A-01-17-50226

In an August 2009 report, we estimated \$9.4 million in overpayments should have been transferred to 3,075 recipients' SSI records so they would be subject to SSA's recovery processes. Adjusting ongoing SSI payments is the most effective method of overpayment recovery. The failure to transfer an overpayment from a closed SSI record to the current record results in a lost opportunity to recover the overpayment. Our review will identify any overpayments on closed SSI records that were not transferred to current records for recovery.

Follow-up: Old-Age, Survivors and Disability Insurance Benefits Affected by State and Local Pensions

A-13-17-50191

The Windfall Elimination Provision reduces Social Security benefits for retired or disabled workers and their families receiving pensions from employment not covered by Social Security. The Government Pension Offset (GPO) provision reduces or eliminates monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work for a Federal, State, or local government not covered by Social Security. We will assess the Agency's actions to address recommendations from our prior report and review those beneficiaries who may have been receiving State or local government pensions and for whom SSA had not determined whether the Windfall Elimination Provision or GPO applied.

Follow-up: Self-employment Earnings Removed from the Master Earnings File

A-06-18-50365

Our January 2015 report, *Self-employment Earnings Removed from the Master Earnings File* found that SSA removed from the MEF about \$742 million in self-employment income originally reported on approximately 50,000 numberholders' Federal income tax returns for Tax Years 2008 through 2011. During the period reviewed, SSA deleted \$343 million in self-employment income and notified the Internal Revenue Service when it deleted the earnings. However, during the same period, SSA transferred \$399 million in self-employment income to the Earnings Suspense File (ESF) instead of deleting it. SSA did not report these transactions to the Internal Revenue Service. We will determine whether SSA took corrective action to address the findings and recommendations in our January 2015 report.

Follow-up: Unprocessed Manual Recalculations for Title II Payments

A-03-16-24025

In August 2008, we estimated that SSA had not adjusted OASDI benefits or assessed over/underpayments when earnings were removed from 5,440 beneficiaries' earnings records—resulting in about \$5 million in improper payments. In addition, we estimated 4,660 of these beneficiaries would be paid an additional \$1.2 million, annually, because their ongoing benefits were not corrected when SSA removed the earnings. As a result of our review, the Agency informed us that it (1) completed its Automatic Earnings Reappraisal Operation run with software enhancements and (2) could not develop a cost-effective method for prioritizing the review of Automatic Earnings Reappraisal Operation alerts to ensure alerts most likely to result in overpayments are worked first. We will determine whether SSA is (1) adjusting OASDI benefits when earnings are removed from beneficiaries' earnings records; (2) calculating and assessing over/underpayments, when appropriate; and (3) implementing the recommendations from our previous audit.

Follow-up: Use of Department of Homeland Security Travel Data to Identify Supplemental Security Income Recipients Outside the United States

A-01-18-50583

Generally, SSI recipients are ineligible for payments once they are absent from the United States for 30 consecutive days. The Department of Homeland Security's U.S. Customs and Border Protection maintains TECS, which collects travel data on individuals who enter and leave the United States. These data include name, country visited, dates of travel, and passport number. In a FY 2013 report, we estimated SSA improperly paid \$152 million because the recipients were living outside the United States. We recommended that SSA enter into a matching agreement with the Department of Homeland Security to routinely match TECS data to identify individuals outside the country. We will follow up on our prior recommendations.

Follow-up: W-2 Earnings for Individuals Related to Disabled Workers

A-15-14-34125

In 2007, we conducted a review to identify individuals who were receiving DI benefits and who may have worked, earned wages, and concealed those wages by using a relative's SSN. Our review identified 36 instances of potential fraud that were referred to the Office of Investigations. Of these referrals, we determined that two primary DI beneficiaries engaged in substantial gainful activity, earned wages, and concealed those wages under their spouse's SSN. The Office of Investigations identified a third case where the primary beneficiary intentionally did not report wages earned to SSA. SSA established overpayments totaling \$418,881 on these three cases. We will identify individuals who are receiving DI benefits who may have worked, earned wages, and concealed those wages by using a relative's SSN.

Individuals with Significant Lifetime Earnings Who Qualified for Supplemental Security Income

A-04-18-50479

Certain resources could result in a claimant being ineligible for SSI. Additionally, significant lifetime earnings could indicate the claimant did not disclose all financial resources to SSA to become eligible for SSI. We identified approximately 1,780 SSI recipients in current pay as of December 2016 who had lifetime earnings exceeding \$1 million. We will determine whether SSA is properly identifying financial resources for SSI applicants who have high lifetime earnings.

Ineligible Spouses or Parents with Income Increases After Reported Separations from Supplemental Security Income Recipients

A-02-14-31417

SSA may count the income of a recipient's spouse or parent when it determines the recipient's SSI eligibility. Given the risk of losing SSI payments because of such income, some SSI recipients falsely report separations from spouses when their income will affect the recipients'

SSI payments. We will determine whether data available to SSA can be used to help identify false reports of separation.

Match of Washington Death Information Against Social Security Administration Records

A-06-17-50172

We plan to obtain death data from various States or other Federal agencies to compare to SSA's payment records. We will refer potential fraud cases to the Office of Investigations. We have obtained files from Washington State and are working with several other States and Federal Agencies to obtain death data files.

Miscellaneous Debt Protests Pending Longer than 2 Years

A-04-18-50546

A debtor and his/her representative payee may contact SSA's field office, program service center, or teleservice center to protest an overpayment. SSA uses Miscellaneous Debts to prevent withholding of an overpayment when no predefined protest reasons (for example, initial waiver and hearing) apply. A Miscellaneous Debt will be cleared if SSA updates the debt management system. However, if no action is taken, these Miscellaneous Debts may be ignored and remain pending for years without justification. We will review all the Miscellaneous Debts pending 2 years or longer to determine whether SSA processed the overpayments correctly and whether these debts were collected timely.

Old-Age, Survivors and Disability Insurance and Supplemental Security Income Payments Made to Individuals Removed from United States

A-13-17-50162

In specific situations, SSA benefits are not payable to individuals who have been deported and the auxiliary beneficiaries of deported individuals. Our review will determine whether SSA improperly paid OASDI benefits and/or SSI payments to deported individuals. We will determine whether payments to the following groups of individuals are accurate: (a) dually entitled OASDI beneficiaries, (b) auxiliary OASDI beneficiaries, and (c) SSI recipients.

Old-Age, Survivors and Disability Insurance Payments Made to Individuals Recorded As Deceased on the Supplemental Security Record

A-13-17-50176

Generally, upon receipt of a death report, SSA may terminate the decedent's benefits and initiate recovery for any payments issued after death. However, certain reports require further action to verify the information before SSA can take additional steps. We plan to assess information for individuals who are receiving improper OASDI benefits while also shown as deceased in the SSI information system.

Overpayments Not Collected Through Benefit Withholding

A-07-18-50278

SSA can begin recovering overpayments 60 days after it notifies the person of the overpayment. If a full refund is not possible, SSA should recover the overpayment through benefit withholding. During our review of *Overpayments Being Collected Through Long-term Repayment Plans*, we identified individuals who were receiving OASDI or SSI, had an outstanding overpayment balance greater than \$1,000, and did not have a repayment agreement with SSA. The outstanding overpayments for these beneficiaries totaled over \$635 million. Our review will determine whether SSA is appropriately withholding benefits to recover overpayments when an individual is receiving benefits.

Overpayments Resulting from the Retirement Earnings Test

A-08-16-50021

The *Social Security Act* contains an earnings test provision that requires that the Agency withhold benefits from nondisabled Retirement and Survivors Insurance beneficiaries who have not reached their full retirement age if their earnings exceed certain exempt amounts. In 2017, this amount was \$16,920 for those under full retirement age and \$44,880 for those attaining full retirement age in 2017. If beneficiaries do not report their excess earnings timely, they can be overpaid. Earnings test overpayments represent the largest dollar value in SSA's Retirement and Survivors Insurance overpayment balance. According to SSA, at the end of FY 2016, there were over \$1 billion in unrecovered earnings test overpayments on Retirement and Survivors Insurance records. While some of the overpayments belong to children and young mothers, about 70 percent of the overpayment balances belonged to retired beneficiaries who earned over the limit. We will determine whether the overpayments were accurate and the Agency recovered any of the improperly paid funds and beneficiaries received increases based on work suspension months with unrecovered earnings test overpayments.

Overpayments to Widows

A-01-13-23095

If a worker chooses to receive benefits before he/she reaches full retirement age, the amount of the benefit payable to the worker's widow(er) is capped by the retirement insurance benefit limitation provision. Under this provision, the benefit to a widow(er) is reduced to the amount the deceased worker would be receiving if alive or 82.5 percent of the deceased worker's primary insurance amount, whichever is larger. Our review will determine whether SSA overpaid widow(er)s under the retirement insurance benefit limit provision.

Payment of Interim Benefits After a Disability Claim Is Denied

A-02-18-50543

SSA can award interim benefits to applicants before the Appeals Council issues a final decision on their eligibility. In a prior audit, we identified cases where the payments continued after the Appeals Council determined the applicants were not eligible. Per policy, SSA does not record overpayments for individuals who received interim benefits for longer than they should have, so SSA cannot recover these funds. We will determine whether interim benefit payments continued after a claim was denied.

Redeterminations Closed with Unverified Resources

A-02-18-50545

When completing prior audit work, we identified cases where some resources for SSI recipients were not verified during redeterminations. Staff cleared redetermination-related screens to close the redetermination without verifying the resources. We will review closed redeterminations to determine how often this happens and the potential costs of not counting unverified resources against recipients' resource limits.

Social Security Payments Made to Individuals Who Were Ordered Removed from the United States

A-13-18-50581

Each month, the Department of Homeland Security sends SSA lists of individuals who were deported or removed from the United States during the previous month. However, SSA does not receive information pertaining to individuals recorded in Department of Homeland Security records as subjects of final orders of removal from the United States but who have not been removed. We will obtain data on individuals ordered deported or removed, but not already reported to SSA, to determine whether they were improperly paid benefits.

Spouses and Widow(er)s in Total Government Pension Offset

A-13-17-50160

GPO reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension payment based on their own work for a Federal, State, or local government that was not covered employment and not subject to Social Security taxes under the *Federal Insurance Contributions Act*. The offset amount is two-thirds the amount of the pension. If two-thirds of the government pension is equal to or more than the spouse or widow(er) benefit, SSA can reduce payments to zero, that is, total GPO. We will determine whether spouses and widowers in total GPO are receiving improper payments due to outdated government pension amounts.

Spouses and Widow(er)s with Unverified Government Pensions Who Are Receiving Benefits

A-13-17-50161

We will review spouses and widow(er)s who have government pension data recorded in SSA's information systems, but who do not have pension payment information or government pension offset exemptions on their records.

Supplemental Security Income Recipients Eligible for Retirement Benefits

A-09-18-50524

An application for benefits under the SSI program is also an application for benefits under the OASDI program. SSI is intended to be a program of last resort. SSI recipients who are eligible for OASDI are required to file for those benefits. When SSA identifies SSI recipients who may be eligible for OASDI benefits, SSA must notify the individuals of their eligibility and the

requirement to file for OASDI benefits. For individuals to be entitled to OASDI retirement benefits, they must be older than age 62, be fully insured, and have applied for benefits. We will determine whether SSA has adequate controls to ensure it identifies SSI recipients who are eligible for retirement benefits.

Supplemental Security Income Recipients Who Are Not Appropriately Charged In-kind Support and Maintenance

A-07-18-34128

SSA considers in-kind support and maintenance when it determines SSI eligibility and payment amounts. In-kind support and maintenance is any food or shelter that is given to an SSI recipient or that an SSI recipient receives because someone else pays for it. The general rule is to charge a recipient in-kind support and maintenance when he/she receives food or shelter, regardless of who is liable for its cost. However, there are numerous exceptions to the general rule (for example, situations in which the food or shelter received does not constitute income in accordance with regulations). We will determine whether SSA is appropriately charging in-kind support and maintenance to SSI recipients.

Supplemental Security Income Recipients with Double-counted Social Security Benefits

A-05-18-50532

Under the SSI program, each eligible individual living in his/her own household and having no other countable income is provided a \$735 maximum monthly Federal cash payment. SSA reduces SSI payments by a recipient's countable income (which includes OASDI benefits) less certain exclusions. In some instances, beneficiaries receiving both OASDI and SSI payments are overpaid under the OASDI program, which requires an adjustment to the amount deducted from the SSI payment. When this occurs, SSI systems generate a diary alerting SSA staff that the record should be reviewed for a possible adjustment. As of March 2017, about 34,000 of these diaries were outstanding for 6 months or longer, with about 68 percent outstanding for 2 years or longer. We will determine whether SSA processes SSI diaries related to double-counted SSA benefits according to policy.

Supplemental Security Income Trusts

A-02-14-34118

A trust is an interest, where property is held by a trustee (an individual or entity) who is subject to a fiduciary duty to use the property for another individual's benefit (the trust's beneficiary). For trusts established for the benefit of an SSI recipient or spouse with the assets of a third party, if an individual does not have the legal authority to revoke or terminate the trust or direct the use of the trust assets for his/her own support and maintenance, the trust principal is not the individual's resource for SSI purposes. However, a trust established with the assets of an SSI applicant/recipient (or spouse) is a resource, with some exceptions. Also, disbursements from the trust may be income to the SSI recipient, depending on the nature of the disbursements. Cash paid directly from the trust to the individual is unearned income. Disbursements from the trust to third parties that result in the beneficiary receiving non-cash items (other than food or shelter), may be counted as in-kind income. Some disbursements from the trust are not income (for example, educational expenses, telephone bills, recreation, and entertainment). SSI recipients are

required to report trust withdrawals to SSA so staff can determine the impact of the withdrawals on the recipients' eligibility and/or payment amount. We identified recipients who had trusts recorded in SSA's systems and whose values in SSA's records have not changed over time. Our review will determine SSA's effectiveness in monitoring trusts held by SSI recipients and their impact on the recipients' eligibility.

The Social Security Administration's Computer Matching with Veterans Affairs Related to Supplemental Security Income Claims

A-01-17-50236

Since the SSI program is intended to be a program of last resort, individuals must apply for all other benefits for which they are potentially eligible. Generally, individuals are not eligible for SSI if they fail to take all the appropriate steps to apply for all other benefits for which they may be eligible—including the Department of Veterans Affairs (VA) benefits. In our January 2010 report, *Supplemental Security Income Recipients Eligible for Veterans Benefits*, we estimated SSA paid about \$1.3 billion to approximately 22,000 SSI recipients who appeared to meet VA requirements for benefits. In addition, we estimated that SSA would continue paying about \$126 million in SSI payments over the next 12 months to individuals who appeared eligible for VA benefits instead of SSI payments. We will evaluate SSA's efforts to work with the VA to identify SSI recipients who are potentially eligible for VA benefits instead of SSI payments.

The Social Security Administration's Determination of Ordinary and Necessary Expenses for Repayment Agreements

A-07-18-50401

To recover overpayments, SSA attempts to negotiate a repayment agreement that will collect the full balance within 36 months, unless the individual would be unable to meet his/her ordinary and necessary living expenses. If an individual requests a repayment rate that will require a longer recovery period, SSA can negotiate a rate that allows the recipient to meet his/her ordinary and necessary living expenses. SSA will evaluate the individual's income, expenses, and assets to determine an appropriate monthly repayment amount. SSA policy does not provide guidance for an acceptable expense amount. For example, food is considered ordinary and necessary; however, there is no guidance provided for the dollar value to consider. The Agency explicitly states its policy does not imply acceptance of expenses that are neither ordinary nor necessary, and the policy provides general guidance for determining acceptable expenses. However, the determination is left to each employee's discretion. We will determine whether discrepancies exist in SSA's use of Form SSA-632 when determining repayment amounts.

The Social Security Administration's Processing of Retirement Claims Subject to Rules Enacted by the *Bipartisan Budget Act of 2015*

A-07-18-50362

The *Bipartisan Budget Act of 2015* includes language to allow individuals who turned 62 before 2016 to file for spousal benefits at or after full retirement age while choosing not to take their own retirement benefits. The law also allows for those who have already filed and are voluntarily suspended to remain suspended and accrue delayed retirements credits under the

previous rules. Additionally, those who are or will be at least 66-years-old before May 1, 2016 and who filed for benefits before that date can file and suspend under the previous rules. Our review will determine whether SSA's policy and procedure changes have effectively eliminated the unintended filing options in accordance with the *Bipartisan Budget Act of 2015* and ensure SSA is correctly adjudicating claims based on the policy changes.

The Social Security Administration's Processing of Returned Payments

A-07-18-50570

Individuals, financial institutions, and the U.S. Postal Service may return payments to SSA for a variety of reasons. For example, the Postal Service may return checks because beneficiaries moved, and financial institutions may return payments if beneficiaries closed or changed direct deposit accounts. When SSA receives returned payments, it determines why the payment was returned and whether it should be reissued. We will review returned payments and determine whether SSA processed them according to its policies.

The Social Security Administration's Use of Administrative Tolerance Waivers

A-04-16-50145

When a person requests a waiver and the total amount of their liability is \$1,000 or less, recovery is waived because it would impede the efficient administration of the *Social Security Act*, unless there is some indication the person may be at fault. Someone liable for several overpayments that total \$1,000 or more, even though one or each may be under \$1,000, cannot be considered for an Administrative Tolerance waiver. Likewise, if an overpayment of \$1,000 or more has been reduced to \$1,000 or less by repayment or collection, the tolerance does not apply. We will determine whether Administrative Tolerance waivers under \$1,000 are being properly used in cases where the Title II beneficiary has multiple debt events and the total overpayment liability is or was greater than \$1,000.

Underpayments Paid to Supplemental Security Income Recipients with Outstanding Overpayments

A-07-17-50182

An underpayment occurs when there is either nonpayment of benefits or payment of less than the amount due a recipient. An overpayment occurs when funds received by an individual for any period exceed the allowable amount. To recover an SSI overpayment, SSA may withhold an underpayment due the overpaid individual based on a priority of reductions. However, if an overpaid SSI recipient has an outstanding request for waiver or reconsideration of the overpayment, SSA may not withhold the underpayment. We will determine whether SSA is inappropriately paying underpayments to recipients who have outstanding overpayments on their SSI records.

Usefulness of Third-party Data Compared to Beneficiary/Recipient Self-reporting Information to the Social Security Administration

A-01-18-50297

SSI recipients are responsible for reporting information that may affect their eligibility or payment amount. DI beneficiaries are responsible for reporting earnings or medical improvement. However, SSI and DI beneficiaries do not always report necessary information to SSA timely. SSA has established matching agreements with Federal and State agencies whose records contain information that may affect SSI and DI eligibility or payment amount. Generally, SSA must independently verify data obtained by a computer match and give beneficiaries advance notice of any adverse action resulting from the computer match. We will obtain information on the data SSA receives to identify and prevent improper payments and compare them to data SSA does not receive but that could be helpful to address improper payments.

Widow(er)s Due Higher Benefits

A-13-13-23109

When an OASDI beneficiary dies, a claimant could be entitled to benefits from the deceased beneficiary as a widow(er), surviving divorced spouse, or disabled widow(er). Our review will determine whether SSA had adequate controls to identify individuals receiving retirement benefits who may be entitled to, but not receiving, a higher widow(er)s benefit.

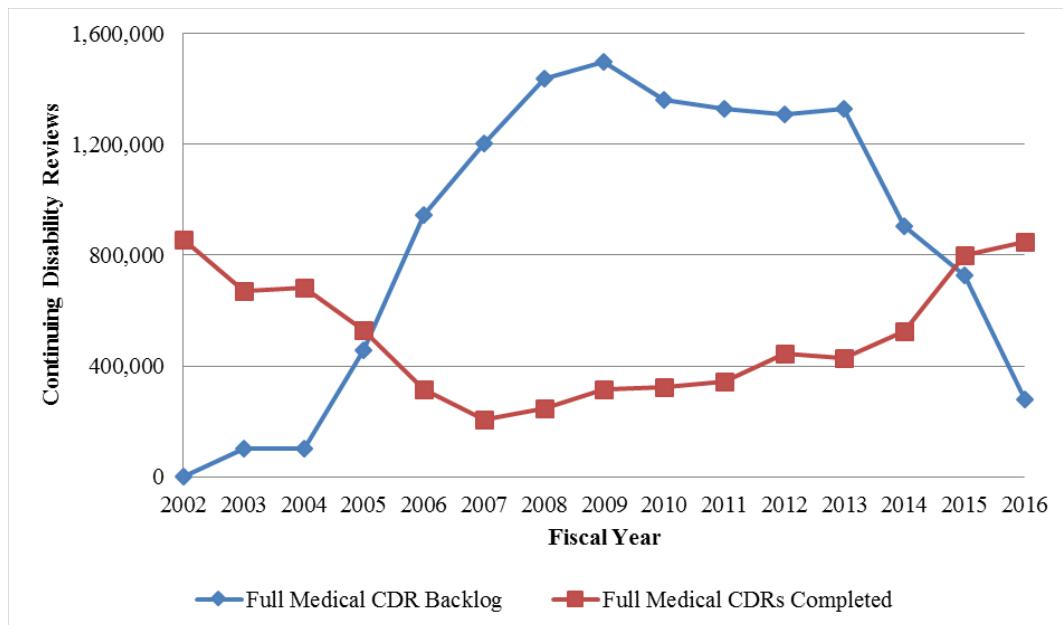
Improve Administration of the Disability Programs

SSA's FY 2014-2018 *Agency Strategic Plan* has a goal to "Serve the public through a stronger, more responsive disability program," which includes the objective of improving the quality, consistency, and timeliness of disability decisions while leveraging technology to improve the disability process. These disability workloads are processed by SSA's field offices, regional operations, hearing offices, Appeals Council, and disability determination services (DDS).

In FY 2016, SSA received over 2.6 million initial disability claims and almost 648,000 requests for reconsideration. As of June 2017, SSA had received over 1.8 million initial claims and almost 437,000 requests for reconsideration. Further, as of June 2017, there were over 567,000 initial claims pending.

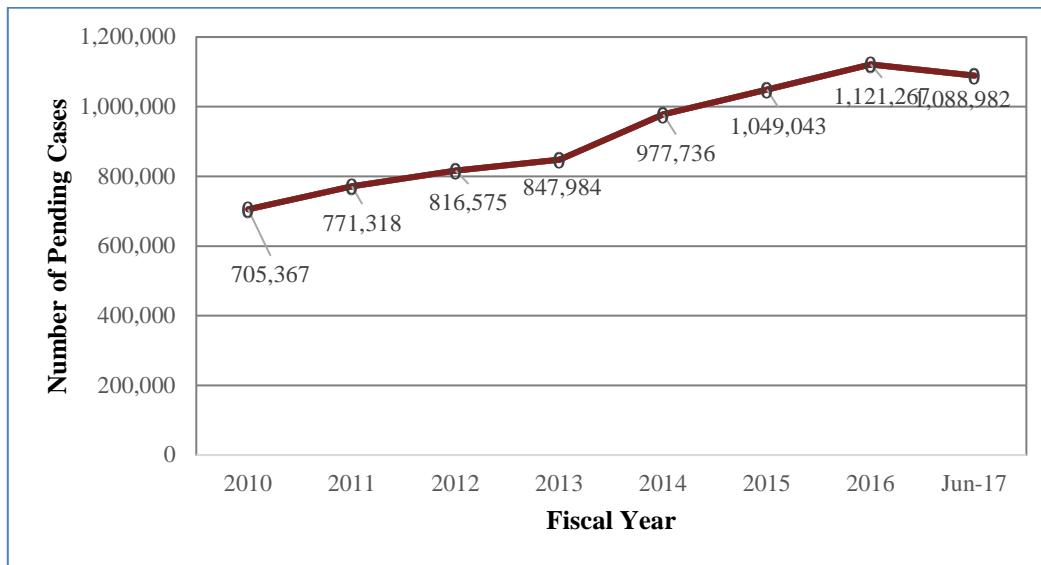
The high number of initial disability applications in previous years forced the dedication of DDS resources to processing initial applications rather than conducting medical CDRs. As a result, SSA has had a backlog of full medical CDRs since FY 2002. With increased program integrity funding in recent years, the backlog had decreased to 280,000 at the end of FY 2016 (see Figure 1).

Figure 1: Full Medical CDR Backlog and Completions, FYs 2002 Through 2016



Another part of the disability program, the hearings and appeals process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 40 percent from 426 days at the end of FY 2010 to 596 days, as of June 2017. Moreover, during the same period, pending hearings grew 54 percent, from about 705,367 cases at the end of FY 2010 to 1,088,982 at the end of June 2017 (see Figure 2). In addition, the Appeals Council workload has grown 28 percent since FY 2010 to about 136,000 pending appeals at the end of June 2017, and average processing times during the same period increased from 345 to 354 days.

**Figure 2: Pending Hearings, FYs 2010 Through June 2017
(as of June 2017)**



In January 2016, ODAR issued the *Compassionate And REsponsive Service* (CARES) plan, which outlines initiatives to address the growing number of pending hearings and increasing wait times. Initially, the CARES plan included reaching an average processing time of 270 days for hearings by the end of FY 2020, but this was later updated to reaching this goal by 2022. The CARES plan also includes a goal to process requests for Appeals Council review in an average of 180 days. The 27 CARES initiatives relate to (1) business process improvements, (2) IT innovations, (3) staffing and facilities, and (4) employee engagement activities.

SSA is hiring additional ALJs to increase its adjudicatory capacity. In addition, ODAR continues focusing on decision quality through its ongoing reviews of pre-effectuated adjudicator allowances, monitoring of potential anomalies in ALJ workload performance, and expanding hearing office workload quality measures, such as the agreement rate associated with the percent of ALJ cases remanded or reversed in subsequent appeals.

Accuracy of Disability Entitlement Dates for Primary Beneficiaries Who Previously Filed Disability Claims

A-07-18-50257

To be insured for benefits, applicants must have the required amount of earnings, measured in quarters of coverage, on their earnings records. Additionally, applicants must earn their quarters of coverage within an established timeframe. Applicants may be insured for disability benefits under one of several provisions depending on their age and disability. The field office evaluates the claimant's insured status, documents the claimant's date first insured and date last insured, and provides this information to the DDS. We will determine whether SSA accurately determined entitlement dates for primary beneficiaries allowed DI benefits in FYs 2015 and 2016 who previously filed disability claims.

Accuracy of the Determination of Workers' Compensation or Public Disability Benefit Offset During Disability Insurance Claims Processing

A-02-14-34090

This project focuses on DI applicants who stated their disability was work-related and they filed, or planned to file, for Workers' Compensation (WC) or Public Disability Benefit (PDB). When an applicant alleges he/she is receiving or has applied for WC/PDB, SSA staff must (1) determine whether WC/PDB is involved; (2) verify the WC/PDB claim status and payment amounts; and (3) record WC/PDB information, especially payment information, into SSA's systems. If any of these steps are not completed accurately, there is a risk that SSA will inaccurately determine the WC/PDB's effect on DI benefits. We will determine SSA's effectiveness in applying WC/PDB offset when DI claims are initially processed.

Administrative Law Judge Remand Decisions

A-12-18-50290

SSA's Appeals Council may remand a case to an administrative law judge (ALJ) if it finds significant evidentiary or procedural deficiencies. For example, the Appeals Council may remand a case when the ALJ decision contains an error of law. The Appeals Council remanded over 20,000 cases in FY 2015; and our preliminary analysis shows that about 85 percent were processed in less than the national average processing time of 480 days. However, we identified about 3,000 remands that took longer than 480 days, which included 37 cases that took over 1,000 days to process, even though SSA policy indicates that remands should be given priority. We will determine whether ALJs are processing Appeals Council remands timely and within policy guidelines.

Administrative Law Judges Use of “How MI Doing?” Tool

A-12-18-50578

The “How MI Doing?” tool allows ALJs to monitor their personal workloads and compare their performance to other ALJs in their hearing office, their region, and nationally. The tool also provides ALJs with policy guidance and in-depth training material related to the reasons their cases were remanded. However, ALJs are not required to use the tool, and ODAR does not track the use of it by ALJs. We will determine whether ALJs are using ODAR’s new “How MI Doing?” tool and whether its use assists ALJs in improving their productivity and quality.

Compassionate And REsponsive Service Plan Status Report

A-12-18-50377

Reducing the hearing backlog and preventing its recurrence remains a significant challenge for SSA. As of the end of January 2016, approximately 1.1 million people were awaiting a hearing decision, and average processing time was about 511 days. In January 2016, SSA issued the CARES plan, which outlined initiatives to address the growing number of pending hearings and increasing wait times, and reported plans to reach an average processing time of 270 days by the end of FY 2020. At the time of our FY 2016 audit on CARES, ODAR reported 27 initiatives related to the plan. SSA reported the plan is a foundation for exploring potential future initiatives as the Agency continues identifying ways to better serve the public. In FY 2017, SSA started to scale back some of the initiatives in the CARES plan. Also, SSA adjusted its goal to reach an average processing time of 270 days by 2022 (instead of by 2020). We will review SSA’s efforts to implement or modify the plan and determine whether the actions taken to date have resulted in reducing the hearing backlog.

Continuing Disability Review Pre-hearing Reconsideration Appeal Lengths

A-07-18-50391

Individuals may appeal medical cessation decisions. The first level of appeal is the DDS reconsideration. DDSs conduct CDR reconsiderations, which can have two levels: pre-hearing and disability hearing. The pre-hearing review is a new, independent evaluation of all evidence, including any additional or updated information. Based on the evidence, the DDS determines whether to continue benefits. If the DDS decides not to continue benefits, the case goes to the disability hearing unit before a disability hearing is held. The pre-hearing review typically takes a few months. We will review appeals that took longer than 6 months at the pre-hearing reconsideration level to identify periods of DDS inaction that may have led to lengthy appeals.

Determining Diagnosis Codes on Hearing Decisions

A-05-17-50249

If an ALJ makes a favorable decision on an individual's request for hearing, he/she provides the decision to the claimant, any authorized representative, and the appropriate program service center or field office. The SSA employee assigned to process the ALJ's decision receives an alert to retrieve the decision that ODAR employees stored in the claimant's electronic folder. He/she is responsible for interpreting the information in the notice to make inputs into SSA systems for payment of the individual's benefits, including disability onset date, need for representative payee to help claimant manage benefits, primary and secondary disability indicator code, and future continuing disability review identification code and due date. SSA employees' interpretation of hearing allowance notices and complex medical information may significantly delay processing of favorable hearing decisions after the ALJ's decision is rendered. We will identify input discrepancies between ODAR data and program service center and field office handling of hearing decisions, and determine how these discrepancies may affect the average processing time of hearing allowances and future medical reviews.

Disability Claims Filed by Active Duty Military Members

A-06-17-50212

A unique feature of Wounded Warrior claims is that special provisions in the law allow members of the military to receive concurrent military pay and DI benefits under the assumption that they continue receiving military pay while they recover from traumatic combat injuries, not for active duty. Once they recover, they are discharged from the military and their Social Security disability benefits continue. We identified beneficiaries who had a DI cessation or earnings-related overpayment added to their record after their Wounded Warrior claim was approved. We plan to summarize these overpayments and review instances where SSA issued disability payments to active duty military members who remained in the Armed Forces 2 or more years after SSA approved their disability claims.

Disability Insurance Claims with Unreported Workers' Compensation Benefits

A-04-17-50251

All States administer a type of WC insurance that provides supplemental income to injured workers. SSA considers the WC benefits when it determines a monthly DI program payment. Depending on the amount of WC benefit, SSA may partially or completely offset/reduce the DI benefit. However, in some cases, the WC benefit may not affect the DI payment. When claimants apply for benefits, SSA informs them of the requirement to report WC information to SSA and relies on the beneficiary to report this information. We will determine whether DI beneficiaries are reporting WC benefits to SSA. We plan to contact various States to obtain WC data to match with the DI beneficiary rolls.

Disabled Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown

A-09-18-50523

Under certain circumstances, such as when it receives a report that a beneficiary's whereabouts are unknown or if benefit checks are returned undeliverable SSA may suspend benefits. SSA may also temporarily suspend benefits pending its selection of a representative payee. When this occurs, the field offices must take appropriate follow-up actions and reinstate benefits. If a beneficiary dies before SSA reinstates benefits, any previously withheld benefits should be paid to surviving beneficiaries. We will determine whether SSA has taken appropriate actions for disabled beneficiaries whose benefits were suspended for address, whereabouts unknown, or miscellaneous reasons.

Medical Improvement Review Standard Exceptions

A-01-18-50347

SSA is required to use the Medical Improvement Review Standard to determine whether an individual's disability benefits should continue. Under the Review Standard, an individual's disability continues unless the (1) disabling condition has improved since the last favorable disability determination or comparison point decision and (2) individual can engage in substantial gainful activity. However, the *Social Security Act* provides exceptions to the Medical Improvement Review Standard. These exceptions allow SSA to find disability ceased in limited situations without showing medical improvement occurred, but the evidence clearly shows the person should no longer be, or never should have been, considered disabled. The Group I exceptions require a finding that the person is not currently disabled, but the Group 2 exceptions do not require this finding. We plan to evaluate SSA's use of the Review Standard's exceptions.

Office of Disability Adjudication and Review Decision Writer Backlog

A-12-18-50579

Decision writers assist ALJs by drafting and writing ALJ decisions. In our February 2010 report, *Hearing Office Performance and Staffing*, we determined that hearing offices that met or exceeded the 1.5 decision writers-per-ALJ staffing ratio had, on average, an almost 9-percent higher productivity rate than those hearing offices that had a ratio less than the goal. According to SSA, some level of pending cases is normal and necessary because having cases in its pipeline ready to write is essential to its business process. However, at the end of FY 2016, decision writer-to-ALJ ratios were down 21 percent, and, as of April 2017, decision-writing backlogs were up 287 percent. We will determine the effect the decision writer backlog is having on the hearings backlog and what steps SSA is taking to address the issue.

Productivity of Administrative Law Judges Hired by the Social Security Administration in Fiscal Years 2015 and 2016

A-12-18-50604

SSA has disposition expectations for new ALJs that gradually increase as they gain experience. When an ALJ has 10 months' experience, SSA expects him/her to handle between 40 and 45 dispositions per month, or 480 to 540 dispositions per year. SSA hired 196 ALJs in FY 2015 and 264 ALJs in FY 2016. Our analysis of dispositions for the 196 ALJs hired in FY 2015 shows that 128 (65 percent) did not meet SSA's expectations. These 128 newly hired ALJs had between 0 and 400 dispositions 1 year after they became judges. Based on this preliminary analysis, we will conduct a review of the productivity of newly hired ALJs.

Supplemental Disability Hearings

A-12-18-50356

According to SSA policy, a supplemental hearing is appropriate in certain circumstances, such as when certain testimony or a document introduced at the hearing has taken the claimant by surprise, is adverse to the claimant's interest, and presents evidence that the claimant could not reasonably have anticipated and to which the claimant is not prepared to respond. The rules governing the conduct of the initial hearing apply to the supplemental hearing. If an ALJ decides to conduct a supplemental hearing, he or she must reopen the record. Our review will determine the impact of supplemental hearings on SSA's ability to issue timely hearing decisions. For example, we will ascertain the number of supplemental hearings, as well as the number of cases with multiple supplemental hearings; and calculate the added processing time for cases with a supplemental hearing. We will also determine whether the reason for the supplemental hearing is in accordance with SSA's policy.

Terminal Illness Cases in Payment Status for Longer than 7 Years

A-06-18-50323

When SSA approves a terminally ill individual for disability payments, the longest possible redetermination date (7 years) is typically established in the system because of the unlikelihood the individual will live long enough to require a redetermination. As of December 31, 2015, approximately 24,000 DI beneficiaries and 6,000 SSI recipients, whose disability claims were approved between 2001 and 2008 based on a terminal illness, were in current pay status. Our review will determine whether the terminal illness coding of the claims was accurate and whether the beneficiaries are receiving redeterminations according to the appropriate schedule.

The Social Security Administration's Efforts to Develop Its Own Source of Occupational Information for Use in Its Disability Programs

A-01-15-15035

SSA uses the occupational descriptions in the Department of Labor's Dictionary of Occupational Titles to determine whether a claimant can do his/her past work as it is usually performed in the national economy or find other occupations that exist in significant numbers in the national economy based on his/her medical-vocational profile. However, the Department of Labor replaced the Dictionary of Occupational Titles with the Occupational Information Network, and, although it contains current information on occupations, the Occupational Information Network does not provide the data SSA needs to adjudicate disability claims. We plan to assess SSA's efforts to work with the Department of Labor and develop the occupational information it needs to evaluate disability claims.

The Social Security Administration's Use of Income Averaging When Determining Substantial Gainful Activity for Disabled Beneficiaries

A-07-18-50394

The Code of Federal Regulations allows SSA to average earnings over a period of work when it determines whether a disabled beneficiary has engaged in substantial gainful activity. SSA may average earnings over a period only if work was continuous, there was no significant change in work patterns or earnings, and earnings fluctuated from above to below the substantial gainful activity threshold. If SSA uses averaging to reduce the earnings amount to below the substantial gainful activity threshold, it pays benefits for all months. Our review will determine whether SSA is correctly applying provisions allowing it to average earnings when making determinations of continuing eligibility for disabled beneficiaries who return to work.

The Social Security Administration's Use of Motor Vehicle Information to Determine Continued Eligibility for Individuals Receiving Disability Benefits

A-01-18-50376

In Calendar Year 2016, SSA obtained data for 34 million individuals in the 50 States, the District of Columbia, and Puerto Rico through its agreement with the American Association of Motor Vehicles Administrators to provide immediate, online responses to States' queries for SSN verification to issue driver's licenses and identification cards. We will determine whether we can match the American Association of Motor Vehicles Administrators data to DI beneficiaries and SSI disability recipients in current pay status based on blindness.

The Use of Natural Language Processing to Identify Anomalies in the Hearings and Appeals Workload

A-12-18-50353

SSA's Offices of Disability Adjudication and Review and Appellate Operations use INSIGHT software to (a) extract useful information about the content of the disability documents (primarily hearing decisions but also some claimant-supplied narratives) and (b) leverage the extracted data to analyze aspects of the quality of hearing decisions and provide feedback to users for further analysis. These quality aspects primarily relate to policy compliance and internal consistency. In September 2017, SSA's Office of Appellate Operations plans to roll out INSIGHT natural language processing software capable of analyzing the text of appealed hearing decisions to alert adjudicators of potential quality issues. We plan to look at SSA's use of this software for the hearings and appeals workload.

Timeliness and Accuracy of Manually Processed Work Continuing Disability Reviews

A-07-18-50390

While eWork simplifies development and adjudication of work CDRs, certain cases require additional manual inputs to effectuate and adjudicate work CDRs. When manual inputs are required, the disability examiner transfers the case to the benefit authorizer who updates the MBR, corrects payment information, and sends the appropriate under- or overpayment notices. In such cases, the disability examiner should allow the benefit authorizer 15 days to process the manual inputs and update the MBR. The disability examiner should follow up with the benefit authorizer after 15 days to check the status and request further action if appropriate. We will determine whether SSA accurately and timely processed manual inputs to effectuate determinations in work CDRs for DI beneficiaries.

Training of Disability Determination Services Hearing Officers Who Handle Medical Continuing Disability Review Cessations

A-01-18-50536

DDS Hearing Officers handle appeals of medical CDR cessations. They hold hearings and write decisions based on the same criteria ALJs use at ODAR. If the DDS Hearing Officer upholds the initial CDR cessation, the beneficiary can appeal to an ALJ. We will determine whether new DDS Hearing Officers are receiving adequate training and following SSA policies and procedures.

Using the Department of Veterans Affairs' Data to Identify Beneficiaries for Disability Redeterminations

A-03-18-50541

As of March 2014, SSA was receiving information from VA about veterans who received a 100 percent permanent and total disability rating to assist with expediting their SSA claims. For FY 2016, SSA processed 18,470 VA permanent and total disability-rating claims and had 2,648 claims pending. While SSA receives information from the VA concerning veterans who received the permanent and total disability rating, it does not receive information when VA convicts a veteran of fraudulent disability which could also have an impact on their eligibility to SSA benefits; especially since the same medical evidence could have been used to apply for both VA and SSA benefits. We plan to determine whether individuals convicted of fraudulent VA disability benefits related to their medical eligibility are currently receiving SSA benefits.

Work Report Processing for Disability Insurance Beneficiaries

A-07-18-50364

SSA requires that DI beneficiaries promptly report any changes in work activity. SSA employees review work reports to determine whether the beneficiary remains eligible for benefits. SSA allows beneficiaries to test their ability to work without the threat of losing entitlement to benefits during a trial work period, which consists of any 9 months of work within a rolling 60-month period. After beneficiaries complete trial work periods, they are allowed extended periods of eligibility, a 36-month period in which beneficiaries can be re-entitled to benefits if they do not continue engaging in substantial gainful activity. SSA's failure to process work reports timely may result in delayed determinations that beneficiaries have completed their trial work periods and entered their extended periods of eligibility. If SSA does not timely determine beneficiaries have completed their trial work periods, it cannot suspend or terminate disability benefits to prevent overpayments. We will determine whether SSA timely processes work reports for DI beneficiaries.

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. Similarly, mismanagement and waste, as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

The Agency has long developed annual performance and multiple-year strategic plans, which include descriptions of the programs, processes, and resources needed to meet its mission and strategic objectives. We have previously noted that, while planning for the next few years is important, a longer-term vision is critical to ensuring the Agency has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond.

SSA contracted with the National Academy of Public Administration to develop a vision and high-level strategic plan aimed at helping the Agency address the continuing service delivery challenges it may face. SSA used the Academy's report and additional stakeholder input to develop its *Vision 2025*, which it released in FY 2015. Per SSA, *Vision 2025* was a critical first step in planning how it will serve the public in the future. It presents three priorities: superior customer experience, exceptional employees, and innovative organization. These priorities will guide the development of goals, plans, and performance measures, which SSA will outline in its strategic plans and annual performance reports.

We believe SSA's long-term strategic vision should include specific, measurable goals that clearly outline the service delivery model SSA envisions in year 2025 and beyond. This vision will allow SSA to use its shorter term planning documents to outline the steps needed to achieve larger and clearly defined objectives. *Vision 2025* does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. Also, while *Vision 2025* describes its future environmental drivers, it does not explain how they will affect SSA's ability to provide services in the future. Additionally, *Vision 2025* addresses many of the issues outlined in the National Academy of Public Administration's plan for SSA, but the plan is more specific than *Vision 2025*. Most importantly, the Academy concludes that SSA needs to develop a more cost-effective service delivery system that is primarily virtual. *Vision 2025* does not choose one primary service delivery method and promises a service delivery system that will meet each customer's desire.

The Agency has a mixture of outcome and output performance measures on which it publicly reports. Some examples of outcome measurements are customer satisfaction, the timeliness of service or claims processing, or the accuracy of payments.

SSA also has a number of output performance measures, such as budgeted workloads, including the completion of the budgeted number of full medical CDRs, SSI non-medical redeterminations, disability claims, and hearings requests. While measuring these workloads may be helpful for budgeting purposes, the performance measures do not inform a reader whether the completion of the workloads has positive outcomes. More useful performance measures would measure the outcomes of the workloads, like the dollars saved by identifying beneficiaries who were no longer disabled and, therefore, ineligible for benefits through the completion of

CDRs. Measuring outputs, or steps in a process, does not inform the public whether SSA is achieving the outcomes it needs to efficiently and effectively provide its services and meet its mission.

In FY 2016, under a contract with OIG, independent public accountants identified four deficiencies in internal control that, when aggregated, were considered to be a significant deficiency in internal controls related to accounts receivable and overpayments. The auditor found deficiencies in the following areas.

- Financial Accounting Process and IT Systems Related to Overpayments
- Documentation Supporting Accounts Receivable/Overpayment Claims and Calculations
- Compliance with SSA Policies and Procedures Affecting Effectiveness of Internal Controls
- IT System Limitations Affecting Accuracy and Presentation of Accounts Receivable

In addition, the auditor identified information system control deficiencies in four areas that, when aggregated, were considered to be a significant deficiency over information systems controls. The areas included the following.

- Threat and Vulnerability Management
- IT Oversight and Governance
- Change and Configuration Management
- Access Controls

Certificates of Coverage

A-15-18-50564

Certificates of coverage are forms that SSA and foreign authorities subject to a Totalization Agreement issue to workers to eliminate dual taxation and social insurance coverage on the same earnings. Workers who are exempt from U.S. or foreign Social Security coverage under a Totalization Agreement must document their exemption by obtaining a certificate of coverage from the country that will continue to cover them. Therefore, a U.S. worker sent on temporary assignment to the United Kingdom would need a certificate of coverage issued by SSA to prove they are covered by U.S. Social Security and exempt from United Kingdom social security taxes. Requests for certificates of coverage under the U.S. system may be submitted by the employer, employee, or self-employed individual to SSA. We will review Totalization claims to determine whether the Agency consistently and accurately processed U.S. and foreign work credits for beneficiaries overseas.

Costs of Administering Claimant Representative Fee Payments

A-04-17-50238

In FY 2016, SSA incurred \$122 million in administrative costs and paid approximately \$1 billion in claimant representative fees. However, SSA only recovered \$30 million because, by law, SSA may only recover the lesser of the flat fee of \$91 or 6.3 percent of the fee payment (user fee). Claimant representative fees are not only costly to administer, they are error-prone and cost SSA additional funds to correct the errors. Fee agreements and petitions require manual review and evaluation. Authorization also involves complex and error-prone postings to the electronic records, issuance of notices, and opportunities for protest by representatives and claimants. Increasingly, a single claim may involve several different representatives, either sharing in an agreement or submitting individual petitions. Prior OIG reports have found that for DI cases, SSA did not withhold the representative fee for 26 of 250 sampled claimant representative fees tested. The fees ranged from \$78 to \$5,707; the average was \$2,883. We will assess the administrative costs related to SSA's involvement in the authorization and distribution of claimant representative fees.

Costs of the Altmeyer Building Renovation

A-15-18-50483

SSA is renovating the Altmeyer Building on SSA's Woodlawn, Maryland, main campus. This includes full interior and exterior renovations of the existing building including infrastructure, electrical system, and space. The renovation will create space for 300 to 350 additional staff. SSA expects to award a contract for design services in FY 2017 and estimates occupancy of the renovated building in FY 2021. We will review and track expenditures for the Altmeyer Building Renovation and assess SSA's estimated and reported figures.

Deficit Reduction Leave Payments to New York State Division of Disability Determination Employees

A-02-18-50611

Per 2011 negotiations between the Governor of New York and unions representing Division of Disability Determination (DDD) employees, the State reduced DDD employees' salaries by the value of 9 days in FYs 2011 through 2013. The employees were required to take 9 days of Deficit Reduction Leave (DRL) in those years. Per the negotiated agreements, the State was to repay DDD employees for part, or the full value, of the reduction in their salaries starting in 2015 or 2016. Additionally, the State was to pay employees the balance owed them if they separated from service before the amount was repaid. The DRL payments to DDD employees were not reimbursable under relevant SSA regulations and guidelines. In a prior audit, we determined that, from January 18, 2012 to November 5, 2014, New York State paid \$418,379 in DRL to separating DDD employees to reimburse them for DRL they took and claimed \$227,239 in related fringe benefits. In September 2017, SSA's New York Regional office requested that we conduct a follow-up audit to quantify the total amount of DRL for which the State requested reimbursement from FYs 2012 through 2017.

Fiscal Year 2018 Financial Statement Audit Oversight

A-15-18-50482

The *Chief Financial Officers Act of 1990* requires that agencies annually prepare audited financial statements. Each agency's Inspector General is responsible for auditing these financial statements to determine whether they fairly represent the entity's financial position. This annual audit also includes an assessment of the agency's internal control structure and its compliance with laws and regulations. A contractor will perform the audit work to support this opinion of SSA's financial statement. To fulfill our responsibilities under this Act and related legislation for ensuring the quality of the audit work performed, we will monitor the contractor's audit of SSA's financial statements.

Fiscal Year 2018 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges

A-02-18-50307

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General provide a summary and assessment of the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. We will provide a summary and assessment of the most serious management and performance challenges facing SSA in FY 2018.

Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs

A-13-18-50547

The *Government Charge Card Abuse Prevention Act of 2012* (Pub. L. No. 112-194) requires that all Executive Branch agencies implement additional internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts. It also establishes reporting and audit

requirements. Under the law, Inspectors General must conduct periodic risk assessments of their agencies' charge card programs to analyze the risks of illegal, improper, or erroneous purchases. We will analyze the risk of illegal, improper, and erroneous purchases made through SSA's charge card programs in FY 2018.

Follow-up: Federal Employees who Received Compensation for Lost Wages When “Earned Wages” Were Reported on the Social Security Administration’s Master Earnings File

A-15-18-50448

The *Federal Employees’ Compensation Act* provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The *Federal Employees’ Compensation Act* is administered by the Department of Labor. Federal agencies are responsible for continuing an employee’s regular wages, without charging annual or sick leave for up to 45 days while the employee is recovering from a covered injury or disease. We will determine the number of *Federal Employees’ Compensation Act* recipients classified as not having a wage-earning capacity or whose wage-earning capacity had not yet been determined, who were compensated for lost wages when “earned wages” were reported on SSA’s Master Earnings File.

The Social Security Administration’s Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2018

A-15-18-50454

On November 20, 2009, the President issued Executive Order 13520, Reducing Improper Payments and Eliminating Waste in Federal Programs. The purpose of this Executive Order is to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in major programs while continuing to ensure Federal programs serve and provide access to their intended beneficiaries. As part of the requirements, each agency identified by OMB shall provide the agency’s Inspector General a quarterly report on “high-dollar” overpayments. An overpayment is considered “high-dollar” if it exceeds 50 percent of the correct amount of the intended payment under certain circumstances. We will review the Accountable Official’s Quarterly High-dollar Overpayment Report to the OIG for the quarters ended December 2017 and March, June, and September 2018. We will also determine whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

The Social Security Administration’s Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews

A-13-17-50192

The *Social Security Act*, as amended by the *Social Security Protection Act of 2004*, requires that SSA report the results of site reviews of specific types of representative payees and any other reviews of payees conducted during the prior FY. We will determine whether SSA accurately reported its results for FY 2017.

The Social Security Administration's Compliance with the *Improper Payments Elimination and Recovery Improvement Act of 2012* in the Fiscal Year 2017 Agency Financial Report

A-15-18-50566

On January 10, 2013, the President signed the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) into law. IPERIA amended the *Improper Payments Information Act of 2002* and IPERA. The legislation requires that agencies include in their annual Agency Financial or Performance and Accountability Reports improper payment estimates, reduction targets, root causes, corrective actions and other areas. According to OMB guidance, each FY, each agency's Inspector General should determine whether the agency is in compliance with the Improper Payments Information Act of 2002, as amended by IPERA and IPERIA. We will determine whether the figures presented in SSA's Agency Financial Report are reasonable and the Agency complied with all requirements of the Improper Payments Information Act of 2002, as amended by IPERA and IPERIA.

The Social Security Administration's Reform Plan Required by Office of Management and Budget Memorandum M-17-22

A-02-18-50584

OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, requires that Federal agencies (1) begin taking immediate actions to achieve near-term workforce reductions and cost savings, including planning for funding levels in the President's FY 2018 Budget Blueprint; (2) develop a plan to maximize employee performance by June 30, 2017; and (3) submit an Agency Reform Plan to OMB in September 2017 as part of the agency's FY 2019 Budget submission to OMB that includes long-term workforce reductions. An initial, high-level draft of the Agency Reform Plan was due to OMB by June 30, 2017. We will review SSA's Agency Reform Plan.

Various *Digital Accountability and Transparency Act of 2014* Reporting Requirements Audits

A-15-18-50614

The *Digital Accountability and Transparency Act of 2014* (1) expanded the *Federal Funding Accountability and Transparency Act of 2006*; (2) established Government-wide data standards for financial data to provide consistent, reliable, and searchable Government-wide spending data; (3) simplified reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency; (4) improved the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and (5) applied approaches developed by the Recovery Accountability and Transparency Board to spending across the Government. We are required to audit SSA's compliance with the *Digital Accountability and Transparency Act* in FYS 2017 and 2019. To support these audits, we will select and review some *Digital Accountability and Transparency Act* reporting requirements as separate audits.

Verification of Orders for Agency Employees Requesting Military Leave

A-05-17-50211

SSA's Military Leave guidance states, employees must provide their leave-approving official documentation to support military leave either before they report for duty or within 2 days after returning to work. Although the first-line supervisors may request verification of military orders, supervisors are not required to take this additional step. Our review will determine whether sufficient controls are in place for Agency employees requesting military leave.

Strengthen the Integrity and Protection of the Social Security Number

SSA issued over 16 million original and replacement SSN cards in FY 2016. In addition, the Agency received and processed about 275 million wage items in FY 2015. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them.

The SSN is relied on as an identifier and is valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates future benefit payments based on the earnings an individual accumulates over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA missions.

SSA has taken steps to streamline its enumeration process. For example, SSA released the Internet-based Social Security Number Replacement Card application in November 2015. This will allow SSA to reduce the number of replacement card requests in field offices and Social Security Card Centers. In FY 2016, SSA processed over 96,000 replacement card applications via Internet-based Social Security Number Replacement Card application. While we believe this initiative may enhance customer service, SSA must ensure it takes all necessary steps to minimize the risk of individuals fraudulently obtaining an SSN replacement card.

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 the collection, use, and protection of these numbers by other entities. For example, some educational institutions unnecessarily collect and use SSNs as a primary student identifier. Yet, our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability that individuals could use the number to commit crimes.

We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. We are also concerned that some individuals misuse SSNs for identity theft purposes. The Federal Trade Commission estimated that as many as 9 million Americans have their identities stolen each year.

Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA shares incorrect names/SSNs with employers when they submit their wage file to the agency. In addition, SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefits. SSA spends scarce resources correcting earnings data when employers report incorrect information. The ESF is the Agency's record of wage reports on which wage earners' names and SSNs fail to match SSA's records. As of November 2016, the ESF accumulated about 346 million W-2s representing about \$1.3 trillion wage items for Tax Years 1937 through 2014. In Tax Year 2014 alone, SSA added 7 million wage items representing \$77 billion in wage items to the ESF.

SSA has taken steps to reduce the size and growth of the ESF. In FY 2014, over \$1.1 billion was moved from the ESF to the MEF. The Agency offers employers the ability to verify names and SSNs of their employees using the Agency's SSN Verification Service, an online verification program, before reporting wages to SSA. In FY 2016, SSA processed about 179 million verification requests submitted by about 34,000 employers. SSA also supports the Department of Homeland Security's administration of its E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. As of FY 2016, about 680,000 employers submitted approximately 34.7 million queries.

While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the Agency's SSN Verification Service, and enhancing SSN verification feedback to provide employers with sufficient information on potential employee issues.

Assignment and Use of Nonwork Social Security Numbers

A-08-18-50500

SSA records show that the number of nonwork SSNs has increased annually over the last few years. For example, the number of nonwork SSNs increased from about 30,000 in Calendar Year 2011 to over 77,000 in Calendar Year 2016. Prior OIG audits have found that some individuals who had nonwork SSNs used them for unauthorized work. We plan to determine the reasons for assignment of nonwork SSNs and identify any other trends related to nonwork SSNs, such as geographical locations. We also plan to identify nonwork SSNs with posted earnings and assess any trends in employers/industries.

Employees at Federal Agencies with Suspended Wages and Non-Work Social Security Numbers

A-03-18-50538

Federal agencies are responsible for hiring individuals who meet Federal hiring authorities and are authorized to work in the United States. We will review SSA's Nonwork Alien file and Earnings Suspense file to determine whether Federal agencies are hiring individuals who are not authorized to work or whose names and SSNs do not match SSA's records.

Employers with Wages in the Nonwork Alien File

A-03-18-50537

Wages reported on Forms W-2 with nonwork SSNs are recorded on the Nonwork Alien file. SSA issues nonwork SSNs to individuals who do not have Department of Homeland Security work-authorization but do have valid nonwork reasons for the SSNs. Section 414 of the *Illegal Immigration Reform and Immigrant Responsibility Act of 1996* requires that SSA provide the Department of Homeland Security the name and address of the nonwork numberholder and the employer reporting the earnings as well as the amount of the earnings. For Tax Years 2014 through 2016, SSA reported that over 350,000 individuals, annually, were working with non-work SSNs. In addition, the E-Verify program was established to determine whether individuals were authorized to work in the United States. We will determine whether employees are working under nonwork SSNs and whether employers are using E-Verify to determine whether their employees are authorized to work in the United States.

Follow-up: Implementation of the Internet Social Security Number Replacement Card Process

A-08-17-50241

SSA issues millions of SSN replacement cards annually. To provide a new service delivery option for the public and reduce the number of replacement card requests in field offices and Social Security Card Centers, in November 2015, SSA developed an Internet-based SSN Replacement Card application. This allows adult U.S. citizens who have a *my Social Security* account and meet certain criteria to request SSN replacement cards online. They can complete an online SSN replacement card application by providing data from their State-issued driver's license or identification card. Individuals can use this new online SSN replacement card application if they do not have changes to their SSN record, such as name, date of birth, or

citizenship status. As of April 21, 2017, SSA had mailed over 287,000 online replacement cards to customers in 17 States. We will determine whether the Internet-based SSN Replacement Card process is functioning as designed.

Follow-up: The Social Security Administration's Program for Issuing Replacement Social Security Cards to Prisoners

A-08-18-50571

Effective May 1, 2017, SSA completed negotiations with the Federal Bureau of Prisons to expand enumeration services to prisoners set for release. SSA signed a modification to its current memorandum of understanding with the Bureau of Prisons that will allow prisoners to begin applying for replacement SSN cards 180 days before their release, instead of the former 120-day timeframe. In 2011, we reported that SSA had taken steps to enhance controls for issuing replacement SSN cards to prisoners. However, we determined that vulnerabilities existed, and the Agency needed to address those vulnerabilities to improve SSN integrity and security. For example, we determined that some field offices improperly accepted prisoner identification cards as evidence of identity. Further, we determined that prisons routinely submitted incorrect or incomplete replacement card applications. We will review SSA's program for issuing replacement SSN cards to prisoners.

Impact on Social Security Administration Benefits for Earnings Posted Before Enumeration

A-03-16-50132

The *Social Security Protection Act of 2004* requires that alien workers meet certain requirements to become fully insured and entitled to benefits. SSA policy allows noncitizen workers who meet the requirements of the Act to receive credit for wages they earned before they were authorized to work in the United States. These wages can be used for benefit entitlement. However, if a noncitizen worker is not issued a valid work-authorized SSN, such earnings cannot be used for benefit entitlement. We will determine whether wages posted before individuals received their SSNs were posted in compliance with the Act.

Institutionalized Beneficiaries with Earnings

A-02-17-50140

In a previous audit, we found SSA posted self-employment earnings to an institutionalized beneficiary's record, and the Agency issued the beneficiary a \$15,345 underpayment based on the earnings. The Agency also recalculated the beneficiary's payment amount based on the earnings, which increased the individual's monthly benefit from \$464 to \$1,033. The institution confirmed the beneficiary did not work and therefore could not have had self-employment earnings. This project will determine whether institutionalized beneficiaries have earnings posted to their records they did not earn and whether such earnings incorrectly increased the beneficiaries' payments.

Profile of Individuals with Wages Removed from the Earnings Suspense File

A-03-18-50542

The *Social Security Act* requires that SSA maintain records of wage amounts employers pay individuals. Employers report their employees' wages to SSA at the end of each tax year. As part of the Annual Wage Reporting process, SSA validates the earnings by matching the reported names and SSNs on the Form W-2, *Wage and Tax Statement*, against its SSN record. W-2s that contain names and SSNs that do not match are posted to the ESF—a repository of W-2s that failed SSA's name and SSN matching criteria. To reduce the ESF's growth rate, SSA uses a variety of operations and systems enhancements to reinstate wages from the ESF to individuals' earnings records. We will analyze the individuals who had wages reinstated from the ESF to determine why the wages were suspended.

Social Security Benefits Paid to Noncitizens Granted Deferred Action for Childhood Arrivals' Immigration Status

A-08-16-50063

The Department of Homeland Security grants individuals legal presence status under its Deferred Action for Childhood Arrivals (DACA) program. DACA applicants must have been younger than 31 as of June 15, 2012 and have continuously resided in the United States since June 15, 2007 up to the date of their application. Individuals who gain DACA status are eligible for work authorization, an SSN, and OASDI benefits if they meet all eligibility factors for the particular benefit and can provide sufficient documentation. However, DACA is not a legal status to receive SSI payments. We will determine whether SSA complied with its policies and procedures regarding DACA applicants' eligibility for benefits.

The Social Security Administration's Enumeration Control for Force Assigning Social Security Numbers and Correcting Social Security Number Records

A-04-18-50276

When SSA assigns an SSN, it creates a master record of relevant information about the numberholder in its Numident file. This information includes, but is not limited to, the numberholder's name, date of birth, place of birth, gender, parents' names, and citizenship status. Errors (for example, keying errors) could occur while the SSN record is established or updated. We will determine whether SSA has adequate controls to correct information on the Numident and force assign new SSNs.