



Office *of the* Inspector General  
SOCIAL SECURITY ADMINISTRATION



## Semianual Report to Congress

April 1, 2017 - September 30, 2017

Fall Edition

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## A MESSAGE FROM THE ACTING INSPECTOR GENERAL

"Change is the law of life," said President John F. Kennedy, born 100 years ago this past May.

Regardless of changes that may affect Federal agencies, one constant is the commitment of their inspectors general (IG) to promote the integrity of agency programs and operations. Objective and independent oversight of Federal agencies allows their leadership and Congress to identify ways to improve Government efficiency, effectiveness, and accountability.



The Office of the Inspector General (OIG) at the Social Security Administration (SSA) upholds this commitment by pursuing Social Security fraud investigations, to return stolen money to SSA and prevent future losses; and by conducting audit reports that identify Social Security program vulnerabilities and providing recommendations to address them. I am proud to present this *Semiannual Report to Congress*, which presents our significant investigative, audit, and legal accomplishments for the reporting period of April 1, 2017 through September 30, 2017.

Our accomplishments during the reporting period include:

➤ **Restitution of \$93 Million**

Our special agents' efforts contributed to significant judicial actions related to their investigation of a large-scale disability fraud scheme in Kentucky and West Virginia. In June 2017, a jury convicted a Kentucky psychologist for his role in the scheme; the investigation found the man signed numerous fraudulent medical forms prepared by a Kentucky attorney, in support of Social Security disability applications, for a fee. In September 2017, a judge sentenced the man to 25 years in prison and ordered him to repay more than \$93 million to SSA and the Department of Health & Human Services.

➤ **Identified Underpayments of \$285 Million**

Our auditors recommended that SSA should determine if it needs additional controls to identify widow(er)s who may be eligible for additional Social Security benefits. We made this recommendation after we analyzed Social Security data and estimated that SSA underpaid \$285 million to more than 110,000 widow(er)s who were eligible for an earlier month of entitlement.

➤ **Whistleblower Protection**

Our attorneys fulfilled their responsibility to inform and educate SSA employees about their rights and protections from retaliation, provided to them under whistleblower protection laws, when submitting whistleblower allegations. Further, we worked with the U.S. Office of Special Counsel to recertify our Whistleblower Ombudsman Program.

We remain committed to reviewing Social Security's programs and operations and detecting Social Security fraud and waste. Changes might be on the horizon across the Government, but our dedication to effective agency oversight remains the same.

A handwritten signature in black ink, appearing to read "Gale Stallworth Stone".

Gale Stallworth Stone  
Acting Inspector General

## EXECUTIVE SUMMARY

Our Semiannual Report to Congress presents the significant activities of SSA's Office of the Inspector General (OIG) from April 1, 2017 through September 30, 2017, documenting the achievements of the OIG's Offices of Audit (OA), Investigations (OI), and Counsel (OCIG), and the OIG's support components.

Key Accomplishments	
April 1, 2017 through September 30, 2017	
<b>Audit Reports Issued</b>	53
<b>Questioned Costs</b>	\$2,643,797,797
<b>Funds Put to Better Use</b>	\$516,764,221
<b>Allegations Received</b>	84,601
<b>Investigations Opened</b>	3,418
<b>Investigations Closed</b>	3,431
<b>Arrests</b>	137
<b>Indictments/Informations<sup>1</sup></b>	380
<b>Criminal Convictions</b>	437
<b>Civil Actions/Civil Monetary Penalties</b>	101
<b>Cooperative Disability Investigations</b>	
--Claims Denied/Ceased	1,971
--Projected SSA Savings	\$108,168,734
--Projected Non-SSA Savings	\$126,660,598

### Audit

We issued 53 reports and made recommendations on various challenges facing SSA. In these reports, we identified over \$2.6 billion in questioned costs and more than \$516 million in Federal funds that could be put to better use.

During the reporting period, we conducted an audit that found that 7,222 (11 percent) of the 64,978 individuals in our population will not repay their entire overpayment balance before they reach life expectancy. We estimated that over \$971 million (44 percent) of the more than \$2.2 billion outstanding overpayment balance might never be collected.

### Investigations

During the reporting period, we received more than 84,000 allegations from SSA employees, Congress, the public, law enforcement agencies, and other sources. OIG agents closed 3,431 criminal investigations, and reported 137 arrests, 380 indictments and informations, 437 criminal convictions (including pretrial diversions), and 101 civil judgments or Civil Monetary Penalty (CMP) assessments.

We are reporting over \$218 million in investigative accomplishments, including over \$74 million in SSA recoveries, restitution, fines, settlements, and judgments.<sup>1</sup>

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<sup>1</sup> An information is similar to an indictment in that it is a charging document in a criminal case.

## Legal

OIG attorneys provide legal support to all aspects of the OIG mission to ensure legal sufficiency, accuracy, and consistency. OCIG maintains an attorney-on-call phone line to provide “real-time” legal advice. OIG attorneys provided legal support by timely evaluating:

- New and modified Cooperative Disability Investigations (CDI) unit agreements and a myriad of legal issues relating to CDI investigations;
- The legal sufficiency of 699 subpoenas, including 549 in the new automated Subpoena Tool;
- Requests for special agent testimony and investigative documents in Federal, state and local courts and administrative proceedings, determining appropriate testimony and document production, and assisting in testimony preparation; and
- 42 *Freedom of Information Act* requests for OIG records for appropriate disclosure.

Furthermore, OIG attorneys reviewed and commented on numerous legislative proposals through SSA requests and participation in the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. They additionally maintained principal roles with CIGIE working groups to draft IG community wide guidance to facilitate the implementation of the *Inspector General Empowerment Act* amendments to the *Inspector General Act*.

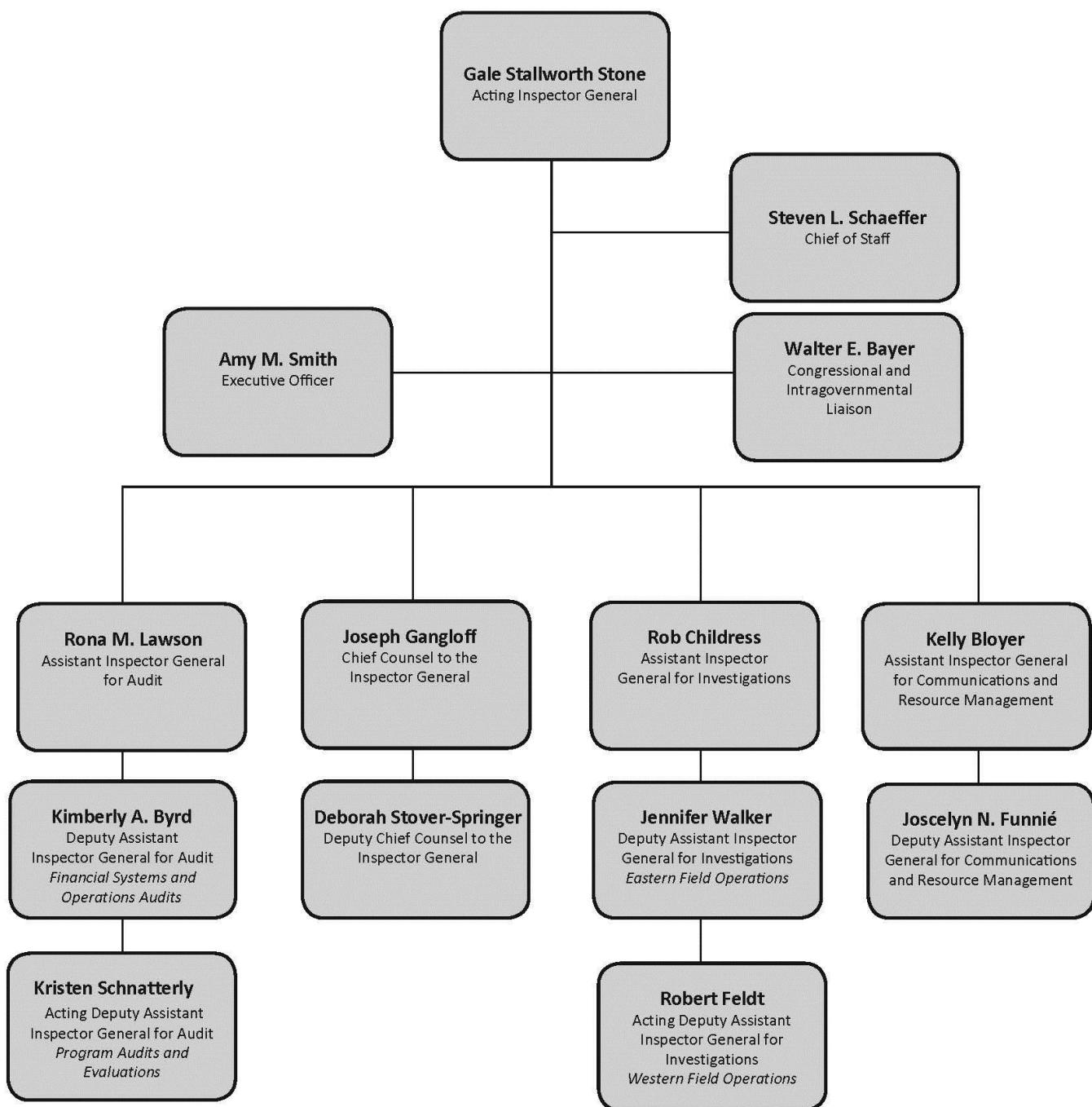
## Outreach

During the reporting period, the Acting Inspector General and other OIG executives presented on OIG topics and issues to various external audiences and stakeholders, including the National Association of Disability Examiners, the Association of Government Accountants, the Social Security Advisory Board, and several Congressional oversight committees.

We also undertook a communications outreach plan to educate the public about telephone schemes. After receiving several allegations from people who received questionable phone calls from individuals impersonating OIG special agents and SSA employees, the OIG distributed several fraud advisories about these schemes and participated in media interviews, which generated widespread media coverage and alerted the public about this issue.

# INTRODUCTION TO OUR ORGANIZATION

As of September 30, 2017



SSA OIG comprises the Immediate Office (IO) of the Inspector General (IG) and four major components: Audit (OA), Communications and Resource Management (OCRM), Counsel (OCIG), and Investigations (OI).

## **Immediate Office of the Inspector General**

IO staff assists the IG and Deputy IG with the full range of their responsibilities, and coordinates with external entities. Our IO includes the Office of Quality Assurance and Professional Responsibility, which ensures compliance with Federal laws and regulations, Agency policies, and relevant professional standards; staff members investigate OIG employee misconduct.

## **Office of Audit**

OA conducts financial and performance audits of SSA programs and operations and make recommendations to ensure that SSA achieves program goals effectively and efficiently. Financial audits determine whether SSA's financial statements fairly represent SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations on issues of concern to SSA, the Congress, and the public.

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

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

## **Office of the Counsel to the Inspector General**

OCIG provides independent legal advice and counsel to the IG and OIG senior executives on a wide range of issues affecting audits, investigations and administration, including statutes, regulations, legislation and policy directives. Legal advice includes investigative procedures and techniques, *Freedom of Information Act* requests, *Privacy Act* disclosures, Congressional responses, and cooperative agreements between state and local law enforcement and SSA for the nation-wide CDI program. OCIG administers the CMP program.

## **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, and by SSA employees. OI serves as the OIG's liaison to the Department of Justice (DOJ) on all investigative matters. OI conducts joint investigations with other law enforcement agencies, and share responsibility with the Department of Homeland Security's (DHS) Federal Protective Service for investigating threats or violence against SSA employees and facilities.

## SSA MANAGEMENT CHALLENGES

The OIG annually identifies the most significant management and performance challenges facing SSA based on legislative mandates and our audit and investigative work. Listed below is a summary of each challenge.

### IMPROVE ADMINISTRATION OF THE DISABILITY PROGRAMS

While the number of pending initial disability claims has decreased, SSA still faces challenges with pending hearings and appeals. Continued focus is necessary to simplify work incentive regulations and create new opportunities for returning beneficiaries to work. SSA ended Fiscal Year (FY) 2016 with almost 568,000 initial disability claims pending. In addition, SSA has had a backlog of full medical continuing disability reviews (CDR) since FY 2002. With increased program integrity funding in recent years, the backlog was reduced to about 280,000 at the end of FY 2016. SSA increased the number of full medical CDRs it completed, and expects to eliminate the backlog by the end of FY 2018.

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 41 percent from 426 days at the end of FY 2010 to 599 days as of July 2017. During the same period, the pending hearing backlog grew 53 percent, from 705,367 cases at the end of FY 2010, to 1.1 million cases at the end of July 2017.

The returning to work reviews have found that few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. For example, in FY 2015, less than 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use. In addition, an independent evaluation failed to provide strong evidence of the Ticket Program's effect on employment and concluded that many successful program participants might have been equally successful without SSA-financed services or with services provided by state vocational rehabilitation agencies under the payment system that predated the Ticket Program.

### REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

SSA is responsible for issuing nearly \$1 trillion in benefit payments per year, to a monthly average of nearly 70 million people. Given the large overall dollar amounts involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in overpayments or underpayments. In its FY 2016 *Agency Financial Report*, SSA estimated it made about \$7.4 billion in improper payments in FY 2016 and incurred an administrative cost of \$0.07 for every overpayment dollar it collected. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs that SSA administers, some payment errors will occur. Nonetheless, SSA has not met its payment accuracy goals. For example, in FYs 2012 through 2015, SSA's goal was 95-percent payment accuracy for Supplemental Security Income (SSI), but SSA fell short of this goal in each of these years. OIG noted in a May 2017 report that SSA was not compliant with the *Improper Payments Elimination and Recovery Act of 2010* requirements for meeting its targeted payment accuracy rates.

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2016, it recovered \$3.3 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the year with an uncollected overpayment balance of \$20.5

billion. SSA needs to develop analytical measurements to ensure a positive return on existing corrective action investments and further identify initiatives to reduce and recapture improper payments.

## **IMPROVE CUSTOMER SERVICE**

SSA faces several challenges as it pursues its mission to deliver quality services to the American public, including an increase in workloads and a decrease in experienced employees as they are expected to retire. In FY 2016, SSA served over 43 million visitors in over 1,200 field offices nationwide, an 8-percent increase from over 40 million visitors in FY 2015. In 2017, SSA estimated the retirement of the baby boom generation would increase the number of beneficiaries through 2037, thereby increasing SSA's workload. Based on the estimates, SSA expected the number of beneficiaries to increase by 43 percent over the next 20 years. In addition, SSA stated that one of its greatest challenges is replacing the loss of its most experienced employees, especially in SSA's current leadership ranks. In its September 2017 issue of Workforce at a Glance, SSA reported about 31 percent of its employees were baby boomers or older and about 15 percent of its employees were eligible for retirement. As of 2017, SSA expected about 1,952 of its 6,505 supervisors would be eligible for retirement in the next 5 years. Further, the demand for online services is expected to increase as the baby boom generation ages. SSA expected to complete 137 million transactions via SSA's online services in FY 2017, a 20 percent increase from FY 2016 and a 57-percent increase from FY 2015. Finally, our audits continue to identify challenges with SSA's administration of the representative payment program, and our investigations identified various types of representative payee fraud. SSA acknowledges representative payees play a significant role in many beneficiaries' lives, as it explores ways to better identify, screen, and appoint representative payees.

## **MODERNIZE INFORMATION TECHNOLOGY INFRASTRUCTURE**

SSA must modernize its information technology (IT). SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. SSA continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. To ensure SSA can keep pace with increasing workloads, SSA must maintain its legacy systems while developing their modern replacements. One of SSA's priorities is to improve customer service and convenience by increasing online transactions. To achieve that goal, SSA continues enhancing its [my Social Security](#) online portal. For example, SSA plans to redesign the portal and expand the services within [my Social Security](#) to additional user groups, including representative payees, appointed representatives, and business users. In addition, SSA will enhance security and improve the portal's design to allow broader access from a variety of devices, such as smartphones and tablets. In September 2016, we recommended that SSA improve its access controls for [my Social Security](#).

SSA also faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget. For example, to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA continues to develop the Disability Case Processing System (DCPS). Once implemented, DCPS will be used by all disability determination services (DDS). Historically, the DCPS project faced schedule delays and increasing stakeholder concerns. SSA's goals are to deliver functionality to support all initial and reconsideration cases by January 2018 and all remaining workloads including continuing disability reviews and disability hearings by April 2018. However, SSA's ability to meet its goals will depend not only on the velocity with which it completes the backlog of functional requirements identified to date, but also the volume of work yet to be identified.

## **SECURE INFORMATION SYSTEMS AND PROTECT SENSITIVE DATA**

SSA must secure its information systems and protect its sensitive data. 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. Therefore, SSA's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program. SSA is also developing systems in the cloud, which creates security concerns with housing sensitive Agency information in public clouds. It is important as SSA expands its services and systems to implement security during the development process. Our prior audit and investigative work has revealed a number of concerns with the security of SSA's information systems. Since FY 2012, auditors have identified weaknesses that, when aggregated, resulted in a significant deficiency in SSA's overall information systems security program. Additionally, other recent audits and evaluations have identified concerns with SSA's information security program. While expanding its inventory of electronic services, SSA needs to ensure that those services are secure. Prior investigative and audit work has identified incidents of fraud committed through SSA's electronic services. For example, despite controls to prevent unauthorized access to *my Social Security*, we continue to receive fraud allegations related to *my Social Security* accounts. To ensure citizens' sensitive information is adequately protected, we believe SSA needs to strengthen the authentication process for the *my Social Security* portal.

## **STRENGTHEN THE INTEGRITY AND PROTECTION OF THE SOCIAL SECURITY NUMBER**

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. While SSA has taken steps to improve its enumeration process, given the preponderance of SSN misuse and identity theft, we continue to believe protection of this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability individuals could use them to commit crimes. Further, we remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. 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 spends scarce resources correcting earnings data when employers report incorrect information.

## **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 SSA's ability to provide its services efficiently and effectively now and in the future. While SSA has created annual performance and multiple-year strategic plans, we are concerned with the quality of its longer-term vision needed to ensure SSA has the programs, processes, staff, and infrastructure required to provide needed services for the next 10 to 20 years and beyond. In FY 2015, SSA released its Vision 2025, which SSA stated is a critical first step in planning how it will serve the public in the future. However, we question whether SSA's Vision 2025 provides a clear path to the organization SSA will need to be in the future to meet its mission. Vision 2025 does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. SSA also worked with a contractor to develop an execution strategy and roadmap to cover the 10-year period addressed by Vision 2025. The roadmap includes a more specific description of a future SSA but does not discuss how SSA's budget uncertainty and other environmental factors could affect the envisioned

roadmap. To demonstrate transparency, SSA has a mixture of outcome and output performance measures on which it publicly reports. However, many of the output measures related to the completion of budgeted workloads do not inform readers whether the completion of the workloads equate to positive outcomes.

Regarding accountability, the FY 2017 Independent Auditor's Report contained three significant deficiencies. The auditor identified the following four systems control deficiencies that, when aggregated, are considered to be a significant deficiency in the area of IT Systems Controls. The auditor also identified four deficiencies in internal control that, when aggregated, are considered to be a significant deficiency related to weaknesses in internal controls related to accounts receivable/overpayments. Further, the auditor identified a significant deficiency in controls over the reliability of information used in performing manual process-level controls over benefits due and payable and accounts receivable.

## AUDIT

### CROSS-REFERRED SOCIAL SECURITY NUMBERS

**BACKGROUND:** When SSA assigns an SSN, it creates a master record of relevant information about the number holder in its Numident file. Under certain circumstances, SSA may assign an individual more than one SSN. For example, SSA can assign new SSNs to victims of SSN misuse.



When SSA issues an individual more than one SSN or becomes aware a number holder has more than one SSN, it cross-references the SSNs on the Multiple Social Security Number Cross-Reference File so the individual's earnings can be properly credited to his/her earnings record. When SSA becomes aware that SSNs belonging to two different people are cross-referred, it should remove the cross reference. SSA should not allow individuals who obtain more than one SSN to receive Social Security payments simultaneously under more than one of their assigned SSNs.

**OBJECTIVE:** We conducted this audit to determine (1) the validity of payments SSA issued simultaneously under multiple cross-referred SSNs and (2) whether death information input on the Numident record of one SSN was also recorded on the Numident record(s) of the cross-referred SSN(s).

**CONCLUSION:** SSA issued improper payments to individuals under multiple cross-referred SSNs and did not develop a method to ensure death information input on number holders' Numident records was also input on cross-referred Numident records. Based on our sample results, we estimate that SSA issued approximately \$171 million in improper payments to about 2,000 beneficiaries who had multiple cross-referred SSNs. If SSA does not correct these errors, we estimate it will improperly issue about \$21.2 million over the next 12 months.

SSA also recorded death information on approximately 2.7 million non-beneficiary number holders' Numident records but did not input death information on their cross-referred SSNs. As a result, we estimate SSA erroneously excluded more than 2 million deceased number holders' SSNs from the Death Master File.

**RECOMMENDATIONS:** We recommended that SSA determine the feasibility of taking appropriate action to:

- Review all cases where number holders simultaneously receive payments under cross-referred SSNs; resolve any cases where SSA identifies an individual who receives benefit payments under more than one of his/her properly assigned SSNs; and implement system controls to prevent simultaneous issuance of payments under cross-referred SSNs.
- Review all cases where number holders receive payments under SSNs that are cross-referred to SSNs containing the number holders' death information; implement controls to ensure death information added to number holders' Numident records is also added to all cross-referred SSN(s); and add death information to Numident records of non-beneficiary number holders who have cross-referred SSNs containing the number holders' death information.
- Remove cross-references for SSNs in cases where cross-referred SSNs belong to more than one individual.

**SSA agreed with our recommendations.**

## OVERPAYMENTS COLLECTED THROUGH LONG-TERM REPAYMENT PLANS

**BACKGROUND:** SSA strives to pay the right person the right amount at the right time. However, given the size and complexity of the programs SSA administers, payment errors do occur. An overpayment is the amount an individual has received that exceeds the amount the individual should have been paid. When an individual is overpaid, SSA must resolve the overpayment by recovery, waiver, a determination that the overpayment either did not exist or was uncollectible, or any combination of these. Our review focused on Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and SSI recipients who had an outstanding balance greater than \$1,000 and had entered into a repayment agreement with SSA as of October 2014.

**OBJECTIVE:** We conducted this audit to determine the outstanding overpayment balance that may remain uncollected because, at the agreed monthly repayment amount, the repayment period would exceed the individual's life expectancy.

**CONCLUSION:** Based on repayment agreements at the time of our review, we determined that 7,222 (11 percent) of the 64,978 individuals in our population will not repay their entire overpayment balance before they reach life expectancy. We estimate to all 20 segments of the Recovery of Overpayments, Accounting and Reporting System and Supplemental Security Record that over \$971 million (44 percent) of the more than \$2.2 billion outstanding overpayment balance may never be collected.

Estimated Individuals Who Would Not Repay by Life Expectancy				
Program	Number of Individuals	Outstanding Balance as of October 2014	Balance Remaining at Life Expectancy	Percent Remaining at Life Expectancy
OASDI	82,340	\$1,556,266,619	\$668,641,323	43
SSI	62,100	\$661,252,446	\$302,571,025	46
<b>Total</b>	<b>144,440</b>	<b>\$2,217,519,065</b>	<b>\$971,212,348</b>	<b>44</b>

From the 7,222 individuals, we identified all individuals who would not repay their entire overpayment before reaching their life expectancy. Additionally, we conducted analysis to identify the potential impact on overpayment recovery if SSA established a minimum repayment amount based solely on the individual's income. We could not consider the individual's assets and household expenses, as required under current overpayment recovery policy. Negotiating repayment plans based on the individual's income, the outstanding overpayment balance at life expectancy could be reduced by over \$623 million (64 percent)—from \$971 million to approximately \$348 million.

**RECOMMENDATION:** We recommended that SSA evaluate its existing program debt repayment policy to reduce long-term repayment agreements.

**SSA agreed with our recommendation.**

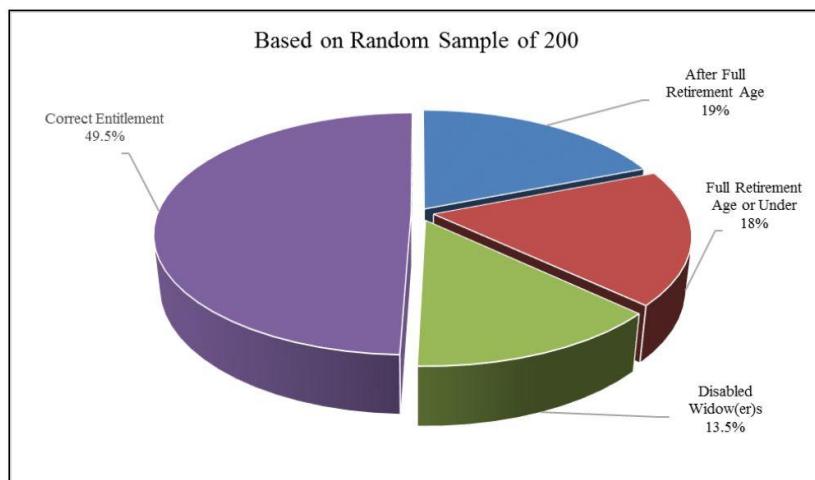
## WIDOW(ER)S ELIGIBLE FOR AN EARLIER INITIAL MONTH OF ENTITLEMENT

**BACKGROUND:** Individuals may be entitled to widow(er)'s benefits if they were married to the deceased worker, attained age 60 (or age 50 if disabled), and filed an application. SSA employees are responsible for explaining the advantages of filing an application so the individual can make an informed filing decision. Generally, the initial month of entitlement begins with the month the individual applies for benefits. However, a widow(er)'s initial month of entitlement could be earlier than the month of application if it does not reduce the widow(er)'s monthly benefit amount. A widow(er)'s initial month of entitlement may be up to 6 months before his/her application filing date or 12 months if he/she is disabled. We identified 218,052 widow(er)s in current pay who may have been eligible for an earlier initial month of entitlement.

**OBJECTIVE:** The purpose of our review was to determine whether SSA had adequate controls to establish a correct initial month of entitlement for widow(er) beneficiaries.

**CONCLUSION:** Our audit found that SSA needed to improve controls to ensure it establishes a correct initial month of entitlement for widow(er) beneficiaries. We estimated SSA underpaid \$285 million to 110,116 widow(er)s who were eligible for an earlier initial month of entitlement. This occurred because SSA employees improperly established an initial month of entitlement for widow(er)s who met the requirements for entitlement before their application filing date or did not document why the widow(er)s refused an earlier initial month of entitlement, as required. Finally, SSA did not have system controls to alert employees when widow(er)s were eligible for an earlier initial month of entitlement.

**Widow(er)s Eligible for an Earlier Initial Month of Entitlement**



**RECOMMENDATIONS:** SSA should

- (1) take appropriate action for the widow(er)s identified by our audit;
- (2) determine the feasibility of reviewing the population of widow(er)s who may be eligible for an earlier initial month of entitlement;
- (3) determine whether it should develop additional controls to ensure employees identify widow(er)s who may be eligible for an earlier initial month of entitlement; and
- (4) remind employees to document why widow(er)s elected a later initial month of entitlement.

**SSA agreed with our recommendations.**

## CROSS-PROGRAM RECOVERY TO COLLECT OVERPAYMENTS

**BACKGROUND:** With a few exceptions, overpaid individuals are responsible for repaying overpayments. The enactment of the Social Security Protection Act of 2004 (SSPA) provided SSA additional authority to recover OASDI overpayments and reaffirmed SSA's authority to collect SSI overpayments using cross-program recovery (CPR). CPR is the process of collecting overpayments for one SSA-administered program by withholding the individual's payable benefits from another SSA-administered program.

**OBJECTIVE:** Our objective was to assess SSA's CPR of overpayments, as authorized by the SSPA.

**CONCLUSION:** SSA did not always exercise its authority to impose mandatory CPR for recovery of OASDI and SSI overpayments. As of October 2014, we had identified 20,731 individuals who had OASDI and SSI overpayments totaling about \$86.9 million that were potentially available for CPR.

We reviewed 100 individuals' overpayments and determined 99 were available for CPR as of October 2015. Based on our sample results, we believe SSA should review the remaining individuals we identified who had OASDI and SSI overpayments and determine whether it should use CPR as a debt-collection tool for the overpayments we identified.

OASDI Overpayment Collection Actions Recorded on the MBR as of October 2014			SSI Overpayment Collection Actions Recorded on SSR as of October 2014		
SSA's Collection Actions	Number of Individuals	Amount of OASDI Overpayment	SSA's Collection Actions	Number of Individuals	Amount of SSI Overpayment
Collection Efforts Terminated	39	\$94,803	No Ongoing Collection Efforts	19	\$99,325
Installment Agreement – Overpayments Collected Using Installment Payments	3	\$146,224	Collection Suspended Because Individuals Were Unwilling to Pay <sup>32</sup>	19	\$112,798
Installment Agreement - No Collection Occurred Under the Agreement or Collection Had stopped	2	\$3,571	Collection Suspended Because Individuals Were Unable to Pay	3	\$19,362
Collection Efforts Pending	5	\$13,316	Collection Suspended Because Individuals Were Out of Country/Cannot be Located	7	\$8,823
<b>Total Available for CPR</b>	<b>49</b>	<b>\$257,914</b>	Collection Suspended Because the Overpayment Was Referred to Another Agency	2	\$7,858
			<b>Total Available for CPR</b>	<b>50</b>	<b>\$248,166</b>

In addition, we found instances where SSA had not updated its Supplemental Security Records (SSR) to (1) transfer overpayments from a terminated SSR to the current SSR so it could pursue collection efforts, (2) document its use of CPR to collect SSI overpayments that could prevent pursuit of collection efforts on a recovered debt, or (3) reestablish collection efforts after CPR was no longer available.

**RECOMMENDATIONS:** We made three recommendations to address the findings in this review, including that SSA review the remaining individuals we identified and impose mandatory CPR for all applicable overpayments.

**SSA agreed with our recommendations.**

## FACTORS RELATED TO DECREASED ADMINISTRATIVE LAW JUDGE PRODUCTIVITY

**BACKGROUND:** The Office of Disability Adjudication and Review (ODAR), now known as the Office of Hearings Operations, administered SSA's hearings and appeals program. To assist ALJs, hearing offices employ decision writers who draft ALJ decisions and support staff who prepare and schedule cases.

At the end of FY 2016, ODAR's pending hearings backlog had increased to over 1.1 million cases, average processing times had worsened to over 540 days, and ALJ productivity had decreased nationwide since FY 2011.



**OBJECTIVE:** We conducted this review to examine the factors that have led to a decrease in ALJ productivity.

**CONCLUSION:** We found that:

- At the end of April 2017, decision writer-to-ALJ ratios had decreased 22 percent, hearing office staff-to-ALJ ratios had decreased 22 percent, and ALJ productivity had decreased by 22 percent from FY 2011 levels. In April 2017, decision-writing backlogs increased 182 percent, and cases in ready-to-schedule status had decreased 30 percent from FY 2015 levels.
- ODAR conducts pre-decision and post-quality reviews to ensure ALJs produce policy-compliant and legally sufficient decisions. In June 2011, ODAR's Chief ALJ issued a memorandum reminding all Hearing Office Chief ALJs and directors about Agency policy over ALJ case assignments and case rotations. This focus on quality caused ALJs to look more closely at their cases and spend more time reviewing the medical evidence, which slowed ALJ productivity.

Other factors related to decreased ALJ productivity were (a) a change in regulations that led to an increase in medical evidence claimants must submit for their hearing and (b) an increase in cases being denied at the hearing level because denials typically take longer to process since the denial decision must be fully developed in case of future appeals.

**RECOMMENDATION:** We recommended SSA consider ODAR staffing ratio goals when hiring decision writers and support staff in hearing offices.

***SSA agreed with our recommendation.***

## INVESTIGATIONS

OI examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve issues such as benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions or the imposition of CMPs against offenders. These investigative efforts improve SSA program integrity by recovering funds and deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and other Social Security-related fraud ensures the integrity of SSA programs.

INVESTIGATIVE RESULTS			
	10/1/16-3/31/17	4/1/17-9/30/17	Total FY 2017
<b>Allegations Received</b>	68,986	84,601	<b>153,587</b>
<b>Cases Opened</b>	3,758	3,418	<b>7,176</b>
<b>Cases Closed</b>	3,658	3,431	<b>7,089</b>
<b>Arrests</b>	162	137	<b>299</b>
<b>Indictments/Informations</b>	300	380	<b>680</b>
<b>Criminal Convictions</b>	437	437	<b>874</b>
<b>Civil Actions/CMPs</b>	100	101	<b>201</b>

SSA FUNDS REPORTED			
	10/1/16-03/31/17	4/1/17-9/30/17	Total FY 2017
<b>Recoveries</b>	24,892,663	24,057,065	48,949,728
<b>Fines</b>	1,865,458	2,027,441	3,892,899
<b>Settlements/Judgments</b>	1,046,481	1,877,599	2,924,080
<b>Restitution</b>	36,161,145	46,696,005	82,857,150
<b>Estimated Savings</b>	149,849,893	143,635,987	293,485,880
<b>TOTAL</b>	<b>213,815,640</b>	<b>218,294,097</b>	<b>432,109,737</b>

ALLEGATIONS RECEIVED BY SOURCE			
	10/1/16-3/31/17	4/1/17-9/30/17	Total FY 2017
<b>SSA and DDS Employees</b>	19,040	38,236	<b>57,276</b>
<b>Private Citizens</b>	31,196	29,230	<b>60,426</b>
<b>Anonymous</b>	13,090	12,465	<b>25,555</b>
<b>Law Enforcement</b>	1,972	1,426	<b>3,398</b>
<b>Beneficiaries</b>	2,707	2,459	<b>5,166</b>
<b>Public Agencies</b>	974	779	<b>1,753</b>
<b>Other (Congress, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject)</b>	7	6	<b>13</b>
<b>TOTAL</b>	<b>68,986</b>	<b>84,601</b>	<b>153,587</b>

ALLEGATIONS RECEIVED BY CATEGORY			
	10/1/16-3/31/17	4/1/17-9/30/17	Total FY 2017
<b>Disability Insurance</b>	27,506	26,747	<b>54,253</b>
<b>SSI Disability</b>	13,991	14,411	<b>28,402</b>
<b>SSN Misuse</b>	9,307	8,803	<b>18,110</b>
<b>Old-Age and Survivors Insurance</b>	9,877	25,766	<b>35,643</b>
<b>Other</b>	5,374	4,079	<b>9,453</b>
<b>Threats/Employee Safety</b>	519	496	<b>1,015</b>
<b>Employee-Related</b>	1,664	3,352	<b>5,016</b>
<b>SSI Aged</b>	748	947	<b>1,695</b>
<b>TOTAL</b>	<b>68,986</b>	<b>84,601</b>	<b>153,587</b>

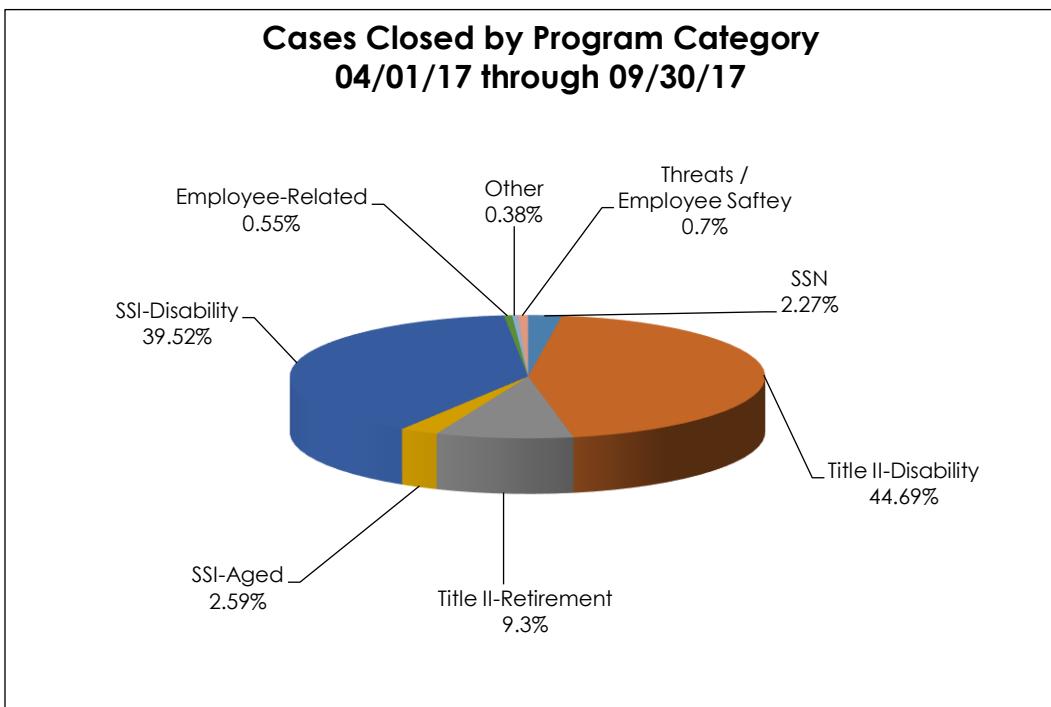
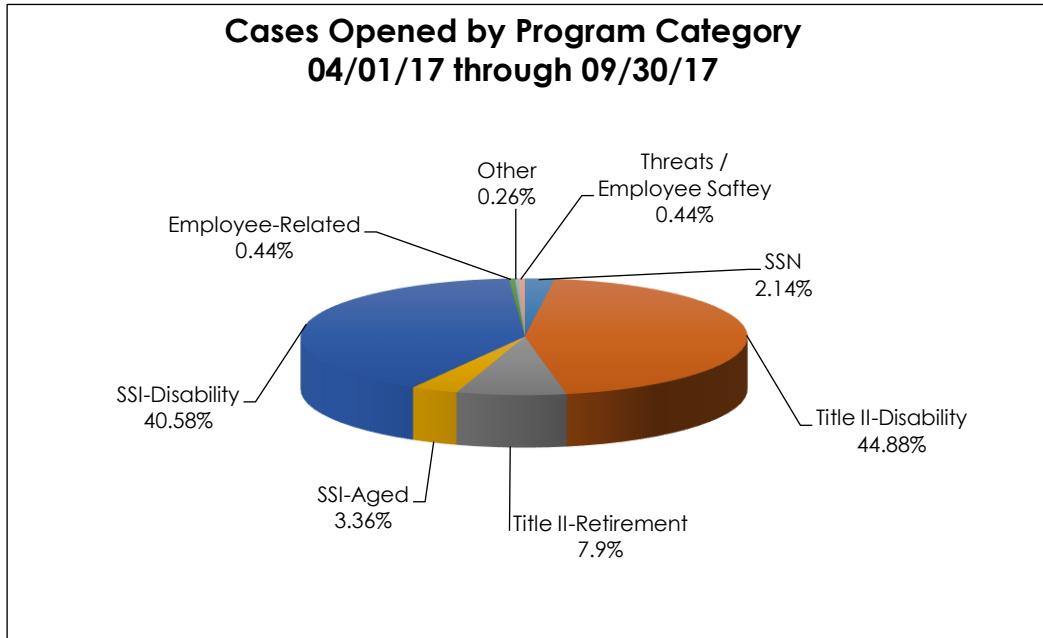
	10/1/16-3/31/17	4/1/17-9/30/17	FY 2017 Total
<b>Total number of investigative reports issued<sup>1</sup></b>	3,219	3,119	<b>6,338</b>
<b>Total number of persons referred to the Department of Justice for criminal prosecution<sup>2</sup></b>	572	671	<b>1,243</b>
<b>Total number of persons referred to State and local prosecuting authorities for criminal prosecution<sup>3</sup></b>	101	122	<b>223</b>
<b>Total number of indictments and criminal informations<sup>4</sup></b>	300	380	<b>680</b>

<sup>1</sup> This metric includes the total number of summative reports of investigative findings issued externally by the OI, including prosecution referrals, reports of employee investigation, reports of special investigation, and reports of findings by a CDI unit.

<sup>2</sup> This metric includes the total number of individual subjects or entities referred to DOJ where the investigative findings were not subject to pre-established prosecution declination guidelines.

<sup>3</sup> This metric includes the total number of individual subjects or entities referred to State and local prosecuting authorities where the investigative findings were not subject to pre-established prosecution declination guidelines. These persons may also have been referred to DOJ.

<sup>4</sup> This metric includes the total number of initial indictment or criminal information filings per subject. Subsequent or superseding indictments and/or criminal informations related to the same subject are not included.



## Significant Investigative Activities

### *Disability Fraud*

#### **MAN CONCEALS WORK AS TRUCK DRIVER WHILE COLLECTING DISABILITY BENEFITS**

Acting on an allegation received from the Laurel, Mississippi SSA office, our Jackson, Mississippi office investigated a 50-year-old Disability Insurance (DI) beneficiary. The investigation revealed that the man concealed from SSA that he had returned to work as a truck driver and, from February 2009 through March 2015, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds. In June 2017, the judge sentenced him to 15 months in prison and 3 years' supervised release, and ordered him to pay \$214,109 to SSA.

#### **GENERAL CONTRACTOR CONCEALS WORK ACTIVITY WHILE RECEIVING DISABILITY BENEFITS**

Based on an anonymous allegation, our Pittsburgh, Pennsylvania office investigated a 67-year-old DI beneficiary. The investigation revealed that the man operated his own business providing general contracting services and, from June 2005 through October 2015, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds. In August 2017, the judge sentenced him to 3 years' probation, including 225 hours of community service and ordered him to pay \$207,592 to SSA.

#### **FIREARMS DEALER FRAUDULENTLY RECEIVES DISABILITY BENEFITS**

Based on an allegation received from the Allegation Management and Fugitive Enforcement Division (AMFED), our Indianapolis, Indiana office investigated a 64-year-old DI beneficiary. The investigation found the man failed to report to SSA his work as the owner and operator of a heating and cooling business, underreported income from his firearms business and, from August 2006 through May 2015, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds and, in July 2017, he was sentenced to 3 years' probation, including 21 months' home detention. He was ordered to pay \$226,416 to SSA.

#### **MAINE MAN DEFRAUDS SSA BY CONCEALING WORK ACTIVITY AS COMMERCIAL FISHERMAN**

After receiving information from local law enforcement, our Manchester, New Hampshire office investigated a 54-year-old DI beneficiary. The investigation revealed that the man owned and operated a commercial scallop/lobster boat and, from September 2002 through August 2013, received DI benefits to which he was not entitled. The man pleaded guilty to Social Security fraud and, in August 2017, he was sentenced to 4 months in prison and 3 years' supervised release. He was ordered to pay \$144,415 to SSA.

#### **MAN EMPLOYED AS APARTMENT MANAGER WHILE COLLECTING DISABILITY BENEFITS**

After receiving a report from AMFED, our Baton Rouge, Louisiana office investigated a 43-year-old DI beneficiary. The investigation revealed that the man worked as an apartment manager and, from August 2008 through March 2016, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds, and, in June 2017, he was sentenced to 1 year in prison and 1 year supervised release. He was also ordered to repay \$165,413 to SSA.

#### **WOMAN FEIGNS DISABILITY TO RECEIVE BENEFITS**

Based on a referral from the Department of Veterans Affairs (VA) OIG, our Jacksonville, Florida office investigated a 45-year-old DI beneficiary. The investigation revealed the woman had falsely reported her disability and, from January 2009 through September 2015, received DI benefits to which she was not entitled. A jury convicted the woman of theft of Government funds and making false statements and, in April 2017, she

was sentenced to 3 years' supervised release, including 6 months' home detention. She was ordered to repay \$95,630 to SSA, \$20,708 to the Department of Health and Human Services, and \$187,656 to the VA.

## **Representative Payee Fraud**

### **WOMAN STEALS GRANDCHILD'S BENEFITS**

After receiving an allegation from the SSA Teleservice Center, our Santa Ana, California office investigated a 60-year-old representative payee. The investigation revealed that, from June 2003 through August 2015, the payee received Survivors Insurance benefits on behalf of her grandchild and utilized them for her own purposes. The woman pleaded guilty to theft of Government property and, in April 2017, she was sentenced to 3 years' probation. She was ordered to pay \$35,242 to SSA.

### **PAYEE FRAUDULENTLY RECEIVES BENEFITS ON BEHALF OF HER MINOR CHILDREN**

Based on a referral from the Moreno Valley, California SSA office, our Santa Ana, California office investigated a 48-year-old representative payee. The investigation determined that, while receiving Survivors Insurance benefits on behalf of her minor children from July 2011 through March 2013, the mother concealed she had relinquished custody of her children in 2007 and did not provide them financial support. The woman pleaded guilty to theft of Government funds and Social Security fraud by concealment and, in May 2017, she was sentenced to 21 months in prison and 3 years' supervised release. She was ordered to pay \$112,996 to the victims in the case.

### **MOTHER MISUSES CHILD'S BENEFITS**

Based on an allegation received through AMFED, our Indianapolis, Indiana office investigated a 48-year-old representative payee. The investigation revealed that, while receiving SSI on behalf of her child from May 2010 through September 2016, the woman failed to report that the child did not reside with her and that she did not provide financial support. The investigation also found that, during the same period, the woman received nutrition assistance benefits on behalf of two children who did not live with her. The woman pleaded guilty to welfare fraud and, in July 2017, was sentenced to 3 years' probation. She was ordered to pay \$52,814 to SSA and \$12,202 to the Marion County Division of Family Resources.

### **SISTER STEALS DISABLED BROTHER'S BENEFITS**

Acting on a referral from the Fort Lauderdale, Florida SSA office, our Orlando, Florida office investigated a 43-year-old representative payee. The investigation revealed that the woman misused DI benefits paid to her on behalf of her brother from July 2011 through April 2015. The woman pleaded guilty to theft of Government funds. In June 2017, she was sentenced to 3 years' probation and was ordered to pay \$33,821 to SSA.

## **Employee Fraud**

### **SSA EMPLOYEE DEFRAUDS AGENCY OF OVER \$1.9 MILLION DOLLARS**

Based upon information received from the SSA Chicago Region Center for Security and Integrity, our Chicago, Illinois office investigated an SSA Benefit Authorizer. The investigation found that the employee participated in a scheme with four co-conspirators and, from 2009 until 2013, caused SSA to pay approximately \$1,908,290 in benefits to individuals who were not entitled. The investigation also revealed the employee recruited the co-conspirators to obtain SSA beneficiaries' information and collect the fraudulent payments. The employee pleaded guilty to wire fraud and, in July 2017, the employee was sentenced to 60 months in prison and 3 years' supervised release. The employee was ordered to pay \$1,980,290 to SSA. In 2016, the four co-conspirators

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pledged guilty to wire fraud, were sentenced to probation, and were ordered to pay restitution to the SSA ranging from approximately \$132,000 to \$185,000.

#### **SSA EMPLOYEE DIVERTS RECIPIENT'S PAYMENTS**

Based upon information received from the SSA Dallas Region Center for Security and Integrity, our Baton Rouge, Louisiana office investigated an SSA Service Representative. The investigation determined the employee changed multiple SSI recipients' direct deposit information without their knowledge and caused the issuance of Automated One-Time Payments into an account that she controlled. The employee pleaded guilty to theft of Government funds and, in July 2017, she was sentenced to 5 years' probation and was ordered to pay \$15,104 to SSA.

### ***Senior Government Employee Investigations***

#### **ADMINISTRATIVE LAW JUDGE PLEADS GUILTY TO ASSAULT, RECEIVES PROBATION**

We initiated an investigation into an ALJ upon receipt of an allegation that the ALJ sexually assaulted another employee while in the office. In conjunction with local authorities, the investigation found sufficient evidence to charge the ALJ with three counts of misdemeanor criminal sexual misconduct. As a result, of plea negotiations, the initial charges were dropped, the ALJ pleaded guilty to assault and, in June 2017, the ALJ was sentenced to 2 years' probation.

#### **ALJ SENTENCED FOR ROLE IN \$550 MILLION DISABILITY FRAUD SCHEME**

We initiated an investigation into an ALJ upon receipt of an allegation that the ALJ was conspiring with an attorney to grant favorable decisions to disability claimants who were potentially ineligible for benefits. The investigation determined the ALJ accepted over \$609,000 in payments from the attorney in exchange for making favorable decisions on disability claims represented by the attorney. As a result, of the scheme, the ALJ obligated SSA to pay more than \$550 million in lifetime benefits to claimants. Claimants also received benefits under other programs because of the ALJ's decisions. The ALJ pleaded guilty to receiving illegal gratuities and, in August 2017, was sentenced to 4 years in prison and 1 year of supervised release. The ALJ was ordered to pay \$93 million in restitution, which included \$69 million to SSA, \$23.5 million to Medicare, and \$400,000 to Kentucky Medicaid.

#### **FORMER CHIEF ALJ SENTENCED FOR RETALIATING AGAINST INFORMANT**

While investigating an allegation of potential corruption and fraud involving an SSA hearing office, we developed information that a former Chief ALJ retaliated against an SSA employee believed to have provided information to investigators. The investigation determined the ALJ conspired with another person in developing a plan to discredit the informant with the hope that the informant would be fired. The ALJ pleaded guilty to conspiracy to retaliate against an informant and, in August 2017, was sentenced to 6 months in prison and 3 years' supervised release. The ALJ was also ordered to pay a fine of \$20,000. A determination regarding restitution to the victim was deferred pending a restitution hearing.

#### **OIG EMPLOYEE MISCONDUCT INVESTIGATION**

We investigated a senior OIG employee for allegations of inappropriate conduct, failure to report misconduct, lack of candor, false statement, and failure to follow instructions. Based on our investigation, we referred the matter to DOJ's Fraud and Public Corruption Section. In March 2016, DOJ declined criminal prosecution in lieu of an administrative action. The OIG and the employee subsequently entered into an agreement that resulted in the employee's separation from the OIG; we closed the case in April 2017.

## **Deceased Payee Fraud**

### **COUPLE CONCEALS GRANDMOTHER'S REMAINS, STEALS HER SSA BENEFITS**

Based on a Medicare Non-Utilization Project (MNUP) referral from the Zanesville, Ohio SSA office, our Cincinnati, Ohio office investigated the 48-year-old grandson of a Retirement and Survivors Insurance (RSI) beneficiary and the grandson's 43-year-old spouse. The investigation determined that, in March 2013, the beneficiary died and was buried in the backyard of her residence by the grandson in order to conceal her death from SSA. From March 2013 to January 2017, the grandson and his spouse received and converted for their own use the RSI benefits intended for his grandmother. The grandson pleaded guilty to theft by deception and tampering with evidence and, in May 2017, he was sentenced to 18 months in prison and 3 years' supervised release. The grandson's spouse pleaded guilty to theft by deception and tampering with evidence and, in May 2017, she was sentenced to 9 months in prison and 3 years' supervised release. Each was ordered to pay \$77,901 to SSA.

### **WOMAN POSES AS DECEASED AUNT TO CONTINUE RECEIVING HER RETIREMENT BENEFITS**

Based on an MNUP referral from the Woodbridge, New Jersey SSA office, our Iselin, New Jersey office investigated the 42-year-old niece of an RSI beneficiary. The investigation determined that, from October 2006 to January 2014, the woman received and converted for her own use the benefits intended for her aunt, who died in October 2006. The niece posed as the beneficiary during telephone calls with SSA in an attempt to resume the benefits after they were suspended. The woman pleaded guilty to theft by deception and, in April 2017, she was sentenced to 3 years in prison. She was also ordered to pay \$103,260 to SSA.

### **SON FRAUDULENTLY COLLECTS DECEASED MOTHER'S RETIREMENT BENEFITS**

Based on an MNUP referral received from the Detroit, Michigan SSA office, our Detroit, Michigan office investigated the 52-year-old son of an RSI beneficiary. The investigation determined that, from June 2003 to November 2015, the son received and converted for his own use the RSI benefits intended for his mother, following her death in June 2003. The son pleaded guilty to theft of Government funds and, in April 2017, he was sentenced to 6 months in prison and 3 years' supervised release. The son was also ordered to pay \$195,198 to SSA.

### **SON CONTINUES TO RECEIVE DECEASED MOTHER'S BENEFITS**

Based on a referral received from the Reno, Nevada SSA office, our Las Vegas, Nevada office investigated the 64-year-old son of an RSI beneficiary. The investigation determined that, from July 2002 through December 2013, the son received and converted for his own use the RSI benefits intended for his mother, who died in June 2002. The man pleaded guilty to Social Security fraud and, in June 2017, he was sentenced to 5 years' probation. He was also ordered to pay \$155,628 to SSA.

### **DAUGHTER COLLECTS DECEASED MOTHER'S RETIREMENT AND VETERANS BENEFITS**

Based on an MNUP referral received from the San Antonio, Texas SSA Office, our San Antonio, Texas office investigated the 76-year-old daughter and representative payee of an RSI beneficiary. The investigation determined that, from October 1988 through June 2015, the woman received and converted for her own use the RSI benefits intended for her mother, who died in October 1988. The investigation also determined that, from October 1988 through September 2011, the woman received and converted for her own use VA benefits intended for her mother. The woman pleaded guilty to theft of Government funds and, in April 2017, she was sentenced to 5 years' probation and was ordered to pay \$247,617 to SSA and \$262,162 to the VA.

### **WOMAN COLLECTS DECEASED STEPFATHER'S BENEFITS FOR 22 YEARS**

Based on an MNUP referral received from the Akron, Ohio SSA office, our Cleveland, Ohio office investigated the 75-year-old stepdaughter of an RSI beneficiary. The investigation determined that, from December 1991 to March 2014, the woman received and converted for her own use the RSI benefits and Ohio Public Employees Retirement System benefits intended for her stepfather, who died in December 1991. The woman pleaded guilty to theft and money laundering and, in June 2017, she was sentenced to 5 years' supervised probation. She was ordered to pay \$291,873 to SSA and \$650,813 to the Ohio Public Employees Retirement System.

### **COUPLE RECEIVING SSI COLLECTS GRANDMOTHER'S BENEFITS AFTER HER DEATH**

Based on an MNUP referral received from the Fort Wayne, Indiana SSA office, our St. Louis, Missouri office investigated the 57-year-old granddaughter of an RSI beneficiary and the granddaughter's 61-year-old husband. The investigation determined that, from November 1999 through December 2013, the granddaughter and her husband received and converted for their own use the RSI benefits intended for the beneficiary, who died in October 1999. The investigation further determined that the couple were both receiving SSI payments and failed to report their living arrangement and disqualifying excess resources to SSA. The woman pleaded guilty to theft of Government property and, in May 2017, she was sentenced to 5 years' probation. The husband pleaded guilty to theft of Government property and, in January 2017, he was sentenced to 5 years' probation. Each was ordered to pay \$295,505 to SSA.

## ***SSN Misuse***

### **MAN RECEIVES DISABILITY BENEFITS UNDER STOLEN IDENTITY**

Acting on information from AMFED, our Los Angeles, California office investigated a 61-year-old California man. The investigation determined that, from September 1996 through January 2013, the man utilized the identity of a childhood friend to fraudulently receive DI benefits. The man pleaded guilty to mail fraud and theft of Government property and, in June 2017, he was sentenced to 24 months in prison and 3 years' supervised release. He was ordered to pay \$349,472 to SSA.

### **UNDOCUMENTED IMMIGRANT USES STOLEN IDENTITY TO RECEIVE DISABILITY BENEFITS**

Acting on information received from the State of Illinois, Attorney General's Office, our Dallas, Texas office investigated a 65-year-old Texas man. The investigation determined the man, an undocumented immigrant from Mexico, assumed the identity of a U.S. citizen and, from April 2006 through June 2016, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds, and, in April 2017, he was sentenced to 27 months in prison and 1 year of supervised release. He was ordered to pay \$226,735 to SSA.

### **UNDOCUMENTED IMMIGRANT OBTAINS DRIVER'S LICENSE USING STOLEN IDENTITY**

Acting on a request for assistance from the DHS, Homeland Security Investigations, our Boston, Massachusetts office investigated a 26-year-old Massachusetts man. The investigation revealed the man, a citizen of the Dominican Republic, used the identity of a U.S. citizen to obtain a Massachusetts identification card and to reside illegally in the United States. The man pleaded guilty to being an alien unlawfully present in the United States in possession of a firearm and ammunition and false representation of an SSN. In July 2017, he was sentenced to time served (12 months) and two years' supervised release.

### **WOMAN ASSUMES IDENTITY OF DECEASED CHILD FOR OVER 20 YEARS**

Based on information received from the Department of State and U.S. Coast Guard Investigative Service, our Houston, Texas office investigated a 53-year-old Texas woman. The investigation determined that, over a 20-year period, the woman used the personally identifiable information of a deceased child to obtain SSN cards, driver's licenses, passports, mariner licenses, and Transportation Security Administration documentation. The woman pleaded guilty to false statements in a passport application and aggravated identity theft and, in July 2017, she was sentenced to 36 months in prison, and 2 years' supervised release. She was also ordered to pay a \$15,000 fine.

### **WOMAN USES MULTIPLE SSNS TO CONCEAL EARNINGS WHILE RECEIVING SSI**

After receiving a referral from the Illinois Secretary of State Police, our Chicago, Illinois office investigated a 64-year-old SSI recipient. The investigation confirmed that, from May 1995 through October 2013, the woman concealed her earnings, marriage, and husband's income from SSA by using a second SSN while receiving SSI. The investigation also found that the woman received housing and nutrition assistance benefits to which she was not entitled. The woman pleaded guilty to theft of Government property and, in May 2017, she was sentenced to 8 months in prison and 3 years' supervised release. She was ordered to pay \$151,307 to the SSA, \$61,807 to Housing and Urban Development, and \$21,224 to the Illinois Department of Human Services.

### *Digital Forensics*

#### **DI BENEFICIARY CONCEALS TRUCKING BUSINESS**

Our Omaha, Nebraska office investigated a DI beneficiary who concealed his work as the owner and operator of a trucking business. Our Digital Forensics Team (DFT) conducted forensic examination of the electronic files seized by investigators from the subject's residence. The analysis identified numerous business records relating to the trucking company including invoices, statements, and spreadsheets substantiating the beneficiary's involvement in the business. The man pleaded guilty to Social Security fraud and, in August 2017, he was sentenced to 5 years' probation and ordered to pay \$90,000 to SSA.

#### **BAKERY OWNER CONCEALS BUSINESS TO RECEIVE DI BENEFITS**

Our Little Rock, Arkansas office investigated a DI beneficiary who concealed from SSA her self-employment income from a bakery. Our DFT conducted an open-source social media examination and computer forensics examination on the electronic data obtained during a search warrant. The DFT found evidence of the subject's involvement with the bakery through her postings on Facebook, Twitter, Instagram, blogs, and her business website, as well as the review of her electronic records. The woman pleaded guilty to False Statements and, in August 2017, she was sentenced 2 years in prison and 3 years of probation. She was ordered to repay \$62,003 to SSA.

#### **FOUR INDIVIDUALS USE STOLEN IDENTITIES TO COLLECT SSA PAYMENTS**

Our Phoenix, Arizona office investigated four individuals who used stolen identities to obtain large SSA payments ranging from \$18,000 to \$42,000. In addition, they made several withdrawals and wire transfers to Nigeria. The DFT examined several seized mobile devices in which they located text messages containing personally identifiable information belonging to individuals who were not the owners of the devices. Additionally, a text message was identified which referenced a \$42,000 deposit to a bank account belonging to one of the subjects. All four individuals pleaded guilty to theft of Government funds, and, between February 2017 and May 2017, they were sentenced to 5 years' probation and ordered to pay a combined total of \$226,359 to SSA.

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## Threats and Assaults against SSA Employees

Employee safety is of paramount concern to SSA and OIG. The OIG shares the responsibility for investigating reports of threats or use of force against SSA employees with the DHS Federal Protective Service, and with local law enforcement if the activity occurs off federally owned or leased property.

During the reporting period, OIG received 496 allegations nationwide related to employee safety issues, of which 171 involved assault or harassment, and 325 were associated with threats against SSA employees or buildings. We also opened 14 cases and closed 23 cases nationwide related to employee safety. The following case summaries highlight significant SSA employee safety investigations we conducted during this reporting period.

### **DISABILITY BENEFICIARY THREATENS TO BLOW UP BUILDING**

Based on information received from the Memphis-Downtown, Tennessee SSA office, our Memphis, Tennessee office investigated a 40-year-old DI beneficiary. In July 2015, the man visited the Memphis SSA office because of a decrease in his DI payment and threatened to blow up the building. In October 2015, a jury found the man guilty of attempting to interfere with SSA; however, a motion for acquittal was filed and granted. Upon appeal, the acquittal order was reversed and, in May 2017, the man was sentenced to time served (95 days) and 1 year supervised release. The man was also ordered to participate in Moral Recognition Therapy/Anger Management classes.

### **MAN THREATENS TO BRING FIREARMS INTO SSA OFFICE**

After receiving a report from the Russellville, Arkansas SSA office, our Little Rock, Arkansas office investigated a 53-year-old DI beneficiary. In December 2016, the man telephoned the Russellville SSA office regarding a decrease in his DI payments and made threatening statements. An Arkansas District Court judge found the man guilty of terroristic threatening and, in April 2017, the man was sentenced to 10 days in prison. The man was also sentenced to supervised probation pending the payment of a \$500 fine.

### **MAN THROWS ROCK THROUGH FRONT DOOR OF SSA OFFICE**

Following an act of vandalism at the Tacoma, Washington SSA office, our Seattle office investigated a 49-year-old Washington man. On February 14, 2017, team members of the Seattle, Washington CDI Unit were at the Tacoma, Washington SSA office. The team members witnessed a man throw a rock through the Tacoma, Washington SSA office front door and subsequently arrested him. As a result of our investigation, the man pleaded guilty to malicious mischief and, in July 2017, he was sentenced to 364 days in prison, with 222 days suspended.

### **MAN WRITES THREATENING LETTER TO SSA IN ANOTHER PERSON'S NAME**

Based on information provided by the Union City, Tennessee SSA office, our Memphis, Tennessee office investigated a 58-year-old Tennessee man. On March 24, 2015, the Union City office received a letter in which the purported writer threatened to blow up the office if his benefits were not approved. The subsequent investigation determined that the man wrote the letter and signed the name of another person in an attempt to have the other person incarcerated. The man pleaded guilty to mailing threatening communications and, in April 2017, he was sentenced to time served (10 months) and 24 months' supervised release.

## Cooperative Disability Investigations Program

The CDI program remains one of our most successful initiatives with SSA, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDSs, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial disability claims and CDRs. We established the CDI Program in FY 1998 with units in just five States. During the reporting period, we worked with SSA to establish a CDI unit in Iselin, New Jersey, and the program now consists of 40 units covering 34 states, the District of Columbia, and the Commonwealth of Puerto Rico.

### **CONSTRUCTION WORKER COLLECTED DISABILITY BENEFITS WHILE WORKING**

The St. Louis CDI Unit investigated a 56-year-old man, who received DI benefits due to disorders of the back. He claimed difficulty sitting, standing, walking, climbing stairs, lifting, bending and squatting. He further claimed that he had not worked since 2003. The CDI investigators located the man working at a construction site installing ceiling tiles. The investigation revealed the man worked for a construction company as an independent contractor since 2012. Based on the results of the investigation, SSA ceased the man's benefits, which resulted in SSA savings of \$47,628 and non-SSA savings of \$33,711. The man plead guilty to theft of Government funds and was sentenced to 3 years of probation and ordered to repay \$13,200 to SSA.

### **MAN PLAYING SEMI-PRO FOOTBALL COLLECTED DISABILITY BENEFITS FOR A MENTAL DISORDER**

The Milwaukee CDI Unit investigated a 26-year-old man who received SSI due to mental disorders. When the man filed an SSI claim in 2009, he claimed he needed assistance with all daily activities. He claimed that he preferred to be alone and had difficulty controlling his temper, and he said that he could not concentrate or follow instructions without help. The CDI investigation determined the man played for a semi-professional football team while he collected SSI, and he was well able to communicate with the coaches and players. Based on the results of the investigation, the Wisconsin DDS reopened the man's SSI claim and denied it from the date of application. That action resulted in SSA savings of \$45,276 and non-SSA savings of \$62,510. SSA posted an overpayment of \$58,165 to the man's record.

### **MAN CLAIMING TO BE A U.S. VETERAN ATTEMPTED TO DEFRAUD SSA, WHILE DEFRAUDING THE VA**

The Cleveland CDI Unit investigated a 42-year-old man who applied for SSI alleging hallucinations, post-traumatic stress disorder symptoms, nightmares, racing thoughts, panic issues, and paranoia. The man claimed those impairments were due to service as a U.S. Marine during Operation Desert Storm. The investigation revealed the man never served in the military. However, he obtained a VA identification card and fraudulently obtained medical benefits and housing benefits through VA programs. The man plead guilty to a theft of Government funds and was sentenced to 18 months in prison and ordered to repay \$130,122 to the VA. The investigation resulted in SSA savings of \$40,480 and non-SSA savings of \$103,330.

### **YOUTH FOOTBALL COACH ATTEMPTED TO DEFRAUD SSA**

The Salt Lake City CDI Unit investigated a 57-year-old man who received DI due to degenerative disc disease. The man claimed that he could not stand, sit, or lie down for more than 25 minutes and that the severe nerve pain caused weakness in his legs. He further reported that he "always" required the use of an assistive device and that he could not bend twist, lift, or push. Finally, he claimed that he was unable to participate in family activities due to his pain and that he primarily stayed home. The investigation revealed the man was a coach for a youth football team. CDI investigators observed the man coaching; they watched the man as he was in constant motion during the game without the use of any assistive devices. Based on the investigation, SSA ceased the man's benefits, which resulted in SSA savings of \$143,404 and non-SSA savings of \$39,177.

**CDI Program Results**  
**April 1, 2017 – September 30, 2017**

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>	SSA Recoveries <sup>4</sup>
Alabama	6	0	\$363,834	\$253,999	\$72,359
Arizona	29	0	\$1,772,551	\$1,926,765	\$6,390
Arkansas	34	0	\$1,953,203	\$1,753,563	\$33,202
California <sup>5</sup>	165	4	\$8,532,398	\$12,647,055	337,520
Colorado	16	0	\$847,424	\$969,690	\$0
District of Columbia	6	0	\$285,936	\$369,151	\$19,569
Florida <sup>6</sup>	91	1	\$4,873,987	\$5,256,516	\$17,205
Georgia	105	1	\$5,327,116	\$5,744,521	\$251,537
Illinois	46	0	\$2,449,927	\$2,154,042	\$180,599
Iowa	46	2	\$2,468,776	\$3,014,612	\$262,433
Kansas	49	0	\$2,874,373	\$3,361,461	\$72,998
Kentucky	55	1	\$2,791,656	\$2,915,290	\$222,824
Louisiana	18	1	\$1,077,295	\$926,727	\$15,000
Maryland	17	2	\$1,454,757	\$984,924	\$62,364
Massachusetts	26	0	\$1,493,359	\$1,431,016	\$19,706
Michigan	34	1	\$1,855,845	\$2,466,486	\$182,837
Minnesota	23	1	\$1,243,812	\$2,168,610	\$83,236
Mississippi	72	0	\$4,262,521	\$3,729,781	\$0
Missouri <sup>7</sup>	120	2	\$6,355,961	\$8,548,315	\$174,743
New Jersey <sup>8</sup>	0	0	\$0	\$0	\$0
New York	42	4	\$2,919,268	\$3,166,103	\$25,451,052

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>	SSA Recoveries <sup>4</sup>
North Carolina	81	0	\$5,302,436	\$4,919,272	\$108,926
Ohio	128	6	\$6,515,148	\$11,475,230	\$132,037
Oklahoma	101	0	\$5,406,158	\$5,354,857	\$0
Oregon	128	0	\$6,380,676	\$8,885,199	\$201,234
Puerto Rico	32	15	\$2,680,182	\$1,136,133	\$758,005
Rhode Island	14	0	\$692,102	\$848,657	\$85,717
South Carolina	156	1	\$8,251,721	\$8,955,286	\$194,320
South Dakota <sup>5</sup>	0	0	\$0	\$0	\$0
Tennessee	6	0	\$463,195	\$344,222	\$0
Texas <sup>10</sup>	45	0	\$2,170,129	\$3,335,834	\$99,587
Utah	74	1	\$3,885,557	\$4,556,529	\$39,645
Virginia	110	0	\$5,624,169	\$7,503,763	\$47,157
Washington	49	2	\$2,999,252	\$2,814,633	\$346,209
West Virginia	30	0	\$1,466,122	\$1,636,257	\$2,036
Wisconsin	17	0	\$1,127,888	\$1,106,099	\$164,814
(10/1/16-3/31/17)	2,220	45	\$120,569,873	\$142,814,671	\$3,717,476
(4/1/17-9/30/17)	1,971	45	\$108,168,734	\$126,660,598	\$29,645,261
<b>TOTAL FY 2017</b>	<b>4,191</b>	<b>90</b>	<b>\$228,738,607</b>	<b>\$269,475,269</b>	<b>\$33,362,737</b>

<sup>1</sup> Judicial Actions include Sentencings, Pre-Trial Diversions, Civil Settlements, and CMPs.<sup>2</sup> CDI-related SSA program savings are calculated using a variable method that considers the type of program involved, and factors that account for nationwide denial/cessation rates.<sup>3</sup> Non-SSA Savings are projected over 60 months whenever another Governmental program withholds benefits because of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.<sup>4</sup> SSA Recoveries include SSA recoveries, restitution, fines, settlements and judgments. Although this data is included in the reported OIG monetary accomplishments, the amount attributable to CDI was not previously included in this chart.<sup>5</sup> California has two units, one in Los Angeles and the other in Oakland.<sup>6</sup> Florida has two units, one in Tampa and the other in Miami.<sup>7</sup> Missouri has two units, one in Kansas City and the other in St. Louis.<sup>8</sup> The Iselin, New Jersey CDI Unit became operational in September 2017.<sup>9</sup> The Sioux Falls CDI Unit became operational in September 2016 and a Law Enforcement Partner joined in July 2017.<sup>10</sup> Texas has two units, one in Dallas and the other in Houston.

## LEGAL

OIG attorneys provide legal support to all aspects of the OIG mission to ensure legal sufficiency, accuracy, and consistency. Principal areas are investigation, audit, litigation, legislation and fraud prevention. OCIG also maintains an attorney-on-call phone line to provide “real-time” legal advice. OIG attorneys provided legal support during this reporting period including timely evaluating:

- New and modified CDIU agreements and a myriad of legal issues relating to CDIU investigations;
- The legal sufficiency of 699 subpoenas, including 549 in the new automated Subpoena Tool;
- Requests for Special Agent testimony and investigative documents in Federal, State, and local courts and administrative proceedings, determining appropriate testimony and document production, and assisting in testimony preparation; and
- 42 *Freedom of Information Act* requests for OIG records for appropriate disclosure.

Further, OIG attorneys reviewed and commented on numerous legislative proposals through SSA requests and participation in the CIGIE Legislative Committee. They additionally maintained principal roles with CIGIE working groups to draft IG community-wide guidance to facilitate the implementation of the *Inspector General Empowerment Act* amendments to the *Inspector General Act*.

## Section 1140 Enforcement

We innovatively and effectively protect consumers under Section 1140 of the *Social Security Act*. Section 1140 establishes two broad prohibited activities:

- Prohibits people and companies from misleading consumers by giving a false impression of association with or endorsement by SSA when the people and companies advertise, solicit services, or otherwise communicate with the public. (Prohibited communications can take many forms, including mailed, emailed and televised advertisements, internet websites, social media, personally targeted advertisements, mobile apps, and text messages.)
- Prohibits reproducing and selling Social Security publications and forms without authorization, as well as charging for services SSA provides free.

## Section 1140 Prevention and Early Detection

The focus of our 1140 program is early intervention to minimize harm to the public and SSA’s reputation, while also allowing violating individuals and entities the opportunity to bring their operations into compliance with Section 1140. A cornerstone of our prevention and early detection strategy is outreach to our private sector partners, who help identify potential violators. Our early detection activities with the public sector include:

- Identifying newly registered website names that suggest potential for violation—often before the websites become operational.
- Collaborating with a major technology provider to provide a Social Security public service notice on its internet search engine and a link to SSA’s official website when consumers conduct certain Social Security related Internet searches.

This prevention effort helps protect consumers from mistakenly landing on unofficial websites and paying

for services that are available free from SSA, and/or disclosing personal information under the mistaken belief that the consumer is at SSA's official website. It also protects consumers from mistakenly believing that SSA is endorsing a non-government product or service.

The early detection activities with our private sector partners help prevent violations from occurring. When we identify potentially violative websites, we send an educational letter about Section 1140 to the website operator and typically, they cease operations.

<b>SECTION 1140</b>			
	<b>10/1/16- 3/31/17</b>	<b>4/1/17- 9/30/17</b>	<b>FY 2017</b>
<b>Allegations Received</b>	22	32	<b>54</b>
<b>Allegations Evaluated:</b>	13	28	<b>41</b>
○ <b>No CMP Action Warranted</b>	8	1	<b>9</b>
○ <b>CMP Action Resolved</b> <i>(Shutdown Violative Operation, Voluntary Compliance, Settlement Agreement or Referred to appropriate Agency)</i>	21	29	<b>50</b>
<b>Totals</b>			
<b>Prevention/Early Intervention Efforts</b>	57	147	<b>204</b>
○ <b>Education Letters</b>	12	43	<b>55</b>
○ <b>Contacts with Private Sector</b>	69	190	<b>259</b>
<b>Totals</b>			

## Section 1129 Enforcement

SSA programs are a critical safety net, providing retirement, disability, and survivors benefits to those who are eligible to receive them. The OIG is responsible for maintaining the integrity of Social Security programs by enforcing laws related to fraud, waste, and abuse. One way we protect taxpayer dollars is through civil monetary penalties (CMP).

Our CMP program, which targets violations of Section 1129 of the *Social Security Act*, maximizes available resources and creates a positive return on investment. Section 1129 authorizes a CMP to those such as:

- Anyone who makes any false statements or representations to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*.
- Representative payees for wrongful conversion of payments.
- Individuals who knowingly withhold a material fact from SSA.

A CMP consists of penalties of up to \$8,084 for each false statement, representation, conversion, or omission and an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment. When an OIG investigation finds evidence of fraud, we refer the matter to DOJ for possible criminal prosecution. If DOJ declines to take action, we are authorized to propose CMP actions against wrongdoers.

Among our accomplishments during this reporting period, we assessed 1,175 cases referred from the Office of Investigations; opened 102 CMP cases for further development; successfully resolved 82 cases; and imposed almost \$4.5 million in assessments and penalties. We generally refer the investigative cases for which we do not open a CMP case to SSA for consideration of administrative sanctions.

## Section 1129 Case Highlights

Section 1129 cases fall within several general categories: deceased payees; false statements and/or omissions regarding material changes to a claimant's living arrangements, identity, disabilities, income, and/or resources; and representative payee conversion.

### Deceased Payee Cases

#### CALIFORNIA MAN WITHDRAWS RETIREMENT BENEFITS FROM MOTHER'S BANK ACCOUNT AFTER HER DEATH

A California man failed to notify SSA that his mother died in Mexico and continued to withdraw \$61,181 in retirement benefits that were direct-deposited by SSA into their joint bank account from May 2003 to January 2014. During the 10-year period, he wrongfully withdrew and spent the benefits. We imposed an assessment of \$33,421 and a penalty of \$50,000, for a total CMP of \$83,421.

## **MARYLAND WOMAN WITHDRAWS RETIREMENT BENEFITS FROM DECEASED GRANDMOTHER'S BANK ACCOUNT**

A Maryland woman failed to report her grandmother's death and, from 2008 to 2015, she wrongfully withdrew and spent \$135,592 in RSI benefits that continued to be deposited in their joint bank account. After admitting her wrongdoing, we settled the case for an assessment of \$135,592 and a \$10,000 penalty, for a total CMP of \$145,592.

### ***False Statements and/or Omissions***

#### **IOWA WOMAN PENALIZED FOR FALSIFYING MENTAL IMPAIRMENT**

An Iowa woman applied for SSI, claiming severe mental impairment. SSA paid for a psychological examination, in which she pretended to be violent and unable to speak, and feigned experiencing auditory and visual hallucinations. An OIG investigation revealed that she attended school, socialized, wrote and spoke normally, and worked. Although SSA denied her SSI claim, we imposed the maximum penalty of \$7,954 for her serious misrepresentations to SSA.

#### **OHIO WOMAN FAILS TO REPORT LIVING ARRANGEMENTS WITH HER HUSBAND**

An Ohio woman failed to notify SSA of her true living arrangements, income, and resources to facilitate the improper receipt of SSI payments for almost 6 years. On numerous SSA forms, she reported that she resided with her sister and that she was separated from her husband, who earned an income. As a result, the subject wrongfully received SSI payments from March 2010 through February 2016. We imposed an assessment of \$50,209 and a penalty of \$100,000, for a total CMP of \$150,209.

#### **CALIFORNIA WOMAN FAILS TO REPORT LIVING OUTSIDE THE U.S.**

An SSI beneficiary failed to report frequent travel outside of the United States, which would have rendered her ineligible for SSI payments. On numerous SSA forms, she falsely reported that she had not traveled outside the United States for more than 30 days. As a result, of her false statements and omissions to SSA, she wrongfully received \$31,191 in SSI payments from 2011 through 2016. We imposed an assessment of \$50,000 and a penalty of \$31,191, for a total CMP of \$81,191.

#### **MINNESOTA WOMAN MAKES FALSE STATEMENTS REGARDING WORK ACTIVITY**

A Minnesota woman made false statements regarding her work activity on SSA forms and to an ALJ so she could receive DI benefits. As a result, she wrongfully received \$49,225 in DI benefits from September 2015 to August 2016. We imposed an assessment of \$49,225 and a penalty of \$34,000, for a total CMP of \$83,225.

#### **SEATTLE WOMAN FAILS TO REPORT CASINO Winnings**

A woman failed to notify SSA that she received \$218,627 in casino winnings while she was receiving SSI payments. She completed a Redetermination Summary for Continuing Eligibility for SSI payments and falsely reported that she did not have any income or resources. As a result, the subject wrongfully received SSI payments from January 2012 through August 2016. We imposed an assessment of \$34,588 and a penalty of \$53,000, for a total CMP of \$87,588.

## Representative Payee Conversion

### MISSISSIPPI WOMAN WRONGFULLY RECEIVES DAUGHTER'S SSI PAYMENTS

While serving as her daughter's representative payee, a Mississippi woman failed to report that her daughter was no longer living with her, so she could continue receiving her daughter's benefits. Her false statements and misrepresentations caused her to wrongfully receive \$37,630 in SSI payments from November 2012 through February 2017. We settled the case for an assessment of \$37,630 and a penalty of \$3,000, for a total CMP of \$40,630.

### GEORGIA WOMAN CONVERTS DAUGHTER'S SOCIAL SECURITY BENEFITS TO HER OWN USE

While acting as her daughter's representative payee, a Georgia woman converted her daughter's SSI payments for her own benefit. Although the Department of Children and Family Services took custody of her daughter on the day after she was born, the woman fraudulently represented that her daughter resided with her on numerous representative payee forms for more than 5 years. Her fraudulent behavior resulted in the wrongful conversion of \$47,614 in SSI payments from April 2008 through January 2014. We imposed an assessment of \$47,614 and a penalty of \$130,000, for a total CMP of \$177,614.

SECTION 1129			
	10/1/16- 3/31/17	4/1/17- 9/30/17	FY 2017
<b>Cases Accepted for CMP Development</b>	*116	115	<b>231</b>
<b>Cases Successfully Resolved (imposed penalty through settlement, default of judicial order)</b>	*87	82	<b>169</b>
<b>Assessments &amp; Penalties</b>	*\$3,999,000	\$4,527,000	<b>\$8,526,000</b>
<b>Hearings Requested</b>	13	13	<b>26</b>

\*Amount adjusted from previous Semiannual Report, due to a recent change in reporting methodology.

## Inspector General Subpoena Tool – Improving Service to our Clients and Increasing Efficiency

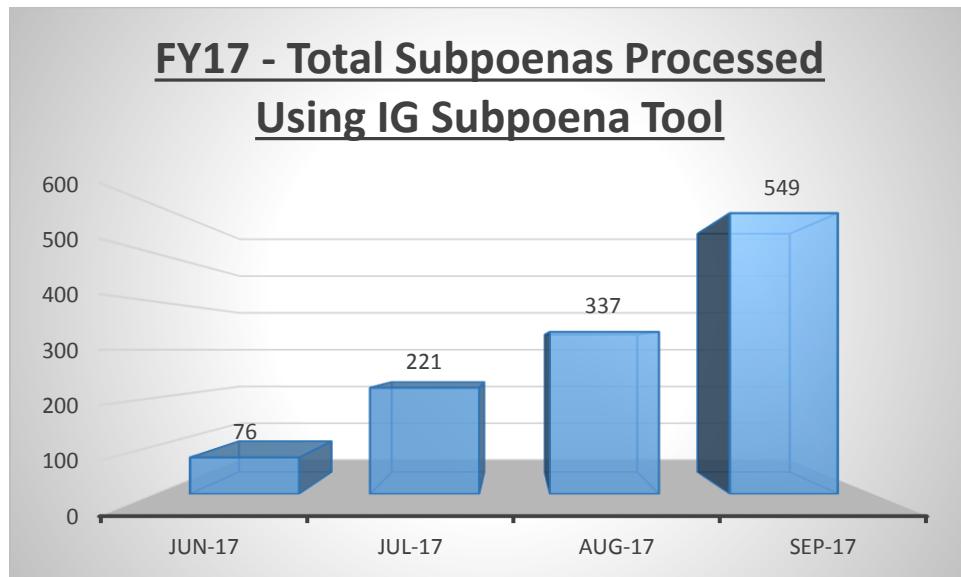
We oversee an agency that is responsible for issuing nearly \$1 trillion in benefit payments per year, to a monthly average of nearly 70 million people. The foundation of that oversight is the ability to obtain information, often through IG subpoenas.

Until this reporting period, we have relied on a paper subpoena process that required numerous resources and employee hours to create, review, sign, and return to the investigator or auditor legally sufficient subpoenas.

In this reporting period, we internally piloted and rolled out a web-based application to process investigative subpoenas. The Inspector General Subpoena Tool (IGST) automates a high-volume workload and captures data that can provide reports in real time.

We also developed training materials and trained about 300 users across the country.

In the last 10 weeks of FY 2017, following the pilot and rollout, we processed 549 subpoenas using the new application – about half of the total number of subpoenas that we processed in FY 2016.



Moving forward, the IGST will save significant taxpayer dollars annually. With the information that we can now capture, we can increasingly make data-driven decisions about our investigations and audits through data analysis, and we can continually improve the way we do business.

The IGST has also generated interest in the IG community at large. At the request of seven IGs, we demonstrated the application to them in FY 2017, and we have several other demonstrations planned in FY 2018 for other IGs.

## SUPPORT

### Budget

For the FY ending September 30, 2017, the OIG received an annual appropriation of \$105.5 million, the same funding level as FY 2016. This level of full-year funding supported a staffing level of 512. Salaries and benefits of our employees accounted for 86 percent of overall spending. The remaining 14 percent provided for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the Office of Management and Budget mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs. As a result, we created and continuously update our plan to reduce the footprint of several offices over the next 5 years. Going forward, the cost savings in rent will allow us to support other initiatives within our organization. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the [OIG Strategic Plan for Fiscal Years 2016-2020](#). In addition, the goals and accomplishments measured in the OIG Strategic Plan are published in SSA's Annual Congressional Budget Justification.

### Human Resource Planning and Management

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

### Information Technology

OIG IT specialists continued their efforts to update and improve our systems environment. We initiated upgrades to our current hardware and software infrastructure that houses our National Investigative Case Management System (NICMS) and Business Process Management applications. We continued efforts to develop a NICMS replacement called the Investigative Case Management System that utilizes an updated software platform and operates in a cloud environment. Further, we plan to upgrade our Lines of Business to operate in a cloud environment. These upgrades will provide better redundancy and failover support.

Our IT staff analyzes industry trends to identify new technologies that may enhance our business processes. During this period, we continued to expand the use of virtual technologies by moving our headquarters print-server process to a virtual environment. This move provides our users a more efficient and self-service facility for printing business documents. Finally, our IT specialists continue to meet the challenge of providing various IT support services for more than 70 OIG offices throughout the country.

## Allegation Management and Fugitive Enforcement Division

OIG's AMFED manages the Social Security Fraud Hotline, which during this reporting period, received 44,918 allegations via telephone, mail, fax, and the internet. Hotline referrals to SSA offices resulted in the identification of \$2,218,982 in Social Security overpayments. The following is a notable investigation from the past six months that resulted from a Hotline referral:

- The Fraud Hotline received an internet allegation alleging that a Greensboro, Maryland man was working as a commercial truck driver and improperly receiving Social Security disability benefits. An OIG investigation determined that the man and his representative payee had intentionally concealed the man's work and earnings. The man and his representative payee were charged and convicted of theft of Government property. The man was sentenced to 18 months in prison and 3 years' supervised release. The representative payee was sentenced to three years' supervised release. They were also ordered to pay restitution of \$265,746 to SSA.

AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 72,484 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. We share location information for wanted felons or parole/probation violators with local law enforcement agencies to help with apprehending these individuals. The following is one example of our efforts:

- OIG agents coordinated with the Corinth, Mississippi Police Department to arrest a disability applicant. The applicant was wanted on a warrant for rape and three counts of rape of a child dated September 29, 2016. The arrest warrant was issued by the Pierce County Sheriff's office located in Tacoma, Washington.

## Outreach

The Acting IG presented at the National Association of Disability Examiners annual conference in Detroit in August. The Acting IG discussed the OIG's mission and recent accomplishments and commended disability examiners from across the country for their role in improving the disability process and referring fraud allegations to the OIG.

The Chief of Staff presented to the Baltimore Chapter of the Association of Government Accountants in May on how OIG audit reports can jumpstart OIG fraud investigations; for example, he discussed audits reports that revealed cases of beneficiaries concealing their self-employment income from SSA, individuals receiving benefits under multiple SSNs, and cases of deceased payee fraud.

To increase awareness about various theft scams targeting Social Security beneficiaries, during the reporting period, we developed various communications materials—fraud advisories, informational flyers, and a public service video—to educate the public about the prevalence of these schemes and provide tips to guard against them. Additionally, the Assistant IG for Investigations participated in an interview with a Washington, D.C. news station to alert the public about these scams.

## **Reporting Requirements & Appendices**

## REPORTING REQUIREMENTS

This report meets the requirements of the *Inspector General Act of 1978*, as amended, and includes information mandated by Congress.

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	Appendix K
Section 5(a)(1)	Significant problems, abuses, and deficiencies	p. 12, p. 17
Section 5(a)(2)	Recommendations concerning significant problems, abuses, and deficiencies	p. 12
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	p. 17, p. 21
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of significant reports	p. 12
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & B
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A

Section 5(a)(10)	Table showing each audit report, inspection reports, and evaluation reports issued before the reporting period with unimplemented recommendations	Appendix H
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D
Section 5(a)(17)(18)	Table showing total number of investigative reports issued	p. 19
Section 5(a)(19)	Detailed report on each investigation involving a senior Government employee where allegations of misconduct were substantiated	p. 23
Section 5(a)(20)	Detailed description of any instances of whistleblower retaliation	Appendix L
Section 5(a)(21)	Description of any attempt by the establishment to interfere with the independence of the OIG	Appendix M
Section 5(a)(22)	Description of any audits or investigations that were not disclosed to the public	Appendix I

## APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes the Social Security Administration's (SSA) responses to our recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs that are challenged because of a violation of law, regulation, etc. Unsupported costs are those costs that are questioned because they are not justified by adequate documentation. This information is provided in accordance with Public Law (P.L.) 96-304 (the Supplemental Appropriations and Recession Act of 1980) and the Inspector General Act of 1978, as amended.

Reports with Questioned Costs for the Reporting Period April 1, 2017 – September 30, 2017			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	34	\$1,906,275,326	\$384,582
B. Which were issued during the reporting period.	26 <sup>a</sup>	\$2,643,797,797	\$0
Subtotal (A + B)	60	\$4,550,073,123	\$384,582
Less:			
C. For which a management decision was made during the reporting period.			
i. Dollar value of disallowed costs.	28 <sup>b</sup>	\$707,330,602	\$208,096
ii. Dollar value of costs not disallowed.	10 <sup>b</sup>	\$886,478,714	\$176,486
D. For which no management decision had been made by the end of the reporting period.	33 <sup>b</sup>	\$2,956,263,807	\$0

- a. See Reports with Questioned Costs in Appendix B of this report.
- b. Some reports have multiple monetary recommendations and are accounted for as follows: Five reports each have one recommendation reflected in section Ci and the other is reflected in section D. Two reports each have one recommendation reflected in section Ci and the other is reflected in Cii. Four reports each have one recommendation split between sections Ci and Cii.

The following chart summarizes SSA's response to our recommendations that funds be put to better use through cost avoidances, budget savings, etc.

<b>Reports with Funds Put to Better Use for the Reporting Period</b> <b>April 1, 2017 – September 30, 2017</b>		
	<b>Number</b>	<b>Dollar Value</b>
A. For which no management decision had been made by the commencement of the reporting period.	27	\$9,741,897,806
B. Which were issued during the reporting period.	8 <sup>a</sup>	\$516,764,221
Subtotal (A + B)	35	\$10,258,662,027
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.	14	\$122,233,846
(a) Based on proposed management action.	14	\$122,233,846
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	5	\$118,633,326
Subtotal (i + ii)	19	\$240,867,172
D. For which no management decision had been made by the end of the reporting period.	19 <sup>b</sup>	\$10,017,794,855

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

b. Some reports have multiple monetary recommendations and are accounted for as follows: One report has a recommendation split between sections Ci and Cii and the other recommendation is reflected in section Cii. One report has a recommendation reflected in section Ci and the other two recommendations are in section D. One report has a recommendation split between sections Ci and Cii.

## APPENDIX B: REPORTS ISSUED

<b>Reports with Non-Monetary Findings</b> <b>October 1, 2016 – September 30, 2017</b>		
<b>Audit Number</b>	<b>Report</b>	<b>Issue Date</b>
A-15-17-50148	Digital Accountability and Transparency Act Readiness	10/21/2016
A-14-17-50151	The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2016 (Limited Distribution)	11/8/2016
A-02-17-50240	Fiscal Year 2016 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/9/2016
A-15-17-50155	The Social Security Administration's Financial Report for Fiscal Year 2016	11/9/2016
A-14-17-50174	Congressional Response Report: Progress in Developing the Disability Case Processing System as of November 2016	12/2/2016
A-04-17-50216	Customer Waiting Times in the Social Security Administration's Field Offices	12/5/2016
A-09-17-50205	Disabled Beneficiaries Receiving Direct Payments Who Previously Had a Representative Payee	12/12/2016
A-15-17-50185	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2016	12/23/2016
A-03-16-24028	Improper Use of Elderly Individuals' Social Security Numbers	1/3/2017
A-13-17-50231	Fiscal Year 2016 Risk Assessment of the Social Security Administration's Charge Card Programs	1/26/2017
A-01-17-50222	Congressional Response Report: Disability Applications Denied Because of Claimants' Ability to Work	3/7/2017
A-06-16-50026	Administrative Leave Used for Extended Absences	3/9/2017
A-04-16-50111	The Social Security Administration's National Remittance Process	3/14/2017
A-12-16-50106	Oversight of Administrative Law Judge Decisional Quality	3/14/2017

A-77-17-00001	Single Audit of the State of Utah for the Fiscal Year Ended June 30, 2016	3/17/2017
A-77-17-00002	Single Audit of the New Mexico Public Education Department for the Fiscal Year Ended June 30, 2016	4/3/2017
A-14-17-50079	Congressional Response Report: Progress in Developing the Disability Case Processing System as of March 2017	4/4/2017
A-77-17-00003	Single Audit of the State of Georgia for the Fiscal Year Ended June 30, 2016	4/10/2017
A-07-17-50217	Emmaus Homes, a Fee-for-Service Representative Payee for the Social Security Administration	4/17/2017
A-77-17-00005	Single Audit of the State of Florida for the Fiscal Year Ended June 30, 2016	4/20/2017
A-77-17-00006	Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2016	4/20/2017
A-77-17-00007	Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2016	4/21/2017
A-77-17-00008	Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 2016	4/21/2017
A-14-17-50152	Security of the Social Security Administration's Public Web Applications (Limited Distribution)	4/25/2017
A-15-17-50255	The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2016 Agency Financial Report	5/4/2017
A-04-16-50138	The Social Security Administration's Information Technology Costs of the National Support Center	5/16/2017
A-05-16-50230	Trends in the Social Security Administration's Conference Expenditures	5/26/2017
A-77-17-00009	Single Audit of the State of West Virginia for the Fiscal Year Ended June 30, 2016	5/31/2017
A-05-17-50268	Congressional Response Report: Reasons for Hearing-related Delays	6/2/2017
A-12-17-50220	Administrative Law Judges from Our February 2012 Report Who Had the Highest and Lowest Allowance Rates	6/22/2017
A-09-15-50023	State Use of Electronic Death Registration Reporting	7/7/2017

A-04-17-50267	Congressional Response Report: The Social Security Administration's Telework Program and Its Effect on Customer Service	7/12/2017
A-77-17-00011	Single Audit of the State of Michigan for the Fiscal Year Ended September 30, 2016	7/17/2017
A-08-16-50142	Social Security Numbers Assigned and Benefits Paid to Refugees, Parolees, and Asylees	7/19/2017
A-77-17-00012	Single Audit of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2016	7/24/2017
A-01-18-50599	Congressional Response Report: The Social Security Administration's Compliance with Congressional Requests and Electronic Message Requirements	8/8/2017
A-01-17-50210	Unauthorized my Social Security Direct Deposit Changes in Calendar Years 2014 Through 2016 (Limited Distribution)	8/17/2017
A-12-18-50289	Factors Related to Decreased Administrative Law Judge Productivity	9/11/2017
A-12-17-50247	Administrative Law Judge Allowance Rates, Quality, and Length of Service	9/18/2017
A-14-17-50221	Congressional Response Report: Progress in Developing the Disability Case Processing System as of August 2017	9/20/2017

<b>Reports with Questioned Costs</b> <b>October 1, 2016 – September 30, 2017</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-01-15-35040	1/6/2017	Bank Balances and Account Information for Supplemental Security Income Recipients	\$1,442
A-07-16-50081	1/6/2017	Individuals Who Have Multiple Overpayments Caused by Failure to Report Earnings	\$624,737,200
A-01-16-50060	2/14/17	Supplemental Security Income Disability Applications Pending Longer Than 1 Year at the Social Security Administration	\$13,890
A-09-17-50200	2/24/2017	Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children	\$40,186,302
A-77-17-00004	4/20/2017	Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2016	\$2,883
A-07-17-50153	4/21/2017	Manual Actions to Issue Old-Age, Survivors and Disability Insurance Underpayments Less Than \$6,000	\$376,213,002
A-02-17-34020	4/24/2017	Accuracy of Critical Payment System Payments	\$54,309,560
A-06-14-24138	4/26/2017	Match of California Death Information Against Social Security Administration Records	\$5,781,512
A-07-17-50201	5/1/2017	Recovering Supplemental Security Income Overpayments from Jointly Liable Recipients	\$104,936,400
A-07-16-50082	5/3/2017	Overpayments Collected Through Long-term Repayment Plans	\$971,212,348

A-07-17-50127	5/11/2017	Statutory Benefit Continuation During the Appeals Process for Medical Cessations	\$60,425,146
A-04-16-50136	6/9/2017	Individuals Who Had Federal Earnings and Old-Age, Survivors and Disability Insurance Overpayments	\$12,494,862
A-01-14-34091	6/12/2017	Supplemental Security Income Overpayments Resulting from the Goldberg-Kelly Procedures	\$13,382,820
A-77-17-00010	6/15/2017	Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016	\$733,651
A-15-14-14095	6/19/2017	Vocational Rehabilitation Services Reimbursements for Supplemental Security Income and Disability Insurance Beneficiaries	\$22,442,265
A-02-16-21186	6/27/2017	Supplemental Security Income Recipients Who Have Life Insurance Policies with Cash Surrender Values	\$229,220,153
A-09-16-50114	6/29/2017	Controls over Death Underpayments Paid to Non-beneficiaries	\$16,461,951
A-06-17-50225	7/5/2017	Manually Reduced Cross-program Recovery Overpayments	\$58,159,028
A-06-13-23091	7/17/2017	Cross-referred Social Security Numbers	\$170,621,570
A-02-16-20132	7/18/2017	Beneficiaries Who Worked After Their Disability Onset Dates and Before Favorable Hearing Decisions	\$109,626,061
A-13-16-50092	8/2/2017	Non-responders to the Social Security Administration's Foreign Enforcement Questionnaires	\$17,169,251
A-09-17-50187	8/7/2017	Widow(er)s Eligible for an Earlier Initial Month of Entitlement	\$285,453,378

A-02-17-50186	8/21/2017	Guard Services Provided in the New York Region in Fiscal Year 2015	\$496,258
A-07-17-50213	8/21/2017	Follow-up: Termination of Disability Benefits Following a Continuing Disability Review Cessation	\$46,927,135
A-06-16-50029	8/29/2017	Payments to Individuals Listed as Deceased in Department of Veterans Affairs' Records	\$37,742,015
A-08-16-50053	9/5/2017	The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims	\$44,659,789.
A-01-17-50244	9/8/2017	Match of Massachusetts Death Information Against Social Security Records	\$3,591,940
A-08-17-50237	9/12/2017	Supplemental Security Income Payments to Confined Juveniles	\$1,669,682
A-04-17-50208	9/14/2017	Social Security Administration Employees Who Received Salary Increases While Working Under an Opportunity to Perform Successfully Plan	\$22,333
A-13-16-50146	9/28/2017	Erosun, Incorporated, a Representative Payee for the Social Security Administration	\$42,804
<b>Total</b>			<b>\$3,308,736,631</b>

<b>Reports with Funds Put to Better Use</b> <b>October 1, 2016 – September 30, 2017</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-01-15-35040	1/6/2017	Bank Balances and Account Information for Supplemental Security Income Recipients	\$1,020,860
A-12-15-50015	2/7/2017	Pre-effectuation Reviews of Favorable Hearing Decisions	\$121,000,000
A-09-14-34120	2/15/2017	Active Representative Payees Who Are Not in the Social Security Administration's Electronic Representative Payee System	\$217,937,085
A-09-16-50159	2/17/2017	Individual Representative Payees Who Do Not Have a Social Security Number in the Social Security Administration's Payment Records	\$372,128,252
A-13-15-15029	4/28/2017	Cross-program Recovery to Collect Overpayments	\$90,315,010
A-07-17-50127	5/11/2017	Statutory Benefit Continuation During the Appeals Process for Medical Cessations	\$335,725,349
A-06-17-50225	7/5/2017	Manually Reduced Cross-program Recovery Overpayments	\$7,029,192
A-06-13-23091	7/17/2017	Cross-referred Social Security Numbers	\$21,179,350
A-03-16-50156	8/3/2017	Individuals Barred from Serving as Representative Payees	\$443,517
A-06-16-50029	8/29/2017	Payments to Individuals Listed as Deceased in Department of Veterans Affairs' Records	\$7,258,842
A-08-16-50053	9/5/2017	The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims	\$54,534,421

A-01-17-50244	9/8/2017	Match of Massachusetts Death Information Against Social Security Records	\$278,540
<b>Total</b>			<b>\$1,228,850,418</b>

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

To meet the requirements of the Omnibus Consolidated Appropriations Act of 1997, P.L. 104-208, we are providing requisite data for FY 2017 from the Offices of Investigations and Audit in this report.

### **OFFICE OF INVESTIGATIONS**

We are reporting over \$74 million in monetary accomplishments because of our investigations during this reporting period (4/1/17-9/30/17). These funds are broken down in the table below.

	10/1/16 – 3/31/17	4/1/17 – 9/30/17	FY 2017 Total
Court-Ordered Restitution	\$36,161,145	\$46,696,005	82,857,150
Recoveries	\$24,892,663	\$24,057,065	48,949,728
Fines	\$1,865,458	\$2,027,441	3,892,899
Settlement/Judgments	\$1,046,481	\$1,877,599	2,924,080
<b>TOTAL</b>	<b>\$63,965,747</b>	<b>\$74,658,110</b>	<b>138,623,857</b>

## OFFICE OF AUDIT

SSA management informed us that SSA has completed implementing recommendations from three audit reports during this period valued at over \$186 million.

### **TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM COST EFFECTIVENESS (A-02-07-17048, 8/11/08)**

We recommended SSA work with Congress to reform or end the Ticket Program if SSA determines it is not having the desired impact and/or it is not cost-effective. The implemented value of this recommendation is \$138 million.

### **OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS AFFECTED BY FEDERAL PENSIONS (A-13-16-23006, 9/29/16)**

We recommended SSA complete the Windfall Elimination Provision and administrative finality determinations for the remaining nine beneficiaries identified during this review and collect overpayments, if applicable. The implemented value of this recommendation is \$48,416,408.

### **MATCH OF MASSACHUSETTS DEATH INFORMATION AGAINST SOCIAL SECURITY RECORDS (A-01-17-50244, 9/8/17)**

There is no recommendation because SSA took corrective action during our review. The implemented value of this recommendation is \$278,540.00.

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

Nothing to report.

## APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

The Omnibus Consolidated Appropriations Act of 1997 (P.L. 104-208) requires us to report additional information concerning actual cumulative collections and offsets achieved because of Office of the Inspector General (OIG) activities each semiannual period.

### OFFICE OF INVESTIGATIONS

<b>Total Restitution Reported by the Department of Justice as Collected for the Social Security Administration</b>			
<b>Fiscal Year</b>	<b>Total Number of Individuals Assigned Court-Ordered Restitution</b>	<b>Court-Ordered Restitution for This Period</b>	<b>Total Restitution Collected by the Department of Justice</b>
2015	589	\$45,984,533	\$5,805,856 <sup>1</sup>
2016	538	\$63,551,781	\$11,295,153 <sup>1</sup>
2017	409	\$52,769,788	See Footnote <sup>2</sup>
<b>TOTAL</b>	<b>1,536</b>	<b>\$162,306,102</b>	<b>\$17,101,009</b>

<sup>1</sup>This includes the amount collected by the Department of Justice (DOJ) for a portion of the FY. DOJ is working to generate reports that will provide us with the remaining amount.

<sup>2</sup>DOJ is working to generate reports that will provide us with this information.

<b>Recovery Actions Based on Investigations by the Office of Investigations</b>		
<b>Fiscal Year</b>	<b>Total Number of Recovery Actions Initiated</b>	<b>Amount for Recovery</b>
2015	3,296	\$162,779,626
2016	1,271	\$52,583,104
2017	1,173	\$ 48,949,728
<b>TOTAL</b>	<b>5,740</b>	<b>\$264,312,458</b>

## OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. We prepared this information in coordination with SSA's management officials, and it was current as of September 30, 2017.

SSA's Responses to the OIG's Recommendations Recovery or Redirection of Questioned and Unsupported Costs <sup>1</sup>						
Fiscal Year	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance <sup>2</sup>
2015	21	\$4,142,508,569	\$1,766,026,201	\$132,453,277	\$3,787,432,462	\$222,622,830
2016	24	\$981,976,425	\$309,570,382	\$151,968,019	\$715,408,324	\$114,600,082
2017	30	\$3,308,736,631	\$720,034,372	\$9,568,778	\$641,906,451	\$2,657,261,402
<b>Total</b>	<b>75</b>	<b>\$8,433,221,625</b>	<b>\$2,795,630,955</b>	<b>\$293,990,074</b>	<b>\$5,144,747,237</b>	<b>\$2,994,484,314</b>

1. We did not independently verify the reported amounts regarding collections, recoveries, and write-offs/adjustments.

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

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

### BENEFITS PAYABLE TO CHILD BENEFICIARIES WHOSE BENEFITS WERE WITHHELD PENDING THE SELECTION OF A REPRESENTATIVE PAYEE (A-09-16-50088, 9/23/16)

**Results of Review:** We continue to find that SSA needs to improve controls to ensure it pays child beneficiaries' withheld benefits pending the selection of a representative payee. Based on our random sample, we estimated that SSA did not pay 6,615 beneficiaries approximately \$9.2 million in withheld benefits.

We estimated that SSA only paid 2,423 of the 13,464 beneficiaries we identified during our 2010 audit. This occurred, in part, because SSA did not send letters to 4,233 beneficiaries and pay 214 beneficiaries who were in current pay on another record.

**Recommendation:** Evaluate the results of its actions for the 55 beneficiaries and determine whether it should review the remaining 11,927 beneficiaries identified by our current audit.

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

**Valued at:** \$9,124,990 in questioned costs.

**Corrective Action:** SSA is currently evaluating the results of the cases from recommendation 1 of this report. In addition, SSA is using the results from recommendation 5 to determine the feasibility of this recommendation, so as not to duplicate its efforts.

### BENEFICIARIES SERVING AS REPRESENTATIVE PAYEES WHO HAVE A REPRESENTATIVE PAYEE (A-09-16-50109, 8/10/2016)

**Results of Review:** SSA needs to improve its controls to prevent the selection of representative payees who are incapable of managing their own benefits. SSA needs to ensure it records representative payees' correct Social Security numbers (SSN) on the Master Beneficiary Record (MBR)/Supplemental Security Record (SSR)/Representative Payee System (RPS), and, when required, retain representative payee applications. Based on our random samples, we estimated that SSA paid

- \$6.3 million to 381 incapable beneficiaries who were serving as representative payees and
- \$53.6 million to representative payees who did not have a verified SSN, RPS record, or application supporting their selection as representative payees for 812 beneficiaries.

**Recommendation:** Take appropriate action to verify and correct the representative payees' SSNs, establish an RPS record, obtain a paper application, or correct the type of payee for 50 beneficiaries identified by our audit.

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

**Valued at:** \$2,178,305 in funds put to better use.

**Corrective Action:** SSA released the cases to the Regions and anticipates completion of the cases by December 15, 2017.

**Recommendation:** Evaluate the results of its corrective action for the sampled beneficiaries and take appropriate action to address the remaining populations of beneficiaries identified by our audit.

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

**Valued at:** \$57,711,460 in funds put to better use.

**Corrective Action:** Once the Regions have completed action on the cases in recommendation 1 of this report, SSA will evaluate the results to determine if it will take action on the remaining population. SSA anticipates making a decision by the first quarter of FY 2018.

#### **CONCURRENTLY ENTITLED BENEFICIARIES RECEIVING REPRESENTATIVE PAYEE AND DIRECT PAYMENTS (A-09-16-50093, 5/5/2016)**

**Results of Review:** SSA needs to improve controls to ensure it does not make direct payments to concurrently entitled beneficiaries who have a representative payee. Based on our random sample, we estimated 10,912 beneficiaries received approximately \$78 million in direct payments, and their representative payees received about \$137 million on their behalf.

Furthermore, we estimated SSA will pay \$91.1 million in benefits, annually, if it does not determine whether it should pay the 10,912 concurrently entitled beneficiaries directly or through a representative payee. This includes approximately \$36.8 million that SSA will pay directly to the beneficiaries.

**Recommendation:** Conduct timely MBR and SSR matches to identify and correct discrepant payment information.

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

**Valued at:** \$114,820,087 in funds put to better use.

**Corrective Action:** SSA received the listing and is incorporating the cases into its Multiple Payee for Beneficiary website. SSA anticipates completion of the cases by end of FY 2018.

#### **OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD PENDING A WINDFALL OFFSET DETERMINATION (A-09-15-15041, 3/21/16)**

**Results of Review:** We continue to find that SSA needs to improve controls to ensure it accurately and timely pays Old-Age, Survivors and Disability Insurance (OASDI) benefits withheld pending a windfall offset determination. We estimated that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimated approximately \$71.9 million was payable to these beneficiaries; and,
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall-offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

**Recommendation:** Evaluate the results of its actions for the 58 beneficiaries and take appropriate action to address the remaining population of 61,734 beneficiaries identified during the current audit.

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

**Valued at:** \$71,596,964 in questioned costs.

**Corrective Action:** SSA is determining if the system will identify and select the cases for review, or if the cases will be reviewed as an ad hoc workload.

#### **HIGHER RETIREMENT BENEFITS PAYABLE TO FAMILIES OF DISABLED BENEFICIARIES (A-09-14-34080, 2/2/16)**

**Results of Review:** SSA needs to improve its controls to ensure it notifies disabled beneficiaries when total family benefits are higher if a disabled wage earner elected reduced retirement benefits. Based on our random sample, we estimated that 8,265 families of disabled beneficiaries were eligible for higher total family benefits of approximately \$27.9 million.

When these beneficiaries attained age 62, SSA should have informed them they were eligible for higher family benefits. However, we found no evidence in SSA's electronic files that SSA informed them they were eligible for a higher family benefit or that the beneficiaries had elected to continue to receive the lower family benefit.

**Recommendation:** Take appropriate action for the 159 beneficiaries and their families identified by our audit.

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

**Valued at:** \$537,737 in funds put to better use.

**Corrective Action:** In December 2016, SSA revised the Program Operations Manual System (POMS) RS 00615.110 and RS 00615.742. The POMS revision clarified a number holder simultaneously entitled to Disability Insurance Benefits (DIB) and reduced Retirement Insurance Benefits (RIB) should be notified, but only at the time of filing - not when they become eligible for reduced RIB months and/or years later.

Based on the revised policy, SSA determined 148 beneficiaries were entitled to disability benefits prior to age 61 years, 8 months. These 148 were not eligible for reduced retirement; therefore, no action was required to notify the NH of reduced RIB at the time of filing. The remaining 11 cases resulted in 3 open leads where NH was eligible for reduced RIB at the time of DIB filing, NH is alive, and was not receiving Supplemental Security Income (SSI). SSA contacted the NHs and two elected to receive the reduced RIB retroactively.

**Recommendation:** Evaluate the results of its actions for the 159 beneficiaries and their families and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher family benefits.

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

**Valued at:** \$27,436,497 in funds put to better use.

**Corrective Action:** The same criteria as recommendation 1, above, was used to reduce the total population from 20,600 to 3,284. SSA reviewed a 20 case sample of the 3,284 and determined no cases required action. Results of our review are below.

- Three NHs declined reduced RIB on the application.
- Six NHs received reduced RIB before DIB.
- One NH received unreduced RIB before DIB.
- Four receiving SSI were ineligible to elect reduced RIB over DIB.
- Four total family benefit higher when auxiliaries became entitled when NH was over Full Retirement Age.
- One auxiliary was a Disabled Adult Child living in a different household; no advantage to elect reduced RIB.
- One auxiliary child technically entitled on the NH's record was receiving higher benefit on other parent's record.

Based on the results in recommendation 1 and the cases sampled from this recommendation, SSA has decided not to review the remaining population of 20,600 cases.

#### **RETIREMENT CLAIM DENIALS BECAUSE OF LACK OF INSURED STATUS (A-09-14-34107, 1/28/16)**

**Results of Review:** SSA needs to improve its controls to ensure it does not deny retirement benefits to individuals who are fully insured. Based on our random sample, we estimated that SSA denied retirement benefits to 3,575 fully insured individuals from January 2004 to April 2014. Of these, 3,154 individuals were entitled to \$20.8 million in retirement benefits.

Generally, this occurred because (1) SSA employees did not review earnings or develop for lag earnings, and (2) claimants did not report, or provide proof of, earnings to SSA. We also found that SSA employees should have determined whether individuals whom it subsequently awarded retirement benefits should have had an earlier month of entitlement based on a prior application it had denied for lack of insured status.

**Recommendation:** Evaluate the results of its corrective action for the 68 individuals and determine whether it should review the remaining population of 5,157 individuals.

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

**Valued at:** \$20,433,391 in questioned costs.

**Corrective Action:** SSA released the cases to the Regions and anticipates completion by the end of April 2018.

#### **SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN BANK ACCOUNTS OUTSIDE THE UNITED STATES (A-06-14-14037, 10/19/15)**

**Results of Review:** We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimated that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimated that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

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

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

**Recommendation:** Periodically re-verify the eligibility (residency status) of SSI recipients who receive SSA payments in bank accounts established in Puerto Rico or the Virgin Islands.

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

**Valued at:** \$1,088,598 in questioned costs.

**Corrective Action:** The workgroup has been working in concert with various components throughout 2016, assessing and looking to redefine the alert process of SSI recipients who receive direct deposit payments into banks, in Puerto Rico or the Virgin Islands. This includes the identification of SSI recipients and notification to field office staff, to allow for the investigation of identified SSI recipients. The workgroup concluded that the low priority "2J Diary" currently in place verifies residence of SSI recipients and the process to review and remove is a manual process within Operations.

In late 2016, SSA received monthly files, listing suspected foreign SSI cases. The Office of Anti-Fraud Programs recommended developing these beneficiaries' presence in the United States, by following existing policy (e.g. 2J Diary). After further analysis and based on limited resources to enhance current process, SSA will continue using the 2JDiary to review and verify SSI cases.

### **OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS PENDING COLLECTION (A-02-15-35001, 9/22/15)**

**Results of Review:** While SSA had made some progress in recovering the long-term pending overpayments we reviewed, it could improve the effectiveness of its recovery efforts. In some cases, SSA did not recover any part of the overpayments due. In other cases, SSA recovered part of the overpayments but did not continue recovering the remaining balances. The longer these overpayments remain unresolved, the less likely SSA will be able to recover them.

Unresolved protests of the overpayments we reviewed were often the reason SSA had not recovered the debts owed. An overpayment with a pending protest or waiver request suspends further collection activity until it is resolved. While SSA's system generates alerts of the pending protest workload, SSA does not have controls in place to ensure that they are addressed timely, which allows protests to remain unresolved and overpayments unrecovered.

Based on our samples, we estimated that SSA has not resolved over \$172 million in overpayments.

**Recommendation:** Evaluate the results of its resolution of the 46 overpayments and determine whether it should review the remaining overpayment balances that had been outstanding for 12 months or longer.

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

**Valued at:** \$172,134,978 in questioned costs.

**Corrective Action:** After SSA completes its review of case results from recommendation one of this report, SSA anticipates determining if it will take action on the remaining population by November 2017.

### **COST-BENEFIT ANALYSIS OF PROCESSING LOW-DOLLAR OVERPAYMENTS (A-07-14-14065, 7/1/15)**

**Results of Review:** Generally, SSA attempted to collect overpayments regardless of the amount. Sometimes, the value of the overpayment was less than what SSA spent to collect it. Therefore, for some overpayments, collection was not always cost-beneficial.

SSA collects data on the average costs to collect Retirement and Survivors Insurance (RSI), Disability Insurance (DI), and SSI overpayments via its Cost Analysis System (CAS). The average cost to collect RSI and DI overpayments reported in CAS includes the total cost for all actions related to collecting overpayments from beneficiaries under each program during an FY. However, the average cost to collect an SSI overpayment as reported in CAS represents the cost of a single action taken to collect an SSI overpayment during an FY. Therefore, the average cost to collect an SSI overpayment does not represent the cost of collecting the overpayment when multiple actions are required. This results in an understatement of the average cost to collect an SSI overpayment when multiple collection actions are required.

Based on our analysis using average cost data from CAS, we estimated SSA spent over \$323 million to collect low-dollar overpayments in FYs 2008 through 2013. Using SSA's overpayment collection percentages for these FYs, we estimated SSA collected approximately \$109.4 million of the low-dollar overpayments. This resulted in SSA spending over \$213.6 million more than it collected.

**Recommendation:** Re-evaluate SSA's process for collecting overpayments where the value of the overpayment is less than what SSA spends to collect the overpayment to ensure that it expends resources on activities that result in the greatest return on investment.

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

**Valued at:** \$3,175,601,911 in funds put to better use.

**Corrective Action:** SSA will re-evaluate the process for collecting overpayments where the value of the overpayment is less than what the Agency spends to collect it. However, SSA believes that this evaluation should include other factors such as reporting deterrents; SSA must obtain the updated SSI data in order to complete this evaluation. SSA was evaluating how to address recommendation 1 of this report [capture in the CAS the average cost of collecting SSI overpayments using a similar methodology as it does for the RSI and DI programs] with the Overpayment Redesign effort. SSA will continue to pursue this recommendation in coordination with the completion of recommendation 1.

## **CONTROLS OVER "SPECIAL PAYMENT AMOUNT" OVERPAYMENTS FOR TITLE II BENEFICIARIES (A-09-13-23098, 5/18/15)**

**Results of Review:** Since our prior audit, SSA had reduced the number of overpaid beneficiaries and amount of special payment amount (SPA) overpayments for which it had not initiated recovery actions. Similarly, the number and amount of erroneous overpayments on the MBR had decreased. However, SSA's controls did not always ensure it initiated recovery actions timely and tracked overpayments only when recovered or otherwise resolved.

Based on our random sample, we estimated that SSA

- overpaid 9,222 beneficiaries about \$31 million for which it had not initiated recovery actions; and,
- should have removed from the MBR erroneous SPA overpayments, totaling about \$18.3 million, for 1,892 beneficiaries.

This occurred because SSA employees did not review the SPA overpayments or resolve the SPA overpayment alerts. We also found SSA could improve its overpayment collection efforts by producing follow-up alerts for SPA overpayments and/or by revising the clean-up project to identify and select SPA overpayments sooner.

**Recommendation:** Improve controls to ensure that employees properly resolve SPA overpayments in a timely manner.

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

**Valued at:** \$49,025,745 in questioned costs.

**Corrective Action:** SSA continues to work with the appropriate Agency representatives to discuss the effectiveness and possible implementation of the SPA Lifecycle Repeat Offenders Report. The report will provide a list of SSNs, which were in previous SPA Lifecycle runs, but the Payment Center did not resolve. SSA anticipates making a determination by the end of December 2017.

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

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

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

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

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

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

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

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

**Corrective Action:** Using a collaborative approach, the Office of Financial Policy and Operations is leading an executive steering committee to develop a multi-year plan to address the policy changes, systems enhancements, and collection process improvements necessary to improve the monitoring of section 1129 CMPs. The Project Overpayment Redesign is currently being presented to obtain resources. Once the project has secured the necessary resources, the outstanding issues with CMPs will be addressed along with the policy changes and collection process improvements.

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

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

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

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

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

**Valued at:** \$105,188,265 in funds put to better use.

**Corrective Action:** SSA completed its work on the 66 cases and the Potential Entitlement Workgroup is taking the lead to address evaluating the results. Several projects are underway to identify and notify disabled and auxiliary beneficiaries of potential entitlement to higher retirement benefits. The identified beneficiaries include spouses, widows, and childhood disability beneficiaries.

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

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

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

- 248 representative payees were paid accumulated funds totaling approximately \$4 million, but SSA had not evaluated its ability to manage the funds, as required.

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

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

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

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

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

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

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

The improper payments occurred because SSA's policy is to exclude from the EEO beneficiaries whose MBR annual report data exceeded the earnings recorded on SSA's MEF. Finally, we found that SSA should not rely on the annual report data on the MBR to determine whether beneficiaries were properly paid. Specifically, we found that annual report data on the MBR (1) were estimated amounts, (2) contained obvious recording errors, and (3) included earnings that were not subject to the annual earning test.

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

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

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

**Corrective Action:** SSA completed its analysis and it will be reviewing policies and procedures to take action on cases involving underpayments. SSA will determine what systems the Agency needs to modify.

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

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

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

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

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

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

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

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

**Corrective Action:** SSA released a set of sample cases to the payment centers (PC) for action. As of May 2016, the PCs completed 102 cases. SSA used the results from 102 cases to work with the Data Analytics Lab to establish criteria to reduce the total population of cases and remove those that do not require action. At the end of May 2017, SSA released the remaining cases to the PCs for action and requested completion by February 2018.

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

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

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

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

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

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

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

**Corrective Action:** The PCs are working on their final responses. SSA anticipates having all the cases completed by the end of October 2017.

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

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

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

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

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

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

**Corrective Action:** In August 2016, SSA completed its review of the additional 1,330 cases identified in this audit to determine what actions were feasible to prevent overpayments to stepchildren. SSA is taking steps to create a file of SSNs to narrow down the universe of cases that will require review and action. SSA anticipates starting this second phase in the first quarter of FY 2018.

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

#### **ACCURACY OF DISABILITY BENEFITS TO BENEFICIARIES WHO ALSO RECEIVE FEDERAL EMPLOYEES' COMPENSATION ACT PAYMENTS (A-02-15-22114, 11/13/15)**

**Results of Review:** Of the 100 sampled beneficiaries, 88 had received the Federal Employees' Compensation Act (FECA) payments or filed a FECA claim. In 65 cases, the beneficiaries concurrently received DI and FECA payments. We found SSA staff entered incomplete and inaccurate FECA information into SSA's systems when beneficiaries' DI claims were processed and their records updated.

In many cases, FECA payments changed after the beneficiaries began receiving DI benefits, but we found SSA updated its records infrequently, sometimes months or years after a change, and sometimes not at all. In many cases, these errors resulted in improper payments.

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

**Recommendation:** Develop the 53 cases with errors we identified, which include the 39 cases with improper payments, as appropriate.

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

**Valued at:** \$853,179 in questioned costs.

**Corrective Action:** SSA has completed corrective action on all cases but one. For the remaining case, SSA initiated corrective action but it is still pending due to Expedited Reinstatement, Trial Work Period, and Substantial Gainful Activity. SSA will continue to track the progress of this complex case to completion.

SSA disagrees with our \$853,179 in Questioned Costs; SSA found the results of its case review resulted in \$798,206.

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

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

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

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

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

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

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

**Corrective Action:** Before SSA starts collecting an overpayment in an individual case, it sends a notice to the individual explaining his or her right to appeal the overpayment. In addition, this notice provides the individual the right to request a waiver of Agency collection activities at any time in the process. Both the right to a formal appeal and the right to request a waiver are specified policies in SSA's regulations. Consistent with SSA's policies and regulations, SSA is reviewing and correcting the cases, we identified for SSA as being erroneously processed (i.e., erroneously collecting an overpayment). SSA reviewed and corrected (as needed) the 1,273

cases processed during the audit period from May 7, 2012 through June 11, 2012 in accordance with policy. The Agency issued replacement payments to all beneficiaries who did not receive their monthly benefit due to an unauthorized direct deposit changes.

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

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

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

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

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

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

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

**Corrective Action:** Through its Systems and Operational support, SSA has worked on a multi-year clean-up project to automate the release of underpayments for deceased beneficiaries who have an eligible widow on the record, through Title 2 Redesign (T2RD). Effective September 2014, SSA converted from the Automated Job Stream-1 to T2RD, which automatically pays the underpayments on terminated records, and to eligible widows when there is a deceased beneficiary. Using T2RD, SSA was able to identify records with underpayments established from January 2011 through August 2014. SSA developed a multi-year clean-up project to address releasing these payments to the beneficiaries.

SSA completed Phase 1 in December 2015, and T2RD issued payments to 4,676 widows representing underpayments established in FY 2011. SSA completed Phase 2 in December 2016, and T2RD issued payments to 3,594 widows representing underpayments established in FY 2012. In addition, SSA removed 92 erroneous underpayments established on records.

SSA is pursuing a final clean-up action to issue payments established in FYs 2013 through 2017. If the final clean-up run is not viable, SSA will complete a run for underpayments established in FYs 2013 through August 2014. SSA determined its implemented approach is to continue clean-up operations in FY 2018 and into the future to identify any erroneous underpayments, investigate, and take appropriate action.

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

**Results of Review:** SSA needs to improve its controls to ensure that it does not improperly stop Government Pension Offset (GPO) for spousal beneficiaries. We estimated that SSA incorrectly recorded GPO stop dates for 812 spousal beneficiaries on the MBR. This included 314 beneficiaries whom SSA overpaid about \$9.1 million

because it improperly stopped withholding GPO or incorrectly calculated the GPO amounts. Finally, we estimated that SSA would overpay the 314 spousal beneficiaries about \$2 million, annually, unless it takes action to identify and correct these errors.

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

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

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

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

**Corrective Action:** The Office of Operations evaluated the results of its corrective action for the 88 beneficiaries and determined it was appropriate to review the remaining population of 823 spousal beneficiaries. SSA's technicians have taken the appropriate actions to resolve and correct any case incorrectly coded. SSA did not track the dollars.

#### **TITLE II BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED AND WHO HAVE A DATE OF DEATH ON THE NUMIDENT (A-09-10-10117, 4/28/2011)**

**Results of Review:** SSA needs to improve controls to ensure that it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimated that

- 4,699 beneficiaries remained in suspended pay status despite the death information on their Numident. Of these, we estimated 2,976 were improperly paid approximately \$23.8 million.
- 2,715 beneficiaries' personally identifiable information was at risk of being released to the public.
- 157 beneficiaries whose benefits were terminated were improperly paid \$342,114.

**Recommendation:** Identify and take corrective action on the remaining population of 6,277 suspended beneficiaries who had a date of death on the Numident.

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

**Valued at:** \$22,855,376 in questioned costs.

**Corrective Action:** All actions were completed in August 2017.

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

### MANUALLY POSTED SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO SURVIVING SPOUSES (A-13-14-14058, 4/20/16)

**Results of Review:** Agency staff did not always transfer SSI overpayments to the surviving individual of an eligible couple. We identified 1,231 deceased SSI recipients who had approximately \$3 million in overpayments that SSA had not transferred to the surviving spouse. Based on the percentage of records SSA reviewed and reported was eligible, we estimated that approximately 948 deceased recipients' overpayments may have been eligible for transfer to the surviving spouses for collection. Because of the large finding rate we identified in our review, we believe SSA should review for potential transfer to the surviving spouses all outstanding overpayments for 1,231 deceased SSI recipients.

**Recommendation:** Consider establishing an alert to notify SSA staff when an overpayment exists on a deceased eligible spouse's SSI record or implement a Passive voice overpayments eligible for transfer to the surviving spouse's records.

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

**Corrective Action:** SSA determined creating a specific alert is not feasible. SSA is working on revisions to its instructions in SM 01211.631, SM 01311.639, and SM 01301.376.

### UNDERPAYMENTS PAYABLE TO WIDOW(ER)S ELIGIBLE FOR A HIGHER MONTHLY BENEFIT AMOUNT (A-09-14-34103, 4/11/2016)

**Results of Review:** SSA needs to improve its controls to ensure it establishes the correct primary insurance amount (PIA) for widow(er)s when deceased wage earners die before age 62. Based on our random sample, we estimated that SSA underpaid approximately \$224 million to 25,309 widow(er)s. We also estimated that SSA did not record on the MBR that 11,032 widow(er)s were entitled to benefits based on a WINDEX PIA.

This occurred because SSA employees did not identify that a WINDEX PIA applied when they processed claims outside the Modernized Claims System. In addition, SSA employees did not update the MBR to indicate that widow(er)s' monthly benefit amounts were based on a WINDEX PIA. Finally, SSA's systems did not detect when a WINDEX PIA applied for manually processed claims.

**Recommendation:** Determine whether it should develop a systems alert to detect when a WINDEX PIA should apply.

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

**Corrective Action:** SSA is working to submit a proposal to the Information Technology Investment Project to make an enhancement to the Informational/Certified Earnings Record.

### OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD PENDING A WINDFALL OFFSET DETERMINATION (A-09-15-15041, 3/21/16)

**Results of Review:** We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending a windfall-offset determination. We estimated that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimated approximately \$71.9 million was payable to these beneficiaries, and
- 19,587 beneficiaries' windfall-offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

**Recommendation:** Take appropriate action to address the population of 26,558 beneficiaries identified during our 2011 audit.

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

**Corrective Action:** SSA is determining if the system will identify and select the cases for review, or if the cases will be reviewed as an ad hoc workload.

**Recommendation:** Periodically identify and select for review beneficiaries whose OASDI benefits are being withheld pending a windfall offset determination.

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

**Corrective Action:** SSA is reviewing case information to identify criteria for a new RETAP alert that could select records pending a windfall-offset determination, and trigger case review.

### **HOUSEHOLDS WITH MULTIPLE CHILDREN RECEIVING SUPPLEMENTAL SECURITY INCOME PAYMENTS BECAUSE OF MENTAL IMPAIRMENTS (A-08-14-14098, 3/2/16)**

**Results of Review:** Neither we, nor SSA could identify all the households with multiple children receiving SSI because of mental impairments. As such, we were unable to satisfy that part of our audit objective. However, our interviews with individuals at selected field offices, State disability determination services (DDS), and Cooperative Disability Investigations Units, and reviews of 42 households (193 children) with four or more mentally disabled children, raised some concerns about the potential for individuals to exploit vulnerabilities in program controls. Although our discussions and case reviews raised some program integrity issues, we did not project our results to all households with multiple children receiving SSI. We recognize that more than one child in a household may have legitimate disabilities; however, we believe SSA should consider households with multiple children applying for, or receiving, SSI for mental impairments as high-risk.

To enhance program integrity, we believe field offices should routinely notify DDSs about households that have multiple children receiving SSI payments because of mental impairments, as the U.S. Government Accountability Office previously recommended. We determined that field offices did not notify DDSs of other children in the household in 150 (92 percent) of the 163 electronic case files, we reviewed. Without such information, DDS' ability to identify potential fraud and abuse is limited. In addition, 84 (44 percent) of the 193 cases we reviewed were overdue for a continuing disability review (CDR). When SSA does not conduct CDRs as scheduled, some children may receive payments for which they are no longer eligible.

**Recommendation:** Conduct medical CDRs on the children in multi-recipient households we identified. If SSA identifies any potential fraud or abuse through these reviews, SSA should refer the cases to OIG.

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

**Corrective Action:** In addition to the over 220,000 SSI childhood CDRs completed in FY 2015, SSA completed over 260,000 in FY 2016. Most of the 193 are completed, or are in process. The results are as follows: 67 have an open CDR with no determination yet, 10 are not in current pay and SSA cannot initiate a CDR, and 19 were available for release in FY 2017. SSA is still waiting on the data for the final 19 of CDRs.

**Recommendation:** Develop and implement a plan to identify households nationwide in which multiple children are receiving SSI payments because of mental impairments and ensure it conducts medical CDRs timely.

**Agency Response:** SSA partially agreed with this recommendation.

**Corrective Action:** SSA relies on a predictive model to analyze case characteristics and prioritize CDRs that are most likely to have medical improvements to use its limited resources on the CDRs with the best rate of return. SSA's models, which it developed and refined over many years, rely on data from all disability cases, including childhood SSI cases. OIG presented no evidence that this cohort would produce a better return on investment than CDRs currently completed, so there is no compelling reason to specifically focus CDRs on children receiving SSI due to mental impairments in households with multiple children receiving SSI benefits. SSA does agree, however, that all SSI children receiving SSI should receive CDRs timely and it is committed to taking action to ensure this happens.

Finally, as noted in SSA's general comments, contingent on adequate and sustained program integrity funding to complete the necessary CDRs, SSA expected to eliminate the CDR backlog of children receiving SSI benefits in FY 2017. With funding to work significantly more CDRs expected in FY 2018, SSA is committed to working all due medical CDRs for child SSI cases by the end of this period.

### **SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN BANK ACCOUNTS OUTSIDE THE UNITED STATES (A-06-14-14037, 10/19/15)**

**Results of Review:** We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimated that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimated that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

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

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

**Recommendation:** Modify the alert process to identify and notify field office staff to investigate when SSI recipients have SSA payments direct deposited in banks in Puerto Rico or the Virgin Islands.

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

**Corrective Action:** The workgroup has been working in concert with various components throughout 2016, assessing and looking to redefine the alert process of SSI recipients who receive direct deposit payments into banks, in Puerto Rico or the Virgin Islands. This includes the identification of SSI recipients and notification to field office staff, to allow for the investigation of identified SSI recipients. The workgroup concluded the low priority "2JDiary" currently in place verifies residence of SSI recipients and the process to review and remove the diary is a manual process within Operations.

In late 2016, SSA received monthly files, listing suspected foreign SSI cases. SSA's Office of Anti-Fraud Programs recommended developing these beneficiaries' presence in the United States, by following existing policy (e.g. 2J Diary). After further analysis and based on limited resources to enhance the current process, SSA will continue using the 2J Diary to review and verify SSI cases.

### **SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS PENDING A COLLECTION DETERMINATION BY THE SOCIAL SECURITY ADMINISTRATION (A-07-15-15030, 9/22/15)**

**Results of Review:** From a sample of 100 overpayments for individuals who were not receiving SSI payments, we found SSA had partially collected eight, was unable to collect seven because of legal or policy restrictions, and took action to collect 58 (it appeared SSA could have taken additional actions for seven of these 58). SSA had not taken any collection actions on the remaining 27 overpayments since December 31, 2013. Accordingly, we project SSA had not taken recent actions to collect 16,240 overpayments, totaling more than \$128 million.

From a sample of 50 overpayments for individuals who were receiving SSI payments, we found SSA had partially collected two, was unable to collect four because of legal or policy restrictions, and took action to collect three. Further, SSA had not taken appropriate action since December 31, 2013 for one overpayment. SSA combined the remaining 40 overpayments with the recipients' prior and subsequent overpayments and was withholding all or a portion of the recipients' SSI payments to recover the total debt.

**Recommendation:** As resources allow, establish a plan to review remaining overpayments where no recent actions had been taken to collect overpayments from individuals no longer receiving SSI payments, focusing on the highest dollar overpayments first.

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

**Corrective Action:** Working the cases in this recommendation is contingent upon the actions being taken for recommendation four of this report. SSA is still in the process of reviewing the most recent group of cases. SSA

will be collaborating with Agency components to analyze the cases in an effort to make statistically significant conclusions about the unbilled debts and the characteristics creating the discrepancies as identified in the audit. SSA is continuing conversations and the investigation, but it does not have an exact timeframe for when it will have this analysis available because it is contingent on the resources of Agency components and data analytics partners.

### **QUALIFYING FOR DISABILITY BENEFITS IN PUERTO RICO BASED ON AN INABILITY TO SPEAK ENGLISH (A-12-13-13062, 4/3/15)**

**Results of Review:** SSA has applied the medical-vocational guidelines nationally and does not make exceptions for claimants who reside in Puerto Rico where both Spanish and English are the official languages. The guidelines assume individuals who are unable to communicate in English are limited in their ability to find a job in the regional or national economy where English is the predominant language, even though residents of Puerto Rico may be able to find local work with their Spanish-speaking skills.

While SSA had incomplete management information (MI) on claimants allowed using the grid rules related to an inability to communicate in English, we identified 244 cases in Puerto Rico from Calendar Year 2011 to 2013 where DDSs used the aforementioned grid rules to grant benefits. Moreover, about 4 percent of the hearings we sampled involved these same grid rules.

SSA is preparing to issue an Advanced Notice of Proposed Rulemaking (NPRM) on the need to update the medical-vocational guidelines. This process should lead to changes in how SSA considers factors that may affect a claimant's ability to adjust to other work in the economy. SSA may also want to review other interpretations of the grid rules. For example, a U.S. District Court's earlier judgment, upheld by a U.S. Court of Appeals, found that, usually, it is the ability to communicate in Spanish, not English, which is vocationally important in Puerto Rico.

**Recommendation:** Evaluate the appropriateness of the grid rules related to an inability to communicate in English when determining eligibility for disability benefits in circumstances such as those we identified in our audit.

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

**Corrective Action:** SSA is pursuing an evidence-based approach to updating the grids to ensure it remains current with changes in medical and vocational practice, technology, and the work force. SSA has done extensive outreach and gathered research findings and data for consideration. SSA established the multi-component Vocational Regulations Modernization (VRM) Workgroup in May 2015 to begin the process of reviewing its vocational factors, and the Medical-Vocational Guidelines, to determine how it should consider these factors. The VRM Workgroup concluded its work in July 2016 and issued preliminary recommendations for modernizing SSA's vocational factors. SSA also published an Advance NPRM in the Federal Register on September 14, 2015 soliciting public comments on how SSA should consider the vocational factors of age, education, and past work experience to determine whether changes to modernize its vocational rules are warranted. This initiative includes evaluation of the appropriateness of the grid rules related to an inability to communicate in English when determining eligibility for disability benefits. SSA is now planning targeted research to support the NPRM. SSA expects to complete research and associated rulemaking processes by FY 2019.

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

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

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

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

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

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

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

**Corrective Action:** SSA is working with the Office of Legislation and Congressional Affairs on the drafted NPRM.

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

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

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

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

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

**Corrective Action:** SSA agrees in concept with the recommendation. It is committed to ensuring individuals receive benefits due. SSA currently has an Agency-wide initiative underway to identify potential entitlements (Potential Entitlements Workgroup), and included this recommendation as one of the items for analysis and assessment by the components working on this initiative. The Potential Entitlements Workgroup continues to consider this recommendation as part of its ongoing activities. SSA implemented an initiative in FY 2017, which automated identification and notification to disabled and auxiliary beneficiaries who are potentially entitled to retirement benefits. SSA releases notices to all identified beneficiaries in March and October of each year.

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

**Results of Review:** SSA did not always resolve representative payee selections that were pending in its RPS. Based on our random sample, we estimated that SSA

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

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

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

**Corrective Action:** Since the modifications to the clean-up process in April 2016, SSA rewrote the process because it has a new database. In October 2017, SSA will release the new process, which will clean-up applications that are “stuck” in the electronic Representative Payee System (eRPS). This new process is more thorough than its previous process. SSA completed extensive analysis and worked with stakeholders to ensure that it is processing the applications appropriately. In its initial run, SSA will review the results prior to allowing the system to process further to ensure the process is working as expected. Once SSA completes this analysis and everything is working as expected, it will schedule this process to run monthly. Finally, SSA plans to make additional changes to its processes in the fall of 2017 so that it will have fewer applications that become “stuck.”

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

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

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

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

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

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

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

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

**Corrective Action:** MI reports for Supplemental Security Income Mobile Wage Reporting and SSITWR are being incorporated into the Bipartisan Budget Act. The estimated release for the MI reports is in Fiscal Year 2018.

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

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

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

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

**Corrective Action:** The first phase of eRPS was released in April 2016; the system alert referenced in this recommendation will not be implemented until a later system release date. The date of the release is still to be determined.

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

#### **ON-THE-RECORD FAVORABLE DECISIONS PROCESSED AT HEARING OFFICES WITHIN 100 DAYS OF RECEIPT (A-12-14-14082, 1/21/16)**

**Results of Review:** We reviewed 100 on-the-record (OTR) decisions issued in FY 2013 by ALJs and senior attorney adjudicators (SAA) within 100 days of receipt at a hearing office. We determined SAs issued 80 of these OTR decisions, and ALJs issued the remaining 20 decisions.

We found that 50 of the 100 OTR decisions in our sample contained no new medical evidence at the hearings level. These decisions had the following characteristics that may be of interest to Agency managers (some cases overlap into more than 1 category):

- 46 cases where Office of Disability Adjudication and Review (ODAR) adjudicators determined the individual had little or no ability to work in the economy;

- 9 cases where medical evidence was posted at the DDS level after a decision had been rendered on the case; and
- 8 cases where ODAR adjudicators noted obesity as a contributing factor in the claimant's impairment, though obesity was not cited at the DDS level.

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

**Recommendation:** Consider conducting quality reviews that focus on a sample of cases at each step in the disability process, from the initial to hearings level, to identify any inconsistencies in practices, including factors discussed in our report.

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

**Corrective Action:** SSA formed a multi-component workgroup, which included areas from Operations, Policy, Quality Review, and Hearings Operations. SSA completed the project and it was successful. Examples of some action that took place based on the workgroup were: (1) conducted a detailed data trend analysis; (2) established a Quality Cadre consisting of regional and State disability participants from across the country in October 2016—the goal was to assist the DDSs and Federal sites sustain and improve quality; and (3) created desk guides and references – 21-page guide which included top 10 deficiencies, top 5 body systems, and top 5 hot topic areas for Fiscal Year 2016 – January 2017, released to the regions a comprehensive policy feedback system desk guide and a disability quality sustainment best practices.

#### **SOCIAL SECURITY ADMINISTRATION EMPLOYEES WITH CONDUCT ISSUES WHO RECEIVED MONETARY AWARDS (A-08-15-50020, 11/2/15)**

**Results of Review:** SSA paid about \$145,000 in monetary awards to 240 employees it had disciplined for conduct issues. SSA reprimanded 126 (52.5 percent) employees, suspended 113 (47.1 percent), and demoted 1 (0.4 percent). The primary reasons SSA cited for the disciplinary actions included discourteous conduct, unauthorized access to SSA records, failure to follow SSA procedures, and misuse of Government credit cards.

SSA policy indicates that employees under SSA's Performance Assessment and Communications System must be in good standing to be eligible for the Exemplary Contribution or Service Award and Recognition of Contribution (ROC) awards. SSA considers employees in good standing when their rating of record (appraisal) is at least a summary level 3.0 (performing successfully), and the employee is not serving on an Opportunity to Perform Successfully Plan. SSA's Office of Personnel told us the 240 employees were in good standing when they received their award.

Additionally, while many awards are discretionary, under the American Federation of Government Employees (AFGE) National Agreement, SSA must provide rating-based ROC awards to AFGE employees it reprimanded if they meet the eligibility requirements. Accordingly, SSA would have been in violation of the AFGE Agreement had it not paid 34 AFGE employees \$23,842 in ROC awards.

Neither SSA awards policy nor Office of Personnel Management guidance prohibits giving an award to an employee who has been disciplined for conduct. Because the severity of conduct issues varies, we believe SSA should consider revising its policy on granting awards to employees who have certain conduct issues. We recognize that revising its awards policy will require that SSA work with bargaining unit representatives.

**Recommendation:** Evaluate and consider revising its awards policy to limit management officials' discretion to grant awards to employees who have certain conduct issues. In doing so, SSA should specify the types of conduct that would prevent individuals from receiving awards.

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

**Corrective Action:** Effective April 1, 2017, SSA management will have the discretion to not grant a ROC award to an employee who was subject to discipline of a reprimand or greater. Prior to April 1, this discretion was limited to situations where an employee was subject to discipline of a short-term suspension or greater.

The SSA-National Treasury Employees Union (NTEU) National Agreement does not include language linking monetary awards and discipline. However, Disability Adjudication and Review has advised managers that an NTEU bargaining unit employee is not eligible to receive any form of monetary award (Performance Award, Quality Step Increase, or Exemplary Contribution or Service) for a 1-year period following the effective date of a suspension or demotion for misconduct, or any discipline (e.g. reprimand or suspension) for credit card misuse or delinquency. NTEU has not attempted to challenge this guidance.

SSA and union agreed to extend the AFGE contract to March 31, 2018. The SSA-NTEU National Agreement is in effect until June 2, 2018.

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

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

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

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

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

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

**Recommendation:** Monitor ALJ decisions on AC remands to identify outlier behavior that may require additional management attention.

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

**Corrective Action:** The Office of Appellate Operations Division of Quality (DQ) has received a draft report to track outcomes in remanded cases from the Division of Information Technology Integration (DITI). DQ is working with DITI to refine the draft report. DQ is in the process of designing a survey to clarify any actions subsequent to remand; however, significant staffing limitations have hampered progress on both the report and survey. Since SSA does not expect this situation to change, it asked that this recommendation be closed out.

#### **THE SOCIAL SECURITY ADMINISTRATION'S USE OF THE TREASURY OFFSET PROGRAM (A-04-14-14104, 7/2/15)**

**Results of Review:** Our review found that SSA properly referred delinquent debts 10 years and older to Treasury, as provided for under current laws and regulations. SSA's External Collection Operation system also correctly selected and referred debts to Treasury according to its policies and procedures and prevented the selection of 700 debts because of discrepancies in SSA benefit records.

For those debts referred to Treasury, SSA mailed debtors a pre-offset notice to the last known address in SSA's records, as authorized by Treasury regulations. However, of the 264,558 10-year and older delinquent debts referred to Treasury, 7,580 (2.9 percent) debtors had a Treasury Offset Program (TOP) offset after the U.S. Postal Service returned the debtors' pre-offset notices as undeliverable. For these debtors, the offset occurred because SSA experienced delays in recording the undeliverable notice information into its system. SSA took action to contact affected debtors and offered a refund of their offset.

For the 152,462 initial pre-offset notices returned to SSA as undeliverable, SSA requested an updated address from its address verification contractor. Before SSA resumes its referral of delinquent debts 10-years and older, it needs valid addresses for 67,789 debtors and needs to mail an initial pre-offset notice to 76,747 debtors. SSA stated it will seek a valid address, if it decides to resume referring the delinquent 10-year and older debts to TOP. Moreover, the pre-offset notices for these debts contained limited information about the debt. We believe that the information was insufficient for the debtor to recall the debt and the circumstances surrounding the debt.

**Recommendation:** Resolve the record discrepancies for the 700 debts to ensure that eligible debts are selected by the External Collection Operation and referred to TOP.

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

**Corrective Action:** All cases, except for Beneficiary Identification Code C, have been completed. Per Emergency Message-17014 SEN, TOP Policy Changes, SSA will no longer refer debts with a delinquency date of May 19, 2002 or earlier to TOP. SSA confirmed the Beneficiary Identification Code C records have a delinquency date prior to May 19, 2002; therefore, those debts are no longer eligible for referral.

## APPENDIX H: OPEN RECOMMENDATIONS AND REPORTS WITH UNIMPLEMENTED RECOMMENDATIONS

SSA/OIG has open recommendations dating back to FY 1999. All recommendations from years prior to FY 1999 are closed. In addition, there are no unimplemented recommendations from FY 2000, FYs 2002-2003, FYs 2005-2007, and FY 2010. The chart below identifies the number of reports with unimplemented recommendations by year and the aggregate potential cost savings of those recommendations.

Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings
1999	2	2	\$0
2001	1	1	\$0
2004	1	1	\$0
2011	2	2	\$0
2012	6	6	\$220,012,847
2013	7	7	\$344,263,754
2014	13	20	\$66,786,416
2015	18	28	\$3,504,967,396
2016	21	41	\$319,964,810
2017 (through March 31)	7	14	\$751,251,639
<b>Total</b>	<b>78</b>	<b>122</b>	<b>\$5,207,246,862</b>

Below is additional detail for each report included in the Number of Reports column above containing an outstanding unimplemented recommendation. These report summaries are also on our website, <https://oig.ssa.gov>.

<b>Report Title</b>	<b>Report Number</b>	<b>Report Issued</b>
<b>1999</b>		
The President's Council on Integrity and Efficiency Review of Non-Tax Delinquent Debt	A-15-99-52002	7/6/1999
Employee Access to Title XVI Computer Applications and Data	A-13-98-12009	9/24/1999
<b>2001</b>		
Approval of Claimant Representatives and Fees Paid to Attorneys	A-12-00-10027	8/21/2001
<b>2004</b>		
Conserved Funds for Deceased Beneficiaries with Non-Related Representative Payees	A-13-03-23085	3/18/2004
<b>2011</b>		
Recovery of Title II Payments Issued After Beneficiaries' Deaths	A-09-10-11037	1/4/2011
Collection of Civil Monetary Penalties	A-06-11-11136	8/12/2011
<b>2012</b>		
State Disability Determination Services' Employee and Contractor Suitability Program	A-15-11-21180	12/21/2011
Annual Earnings Test Underpayments Payable to Beneficiaries	A-09-11-11128	4/6/2012
The Social Security Administration's Software Modernization and Use of Common Business Oriented Language	A-14-11-11132	5/17/2012
Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident	A-09-11-21171	7/9/2012
Beneficiaries Who Had Not Cashed their Social Security Checks Within 1 Year	A-09-10-20133	7/19/2012
Management Advisory Report: Supplemental Security Income Payments to Multi-recipient Households	A-06-09-29149	8/7/2012
<b>2013</b>		
Benefit Payments Managed by Representative Payees of Children in Pennsylvania's State Foster Care Programs	A-13-12-11245	12/4/2012
Accumulated Funds Payable to Beneficiaries or Their Representative Payees	A-09-12-21236	12/11/2012

<b>Report Title</b>	<b>Report Number</b>	<b>Report Issued</b>
Direct Deposit Changes Initiated Through Financial Institutions and the Social Security Administration's Internet and Automated 800-Number Applications (Limited Distribution)	A-14-12-21271	12/20/2012
Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset	A-09-12-11210	1/31/2013
Access Controls for the Social Security Number Verification Service	A-03-12-11204	4/18/2013
Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident	A-09-12-22132	5/3/2013
Child Support and the Supplemental Security Income Program	A-01-12-11219	7/25/2013
<b>2014</b>		
Supplemental Security Income Telephone Wage Reporting	A-15-12-11233	2/6/2014
Representative Payee Selections Pending in the Representative Payee System	A-09-12-11252	2/27/2014
Improper Use of Children's Social Security Numbers	A-03-12-21269	3/31/2014
Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year	A-09-13-23023	4/7/2014
Accuracy of Auxiliary Payments to Children after Divorce	A-13-11-21100	5/12/2014
Non-receipt of Social Security Benefits Due to Unauthorized Direct Deposit Changes	A-02-13-23004	5/13/2014
Access Controls over the Business Services Online (Limited Distribution)	A-03-13-13015	6/5/2014
Payments to Individuals with Deaths Reported in California from 1980 to 1987	A-06-14-21416	8/14/2014
Accrued Benefits Payable on Behalf of Deceased Beneficiaries	A-09-14-14034	8/20/2014
Representative Payees and Beneficiaries Who Were Residing in Different States	A-02-14-14044	8/27/2014
Payment Accuracy of Dually Entitled Title II Beneficiaries	A-04-13-13014	8/27/2014
Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number	A-01-14-14036	9/29/2014
Controls over Claimant Representative Fee Petition Payments	A-05-13-13061	9/29/2014

<b>Report Title</b>	<b>Report Number</b>	<b>Report Issued</b>
<b>2015</b>		
Underpayments Payable to Terminated Title II Beneficiaries	A-09-13-23099	12/17/2014
Self-employment Earnings Removed from the Master Earnings File (Limited Distribution)	A-06-12-12123	1/30/2015
Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits	A-09-13-23054	1/30/2015
The Social Security Administration's Pre-release Procedures of Institutionalized Individuals	A-02-14-24085	2/3/2015
Follow-up: Collection of Civil Monetary Penalties	A-06-14-14047	3/10/2015
Qualifying for Disability Benefits in Puerto Rico Based on an Inability to Speak English	A-12-13-13062	4/3/2015
Using Medicare Data to Identify Disabled Individuals Who Are Deceased	A-08-13-13038	4/7/2015
Fraud Risk Performance Audit of the Social Security Administration's Disability Programs (Limited Distribution)	A-15-15-25002	4/29/2015
Observations and Recommendations for the Disability Case Processing System (Limited Distribution)	A-14-15-50008	5/4/2015
Reimbursement for Data Exchanges with Third Parties	A-03-14-24027	5/8/2015
Controls over "Special Payment Amount" Overpayments for Title II Beneficiaries	A-09-13-23098	5/18/2015
Cost-benefit Analysis of Processing Low-dollar Overpayments	A-07-14-14065	7/1/2015
Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013	A-07-15-35031	7/30/2015
Old-Age, Survivors and Disability Insurance Overpayments Pending Collection	A-02-15-35001	9/22/2015
Oversight of the Benefit Offset National Demonstration Project	A-04-14-14078	9/22/2015
Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration	A-07-15-15030	9/22/2015
Medical Denial Rates for Presumptive Disability Determinations	A-07-15-15032	9/23/2015
Performance Review of US Investigations Services, LLC (Limited Distribution)	A-15-15-25034	9/24/2015

<b>Report Title</b>	<b>Report Number</b>	<b>Report Issued</b>
<b>2016</b>		
Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States	A-06-14-14037	10/19/2015
Accuracy of Disability Benefits to Beneficiaries Who Also Receive Federal Employees' Compensation Act Payments	A-02-15-22114	11/13/2015
Colorado Disability Determinations Service Administrative Cost Reporting	A-06-15-50033	12/31/2015
Retirement Claim Denials Because of Lack of Insured Status	A-09-14-34107	1/28/2016
Higher Retirement Benefits Payable to Families of Disabled Beneficiaries	A-09-14-34080	2/2/2016
Households With Multiple Children Receiving Supplemental Security Income Payments Because of Mental Impairments	A-08-14-14098	3/2/2016
Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination	A-09-15-15041	3/21/2016
Underpayments Payable to Widow(er)s Eligible for a Higher Monthly Benefit Amount	A-09-14-34103	4/11/2016
Manually Posted Supplemental Security Income Overpayments to Surviving Spouses	A-13-14-14058	4/20/2016
Concurrently Entitled Beneficiaries Receiving Representative Payee and Direct Payments	A-09-16-50093	5/5/2016
The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program	A-13-15-50038	5/10/2016
Workload Oversight in the Miami Hearing Office (Limited Distribution)	A-12-15-50041	6/9/2016
Payments to Individuals Incarcerated in Texas Department of Criminal Justice Facilities	A-06-15-50017	8/9/2016
Beneficiaries Serving as Representative Payees Who Have a Representative Payee	A-09-16-50109	8/10/2016
Benefits Payable to Child Beneficiaries Whose Benefits Were Withheld Pending the Selection of a Representative Payee	A-09-16-50088	9/23/2016
The Social Security Administration's Plan to Achieve Self-Support Program	A-08-16-50030	9/27/2016
Numident Death Information Not Included on the Death Master File	A-06-16-50069	9/28/2016
Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions	A-13-16-23006	9/29/2016

Access to the Social Security Administration's my Social Security Online Services (Limited Distribution)	A-14-15-15010	9/29/2016
Using Medical Claim Data to Identify Aged Title XVI Recipients Who Are Deceased	A-08-14-24122	9/30/2016
Compassionate And REsponsive Service Plan to Reduce Pending Hearings	A-05-16-50167	9/30/2016
Report Title	Report Number	Report Issued
<b>2017</b>		
Individuals Who Have Multiple Overpayments Caused by Failure to Report Earnings	A-07-16-50081	1/6/2017
Pre-effectuation Reviews of Favorable Hearing Decisions	A-12-15-50015	2/7/2017
Active Representative Payees Who Are Not in the Social Security Administration's Electronic Representative Payee System	A-09-14-34120	2/15/2017
Individual Representative Payees Who Do Not Have a Social Security Number in the Social Security Administration's Payment Records	A-09-16-50159	2/17/2017
Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children	A-09-17-50200	2/24/2017
The Social Security Administration's National Remittance Process	A-04-16-50111	3/14/2017
Oversight of Administrative Law Judge Decisional Quality	A-12-16-50106	3/14/2017

## **REPORTS WITH RECOMMENDATIONS ISSUED BY SEPTEMBER 30, 2016 FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY THE END OF THIS REPORTING PERIOD**

Nothing to report.

## **REPORTS FOR WHICH NO ESTABLISHMENT COMMENT WAS RETURNED WITHIN 60 DAYS OF BEING PROVIDED THE REPORT**

During this reporting period, SSA responded to all reports issued to it for comment within 60 days.

## APPENDIX I: CLOSED AUDITS AND INVESTIGATIONS NOT AVAILABLE TO THE PUBLIC

### OFFICE OF AUDIT

For this reporting period, we did not have any reviews not made available to the public.

However, with respect to audits and evaluations, we issued two reports as "limited distribution" during this timeframe:

- ***Security of the Social Security Administration's Public Web Applications (A-14-17-50152) – issued April 2017***
- ***Unauthorized my Social Security Direct Deposit Changes in Calendar Years 2014 Through 2016 (A-01-17-50210)- issued August 2017***

While we did not make the full report available to the public due to security concerns, we published the title, issue date, and a summary for this review on our website in an effort to be as transparent as possible.

### OFFICE OF INVESTIGATIONS

OIG investigated seven cases of alleged misconduct by senior Government officials. Allegations in four of those cases were substantiated, and three cases were unsubstantiated, as detailed below. For information on the four substantiated cases, please see page 23 of this report.

Description of Investigation	Status	Disposition	DOJ Referral	DOJ Referral Date	DOJ Declination
Senior Government employees within SSA were alleged to have improperly interfered in an EEO complaint and an administrative investigation of harassment.	Closed	Allegations unsubstantiated	No	N/A	N/A
A senior Government employee within OIG was alleged to have engaged in retaliation for protected disclosures.	Closed	Allegations unsubstantiated	No	N/A	N/A
Senior Government employees within OIG were alleged to have engaged in prohibited personnel practices.	Closed	Allegations unsubstantiated	No	N/A	N/A

## APPENDIX J: PEER REVIEWS

### OFFICE OF AUDIT

Our Office of Audit is required to undergo a peer review every 3 years, in accordance with generally accepted Government auditing standards.

- The final System Review Report related to our last peer review, conducted by the General Services Administration (GSA), was issued in September 2015. We received a rating of “pass,” which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with, to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The GSA OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations because of this peer review.
- During FY 2015, we conducted a peer review of the Environmental Protection Agency OIG Audit Organization. We issued our report on June 12, 2015 and made no recommendations because of this peer review.
- There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

### OFFICE OF INVESTIGATIONS

Our Office of Investigations is required to undergo a peer review every three years to ensure general and qualitative standards comply with the requirements of the Quality Standards for Investigations adopted by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The peer review also ascertains whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers conferred by the 2002 amendments to the *Inspector General Act* are properly exercised pursuant to Section 6(e) of the *Inspector General Act* (as amended) and the U.S. Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority.

- During the reporting period, OI did not undergo a peer review.
- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

## APPENDIX K: REVIEW OF LEGISLATION & REGULATIONS

Section 4(a)(2) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to review existing and proposed legislation as well as regulations relating to SSA's programs and operations, and to make recommendations concerning impact on such programs or on the prevention of fraud and abuse. We accomplish this in several ways:

- Our audits and other reports evaluate SSA's compliance with existing laws and regulations.
- We recommend, when appropriate, issuing regulations or seeking appropriate legislative authority, and we provide a status of those recommendations in our *Semiannual Report to Congress*.
- We provide *Congressional Response Reports* in response to direct requests.
- We describe planned reviews in our annual Audit Work Plan that will address issues related to laws and regulations.
- We provide comments on pending or proposed legislation to SSA's Office of Legislation and Congressional Affairs, for inclusion in its agency response to the Office of Management and Budget.

In addition, SSA OIG is an active member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Legislation Committee. In this role, we provide input to responses prepared by the committee to congressional staff on the impact of proposed legislation. During this period, we provided comments on a wide-range of legislative proposals covering various topics, including several whistleblower protection bills and proposed modifications to the Whistleblower Ombudsman role and records modernization.

We also communicate directly with congressional staff as needed to discuss legislative issues relating to our work.

### ***Bipartisan Budget Act of 2015 Implementation Activities***

As reported in previous *Semiannual Reports to Congress*, SSA OIG was successful in encouraging Congress, through legislative proposals, to include significant provisions combatting SSA disability fraud into the *Bipartisan Budget Act of 2015* (BBA), Pub. L.114-74. The BBA, in part, amends 42 U.S.C. §§ 408(a), 811(a), and 1632(a) to provide for a specific charge of conspiracy for a violation of these statutes and an increase of criminal penalties for individuals in a position of trust who defraud SSA from 5 years to 10 years imprisonment.

During this period, SSA OIG continued working with DOJ, SSA, and the U.S. Sentencing Commission to amend the Federal sentencing guidelines to make the BBA's new charge of conspiracy to commit SSA fraud and increased penalties for individuals in a position of trust. Originally, the U.S. Sentencing Commission proposed not making any changes to the Federal sentencing guidelines. After consideration of our comments, the U.S. Sentencing Commission voted unanimously to publish proposed amendments to the Federal sentencing guidelines. We provided comments on those proposed amendments, but the U.S. Sentencing Commission did not act on the amendments. On August 25, 2017, the U.S. Sentencing Commission re-published the holdover proposed BBA amendments to the Federal sentencing guidelines. On October 10, 2017, SSA OIG submitted additional views, comments, and suggestions in support of the proposed amendments for the U.S. Sentencing Commission's consideration.

### **The Whistleblower Ombudsman Reauthorization Bill**

Congress sought IG input on proposed significant changes to increase transparency in the whistleblower process and to expand the Whistleblower Ombudsman role. Working collaboratively with our IG colleagues in the CIGIE Legislation Committee and the Whistleblower Ombudsman Working Group, we analyzed each provision in light of Congress' intent to strengthen whistleblower access to information and the need to maintain OIG independence and provided comments in July 2017. Based on IG community input, the draft bill was revised and the IG community provided additional comments. The current bill expands the Ombudsman's education role to include information on the means of seeking review of reprisal allegations and the roles of OIG, the Office of Special Counsel (OSC), Merit Systems Protection Board and others. It also has new requirements for the Ombudsman to assist the IG in promoting the timely and appropriate handling of disclosures and reprisal allegations, and to facilitate communication and coordination among OSC, CIGIE, Congress and others.

## **APPENDIX L: WHISTLEBLOWER RETALIATION**

Section 5(a)(20) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to provide a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences the establishment imposed to hold that official accountable.

Nothing to report.

## APPENDIX M: SSA INTERFERENCE WITH OIG INDEPENDENCE

Section 5(a)(21) of the Inspector General Act of 1978, as amended, requires the SSA OIG to provide a detailed description of any attempt by the establishment to interfere with the independence of the OIG, including:

- (a) with budget constraints designed to limit the capabilities of the Office; and
- (b) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action.

Nothing to report.

## GLOSSARY OF ACRONYMS

AC	Appeals Council
AFGE	American Federation of Government Employees
ALJ	administrative law judge
AMFED	Allegation Management and Fugitive Enforcement Division
BBA	<i>Bipartisan Budget Act of 2015</i>
CAS	Cost Analysis System
CDI	Cooperative Disability Investigations
CDR	continuing disability review
CIGIE	Council of Inspectors General on Integrity and Efficiency
CMP	civil monetary penalty
CPR	cross-program recovery
DCPS	Disability Case Processing System
DDS	disability determination services
DHS	Department of Homeland Security
DFT	Digital Forensics Team
DI	Disability Insurance
DIB	Disability Insurance Benefits
DITI	Division of Information Technology Integration
DOJ	Department of Justice
DQ	Division of Quality
EEO	Earnings Enforcement Operation
eRPS	electronic Representative Payee System
FECA	Federal Employees' Compensation Act
FY	fiscal year
GPO	Government Pension Offset
GSA	General Services Administration
IG	Inspector General
IGST	Inspector General Subpoena Tool
IO	Immediate Office
IT	information technology
MBR	Master Beneficiary Record
MEF	Master Earnings File
MI	management information
MNUP	Medicare Non-Utilization Project
NH	Number holder
NICMS	National Investigative Case Management System
NPRM	Notice of Proposed Rulemaking
NTEU	National Treasury Employees Union

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OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OCIG	Office of the Counsel to the Inspector General
OCRM	Office of Communications and Resource Management
ODAR	Office of Disability Adjudication and Review
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OSC	Office of Special Counsel
OTR	on-the-record
PA	Performance Award
PC	payment center
PIA	primary insurance amount
P.L.	Public Law
POMS	Program Operations Manual System
QSI	Quality Step Increase
RETAP	Regular Transcript Attainment and Selection Pass
RIB	Retirement Insurance Benefits
ROC	Recognition of Contribution
RPS	Representative Payee System
RSI	Retirement and Survivors Insurance
SAA	senior attorney adjudicator
SPA	special payment amount
SSA	Social Security Administration
SSI	Supplemental Security Income
SSITWR	Supplemental Security Income Telephone Wage Reporting
SSN	Social Security number
SSPA	<i>Social Security Protection Act of 2004</i>
SSR	Supplemental Security Record
T2RD	Title 2 Redesign
TOP	Treasury Offset Program
Treasury	Department of the Treasury
UDT	Unified Disability Training
VA	Department of Veterans Affairs
VA	Veterans Administration
VRM	Vocational Regulations Modernization

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