

*Fiscal Year 2020*

*AUDIT WORK PLAN*

*October 2019*

I am pleased to present the Office of Audit's Fiscal Year 2020 Annual Work Plan (Plan). The reviews described in the Plan address those areas that are most vulnerable to fraud, waste, and abuse. Since 1997, we have provided our perspective on the top challenges facing Social Security Administration (SSA) management to the Congress, SSA, and other key decisionmakers. For Fiscal Year 2020, the Office of the Inspector General has identified the following management challenges.

- Improve Service Delivery
- Modernize Information Technology
- Secure Information Systems and Protect Sensitive Data
- Improve the Prevention, Detection and Recovery of Improper Payments
- Improve Administration of the Disability Program
- Minimize Payment Errors and Improve Management of Payment Workloads

The Plan describes reviews we plan to begin in Fiscal Year 2020. In developing these reviews, we worked with Agency management to ensure we provide a coordinated effort.

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



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October 1, 2019

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# Abbreviations

ABLE	<i>Achieving a Better Life Experience Act of 2014</i>
ALJ	Administrative Law Judge
CARES	Compassionate And REsponsive Service
CDR	Continuing Disability Review
DCPS	Disability Case Processing System
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
eRPS	Electronic Representative Payee System
ESF	Earnings Suspense File
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPERIA	<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>
IRS	Internal Revenue Service
IT	Information Technology
MBR	Master Beneficiary Record
MEF	Master Earnings File
OASDI	Old-Age, Survivors and Disability Insurance
OHO	Office of Hearings Operations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Plan	Annual Work Plan
Pub. L. No.	Public Law Number
SEI	Self-employment Income
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record

# **Executive Summary**

The Office of the Inspector General (OIG) improves the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public. The Office of Audit conducts financial and performance audits of SSA's programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess the reliability of financial data reported by SSA in its annual financial statements and any number of managerial information reports. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. The Office of Audit also conducts short-term management and program evaluations and projects on issues of concern to SSA, the Congress, and the general public. In Fiscal Year (FY) 2019, we issued 65 reports with over \$4 billion in monetary findings.

# **Annual Work Plan**

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

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

This Plan describes reviews we intend to begin in FY 2020 in the following issue areas.

- Improve Service Delivery
- Modernize Information Technology
- Secure Information Systems and Protect Sensitive Data
- Improve the Prevention, Detection and Recovery of Improper Payments
- Improve Administration of the Disability Program
- Minimize Payment Errors and Improve Management of Payment Workloads

For more information on reviews included in this Plan, please contact the Division of Communications at (410) 965-2671.

# Improve Service Delivery

SSA affects the lives of nearly every member of the public. SSA estimates in FY 2020, it will pay approximately \$1 trillion in Old-Age, Survivors and Disability Insurance (OASDI) benefits to 65 million beneficiaries and \$60 billion in Supplemental Security Income (SSI) payments to 8 million recipients. In addition, SSA expects to process

- 8.7 million OASDI and SSI initial claims;
- 1.6 million appeals for claimants who disagree with its decision;
- 285 million earnings items posted to workers' records;
- 17 million new and replacement Social Security number (SSN) cards;
- 2.8 million SSI redeterminations and 674,000 full medical continuing disability reviews (CDR); and
- 100 million post-entitlement actions.

SSA's mission is to deliver quality Social Security services to the public. The Agency administers its programs and services through its field offices, National 800-Number, and program service centers. In FY 2018, field offices served approximately 42 million visitors, the National 800-Number handled 32 million calls, and program service centers handled complex Social Security claims as well as supported the National 800-Number.

A recent OIG audit found that SSA did not provide beneficiaries due process (written notification to overpaid individuals). SSA sent incomplete or inaccurate notices or did not send notices. When this occurs, overpaid individuals are not properly informed of their rights to request reconsideration of SSA's decision, a waiver of the overpayment, or different recovery rates or methods, and SSA incurs administrative costs for the additional work on those overpayments. We made four recommendations for SSA to take appropriate actions to address its misapplication of due-process provisions for OASDI overpayments. SSA agreed with our recommendations. SSA has plans to update subsequent overpayment notices and its system to manually input overpayments. SSA anticipates these changes will go into effect around FY 2021.

## Representative Payment Program

A challenging workload for SSA is its Representative Payment Program. SSA reported that, in FY 2018, there were 6 million representative payees managing \$70 billion in annual benefits for 8.3 million beneficiaries. In addition, the *Strengthening Protections for Social Security Beneficiaries Act of 2018* (Pub. L. No. 115-165) requires that SSA

- make annual grants to State Protection and Advocacy groups to conduct site reviews of representative payees,
- expand its site reviews to include individual and organizational representative payees based on risk of potential misuse or unsuitability,
- establish a monthly data exchange with State foster care agencies to identify beneficiaries with representative payees whose foster care arrangements have changed so SSA can determine whether it needs to make a representative payee change, and

- conduct a study on improving data sharing with State adult protective services to determine the need for, and oversight of, representative payees.

The *Strengthening Protections for Social Security Beneficiaries Act of 2018* (Pub. L. No. 115-165) prohibits individuals convicted of certain crimes from serving as representative payees; however, a recent OIG audit found that SSA did not always identify and bar convicted felons from serving as individual representative payees. We estimated 396 representative payees received approximately \$13.7 million in benefit payments after their barred felony convictions. The basis for the estimate pertains to representative payees that generally served one beneficiary after their barred felony conviction.

The Social Security Advisory Board is also concerned that SSA is missing an opportunity to collect needed data during its annual monitoring of representative payees. The Board noted that SSA's representative payee monitoring tool did not appear to obtain substantive performance information that would be useful in changing SSA's preference lists for selecting a representative payee. The Board also noted that a database on representative payee performance would help SSA identify potential cases of representative payee misuse. Finally, the Board recommended that SSA strengthen its capacity to collect and use all appropriate program data to inform and support decisions about its representative payee program.

In its *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2018*, SSA reported its reviews found that the majority of representative payees were properly using beneficiaries' funds. SSA also reported that it made determinations of misuse totaling over \$1 million and identified an additional \$3.5 million in suspected misused funds.

## **Online Service Delivery**

SSA relies on an expanded suite of automated and online options for its customers to conduct business with the Agency. In addition, SSA's biennial survey of future customers shows an increasing preference for conducting business online or by telephone. The Agency expects more people to take advantage of the convenience of online services as service options and functionality are expanded. In FY 2019, SSA estimates the public will conduct over 173 million transactions online. As of June 2019, SSA customers had completed approximately 141 million online transactions this year. In FY 2020, SSA expects this to increase to 183 million.

SSA has several proposals intended to improve service delivery and increase the timeliness of claims and post-entitlement actions. The Agency plans to expand

- the use of self-help personal computers in SSA field offices;
- the use of the Internet Social Security Number Replacement Card nationwide for individuals to request a replacement SSN card;
- video service access and participation, working with external partners;
- video services in field, hearing, and State disability determination services (DDS) offices;
- services within *my Social Security* to additional user groups, including representative payees, appointed representatives, and business users; and
- “Click-to-Chat” instant messaging on *my Social Security*.

## **Active Representative Payees in the Electronic Representative Payee System but Not on the Social Security Administration's Payment Records**

### **A-09-18-50695**

SSA's Electronic Representative Payee System (eRPS) is a nation-wide database of information about pending, selected, non-selected, and terminated representative payees. SSA employees use information in eRPS to assist them in making representative payee determinations as well as take and process representative payee applications. When SSA selects a representative payee in eRPS, it should update the Master Beneficiary (MBR) and Supplemental Security Records (SSR) with information about the representative payee. If the representative payee information in eRPS does not agree with the information on the MBR/SSR, eRPS produces an alert to resolve the discrepancy. Our review will determine whether SSA has adequate controls to ensure it properly resolves representative payee discrepancies between eRPS and its payment records.

## **Customer Service at the Social Security Administration's Field Offices**

### **A-08-19-50869**

SSA administers its programs and services through a network of approximately 1,230 field offices in 10 regions that serve the public throughout the United States and its territories. Field offices are SSA's primary point of face-to-face contact with the public. In FY 2018, SSA field offices served approximately 43 million visitors. SSA's Visitor Intake Process Re-write collects information about office visitors and appointments and provides management information for area, regional, and national reports. This information provides a picture of visitors and reception activities that helps field offices analyze the effectiveness of their customer service. We will review customer service at field offices and SSA's measurement of wait times.

## **Follow-up on Payments to Terminated or Non-selected Representative Payees**

### **A-09-18-50560**

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

## **Follow-up on Representative Payee Selections Pending in the Electronic Representative Payee System**

### **A-09-18-50511**

SSA employees use eRPS to take and process representative payee applications. If the representative payee selection could not be processed or the information did not match, the representative payee selection remains in a pending status. In a 2014 audit, we found SSA did not always resolve representative payee selections pending in eRPS. In October 2017, SSA released the eRPS Stuck Sweeper application. SSA's eRPS Stuck Sweeper enhancement reviews stuck applications pending in eRPS. The Sweeper automatically activates or terminates representative payee relationships or closes pending eRPS applications. The Sweeper also identifies necessary action for cases that cannot be automatically cleared and creates a corresponding issue code in eRPS. We will follow up on our 2014 review to determine whether SSA properly resolves applications that are pending in eRPS.

## **Follow-up on the Social Security Administration's National Remittance Process**

### **A-04-19-50828**

In our March 2017 audit, we found SSA did not process all remittances timely. When we started the review, SSA had a large backlog of unprocessed remittances. SSA took action to work the backlog during our audit, but, when we issued our final report, SSA still had approximately 3 months of unprocessed checks. The processing delays caused an increase in the number of customers calling to question why SSA had not cashed their checks and/or continued sending them collection notices for payments they had already submitted. It also caused SSA to take unnecessary debt-collection actions against some individuals who had remitted payments. As such, we recommended SSA complete its efforts to automate the remittance process and ensure the Remittance and Accounting Unit had adequate resources to prevent remittance backlogs. This review will determine whether SSA has implemented our prior recommendations to improve the accuracy and timeliness of the national remittance process.

## **Pre-sort Contractor for the Social Security Number Process at Headquarters**

### **A-15-18-50689**

SSA has contracted with Corporate Mailing Services to provide mail-sorting services to qualify for rate discounts under the U.S. Postal Services' automation and non-automation discount programs. The base year for this contract was August 3, 2014 to August 2, 2015 with 4 option years. Each year has a cost of \$547,500. We will determine whether (1) the contractor is meeting its responsibilities for sorting the mail to get the highest mailing discount for SSA, (2) the contractor is checking the addresses before sorting to ensure the addresses are complete, and (3) SSA personnel are properly monitoring the contract.

## **Reclamations of Social Security Administration Payments to Direct Express Debit Cards**

**A-04-18-50637**

The Department of the Treasury contracted with Comerica Bank to establish the Direct Express debit card program, which allows beneficiaries, recipients, and individual representative payees who do not have bank accounts to have their Federal payments direct deposited into a debit card account. When a cardholder dies, SSA informs Comerica Bank through the Death Notification Entry process. Once notified of the cardholder's death, Comerica freezes the debit card account and returns to SSA any payments posted to the account after the date of death. This review will determine whether the payments made to the Direct Express debit cards after the death of SSI recipients are appropriately returned to SSA.

## **Recovery of Overpayments from Dedicated Accounts**

**A-03-19-50855**

Section 213 of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, requires that a dedicated account be established to pay past-due SSI monthly payments when an eligible individual under age 18 is due an underpayment amount that exceeds six times the Federal Benefit Rate plus Optional State Supplement. An SSA field office then releases the past-due benefits in 6-month increments over the next 12 months. Some recipients become overpaid for months separate from the period by their underpayment. SSA's process allows technicians to recover an overpayment from an underpayment before it is paid; however, underpayments that are subject to dedicated account installments are exempt and cannot be used to recover an overpayment. Any overpayment for months after the dedicated account is established cannot be recovered by the underpayment. We will identify overpayments due recipients with dedicated accounts and determine whether SSA incorrectly recovered overpayments from dedicated account installment payments.

## **Representative Payees Who Are Listed in the Electronic Representative Payee System Multiple Times**

**A-09-19-50847**

SSA uses eRPS to take and process representative payee applications. An individual's SSN is required to establish a representative payee in eRPS. SSA's automated systems process the representative payee's information and update the MBR or SSR. The information in eRPS for individual representative payees includes the representative payee's name, SSN, relationship to the beneficiary, and performance as a representative payee. For organizations, eRPS includes the name, address, and Employer Identification Number. Our review will determine whether representative payees were erroneously listed multiple times within SSA's system.

## **Representative Payees with a Misuse Allegation Pending in the Electronic Representative Payee System**

**A-09-19-50797**

SSA's eRPS is a nation-wide database of representative payee information that contains information related to allegations of misuse. An allegation or information that raises a suspicion of misuse may take various forms and come from many sources. SSA must immediately investigate all allegations or information that raise a suspicion of misuse. SSA's thorough and timely action on suspected misuse cases can minimize loss and increase the likelihood of full recovery of misused funds. Our review will determine whether SSA reviews and timely resolves misuse allegations.

## **Social Security Administration Kiosks in Field Offices**

**A-05-19-50871**

SSA typically provides service to the public by in-person interviews, telephone calls, or online services. However, SSA began using kiosks to make a variety of applications faster and more efficient and to better serve a large number of field office visitors. SSA's goals for introducing the kiosks are to (1) transition customers to more self-service options, (2) increase customer satisfaction, (3) balance workloads, and (4) save costs. Further, SSA hopes to use the kiosks as an educational tool for the public and facilitate the use of third-party locations outside field offices. We plan to review the SSA field offices that have kiosks installed to assess how much the public is using the kiosks and whether they assist in reducing field office wait times.

## **Social Security Beneficiaries Who Have Direct Payment but Who Collect Veterans Affairs Benefits Through a Fiduciary**

**A-01-18-50380**

The National Academy of Sciences' Institute of Medicine's March 2016 report on SSA's financial capability determination noted that SSA, the Department of Veterans Affairs, and other relevant Federal agencies should assess the extent of inconsistency in identifying beneficiaries who are incapable among persons receiving benefits from more than one agency. The report further noted the agencies should explore mechanisms to facilitate ongoing interagency communication regarding beneficiaries' capabilities. Therefore, we will identify SSA beneficiaries and recipients receiving direct payment who may be incapable of handling their own financial affairs because the individual has a representative for Veterans Affairs benefits.

## **Teleservice Center Efficiency and its Impact on Program Service Center Workloads**

**A-05-19-50832**

Teleservice centers serve as the primary telephone answering point for general inquiries and reports from the public and SSA beneficiaries. If necessary, the teleservice centers can refer workloads to field offices or program service centers. Teleservice center staff inform the public of SSA programs, respond to routine and complex questions, set up appointments, change beneficiary addresses, and perform other post-entitlement actions. There are 37 teleservice centers, 6 of which are co-located with program service centers. When the call volume at SSA's toll-free number is high, program service center employees answer calls rather than perform their regular duties. We will determine whether teleservice centers are staffed appropriately and SSA follows its policies and procedures when scheduling program service center employees to assist teleservice centers during times of anticipated high call volume.

## **The Office of Hearings Operations' Use of Video Hearings**

**A-05-18-50615**

According to SSA, it has refreshed or replaced video equipment across Office of Hearings Operations (OHO) since 2016. By expanding the number of video hearing units in hearing offices, SSA expects to improve service delivery capability by maximizing its ability to balance workloads nationally and provide more timely service to claimants in offices with the longest wait times. We will review claims data and decisional outcomes related to OHO's use of video hearings.

## **The Social Security Administration's Implementation of Prior Recommendations to Improve the Accuracy and Completeness of the Electronic Representative Payee System**

**A-09-19-50895**

SSA's eRPS is a nation-wide database of information about pending, selected, non-selected, and terminated representative payees. SSA employees use eRPS to assist them in making representative payee determinations as well as take and process representative payee applications. In several prior audits, we found that SSA needed to improve the accuracy and completeness of eRPS. This included recommendations to ensure SSA (1) does not make payments to representative payees who are not in eRPS, (2) does not make payments to representative payees that it terminated or did not select, (3) makes and documents in eRPS capability determinations for beneficiaries who previously had a representative payee, (4) does not make direct payments to concurrently entitled beneficiaries who have a representative payee, (5) resolves representative payee applications pending in eRPS, (6) prevents the selection of representative payees who are incapable of managing their own benefits, and (7) records individual representative payees' SSNs on its payment records. Our review will determine the status of SSA's actions to implement our prior recommendations and its plans to improve the accuracy and completeness of eRPS.

## **The Social Security Administration's Periodic Site Reviews of Representative Payees**

**A-13-17-50195**

The *Social Security Protection Act of 2004* mandates that SSA review all fee-for-service representative payees, individuals who serve as payee for 15 or more individuals, and organizations serving as representative payee for 50 or more individuals. The *Strengthening Protections for Social Security Beneficiaries Act of 2018* allows State Protection and Advocacy groups to conduct payee reviews. Further, the law expands periodic on-site reviews to include individual representative payees (including payees related to the beneficiary and who primarily reside in the same household), and organizational payees based on risk of potential misuse or unsuitability. We will (1) determine whether SSA is complying with review requirements, (2) evaluate the sufficiency and reliability of the documentation that supports the conclusions and recommendations made during the reviews, and (3) determine whether SSA has taken appropriate action to ensure identified deficiencies were corrected.

## **The Social Security Administration's Workforce Analysis**

**A-02-19-50866**

According to SSA, the Office of Budget works with the Office of the Commissioner and SSA's Deputy Commissioners to develop staffing allocations based on available funding. We will determine the Office of Budget's effectiveness in determining staffing levels within SSA's divisions and offices. We will determine what methods it uses to assess staffing and whether changes in technology/mission are considered when determining changes to staffing levels.

## **Undeliverable Mail at the Social Security Administration's Headquarters**

**A-15-18-50730**

Each week, the Security West Mail Center receives on average 10,000 pieces of undeliverable mail and change of address actions. The Mail Center uses an application to locate a new address for undeliverable material. If the application does not locate a new address in SSA's systems, it prints and mails a notice to the bank and Post Office requesting updated address information. If the Mail Center does not receive a response from the bank and/or Post Office within a designated number of days, it provides the notice to a benefit authorizer for development and/or action. We will review a sample of notices to determine why they were undeliverable and review the controls around the processing of undeliverable mail.

## Modernize Information Technology

SSA's significantly aged information technology (IT) infrastructure has become increasingly difficult and expensive to maintain. SSA noted that universities generally no longer teach mainframe computer environments and application languages. In addition, knowledge of SSA's dated applications and legacy infrastructure will diminish as developers retire. Further, protecting the Agency's legacy systems has become more difficult because modern cyber-security tools were not designed to defend 30-year-old systems.

SSA has taken an incremental and opportunistic approach to IT modernization, replacing components of systems rather than whole systems. However, the Agency has exhausted nearly all these efforts. According to SSA, this approach is no longer viable, as technology is advancing faster than the Agency can incrementally modernize. SSA has developed a roadmap to spend \$696 million through FY 2022 for modernizing some of its systems; however, the Agency stated its funding has not been sufficient to undertake the necessary IT modernization, and it has not planned for additional modernization past FY 2022. In FY 2018, SSA spent approximately \$1.8 billion on IT. According to SSA, much of its IT funding is used to operate and maintain existing systems. To ensure SSA can keep pace with increasing workloads, the Agency must maintain its legacy systems while, in parallel, developing their modern replacements.

SSA began its Disability Case Processing System (DCPS) project in 2008. The Agency envisions DCPS to be a common system for all DDSs that will simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs. Developing a common case processing system is a complex initiative for SSA, as it must satisfy Federal requirements, the inherent nuances of the unique DDSs, and individual State-mandated requirements. Since restarting the project in FY 2015, SSA has spent \$101 million on DCPS through FY 2018. According to SSA, as of October 2019, two DDSs have fully transitioned to DCPS and have ceased using their existing systems for claims processing. Until SSA completes DCPS development and implementation, DDSs will continue incurring costs to operate and maintain their existing systems.

Cloud computing enables convenient, on-demand access to shared computing resources, including networks, servers, storage, applications, and services. As of September 2018, SSA had 1 system in its on-site-private cloud environment and 22 systems in an external cloud environment and hosted by 11 cloud service providers. Although SSA established policies and procedures to protect its sensitive information in the cloud environment, the Agency needs to improve areas related to risk management, access controls, configuration management, contingency planning, and contract security clauses.

## **Agile Development Practices at the Social Security Administration**

### **A-14-19-50806**

Agile software development calls for delivering software in small, short increments rather than in the typically long, sequential phases of a traditional “waterfall” approach. Agile emphasizes using collaborative teams and measuring progress with working software. SSA has adopted Agile for several projects, including DCPS. We will determine whether SSA’s use of Agile complies with OMB directives and industry standards/best practices.

## **Status of the Social Security Administration’s Information Technology Modernization Efforts**

### **A-14-18-50558**

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

## **The Office of Acquisition and Grants’ Process for Awarding and Managing Contracts**

### **A-15-19-50858**

The Office of Acquisition and Grants, under the Office of the Deputy Commissioner for Budget, Finance and Management, is SSA’s procurement office. The Office is responsible for the SSA-wide acquisition and grants programs in support of the Agency’s mission and strategic goals. The Office directs the business management aspects of these activities, and develops and implements applicable policies, procedures, and directives. We will review the Office’s business process to determine whether the contract types awarded are in the best interests of SSA and in accordance with the applicable Government acquisition regulations.

## **The Social Security Administration’s Information Technology Investment Process**

### **A-14-18-50437**

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

## **The Social Security Administration's Manual Workload Processes**

### **A-07-19-50882**

When SSA's systems cannot fully automate actions to establish or update earnings, benefit, or payment records, SSA employees must manually process the actions. In prior audits, we found that workloads employees manually processed were error-prone and resource intensive. In response to such findings concerning manual workloads, SSA stated its information technology modernization efforts will increase automation and improve processing accuracy. We will determine whether SSA's IT modernization efforts will address and minimize the Agency's use of manual processes.

## **The Social Security Administration's Post-implementation Review Process**

### **A-14-18-50462**

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

# Secure Information Systems and Protect Sensitive Data

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen or legally residing individuals is invaluable to would-be hackers and potential identity thieves.

Consequently, the Agency's information systems may be at particular risk of attack. Given the sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

Our prior audit and investigative work has revealed concerns with the security of SSA's information systems. Between FYs 2012 and 2018, auditors concluded that the risk and severity of SSA's information security weaknesses constituted a significant internal control deficiency. Those security deficiencies, when aggregated, created a weakness in SSA's overall information systems security program that the auditors concluded significantly compromised the security of the Agency's information and information systems.

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

To address ever-increasing security challenges, it is crucial that SSA implement a well-designed, continuous monitoring strategy to monitor and assess security controls. SSA has issued its *Continuous Monitoring Strategy*, but is still implementing it. OMB and the National Institute of Standards and Technology require near real-time, continuous monitoring for risk management and risk-based decisionmaking.

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

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits. The SSN is relied on as an identifier and is valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates future benefit payments based on the earnings an individual accumulates over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical to SSA's mission. SSA issued over 16 million original and replacement SSN cards in FY 2018. In addition, the Agency received and processed approximately 282 million wage items for Tax Year 2017 (as of December 2018).

SSA has taken steps to streamline its enumeration process. For example, SSA released the Internet-based Social Security Number Replacement Card application in November 2015. This will allow SSA to reduce the number of replacement card requests in field offices and Social Security Card Centers. For FYs 2016 through 2018, SSA issued approximately 1.5 million SSN replacement cards through the Social Security Number Replacement Card application. While we believe this initiative may enhance customer service, SSA must ensure it continues taking all necessary steps to minimize the risk of individuals fraudulently obtaining an SSN replacement card.

Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA shares no-match information with employers when they submit their wage file to the Agency. SSA spends scarce resources correcting earnings data when employers report incorrect information. The Earnings Suspense File (ESF) is the Agency's record of wage reports on which wage earners' names and SSNs fail to match SSA's records. The ESF has accumulated over \$1.6 trillion in wages and 367 million wage items for Tax Years 1937 through 2017. In Tax Year 2017 alone, SSA posted approximately 7.7 million wage items, representing \$95 billion in wages, to the ESF.

SSA has taken steps to reduce the ESF's size and growth.

- The Agency allows employers to verify the names and SSNs of their employees using the Agency's online SSN Verification Service before reporting wages to SSA. Beginning in 2014, the number of verification transactions processed by the SSN Verification Service has steadily increased from 121.5 to 158.9 million. In FY 2018, approximately 33,600 registered employers had submitted approximately 178 million verifications.
- In FY 2019, SSA also resumed mailing revised Educational Correspondence/Employer Correction Request (that is, no-match) letters to improve the accuracy of future wage reports and further educate employers about the free suite of SSA online services available via Business Services Online.

SSA also supports the Department of Homeland Security's (DHS) administration of its E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. According to DHS, the most current data available indicate, as of March 31, 2019, approximately 854,000 employers had enrolled to use E-Verify. In FY 2018, DHS processed 37.6 million E-Verify cases, of which 352,000 (0.94 percent) received a not authorized to work response. While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the Agency's SSN Verification Service, and enhancing SSN verification feedback to provide employers with sufficient information on potential employee issues.

## **Accuracy of the Social Security Administration's Fiscal Year 2019 Reporting Under the *Federal Information Security Modernization Act***

### **A-14-18-50450**

The *Federal Information Security Modernization Act* (FISMA) provides the framework for securing the Government's information and information systems, requiring that each agency document and implement an agency-wide information security program. Agencies are required to report on the adequacy and effectiveness of their program annually to OMB, DHS, and the Congress. As part of this reporting, chief information officers respond to annual security posture questions, referred to as metrics. We will assess the accuracy of SSA's responses in the FISMA metrics.

## **Follow-up on Access to the Social Security Administration's *my Social Security* Online Services**

### **A-14-18-50486**

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

## **Follow-up on Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident**

### **A-06-19-50756**

In a 2015 audit, we identified approximately 6.5 million numberholders age 112 or older who did not have death information on the Numident. While SSA was not issuing benefit payments to these individuals, they were likely deceased but not included in the death data SSA shares with other agencies. Since individuals can commit various types of fraud against the Government by reporting earnings under deceased individuals' SSNs, we matched the SSNs against SSA's earnings data and identified thousands of instances of potential SSN misuse. In total, SSA received reports that individuals using 66,920 of the 6.5 million SSNs had approximately \$3.1 billion in wages, tips, and self-employment income in Tax Years 2006 through 2011. We made four recommendations for corrective action. SSA agreed with two of the recommendations and stated it would take action, as necessary. However, the Agency specified it must consider legal and technical feasibility and the cost of updating the records. For this review, we will determine whether SSA took corrective action on the findings and recommendations in our 2015 report.

## **Manual Adjustments to the Master Earnings File**

### **A-03-19-50868**

The Master Earnings File (MEF) is SSA's primary electronic database that stores earnings information for an individual worker by his/her SSN. MEF information is used to determine whether individuals are eligible for Social Security benefits. Each year, employers report wages to SSA for posting to the MEF. Self-employed individuals report their income and tax liability to the IRS. The IRS processes these reports and transmits them to SSA for posting to the MEF. However, from time to time, an individual will inform SSA about earnings that are missing from his/her earning's history. SSA employees have the ability to manually add earnings to the MEF through several processes, such as Items Correction. As part of the review, we will evaluate the Agency's controls for manually posting earnings to the MEF and determine whether the manually added earnings could relate to missing, overstated, or fraudulent wages.

## **Mobile Device Security at the Social Security Administration**

### **A-14-19-50811**

SSA employees use a variety of mobile devices to access the Agency's email system and Intranet. Information from the email system may be stored on these devices. Users can connect iPhone mobile devices to computers to synchronize emails. We will test a sample of mobile devices and interview users to determine whether SSA followed Federal standards and guidance for managing the security of mobile devices.

## **Profile of Individuals with Wages Removed from the Earnings Suspense File**

### **A-03-18-50542**

The *Social Security Act* requires that SSA maintain records of wage amounts employers pay individuals. Employers report their employees' wages to SSA at the end of each tax year but not later than the IRS' required deadline, January 31. As part of the Annual Wage Reporting process, SSA validates the earnings by matching the reported names and SSNs on the Form W-2, *Wage and Tax Statement*, against SSA's records. W-2s that contain names and SSNs that do not match are posted to the ESF—an electronic SSA database that stores earnings data in which the reported name and SSN did not match SSA records. To reduce the ESF's growth rate, SSA uses a variety of operations and systems enhancements to reinstate wages from the ESF to individuals' earnings records. We will profile the individuals who had wages reinstated from the ESF to determine whether the wages related to (1) unauthorized work, (2) name changes, (3) identity theft, or (4) other reasons.

## **The Social Security Administration's Implementation of Recommendations from the *Federal Information Security Modernization Act of 2014* Compliance Reviews**

### **A-14-19-50874**

Each year, OIG engages a contractor to conduct FISMA performance audits in accordance with Government Auditing Standards. The contractor assesses the effectiveness of SSA's information security controls, including its policies, procedures, and practices, on a representative subset of the Agency's information systems by leveraging work performed as part of the financial statement audit and performing necessary additional testing procedures. Based on the findings in the audit, the contractor makes recommendations to SSA to strengthen controls over its information systems and correct the weaknesses identified. We plan to review recommendations from FISMA performance audits conducted for FYs 2012 through 2017 to provide an overview of recommendations that (1) SSA implemented, (2) are no longer relevant, or (3) SSA should still implement.

## **The Social Security Administration's Management of Electronic Text and Instant Message Records**

### **A-14-19-50857**

Agencies that allow instant messages on their networks must recognize that such content may be a Federal record and must manage the records accordingly and consistently across the agency in its component offices. In July 2015, the National Archives and Records Administration issued records management guidance for electronic messages, including instant messages. The guidance discussed several challenges associated with the use of electronic messages and offered solutions to help agencies identify, manage, and capture electronic messages. For this review, we will determine whether SSA has policies, procedures, and controls in place to ensure electronic instant message records were managed in accordance with Federal regulations.

## **Wage Anomalies in the Master Earning File**

### **A-03-19-50787**

Title II of the *Social Security Act* requires that SSA maintain records of wage amounts employers pay individuals. The MEF is the primary repository of earnings data. It contains a summary of all *Federal Insurance Contributions Act* earnings an individual receives and detail of all *Contributions Act* earnings processed after 1977. SSA uses *Contributions Act* earnings to determine an individual's eligibility for and benefit amount. We will determine whether suspicious/questionable earnings are being posted to the MEF, such as earnings posted before the numberholder's birth year or earnings posted for elderly individuals who may not be employed.

# Improve the Prevention, Detection, and Recovery of Improper Payments

SSA is responsible for issuing approximately \$1 trillion in benefit payments annually to approximately 70 million people. Given the amounts involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments. In its FY 2018 *Agency Financial Report*, SSA estimated it had made approximately \$10.9 billion in improper payments in FY 2017. The Agency continues collaborating with external partners to address improper payments, address the root causes of improper payments to prevent their recurrence, and modernize its debt management and collection processes. We also continue focusing our work on obtaining and using external data to recommend steps SSA could take to prevent, detect, and recover improper payments.

## Prevention and Detection

Preventing improper payments is more advantageous than detecting them since additional resources are not spent in recovering the overpayments. Numerous factors affect OASDI and SSI eligibility and payment amounts—such as wages and income, resources, and living arrangements. Beneficiaries and recipients are supposed to report to SSA any change in circumstances that may affect their benefits; however, they do not always do this. Therefore, we and SSA obtain data from external sources, such as other Federal agencies, State agencies, and financial institutions, to prevent and detect improper payments.

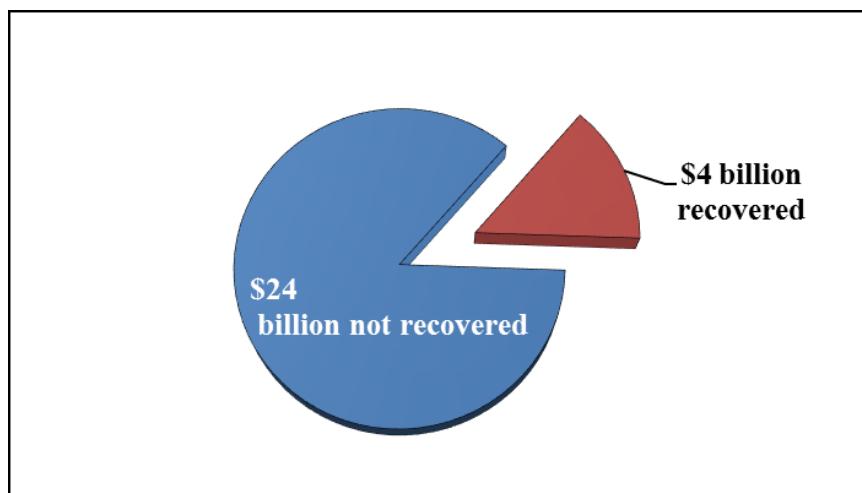
- Over the last 3 years, we have obtained death data from several State and Federal agencies and identified \$128.6 million in payments that SSA issued after an individual's death. SSA took action to post the death information on its records, terminate the OASDI benefits and SSI payments, and recover the funds. Additionally, SSA continues to support the universal implementation of the States' electronic death registration process, which allows States to verify a deceased person's name and SSN against SSA's records before they register the death. The electronic death registration process results in the transmission of more accurate and timely death information to SSA, which allows it to stop the deceased beneficiary's payments.
- In a February 2013 report, we estimated 35,068 SSI recipients had approximately \$152 million in overpayments because of unreported absences from the United States between September 2009 and August 2011. We recommended that SSA work with DHS to create a process that provides the necessary information to identify SSI recipients who are outside the United States for longer than 30 days. (DHS maintains a system called TECS that collects, among other things, travel data on individuals who enter and leave the United States.) This has been a long-term project, and, on June 17, 2019, SSA started using some DHS travel data during SSI redeterminations.

- SSA obtains wage data quarterly from the Office of Child Support Enforcement (under the Department of Health and Human Services), which is more timely than the annual earnings data the IRS provides SSA. This allows SSA to identify beneficiaries who may be working above certain dollar thresholds sooner to prevent large overpayments. SSA also continues developing plans to implement section 824 of the *Bipartisan Budget Act of 2015* to obtain wage data from payroll data providers.

## Recovery

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2018, it recovered approximately \$4 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with a \$24 billion uncollected overpayment balance (see Figure 1).

**Figure 1: Overpayments Recovered – FY 2018**



To collect debt related to overpayments, SSA uses such methods as benefit withholding and billing with follow up. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub. L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. These techniques include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal salary offset. According to SSA, in the future, it will “... implement the remaining debt collection tools authorized by the *Debt Collection Improvement Act of 1996*. These tools include charging administrative fees, penalties, and interest, or indexing of debt to reflect its current value.”

## **Auxiliary and Survivor Beneficiaries Who Provided the Social Security Administration Evidence of Marriage**

### **A-05-19-50779**

An individual meeting certain requirements may receive benefits indefinitely on another individual's earnings record as an auxiliary or survivor beneficiary. If the auxiliary or survivor beneficiary gets married, he/she may no longer be eligible to receive benefits on the primary wage earner's record. When SSA receives evidence of the auxiliary or survivor's marriage, it stops benefits as of the month of the marriage. There are exceptions for an auxiliary or survivor beneficiary who becomes married after a certain age or to an individual who is also entitled to certain benefits administered by SSA. We will review auxiliary and survivor beneficiaries whose Numident records reflect changes in last name to determine whether SSA improperly paid benefits after it received evidence of marriage.

## **Beneficiaries with Confinement and Release Dates that Match on Prisoner Update Processing System Records**

### **A-06-18-50732**

Prior audits have identified instances where it appeared SSA staff failed to suspend payments to incarcerated beneficiaries and recipients because confinement dates on the beneficiaries' current Prisoner Update Processing System record were the same as the release dates on a prior record. SSA staff did not treat this as a transfer. Instead, the beneficiaries were returned to pay status. We will determine whether SSA issued improper payments to incarcerated beneficiaries who had a confinement date on their current record that matched a release date on the previous record.

## **Federal Prisoners with Wages in the Master Earnings File**

### **A-03-19-50844**

The misuse of prisoners' identities, especially those who may be in prison for a significant period of time, could lead to SSA erroneously paying Social Security benefits. Our Office of Investigations has identified cases involving Federal prisoners who submitted fraudulent wages to SSA to build their earnings history so they can qualify for Social Security benefits on release. Many of the fraudulent wages were reported using the Employer Identification Number of companies who filed bankruptcy and/or were no longer in business. We obtained information from the Federal Bureau of Prisons to compare to the MEF to identify prisoners with wages posted during their incarceration. We will assess the validity of the wages and determine whether the wages allowed prisoners or fraudsters to qualify for or receive Social Security benefits.

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

### **A-01-18-50583**

Generally, SSI recipients are ineligible for payments once they are absent from the United States for 30 consecutive days. DHS' U.S. Customs and Border Protection collects travel data on individuals who enter and leave the United States. These data include name, country visited, dates of travel, and passport number. In a FY 2013 report, we estimated SSA improperly paid \$152 million because the recipients were living outside the United States. We recommended that SSA enter into a matching agreement with DHS to routinely match travel data to identify individuals outside the country. In June 2019, SSA released the first iteration of its Foreign Travel Data application, using DHS travel data, for field office use on SSI redeterminations. We will follow up on our prior recommendation and evaluate SSA's new Foreign Travel Data application.

## **Match of State Death Information Against the Social Security Administration's Systems**

### **Various**

To identify and prevent payments after death, SSA established a program under which States can voluntarily contract with the Agency to provide death data. When SSA receives and processes death data, its systems terminate payments to deceased beneficiaries. In addition, SSA's systems input dates of death in the Numident file, which stores personally identifiable information for all Social Security numberholders. SSA uses Numident information to create a full file of death information as well as a publicly available Death Master File. SSA is required to provide its full file of death information to other Federal benefit-paying agencies to prevent payments after death. We will conduct reviews in Alabama, California, Colorado, Georgia, Indiana, Illinois, Kentucky, Mississippi, New Hampshire, New Jersey, Oklahoma, South Carolina, Tennessee, and Vermont to (1) determine the appropriateness of payments SSA issued to beneficiaries and representative payees who are deceased according to State records and (2) identify non-beneficiaries in the State files whose death information does not appear in SSA records.

## **Payments to Beneficiaries Who Are Deceased According to Centers for Medicare and Medicaid Services Death Data**

### **A-06-18-50653**

SSA has implemented a data exchange with the Centers for Medicare and Medicaid Services in which SSA receives and processes their death data. Once the Centers' death data are received, SSA must verify the death information before it can record death and process it in its systems. We will obtain a death file from the Centers for Medicare and Medicaid Services to match against SSA's benefit payment files.

## **Payments to Individuals Incarcerated in Maryland and Pennsylvania Department of Public Safety and Correctional Services Facilities**

### **A-15-18-50686 and A-15-18-50687**

The *Social Security Act* generally prohibits payments to individuals confined to a jail, prison, or certain other public institutions. We obtained files of individuals incarcerated in Maryland and Pennsylvania to compare to SSA payment records. We will determine whether individuals improperly received payments while incarcerated in a Maryland Department of Public Safety and Correctional Services facility or Pennsylvania Department of Corrections facilities and, if so, determine why these individuals' payments were not timely suspended or terminated.

## **Recent Audits Identifying Improper Payments to Incarcerated Beneficiaries**

### **A-06-19-50877**

SSA receives reports of incarceration from Federal, State, and local correctional institutions and matches this information to determine whether a prisoner is receiving benefits. For three recent audits, we obtained incarceration information from State Departments of Correction and matched it to SSA payment records. Our matches found that SSA's controls to prevent payments to prisoners were not always effective. Specifically, our reviews identified 342 inmates who received approximately \$10 million in improper payments while confined in prison. We are currently working with additional states and the Federal Bureau of Prisons. In the Texas report, we recommended that SSA extend the retention of incarceration information it receives for prisoners not receiving benefits at the time of the match. We had identified prisoners who were not receiving benefits at the time of incarceration, but who later filed for benefits. SSA deletes prisoner information for non-beneficiaries, so that data is no longer available if prisoners later file for benefits using the iClaim application. Also, SSA shares prisoner data with other Federal benefit paying agencies, so deleting this data could impact other Agencies. This report would summarize our work in this area and follow up on prior unimplemented recommendations.

## **Recipients with Limited Funds in Bank Accounts When Applying for Supplemental Security Income Payments**

### **A-02-18-50670**

An individual must have limited resources to be eligible for SSI payments. To determine whether individuals meet resource limits, SSA verifies the value of liquid resources whenever an individual alleges having liquid resources of a set amount or more. Field office staff has reported that SSI applicants and recipients are aware of this threshold and report they have less than that amount to avoid having their resources verified. SSA uses the Access to Financial Institutions process to verify applicants' and recipients' bank balances when they report they have liquid resources at or above a set amount. It generally does not do so when they report their liquid resources total less than that amount. We will test whether the current threshold is warranted by reviewing Access to Financial Institutions reports for applicants and recipients who reported liquid resources under that amount.

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

### **A-13-18-50581**

Each month, DHS sends SSA lists of individuals who were deported or removed from the United States during the previous month. However, SSA does not receive information pertaining to individuals identified in DHS records as subjects of final orders of removal from the United States but who remain in the United States. We will determine whether individuals ordered removed from the United States were improperly paid benefits.

## **The Social Security Administration's Medicare Non-utilization Project Data**

### **A-08-18-50715**

Since SSA implemented its Medicare Non-utilization Project in 2013, it has concluded that approximately 86 percent of beneficiaries the project identified were alive. This is more than double the 42 percent identified in our August 2012 audit, *Using Medicare Claim Data to Identify Deceased Beneficiaries*. To determine what factors may explain this significant difference in outcomes, we will determine what data SSA obtained for the project from the Centers for Medicare and Medicaid Services and compare it with the data we received for our audit. We will also determine whether SSA can obtain a more refined population using Centers for Medicare and Medicaid Services contractor data.

## **The Social Security Administration's Recovery of Incorrect Payments**

### **A-04-18-50507**

The *Social Security Act* defines an overpayment as an amount paid in excess of what should have been paid to an entitled individual. An incorrect payment is a payment received by an individual who was not entitled to receive it. Current law does not allow SSA to withhold incorrect payments from OASDI benefits or SSI payments unless the debtor voluntarily agrees to the withholding. If the Act were amended to classify these incorrect payments as overpayments, SSA could withhold them from the individual's benefits and collect them faster. We will determine the status of SSA's recovery efforts for these incorrect payments.

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

### **A-01-18-50297**

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

## **Using Medicare Claim Data to Identify Deceased Beneficiaries Age 80 to 89**

**A-08-18-50442**

SSA's Medicare Non-utilization Project identifies OASDI beneficiaries age 90 or older who are in current payment status, have a domestic address, and have not used Medicare Part A or B for 3 or more years. While this Project has identified deceased beneficiaries age 90 or over, we believe the Agency could identify more deceased beneficiaries if it lowers the age to 80, given that approximately 82 percent of retired workers are age 80 to 89. We will review a population of beneficiaries age 80 to 89 with no Medicare usage for 3 years to determine whether SSA can cost-effectively identify deceased beneficiaries sooner.

## **Using Tax Data to Assess Individuals' Ability to Repay Supplemental Security Income Overpayments**

**A-03-19-50808**

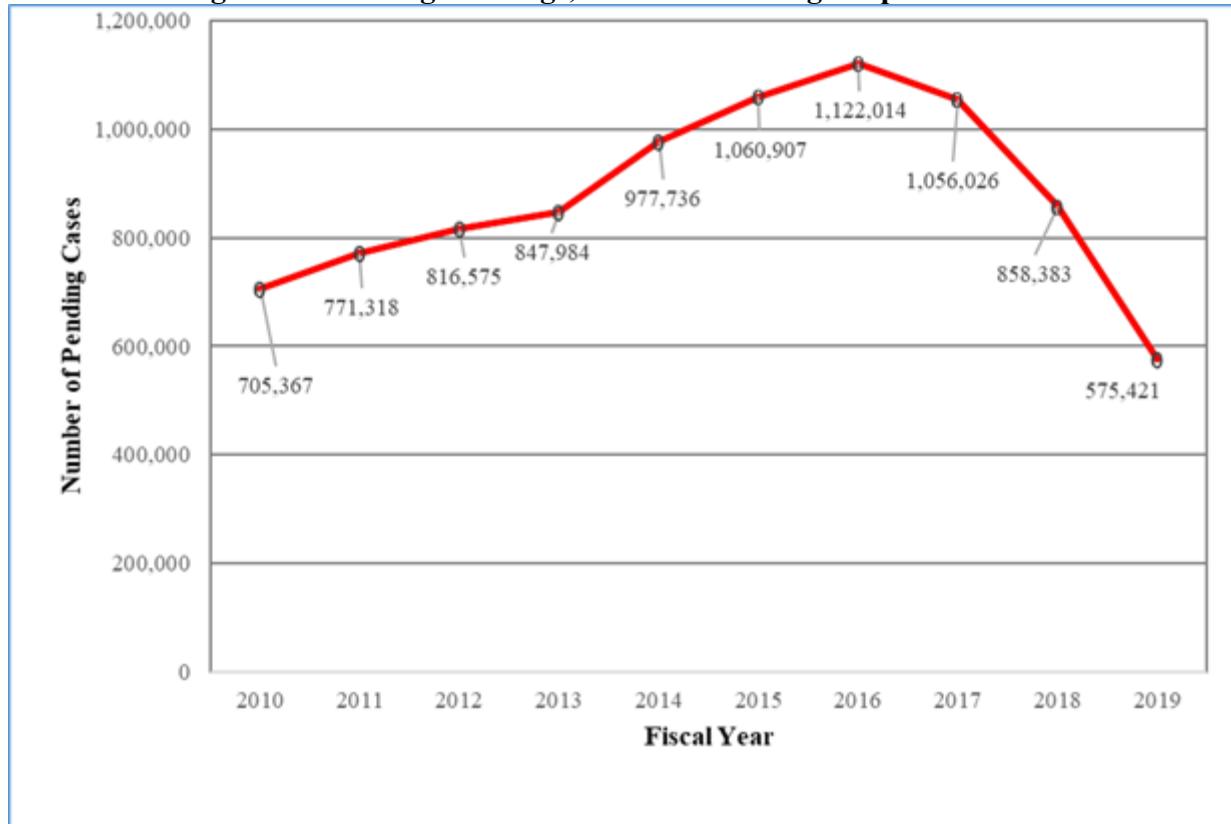
SSA requires that recipients notify the Agency of changes in their income or resources that may affect their eligibility or payment amount, such as interest, security trades, winnings, property sales, and pension income. However, beneficiaries do not always report information, which may result in overpayments. SSA primarily recovers overpayments by withholding 100 percent of recipients' SSI monthly payments or an amount that is 10 percent of their income, whichever is lower. However, for recipients who claim they cannot pay or were not at fault for the overpayment, SSA may approve a lower payment rate or a waiver. We matched the SSI record to the Tax Year 2017 IRS 1099 file and identified 24,700 individuals who had \$81 million in outstanding overpayments but had received approximately \$121 million in income and resources, such as winnings, prizes, and rental income. We will determine whether miscellaneous income data could be a useful tool for SSA to make repayment decisions for SSI overpayments.

# Improve Administration of the Disability Programs

Field and regional offices, hearing offices, the Appeals Council, and State DDSs process SSA's disability workloads. Our previous reviews have raised concerns about various backlogs in SSA's disability workloads, including initial disability claims and CDRs. SSA has made progress in reducing initial disability claims pending and backlogged CDRs. Specifically, initial disability claims pending decreased from over 759,000 in FY 2011 to almost 575,000 as of May 2019. Further, in FY 2018, SSA eliminated the backlog of full medical CDRs that had existed since FY 2002. However, we still have concerns with pending disability hearings.

The hearings process had experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 65 percent from 360 days in FY 2011 to 595 days in FY 2018. Moreover, during the same period, pending hearings increased 11 percent from 771,318 to 858,383 (see Figure 2). However, the number of pending cases has decreased from over 1.1 million at the end of FY 2016 to 575,421 as of September 27, 2019 while average processing time has decreased to 506 days.

**Figure 2: Pending Hearings, FYs 2011 Through September 2019**



In April 2019, OHO updated its *Compassionate And REsponsive Service* (CARES) plan, which outlines initiatives to address the growing number of pending hearings and increasing wait times. Initially, the CARES plan included an average processing time goal of 270 days for hearings by the end of FY 2020. However, OHO now expects to reach the goal by 2021. OHO has reduced the 27 initial CARES initiatives to 12 as it completes initiatives and identifies new ones. The current initiatives relate to (1) Business Process Efficiencies, (2) IT Innovations and Investments, and (3) Accountability and Oversight Focus—a new initiative for 2019.

SSA is hiring additional administrative law judges (ALJ), decision writers, and support staff to increase its adjudicatory capacity. Further, OHO is focusing on accountability and oversight by developing productivity metrics across OHO, including a productivity index to assess decision writers' performance.

Congress directed SSA to implement employment support programs designed to help disabled individuals return to work and demonstration projects that test simplified work incentives to determine the effects on earnings, employment, and benefit payments. These programs and demonstration projects to date have enticed a small percentage of disabled individuals to return to work.

- When Congress implemented the SSI program in 1972, it established the Plan to Achieve Self-Support program to help disabled individuals with the assistance needed to return to work. Congress intended employment support provisions, such as Plan to Achieve Self-Support, to provide disabled beneficiaries the assistance needed to move from benefit dependence to independence.
- The *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170) established the Ticket to Work and Self-Sufficiency Program (Ticket Program) to assist disabled beneficiaries in returning to work. Under the Ticket Program, SSA provides disabled beneficiaries a Ticket they can present to qualified organizations to obtain vocational rehabilitation or employment services.
- The *Ticket to Work and Work Incentives Improvement Act of 1999* also mandated that SSA conduct demonstration projects that test alternative program rules designed to give DI and SSI recipients an incentive and reduce their reliance on SSA benefits. SSA has conducted several demonstration projects. The *Bipartisan Budget Act of 2015* mandated that SSA conduct a new demonstration project, the Promoting Opportunity Demonstration, which tests simplified work incentives and a benefit offset in the DI program to determine the effects on earnings, employment, and benefit payments.

Although SSA reported significant savings for the Ticket Program, few Ticket-eligible beneficiaries used their Tickets for vocational or employment services. Specifically, less than 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use in FY 2018. While the number of initial Ticket assignments was low when the Ticket Program first began, it steadily increased until it peaked in 2012. The percent of individuals who assigned their Tickets has decreased in recent years. In addition, as of November 2018, there was little evidence that the PASS program had a significant impact in assisting beneficiaries in returning to work. Further, for demonstration projects, such as the Benefit Offset National Demonstration project, SSA believed it was working as designed, but only a small percentage of those participants who were eligible to participate actually used the work offset.

## **Accuracy of Applying Reverse Offset of Workers' Compensation or Public Disability Benefits**

### **A-02-18-50646**

Some States have plans that reduce workers' compensation or public disability benefits when the disabled worker is also receiving DI benefits. This is known as reverse offset or reverse jurisdiction. If SSA recognizes the reverse jurisdiction plan, the DI benefits are not offset/reduced. If SSA incorrectly determines a reverse jurisdiction plan applies when it does not, SSA may overpay the beneficiary and the auxiliaries on his/her record. Overpayments could occur if, for example, SSA applied reverse offset for cases where the (1) type of benefit received had no reverse offset plans, (2) State where the injury occurred is not a State with a reverse offset plan, or (3) State had a reverse offset plan, but it was not the State from where the beneficiary received benefit payments. For cases where SSA applied reverse offset, we will determine whether beneficiaries were overpaid because SSA should have imposed offset and reduced their SSA benefits.

## **Achieving a Better Life Experience Act Accounts**

### **A-02-18-50357**

The *Achieving a Better Life Experience Act of 2014* (ABLE) allows certain disabled individuals and their families to save funds in a tax-advantaged savings and investment account. Anyone can contribute to an account that belongs to a qualified disabled individual. However, in 2019, contributions in 1 tax year could not exceed \$15,000. Account funds can be used to pay for qualified expenses that are related to recipients' blindness or disability and help them increase or maintain their health, independence, and quality of life. The funds in an ABLE account can accrue interest, earn dividends, or otherwise appreciate in value. SSI eligibility and payments are unaffected by the ABLE account savings until the account balance exceeds \$100,000. At that point, SSA counts any ABLE account balance over \$100,000 as a recipient's resources.

According to the National Association of Treasurers, 34,707 ABLE accounts have been opened nationwide and more than \$171 million has been invested in these accounts. For this audit, we will determine how many disabled beneficiaries are eligible to have ABLE accounts, how many have ABLE accounts, the total balance in the accounts, and how many States offer ABLE accounts. We will also review the steps SSA has taken to inform recipients of the law and their ability to have ABLE accounts. Finally, we will address actual and proposed changes to the law to allow more disabled beneficiaries access to ABLE accounts.

## **Agency Actions After the Huntington Fraud Scheme**

### **A-12-19-50883**

From October 2004 to April 2016, an attorney participated in a scheme with a former SSA ALJ that involved the submission of thousands of falsified medical documents to SSA. Part of the scheme involved the ALJ re-assigning a high number of cases to himself, which violated SSA's rotational requirement. OIG conducted a series of audits to provide SSA with additional information on oversight of ALJ case assignments and multiple risk factors the Agency could consider when it evaluates ALJ and hearing office performance. Also, SSA made several changes to its processes. This report will summarize those audits and the changes SSA made to ensure this type of fraud is identified and stopped timely.

## **Compassionate And REsponsive Service Plan Status Report**

### **A-12-18-50377**

Reducing the hearing backlog and preventing its recurrence remains a significant challenge for SSA. As of September 27, 2019, there were 575,421 people awaiting a hearing decision, and average processing time was approximately 506 days. In January 2016, SSA issued the CARES plan that outlined initiatives to address the growing number of pending hearings and increasing wait times and reported plans to reach an average processing time of 270 days by the end of FY 2021. SSA updated the CARES plan in 2017 and again in 2019. We will review SSA's efforts to implement or modify the CARES plan and determine whether the actions taken to date have resulted in reducing the hearing backlog and processing time.

## **Disability Claims Filed by Active Duty Military Members**

### **A-06-18-50629**

The Wounded Warrior program allows members of the military to receive concurrent military pay and DI benefits while they recover from combat injuries. If they are discharged from the military, their disability benefits continue. We will identify active-duty military service members who filed disability claims and summarize the claims' status as well as Wounded Warrior geographic and demographic information. We will also identify the number of Wounded Warriors whose DI benefits had ceased and/or who had earnings-related overpayments.

## **Disability Insurance Beneficiaries with an Incorrect Date of Disability Onset**

### **A-09-18-50516**

To be entitled to disability benefits, an individual must file an application, meet the statutory definition of disability, and satisfy the applicable non-medical requirements (for example, the insured status requirements). When an individual applies for benefits, SSA field offices determine whether he/she meets the applicable non-medical requirements, and the State DDS determines whether the individual is disabled in accordance with the *Social Security Act*. If the individual meets these requirements, SSA must then determine the individual's established disability onset date. We will determine whether SSA established a correct date of disability onset for disabled beneficiaries.

## **Disability Insurance Beneficiaries with Illinois Workers' Compensation Benefits**

### **A-05-19-50778**

Individuals who qualify for DI benefits may also be eligible for State workers' compensation benefits. When an injured worker qualifies for both DI and State benefits, by law, SSA may be required to reduce DI benefits. SSA reduces the DI benefit based on an offset calculation set forth in its policies and procedures. As of July 2018, Illinois was one of three States that provided access to workers' compensation data to the public. We plan to determine whether SSA properly paid DI beneficiaries who also received Illinois workers' compensation benefits.

## **Disabled Insurance Beneficiaries Who Elect Reduced Retirement Insurance Benefits**

### **A-07-18-50636**

Under certain circumstances, Disability Insurance beneficiaries can be paid higher monthly benefits if they elect to receive reduced Retirement Insurance Benefits before they reach full retirement age. By doing so, the beneficiary can receive a higher monthly payment when his/her Disability Insurance benefit is subject to worker's compensation offset or he/she has earnings above the substantial gainful activity level (\$1,220 for non-blind beneficiaries or \$2,040 for blind beneficiaries). The *Social Security Act* allows Disability Insurance beneficiaries who elect to receive reduced Retirement Insurance Benefits to receive unreduced benefits when they reach full retirement age. Therefore, these individuals will receive their full, unreduced benefit at full retirement age even though they elected reduced benefits earlier to avoid offset or cessation of their DI benefits. We will quantify this provision's effect on the OASDI Trust Funds.

## **Follow-up on Health Information Technology**

### **A-01-18-50342**

Although applicants for Social Security disability benefits must provide health records to support their claims, SSA makes every reasonable effort to assist in obtaining health records, including contacting providers. SSA uses health IT to electronically request and receive a disability applicant's health records. In a May 2015 report, we noted that, despite challenges, SSA continued expanding health information technology and partnered with 38 health care organizations, exchanged electronic records in 30 States and the District of Columbia, and identified ways of enhancing health information technology case processing and data analytics. For our current review, we will assess SSA's expansion of health information technology and follow up on our prior recommendations.

## **Impact of Workers' Compensation and Public Disability Benefit Reverse Offset Plans on the Disability Insurance Program**

### **A-02-19-50867**

Some States have plans that reduce workers' compensation or public disability benefits when the disabled worker is also receiving DI benefits. This is known as reverse offset or reverse jurisdiction. If SSA recognizes the reverse jurisdiction plan, the DI benefits are not offset or reduced. We will examine why some states have these plans and others do not and the impact they have on the DI program.

## **Manual Work Continuing Disability Review Determinations**

### **A-07-18-50390**

When DI beneficiaries are working, SSA will determine whether the beneficiaries are able to engage in work activity that involves significant physical or mental activities and earnings that exceed SSA's established threshold. This investigation process is termed a work CDR. SSA uses the Electronic Work Application to process work CDRs for DI beneficiaries. However, certain cases cannot be completely processed in eWork and require an SSA employee's manual actions. The employee is responsible for updating the beneficiary's record, correcting payment information, and issuing under or overpayment notices to beneficiaries. SSA does not have a formal timeliness goal for the employee to complete the actions. However, SSA's instructions for the employee suggest the manual actions should be completed within 30 days. We will determine whether SSA timely processed manual work CDR determinations.

## **The Social Security Administration's Demonstration Projects**

### **A-04-19-50881**

Section 234 of the *Social Security Act* gives SSA the authority to conduct research and demonstration projects designed to test DI program changes that may encourage disabled beneficiaries to work. The *Bipartisan Budget Act of 2015* extended SSA's demonstration authority through December 31, 2022. To date, SSA has completed five demonstration projects including the Youth Transition Demonstration, the Benefit Offset Pilot Demonstration, the Accelerated Benefits Demonstration, the Mental Health Treatment Study, and the Benefit Offset National Demonstration. Currently, SSA is conducting two additional demonstration projects including the Promoting Opportunity Demonstration and the Supported Employment Demonstration. SSA also plans to conduct the Technical Expert Panels for DI Demonstration. We will report on SSA's demonstration projects to date, including the intent of the projects, the overall costs, savings for those who participated in the projects, and the number of individuals who participated

## **The Social Security Administration's Determination of Impairment-related Work Expenses When Processing Work Reviews for Disabled Beneficiaries**

### **A-07-18-50641**

When a disabled beneficiary has earnings from work activity, SSA conducts a CDR to determine whether the beneficiary engaged in substantial gainful activity. As part of its evaluation of work activity during the CDR, SSA can deduct the cost of impairment-related work expenses from gross earnings if the items or services are necessary to enable the beneficiary to work. Using these provisions, SSA may reduce the countable earnings amount, thus enabling beneficiaries to receive benefits even when gross earnings exceed the defined monthly substantial gainful activity amount. Policy states SSA must verify and document the beneficiary's need and payment for the impairment-related work expense in its systems when making a determination. We will determine whether SSA employees correctly deducted impairment-related work expense when performing work CDRs.

## **The Social Security Administration's Quality Assurance Process**

### **A-01-19-50871**

SSA's Office of Quality Review conducts quality reviews to assess the accuracy of programmatic payments and transactions. The Office also offers advice and recommendations on a range of issues related to quality and performance management in each of the Agency's core business processes. We will examine the quality reviews SSA has in place to ensure the accuracy of OASDI and SSI determinations and payments.

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

### **A-01-18-50376**

Based on the definition of statutory blindness in the *Social Security Act* and visual acuity requirements to obtain a driver's license, generally, an individual SSA determined to be disabled based on blindness should not be able to obtain a State driver's license. Therefore, we will match State driver's license data to SSA's disability rolls to identify individuals receiving disability benefits based on blindness and determine whether they are still eligible for benefits.

## **Work Activity Development at the Initial and Reconsideration Levels of the Disability Determination Process**

### **A-07-18-50388**

SSA is responsible for developing work activity that may affect an applicant's eligibility for disability benefits. SSA will deny the applicant disability benefits if it finds the applicant had work activity that involves significant physical or mental activities and earnings that exceed SSA's established threshold. We will determine whether SSA employees accurately developed the work activity of disability claimants allowed benefits at the initial and reconsideration levels of the disability determination process.

# Minimize Payment Errors and Improve Management of Payment Workloads

Workers, employers, and taxpayers who fund the OASDI and SSI programs deserve to have their tax dollars effectively managed. SSA issues monthly payments to approximately 70 million people and must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments. Given the amounts involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments.

## Payment Errors

Computation errors are a major cause of both OASDI and SSI over- and underpayments. Inaccurate information or administrative mistakes can also cause errors in calculating benefits. For FY 2017, SSA estimated that computational deficiencies resulted in more than \$1 billion in combined overpayments and underpayments. During 2019, we completed a number of reviews in this area. These reviews reported the following.

- As a result of a combination of employee and system errors, SSA did not appropriately apply due process before it collected OASDI overpayments. As a result, we estimated that SSA incorrectly recovered approximately \$345 million in overpayments and will incorrectly recover an additional \$671 million unless it corrects these errors.
- SSA did not always correctly process cases it identified as having a high risk of error in deferring payment of OASDI benefits. In a deferred OASDI case, SSA will withhold an individual's monthly benefit to collect prior incorrect payments or past-due Medicare premiums. An erroneous benefit deferral can occur if an SSA employee incorrectly updates a beneficiary's records. We estimated the errors resulted in incorrect payments of approximately \$40 million to 11,000 beneficiaries.

## Management of Payment Workloads

Improper payments can also result from inadequate management of payment workloads. For example, improper payments occur when SSA does not take proper actions to process work reports. For FY 2017, SSA estimated earnings verification deficiencies resulted in nearly \$1 billion in overpayments. We have also completed a number of reviews in this area.

- In 2019, we reported that SSA employees did not always correctly process SSI alerts related to double-counted OASDI benefits. SSA systems generate alerts that prompt employees to ensure SSA does not reduce SSI payments incorrectly during OASDI overpayment collection periods. However, SSA employees did not always correctly process the alerts, which resulted in approximately \$28 million in SSI underpayments.
- In 2018, we reported periodic system alerts SSA implemented in September 2016 did not identify all beneficiaries who received pensions based on Federal, State, or local government employment not covered by Social Security. SSA imposes windfall elimination provisions and government pension offsets on these individuals to prevent overpayments. We estimated SSA issued approximately \$232 million in improper payments since our 2013 audit.

- In 2012, we identified approximately 94,000 OASDI beneficiaries and SSI recipients who continued receiving monthly payments for longer than 2 months after SSA's medical cessation determination. These processing errors resulted in approximately \$84 million in improper payments. This workload continues to be a priority for the Agency, and, once automation is fully implemented, SSA expects a significant reduction in the workload.

Our planned work in these areas is designed to help the Agency further reduce computation errors and improve payment workload management.

## **Accuracy of Manually Processed Portion of Automated Earnings Reappraisal Operation Cases**

### **A-02-14-34108**

The Automated Earnings Reappraisal Operation automatically screens earnings records to determine whether beneficiaries' payment amounts need to be re-calculated because of additional earnings. The Operation automatically re-calculates most cases, but it creates alerts for re-calculations that need additional manual processing, which can include retroactive primary insurance amount increases. We plan to review the accuracy of retroactive primary insurance amount increases that affected beneficiaries' payment amounts for 4 years or longer.

## **Accuracy of Old-Age, Survivors and Disability Insurance Overpayments**

### **A-07-19-50783**

OASDI overpayments occur when SSA pays beneficiaries more than they are due for a given period. SSA records OASDI overpayments in the Recovery of Overpayments, Accounting and Reporting system. When SSA's systems cannot correctly establish overpayments in the system, employees take manual actions to establish the overpayments. We will determine whether SSA established accurate OASDI overpayments.

## **Accuracy of Old-Age, Survivors and Disability Insurance Payments to Subsequent Auxiliaries**

### **A-07-18-50740**

The OASDI program provides benefits to wage earners and their families (referred to as auxiliaries) who meet certain criteria in the event the wage earner retires, becomes disabled, or dies. An auxiliary's benefit amount is based on the wage earner's primary insurance amount but may be limited or constrained by the family maximum. Therefore, the number of auxiliaries on the wage earner's record affects the benefit payable to each. Subsequent auxiliaries begin receiving benefits on the same wage earner's record later than other auxiliaries, such as when a child is born after other children are receiving benefits. When subsequent auxiliaries file for benefits and are eligible for benefits for months before they filed, they may be due underpayments. For this review, we will determine whether SSA accurately calculated OASDI payments for individuals who filed for benefits under a wage earner's SSN involving subsequent auxiliaries.

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

### **A-07-18-50361**

Medicare is a national health insurance program administered by the Centers for Medicare and Medicaid Services, a division of the Department of Health and Human Services. SSA helps administer the Medicare program by deducting monthly Part B premiums from Social Security benefit payments. The *Social Security Act* protects benefit payments from decreasing because of increases in Part B premiums from one year to the next. This protection permits SSA to reduce the monthly premium amount for beneficiaries who meet certain criteria. The reduced premium amount varies based on individual circumstances, thus SSA refers to them as variable premiums. If SSA does not make these determinations correctly, some beneficiaries may be disadvantaged by higher Medicare premiums, while others pay a lower premium amount than they should. We will determine whether SSA made variable Medicare premium determinations correctly.

## **Applying Windfall Elimination Provision Exemption A**

### **A-13-17-50199**

The *Social Security Amendments of 1983* (Pub. L. No. 98-21) include a provision that eliminates “windfall” Social Security benefits for retired and disabled workers who are receiving pensions from employment not covered by Social Security. However, under certain circumstances, beneficiaries’ payments are exempt from this provision. Our review will determine whether SSA is appropriately applying the Windfall Elimination Provision to OASDI beneficiaries who have at least 30 years of Social Security earnings.

## **Beneficiaries Who Receive Payments Deposited to Prepaid Debit Cards**

### **A-09-18-50699**

All SSA beneficiaries and SSI recipients’ payments must be delivered via direct deposit, a Direct Express debit card, or an Electronic Transfer Account unless an exemption to the electronic payment requirement is met. SSA accepts pre-paid debit card accounts for direct deposits, such as Green Dot, GoBank, and Comerica. Our review will identify potential vulnerabilities of payments deposited to pre-paid debit cards and determine whether there was indication that payments were made to potentially fraudulent accounts.

## **Child-in-Care Payments Made to Parents**

### **A-13-17-50178**

Spouses and divorced spouses of retired or disabled workers may be paid benefits if they have an eligible child beneficiary in their care. In addition, benefits may be payable to surviving spouses of deceased workers. We will determine whether parents are receiving improper child-in-care payments.

## **Follow-up on Controls over Special Payment Amount Overpayments for Old-Age, Survivors and Disability Insurance Beneficiaries**

**A-09-19-50794**

An overpayment is the total amount a beneficiary received for any period that exceeded the total amount that SSA should have paid. Once SSA has made an overpayment determination, the overpaid amount is a debt owed to the Government. In some instances, an overpayment is temporarily recorded as a special payment amount on the MBR until an SSA employee validates the overpayment. If the special payment amount is determined to be an overpayment, it should be removed from the MBR and recorded in SSA's Recovery of Overpayments, Accounting and Reporting System, which controls the recovery and collection of all OASDI overpayments until they are repaid or otherwise resolved. We will follow up on our 2015 review to determine whether SSA properly identifies and controls special payment amount overpayments on the MBR.

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

**A-01-17-50226**

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

## **Follow-up on Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients**

**A-03-18-50277**

In a December 2013 review of *Processing of Internal Revenue Service Alerts*, we found SSA did not develop some cases for SSI recipients with significant income and resources reported in Tax Year 2010, which made them ineligible for benefits. We estimated SSA may have overpaid approximately \$12 million to 1,014 SSI recipients. Beginning in January 2015, SSA indicated it had enhanced the existing predictive model to more effectively target SSI recipients with potential excess income and resources as indicated in our quarterly data matches with the IRS. In addition, on September 27, 2014, SSA indicated it implemented a system change that alerts technicians when SSI couples' income or resources are above the tolerance level. We will determine whether SSA is properly processing the IRS alerts and appropriately adjusting benefit amounts for SSI recipients.

## **Follow-up on Self-employment Earnings Removed from the Master Earnings File**

### **A-06-18-50365**

In a 2015 report, we found that SSA had removed from the MEF approximately \$742 million in self-employment income (SEI) originally reported on approximately 50,000 numberholders' Federal income tax returns for Tax Years 2008 through 2011. Most transactions likely involved an improper Earned Income Tax Credit or SSA payments. During the period reviewed, SSA deleted \$343 million in SEI and notified the IRS when it deleted the earnings. However, during the same period, SSA transferred \$399 million in SEI to the ESF instead of deleting it. SSA did not report these transactions to the IRS. Individuals are required to report SEI to the IRS, but SSA can remove SEI from its earnings records at the individual's request. This resulted in situations where individuals claimed SEI on their tax returns to obtain the Tax Credit but later requested that SSA remove the earnings to prevent reductions in their SSA payments.

Depending on whether SSA deleted or suspended the earnings, the IRS may never know the numberholder disclaimed the SEI after obtaining the Tax Credit. We will determine whether SSA took corrective action to address the findings and recommendations in our prior report.

## **Follow-up on Supplemental Security Income Payments Deposited in Bank Accounts Outside the United States**

### **A-06-18-50788**

Section 1611(f) of the *Social Security Act* states that, with limited exceptions, no individual shall be considered eligible for SSI payments for any month throughout which the individual is outside the United States. Concurrent beneficiaries are generally entitled to receive OASDI benefits while outside the United States; however, if they leave the country for longer than 30 consecutive days, SSA should suspend their SSI payments. These provisions also apply to Puerto Rico and the Virgin Islands. We plan to follow up on the findings and recommendations in our 2015 report in which 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. Our prior report estimated that, from December 2010 through April 2014, SSA issued approximately \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States.

## **Old-Age, Survivors and Disability Insurance Overpayments Caused by Changes in Benefit Payment Amounts**

### **A-07-18-50674**

Incorrect benefit computations are one of the major causes of OASDI over- and underpayments. SSA determines a beneficiary's benefit amount based on several factors, including age, earnings, and benefit type. SSA makes incorrect benefit computations when employees calculate or type benefit amounts incorrectly or beneficiaries provide inaccurate information. We will review overpayments that resulted from changes in benefit payment amounts and identify the reasons for the changes and any delays in processing.

## **Old-Age, Survivors and Disability Insurance Underpayments**

**A-15-19-50770**

In a previous audit, we identified SSA employees who fraudulently issued SSI underpayments to themselves or bank accounts to which they had access. For this review, we will analyze OASDI underpayments in a similar manner to determine whether SSA employees are creating and/or paying fraudulent underpayments.

## **Overpayments Collected from Provisional Benefit Payments**

**A-05-18-50729**

A disability beneficiary's entitlement to benefits may terminate if he/she returns to work. An individual who stops working is entitled to request SSA reinstate disability benefits within 60 months of the termination date. SSA calls this process "expedited reinstatement." According to SSA, it intends this process to be a safety net for individuals who use SSA's work incentive programs and who successfully return to work and, consequently, lose their entitlement to disability benefits. This expedited reinstatement process includes a medical review to determine whether the claimant qualifies for the reinstatement of disability benefits. While SSA conducts this medical review, the *Social Security Act* allows a claimant to receive up to 6 months of provisional benefit payments. However, SSA is not allowed to use provisional benefits to recover an overpayment, unless the claimant gives written consent. We will determine whether SSA inappropriately collected overpayments from beneficiaries receiving provisional benefit payments.

## **Overpayments to Widow(er)s**

**A-01-13-23095**

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

## **Prisoner Update Processing System Clearance for Supplemental Security Income Recipients**

**A-08-18-50616**

The *Social Security Act* generally prohibits SSI payments to individuals confined to a jail, prison, or certain other public institutions for committing a crime. SSA obtains prisoner data from Federal, State, and local facilities and uses the data to verify the prisoners' SSNs. If the SSNs verify, SSA electronically matches the prisoner data against its payment rolls. When the data match, the system creates a record in SSA's Prisoner Update Processing System and sends an alert to SSA staff. When an SSA technician receives a prisoner alert, he/she must verify the individual's identity and any other prisoner data, if necessary. If the payments should be stopped, the technician inputs the suspension. We will evaluate SSA's policies and systems for suspending SSI payments based on a prisoner alert.

## **Recovery of Overpayments from Estates of Deceased Old-Age, Survivors and Disability Insurance Beneficiaries**

### **A-13-18-50282**

When an overpaid beneficiary dies, their estate becomes liable for any remaining overpayment balance. SSA will seek recovery from the estates only if the overpayment is \$3,000 or more, and cannot be recovered in full from an underpayment due to the deceased or from benefits payable to another person receiving payment on the same earnings records. We will determine whether SSA complied with its procedures for recovering overpayments from deceased OASDI beneficiaries' estates.

## **Reporting by Representative Payees of Supplemental Security Income Recipients over the Resource Limit**

### **A-13-18-50649**

Agency policy specifies resource limits for individuals and married couples receiving SSI. During this review, we intend to determine whether large volume organizational representative payees are timely reporting when SSI recipients in their care have resources over the resource limits.

## **Retroactive Increases Payable to Beneficiaries After a Delayed Claimant is Denied**

### **A-03-19-50845**

The OASDI program provides monthly benefits to retired and disabled workers and their dependents as well as to survivors of insured workers. An auxiliary or survivor claimant's entitlement to benefits should be delayed for invalid application if insufficient evidence exists to adjudicate the claim and the claimant meets all other conditions of entitlement. A delayed claimant or terminated delayed claimant payment status on the MBR prevents the release of any payments to the claimant until SSA has obtained an application and established all factors of entitlement. The delayed claim process allows SSA to award and pay non-delayed auxiliaries and survivors on the record who meet the conditions for entitlement. SSA includes the delayed claimant when calculating the distribution of the family maximum, resulting in a lower amount payable to the entitled claimants. However, if the delayed claimant does not provide the necessary evidence to establish eligibility and SSA denies the claim, it should retroactively increase the monthly benefit amount payable to the other entitled beneficiaries. We will determine whether retroactive benefit amount increases are properly paid to auxiliary and survivor claimants when a delayed claimant is denied.

## **Student Benefits Terminated at Age 18**

### **A-09-19-50823**

Children may receive benefits if they are the child of a numberholder entitled to retirement or disability benefits and if they are under age 18. They may also qualify for benefits if they are 18 or older when they are a student at an elementary or secondary educational institution or if they have a disability. Students who qualify for student benefits must (1) attend an educational institution, (2) attend full-time, and (3) be under age 19 (plus 2 months). Student benefits cease either the month after the student stops attending school full-time or after the student attains age 19 (plus 2 months), whichever is sooner. We will determine whether SSA has adequate controls to ensure that children who have reached age 18 still receive benefits while attending school.

## **Supplemental Security Income Recipients Denied Old-Age, Survivors and Disability Insurance Benefits Based on Lack of Technical Evidence**

### **A-05-18-50654**

An individual is not eligible for SSI, a program of last resort, if SSA advises him/her of potential eligibility for other benefits, including OASDI benefits, and he/she does not take all appropriate steps to file for and obtain such payments. Appropriate steps to file for, and obtain, other benefits include providing information and evidence required by the other benefit source to establish entitlement. When the evidence required for OASDI benefits is difficult for the claimant to obtain because of limited education, language difficulty, limited physical or mental ability, or poverty, policy requires that SSA staff assist the claimant in obtaining the evidence. We will determine whether SSA complied with policies and procedures when processing SSI recipients' OASDI denials based on lack of technical evidence.

## **Supplemental Security Income Redeterminations Closed with Unverified Wages**

### **A-06-18-50728**

Generally, SSA conducts over 2 million redeterminations of SSI recipients' eligibility annually. A redetermination is a review of a recipient's non-medical eligibility factors, such as income, resources, and living arrangements, to determine whether the recipient is still eligible for, and receiving, the correct SSI payment. In prior audits, we identified instances of SSA failing to verify wages during redeterminations. We will determine whether SSA made improper payments by failing to verify wages during SSI redeterminations.

## **Supplemental Security Income Trusts**

### **A-02-14-34118**

SSI recipients are required to report trust withdrawals to SSA so staff can determine how the withdrawals affect recipients' eligibility and/or payment amount. Disbursements from trusts may be income to SSI recipients, depending on the nature of the disbursements. For example, cash paid directly from trusts to recipients is counted as unearned income. Staff must determine whether trust withdrawals affect recipients' SSI payments. We will determine whether SSA staff effectively review trust withdrawals.

## **System Alerts for Overpayments Identified in the Delinquent Debt Trigger File**

### **A-07-18-50743**

The Delinquent Debt Trigger File is a computer process that SSA runs each March and September. The process creates alerts on OASDI beneficiaries with overpayments where SSA has taken no action for at least 180 days. The Delinquent Debt Trigger File creates each alert based on the various issues that prevent SSA from taking further collection actions or from no longer pursuing collection. We will determine whether SSA took appropriate actions on these systems alerts.

## **The Social Security Administration's Administrative Finality Rules**

### **A-01-19-50859**

In a September 2007 report, we estimated about 25,800 beneficiaries would be paid \$49.8 million in the future because their ongoing benefits were not corrected when the Agency identified an error with the benefit payment amount. We recommended that SSA revise its rules to permit changes to the ongoing benefit payments when errors are discovered. SSA disagreed with the recommendation. However, in July 2013, SSA requested comments from the public on several proposals, including a request for comment on whether the Agency should revise its rules so it can change an individual's current and future payments, even if the Agency cannot reopen a determination or decision to correct previously issued payments. The public had until September 30, 2013 to provide comments; however, the administrative finality rules have not been changed. Therefore, we will initiate an audit to follow up on this issue and summarize other audits that identified similar issues with the Agency's administrative finality rules.

## **The Social Security Administration's Death Information Processing System**

### **A-14-19-50809**

When SSA receives a death report, it should verify the death report, and if appropriate, record the death on the Numident via the Death Information Processing System. Doing so will terminate a recipient's benefits via the MBR or SSR and initiate recovery for any payments issued after death. SSA uses the Death Information Processing System to add death information to the Numident, change death information already on the Numident, or remove erroneous death information from the Numident. SSA's Death Alert Tracking System contains a list of death alerts that employees must resolve. We plan to review SSA's systems to find the root causes of death match problems found in other audits.

## **The Social Security Administration's Plan to Address the Workload of Overpayment Balances Remaining After 2049**

### **A-07-19-50775**

When a Social Security beneficiary is overpaid, SSA attempts to recover the overpayment. For some overpayments, SSA establishes repayment agreements that extend beyond the year 2049. However, because of limitations in SSA's system, staff must follow special procedures for these overpayments. SSA is developing a new system to track outstanding overpayments the Agency plans to complete by 2023. However, even after the new system resolves the issue, SSA will still need to take action to address overpayments established before the new system is implemented. Further, if SSA is unable to develop the new system according to its proposed timeline, it will continue to establish an increasing number of these overpayment agreements each year. We will evaluate SSA's plan to address the 2049 issue with its proposed system enhancements and assess the Agency's progress.

## **The Social Security Administration's Processing of Informal Waivers**

### **A-04-18-50672**

If a debtor indicates he/she wants to request a waiver, SSA may input an informal waiver to temporarily suspend overpayment recovery. The informal waiver allows the debtor 30 days to submit a formal waiver request. If the debtor fails to submit the appropriate waiver forms and supporting documentation within that 30-day period, SSA will resume its collection efforts. This review will determine whether SSA resumed its collection efforts when a debtor failed to submit a formal waiver request following an informal waiver action.

## **The Social Security Administration's Processing of New Requests for Waiver on Debts Where a Previous Request Resulted in a Denial**

### **A-08-19-50841**

When SSA denies a request for reconsideration or waives a debt balance, and the debtor does not file the appropriate appeal within the 60-day appeal period, the denial decision becomes final. This does not occur if (1) the debtor establishes good cause for missing the 60-day deadline for filing an appeal on the determination; (2) new and material evidence is presented to overturn the decision; or (3) there has since been a change in law or regulation affecting the previous decision. If none of the above apply, any new request concerning the debt balance should be denied. We will review instances where SSA extended the due-process period or granted a new due-process period when one should not have been granted. We will also determine how often this occurs, the total dollar value of these waivers, and what SSA systems improvements could be made to reduce such instances.

## **The Social Security Administration's Use of Miscellaneous Suspensions for Old-Age, Survivors and Disability Insurance Benefits**

### **A-07-19-50799**

SSA policy provides reason codes for employees to use when they suspend an OASDI beneficiary's payments. One available suspension code is "miscellaneous suspension," that, according to policy, should only be used when no other suspense code applies. Unlike many of the more situation-specific suspensions, miscellaneous suspensions are not automatically removed when the reason for the suspension has been resolved and do not result in regular alerts to notify SSA employees if the suspension remains unresolved. The lack of controls over miscellaneous suspensions can result in beneficiaries' payments being suspended for unknown reasons over long periods of time and prevent timely benefit terminations. We will determine whether SSA accurately placed OASDI beneficiaries' payments in miscellaneous suspense.

## **The Social Security Administration's Use of Special Appropriations for Fiscal Years 2017 Through 2019**

### **A-15-19-50885**

In FYs 2017 through 2019, SSA received \$5.2 billion in dedicated program integrity funding to perform such workloads as periodic and full medical CDRs and SSI redeterminations. In the same period, SSA also received \$290 million in additional funding to address the disability hearings backlog. The hearings backlog was 1,121,519 at the end of FY 2016 and 575,421 as of September 27, 2019. We will review SSA's use of the special appropriations and its progress in addressing the workloads specified in those appropriations.

## **Waived Old-Age, Survivors and Disability Insurance Childhood Overpayments**

### **A-04-18-50275**

An adverse action against a claimant can result in overpaid benefits to the claimant and the claimant's dependent child. SSA policy allows staff to waive recovery of overpaid OASDI benefits if (1) the person is without fault and (2) recovery would either defeat the purpose of the OASDI program or be against equity and good conscience. We identified instances where a childhood beneficiary was overpaid because of an adverse action against a claimant, and SSA subsequently waived recovery of the child's overpayment. Although SSA will not pursue recovery from the dependent child after it waives the child's overpayment, SSA could recover additional overpaid benefits if it transfers the waived debt to the claimant. By taking this action, SSA could recover additional overpaid benefits issued to the family unit. This review will determine the amount of waived OASDI childhood overpayments SSA could recover if it pursues collection from the claimant.

## **Windfall Offset Determinations Involving Attorney Fees**

### **A-09-18-50697**

SSA's windfall offset provision prevents an individual who receives both SSI and retroactive OASDI benefits from receiving more benefits than he/she would have received had the OASDI benefits been paid when regularly due. When beneficiaries are concurrently entitled to OASDI and SSI for the same months, SSA must reduce any retroactive OASDI benefits that may have been payable by any SSI payments that should not have been paid if the OASDI benefits had been paid in the months when they were due. When an attorney fee is involved, SSA must adjust the OASDI benefit by deducting the fee from the benefits and use the adjusted amount in the offset computation. We will determine whether SSA properly accounted for attorney fees in its windfall offset calculations.

## Mandatory Reviews

Our work plan includes mandated reviews that must be conducted annually.

### Fiscal Year 2020 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges

[A-02-19-50825](#)

The *Reports Consolidation Act of 2000* requires that Inspectors General provide a summary and assessment of the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. We will provide a summary and assessment of the most serious management and performance challenges facing SSA in FY 2020.

### Fiscal Year 2020 Risk Assessment of the Social Security Administration's Charge Card Programs

[A-13-19-50835](#)

The *Government Charge Card Abuse Prevention Act of 2012* requires that all Executive Branch agencies implement additional internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts. Under the law, Inspectors General are tasked with conducting periodic risk assessments of their agencies' purchase (including convenience checks), integrated, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases. We will analyze the risk of illegal, improper, and erroneous purchases made through SSA's charge card programs in FY 2020.

### The Social Security Administration's Compliance with the *Improper Payments Elimination and Recovery Act of 2012* in the Fiscal Year 2019 Agency Financial Report

[A-15-19-50842](#)

On January 10, 2013, the President signed the *Improper Payments Elimination and Recovery Act of 2012* (IPERIA) into law. IPERIA amended the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). The legislation requires that agencies include in their annual Agency Financial or Performance and Accountability Reports improper payment estimates, reduction targets, root causes, corrective actions, and other areas. According to OMB guidance, each FY, each agency's Inspector General should determine whether the agency is in compliance with the *Improper Payments Information Act of 2002*, as amended by IPERA and IPERIA. We will determine whether the figures presented in SSA's Agency Financial Report are reasonable and the Agency complied with all requirements of the *Improper Payments Information Act of 2002*, as amended by IPERA and IPERIA.

## **The Social Security Administration's Financial Reporting for Fiscal Year 2020**

### **A-15-19-50843**

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

## **The Social Security Administration's Information Security Program and Practices for Fiscal Year 2020**

### **A-14-19-50854**

FISMA provides the framework for securing the Government's information and information systems. All agencies must implement FISMA's requirements and report annually to OMB and Congress on the adequacy and effectiveness of their security programs. FISMA requires that each agency develop, document, and implement an agency-wide information security program. OMB uses information reported pursuant to FISMA to evaluate agency-specific and Government-wide security performance, develop the annual security report to Congress, and assist in improving and maintaining adequate agency security performance. FISMA directs that each agency's Inspector General or independent external auditor perform an annual, independent evaluation of the effectiveness of the agency's information security program and practices. We will oversee the contractor's audit of SSA's compliance with FISMA for FY 2020.

## **The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2020**

### **A-15-19-50846**

On November 20, 2009, the President issued Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in major programs while continuing to ensure Federal programs serve and provide access to their intended beneficiaries. As part of the requirements, each agency that meets criteria established by OMB provides its Inspector General a quarterly report on high-dollar overpayments. An overpayment is considered high-dollar if it exceeds 50 percent of the correct amount of the intended payment under certain circumstances. We will review the Accountable Official's Quarterly High-dollar Overpayment Report to the OIG for the quarters ended December 2019 and March, June, and September 2020. We will also determine whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.