
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PERFORMANCE MEASURE
REVIEW:
RELIABILITY OF THE DATA USED
TO MEASURE THE SOCIAL
SECURITY ADMINISTRATION'S
DEBT COLLECTION**

July 2000

A-15-99-51006

AUDIT REPORT



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Office of the Inspector General

July 28, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Performance Measure Review: Reliability of the Data Used to Measure the Social Security Administration's Debt Collection (A-15-99-51006)

The Government Performance and Results Act (GPRA) of 1993, Pub. L. No. 103-62, 107 Stat. 285, requires the Social Security Administration (SSA) to develop performance indicators that assess the relevant service levels and outcomes of each program activity. GPRA also calls for a description of the means used to verify and validate the measured values used to report on program performance. SSA has stated that the Office of the Inspector General (OIG) plays a vital role in evaluating the data used to measure performance. Accordingly, the objective of this audit was to assess the reliability of SSA's performance data for the following GPRA performance indicators published in the Agency's Fiscal Year 1998 Accountability Report:

Annual increase in debt collected (indicator 44).
Overpayment dollars collected (indicator 45).

RESULTS OF REVIEW

SSA has a system to measure its performance related to the *Annual Increase in Debt Collected* and *Overpayment Dollars Collected*. SSA, however, cannot readily obtain data on *Overpayment Dollars Collected* because significant weaknesses and data inaccuracies exist in its debt management system (DMS). (See background section of this report.) As a result, SSA extracts supporting data from its DMS and adjusts the resulting figures based on statistical sampling procedures performed by the Office of Quality Assurance (OQA). We reviewed and performed limited testing on OQA's statistical methodology for posting adjustments to the DMS generated data and determined the methodology and resulting adjustments to be reasonable. Our recalculation of the *Annual Increase in Debt Collected* measure also proved to be reasonable.

CONCLUSION

Overall, we found the *Overpayment Dollars Collected* performance measure to be statistically reliable. We also found the *Annual Increase in Debt Collected* performance measure to be calculated properly. Nonetheless, it is our opinion that SSA's continued reliance on significant statistical adjustments to the DMS generated data to effect the performance measures is a management control weakness that increases the risk of a material misstatement to the performance measures. Therefore, we encourage management's heightened awareness and attention to fixing the reported weaknesses and accounting inaccuracies existing in the DMS.

We are aware of SSA's decision to reexamine the measurement objective for debt collection and its supporting performance measures, including plans to replace the current measures with non-numeric goals. Although details of proposed changes to performance measures have not been communicated by the Agency, OIG encourages SSA to develop new objectives and performance measures for debt collection that focus on total program performance.

AGENCY COMMENTS

In response to our draft report, SSA noted the planned projects to correct remaining weaknesses and stated that the agency will consider modification of performance measures to focus on total program performance (See Appendix C for SSA's comments to our draft report).

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We concur with the Agency's planned projects to correct remaining weaknesses and improve reporting on total program performance.

James G. Huse, Jr.

APPENDICES

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APPENDIX B - Scope and Methodology

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BACKGROUND

The Government Performance and Results Act (GPRA) of 1993, Pub. L. No.103-62, 107 Stat. 285, was passed in August 1993. GPRA requires all Federal agencies to create performance indicators and goals. Agencies are to monitor and report on their success in reaching these goals. In addition, agencies need reliable and accurate data for GPRA performance measure reporting.

The Social Security Administration (SSA) developed 67 GPRA related performance indicators. Two of the indicators measure debt collection performance. This review determined whether the performance measurement data was valid. SSA's performance measures for Debt Collection as published in the Agency's Accountability Report for Fiscal Year (FY) 1998 are (1) Annual increase in debt collected and (2) Overpayment dollars collected. The first performance measure is a percentage change in collection amounts between the current FY and the prior FY. The second performance measure is a summary total of SSA collection of overpayments from various recipients and beneficiaries.

Debt owed to SSA results primarily from overpayments to recipients and beneficiaries. SSA has two major information systems of tracking debt collection. The Recovery of Overpayment Accounting and Reporting System tracks title II debts. Title XVI debts are tracked by the Overpayment Underpayment Process System. Title II represents Old Age and Survivors Insurance and Disability Insurance. These programs are commonly referred to as Social Security and provide a comprehensive package of protection against loss of earnings due to retirement, disability and death. Title XVI represents the Supplemental Security Income program. This program is a means-tested program designed to provide or supplement the income of aged, blind or disabled individuals with limited income and resources. There are also immaterial amounts of collections for the Black Lung program.

To satisfy the review requirements of the Federal Managers' Financial Integrity Act of 1982, the Paperwork Reduction Act of 1980, the Paperwork Reduction Reauthorization Act of 1986, the Computer Security Act of 1987 and Office of Management and Budget Circulars A-123, A-127 and A-130, SSA performs or contracts to perform periodic reviews of its financial management systems, including those related to debt management.

SSA received the *Consolidated Review of the Debt Management System (DMS)* report in June 1998 from its independent contractor. The report listed current and on-going material and non-material weaknesses related to the DMS, including inadequate controls over completeness of processing and inaccurate accounting for overpayments, underpayments and recoveries occurring within sub-systems. SSA responded to many

of the weaknesses citing correction in the title XVI Debt Management Strategy Plan and planned DMS modernization efforts to correct material nonconformance by September 2000.

SCOPE AND METHODOLOGY

To accomplish the objectives, we performed the following:

- reviewed the Office of Management and Budget Bulletin 98-08, Audit Requirements for Federal Financial Statements, and Public Law 103-62, the Government Performance Results Act;
- reviewed the Social Security Administration's (SSA) Fiscal Year (FY) 1998 Accountability Report and FY 2000 Performance Plan, specifically the debt collection performance measures information;
- reviewed audit work performed on the debt management area by the financial statement auditors and prior Office of Inspector General audit work;
- interviewed debt management personnel on the process used to report overpayment collection data;
- reviewed FY 1997 and 1998 Overpayment Worksheets, Monthly Overpayment Reports, Journal Entries, Overpayment Underpayment Process System and Recovery of Overpayment Accounting Reporting System Monthly Reports; Schedule 9 Report on Receivables;
- reviewed the Office of Quality Assurance adjustments to overpayment dollars collected;
- reconciled the various reports to determine if the reported amounts agreed and supported the performance measure for overpayment dollars collected; and
- recomputed the performance measure for annual increase in debt collected.

A complete review of electronic data processing general and application controls was not completed for this audit, but a limited review of controls was performed by reviewing the work performed by the financial statement auditors and conducting interviews with SSA personnel. We conducted extensive data testing by obtaining and reconciling the *Overpayment Dollars Collected* amounts. We conducted our audit in accordance with generally accepted government auditing standards. The fieldwork was conducted from March 1999 through October 1999 at SSA Headquarters in Baltimore, Maryland.

AGENCY COMMENTS

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "PERFORMANCE MEASURE REVIEW: RELIABILITY OF THE DATA USED TO MEASURE THE SOCIAL SECURITY ADMINISTRATION'S DEBT COLLECTION" (A-15-99-51006)

Thank you for the opportunity to review this OIG draft report. This report confirms that the measures employed by the Social Security Administration (SSA) for evaluating debt collection performance have been calculated properly and are statistically reliable.

As noted in the OIG report, actions are underway to correct the management control weakness relating to the current reliance on statistical adjustments to systems generated data for these performance measures. The actions cited below should satisfy the concerns raised in this report by eliminating the need to perform statistical sampling procedures. We are also working to resolve other reported weaknesses and accounting inaccuracies relating to debt management. By September 2001 we expect to complete several major projects to reach the 85 percent threshold required by our resolution procedures for correcting these weaknesses. The following projects are scheduled:

- Implementation of Post 1983 Debt Write-Off - a monthly operation to run from July 2000 through the end of September 2000. This process will automatically transfer title XVI debt from the latest terminated record to a current pay record. Any debt that is not transferable will be written off.
- Implementation (September 2000) of the Modernized Overpayment/Underpayment Reporting System (MOURS) - an enhanced accounting system that will include the ability to correctly account for and report on overpayments and underpayments on title XVI payment records.
- Implementation (September 2001) of a MOURS enhancement (Schedule 9 Report - Report on Receivables Due from the Public) - an enhancement that will provide information concerning the aging of debts.
- Implementation (September 2001) of Title XVI Debt Management Front-End Screens - an online system that will provide field office personnel the capability to input debt management related events. The screens will provide a faster, more efficient mechanism for SSA employees to manage debt

management workloads including, but not limited to, capturing overpayment waiver and appeal data.

The remaining accounting inaccuracies (15 percent) will be scheduled for correction via our systems 5-year planning process.

We will also consider the suggestion to develop new objectives and performance measures for debt collection that focus on total program performance as we proceed with our enhancements.

Other Matters

Page 2 of the background section of the OIG report (Appendix A) refers to efforts to correct material conformance by September 2000. However, there are no longer any "nonconformances," but rather only weaknesses. As noted above, the weaknesses will be corrected in September 2001.

OIG CONTACTS AND STAFF ACKNOWLEDGMENTS

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SSA ORGANIZATIONAL CHART
