

Audit Report

Performance Indicator Audit:
Disability Claims

A-15-12-12116 / April 2013

MEMORANDUM

Date: April 3, 2013 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Performance Indicator Audit: Disability Claims (A-15-12-12116)

We contracted with KPMG, LLP to evaluate three of the Social Security Administration's performance indicators (PI) established to comply with the *Government Performance and Results Act of 1993*. The attached final report presents the results of two of the PIs evaluated. For the PIs included in this audit, KPMG's objectives were to:

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

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



Patrick P. O'Carroll, Jr.

Attachment

Performance Indicator Audit: Disability Claims

A-15-12-12116



April 2013

Office of Audit Report Summary

Objectives

To (1) comprehend and document the sources of data that were collected to report on the specified performance indicator (PI); (2) identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were gathered; (3) test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for each of the specified PIs; and (4) recalculate each measure to verify its accuracy.

Background

We contracted with KPMG, LLP (KPMG) to evaluate two of the Social Security Administration's (SSA) PIs established to comply with the *Government Performance and Results Act of 1993*. KPMG audited the PIs, *Disability determination services cases production per work year (PPWY)* and *Achieve the target number of initial disability claims pending*, which was included in Social SSA's Fiscal Year (FY) 2011 *Performance and Accountability Report* (PAR).

Findings

KPMG tested the key internal controls over the Disability Operational Data Store, which generates the data supporting the PIs. Test work did not identify any findings related to the internal controls over the systems supporting the PI.

Disability Determination Services Cases PPWY

KPMG recalculated the PI and noted that the PPWY per their calculation was 300 compared to 287, as reported in the PAR. In addition, KPMG was unable to obtain underlying data supporting the PI. Based on test work performed, KPMG identified significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.

Achieve the Target Number of Initial Disability Claims Pending

KPMG noted one instance where SSA could not provide the detailed underlying data supporting the disability claims pending as of the end of FY 2011. While this is one instance, the detailed underlying data is key in determining the total number of disability claims pending at the end of the year and validating the accuracy of cases pending. Test work identified significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.

Recommendation

KPMG recommended that SSA use the same formula it uses to calculate the PPWY as reported in the FD:15, Staffing and Workload Analysis Report to calculate the PPWY, as reported in the PAR.

The Agency agreed with our recommendation.

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ABBREVIATIONS

Act	Social Security Act
DDS	Disability Determination Services
DiODS	Disability Operational Data Store
FD:15	Staffing and Workload Analysis Report
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	<i>Government Performance and Results Act of 1993</i>
MCS	Modernized Claims System
NDSS	National Disability Determination Services System
OASDI	Old-Age, Survivors and Disability Insurance
OASSIS	Office of Applications and Supplemental Security Income Systems
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PI	Performance Indicator
PPWY	Production Per Work-Year
Pub. L. No.	Public Law Number
SAOR	State Agency Operations Report
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
U.S.C.	United States Code
VSAM	Virtual Storage Access Method

MEMORANDUM

Date: March 13, 2013

To: Inspector General

From: KPMG, LLP

Subject: Performance Indicator Audit: Disability Claims (A-15-12-12116)

OBJECTIVES

The *Government Performance and Results Act of 1993* (GPRA)¹ seeks to improve the Government's internal management, as well as program effectiveness and public accountability, by promoting a new focus on results, service quality, and customer satisfaction.² Specifically, GPRA requires that the Social Security Administration (SSA) establish performance indicators (PI) to measure or assess each program activity's relevant outputs, service levels, and outcomes.³ GPRA also requires a description of the means employed to verify and validate the measured values used to report on program performance.⁴

For this audit of SSA's PIs for Fiscal Year (FY) 2011, *Disability determination services cases production per work year* and *Achieve the target number of initial disability claims pending*, our objectives were to:

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

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

² Id. at §§ 2(a)(3) and (6).

³ 31 U.S.C. § 1115(a)(4).

⁴ 31 U.S.C. § 1115(a)(6).

This performance audit did not constitute an audit of financial statements in accordance with generally accepted government auditing standards. KPMG, LLP (KPMG) was not engaged to, and did not, render an opinion on SSA's internal controls over financial reporting or financial management systems (for purposes of Office of Management and Budget Circular A-127, *Financial Management Systems*, January 9, 2009, as revised). KPMG cautions that projecting the results of its evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

BACKGROUND

We audited the following PIs, which were included in SSA's FY 2011 *Performance and Accountability Report* (PAR).

Table 1: PIs

PI	FY 2011 Target	FY 2011 Actual
Disability determination services cases production per work-year. ⁵	275 ⁶	287 ⁷
Achieve the target number of initial disability claims pending. ⁸	845,000 ⁹	759,023 ¹⁰

The strategic objectives related to these PIs are: *Fast-track cases that obviously meet our disability standards* and *Make it easier and faster to file for disability benefits online*. Both PIs and strategic objectives correspond to SSA's Strategic Goal 2, *Improve the speed and quality of our disability standards*.¹¹

⁵ SSA's FY 2011 PAR, page 60.

⁶ Id.

⁷ Id.

⁸ SSA's FY 2011 PAR, page 62.

⁹ Id.

¹⁰ Id.

¹¹ Annual Performance Plan for FY 2012 and Revised Final Performance Plan for FY 2011, page 8.

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. The OASDI program, authorized by Title II of the *Social Security Act* (Act), provides income for eligible workers and eligible members of their families and survivors.¹² Social Security Disability Insurance (SSDI) provides entitlement benefits under the OASDI program, as authorized by Title II of the Act. SSDI provides income for eligible workers with qualifying disabilities and eligible members of their families before those workers reach retirement age.¹³ The SSI program, authorized by Title XVI of the Act, was designed as a needs-based program to provide or supplement the income of aged, blind, and/or disabled individuals with limited income and resources.¹⁴

RESULTS OF REVIEW

Disability Determination Services Cases Production Per Work-year

Background

The disability determination services (DDS) cases production per work-year (PPWY) PI was formerly a program performance measure¹⁵; it became a new GPRA PI in FY 2011. The PI is based primarily on workload and work-year data obtained from the State Agency Operations Report (SAOR), which is generated from the Disability Operational Data Store (DiODS) database. Workload data represent disability claims processed, while work-year data are the number of hours provided by one employee working full-time for 1 year. A work-year includes both direct and indirect time and includes everyone on the DDS payroll as well as furlough, non-Federal, field office detail, clerical contract, non-clerical contract, part-time, part-time temporary, and overtime hours. The DDS is responsible for manually inputting work-year data in DiODS. DiODS generates the DDS Staffing and Workload Analysis Report (FD:15). The FD:15 is a FY-to-date cumulative report and is used to calculate a cumulative PPWY, adjusted cumulative PPWY, PPWY current week, rolling 4 week PPWY, and quarterly PPWY. The formula used to calculate the PPWY for the FY is the adjusted cumulative PPWY.

PI Calculation

The PI is derived by determining the average number of all DDS cases produced per work-year expended for all work.

¹² The Act §§ 201, 202 and 223, 42 U.S.C. §§ 401, 402 and 423.

¹³ Id.

¹⁴ The Act § 1602, 42 U.S.C. § 1381a.

¹⁵ A diagnostic tool designed by the Office of Management and Budget to examine different aspects of program performance and identify the strengths and weaknesses of a given Federal program.

Table 2: DDS cases PPWY Formula

Total Clearances/			
(Full-time Permanent Staff + Full-Time Temporary Staff)*(State Workweek Hours)	Less: (Furlough Hours + Non-Federal Hours + Field Office Detail Hours - Clerical Contract Hours - Non-Clerical Contract Hours)/40	Plus: (Part-Time Hours + Part-Time Temporary Hours)/40	Plus: Cumulative Overtime Hours/33.75
/52			

Findings

We tested the key internal controls over DiODS. Our testwork did not identify any findings related to the internal controls over the system supporting the PI.

We recalculated the PI and noted that the PPWY per our calculation was 300 compared to 287, as reported in the PAR. In addition, we were unable to obtain underlying data supporting the PI. Based on testwork performed, we identified significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.

Accuracy of the PI

In accordance with SSA's Management Information Manual, the PPWY is calculated using the adjusted cumulative PPWY formula.¹⁶ We were unable to recalculate the PI using the adjusted cumulative PPWY formula because SSA used a different formula. SSA used the following calculation to determine its actual performance for FY 2011.

$$\text{DDS Cases PPWY} = \frac{\text{Total Clearances}}{\text{Work-Year Used}}$$

We noted that, while we were able to recalculate the PI using the formula SSA actually used, it was not the same formula described in the Management Information Manual. As a result, we were unable to determine the accuracy of the PI.

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

The Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government states that "... all transactions and significant events need to be clearly documented

¹⁶ Management Information Manual, Part-IV for the DDS Work Measurement System, Chapter 2400, page 6.

and the documentation should be readily available for examination.”¹⁷ We were unable to obtain the detailed data supporting the SAOR because SSA deemed the SAOR as the support and did not require that the DDS provide the detail supporting the SAOR. We also noted that the DDS manually inputs the hours reported in the SAOR, and there is no supporting documentation for the hours. As a result, we were unable to verify the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for this PI.

Achieve the Target Number of Initial Disability Claims Pending

Background

Claimants initiate a disability claim by filing an initial disability application and SSA Forms 3368, *Disability Report Adult*, or 3820, *Disability Report Child*. The application and Forms 3368 or 3820 can be submitted to SSA by a claimant in one of three ways:

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

All initial disability applications are processed at 1 of more than 1,300 field offices that are aggregated into 10 regions. Regardless of how a claim is filed, a local field office representative reviews all initial disability claims submitted. There are various other forms that may also be required depending on a claimant’s work status, age, disability allegations, mental health, income, work history, and education. However, SSA Forms 3368 or 3820 are required for all claimants as these Forms contain the information necessary for determining whether an individual qualifies for DI or SSI.

PI Calculation

The PI is derived by determining the number of OASDI or SSI initial disability claims pending in the State DDS and other agency components in the current FY.

Findings

We tested the key internal controls over DiODS. Our testwork did not identify any findings related to the internal controls over the system supporting the PI.

¹⁷ GAO Standards for Internal Control in the Federal Government, GAO/AIMD-00-21.3.1, November 1999, page 15.

We noted one instance where SSA could not provide the detailed underlying data supporting the disability claims pending as of the end of FY 2011. While this is one instance, the detailed underlying data is key in determining the total number of disability claims pending at the end of the year and validating the accuracy of cases pending. Our testwork identified significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.

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

GAO's Standards for Internal Control in the Federal Government states that, ". . . all transactions and significant events need to be clearly documented and the documentation should be readily available for examination."¹⁸ We were unable to obtain the detailed data supporting the PI because SSA had no requirement to maintain it. As a result, we were unable to verify the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for this PI.

CONCLUSIONS

Based on the results of our audit, we do not believe the PIs were adequate, accurate, reasonable, complete, and consistent with the underlying data. We noted, however, that internal controls over the system supporting the PIs were operating effectively.

In response to prior PI audits, SSA stated it did not maintain data to support some PIs as a result of computer storage capacity issues and staffing resources. Over the past several years, technology has evolved and the cost of storing data has decreased. Therefore, this is an opportune time for SSA to reevaluate computer storage capacity and cost. In prior audits, SSA also quoted Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission and Execution of the Budget*¹⁹, which states, "Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data will exceed the value of any data so obtained."²⁰ Currently, Circular A-11 states, Performance data need not be perfect to be reliable; however, significant data limitations can lead to inaccurate assessments and distort performance results. Examples of data limitations include imprecise measurement and recordings, incomplete data, inconsistencies in data collection procedures, and data that are

¹⁸ GAO Standards for Internal Control in the Federal Government, GAO/AIMD-00-21.3.1, November 1999, page 15.

¹⁹ OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, August 2012, Section 260.9.

²⁰ OIG Performance Indicator Audit: Outstanding Debt (A-02-05-15116, January 27, 2006, page D-2).

too old and/or too infrequently collected to allow quick adjustments of agency action timely and cost-effectively.²¹

Additionally, Circular A-11, section 260.9, states that verification and validation of performance data to support the general accuracy and reliability of performance information reduces the risk of inaccurate performance data and provides a sufficient level of confidence to the Congress and the public that the information presented is credible.²² Although we are not making formal recommendations related to maintaining data, we encourage SSA to revisit the issue of maintaining data to support the PIs reported in the Agency's annual PAR. Maintaining the supporting data would enable third-party evaluations of the PI, as suggested by Circular A-11.

RECOMMENDATION

We recommend that SSA use the same formula it uses to calculate the PPWY as reported in the FD:15 report to calculate the PPWY as reported in the PAR.

AGENCY COMMENTS

The Agency agreed with our recommendation. In addition, the Agency provided general comments on the report, which we addressed in our response. The Agency's complete comments are included in Appendix C.

KPMG'S RESPONSE

KPMG responses to the Agency's general comments are as follows:

General Comments - Paragraph 2

In Appendix A, Scope and Methodology, we state in the last bullet that we considered the transactions through week 53 in recalculating the PI because the FY contained 53 weeks rather than the usual 52. While we agree that we were able to recalculate the PPWY, we disagree with the Agency's statement that there were no significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data. We also disagree that our findings were the result of misinterpretations of what a work-year includes and the use of the Management Information Manual. Our finding was the direct result of SSA providing three different formulas, each yielding a different PPWY calculation. As a result, we were unable to determine the actual PPWY calculation for the FY. Further, management was unable to provide the underlying data supporting the calculation of the PPWY.

²¹ OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, August 2012, Section 260.9.

²² Id.

General Comments - Paragraph 3

We disagree with the Agency's statement that there were no significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data. We based our findings on SSA's inability to provide the underlying data supporting the PIs. We routinely request the underlying data and, as stated in the report, it is key in determining the total number of disability claims pending at the end of the year and validating the accuracy of cases pending. Without that data, we cannot determine whether case closing dates were accurate or whether pending cases were accurate. While there were no issues with the internal controls over the system, we could not rely solely on the internal controls to verify the accuracy of data input. The internal controls tested verified that the system processed transactions accurately but cannot be relied on for data input accuracy. Furthermore, for disability claims pending, our report did not state we were able to recalculate the PI. We were unable to recalculate the PI because the underlying data was key to determining the accuracy of the PI.

General Comments - Paragraph 4

As storage capacity technology improves, it is beneficial for SSA to consider the impact improved storage capacity has on its costs to acquire new technology and its limited staffing resources. Without an evaluation, SSA cannot determine whether acquiring additional storage capacity outweighs the costs of not acquiring the additional storage and its impact on staffing resources.

General Comments - Paragraph 5

We reviewed and considered the suggested edits. However, we believe they change the facts we obtained through our interviews and review of agency documents. Therefore, we did not incorporate any of the suggested edits.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

We obtained an understanding of the Social Security Administration's (SSA) *Government Performance and Results Act of 1993*¹ business processes related to the performance indicators (PI), *Disability determination services cases production per work-year* and *Achieve the target number of initial disability claims pending*. Our understanding was obtained through research and interviews with key SSA personnel from the Offices of Disability Determination (ODD) and Applications and Supplemental Security Income Systems (OASSIS).

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

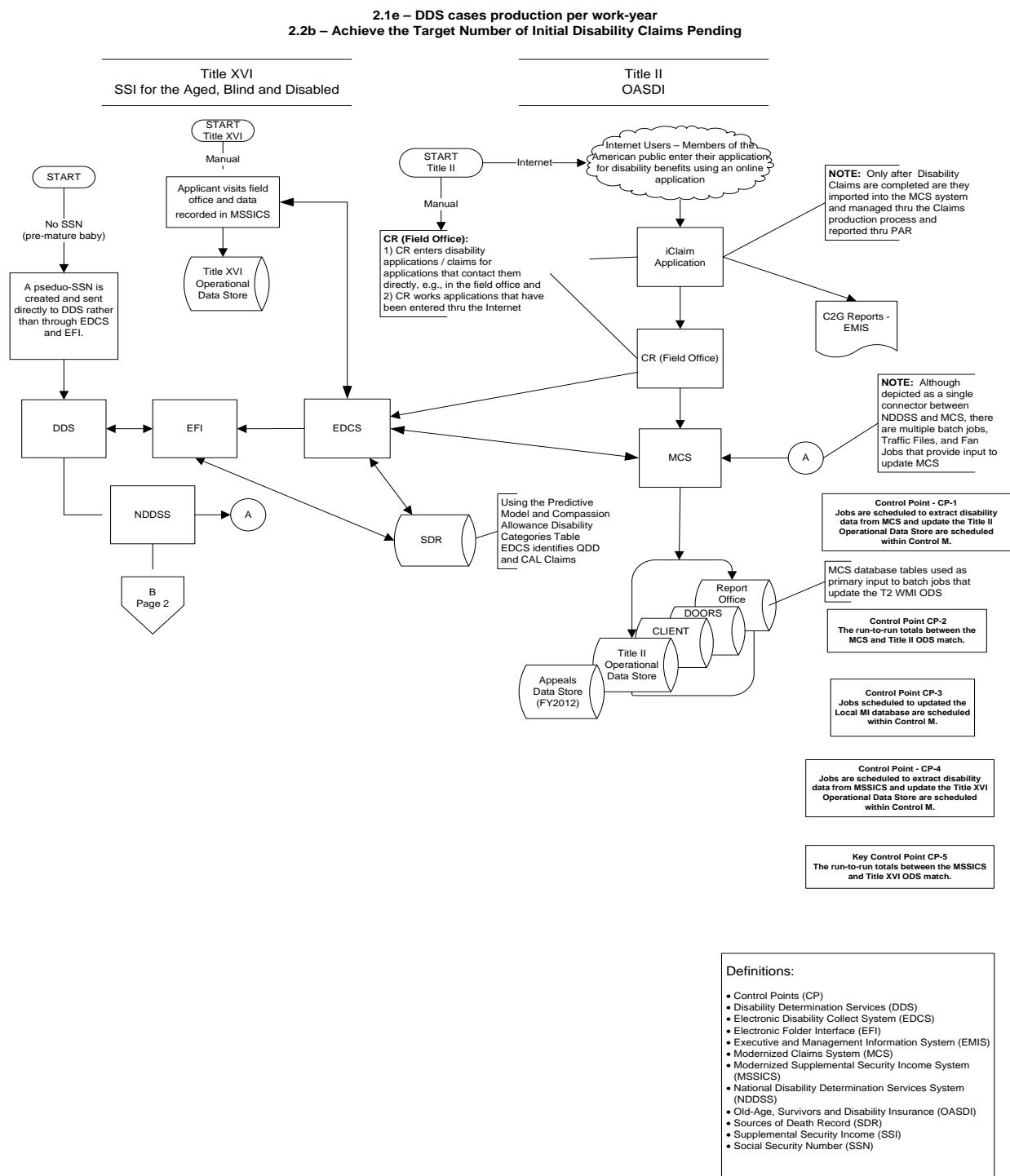
- Reviewed the Annual Performance Plan for Fiscal Year (FY) 2011 and Revised Final Performance Plan for 2011 to obtain an understanding of the FY 2011 PIs.
- Reviewed prior Office of the Inspector General and Government Accountability Office reports related to SSA's PIs.
- Reviewed applicable laws, regulations, and SSA policy.
- Reviewed documentation and flowcharts of the PI components.
- Flowcharted the disability claims process (see Appendix B)
- Identified and tested key controls related to manual or basic computerized processes (for example, spreadsheets, databases, etc.).
- Determined the adequacy, accuracy, reasonableness, completeness, and consistency of performance data reported in SSA's FY 2011 Performance and Accountability Report.
- Assessed the completeness and accuracy of the data to determine their reliability as they pertain to the audit objectives.
- In recalculating the performance data, we considered transactions through week 53. Every 5 or 6 years, the FY contains 53 weeks rather than the normal 52. FY 2011 was a 53-week FY.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. SSA could not provide certain evidence requested. However, we believe the lack of evidence obtained does not preclude a reasonable basis for our findings and conclusions based on our audit objectives. Further, we could not assess data reliability.

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

Appendix B – FLOWCHARTS AND NARRATIVES

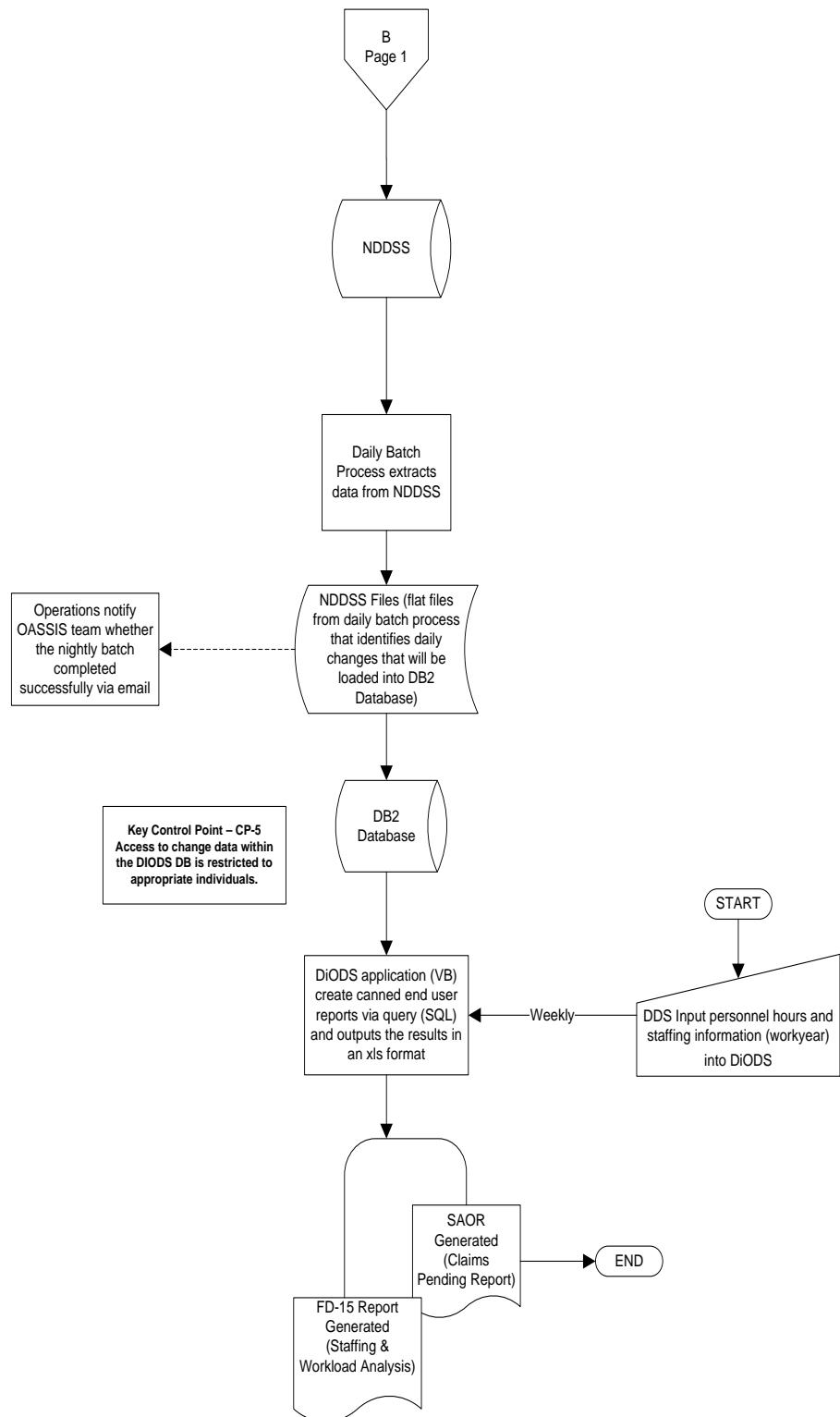
Figure B-1: DDS Cases Production per Work-Year and Disability Claims Pending Systems Process Flowchart



Definitions:

- Control Points (CP)
- Disability Determination Services (DDS)
- Disability Operational Data Store (DiODS)
- Federal Disability (FD)
- Microsoft Excel (xls)
- Modernized Claims System (MCS)
- Modernized Supplemental Security Income System (MSSICS)
- National Disability Determination Services System (NDDSS)
- Office of Applications and Supplemental Security Income Systems (OASSIS)
- State Agency Operations Report (SAOR)
- Structured Query Language (SQL)
- Social Security Administration Claims Control System (SSACCS)
- Visual Basic (VB)

2.1e – DDS cases production per work-year
2.2b – Achieve the Target Number of Initial Disability Claims Pending



PROCESS NARRATIVES

DDS Cases Production Per Work-year

DDSs are State entities that make disability determinations based on the Social Security Administration's (SSA) laws, regulations, and guidelines. SSA pays 100 percent of necessary costs incurred by the States in performing the disability function.¹ The DDS inputs the receipt of a disability claims into the National Disability Determination Services System (NDDSS). NDDSS receives the claimant information from one of three systems: Modernized Claims (MCS), Modernized Supplemental Security Income, or Social Security Administration Claims Control. Once the DDS receives the information, it reviews the medical evidence and makes a medical determination. If the evidence is insufficient, the DDS schedules a consultative examination. After a decision has been made, the DDS inputs the information on Form SSA-831, *Disability Determination and Transmittal*. The claim is then approved or denied, which results in the end of the medical portion of the decision. At this point, the case is closed in NDDSS.

The NDDSS interfaces with the Disability Operational Data Store (DiODS) through a nightly batch file, which provides processed claims data. The DDS also manually inputs personnel hours and staffing information into DiODS. DiODS combines these two numbers to calculate the cumulative claims processed per work-year for each State or region as well as the entire nation. DiODS generates the DDS Staffing and Workload Analysis (FD:15) Report. The FD:15 is a fiscal year-to-date cumulative report and is used to calculate a cumulative PPWY, adjusted cumulative production per work-year (PPWY), PPWY current week, a rolling 4 week PPWY, and a quarterly PPWY. The formula used to calculate the PPWY for the FY is the adjusted cumulative PPWY.

The Office of Disability Determinations (ODD) reviews the weekly FD:15 to identify anomalies and notifies the Office of Applications and Supplemental Security Income Systems (OASSIS) of any corrections. OASSIS then corrects the errors and generates a new report for ODD review.

Achieve the Target Number of Initial Disability Claims Pending

When an applicant selects the option “Applying for Disability benefits,” they are sent to the link entitled “Apply for Disability Benefits.” An applicant/claimant can apply for a Disability claim based on only two options: (1) Child (under age 18) and (2) Adult (age 18 or older). After selecting an option, the applicant/claimant identification linked to a series of steps that must be completed for SSA to evaluate the medical information entered through the online facility for additional review. Consistent with applying for retirement benefits through the online facility, the personal and medical information entered through the online system is not retained until the

¹ Program Operations Manual System Section DI 39501.020 Federal/State Relationship.

application/claimant reaches a point in the session where they are provided a unique “application number.” Also consistent with applying for retirement benefits through the online facility, the system automatically sets a record entry indicator to “online.” Information provided during the fieldwork indicated that, until the disability claim record is added to the MCS production environment, the record is not considered “complete” and is open to modification by a customer representative from a field office or DDS. Claims that have been entered through the online facility have to be reviewed by an SSA field office or Immediate Claims Taking Unit consistent with those entered by a DDS or field office.

Whether an adult or child makes a disability claim, the record entry indicator would be set to indicate the information was entered through the online facility in the same manner. If the applicant/claimant is unable to complete the online process and an iClaim through the Internet, they can go into a field office and establish a claim.

However, since only “submitted” or completed claims will be processed by the MCS production environment, if the claims representative would have to start a brand new claim within MCS.

When the iClaim record enters the SSA environment, claimant information is validated against the NUMIDENT database. This database contains the date of birth and Social Security number and identifies that the individual is in the system. The claimant is allowed three tries to successfully enter the proper date of birth and Social Security number. After the third attempt, they are locked out of the application for 24 hours. Once they are locked out of the application, a message page is displayed to the user to contact the 800-number. During this period, the claimant cannot change their information through the online facility.

Once the claimant successfully enters their contact information and citizenship/birth information, they receive an application number. The application number establishes a partial record. Once an application number has been established, the claimant has 6 months to complete the application online before the record is purged from the iClaim data store. Information submitted during the application process is maintained in the iClaim data store Virtual Storage Access Method (VSAM) file. Completed claims are retrieved from this VSAM file by the claims representatives and directed to MCS.

Only those claims flagged as “completed” will be extracted from the working environment and processed through MCS to update the production databases. These databases include, but are not limited to, the following: (1) Title II and XVI; (2) client-specific databases; (3) Detailed Office Organization Resource System; and (4) report office. Claim changes that have been processed in MCS are processed into the Electronic Disability Collect System. Claims data are then downloaded to the Structured Data Repository where they are made available to DDS and field offices. Once a claim record is processed into MCS and the supporting databases, it is fully modifiable through the data entry process.

Appendix C – AGENCY COMMENTS



MEMORANDUM

Date: March 12, 2013 Refer To: S1J-3

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

From: Kate Thornton /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Performance Indicator Audit: Disability Claims”
(A-15-12-12116)—INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“PERFORMANCE INDICATOR AUDIT: DISABILITY CLAIMS” (A-15-12-12116)**

We are pleased you were able to recalculate the performance indicators (PI) using the formulas we used. However, the report contains some overarching themes that concern us.

For the number of disability claims processed per work year (PPWY), we do not agree that there are significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data. You accurately report that, in fiscal year (FY) 2011, we used a different formula from what our procedures state. The report should explain why we modified our formula to account for a 53rd week in the performance calculation. We believe there were a number of other factors that contributed to the finding, including misinterpretations of what a workyear does and does not include; the disability determination services use of the management information manual; and the FY 2011 modified formula and its relationship to the measures reported in our Performance and Accountability Report.

For achieving the target number of initial disability claims pending, we do not agree that there are significant findings related to the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data. You accurately report one instance where we could not provide the detailed underlying data. However, for both indicators: (1) you were able to recalculate the indicators, and (2) your testwork did not identify any findings related to the internal controls over the systems supporting the PI.

Regarding the data retention issue, you cite the current Office of Management and Budget Circular A-11, which states “Performance data need not be perfect to be reliable; however, significant data limitations can lead to inaccurate assessments and distort performance results.” The circular does provide for cost considerations by stating, “Agencies can calibrate the accuracy of the data to the intended use of the data and the cost of improving data quality.”

http://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/a_11_2012.pdf (Section 260.9). In response to prior audits, we noted computer storage issues and staffing resources as cost considerations. In today’s fiscal climate, limitations on staffing resources continue to be a challenge. Therefore, when considering overall costs, we question whether it is accurate to say, “this is an opportune time for SSA to reevaluate computer storage capacity and cost.”

Lastly, many of your past PI audits validated our robust, systematic method and process for accurately reporting on workloads and performance measures. We appreciate your staff’s willingness to address these issues for this current report. We are submitting a detailed track changes document to your staff concurrently with these comments. The additional comments include suggested revised language to ensure the report accurately reflects our process for documenting and calculating these indicators in FY 2011.

Recommendation 1

Use the same formula it uses to calculate the PPWY as reported in the FD:15 report to calculate the PPWY as reported in the PAR.

Response

We agree.



Appendix D – MAJOR CONTRIBUTORS

Victoria Vetter, Director, Financial Audit Division

Mark Meehan, Audit Manager, Financial Audit Division

Kali Biagioli, Senior Auditor, Financial Audit Division

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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