



ICN 31170-23-168

SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

Date: June 18, 2001
Larry G. Massanari
Acting Commissioner
of Social Security

Refer To:

From: Inspector General

Subject: Audit of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan
(A-02-00-10038)

The attached final report presents the results of our audit. Our objective, in response to a request from the Chairman of the Senate Committee on Governmental Affairs, was to determine what improvements the Social Security Administration made to its Fiscal Year 2001 Annual Performance Plan to make it a document that measures performance in a meaningful way.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the draft report please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "James G. Huse, Jr."

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**REVIEW OF THE
SOCIAL SECURITY ADMINISTRATION'S
FISCAL YEAR 2001
ANNUAL PERFORMANCE PLAN**

June 2001 A-02-00-10038

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

We initiated this audit in response to an April 18, 2000 request from the Chairman of the Senate Committee on Governmental Affairs to identify improvements in the Fiscal Year (FY) 2001 Annual Performance Plan (APP), and to an earlier request of Congressmen Sessions, Horn, Burton, and Armey to review continuing implementation of the Government Performance and Results Act (GPRA) of 1993. Our objective was to determine the improvements the Social Security Administration (SSA) made to its FY 2001 APP, and assess the extent to which it provides indicators to measure performance in a meaningful way.

BACKGROUND

GPRA established a framework through which Federal agencies are required to set goals, measure performance, and report on the extent to which the goals were met. To accomplish this, agencies are required to prepare 5-year strategic plans, APPs, and annual performance reports.

The strategic plan, which should include a comprehensive mission statement, identifies general goals and objectives, describes how the agency intends to achieve those goals and objectives, and identifies critical external factors that could affect achievement of strategic goals and objectives. The strategic plan is the starting point for setting annual goals. The APP provides the direct link between strategic goals and agency performance. The APP identifies: (1) the annual performance goals the agency will use to gauge progress toward accomplishing its strategic goals and (2) performance measures to be used to assess annual progress.

SSA was a pilot Agency that developed plans and reports prior to full implementation of GPRA in March 2000. SSA submitted its first strategic plan under GPRA, "Keeping the Promise," in September 1997. SSA completed its first APP, which defined performance indicators and goals for FY 1999, in February 1998. SSA released the FY 2000 and 2001 plans in February 1999 and February 2000, respectively. SSA began reporting its accomplishments as part of its annual Accountability Report in FY 1995.

RESULTS OF REVIEW

SSA's FY 2001 APP represents SSA's strong commitment and evolving progress to meet the objectives of GPRA. The APP responds to many of the criticisms about previous plans. Acknowledging the evolving nature of GPRA reporting, we believe that SSA can take additional action to make future performance plans more useful to decisionmakers and allow a better assessment of progress toward world class service. The APP would be more useful if it contained: (1) goals for those management challenges for which measurable corrective action is possible; (2) more outcome-based and service-related measures; (3) a basis upon which to compare goals and subsequent performance with customer expectations; and (4) more specific identification of resources needed to accomplish planned performance. Additionally, SSA, notes in the APP section on crosscutting areas with other agencies that it performs work related to Medicare enrollment and premium billing and adjustments however, no related performance goals are established.

CONCLUSION AND RECOMMENDATIONS

GPRA is intended to increase agency accountability through a program of strategic planning, establishment of annual goals, and reporting of annual performance against goals. SSA has continued to make progress in establishing goals in the APPs to measure its performance. The FY 2001 APP addressed concerns expressed by the Office of the Inspector General (OIG) and the U.S. General Accounting Office about SSA's FY 1999 and 2000 APPs.

We believe that opportunities remain to further address management challenges, refine selected measurements to better reflect performance, provide perspective on the extent to which goals established will further "world class service," and link resources to planned performance. Consequently, we recommend that SSA implement the following to enhance the usefulness of future APPs:

- Set goals for those management challenges for which measurable corrective action is possible;
- Establish more outcome-based and service-related measures;
- Provide a basis upon which to compare goals and subsequent performance with customer expectations;
- Specifically identify resources needed to accomplish planned performance; and
- Coordinate with the Health Care Financing Administration to determine which agency should establish performance goals for service to Medicare recipients.

AGENCY COMMENTS

SSA agreed with four of our recommendations and disagreed with one. The full text of SSA's comments is included in Appendix B.

In agreeing with recommendation 2 "establish more outcome-based and service-related measures", SSA correctly noted that establishing outcome-based and service-related measures is an evolving process. Accordingly, SSA further noted that the FY 2002 APP indicates that efficiency indicators will be developed for initial claims and post-entitlement workloads, and that the feasibility of establishing measures for additional workloads will be evaluated.

Concerning recommendation 3 "provide a basis upon which to compare goals and subsequent performance with customer expectations", SSA responded that there may be value in such comparisons as they affect specific measures, and notes that goals are set based upon customer interests in combination with historical experiences, benchmarks, and investments.

SSA did not agree with recommendation 4 "specifically identify resources needed to accomplish planned performance". While recognizing the desirability of a strong link between budget and planned performance, SSA believes that the intent of GPRA is met through SSA's budget justifications and performance plans.

In its response, SSA provided technical comments that were incorporated in this final report, as appropriate.

OIG RESPONSE

We are pleased that SSA agreed with four of our five recommendations, and we believe that SSA's planned actions should contribute toward a more informative APP. The ultimate objective of GPRA is to measure agencies' performance against relevant goals to allow an assessment of meaningful accomplishments, and we encourage SSA's planned efforts.

We believe that agencies must establish meaningful goals that strive to meet customers' expectations within the constraints of budgetary resources. Therefore, we encourage SSA to make comparisons between goals and subsequent performance with customer expectations to ensure that goals and performance are responsive to customer expectations.

Concerning establishing a link between resources and performance, we acknowledge the value of the information that SSA has provided. Nevertheless, we believe that, to the extent possible, planned costs to achieve specific measures should be disclosed in order to establish greater accountability and to begin moving toward compliance with federal cost accounting concepts.

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Acronyms

APP	Annual Performance Plan
DI	Disability Insurance
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act
HCFA	Health Care Finance Administration
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQA	Office of Quality Assurance and Performance Assessment
OSM	Office of Strategic Management
Rep Payee	Representative Payee
RSI	Retirement and Survivors Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income

Introduction

OBJECTIVE

We initiated this audit in response to an April 18, 2000 request from the Chairman of the Senate Committee on Governmental Affairs to identify improvements in the Fiscal Year (FY) 2001 Annual Performance Plan (APP), and to an earlier request of Congressmen Sessions, Horn, Burton, and Armey to review continuing implementation of the Government Performance Results Act (GPRA) of 1993¹. Our objective was to determine the improvements the Social Security Administration (SSA) made to its FY 2001 APP, and assess the extent to which it provides indicators to measure performance in a meaningful way.

BACKGROUND

The intent of GPRA is to improve the performance of Government programs by having agencies clarify their missions, establish goals and strategies for attaining them, measure performance, and report progress in achieving established goals. The APP establishes the connection between long-term strategic goals outlined in the strategic plan and SSA's day-to-day activities.

GPRA specifies the general content of the APP, and the Office of Management and Budget (OMB)² has issued general guidance and principles to assist agencies in developing APPs. Generally, the APP should:

- detail the performance goals and indicators for the FY;
- describe the operational processes, skills, technology, and the resources needed to meet the goals;
- align budget resources with performance goals;
- contain performance information for several FYs;
- describe how the performance will be verified and validated; and
- discuss performance-related studies and analyses.

¹Public Law No. 103-62

²OMB Circular A-11 Part 2, "Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports", July 1999.

In September 1997, SSA released its first strategic plan, "Keeping the Promise," since becoming an independent Agency in 1995. SSA has established five broad strategic goals in support of its mission, each of which has supporting strategic objectives. The five strategic goals are to:

- Promote valued, strong and responsive Social Security programs and conduct effective policy development, research and program evaluation;
- Deliver customer-responsive, world-class service;
- Make SSA program management the best in business, with zero tolerance for fraud and abuse;
- Be an employer that values and invests in each employee; and
- Strengthen public understanding of the Social Security programs.

SSA's FY 2001 APP is organized by the five strategic goals, for which SSA describes the activities performed in support of each goal. There are 17 strategic objectives and 2 categories of output measures for major budgeted workloads supporting the 5 strategic goals. Under the objectives and categories, there are 71 specific performance indicators (refer to Appendix A). A general rationale, as well as baseline performance information, data sources and background information, is provided for each of the indicators.

SCOPE AND METHODOLOGY

To meet our objectives, we reviewed SSA's FY 2001 APP and revised FY 2001 APP to determine adherence to GPRA and OMB requirements, as well as to APP guidance issued by the U.S. General Accounting Office (GAO). We analyzed the FY 2001 APP to determine whether SSA addressed the weaknesses noted in the May 11, 1999 report by the Committee on Ways and Means, Subcommittee on Social Security, which evaluated SSA's FY 2000 APP. We compared the FYs 1999, 2000, and 2001 APPs to determine the extent to which the FY 2001 APP addressed concerns noted by GAO³ with SSA's FY 1999 APP and by the Office of the Inspector General (OIG) with the FY 1999⁴ and 2000 APPs⁵.

We also analyzed the FY 2000 APP to assess the extent to which the performance measures established were comprehensive and appropriate for what they purported to measure, and the extent to which the measures addressed major initiatives and

³ "The Results Act: Observations on SSA's FY 1999 Performance Plan" (GAO/HEHS-98-178R), June 1998 and "Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and FY 2001 Performance Plan" (GAO/HEHS-00126R), June 2000.

⁴ OIG observations were documented in a letter to SSA, which did not become a public report.

⁵ "Review of the Social Security Administration's Fiscal Year 2000 Annual Performance Plan" (A-02-99-03007), November 1999.

management challenges identified by our on-going work. We discussed our preliminary observations with Office of Strategic Management (OSM) staff to determine if our concerns with the FY 2001 APP would be addressed in the revised FY 2001 APP and draft FY 2002 APP.

Our field work was conducted at OIG's New York Field Office and SSA Headquarters in Baltimore, Maryland during August and September 2000. The entity audited was the OSM within the Office of the Commissioner. Our audit was performed in accordance with generally accepted government auditing standards, as applicable to a performance audit.

Results of Review

SSA's FY 2001 APP demonstrates a strong commitment to GPRA objectives. The APP describes planned performance in a meaningful way, and generally complies with GPRA reporting requirements. Although the FY 2001 APP represents an improvement over the FY 2000 APP, we believe that there are opportunities to make future APPs even more useful to decisionmakers. These opportunities include having: (1) goals for those management challenges for which measurable corrective action is possible; (2) more outcome-based and service-related measures; (3) a basis upon which to compare goals and subsequent performance with customer expectations; and (4) the resources needed to accomplish planned performance goals be better identified.

APP DEMONSTRATES IMPROVEMENT AND COMMITMENT TO GPRA

In response to congressional and GAO criticism of past plans, SSA made numerous improvements to the FY 2001 APP. These changes will allow SSA and decisionmakers to better measure and assess performance in important areas such as appeals accuracy, return-to-work initiatives, and the quality and timeliness of research efforts. The plan also includes significantly more data on information technology and capital investment, an expanded discussion of significant external factors that could affect the accomplishment of goals, a new section on major management challenges, and a schedule of evaluations to be completed during FY 2001.

GOALS NEEDED FOR MANAGEMENT CHALLENGES

In response to the recommendation in the OIG report on SSA's FY 2000 APP that SSA establish performance measures for all major initiatives and management challenges, SSA agreed that measurable indicators are useful to track major management challenges. However, SSA believed that numeric outcome or output goals as envisioned by GPRA are not always appropriate, and internal measurable milestones would be sufficient.

SSA included the major management challenges identified by GAO and OIG as an Appendix in its FY 2001 APP, along with an approach and commitment for addressing them. OMB guidance recommends that performance goals be established for management problems, particularly for problems whose resolution is mission-critical, or which could impede achievement of program goals. While we agree in principle with SSA that not all management challenges may be measurable annually, we believe that some goals should be established to measure interim progress, such as reducing the earnings suspense file. While this area has been problematic for SSA for some time, no direct indicators are established. In fact, a related indicator – accuracy of earnings postings – masks this issue by considering an appropriate posting to the suspense file as accurate.

The issue of representative payees (Rep Payee), which has been the subject of congressional interest and recent negative publicity, is neither listed as a major management challenge nor tracked with a performance measure in the FY 2001 APP. The APP merely has an output measure of Rep Payee actions. OIG had previously criticized this measure⁶ and recommended that, at a minimum, Rep Payee changes and Rep Payee accounting be separately tracked. We further believe that a measure should be developed that better reflects SSA performance to ensure timely and accurate Rep Payee accounting.

The September 1999 Social Security Advisory Board report⁷ concluded that SSA faces a major challenge in structuring its workforce of the future. This challenge related to hiring the right number of staff with the needed skills. SSA has stated that it will need to undertake aggressive human resource planning and leading-edge personnel practices, and provide state-of-the-art technology for employees. While SSA has recently published its 2010 Vision Report, which provides a plan for structuring the Agency for service delivery in 2010, we believe that progress toward meeting this significant challenge needs to be better tracked through performance indicators. Under the objective to provide the necessary tools and training to achieve a highly skilled and high-performing workforce, the FY 2001 APP has an indicator for the percent of offices with access to interactive video training and two goals related to management development plans and training. However, there are no indicators or goals relating to training needs and delivery for nonmanagement employees. Further, while there is an indicator to complete an Agency plan for transitioning to the workforce of the future, there are little specifics provided upon which to gauge interim progress.

MORE OUTCOME AND SERVICE-RELATED MEASURES POSSIBLE

While SSA has continued to improve its APP evolving into more outcome-based measures, additional opportunities exist to create indicators that more directly address service and measure interim success toward SSA's strategic goal to deliver world-class service. Rather than goals that solely measure direct processing of claims, calls, and other activities as an output, indicators could address the efficiency of these activities.

Some of the current output measures are dependent upon customer activity, and can result in SSA not meeting goals through no fault of its own. For instance, in FY 1999, SSA failed to meet several goals because the projected workload failed to materialize. Failure to meet these types of goals is not truly reflective of SSA's service. Others, such as the number of Rep Payee actions discussed previously, merely count the number of items processed.

⁶ "Performance Measure Review: Review of Representative Payee Actions" (A-02-99-01010), March 2000.

⁷ "How the Social Security Administration Can Improve Its Service to the Public," September 1999.

Indicators that directly measure outcome would be more reflective of SSA's performance. For instance, both GAO and OIG have recommended in the past that SSA develop measures for 800-number performance that would provide more meaningful information concerning customer waiting time, once connected. Currently, SSA does not have goals for customer waiting time, although its recent customer service standards survey⁸ disclosed that a significant majority of respondents consider service good when they are on hold no longer than 2.2 minutes. Similarly, while SSA has goals relating to the increase in debt collected and the amount of overpayments collected, additional indicators that reflect SSA's commitment to debt management could be established. For instance, the timeliness of collection and the percent of debt written off could be meaningful. GAO made a similar observation in a recent report in which it noted that the overpayment collection indicators combine old and new debt, and as such, may mask SSA's attempt to recover old debt.

Under the strategic objective to increase the range of program and information services available to customers over the phone and electronically by FY 2002, SSA had four indicators. However, two did not directly support accomplishment of the goal, but merely measured output activity, rather than an increase in service. For instance, one indicator was the number of customers accessing Social Security Online, while another was the number of Social Security Statement requests online, which is a service already available. In its revised FY 2001 APP, SSA reworked the FY 2001 goals under this strategic goal. Now the goals include the percent of customer-initiated services available via the Internet or automated telephone service, and the percent of States with which SSA has electronic access to various information. Additionally, increasing the range of services electronically is dependent upon resolution of client authentication issues, which has hampered SSA's ability to expand electronic services. Establishing an interim goal related to resolution of these issues would allow SSA to monitor its progress.

As reported in the past, we believe separate measures for the Supplemental Security Income (SSI) and Disability Insurance (DI) initial disability claims processing would create greater accountability. Measurement of initial disability claims average processing time represents a combined measure of both DI and SSI claims processing. Historically, there have been differences in the amount of time it takes to process cases in the different programs, and Federal regulations⁹ establish different threshold levels for DI and SSI disability claims processing times. Similarly, while SSA has a goal of a 99.8 percent payment accuracy rate, this is based upon the benefit amount, and does not measure the percent of cases that may be inaccurate. This latter measure would more directly measure the effect upon the customer.

⁸ Office of Quality Assurance and Performance Assessment's (OQA) "Customer Service Standards Survey" report, June 21, 2000.

⁹ 20 CFR §§ 404.1642 and 416.1042, which established processing time standards for State Disability Determination Services.

The FY 2000 APP had a goal to award a contract to design a methodology to validate a single medical listing. OIG reported, and SSA agreed, that this indicator did not provide perspective on the scope of the effort, and that it would have been more valuable if there had been an indication and basis on which listings would be validated first, such as the most commonly approved medical listing. The FY 2001 APP has a goal to prepare a preliminary report on the development of a validation methodology for medical listings. We continue to believe that this is vague, and does not clearly identify how accomplishments in FY 2000 relate to the goal for FY 2001. Additionally, as we recently recommended¹⁰, we believe SSA should develop and report on a measure to assess the service level and outcomes of the medical listings update activities.

DISCUSSION OF GOALS AND CUSTOMER EXPECTATIONS WOULD BE HELPFUL

The intent of GPRA is to improve accountability for Federal agencies by setting goals that are reported in the APP, and through reporting in the APR, the progress in achieving the goals. Ultimately, Congress would be able to review these documents in conjunction with agencies' budget requests, and theoretically performance could impact future budgets. The effectiveness of this process depends upon realistic, yet challenging, goals. As indicated previously, we believe that SSA could develop more outcome-based service indicators. Additionally, SSA needs to ensure that its goals are realistic in terms of the expectations of its customers, and if not, the reasons for such should be disclosed. The intent of GPRA is not achieved, and congressional decisionmakers are not provided complete information, if disclosure is not made of the adequacy of the goals.

SSA has a goal in FY 2001 to have 92 percent of callers access the 800-number within 5 minutes of the first attempt. This was the goal in FY 2000, and SSA actually achieved 95.8 percent in FY 1999. However, the results of the Office of Quality Assurance and Performance Assessment's (OQA) June 2000 customer service standards survey disclosed that a significant majority of respondents would consider accessing the 800-number within 2 minutes as good service, and that only 46 percent would consider the FY 2001 goal as good service.

Similarly, while SSA established a FY 2001 goal to release hearings decisions within 120 days of the request for 30 percent of the cases, the OQA survey reported that only 13 percent of the respondents rated this as good service. In the revised FY 2001 APP, SSA changed this goal to 35 percent within 180 days. Further, GAO recently reported that SSA has not established a goal for measuring the success of its efforts to achieve more consistent decisions between the initial and hearings levels of the appeal process, nor is timeliness to reach a final decision from the claimant's perspective measured.

¹⁰ "Status of the Social Security Administration's Updates to the Medical Listings" (A-01-99-21009), August 2000.

Establishing and achieving goals that are not meeting customers' expectations can convey an unrealistic view of performance. Agencies need to ensure that their goals are consistent with customer expectations. However, resources and other constraints may not permit achieving customer expectations. When this is the case, the barriers to meeting such goals should be disclosed. In the Message from the Commissioner in the FY 2001 APP, he notes that meeting all performance expectations will be heavily dependent on receiving adequate resources and continuing success in automation efforts. This information is important for budget decisionmakers. Additionally the Agency should disclose if the goals achieve customer expectations to ensure customer satisfaction.

PLAN COULD BETTER REFLECT COST

GPRA allows flexibility to aggregate, disaggregate, or consolidate an Agency's program activities so that they align with performance goals. SSA's FY 2000 APP aligns performance goals by major functional responsibility rather than by budget account. However, the resources, human capital, and technology necessary to achieve most performance goals are not adequately described. This is particularly important given congressional concern that the recent multi-billion dollar investment for the reengineering of SSA processes had not been adequately linked to direct improvements in service, productivity, and efficiency, and had not resulted in attainment of performance goals.

While SSA acknowledges, and we recognize that SSA's business processes support multiple programs and strategic objectives, we believe specific costs could be identified with many specific performance measures. For instance, under the strategic objective to promote policy changes that relate to the disability program, the goals for three of the five measures involve contracted services. Additionally, staff years associated with many planned output goals could be disclosed. The Statement of Federal Financial Accounting Standards, Number 4, "Managerial Cost Accounting Concepts and Standards for the Federal Government," requires that agencies determine the full cost of each program activity. Specifying the planned cost and resources of these activities would provide a better link between performance and resources.

RESPONSIBILITY FOR MEDICARE SERVICES NEEDS TO BE ESTABLISHED

SSA provides support to deliver programs for other agencies, such as Medicare and Medicaid, and Food Stamps. This support involves primarily providing information to and/or accepting applications from potential beneficiaries. However, SSA is the primary contact point and provides key services for the Medicare program, such as determining eligibility for Medicare, processing applications, maintaining eligibility records, and calculating and collecting premiums.

The Health Care Financing Administration (HCFA), which is responsible for Medicare does not have performance measures in its FY 2001 APP for those aspects of the Medicare program under SSA's responsibility. Although SSA notes that it performs work related to Medicare enrollment, and premium billing and adjustments in the APP section on crosscutting areas with other agencies, little information is given on the nature of this work.

Conclusions and Recommendations

GPRA is intended to increase agency accountability through a program of strategic planning, establishment of annual goals, and reporting of annual performance against goals. GPRA implementation will continue to be an evolutionary process as agencies continue developing outcome-based measures, and enhance the systems and processes that produce credible performance data. SSA's FY 2001 APP represents SSA's strong commitment and progress to meet the objectives of GPRA. The APP responds to many of the criticisms about previous plans. Acknowledging the evolving nature of GPRA reporting, we believe that additional action can be taken to make future performance plans more useful to decisionmakers and allow better assessment of progress toward world class service. Specifically, SSA should:

1. Set goals for those management challenges for which measurable corrective action is possible;
2. Establish more outcome-based and service-related measures;
3. Provide a basis upon which to compare goals and subsequent performance with customer expectations;
4. Specifically identify resources needed to accomplish planned performance; and
5. Coordinate with HCFA to determine which agency should establish performance goals for service to Medicare recipients.

AGENCY COMMENTS

SSA agreed with four of our recommendations and disagreed with one. The full text of SSA's comments is included in Appendix B.

In agreeing with recommendation 2 "establish more outcome-based and service-related measures", SSA correctly noted that establishing outcome-based and service-related measures is an evolving process. Accordingly, SSA further noted that the FY 2002 APP indicates that efficiency indicators will be developed for initial claims and post-entitlement workloads, and that the feasibility of establishing measures for additional workloads will be evaluated.

Concerning recommendation 3 "provide a basis upon which to compare goals and subsequent performance with customer expectations", SSA responded that there may be value in such comparisons as they affect specific measures, and notes that goals are set based upon customer interests in combination with historical experiences, benchmarks, and investments.

SSA did not agree with recommendation 4 “specifically identify resources needed to accomplish planned performance”. While recognizing the desirability of a strong link between budget and planned performance, SSA believes that the intent of GPRA is met through SSA’s budget justifications and performance plans.

In its response, SSA provided technical comments that were incorporated in this final report, as appropriate.

OIG RESPONSE

We are pleased that SSA agreed with four of our five recommendations, and we believe that SSA’s planned actions should contribute toward a more informative APP. The ultimate objective of GPRA is to measure agencies’ performance against relevant goals to allow an assessment of meaningful accomplishments, and we encourage SSA’s planned efforts.

We believe that agencies must establish meaningful goals that strive to meet customers’ expectations within the constraints of budgetary resources. Therefore, we encourage SSA to make comparisons between goals and subsequent performance with customer expectations to ensure that goals and performance are responsive to customer expectations.

Concerning establishing a link between resources and performance, we acknowledge the value of the information that SSA has provided. Nevertheless, we believe that, to the extent possible, planned costs to achieve specific measures should be disclosed in order to establish greater accountability and to begin moving toward compliance with federal cost accounting concepts.

Appendices

Appendix A

FISCAL YEAR 2001 INDICATORS AND GOALS

Strategic Goal I: To promote valued, strong, and responsive social security programs and conduct effective policy development, research, and program evaluation.	
Objectives: To promote policy changes, based on research and evaluation analysis, that shape the old-Age, survivors, and disability insurance (OASDI) and disability insurance (DI) programs in a manner that takes account of future demographic and economic challenges, provides an adequate base of economic security for workers and their dependents, and protects vulnerable populations.	
Performance Indicator	Fiscal Year (FY) 2001 Goal
I.1 Identification, development, and utilization of appropriate barometer measures for assessing the effectiveness of OASDI programs	I.1 Prepare summary and analysis on the barometer measures
I.2 Preparation of analyses and reports on the effect of OASDI programs on different populations in order to identify areas for policy change and develop options as appropriate	I.2 Prepare reports on: <ol style="list-style-type: none">Effect of OASDI programs on women;Effect of OASDI programs on minorities;Effects of OASDI programs on low-wage workers;Study on characteristics of people receiving DI benefits;Analysis of the effect of changes in Social Security retirement benefits on the DI program
I.3 Preparation of analyses and reports on demographic, economic, and international trends and their effects of OASDI programs in order to anticipate the need for policy change and develop options as appropriate	I.3 Prepare analyses on the following topics: <ol style="list-style-type: none">Labor force transitions in the elderly population;Implications for retirement income security of shifts from defined benefit to defined contribution plans through study of lump-sum payments from employer pensions;Differences across subgroups in saving;International retirement policy reforms
I.4 Preparation of research and policy evaluation necessary to assist the Administration and Congress in developing proposals to strengthen and enhance the solvency of OASDI programs	I.4 Prepare analyses on the distributional and fiscal effects of solvency proposals developed by the Administration, Congress, and other policy makers (we will analyze new proposals and/or modify analyses of previous proposals based on new data)

Objectives: *To promote policy changes, based on research and evaluation analysis, that shape the supplemental security income (SSI) program in a manner that protects vulnerable populations, anticipates the evolving needs of SSI populations, and integrates SSI benefits with other social benefit programs to provide a safety net for aged, blind, and disabled individuals.*

Performance Indicator	FY 2001 Goal
I.5 Identification, development, and utilization of appropriate barometer measures for assessing the effectiveness of the SSI program	I.5 Prepare summary and analysis on the barometer measures
I.6 Preparation of a report and completion of data collection on the SSI Childhood Disability Survey in order to assess the impact of welfare reform, identify areas of potential policy change, and develop options as appropriate	I.6 Complete interviewing for the first wave on the SSI Childhood Disability Survey
I.7 Preparation of analyses on sources of support for the SSI population in order to identify areas for better coordination with other social benefits and develop options as appropriate	I.7 Prepare analysis and report on child support enforcement
I.8 Preparation of analyses of complex SSA policies	I.8 Prepare analyses on SSI simplification opportunities

Objective: To promote policy changes, based on research and evaluation analysis, that shape the disability program in a manner that increases self-sufficiency and takes account of changing needs based on the medical, technological, demographic, job market, and societal trends.

Performance Indicator	FY 2001 Goal
I.9 Increase in number of DI adult worker beneficiaries who begin a trial work period	I.9 10%
I.10 Increase in number of SSI disabled beneficiaries, aged 18-64, participating in 1619(a)	I.10 10%
I.11 Preparation of a research design to develop techniques for validating medical listings	I.11 Prepare a preliminary report on the development of the validation methodology
I.12 Preparation of reports on results of the National Study of Health and Activity in order to identify potentially eligible disabled populations, interventions that enable continued work effort among the disabled, and guide changes to the disability decision process	I.12 Initiate main study data collection
I.13 Prepare analysis of alternative return-to-work strategies	I.13 Design and initiate implementation of demonstration projects

Objective: Provide information for decisionmakers and others on the Social Security and SSI programs through objective and responsive research, evaluation, and policy development.

Performance Indicator	FY 2001 Goal
I.14 Percent of customers assigning a high rating to the quality of the Social Security Administration's (SSA) research and analysis products in terms of accuracy, reliability, comprehensiveness, and responsiveness	I.14 Establish a baseline
I.15 Percent of major statistical products that are timely	I.15 Establish a baseline for percent of major statistical products that are produced on schedule

Strategic Goal II: To deliver customer-responsive world-class service
Output Measures for Major Budgeted Workloads.

	UNITS
II.1 Retirement and Survivors Insurance claims processed	II.1 3,083,000
II.2 SSI aged claims processed	II.2 136,400
II.3 Initial disability claims processed	II.3 2,057,000
II.4 Hearings processed	II.4 582,000
II.5 Social Security number (SSN) requests processed	II.5 16,300,000
II.6 800-number calls handled	II.6 57,000,000

Objective: By 2002, to have 9 out of 10 customers rate SSA's service as "good," "very good" or "excellent," with most rating it "excellent".

Performance Indicator	FY 2001 Goal
II.7 Percent of SSA's core business customers rating SSA's overall service As excellent, very good or good	II.7 89%
II.8 Percent of SSA's core business customers rating SSA's overall service As excellent	II.8 40%
II.9 Percent of employers rating SSA's overall service as excellent, very good or Good	II.9 94%
II.10 Percent of employers rating SSA's overall service as excellent	II.10 16%
II.11 Percent of callers who successfully access the 800-number within 5 minutes of their first call	II.11 92%
II.12 Percent of callers who get through to the 800-number on their first attempt	II.12 86%
II.13 Percent of public with an appointment waiting 10 minutes or less	II.13 85%
II.14 Percent of public without an appointment waiting 30 minutes or less	II.14 70%
II.15 Percent of 800 number calls handled accurately	II.15a 90% service II.15b 95% payment

Objective: By 2002, to increase the range of program information services available to customers over the phone and electronically

Performance Indicator	FY 2001 Goal
II.16 New or expanded service available over the phone	II.16 Take retirement or survivors claims immediately over the Telephone, or in person, as long as the applicant has all the Information needed – fully implemented
II.17 New or expanded service available electronically	II.17 Pilot/implement additional forms and transactional services, Including: <ul style="list-style-type: none"> • Retirement and Survivors claim forms; and • Additional on-line transactional services for beneficiaries; and • Establish an Electronic Death Certification pilot with the Bureau of Vital Statistics; verification of name/SSN match before sending data to SSA
II.18 Number of customers accessing Social Security Online	II.18 23 million (as measured by SSA servers)
II.19 Number of online Social Security Statement requests as compared to the number of 800 Number ARU Social Security Statement requests	II.19 50 percent initiated on Internet

Objective: To raise the number of customers who receive service and payments on time.

Performance Indicator	FY 2001 Goal
II.20 Initial disability claims average processing time (days)	II.20 117 days
II.21 Hearings average processing time (days)	II.21 208 days
II.22 Percent increase in Production per Workyear in hearings process	II.22 14%
II.23 Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later	II.23 83%
II.24 Percent of SSI aged claims processed by the time the first regular payment is due or within 14 days of the effective filing date, if later	II.24 TBD Once baseline Established
II.25 Percent of original and replacement SSN cards issued within 5 days of receiving all necessary documentation	II.25 97%

Strategic Goal III: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse.

Output Measures for Major Budgeted Workloads

	UNITS
III.1 Periodic review of continuing disability reviews (CDR) processed	III.1 1,729,000
III.2 SSI non-disability redeterminations	III.2 2,050,000
III.3 Annual earnings postings	III.3 259,400,000
III.4 Representative payee actions	III.4 7,461,900

Objective: To make benefit payments in the right amount.

Performance Indicator	FY 2001 Goal
III.5 Dollar accuracy of OASI payment outlays: % w/o overpayments % w/o underpayments	III.5a 99.8% III.5b 99.8%
III.6 Disability determination services (DDS) net decisional accuracy rate	III.6 97%
III.7 DDS allowance performance accuracy rate	III.7 96.5%
III.8 DDS denial performance accuracy rate	III.8 93.5%
III.9 Office of Hearings and Appeals decisional accuracy rate	III.9 87%
III.10 Dollar accuracy of SSI payment outlays: % w/o overpayments % w/o underpayments	III.10a 95.5% III.10b 98.8%
III.11 Percent of SSN issued accurately	III.11 99.8%

Objective: To become current with DI and SSI CDR requirements by 2002.

Performance Indicator	FY 2001 Goal
III.12 Percent of multi-year (FY 1996-2002) CDR plan completed	III.12 86%

Objective: To maintain through 2002, current levels of accuracy and timeliness in posting earnings data to individual's earnings records.

Performance Indicator	FY 2001 Goal
III.13 Percent of wage items posted to individuals' records by September 30	III.13 98%
III.14 Percent of earnings posted correctly	III.14 99%

Objective: To aggressively deter, identify and resolve fraud.

Performance Indicator	FY 2001 Goal
III.15 Number of investigations conducted (i.e., closed)	III.15 8,000
III.16 OASDI dollar amounts reported from investigative activities	III.16 \$55 million
III.17 SSI dollar amounts reported from investigative activities	III.17 \$90 million
III.18 Number of criminal convictions	III.18 2,500

Objective: To increase debt collections by 7 percent annually through 2002.

Performance Indicator	FY 2001 Goal
III.19 OASDI debt collected	III.19 \$1,364.1 million
III.20 SSI debt collected	III.20 \$ 732.7 million

Strategic Goal IV: To be an employer that values and invests in each employee.

Objective: To provide the necessary tools and training to achieve a highly skilled and high-performing workforce.

Performance Indicator	FY 2001 Goal
IV.1 Percent of offices with access to Interactive Video Training/Interactive Distance Learning	IV.1 100%
IV.2 Formal management development programs implemented	IV.2 All leadership programs continued. Decisions on future Senior Executive Staff/Career Development Plans & ALP have yet to be made.
IV.3 Percent of managerial staff participating in management/leadership development experiences	IV.3 33 1/3%

Objective: To provide a physical environment that promotes the health and well-being of employees.

Performance Indicator	FY 2001 Goal
IV.4 Percent of employees reporting they are satisfied with the level of security in their facility	IV.4 75%
IV.5 Percent of environmental air quality surveys completed and percent of the corrective actions taken when called for	IV.5a 20% facilities surveyed, IV.5b 75% corrective actions Taken
IV.6 Number of facilities having water quality testing and percent of corrective actions taken when called for	IV.6a 42 facilities tested, IV.6b 100% corrective actions taken
IV.7 Number of relocated offices having security surveys and percent of SSA accepted security recommendations implemented	IV.7a 150 offices surveyed, IV.7b 87% accepted recommendations implemented

Objective: To promote an Agency culture that successfully incorporates our values.

Performance Indicator	FY 2001 Goal
IV.8 Create Agency change strategy	IV.8 Implement strategy

Objective: To create a workforce to serve SSA's diverse customers in the twenty-first century.

Performance Indicator	FY 2001 Goal
IV.9 Complete Agency plan for transitioning to the workforce of the Future	IV.9a Implement and update transition plan IV.9b Develop and implement action items from employee survey

Strategic Goal V: To strengthen public understanding of the Social Security Programs.

Objective: By 2005, 9 out of 10 Americans will be knowledgeable about the Social Security programs in five important areas.

Performance Indicator	FY 2001 Goal
V.1 Percent of individuals issued Social Security Statements as required by law	V.1 100%
V.2 Percent of public who are knowledgeable about Social Security programs	V.2 70%

Appendix B

Agency Comments



SOCIAL SECURITY

MEMORANDUM

May 2, 2001

Refer To: S1J-3

To: James G. Huse, Jr.
Inspector General

Larry G. Massanari
Acting Commissioner of Social Security

Subject: The Office of the Inspector General Draft Report, "Review of Social Security Administration's Fiscal Year 2001 Annual Performance Plan" (A-02-00-10038)--INFORMATION

Our comments on the subject report are attached. If your staff have any questions, they may contact Robert Berzanski on extension 52675.

Attachment:
SSA Comments

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT,
"REVIEW OF THE SOCIAL SECURITY ADMINISTRATION'S FISCAL YEAR 2001
ANNUAL PERFORMANCE PLAN" (A-02-00-10038)**

Thank you for the opportunity to review and provide comments on this draft report. We appreciate that the report notes that our Annual Performance Plan (APP) for fiscal year (FY) 2001 represents the strong commitment of the Social Security Administration (SSA) to meet the objectives of the Government Performance and Results Act (GPRA) of 1993. Following are our comments on the recommendations.

Recommendation 1

Set goals for those management challenges for which measurable corrective action is possible.

Comment

We agree with the recommendation to establish goals for management challenges, when quantifiable or measurable targets are appropriate. We believe we have measurable targets for those management challenges which SSA has determined should be tracked in the APP, e.g., solvency, disability redesign, fraud, and customer service. SSA management will continue to identify areas to be included in the APP as appropriate.

Recommendation 2

Establish more outcome-based and service-related measures.

Comment

We agree in principle with the recommendation to establish more outcome and service related measures, and believe we continue to improve in this area. The FY 2002 plan indicates that efficiency indicators will be developed for initial claims and post-entitlement workloads. Establishing outcome-based and service-related measures is an evolving process, and SSA management will evaluate the feasibility of establishing measures for additional workloads in future plans.

Recommendation 3

Provide a basis upon which to compare goals and subsequent performance with customer expectations.

Comment

We agree that there may be value in such comparisons as they affect specific measures. SSA sets goals based on customer interests in combination with historical experience, benchmarks and investments. We then utilize a balanced scorecard approach to measure progress toward attaining those goals.

Recommendation 4

Specifically identify resources needed to accomplish planned performance.

Comment

We do not agree with this recommendation. Although we recognize that a strong link between budget and planned performance is desirable, and we are always looking for ways to enhance this linkage appropriately, SSA is currently meeting the intent of GPRA in both its budget justifications and its performance plans. The draft report suggests that "staff years associated with many planned output goals could be disclosed." However, the draft report does not acknowledge that SSA's FY 2000 and FY 2001 APPs already disclose, by workload, the total administrative funding budgeted to accomplish key output measures. By disclosing cost allocations of total administrative funding by workload, SSA believes that our performance plans have already gone beyond this draft report suggestion, because total administrative funding better represents full administrative costs than would the disclosure of just staff years or estimated costs of individual contracts.

SSA is also pleased to see that the draft report acknowledges our FY 2001 APP "includes significantly more data on information technology (IT) and capital investment." This portion of SSA's FY 2001 performance plan was strengthened to better relate plans to resources. For example, the IT/Capital Investments section includes a new table displaying the IT Systems budget by baseline operations, strategic priorities, and crosscutting IT initiatives. Although not acknowledged in the draft report, SSA also strengthened the linkage between plans and resource requirements in the FY 2001 APP by adding a new section summarizing estimated FY 2001 workyear savings from initiatives proposed in the Agency's budget.

Recommendation 5

Coordinate with the Health Care Financing Administration (HCFA) to determine which agency should establish performance goals for service to Medicare recipients.

Comment

SSA will explore the feasibility of establishing such a goal. On page 7 of the draft report, OIG commented that the goal for the project to validate the medical listings is vague and that SSA did not clearly identify how accomplishments in FY 2000 relate to the goal for FY 2001. OIG also commented that the indicator would have been more valuable if there had been an indication and basis on which listings would be validated first.

In the 2000 Accountability Report we noted that the Disability Research Institute (DRI) was working on a project to develop a method by which the Medical Listings could be validated. Completing a preliminary report on the development of a validation methodology is a goal in the 2001 Performance Plan. Next steps include:

1. Developing criteria to be used to validate the listings. The validation criteria will be reviewed by program, medical, and technical experts before being finalized.
2. Creating methods to assess whether the impairments described in the listings constitute a reasonable presumption of inability to perform substantial gainful activity.
3. Developing a method for making those criteria operational. Deciding which listing to examine first. We intend to base our choice of a listing on considerations such as the appropriateness of the validation methodology for a particular type of impairment, the potential costs of the analysis, the likelihood of success, and programmatic concerns, including numbers of applications and decisional accuracy.

Appendix C

OIG Contacts and Staff Acknowledgments

OIG Contacts

Frederick C. Nordhoff, Director, Financial Management and Performance Monitoring Audit Division, (410) 966-6676

Timothy Nee, Deputy Director, (212) 264-5295

Acknowledgments

In addition to those named above:

John P. Harrison, Senior Auditor

Annette DeRito, Program Analyst

For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-5998. Refer to Common Identification Number A-02-00-10038

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President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Total	97

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency, as well as conducting employee investigations within OIG. Finally, OEO administers OIG's public affairs, media, and interagency activities and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

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The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.