
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PERFORMANCE MEASURE REVIEW:
SUMMARY OF
PRICEWATERHOUSECOOPERS, LLP
REVIEW OF SSA'S
PERFORMANCE DATA**

MARCH 2000

A-02-00-20024

AUDIT REPORT



Office of the Inspector General

March 21, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Performance Measure Review: Summary of PricewaterhouseCoopers', LLP Review of the Social Security Administration's Performance Data (A-02-00-20024)

To fulfill the responsibilities of our workplan related to performance measurement, we contracted PricewaterhouseCoopers (PwC) to evaluate nine of the Social Security Administration's (SSA) Fiscal Year 1999 performance indicators that were established by SSA to comply with the Government Performance and Results Act.

Attached is a copy of the final report summarizing PricewaterhouseCoopers' review of nine of the Social Security Administration's performance indicators. The objective of this review was to assess the reliability of the data used to measure performance in the nine areas.

Agency comments to this report were provided to us on January 28, 2000. Many of the recommendations made in this report are also found in earlier financial statement audit reports. In Appendix C, the Agency notes in its comments, "Since we are already taking corrective actions for those that we accepted as valid, we will not be addressing the duplicate recommendations in this response."

For the reader to be fully aware of SSA's comments that were made to each of the duplicate recommendations found in this present report, we incorporated those Agency comments, that were made contemporaneous to the earlier audit report recommendations, as part of the Agency comments located at Appendix C of this report.

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

James G. Huse, Jr.

Attachment



Evaluation of Selected Performance Measures of the Social Security Administration

Office of the Inspector General
Social Security Administration

Agency comments to this report were provided to us on January 28, 2000. Many of the recommendations made in this report are also found in earlier financial statement audit reports. In Appendix C, the Agency notes in its comments, "Since we are already taking corrective actions for those that we accepted as valid, we will not be addressing the duplicate recommendations in this response."

For the reader to be fully aware of SSA's comments that were made to each of the duplicate recommendations found in this present report, we incorporated those Agency comments, that were made contemporaneous to the earlier audit report recommendations, as part of the Agency comments located at Appendix C of this report.

A-02-00-20024

February 18, 2000

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INTRODUCTION

The Government Performance and Results Act (GPRA), Public Law Number 103-62, 107 Statute 285 (1993), requires the Social Security Administration (SSA) to develop performance indicators for fiscal year (FY) 1999 that assess the relevant service levels and outcomes of each program's activity. GPRA also calls for a description of the means employed 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. The OIG contracted PricewaterhouseCoopers (PwC) to evaluate the following GPRA performance indicator(s):

- 1. *Percent of Old Age and Survivors' Insurance (OASI) claims processed by the time the first regular payment is due, or within 14 days from effective filing date, if later***
- 2. *OASI claims processed***
- 3. *Percent of initial Supplemental Security Income (SSI) aged claims processed within 14 days of filing***
- 4. *SSI aged claims processed***
- 5. *Representative Payee Actions***
- 6. *Social Security Number (SSN) requests processed***
- 7. *Annual earnings items***
- 8. *Percent of earnings posted to individuals' records by September 30***
- 9. *Percentage of individuals issued SSA-Initiated Personal Earnings and Benefit Estimate Statements (SIPEBES) as required by law***

To evaluate the nine performance indicators established by SSA to comply with GPRA, PwC was contracted to:

- Gain an understanding and document the current FY 1999 system sources from which data is collected to report on the specified performance measures;
- Identify and test critical controls (both electronic data processing (EDP) and manual) of current FY 1999 systems from which the specified performance data is generated;
- Test the accuracy of the underlying FY 1998 data for each of the specified performance measures;
- Recalculate each specific FY 1998 measure to ascertain its mathematical accuracy;
- Evaluate the impact of any relevant findings from prior and current audits with respect to SSA's ability to meet performance measure objectives; and
- Identify findings relative to the above procedures and make suggestions for improvement.

This is an all-inclusive summary report. To facilitate SSA management review, we have also divided this report into six separate stand-alone reports, corresponding to the following SSA processes, performance measures (PM), and Contract Identification Numbers (CIN):

- OASI Claims (PM #1 and #2) A-02-99-11006
- SSI-Aged Claims (PM #3 and #4) A-02-99-11005
- Representative-Payee Actions (PM #5) A-02-99-01010
- SSN Requests (PM #6) A-02-99-01009
- Posting of Annual Earning Items (PM #7 and #8) A-02-99-01008
- Processing of SIPEBES (PM #9) A-02-99-01011

This report is organized in the following manner. The next section titled "Results of Engagement" identifies our findings and explains their relevance to SSA performance measurement. It also provides recommendations and suggestions for improvement. All other information is contained in the appendices, as follows:

APPENDIX A – Background

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – Performance Measure Summary Sheets

APPENDIX E – Performance Measure Process Maps

RESULTS OF ENGAGEMENT

During the period of June 9, 1999 to October 1, 1999, we evaluated the current processes, systems and controls, which support the FY 1999 SSA performance measurement process. In addition, we determined the accuracy of the underlying performance measure data. Since FY 1999 data were not always available, we often used FY 1998 data to perform our testing. Although SSA was not required to comply with GPRA until FY 1999, they voluntarily reported results in the FY 1998 Accountability Report for OASI Claims, SSI-Aged Claims, Representative Payee Actions, SSN Requests, Posting of Annual Earnings Items, and Processing of SIPEBES¹. As a result, we were able to use our knowledge of current processes, systems, and controls to judge the accuracy of the performance measures based on the FY 1998 results.

Our evaluation allowed us to determine that the reported FY 1998 results of the nine performance measures tested (as itemized below) were reasonably stated.

¹ On September 25, 1999 SSA implemented a new system, PEBES 2000, for processing SIPEBES. We did not evaluate this system because it was not active during the time of our review.

<u>Performance Measure</u>	<u>Reported Result</u>
1. Percent of OASI claims processed by the time the first regular payment is due, or within 14 days from effective filing date, if later	82.6%
2. OASI claims processed	3,020,268
3. Percent of initial SSI aged claims processed within 14 days of filing	54.2%
4. SSI aged claims processed	135,422
5. Representative Payee Actions	7,063,595
6. SSN requests processed	16,200,000
7. Annual earnings items	266,011,984
8. Percent of earnings posted to individuals' records by September 30	97.7%
9. Percentage of individuals issued SIPEBES as required by law	100%

However, we did note the following ten opportunities for improvement, listed in order of their relative importance:

- SSA lacks sufficient performance measure process documentation and did not retain documents to support the FY 1998 amounts.
- SSA has a number of data integrity deficiencies.
- SSA's system environment has security deficiencies.
- Three of SSA's performance measures do not reflect a clear measure of performance.
- GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures.
- SSA did not calculate three of the performance measures as they are stated in their respective definitions.
- A component was inadvertently omitted when calculating the total of one of the performance measures.
- The Cost Analysis System's (CAS) procedural and systems documentation have not been updated.
- SSA has systems design and documentation deficiencies.
- SSA has a number of deficiencies in their systems contingency plan.

Additionally, we evaluated the appropriateness of the nine performance measures with respect to the future requirements of GPRA. As a result, we noted three areas in which

SSA could better prepare itself to incorporate the final phases of GPRA in their processes. These results are discussed below in the Other Matters section.

These items were noted as a result of our testing the underlying performance measure data, as well as the EDP and manual controls of the systems generating the performance measure data, and are discussed in detail below.

Throughout our evaluation of the nine performance measures, we noted the strong commitment of SSA's staff to correctly implement GPRA.

1. SSA lacks sufficient performance measure process documentation and did not retain documents to support the FY 1998 amounts

GPRA requires that agencies "describe the means to be used to verify and validate measured values." Furthermore, the Office of Management and Budget (OMB) Circular No. A-123, Internal Control Systems, requires that "documentation for transactions, management controls, and other significant events must be clear and readily available for examination." Finally, National Institute of Standards and Technology (NIST) Special Publication 800-18, 5.MA.7, requires that system documentation be maintained as part of a formalized security and operational procedures record. Therefore, agencies must establish a clear methodology for verifying performance measure values, and retain the appropriate documentation to enable an audit of their performance measure values based on the methodology. Although this requirement was not effective for the FY 1998 Accountability Report, it is effective beginning in FY 1999.

While general policies and procedures exist for all documents produced at SSA (as found in the SSA Administrative Instructions Manual System/Operational and Administrative Record Schedules), SSA does not have formal policies and procedures in place regarding the retention of performance measure documentation. During testing, we noted that SSA lacked sufficient documentation regarding the processes surrounding the accumulation and generation of performance indicator data. Furthermore, SSA could not consistently provide the documentation necessary to verify their performance measure values as reported in their FY 1998 Accountability Report. We noted for all of the performance measures that SSA was unable to provide a comprehensive process map documenting the flow of performance measure data from the receipt of data (i.e., the receipt of a SSN application), through the applicable systems (including systems of record), to the accumulation of yearly performance measure data. In addition, we noted the following items:

Performance Measures #1 & #2. We were unable to test the FY 1998 MIICR data. MIICR produces the End-of-Line Time Processing Report, a monthly report summarizing the number of RSI claims completed. Once the monthly report is generated, the data is overwritten, preventing the systemic accumulation and evaluation of yearly performance measure data. Hard copies of the monthly

reports must be maintained to ensure the yearly counts can be verified. However, these reports were not maintained, and the FY 1998 data could not be evaluated. We were able to test the FY 1999 data on a monthly basis, as available.

Performance Measures #3 & #4. During our efforts to map the process, we received discrepant information implying two possible data flows in the management information systems. We have mapped the process in Appendix E by tracing the flow of data upstream. However, we believe that both paths produce equivalent results. Nevertheless, this discrepancy further underscores the need for clear performance measure documentation. Furthermore, we were unable to evaluate the systemic flow of data from the SSR to the SSI Claims Exception Control System. Without this information, we had to use FY 1999 data to assess the reasonableness of the performance measure.

Performance Measure #5. Neither the definition of a Representative-Payee, nor the actions that comprise this count are clearly defined, and during testing we noted that few people at SSA could define this performance measure or describe its composition.

Performance Measures #7 & #8. The performance measure count from CAS did not reconcile to the information in ERMS.

Performance Measure #9. The performance measure count per the GESS Report did not reconcile to the information in the PSIWO1 Report. (Note: the PSIWO1 Report is a product of MIPEBES, and represents the final accumulation of performance measure data. The data is posted on SSA's intranet by the Office of Information Management. The relevant performance measure data is then obtained from the intranet for inclusion in the Accountability Report.)

If SSA does not establish a methodology for verifying performance measure values and institute an adequate document retention system, they will not be in compliance with GPRA. Furthermore, a significant lack of documentation does not provide a proper audit trail to facilitate verification of the performance measures as required by GPRA.

Recommendation:

We recommend that SSA expand the role of Office of Strategic Management (OSM) with respect to performance measures or place ownership for the performance measure process and reporting within an organizational unit. In either case, data ownership would still remain with the user organizations. However, an organizational unit should be accountable for the overall performance measure processes and results. Their charter should include the following responsibilities:

- Identify and document the processes surrounding the generation and accumulation of performance measure values. This would establish a clear method for verifying and validating the performance measures;

- Establish policies and procedures surrounding the retention of performance measure documentation. The documentation retained should allow for the timely verification of the performance measure values, and should be maintained for at least one year; and
- As new systems are developed, evaluate their potential impact on the accumulation of performance measure data. Systems with potential impact should be designed to include the means of producing a verifiable audit trail to validate the performance measure results as they are defined in the Accountability Report.

2. SSA has a number of data integrity deficiencies

OMB Circular No. A-127, Financial Management Systems, requires that a Federal Agency's systems include a system of internal controls to ensure that the data used to produce reports is reliable. During our FY 1999 Financial Audit, we noted a number of data integrity deficiencies that result in a lack of control over both the input and maintenance of data, as well as the resolution of suspense items. While an adverse effect upon performance measure data was not observed during our testing, this lack of control can affect the validity and completeness of the performance measures as follows:

- SSA needs to address ERMS suspense file and reconciliation issues by expediting the approval and implementation of its established tactical plan. Earnings items left unreconciled or in suspense could be posted to individuals' accounts if the appropriate actions are taken, thus including them in the annual count. By not addressing these issues, SSA may be understating the number of earnings items able to be posted in the annual count, affecting performance measures #7 and #8;
- Service Representatives (SRs) and Claims Representatives (CRs) authorized to process applications for new and replacement SSNs (SS-5 forms) sometimes accepted insufficient or inappropriate proofs of identity and age from applicants (affects the MES). If insufficient or inappropriate proofs are accepted, the resulting data entered into MES may be invalid. While the data noted above may not have a direct effect on the performance measure (#6), its presence indicates the possibility that other MES data lacks integrity;
- Field office (FO) personnel were performing inconsistent, incomplete, inaccurate, and untimely reviews of the Enumeration Sample Listing (affects the MES). Data from the MES is used to generate performance measure #6. This report is a control used by SSA to ensure data integrity. If the control is not operating properly, the data may lack integrity;
- Field office personnel were performing inconsistent, incomplete, inaccurate, and untimely reviews of the weekly Diary Alert (Aged Investigate/Suspect) Report which

is a tool for informing FO management of enumeration investigate messages and suspect evidence cases that have not yet been cleared by the FO (affects the MES). Data from the MES is used to generate performance measure #6. This report is a control used by SSA to ensure data integrity. If the control is not operating properly, the data may lack integrity;

- There is no independent verification of birth data supporting applications for original SSNs for U.S. citizens under 18 years of age, either at the FO or through the Enumeration at Birth (EAB) process. The birth data is obtained from hospitals or from each state's Bureau of Vital Statistics, and is relied upon by SSA without independent review (affects the MES). Without an independent third party review, SSA cannot determine if key controls are in place to ensure the security, validity, completeness, and accuracy of the data. While this unverified data may not have a direct effect on the performance measure (#6), its presence in MES indicates the possibility that other MES data lacks integrity;
- When DACUS (Death, Alert, and Control Update System) receives death information and compares it to SSA's NUMIDENT, MBR, SSR, and Black Lung databases without a successful match, the record is posted to the DACUS exception file. However, no subsequent follow-up is performed on items in this exception file to try to resolve any matches that may not have been detected based on the automated matching algorithm. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity;
- SSA's current practice of obtaining death data does not ensure that this data is entered into DACUS accurately, timely, and only once (affects the NUMIDENT, MBR, and SSR). While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity;
- A comparison of the MBR, SSR, and NUMIDENT identified a large number of cases where either the individual was alive and in current pay status on the MBR/SSR but listed as dead on the NUMIDENT, or the corresponding records of a given individual had significant differences in dates of death. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity;
- A comparison of the MBR, SSR, and NUMIDENT identified a large number of cases where the corresponding records of a given individual had significant differences in dates of birth. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity; and

- Field office personnel have the capability of manually entering or changing the effective filing date within MSSICS for SSI-aged applications, based on the policies in place. This date is subsequently used to calculate the timeliness of SSI-aged applications (PM #3). Although we encountered no evidence to suggest that the field office personnel have made errors in performing this manual input, best practices discourages the use of manual data entry.

Recommendations:

As previously stated in the FY 1999 Accountability Report, we recommend the following:

- SSA should explore ways to expedite its efforts in approving and implementing the established tactical plan addressing the suspense file and reconciliation issues (ERMS).
- SSA should provide institutional oversight and regular training to authorized FO personnel in the processing of SS-5s (MES).
- SSA should develop and implement detailed procedures in the Program Operations Manual System (POMS) for reviewing the Enumeration Sample Listing. Procedures should specifically address: 1) the individual who is to perform the review, 2) steps on how to complete the review and document the results of the review, and 3) the individual whom is to approve the review, as well as requirements for annotating the approval signature on the report. In addition, POMS should define retention requirements for the records of completed reviews (MES).
- SSA should develop and implement detailed procedures in POMS for reviewing the Diary Alert. Procedures should specifically address: 1) the individual who is to perform the review, 2) steps on how to complete the review and document the results of the review, and 3) the individual who is to approve the review, as well as requirements for annotating the approval signature on the report. In addition, POMS should define retention requirements for the records of completed reviews (MES).
- SSA should perform a third-party review of State agencies, such as a Statement on Auditing Standards (SAS) 70 review. A SAS 70 review will determine if key manual and automated controls are in place and working as intended to ensure the security, validity, completeness, and accuracy of SSA data (MES).
- SSA should develop policies and procedures for the resolution of unmatched items in DACUS and establish a work group with primary responsibility for resolution. One of the duties of this group should be to analyze patterns in exceptions and facilitate the implementation of changes to the automated matching algorithm to make it more effective.

- SSA should implement: 1) initiatives to reduce the amount of time required by outside sources for submitting death notifications, such as the electronic death certificate project currently being tested; and, 2) a method to prevent the submission or receipt of duplicate information, whether submitted from the same or different sources (DACUS, NUMIDENT, MBR, SSR).
- With the completion of the Year 2000 project in FY 2000, SSA should begin implementation of DACUS Release 2 (a high priority of SSA's five-year IRM plan), to provide functionality to automatically delete NUMIDENT death postings when a person is "resurrected" on the MBR and SSR (NUMIDENT, MBR, SSR).
- SSA should firm up plans to implement the ICDB R2 functionality for the SSI system (SSR) to provide updated (substantiated) date of birth information to the NUMIDENT (NUMIDENT, MBR, SSR).
- SSA should review the MSSICS process, looking for an opportunity to implement an automated date stamp for the purposes of initiating performance measurement, while retaining the ability to manually input or overkey each applicant's effective filing date.

3. SSA's system environment has security deficiencies

We noted in our FY 1999 Financial Audit that SSA's systems environment remains threatened by weaknesses in several components of its information protection internal control structure. Because disclosure of detailed information about these weaknesses might further compromise controls, we are providing no further details here. Instead, the specifics are presented in a separate, limited-distribution management letter, dated November 18, 1999. The general areas where weaknesses were noted are:

- The entity-wide security program and associated weaknesses in developing, implementing and monitoring local area network (LAN) and distributed systems security;
- SSA's mainframe computer security and operating system configuration;
- Physical access controls at non-headquarter locations; and
- Certification and accreditation of certain general support and major application systems.

Until corrected, these weaknesses will continue to increase the risks of unauthorized access to, and modification or disclosure of, sensitive SSA information. While these weaknesses do not directly affect the performance measures, a risk still exists. Unauthorized access to sensitive data can result in the loss of data associated with

SSA's enumeration, earnings, retirement, and disability processes and programs, thus affecting all performance measures.

Recommendations:

As previously reported in the FY 1999 Accountability Report, we recommend that SSA accelerate and build on its progress to enhance information protection by further strengthening its entity-wide security as it relates to implementation of physical and technical computer security mechanisms and controls throughout the organization. In general, we recommend that SSA:

- Reevaluate its overall organization-wide security architecture;
- Reassess the security roles and responsibilities throughout the organization's central and regional office components;
- Assure that the appropriate level of trained resources are in place to develop, implement and monitor the SSA security program;
- Enhance and institutionalize an entity-wide security program that facilitates strengthening of LAN and distributed systems' security;
- Review and certify system access for all users;
- Enhance procedures for removing system access when employees are transferred or leave the agency;
- Decrease vulnerabilities in the mainframe operating system configuration;
- Implement the mainframe monitoring process;
- Finalize accreditation and certification of systems;
- Develop and implement an ongoing entity-wide information security compliance program; and
- Strengthen physical access controls at non-headquarters sites.

More specific recommendations are included in a separate, limited-distribution management letter, dated November 18, 1999.

4. Three of SSA's performance measures could better reflect agency performance

GPRA requires Federal agencies to "establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each

program activity." Accordingly, the performance measures used should clearly represent the outcome of the related performance goal. While GPRA-based metrics are intended as external performance measurement tools, this must be balanced by an organization's ability to measure and improve its own performance from within. Our analysis of the underlying definitions for each performance measure showed that three of them do not reflect a clear measure of performance. The relevant issues and corresponding recommendations are noted for each of the three measures as follows:

Performance Measure #5

The Number of Representative Payee Actions performance measure mixes different types of activities into one count. The count includes selection of a Representative Payees (nonselects are also included in the count), changes of payees, Representative Payee accountings, investigations of Representative Payees, suspensions of Representative Payees and changes of information for Representative Payees. The Representative Payee accounting process includes accounting for Title II and Title XVI, as well as accounting for Representative Payees who live abroad.

According to SSA performance planning documents, the objective of the measure is to combat fraudulent actions on the part of Representative Payees. To accomplish that, the measure looks at the total number of Representative Payee actions that occur within a year to determine whether SSA is monitoring the actions associated with Representative Payees appropriately. While the measure might render a rough indication of the level of activity directed toward Representative Payees, the results of the measure are ambiguous because the inputs are obtained from such diverse activities.

There are two interrelated reasons for this performance measure's ambiguity. First, this metric is actually a workload input, which we acknowledge to be a generally useful component of the performance planning process. However, in this case, the level of effort required for the various types of work covered by this count vary greatly. For example, the cost of processing a Representative Payee application is understandably significantly different than the cost of performing an annual accounting of a Representative Payee. Second, SSA must be able to gauge improvement for this measure. However, this performance measure tracks a wide diversity of activities, which does not facilitate the use of a single gauge for improvement.

Recommendation:

We recommend that SSA divide this performance measure into two separate metrics: (1) Representative Payee Changes, and (2) Representative Payee Accounting. This would result in two groupings of activities that would be more homogenous with respect to cost and/or resource requirements. It would also be straight forward to implement since the required data is already obtained and stored in the CAS system.

Performance Measure #1

For Performance Measure #1, SSA defines the measure as the number of OASI applications completed (approved or denied) by the time the first regular payment is

due, or within 14 days of the effective filing date, if later, divided by the total number of OASI applications processed during the fiscal year.

An application is considered timely and is included in the numerator if it meets the "Service Delivery Objective." This definition implies two scenarios. In the first scenario, the claimant applies well in advance of the first regular payment due date and the Service Delivery Objective is considered to be satisfied if the application is completed and approved by that payment due date. In the second scenario, the claimant applies 14 days or less prior to the first regular payment due date or anytime after the first regular payment due date. In this case, the Service Delivery Objective is satisfied if the application is completed and approved within 14 days.

This latter scenario illustrates how this performance measure is susceptible to factors outside of SSA's control. In assessing how the service delivery time is measured (in most cases other than advance filings), the clock starts when the claimant initially makes contact with the field office and it stops when the claims system finalizes a decision. For each application, the claimant has a considerable influence over the outcome because SSA must rely upon him/her to show up for interviews and bring the necessary documentation. As a result, SSA is measuring the performance of both the claimant and the field office. This is further magnified if the metric is used to compare the performances of the field offices. While it is valid to expect SSA field offices to provide roughly equivalent levels of service, the inclusion of the claimants can potentially skew the measure based on differing demographics served by those field offices. In other words, variations in demographics might lead to variations in how well the claimants perform in providing the necessary information and making it to interviews. SSA has suggested plausible explanations for using the current definition. For example, one SSA representative suggested that the existing measure was partially designed to ensure that field offices could provide interview slots on a timely basis when claimants called to schedule interview appointments. While this is certainly a noble objective, it can be measured by using a more direct metric.

This performance measure exposes the agency to other outside factors, as well. Many of the OASI claims are teleclaims, which are sent through the mail to the client for review and signature, and then back through the mail to the field office. As a result, the metric includes measurement of the postal system, which is also beyond SSA's control. To the agency's credit, they have deliberately excluded mail time from other performance measures, such as the one measuring SSN request processing time.

In addition, this performance measure covers many activities or process steps that fall under different areas of responsibility (the applicant, the field office, the MCS system, etc.) In certain situations, such a performance measure becomes more useful if it stops when the locus of responsibility changes, otherwise it may be difficult to locate problems or diagnose bottlenecks.

Recommendation:

We recommend that the performance measure be redefined so that it does not expose the agency to such a high degree of outside factors, thus placing the responsibility to perform solely on SSA.

Performance Measure #3

SSA defines Performance Measure #3 as the number of SSI-Aged applications completed (approved or denied) by the time the first regular continuing payment is due, or within 14 days of the effective filing date, if later, divided by the total number of SSI-Aged applications processed during the fiscal year.

An application is considered timely and is included in the numerator if it meets the "Service Delivery Objective." This definition implies two scenarios. In the first scenario, the claimant is applying for continuing benefits well in advance of the first regular continuing payment due date. The Service Delivery Objective is considered to be satisfied if the application is completed and approved by that payment due date. In the second scenario, the claimant is either making his/her first application or is applying for continuing benefits 14 days or less prior to the first regular continuing payment due date or anytime after that date. In this case, the Service Delivery Objective is satisfied if the application is completed and approved within 14 days.

This latter scenario illustrates how this performance measure is susceptible to factors outside of SSA's control. In assessing how the service delivery time is measured (in most cases other than advance filings), the clock starts when the claimant initially makes contact with the field office and it stops when the claims system finalizes a decision. However, this measure is further complicated because the start time varies depending on when the claim is processed.

Nevertheless, the claimant has a considerable influence over the outcome because SSA must rely upon him/her to show up for interviews and bring the necessary documentation. As a result, SSA is measuring the performance of both the claimant and the field office. SSA has suggested plausible explanations for using the current definition. For example, one SSA representative suggested that the existing measure was partially designed to ensure that field offices could provide interview slots on a timely basis when claimants called to schedule interview appointments. While this is certainly a noble objective, it can be measured by using a more direct metric.

This performance measure exposes the agency to other outside factors, as well. Many of the SSI claims are teleclaims, which are sent through the mail to the client for review and signature, and then back through the mail to the field office. As a result, the metric includes measurement of the postal system, which is also beyond SSA's control. To the agency's credit, they have deliberately excluded mail time from other performance measures, such as the one measuring SSN request processing time.

This is further magnified if the metric is used to compare the performances of the field offices. While it is valid to expect SSA field offices to provide roughly equivalent levels

of service, the inclusion of the claimants can potentially skew the measure based on differing demographics served by those field offices. In other words, variations in demographics might lead to variations in how well the claimants perform in providing the necessary information and making it to interviews.

In addition, this performance measure covers many activities or process steps that fall under different areas of responsibility (the applicant, the field office, the MCS system, etc.) In certain situations, such a performance measure becomes more useful if it stops when the locus of responsibility changes, otherwise it may be difficult to locate problems or diagnose bottlenecks.

Recommendation:

We recommend that the performance measure be redefined so that it does not expose the agency to such a high degree of outside factors, thus placing the responsibility to perform solely on SSA.

5. GPRA documents prepared for external evaluation of SSA performance could better document the sources of the performance measures

Since FY 1999, OMB Circular A-11, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports, states that "the annual plan must include an identification of the means the agency will use to verify and validate the measured performance values." This suggests that an agency should detail the source of performance data. SSA's documents prepared for external reporting, including the 1997-2002 Strategic Plan, the FY 2000 Annual Performance Plan, and the FY 1998 Annual Accountability Report, could better document the SSA sources used to obtain the performance measures we evaluated.

In the case of three performance measures, the FY 2000 Annual Performance Plan, the most recent document at the time of this audit, does list a data source for Performance Measure #1 as "The End-of-Line Processing Report," a data source for Performance Measure #3 as "The Title XVI Processing Time System," and a data source for Performance Measure #8 as the "Earnings Posted Overall Cross Total/Year to Date System (EPOXY)." However, the external stakeholder is not told of the origin of these documents or of the underlying processes and programmatic systems that produce the reported metrics. Furthermore, the sources of the other six measures are not clearly indicated.

All nine metrics are referred to in the SSA documentation as GPRA indicators. As a result, OMB Circular A-11, Section 220.12, requires that they be documented. By improving the description of the sources, SSA would enhance the credibility of the underlying data used to formulate each performance measure.

Recommendation:

We recommend that SSA develop clear and concise descriptions of each performance measure's source. As specifically recommended by OMB Circular A-11, these descriptions should include:

- The current existence of relevant baseline data, including the time-span covered by trend data;
- The expected use of existing agency systems in the collection and reporting of data;
- The source of the measured data;
- Any expected reliance on an external source(s) for data, and identification of the source(s); and
- Any changes or improvements being made to existing data collection and reporting systems or processes to modify, improve, or expand their capability.

6. SSA did not calculate three of the performance measures as they are stated in their respective definitions

GPRA requires Federal agencies to "establish performance goals to define the level of performance to be achieved,...to express such goals in an objective, quantifiable, and measurable form,...(and to) describe the means to be used to verify and validate measured values." Agencies must clearly define the components of each performance measure so that it reflects the intent of the established goal, and so that the performance measures can be validated. During our testing, we noted that SSA did not calculate three of the nine performance measures per their respective definitions. Specifically, SSA did not prepare and calculate three performance indicators to show what they are intended to measure. The relevant issues and corresponding recommendations are noted for each of the three measures as follows:

Performance Measure #1

SSA defines the measure as the number of OASI applications completed and approved by the time the first regular payment is due, or within 14 days of the effective filing date, if later, divided by the total number of OASI applications processed during the fiscal year. However, we determined that SSA used as the denominator the total number of OASI claims processed less certain types of RSI claims excluded by MIM II (RSDHI Initial Claims Report, Section 8104 – Universe). These numbers are excluded because they are missing key fields, such as Invalid "Start Date" for Overall time, and Invalid Overall Elapsed Days Result. The absence of these fields prevents the processing of time computation, and as such, the claims are excluded from the count. Per the FY 1998 Accountability Report, the total number of OASI claims processed was 3,020,268 and the total number of claims processed timely was 2,334,735. Therefore, the percent of claims processed in a timely manner would be as follows:

$$2,334,735 / 3,020,268 = 77.3\% \text{ Percent of claims processed timely (as defined by SSA)}$$

However, per the FY98 Accountability Report, the percent of claims processed in a timely manner was 82.6%. This percentage was calculated using as a denominator the total number of OASI claims processed less certain RSI claims (2,825,821) as follows:

$$2,334,735 / 2,825,821 = 82.6\% \text{ Percent of claims per the FY 1998 Accountability Report}$$

Thus, the calculation of operational efficiency based the total population of all RSI claims processed in accordance with SSA's definition is 5.3% points lower than the operational efficiency currently reported in the FY 1998 Accountability Report. The higher percentage reported in the FY 1998 Accountability Report indicates that SSA's reported operational efficiency could be higher than it actually is.

Recommendation:

We recommend that SSA clarify the definition given for the performance measurement to include language stating that the total number of OASI claims processed is reduced by certain types of RSI claims excluded from the timeliness report by the MIM II manual. In addition, we recommend that SSA include an appropriate footnote in its Accountability Report to reflect what is and is not included in the performance measure.

Performance Measure #8

SSA defines the measure as the number of individuals' earnings items posted from the beginning of the tax year (TY) through September 30 of the TY, divided by the estimated total posted annual earnings for the entire TY (Per SSA, the actual number of annual earnings posted is used in the calculation in subsequent annual Accountability Reports). However, we determined that SSA calculates the performance measure as the number of individuals' earnings items posted, less self-employment earnings items posted, from the beginning of the tax year (TY) through September 30 of the TY, divided by the estimated total posted annual earnings, less self-employment earnings items posted, for the entire TY.

Individuals send their self-employed earnings data to the Internal Revenue Service (IRS), where it is electronically processed, and then forwarded to SSA. As the self-employed earnings data is processed outside of SSA, it is not included in their entire TY count (PM#7), which is a workload count of the total number of earnings items. All other earnings data is received directly by SSA and electronically processed. However, the objective of performance measure #8 is to measure the timeliness in posting earnings data to individuals' records.

This condition was reported upon in the OIG's *Performance Measure Review: Survey of the Social Security Administration's (SSA) Performance Measurement Data* (CIN: A-02-98-01004), which recommended that SSA either include the self-employment earnings in their entire TY count, or disclose their absence. Furthermore, SSA management has stated that they have addressed this issue in their draft fiscal year 2000 performance plan.

Recommendation:

As previously recommended in the OIG report entitled, "Performance Measurement Review: Survey of the Sources of the Social Security Administration's Performance Measurement Data" (A-02-98-01004) (issued in final on November 22, 1999), we recommend that SSA include the self-employment earnings in their calculation of performance measure #8. This calculation would more accurately reflect the objective of the measure. If this is not feasible, we recommend that SSA clarify the definition given for the performance measurement to include language stating that the total number of annual earnings items posted is reduced by the number of self-employment wages processed by the IRS. In addition, we recommend that SSA include a footnote in its Accountability Report to indicate that the percent of annual earnings posted by September 30th performance measurement is calculated on total annual earnings items posted less self-employment wages processed by the IRS.

Performance Measure #9

SSA defines the measure as the number of SIPEBES sent divided by the number of SIPEBES required to be sent by law. The calculation is performed by dividing the number of SIPEBES sent by itself, as SSA always mails all SIPEBES required by law. The number required to be sent by law does not include certain individuals, including those with invalid addresses and those who initiated their own PEBES during the current fiscal year. The number required by law does include individuals with 'bad history' records, as determined by the Office of Information Management (OIM). 'Bad history' records contain inaccurate data fields such as sex, process type, language, or age. This inaccurate data does not prevent an individual from receiving a SIPEBES, and they are included in the count of SIPEBES sent to OIM by the Office of Systems Design and Development (OSDD). However, we determined that OIM removed individuals from the count they receive based on 'bad history' records, reducing the SIPEBES count.

Although the 'bad history' record count does not affect the performance measure percentage, it affects the number used to calculate the measure. Furthermore, the individuals with 'bad history' records have received a SIPEBES, and by definition, should be included in the total count.

Recommendation:

We recommend that SSA include the 'bad history' records in the SIPEBES count within the OIM report.

7. A component was inadvertently omitted when calculating the total of one of the performance measures

OMB Circular No. A-127, Financial Management Systems, requires that an agency's information systems (for both financial and performance measure information) include a system of internal controls to ensure that " reliable data are obtained, maintained, and disclosed in reports," and that the internal controls " be applied to all system inputs, processing, and outputs. " During our testing, we noted that the number reported for

International Representative Payee accountings was inadvertently omitted in the total number of Representative Payee Actions reported in the FY 1998 Accountability Report. The total number of Representative Payee Actions is manually calculated, but the process is not reviewed to ensure accuracy. A lack of adequate control over the process caused the total number of Representative Payee Actions to be understated in the FY 1998 Accountability Report. Without adequate controls in place to ensure all relevant amounts are included in the performance measure counts, SSA could misstate the total counts as they appear in the Accountability Report.

Recommendation:

We recommend that SSA develop and implement a review process for the manual calculation of the annual Representative Payee Action total count.

8. CAS procedural and systems documentation has not been updated

OMB Circular A-127, Financial Management Systems, requires that all system "documentation (software, system, operations, user manuals, operating procedures, etc.) shall be kept up-to-date" and that "system user documentation shall be in sufficient detail to permit a person, knowledgeable of the agency's programs and of systems generally, to obtain a comprehensive understanding of the entire operation of each system. Technical systems documentation such as requirements documents, systems specifications and operating instructions shall be adequate to enable technical personnel to operate the system in an effective and efficient manner."

During our FY 1999 Financial Audit testing, we noted that the procedural and systems documentation for CAS was not current, with the last update occurring in FY 1995. Since this last update, two major changes have occurred: (1) a reorganization that combined functions of the former Cost Analysis Branch and the former Budget Systems Branch into the Division of Cost Analysis (DCA), and (2) migration of CAS to the National Computer Center mainframe computer system. Thus, out-of-date documentation could result in a situation where new and/or existing DCA employees do not have adequate reference material to assist them in the timely and successful completion of their job tasks/responsibilities. If SSA does not use CAS successfully, all performance measure indicators accumulated using CAS (including #2, #4, #5, #6, #7, and #8) could be affected. Data relating to the relevant performance measures may not be accumulated correctly or completely. It should be noted that SSA is in the process of replacing CAS piecemeal. As segments are replaced, SSA has obtained current systems documentation (but not procedural documentation).

Recommendation:

We recommend that DCA explore alternatives for acquiring the resources needed to update the existing CAS procedural and systems documentation, and to obtain procedural documentation for the replacement systems.

9. SSA has systems design and documentation deficiencies

During our FY 1999 Financial Audit testing, we noted specific systems design and documentation deficiencies that indicate a lack of control over both the system design and documentation. While these deficiencies do not have a direct effect on the performance measures, a risk still exists. This lack of control affects the ability of SSA to effectively design, implement, and use their computer systems. If SSA is not effectively using their computer systems to accumulate and calculate performance measures, the resulting performance measure amounts could be affected. Our specific findings were:

- Full documentation of program changes evidencing user approval and testing was not always maintained. In addition, user initiation of changes to production programs could not be confirmed due to the absence of documentation indicating who initiated the changes;
- SSA's Software Engineering Technology (SET) did not establish different requirements for major development projects, routine maintenance, and cyclical changes; and
- SSA's *System Security Handbook (Chapter 10 on Systems Access Security)* does not list all of the acceptable forms for granting access to SSA's computerized systems.

Recommendation:

As previously stated in the FY 1999 Accountability Report, we recommend the following:

- SSA should complete implementation of its Validation Transaction Tracking System (VTTS) and continue with its plan to automate the process for submitting System Release Certification (SRC) forms.
- SSA should complete implementation of Platinum's Process Engineering Tool (PET) and institutionalize Carnegie Mellon's Software Engineering Institute's Capability Maturity Model (CMM) methodology.
- SSA should update its *System Security Handbook (Chapter 10 on Systems Access Security)* to address all of the acceptable forms for granting access to SSA's computer systems and data.

10. SSA has a number of deficiencies in their systems contingency plan

As a result of the FY 1999 SSA financial audit, we noted a number of deficiencies which, in our view, would impair SSA's ability to respond effectively to a disruption in business operations as a result of a disaster or other long-term crisis. Although SSA has performed a Business Impact Analysis, its list of critical workloads is still being finalized,

and recovery time objectives (RTOs) have not yet been established for each of the critical workloads. Consequently, SSA has not established recovery priorities for all of its systems in the mainframe and distributed environments. Further, the plan for recovering the critical workloads still needs to be fully tested. Finally, SSA has not fully updated the contingency plans for the headquarters site or finalized and tested contingency plans for non-headquarters sites.

While deficiencies in a contingency plan do not directly affect performance measures, a risk still exists. A failure to respond effectively to a disruption through proven recovery procedures could affect both the quality and quantity of data used in the accumulation and calculation of all performance measures.

Recommendation:

As previously stated in the FY 1999 Accountability Report, we recommend that SSA:

- Finalize the list of critical SSA workloads and fully test the plans for recovering each workload;
- Establish RTOs for each critical workload;
- Establish recovery priorities for all systems and applications (mainframe and distributed);
- Update contingency plans for headquarters;
- Finalize and test SSA's ultimate strategy for implementing and maintaining alternate processing facilities; and
- Finalize and test contingency plans for non-headquarters sites.

OTHER MATTERS

As part of this evaluation, PwC was tasked to evaluate the appropriateness of the performance measures. In this section, we discuss the relevance of each performance measure with respect to GPRA and look to the future by evaluating SSA's readiness to incorporate the final phases of GPRA into their processes.

- 1. Documents prepared for external evaluation of SSA performance could be improved to clearly explain the intended uses of the performance measures to comply with future GPRA requirements**

The United States General Accounting Office (GAO) encourages agencies to "include explanatory information on the goals and measures."² In addition, best practices in

² GAO/GGD/AIMD-99-69, "Agency Performance Plans"

performance measurement dictate that agencies should provide external stakeholders with such information. Furthermore, it can be expected that agencies will be required to provide such information in the near future as GPRA continues to evolve.

Over the past few years, SSA has continuously improved their performance planning documents by adding in-depth discussions on their strategies and key performance indicators. With respect to the performance metrics studied as part of this evaluation, however, the 1997-2002 Strategic Plan, the FY 2000 Performance Plan, and the FY 1998 Annual Accountability Report do not clearly explain the intended purpose of each performance measure with respect to evaluating overall SSA performance. In each case, the documents clearly associate each metric with the strategic goals and objectives that they support, but they do not explain to the external stakeholder exactly how they are applied.

Describing the use of these performance measures would help to clarify the overall objectives of the SSA strategic planning process and would clarify how the subject metrics fit into that process.

In a July 1999 report³, the General Accounting Office (GAO) rated Fiscal Year 2000 Annual Performance Plans of all federal agencies in three key elements of "informative performance plans:"

1. Clear pictures of intended performance;
2. Specific discussion of strategies and resources; and
3. Confidence that performance information will be credible.

Although SSA was considered relatively strong as compared to most other agencies, their weakest ratings were received for the categories of "Degree of Confidence that Performance Information will be Credible" and "Specificity of Strategic Resources." Our observations were consistent with these findings (see Item #5 in previous section, Results of Engagement). However, if SSA develops clear and concise descriptions of each performance measure's source and its intended strategic use, we believe they can bolster their future GAO ratings relative to informative performance plans.

2. The nine performance measures are not explicit performance budgeting metrics, but are nonetheless appropriate internal performance indicators and are useful to the SSA-wide strategic planning process

An important intent of GPRA in the future is to facilitate performance budgeting, which will allow Federal agencies to allocate resources in an effort to achieve "optimal" results. Consequently, agencies must develop measures that will help external stakeholders such as Congress to match resources to performance.

³ GAO/GGD/AIMD-99-215, July 1999.

Under GPRA requirements, an agency must rely on two distinctive types of measures:

Outcome performance measures. These measures are intended to gauge the effectiveness of the organization at fulfilling its strategic goals. Often, however, these performance measures are not completely under the span of influence of the organization. Consequently, while they represent good measures of the accomplishment of a strategic goal, they do not reflect the success of an organization in contributing to the achievement of the goal.

Workload and output performance measures.⁴ These measures are used to gauge the level of effort required for a given activity, including characteristics established as performance standards (e.g., *Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later*).

While outcome performance measures are often more accurate indicators of the success or failure of an organization's strategic goals, it is workload and output measures that fall under an organization's span of influence. Consequently, workload and output measures are more often used in external reporting to support organizational activities. However, these workload and output performance measures are seldom related to either outcomes or amount of resources spent processing the workload or creating the output. As a result, they represent little value to external stakeholders making resource allocation decisions.

If viewed in isolation, none of the nine performance measures considered on this project would suffice as explicit outcome performance measures for external stakeholders to use in a resource allocation or performance budgeting oversight role. However, that is not to say that these measures are not of value. In fact, they indicate to external stakeholders, including congressional appropriators, customers, policy makers, and the general public, how effective SSA is at fulfilling its overall mission. More importantly, they serve a useful internal purpose in the SSA performance planning process. For example, many of the measures we analyzed (Performance Measures 2, 4, 5, 6, and 7) are workload counts, which are important for individual program managers when making management decisions.

Performance Measures #1 and #3. The FY 2000 Annual Performance Plan uses these metrics to support the strategic objective "to raise the number of customers who receive service and payments on time, specifically by 2002", which, in turn, supports the strategic goal to provide world class service. Neither measure is particularly valuable to an external stakeholder for performance budgeting because they do not relate resource utilization to outputs or outcomes. However, these two measures are clearly useful as internal indicators,

⁴ The SSA documentation refers to such metrics strictly as *outputs*, but that is merely a matter of semantics. In either case, they refer to a level of effort for a given activity.

particularly with respect to the strategic objectives they support and they do help to indicate the overall effectiveness of SSA at fulfilling its mission.

Performance Measures #2, #4 and #6. The FY 2000 Annual Performance Plan (Appendix 1) uses these metrics as "Output Measures for Major Budgeted Workloads" to support the strategic objective "to deliver customer-responsive world-class service." However, it is not clear how they accomplish this.

These two measures, the number of *RSI claims processed*, and the number of *SSI-Aged claims processed*, are not particularly valuable to an external stakeholder for performance budgeting because they do not relate resource utilization to an output or outcome. However, they are clearly not intended for that purpose because the SSA documentation identifies them as output measures for workload and they do help to indicate the overall effectiveness of SSA at fulfilling its mission.

Performance Measures #5 and #7. The SSA FY 1998 Accountability Report references these metrics as "Other Workloads" supporting the strategic objective "to position the Agency's resources and processes to meet emerging workloads." This, in turn, supports the strategic goal "to make SSA program management the best in business, with zero tolerance for fraud and abuse." These uses are reiterated in Appendix 1 of the FY 2000 Annual Performance Plan.

These measures, the number of *Representative-Payee actions*, and the number of *Annual Earnings Items* processed are not particularly valuable to an external stakeholder for performance budgeting because they do not relate resource utilization to outputs or outcomes. However, they are clearly not intended for that purpose because the SSA documentation identifies them as output measures for workloads and they do help to indicate the overall effectiveness of SSA at fulfilling its mission.

Performance Measure #8. The SSA Strategic Plan (1997 to 2002), the FY 1998 Accountability Report, and the FY 2000 Annual Performance Plan all consistently position this metric in support of the objective "to maintain through 2002, current levels of accuracy and timeliness in posting earnings data to individual's earnings records." This objective, in turn, supports the strategic goal "to make SSA program management the best in business, with zero tolerance for fraud and abuse."

This measure, the *Percent of earnings posted to individuals' records by September 30*, is not particularly valuable to an external stakeholder for performance budgeting because it does not relate resource utilization to an output or outcome. This measure may be useful to SSA as an internal indicator, particularly with respect to the strategic objectives it supports. Furthermore, the documentation clearly states that the objective is to maintain timeliness in posting earnings records. Nevertheless, the external stakeholder is not told about the

significance of the September 30 date and how it relates SSA to being the best in business.

Performance Measure #9. The SSA Strategic Plan (1997 to 2002), the FY 1998 Accountability Report, and the FY 2000 Annual Performance Plan all consistently position this metric in support of the goal "to strengthen public understanding of Social Security programs." The FY 2000 Annual Performance Plan does list a data source as "the PEBES weekly summary report."

Of the nine performance measures we evaluated, this measure, the *Percent of individuals issued SSA Initiated PEBES as required by law*, comes the closest to being an external performance measure because it specifies an external outcome. It falls short, however, in that it does not describe how resources are utilized to achieve that outcome.

Nevertheless, this measure is most likely useful to SSA as an internal indicator, particularly with respect to the strategic goals and objectives it supports. There is concern within SSA that this measure serves little purpose because they always score 100 percent. However, SSA faces greater challenges with SIPEBES over the next few years because the annual number of recipients will dramatically increase. Therefore, this measure is worth keeping as a metric to gauge future progress.

To SSA's credit, they have developed a number of useful performance measures in the spirit of GPRA and have discussed them in proper detail in the FY 2000 Performance Plan.⁵ As we have shown, the nine performance measures covered by this project can not be considered as true high-level, external measures. Nevertheless, they do appear to have specific uses, as discussed above. Again, SSA would benefit the external stakeholder by clarifying exactly what these intended uses are (see "Other Matters" item #1).

3. SSA is positioned to be a leading performance-based budgeting organization and to meet the future requirements of GPRA

Since 1988, SSA has an established history of strategic planning, using specific performance measurements. Building on this history, SSA implemented GPRA's requirements for strategic planning, performance planning, and performance reporting. One of GPRA's ultimate objectives is to facilitate performance budgeting, which will allow Federal agencies to allocate resources in an effort to achieve "optimal" results. Consequently, to help external stakeholders such as Congress match resources to

⁵ In earlier documents, such as the FY 1998 Accountability Report, SSA presented the performance measures in a manner that seemed to give each one equal weight. In the more recent documents, however, SSA has placed greater emphasis on the more high-level, outcome oriented performance measures.

performance, agencies must eventually develop performance measures that are linked to resource requirements.

Performance budgeting is the analysis of performance measurement data for the purpose of allocating budgetary resources more effectively. Specifically, performance budgeting for GPRA is complete upon the submission of multiple resource-to-result scenarios within one annual budget.

The final stage of GPRA implementation is the successful piloting of performance budgeting at no less than five federal agencies. Currently, few federal agencies are capable of acting as a performance budgeting pilot and this final stage of GPRA has consequently been delayed. However, the Office of Management and Budget (OMB) has recently designated SSA as one of the government-wide performance budgeting pilot projects. Within SSA, the Continuing Disability Reviews program is the specific activity covered by this designation. OMB considers the performance budgeting pilot projects to be an opportunity to examine the feasibility and potential application of several approaches to performance budgeting. In this context, OMB intends to use performance and resource data provided by the pilots during development of the FY 2001 budget and to report to Congress on the results of the pilots no later than March 31, 2001, as required by GPRA. With proper planning and preparation, SSA is uniquely positioned to capitalize on this opportunity and be one of the first truly successful performance-based budgeting organizations.

In anticipation of the next phase of GPRA, we believe SSA needs to develop a suitable performance budgetary model by combining cost accounting concepts with performance measurement methodology. A high-level description of one possible model is listed below:

- SSA defines a set of reporting segments that represent all of their work;
- SSA maps their performance measurements to these specific reporting segments;
- SSA calculates person-hours associated with these reporting segments, so that all personnel within SSA are accounted for in the model; and
- SSA builds the model around this data to allow for current resource to workload/result analysis and future resource to workload/result forecasting.

SSA could build this model at any level of detail: by resource type, resource location, or any other classification methodology. By linking resources to performance goals at this level of detail, SSA would thus satisfy the annual performance-planning requirement for specificity of strategies and resources, while striving to become the first agency to successfully implement performance budgeting.

APPENDICES

APPENDIX A – Background

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments and PwC Reponse

APPENDIX D – Performance Measure Summary Sheets

APPENDIX E – Performance Measure Process Maps

BACKGROUND

Government Performance and Results Act

The Government Performance and Results Act (GPRA) was enacted to increase accountability in the Federal agencies. Prior to GPRA, Federal agencies lacked well-defined program goals and adequate feedback regarding program performance. This hindered Federal agencies in their efforts to increase program efficiency and effectiveness, and prevented them from being accountable. Furthermore, this lack of accountability on the part of the Federal managers prevented Congress from making informed budgetary decisions. In order to increase accountability, GPRA required Federal agencies to develop 5-year strategic plans, annual performance plans, and annual performance reports.

Strategic plans define an agency's mission in terms of their major functions and operations. The agency's goals and objectives, and how they will be achieved by the agency, must be included in their strategic plan. The strategic plan also describes the quantifiable performance measures to be used by the agency, and how they relate to the agency's goals and objectives.

Annual performance plans establish objective, quantifiable, and measurable performance goals for an agency. The GPRA requirements for annual performance plans went into effect for FY 1999. These plans describe the operational processes and resources necessary to meet the performance goals, establish performance indicators to measure the relevant outcomes, and provide a basis for comparing the outcomes with the performance goals. The annual performance plans also provide a means to validate and verify the measured outcomes.

Annual performance reports compare the actual program performance achieved with the performance goals for each performance indicator defined in the agency's annual performance plan. The GPRA requirements for annual performance reports went into effect for FY 1999. These reports contain the agency's evaluation of their performance plan relative to the performance achieved during the fiscal year. If performance goals have not been met, the agency must include an explanation, as well as a plan for achieving the performance goals in the future. Alternatively, if the agency believes the goals are impractical, they would include their rationale and recommended alternatives in the annual performance report.

SSA's Performance Measures

The Social Security Administration (SSA) defined five strategic goals in its FY 1997-2002 strategic plan, "Keeping the Promise."

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

For each strategic goal, SSA's strategic plan also defined specific objectives to achieve each of the goals.

SSA's FY 1998 annual GPRA performance report, published as part of their FY 1998 Accountability Report, includes actual performance data and goals for 57 performance measures. PricewaterhouseCoopers was engaged to evaluate nine specific performance indicators found in SSA's FY 1998 Accountability Report. The performance indicators (or performance measures, as they are referred to in the Accountability Report) are as follows:

1. Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later
2. OASI claims processed
3. Percent of initial SSI aged claims processed within 14 days of filing
4. SSI aged claims processed
5. Representative Payee actions
6. SSN requests processed
7. Annual earnings items
8. Percent of earnings posted to individuals' records by September 30
9. Percent of individuals issued SSA-Initiated PEBES as required by law

During testing, it was noted that the nine performance measures could be defined by six distinct processes. The systematic flow of information for three of the measures was almost identical to the flow of information for three other measures. Furthermore, these groupings match those that the OIG has selected for generating their upcoming reports. The six processes are as follows:

1. RSI claims (performance measures #1 and #2)
2. SSI aged claims (performance measures #3 and #4)
3. Representative Payee actions (performance measure #5)
4. SSN requests processed (performance measure #6)
5. Annual earnings items (performance measures #7 and #8)
6. Percent of individuals issued SSA-Initiated PEBES as required by law (performance measure #9)

Process #1: RSI Claims

The RSI claims process encompasses performance measures #1 and #2. Performance measure #1, the percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later, determines whether the OASI claims process is functioning in a timely and accurate manner. The objective is to raise the number of customers who receive service and payments on time, which relates to the strategic goal regarding delivery of customer-responsive world-class service.

This performance measure is presented as a percentage. The numerator is defined as the total number of OASI applications completed (both approved and denied) by the time the first regular payment is due, or within 14 days from the effective filing date, if later. The denominator is defined as the total number of OASI applications processed (completed, approved and denied) during the fiscal year. The FY 1998 performance goal was 83 percent, and SSA reported the performance result as 82.6 percent.

Performance measure #2, OASI claims processed, totals the number of OASI claims processed during the fiscal year. The objective of the measure is to assist SSA in positioning their resources and processes to meet emerging workloads. This objective relates to SSA's third strategic goal, to "make SSA program management the best in the business, with zero tolerance for fraud and abuse".

This performance measure is presented as a workload count, and includes every claim, (regardless of special characteristics, which might lengthen or shorten processing times), less specific exclusions and exceptions, that are completely processed during the fiscal year. The count does not include any pending claims. Report exclusions include disability auxiliary cases, claims for which no MIICR record exists, and claims where completion is other than an award or disallowance. Report exceptions include an invalid beneficiary identification code, invalid clearance action type (CAT) code, excessive location/no location code, invalid history location code, no field office present, and invalid dates. The FY 1998 performance goal was 3,134,700 claims processed, and SSA reported the performance result as 3,020,268 claims processed.

Performance measures #1 and #2 are obtained from the RSI Claims Process. The flow of data is depicted in top-level form in Figure 1, and the corresponding process is shown in greater detail in Appendix E.

The MIICR System is used to calculate management information about the RSI claims. For performance measure #1, the "MIICR Calc" module computes each claims processing time and determines if the Service Delivery Objective (SDO) criteria has been met. The "MIICR Summary" module produces records of the summarized processing times, percentages, and counts for each office and places them in the RSDHI database. OIM uses the GETRSDHI module of the SSAMIS system to obtain PM #1 and provides it to OFPO for inclusion in the Accountability Report.

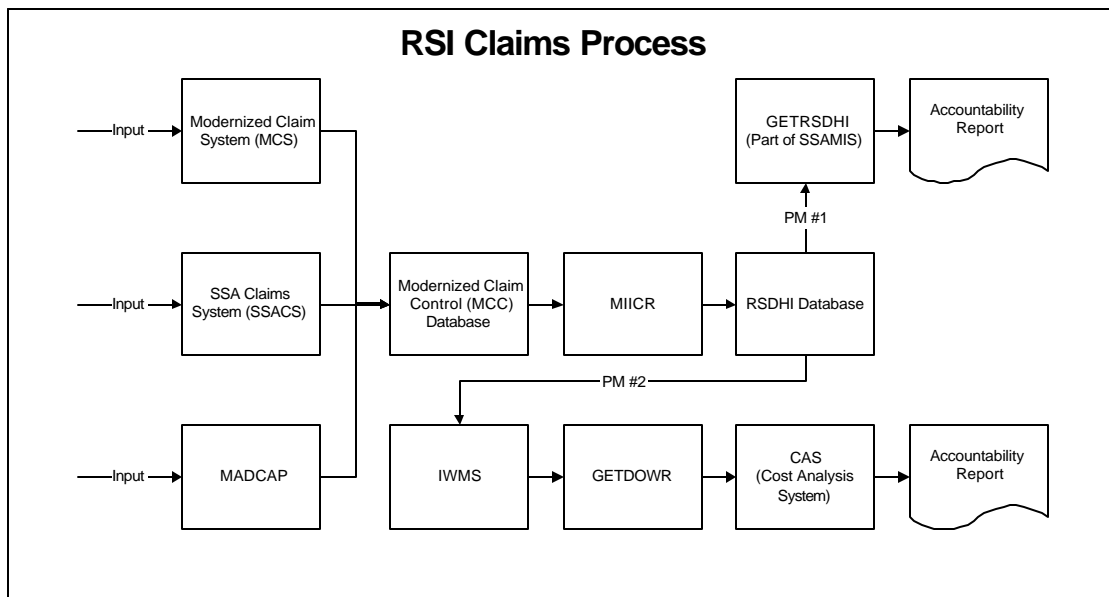


Figure 1

For performance measure #2, the "MIICR Summary" module tabulates the totals of SSA-wide counts and places them in the RSDHI Database. The IWMS system automatically obtains the counts for RSHI claims and RSI Nondisabled Dependent Claims, and places them in DOWR (District Office Workload Report) 1 and 2, respectively. OIM obtains both counts using the GETDOWR module of the SSAMIS system and enters them into the Cost Analysis System (CAS). CAS computes PM #2 by adding up the two components (DOWR 1 and DOWR 2). OFPO obtains PM #2 from CAS for inclusion in the Accountability Report.

Process #2: SSI Aged Claims Process

The SSI aged claims process encompasses performance measures #3 and #4. Performance measure #3, percent of initial SSI aged claims processed within 14 days of filing, determines whether the SSI claims process is functioning in a timely and accurate manner. The objective is to raise the number of customers who receive service and payments on time, which relates to the strategic goal regarding delivery of customer-responsive world-class service.

This performance measure is presented as a percentage. The numerator is defined as the total number of Initial SSI Aged applications completed (both approved and denied) through the SSA operational system before the first regular continuing payment is due, or not more than 14 days from the filing date (see explanation below), if later. The denominator is defined as the total number of SSI aged claims processed (completed, both approved and denied) for the fiscal year. The FY 1998 performance goal was 66 percent, and SSA reported the performance result as 54.2 percent.

The calculation of processing time begins with either the effective filing date (the earliest date for which benefits will be paid -- only applies to applications filed before August 22, 1996) or the protective filing date (the date the applicant first contacts SSA), and ends with the Initial Decision Date (IDD).

Performance measure #4, SSI aged claims processed, totals the number of initial SSI aged claims processed during the fiscal year. The objective of the measure is to assist SSA in positioning their resources and processes to meet emerging workloads. This objective relates to SSA's third strategic goal, to "make SSA program management the best in the business, with zero tolerance for fraud and abuse".

This performance measure is presented as a workload count, and includes all SSI aged claims that are completely processed during the fiscal year. The measure includes both approved and denied claims, and excludes pending claims. The FY 1998 performance goal was 150,500 claims processed, and SSA reported the performance result as 135,442 claims processed.

Performance measures #3 and #4 are obtained from the SSI-Aged Claims Process. The flow of data is depicted in top-level form in Figure 2, and the corresponding process is shown in greater detail in Appendix E.

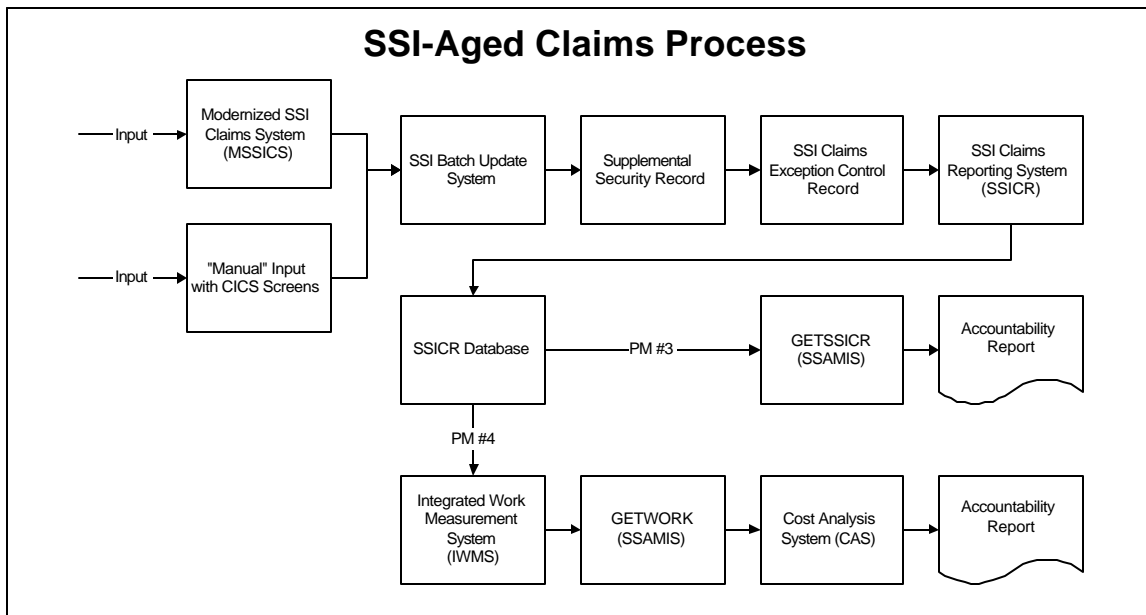


Figure 2

The major underlying programmatic system used by the Field Offices to process SSI-Aged Claims is the Modernized SSI Claims System (MSSICS). MSSICS provides users with entry screens and on-line checks, and ultimately produces transaction files for use by the SSI Batch Update System. However, in unique circumstances, the Field Offices can also use CICS screens to manually build transaction files for batch processing.

Once the transaction files are complete, the claims are sent to the SSI Batch Update System. This system creates a new Supplemental Security Record (SSR), performs NUMIDENT and MBR interface checks, and triggers either an award or denial notice. At this point in time, the Initial Determination Date is posted to the SSR. For awarded claims, the system also computes the benefit and payment schedule.

Throughout the batch process, the system provides status updates for each claim to the SSI Claims Exception Control System. The data for completed claims are subsequently passed on to the SSI Claims Reporting System (SSICR), also referred to as "T16".

Performance measure #3 is computed by SSICR as it calculates the processing time for each claim and compares it to the performance objective of 14 days. SSICR then calculates the percentage of cases meeting the performance objective and places this value in the SSICR database. OIM then obtains PM #3 from the SSICR database using GETSSICR, which is part of the SSAMIS system, and subsequently provides the number to OFPO for inclusion in the Accountability Report.

Performance measure #4 is also computed by SSICR. It tabulates the counts for completed claims and places them in the SSICR database. The values are then transferred electronically to IWMS. PM #4 is comprised of both welfare and non-welfare components, which are stored in IWMS as DOWR 8 and DOWR 64, respectively. OIM obtains these counts from IWMS using the GETWORK module of the SSAMIS system. OIM then enters these counts into the Cost Analysis System (CAS), which automatically computes PM #4 by adding the two components. OFPO obtains PM #4 from CAS for inclusion in the Accountability Report.

Process #3: Representative-Payee Process

The Representative Payee process encompasses performance measure #5, Representative Payee actions. Performance measure #5 includes the total number of Representative Payee actions performed during the fiscal year. An action can be either a Representative Payee change (the selection or non-selection of a Representative Payee, the change from one Representative Payee to another, the change of information for a Representative Payee, investigations of Representative Payees, and the suspension of a Representative Payee), or the mailing of the annual Representative Payee accounting form to an individual Representative Payee. The Representative Payee actions include Title II and Title XVI actions, as well as actions for Representative Payees who live abroad. The objectives of this measure are to assist SSA in positioning their resources and processes to meet emerging workloads, and to aggressively deter, identify, and resolve fraud. These objectives relate to SSA's third strategic goal, "to make SSA program management the best in the business, with zero tolerance for fraud and abuse".

This performance measure is presented as a workload count, and includes every Representative Payee action taken during the fiscal year. The FY 1998 performance

goal was 6,983,800 Representative Payee actions, and SSA reported the performance result as 7,063,595 Representative Payee actions.

SSA is currently developing a Title II Redesign, which will impact the way Title II Representative Payee actions will be processed through SSA's systems.

Performance measure #5 is obtained by combining counts from a myriad of systems and processes. The flow of data for the Representative Payee Process is depicted in Figure 3, and the process is shown in greater detail in Appendix E.

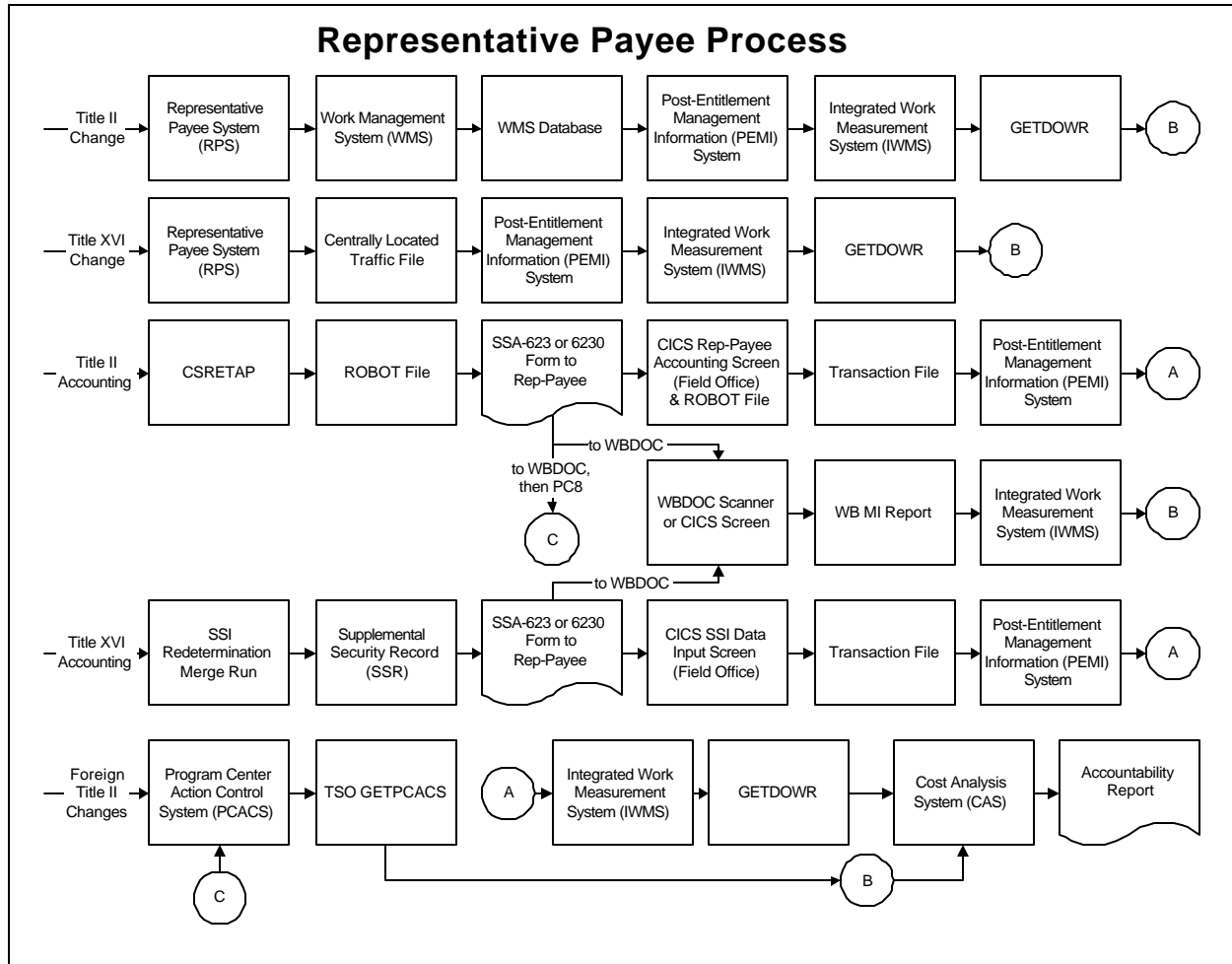


Figure 3

There are two major types of actions: (1) Representative Payee Changes, which includes applications for new Representative Payees, change of Representative Payee, account information (address or phone number) changes, and investigations, and (2) Representative Payee Accounting, which is the process of verifying that Representative Payees are fulfilling their obligations. The Cost Analysis System (CAS) combines seven components to obtain the performance measure. The seven components are derived as follows:

Domestic Title II Representative Payee Changes

A Field Office Claims Representative can initiate Representative Payees Changes for a Title II account by updating RPS (Representative-Payee System) with the RSEL CICS screen. RPS then passes the transactional data to WMS, which stores relevant data in the WMS database. The PEMI (Post-Entitlement Management Information) system reads the transactional data in the WMS database and calculates summary counts. PEMI then transfers the summary counts to IWMS and stores them as DOWR category 15. OFPO uses the GETDOWR module, which is part of the SSAMIS system, to obtain DOWR 15 and subsequently enters it in the Cost Analysis System (CAS).

Title XVI Representative Payee Changes

A Field Office Claims Representative can initiate Representative Payees Changes for a Title XVI account by updating RPS (Representative-Payee System) with the RSEL CICS screen. The CICS screen creates a record in a centrally located traffic file. The PEMI (Post-Entitlement Management Information) system reads the transactional data from the traffic file and calculates relevant summary counts. PEMI then transfers the summary counts to IWMS and stores them as DOWR category 24. OFPO uses the GETDOWR to obtain DOWR 24 and subsequently enters it in the Cost Analysis System (CAS).

International Title II Representative Payee Changes

Many Title II beneficiaries that live abroad have a Representative Payee. Program Service Center 8, which is located in Baltimore, handles Representative Payee Changes and manages the work using the Program Center Action Control System (PCACS). A Direct Service Employee (DSE) reviews each specific case and determines the action(s) required. These actions are designated using TEOL (Type of Event Level) Codes. The DSE then generates a PCACS Action Control Record (ACR) and routes the package to the proper work station(s). The OIO Technicians use relevant object programs to perform the required tasks. When the case is complete, the OIO Technician clears the ACR from PCACS and PCACS subsequently increments the cumulative total work counts for the corresponding TOEL Codes. OFPO uses TSO GETPCACS to obtain counts from PCACS using the relevant TOEL Codes. OFPO then enters these values into CAS.

Domestic Title II Representative Payee Accounting

The domestic Title II Representative Payee Accounting process is initiated when CSRETAP reads the MBR (Master Benefit Record) and writes the universe of Representative Payees to a file. The Representative Payee Accounting System then reads this file and eliminates those individuals that are (a) both Title II and XVI, (b) accounted for via onsite reviews, (c) self-payees, and (d) receiving foreign payments (i.e., non-domestic). The system then writes the eligible Representative Payees to the ROBOT file and sends the relevant information to a vendor for printing and distribution of the SSA-623 and SSA-6230 forms.

Most of the Representative Payees fill out the form and return it to the Wilkes-Barre Data Operations Center (WBDOC). That portion of the final count is discussed below (see "Representative Payee Accounting Cleared at WBDOC"). However, there are two scenarios in which the Field Offices clear the accounting forms. In the first scenario, a Representative Payee desires help completing the form and visits the local Field Office. In the second scenario, the Representative Payee does not respond to the first or second notification. In this case, the WBDOC sends the Field Office a special alert and they attempt to contact the Representative Payee and schedule him/her for a visit. In both cases, the Field Office technician helps the Representative Payee fill out the SSA-623 or SSA-6230 form and clears the Representative Payee using the CICS Representative Payee Accounting screen. The CICS screen subsequently places an indicator in the ROBOT file, and the Representative Payee is cleared from the system during the next nightly batch run. The system also writes information regarding the completed transactions to a file that is sent electronically to OIM. The Post-Entitlement Management Information (PEMI) system subsequently reads the transactional data, calculates summary counts, and transfers the summary counts to IWMS. IWMS stores the relevant summary count as DOWR Category 6. OFPO uses the GETDOWR module to obtain DOWR 6 and subsequently enters it in the Cost Analysis System (CAS).

Domestic Title II Representative Payee Accounting includes those cases where a beneficiary lives in a foreign country, but the corresponding Representative Payee lives in the United States.

Title XVI Representative Payee Accounting

The domestic Title XVI Representative Payee Accounting process is initiated when the SSI Redetermination Merge Run selects Representative Payees to target for accounting and creates an "AR" diary in each beneficiary's SSR. The Merge Run also formats print records and writes them to a file. OTSO subsequently places the print files on a tape cartridge and sends them to a vendor for printing and mailing of the SSA-623 form.

Most of the Representative Payees fill out the form and return it to the Wilkes-Barre Data Operations Center (WBDOC). That portion of the final count is discussed below (see "Representative Payee Accounting Cleared at WBDOC"). As with Title II, there are two scenarios in which the Field Offices clear the accounting forms. The first case is when the Representative Payee desires help completing the form and visits the local Field Office. The second case occurs when the Representative Payee does not respond to the first or second notification and the Field Office subsequently attempts to contact the Representative Payee and schedule him/her for a visit.

In either case, the Field Office technician helps the Representative Payee fill out the SSA-623 form and clears the Representative Payee using the CICS SSI Data Input Screen. At this time, the CICS screen creates a transaction record in a centrally located traffic file. The PEMI (Post-Entitlement Management Information) system reads the transactional data from the traffic file and calculates relevant summary counts. PEMI then transfers the summary counts to IWMS and stores them as DOWR Category 7.

OFPO uses the GETDOWR to obtain DOWR 7 and subsequently enters it in the Cost Analysis System (CAS).

International Title II Representative Payee Accounting

The Office of International Operations (OIO) has jurisdiction over all cases where a beneficiary lives in a foreign country, even if a corresponding Representative-Payee lives in the United States. The processing of such forms is included in the total count.

The forms are generated, printed and mailed along with the other domestic Title II Representative Payee accounting forms. Once the forms reach Wilkes-Barre, they are screened along with the domestic forms. Those that appear to require no additional work are either scanned or cleared with a CICS screen, and are included with the other WBDOC counts, as discussed below (see "Representative Payee Accounting Cleared at WBDOC"). However, some of the forms require additional work and are subsequently sent to PC 8 in Baltimore. A Direct Service Employee (DSE) reviews each specific case and determines the action(s) required. These actions are designated using TEOL (Type of Event Level) Codes. The DSE then generates a PCACS Action Control Record (ACR) and routes the package to the proper work station(s). The OIO Technicians use relevant object programs to perform the required tasks. When the case is complete, the OIO Technician clears the ACR from PCACS and PCACS subsequently increments the cumulative total work counts for the corresponding TOEL Codes. OFPO uses TSO GETPCACS to obtain counts from PCACS using the relevant TOEL Codes. OFPO then enters these values into CAS.

Representative Payee Accounting Cleared at WBDOC

Most of the domestic Title II and Title XVI Representative Payee Accounting Forms and OIO Foreign Enforcement Forms are sent to the WBDOC and cleared using either the scanner or a CICS screen. The total electronic counts for the forms cleared at WBDOC are then reported to OIM via the WB MI report. OIM stores the counts in IWMS. OFPO subsequently obtains the total yearly count from IWMS and enters the value in CAS.

Total Count

The Cost Analysis System (CAS) sums the components discussed above to obtain PM #5. OFPO obtains PM #5 from CAS for inclusion in the Accountability Report.

Process #4: SSN Enumeration Process

The SSN enumeration process encompasses performance measure #6. Performance measure #6, SSN requests processed, totals the number of SSN requests processed during the fiscal year. The objective of the measure is to assist SSA in positioning their resources and processes to meet emerging workloads. This objective relates to SSA's third strategic goal, to "make SSA program management the best in the business, with zero tolerance for fraud and abuse".

This performance measure is presented as a workload count, and includes every SSN request that is completely processed during the fiscal year. SSN requests are processed and completed through either the enumeration at birth (initiated at the hospital) process or through the field office process. The count does not include any pending requests. The FY 1998 performance goal was 16,600,000 requests processed, and SSA reported the performance result as 16,200,000 requests processed.

Performance measure #6 is obtained from the SSN Enumeration Process. The flow of information is depicted in Figure 4 and the underlying process is shown in greater detail in Appendix E.

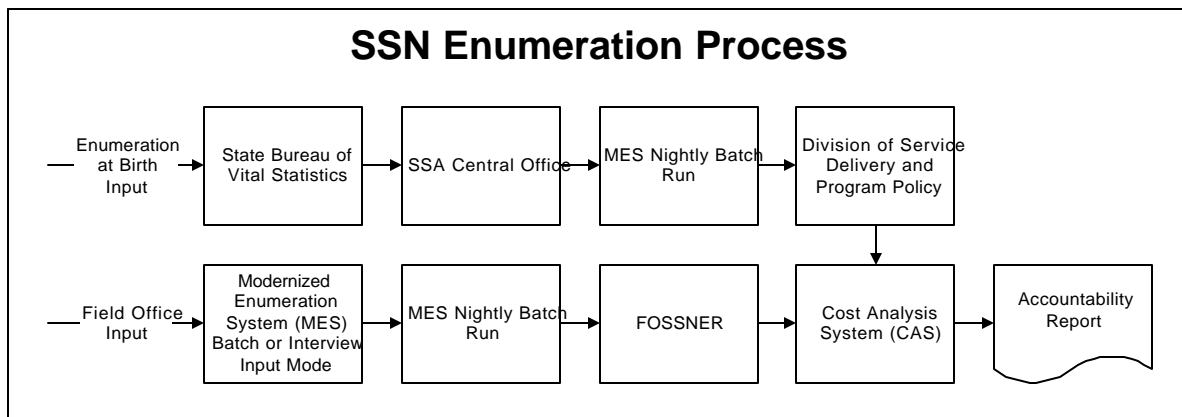


Figure 4

The *Modernized Enumeration System* (MES) is the underlying programmatic system that facilitates the SSN Enumeration process. There are two major paths for a request to reach MES. Most SSN requests are initiated in a Field Office. An applicant desires an original Social Security Number (SSN) and card, a replacement SSN card, a new Social Security Number, or a name change for an existing Social Security Number. After receiving the SS-5 SSN request application form, the field office personnel input the claim into MES using either the "Interview" or "Batch" modes.

The second path into the system is from each of the State's Bureau of Vital Statistics (SBVS). When a baby is born in a US hospital, the mother fills out forms for the birth certificate. The SBVS then transfers the applicable information to the SSA Central Office, where each case is subsequently entered into MES. This path is called Enumeration at Birth (EAB).

Once in MES, the applications are processed during the subsequent nightly batch run. The system performs numerous validations and edit checks, assigns and/or verifies the Social Security Number, and generates the records needed to print and distribute the social security card. The system also generates historical transaction records that are used to prepare various types of management information.

Performance measure #6 has two major components, the counts from the Field Offices and the counts from the Enumeration at Birth process. The SSN Requests that are initiated through the field offices are tabulated using the Field Office SSN Enumeration Report (FOSSNER). This report is compiled by OIM using the FOSSNER management information system. The Division of Service Delivery and Program Policy tabulates the counts for Enumeration at Birth. Both counts are then provided to DCFAM, and they are subsequently entered into the Cost Analysis System (CAS). CAS sums the two components to obtain the performance measure. Each year, OFPO obtains the performance measure from CAS for inclusion in the Accountability Report.

Process #5: Posted Earnings Process

The posted earnings process encompasses performance measures #7 and #8. Performance measure #7, annual earnings items, totals the number of annual earnings items posted to individuals' during the current tax year. The objective of the measure is to assist SSA in positioning their resources and processes to meet emerging workloads. This objective relates to SSA's third strategic goal, to "make SSA program management the best in the business, with zero tolerance for fraud and abuse". This measure is also used in the calculation of performance measure #8 below.

This performance measure is presented as an estimated workload count, and includes every claim that is completely processed during the current tax year (TY). The tax year begins in February of the current fiscal year, and ends in the February of the following fiscal year. For FY 1998, the TY began on the week ending February 20, 1998, and ended 52 weeks later. Tax years begin on the first date an individual may send in their earnings information in one fiscal year, and end on the first day individuals can submit their earnings information for the following fiscal year. The count does not include any pending items. As the performance measure information is accumulated prior to the end of this calculated year, the total amount for the year is estimated, and this estimation is used as the performance measure. The actual amount is included in the following annual performance report. The performance measure includes annual counts for information obtained from current FICA W2s, Medicare for Qualified Government Employee W2s, and Non-FICA W2s. The FY 1998 performance goal was 253,000,000 annual earnings items posted, and SSA reported the performance result as 266,011,984 annual earnings items posted.

Performance measure #8, percent of earnings posted to individuals' records by September 30, determines how effectively SSA posts individuals' earnings to their records. The objective is to maintain, through 2002, current levels of accuracy and timeliness in posting earnings data to individuals' earnings records. This objective relates to SSA's third strategic goal, to "make SSA program management the best in the business, with zero tolerance for fraud and abuse".

This performance measure is presented as a percentage. The numerator is defined as the total number of individuals' earnings items posted, less self-employment earnings

items posted, from the beginning of the TY through September 30 of the TY. The denominator is defined as the estimate of total posted annual earnings for the entire TY (estimation generated by Office of Information Management and Office of Systems Requirements). Once the actual amount is determined in the following year, the performance measure is adjusted accordingly. The FY 1998 performance goal was 98 percent, and SSA reported the performance result as 97.7 percent.

Performance measures #7 and #8 are obtained from the Posted Earnings Process. The data flow is depicted in Figure 5, and the underlying process is shown in greater detail in Appendix E.

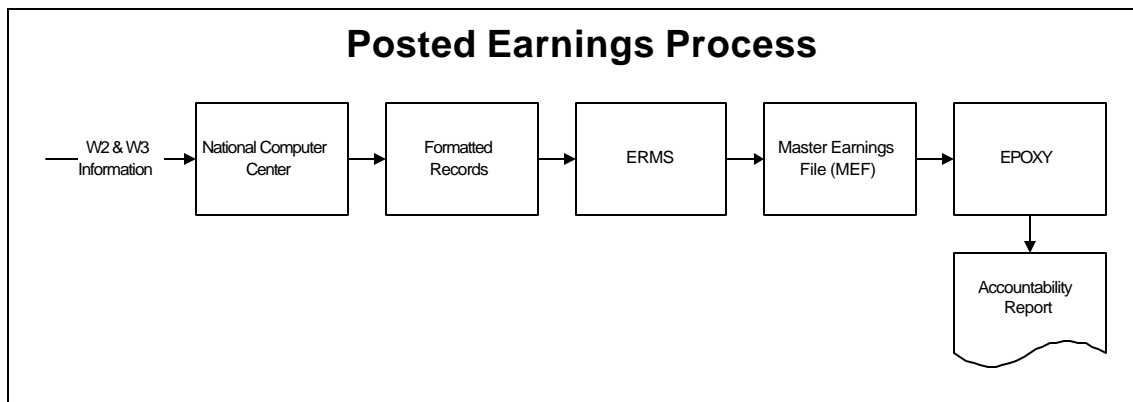


Figure 5

The Earnings Record Maintenance System (ERMS) is the major programmatic system used to post earnings. Employers send either paper or magnetic media W-2 and W-3 information to SSA. Conversely, self-employed individuals send their tax returns to the IRS and they transfer it to SSA via a direct connection. In either case, once the raw data is balanced, it is sent to File Control at the National Computer Center (NCC) and subsequently written into commonly formatted records. After performing additional balancing, validation and edit checks, ERMS posts each individual's earnings to the Master Earnings File (MEF).

The Office of System Design and Development (OSDD) obtains performance measure #7, The Total Number of Annual Earnings Items Posted, from EPOXY, a system designed to provide management information from ERMS. This number is initially reported as an estimate, and is revised the following year.

The Office of System Design and Development (OSDD) obtains performance measure #8, The Percentage of Earnings Posted to Individuals Records by September 30th, as follows: The numerator, the number of earnings posted by September 30, is obtained from EPOXY. OSDD subsequently obtains the estimated number of earnings posted for a year from Office of Research Evaluation and Statistics (ORES), and correct this estimate with data from Office of Systems Requirements (OSR). This is the denominator. PM #8 is then computed by dividing the numerator over the denominator.

OSDD provides Office of Financial Policy (OFPO) with both performance measures for inclusion in the Accountability Report.

Process #6: SIPEBES Process

The SIPEBES process encompasses performance measure #9. Performance measure #9, percent of individuals issued SSA-Initiated PEBES as required by law, determines if SSA is issuing all the SSA-initiated Personal Earnings and Benefit Estimate Statements (SIPEBES) they are legally required to issue. The objective is to make 9 out of 10 Americans knowledgeable about the Social Security programs in five important areas by the year 2005. The five areas are: the basic program facts, the financial value of programs to individuals, the economic and social impact of the programs, how the programs are financed today, and the financing issues and options. This broad objective relates to the strategic goal to strengthen public understanding of the social security programs.

By law, under Section 1143 of the Social Security Act, SSA is required to annually issue SIPEBES to approximately 15 million eligible individuals age 60 and over during FYs 1996 through 1999 for whom a current mailing address can be determined. SSA accelerated its' mailings and as of March 1999 had exceeded the legislative mandate. For FY 2000, SSA is required to sent SIPEBES annually to all eligible individuals age 25 and over. Eligible individuals include those individuals who have a valid SSN number, are not in benefit status, have earnings on their record, and who live in the US or a US Territory. For Puerto Rico and the Virgin Islands the US has a special arrangement with the tax authorities of these countries to transfer electronically a list with the names and addresses of the tax paying residents of the respective countries. The measure excludes those who are deceased or below the stipulated age to receive a SIPEBES, RIC 'X' holders (designates an individual who as a child received benefits), individuals who have pending claims, recipients for whom an address cannot be located, individuals who have no earnings posted on the record and individuals who have received a PEBES within the past fiscal year, either on-request or SSA-initiated.

This performance measure is presented as a percentage. The numerator is defined as the total number of SIPEBES issued during the fiscal year. The denominator is the total number of SIPEBES required to be sent by law during the fiscal year. The FY 1998 performance goal was 100 percent, and SSA reported the performance result as 100 percent. PEBES 2000, the new system to process PEBES, will be implemented in FY 2000.

Performance measures #9 is obtained from the SIPEBES Process. The data flow is depicted in Figure 6, and the underlying process is shown in greater detail in Appendix E.

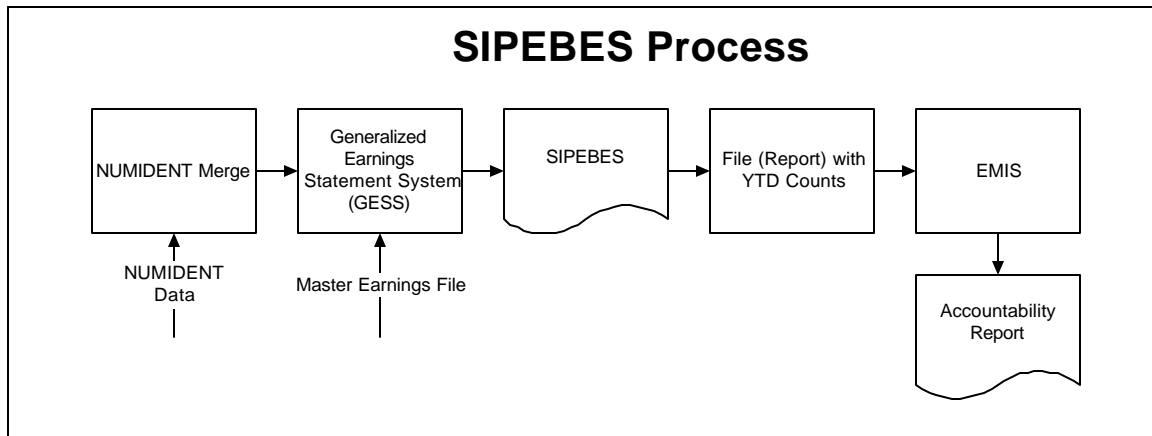


Figure 6

The SIPEBES process is primarily accomplished using the General Earnings Statement System (GESS). The process is initiated in the NUMIDENT system. A NUMIDENT Merge operation sweeps the NUMIDENT Database and drops clients that are deceased or outside of the relevant age brackets. The NUMIDENT Merge also checks the PEBES History file and drops clients that have previously received a PEBES. Finally, the NUMIDENT Merge operation writes eligible clients into files for processing by GESS.

Each week, GESS determines which segment(s) of clients are eligible for a SIPEBES and generates a corresponding list. GESS then drops clients that are on the Master Benefit Record (MBR)⁶. The system subsequently sends a request for addresses to the IRS for the clients remaining on the list⁷. The list of eligible clients is further reduced, as many addresses will not be available from the IRS.

GESS obtains earnings records from the Master Earnings File (MEF) for the remaining SIPEBES clients. After performing numerous validations and edit checks, the system checks each clients insured status and performs the relevant computations for estimated benefits. Ultimately, GESS writes the completed PEBES information to an output file, which is sent to a contractor for printing and mailing. At the same time, a file of PEBES counts is transferred to OIM via NDM.

OIM enters GESS data and annual NUMIDENT Merge data into MIPEBES, an OIM system used to obtain management information from PEBES. MIPEBES is then used to generate reports with annual SIPEBES targets and year to date counts. OIM places

⁶ The GESS System assumed that any clients listed on the MBR were in pay status and consequently dropped them. In reality, there were people dropped such as those with a RIC "X" record (indicating they received payments as a child) that should have still received a SIPEBES. However, this flaw has been corrected for the new PEBES 2000 System.

⁷ The one exception to this is that the addresses for clients living in a US territory are kept at SSA.

this information on the EMIS intranet. OCOMM obtains the relevant data from EMIS and computes PM #9. The performance measure is then provided to OFPO for inclusion in the accountability report.

SCOPE AND METHODOLOGY

The SSA OIG contracted PricewaterhouseCoopers to evaluate nine of SSA's FY 1998 performance indicators that were established by SSA to comply with GPRA. Testing was performed from June 9, 1999 through October 1, 1999, as follows:

- Gain an understanding and document the current FY 1999 system sources from which data is collected to report on the specified performance measures;
- Identify and test critical controls (both electronic data processing (EDP) and manual) of current FY 1999 systems from which the specified performance data is generated;
- Test the accuracy of the underlying FY 1998 data for each of the specified performance measures;
- Recalculate each specific FY 1998 measure to ascertain its mathematical accuracy;
- Evaluate the impact of any relevant findings from prior and current audits with respect to SSA's ability to meet performance measure objectives; and
- Identify findings relative to the above procedures and make suggestions for improvement.

As a result of our reliance on prior and current SSA audits, our report contains the results of internal control testing and system control deficiencies.

Limitations

Our engagement was limited to testing at SSA headquarters. Furthermore, when recalculating the specific performance measures, we used FY 1998 data except when SSA was unable to provide all the documentation necessary to fully evaluate the FY 1998 performance measure amounts reported in the Accountability Report. In those cases, FY 1999 data was evaluated.

These procedures were performed in accordance with the AICPA's *Statement on Standards for Consulting Services*, and is consistent with *Government Auditing Standards* (Yellow Book, 1994 version).

1. Gain an understanding and document the sources from which data is collected to report on the specified performance measures

We obtained an understanding of the underlying processes and operating procedures surrounding the generation of performance measures through interviews and meetings with the appropriate SSA personnel and by reviewing the following documentation:

- Policies and procedures manual for procedures surrounding the processing, accumulating, and reporting of the data for the nine performance measures;

- PwC system walk-through descriptions;
- SSA-provided system descriptions;
- Internal or external reports on the nine performance measures (including OIG, GAO, etc.); and,
- Review of any of the nine performance measures performed in conjunction with prior financial audits by PricewaterhouseCoopers.

2. Identify and test critical controls (both EDP and manual) of systems from which the specified performance data is generated

Based on the understanding we obtained above in Methodology #1, we identified key controls for the nine performance measures. For each of the nine performance measures, the controls surrounding the following were tested (Note: in cases where PricewaterhouseCoopers tested key controls as part of prior financial audits, findings were updated, and testing was not reperformed):

Performance Measure #1: Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later

- Claims input, claims adjudication, earnings addition and modification, SSN establishment
- Receipt of claims
- Data transmitted from MCS to WMS
- Applicable application controls
- Applicable general computer controls
- Resolution of DACUS (Death, Alert, and Control Update System) exception file
- Data input for DACUS
- Current procedural and systems documentation for CAS

Performance Measure #2: OASI claims processed

- Claims input, claims adjudication, earnings addition and modification, SSN establishment
- Receipt of claims
- Data transmitted from MCS to WMS
- Applicable application controls
- Applicable general computer controls
- Resolution of DACUS (Death, Alert, and Control Update System) exception file
- Data input for DACUS
- Current procedural and systems documentation for CAS

Performance Measure #3: Percent of initial SSI aged claims processed within 14 days of filing

- Daily transmission of SSI Aged Claims to the SSI Claims Exception Control System
- Monthly transmission of SSI Aged Claims data for completed claims to the SSI Claims Reporting System (SSICR)
- GETSSICR extraction process by OIM
- Applicable application controls
- Applicable general computer controls
- Resolution of DACUS (Death, Alert, and Control Update System) exception file
- Data input for DACUS
- Current procedural and systems documentation for CAS

Performance Measure #4: SSI aged claims processed

- Daily transmission of SSI Aged Claims to the SSI Claims Exception Control System
- Monthly transmission of SSI Aged Claims data for completed claims to the SSI Claims Reporting System (SSICR)
- GETSSICR extraction process by OIM
- Applicable application controls
- Applicable general computer controls
- Resolution of DACUS (Death, Alert, and Control Update System) exception file
- Data input for DACUS
- Current procedural and systems documentation for CAS

Performance Measure #5: Representative Payee actions

- Representative Payee Accounting forms received at WBD0C and processed via CICS are removed from ROBOT file
- Representative Payee Accounting forms received at WBD0C and processed via the scanner are removed from ROBOT file
- Title II Representative Payee Accounting actions processed via a Field Office are transferred to the PEMI application and ultimately into IWMS
- Title XVI Representative Payee accounting actions processed via a Field Office are transferred to the PEMI application and ultimately into IWMS
- Title II and Title XVI Representative Payee Changes processed via a Field Office are transferred to the PEMI application and ultimately into IWMS
- Title II and Title XVI Representative Payee Accounting transmission of WB MI Report from WBD0C to OIM
- Representative Payee International Accounting actions transfer into CAS
- Representative Payee International Changes actions transfer into CAS
- Applicable application controls
- Applicable general computer controls
- Current procedural and systems documentation for CAS

Performance Measure #6: SSN requests processed

- SSA receipt of Enumeration at Birth (EAB) data
- OIM receipt of all completed EAB and FO transactions
- OIM summary reporting process of all FO transactions
- Applicable application controls
- Applicable general computer controls
- Receipt of adequate and appropriate proofs of identity and age from new and replacement SSN applicants
- Review of the Weekly District Office Sample Report by field office personnel
- Review of the Diary Alert Report by field office personnel
- Verification of birth certificates for original SSNs for U.S. citizens under 18 years of age, either at field offices or through the Enumeration at Birth process
- Current procedural and systems documentation for CAS

Performance Measure #7: Annual earnings items

- Applicable application controls
- Applicable general computer controls
- Implementation of established tactical plan addressing the suspense file and reconciliation issues
- Procedures for changing the status of processed batches of data from "hold" to "verified"
- Current procedural and systems documentation for CAS

Performance Measure #8: Percent of earnings posted to individuals' records by September 30

- Applicable application controls
- Applicable general computer controls
- Implementation of established tactical plan addressing the suspense file and reconciliation issues
- Procedures for changing the status of processed batches of data from "hold" to "verified"
- Current procedural and systems documentation for CAS

Performance Measure #9: Percent of individuals issued SSA-Initiated PEBES as required by law

- "NUMIDENT Merge"
- IRS address request
- SSA Print Management SIPEBES verification
- Postal Service SIPEBES verification
- OIM receipt of SIPEBES count
- Applicable application controls

- Applicable general computer controls

All Performance Measures

- Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes
- Information protection control structure (system security)
- SSA's systemic contingency plan
- Documentation of program changes evidencing user approval and testing
- SSA's *System Security Handbook*

3. Test the accuracy of the underlying data for each of the specified performance measures

Based on the understanding we obtained above in Methodology #1, we identified key files, databases, and reports for the nine performance measures. To ensure data availability and to evaluate the data, Computer Assisted Audit Techniques (CAATs) testing was performed for each of the nine performance measures as follows:

Performance Measure #1: Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later

- Replicated End-of-Line Processing Time Report to ensure integrity of data;
- Traced DOWR values to MIICR database;
- Traced RSDHI database (DB) values to the MIICR Summary file;
- Tested disability edits and validations for effectiveness;
- Compared the NUMIDENT and the MBR to ensure that individuals listed as alive and in current pay status on the MBR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

Performance Measure #2: OASI claims processed

- Replicated DOWR to ensure integrity of data;
- Traced DOWR values to MIICR database;
- Traced RSDHI DB values to the MIICR Summary file;
- Tested disability edits and validations for effectiveness;
- Compared the NUMIDENT and the MBR to ensure that individuals listed as alive and in current pay status on the MBR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

Performance Measure #3: Percent of initial SSI aged claims processed within 14 days of filing:

- Monthly data obtained via the GETSSICR module matches the monthly total for SSI Aged Claims identified in the SSICR area;
- Traced from WMS to SSI Exception Control System to ensure accuracy of transmittal;
- Performed test on segment 16 of the SSR in order to determine the percentage of SSI Aged Claims processed in 15 days or more of filing date;
- Evaluated data transmittal from monthly SSICR file to the GETSSICR module;
- Evaluated data transmittal from the SSR system to the SSI Claims Exception Control System;
- Compared the NUMIDENT and the SSR to ensure that individuals listed as alive and in current pay status on the SSR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

Performance Measure #4: SSI aged claims processed:

- Monthly data obtained via the GETSSICR module matches the monthly total for SSI Aged Claims identified in the SSICR area;
- Traced from WMS to SSI Exception Control System to ensure accuracy of transmittal;
- Performed test on segment 16 of the SSR in order to determine the percentage of SSI Aged Claims processed in 15 days or more of filing date;
- Compared the NUMIDENT and the SSR to ensure that individuals listed as alive and in current pay status on the SSR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

Performance Measure #5: Representative Payee actions

- Compared the before and after ROBOT file to ensure file was updated;
- Compared CSREPRET.R0909 file to ROBOT.G1574 file to ensure ROBOT file was updated;
- TITLE II REPRESENTATIVE PAYEE ACCOUNTING - Compared the PEMI file with the IWMS file to ensure the two record counts were equal;
- TITLE XVI REPRESENTATIVE PAYEE ACCOUNTING - Compared the PEMI file with the IWMS file to ensure the two record counts were equal; and
- TITLE II & XVI REPRESENTATIVE PAYEE CHANGES - Compared the PEMI file with the IWMS file to ensure the two record counts were equal.

Performance Measure #6: SSN requests processed

- Compared the OIM Monthly Summary File to the appended daily history file; and

- Queried the MES file of the NUMIDENT to replicate the September 1998 FOSSNER, National and Regional Totals Processed, and EAB records processed, to ensure integrity of data.

Performance Measure #7: Annual earnings items

- Ensured online central office Master Earnings File database fields were valid; and
- Replicated processed earnings items reported on Epoxy Accounting Statistics Report (Based upon sampling).

Performance Measure #8: Percent of earnings posted to individuals' records by September 30

- Ensured online central office Master Earnings File database fields were valid; and
- Replicated processed earnings items reported on Epoxy Accounting Statistics Report (Based upon sampling).

Performance Measure #9: Percent of individuals issued SSA-Initiated PEBES as required by law

- Extracted all eligible clients to receive a SIPEBES and compared record count to that of the records extracted via the NUMIDENT merge;
- Compared the record count SSA sends to IRS to requested addresses;
- Identified that Master Earnings File records have a corresponding record on the NUMIDENT; and
- Evaluated the selection of SIPEBES recipients per specific criteria.

4. Recalculate each specific measure to ascertain its mathematical accuracy

Based on the understanding we obtained above in Methodology #1, we requested and reviewed documentation to ensure the mathematical accuracy of the nine performance measures as follows:

Performance Measure #1: Percent of OASI claims processed by the time the first regular payment is due or within 14 days from effective filing date, if later

- Traced FY 1998 performance measure from FY 1998 Accountability Report to RSI Service Delivery Objective (SDO) Cumulative spreadsheet dated 10/97 – 9/98;
- Traced RSI Service Delivery Objective (SDO) Cumulative spreadsheet dated 10/97 – 9/98 to monthly End-of-Line Processing Time Reports dated 10/98 – 9/98; and
- Recalculated spreadsheet and nation totals related to RSI SDO spreadsheet reported on processing times reports.

Performance Measure #2: OASI claims processed

- Traced FY 1998 performance measure value per the Accountability Report to the CAS report; and
- Traced the performance measure value per the CAS report to the DOWR, generated from the MIICR database, to determine reasonableness of amount reported.

Performance Measure #3: Percent of initial SSI aged claims processed within 14 days of filing:

- Traced performance measure per SSICR (item #304) to the FY 1998 Accountability Report.

Performance Measure #4: SSI aged claims processed:

- Traced the performance measure values in the FY 1998 CAS Report to the value in the FY 1998 Accountability Report;
- Traced the performance measure DOWR counts from the FY 1998 DOWR Report to the values in the FY 1998 CAS Report; and
- Traced the performance measure IWMS value for FY 1998 to the FY 1998 DOWR count and CAS Report.

Performance Measure #5: Representative Payee actions:

- Traced the performance measure value per the FY 1998 CAS Report to the number reported in the FY 1998 Accountability Report; and
- Traced the performance measure IWMS value to the values in the FY 1998 CAS Report.

Performance Measure #6: SSN requests processed:

- Traced the performance measure value per the FY 1998 Accountability Report to the values in the EAB and FOSSNER reports; and
- Traced the performance measure values per the EAB and FOSSNER reports to MES.

Performance Measure #7: Annual earnings items

- Traced performance measure values per the FY 1998 Accountability Report to the values per the CAS Report;
- Traced the performance measure values per the CAS Report to the performance measure values per the Epoxy Accounting Statistics Report; and
- Traced the performance measure values per the Epoxy Accounting Statistics Report to the performance measure values in ERMS.

Performance Measure #8: Percent of earnings posted to individuals' records by September 30

- Traced performance measure values per the FY 1998 Accountability Report to the values per the CAS Report;
- Traced the performance measure values per the CAS Report to the performance measure values per the Epoxy Accounting Statistics Report;
- Traced the performance measure values per the Epoxy Accounting Statistics Report to the performance measure values in ERMS; and
- Reperformed and verified calculation output on AWR spreadsheets.

Performance Measure #9: Percent of individuals issued SSA-Initiated PEBES as required by law

- Recalculated the performance measure value reported in the FY 1998 Accountability Report (Value is from PSIW01 Report); and
- Traced the PSIW01 value use in the calculation of the performance measure to the GESS Report.

5. Provide OIG management with a written report identifying findings relative to the above procedures, and with suggestions for improvement

Based upon the evaluation performed, as outlined in the four above methodologies, PricewaterhouseCoopers has prepared a written report detailing the internal control deficiencies in SSA's performance measurement systems, as well as inaccuracies in SSA data used to report on the nine selected performance measures. PwC has also provided recommendations to address the system deficiencies and data inaccuracies noted during the performance of the agreed upon procedures.

6. Evaluate the impact of any relevant findings from prior and current audits with respect to SSA's ability to meet performance measure objectives

PricewaterhouseCoopers has noted five relevant findings from prior and current audits that may impact SSA's ability to meet performance measure objectives. All findings were noted in our FY 1999 financial audit. As previously stated in the FY 1999 Accountability Report, the relevant findings impact all performance measures, and are as follows:

- SSA has a number of data integrity deficiencies
- SSA's system environment has security deficiencies
- CAS procedural and systems documentation have not been updated
- SSA has systems design and documentation deficiencies
- SSA has a number of deficiencies in their systems contingency plan

AGENCY COMMENTS

January 28, 2000

James G. Huse, Jr.
Inspector General

William A. Halter
Deputy Commissioner

Office of the Inspector General (OIG) Draft Report, "OIG Performance Measure Review: Summary of PricewaterhouseCoopers (PwC) LLP Review of SSA's Performance Data"

We appreciate the opportunity to comment on the draft summary report. We also appreciate the OIG/PwC acknowledgement that SSA has developed a number of useful performance measures in the spirit of the Government Performance and Results Act (GPRA) and has discussed them in proper detail in the FY 2000 Performance Plan.

Further, we appreciate the report's stated intention to provide SSA with suggestions which may assist us in preparing for the final phases of GPRA. However, we believe the report should more clearly state throughout that current GPRA requirements were not in effect during FY 1998, the year for which the data were examined, and that it would therefore be inappropriate to extrapolate the findings to SSA's implementation of GPRA for FY 1999 or FY 2000.

The GPRA statute requires that certain elements be included in annual performance plans and that other elements be included in annual performance reports. GPRA further requires that agencies prepare annual performance plans that set out specific performance goals for FYs beginning with 1999. It also requires that agencies report annually on performance compared to goals, with the first report due in March 2000, to cover FY 1999. As mentioned above, the requirements of GPRA, including a description of the means employed to verify and validate the measured values used to report on program performance, were not in effect for FY 1998. SSA's efforts in this area were preliminary, and have significantly evolved with our FY 1999 and FY 2000 GPRA documents.

For FY 1998, and as we were moving toward preparation of our first GPRA Strategic Plan and our Annual Performance Plan for FY 1999, SSA published a Business Plan. We stated in our Business Plan that for FY 1998 we were including performance measures for which we had measurement systems in place and current performance information. We also included related output measures for several priority workloads.

Although not a GPRA requirement, we also elected to report in our FY 1998 Accountability Report on those FY 1998 goals which we decided to include in our FY 1999 Annual Performance Plan. We did not however, meet all the requirements for an Annual Performance Report in that document nor was it our intention to do so. We are concerned that implicit in many of the report's recommendations is the erroneous conclusion that SSA should have complied, in 1998, with statutory requirements that were not yet in effect. We believe that all GPRA requirements are met, as required by statute, by our recently released FY 1999 GPRA Performance Report.

Finally, as you know, 30 of the 40 recommendations contained in the subject audit report are either exactly duplicative or very nearly duplicative of recommendations contained in past financial statement audit reports. Since we are already taking corrective actions for those that we accepted as valid, we will not be addressing the duplicate recommendations in this response. We will, of course, continue our efforts to implement corrective actions, as appropriate, and to provide status reports until completed.

As you indicate, SSA is positioned to be a leading performance based budgeting organization and to meet the future requirements of GPRA. The Office of Management and Budget has designated SSA as a pilot project for performance budgeting. The continuing disability reviews program is the specific activity covered by this designation and the time period covered will be FY 2001. We anticipate that our participation will enrich the learning from the government-wide pilot with regard to the feasibility and impacts of performance based budgeting.

Attached are specific comments to the draft report. Staff questions may be referred to Odessa J. Woods on extension 50378.

Improvement Area 1--SSA lacks sufficient performance measure process documentation and did not retain documents to support the FY 1998 amount.

Recommendation 1

1. We recommend that SSA place ownership for the performance measure process and reporting within an organizational unit. Data ownership would still remain with the user organizations. However, an organizational unit should be accountable for the overall performance measure processes and results. Their charter should include the following responsibilities:

- Identify and document the processes surrounding the generation and accumulation of performance measure values. This would establish a clear method for verifying and validating the performance measures.

- Establish policies and procedures surrounding the retention of performance measure documentation. The documentation retained should allow for the timely verification of the performance measure values, and should be maintained for at least one year.
- As new systems are developed, evaluate their potential impact on the accumulation of performance measure data. Systems with potential impact should be designed to include the means of producing a verifiable audit trail to validate the performance measure results as they are defined in the Accountability Report.

Response to Recommendation 1

We agree in concept with this recommendation. SSA's Office of Strategic Management (OSM) is responsible for coordinating the Agency's GPRA activities. In addition, we will continue to work to improve the development and retention of the kind of documentation needed for external audits of our performance measures.

Improvement Area 2--SSA has a number of data integrity deficiencies.

Recommendations 2-10

Response to Recommendations 2 - 10

These recommendations are either a direct reprint of the recommendations contained in PricewaterhouseCoopers' (PwC) FY 1998 Management Letter, Part 2 or a reiteration containing only minor editorial changes.

Recommendation 2

We recommend the following:

- SSA should explore ways to expedite its efforts in approving and implementing the established tactical plan addressing the suspense file and reconciliation issues (ERMS)

Response to Recommendation 2

We agree and will explore ways to expedite implementation of the tactical plan item. However, dependencies on other issues and initiatives will impede upon expediting this particular initiative.

Recommendation 3

- SSA should provide institutional oversight and regular training to authorized FO personnel in the processing of SS-5s (MES)

Response to Recommendation 3

We agree and will provide oversight and regular training to authorized field office personnel in the processing of SS-5s.

Recommendation 4

- SSA should develop and implement detailed procedures in the Program Operations manual System (POMS) for reviewing the Enumeration Sample Listing. Procedures should specifically address: 1) the individual who is to perform the review, 2) steps on how to complete the review and document the results of the review, and 3) the individual whom is to approve the review, as well as requirements for annotating the approval signature on the report. In addition, POMS should define retention requirements for the records of completed reviews (MES)

Response to Recommendation 4

We agree. The weekly Enumeration Sample Listing will be automated in the Comprehensive Integrity Review Process (CIRP) Release 2.0, which will be implemented in March 1999. Procedures for processing the automated Enumeration Sample Listing will be included in the Integrity Review Handbook, which will be issued in March 1999. The clearance report associated with the review will be maintained electronically in CIRP, obviating the need for FO documentation retention.

Recommendation 5

- SSA should develop and implement detailed procedures in POMS for reviewing the Diary Alert. Procedures should specifically address: 1) the individual who is to perform the review, 2) steps on how to complete the review and document the results of the review, and 3) the individual who is to approve the review, as well as requirements for annotating the approval signature on the report. In addition, POMS should define retention requirements for the records of completed reviews (MES)

Response to Recommendation 5

We agree and will develop and implement detailed procedures in POMS for reviewing the Diary Alert.

Recommendation 6

- SSA should perform a third party review of state agencies, such as a Statement on Auditing Standards (SAS) 70 review. A SAS 70 review will determine if key manual and automated controls are in place and working as intended to ensure the security, validity, completeness, and accuracy of SSA data (MES)

Response to Recommendation 6

We request the auditors reconsider this recommendation. The States are responsible for registering births and issuing birth certificates to individuals and SSA has no basis nor reason to question the States' procedures and processes. The auditors have presented no documentation that States are issuing invalid birth certificates and we have no experience to that effect. It would constitute an unfunded mandate for SSA to require the States to prove they are correctly performing an inherent State function.

Recommendation 7

- SSA should develop policies and procedures for the resolution of unmatched items in DACUS and establish a work group with primary responsibility for resolution. One of the duties of this group should be to analyze patterns in exceptions and facilitate the implementation of changes to the automated matching algorithm to make it more effective

Response to Recommendation 7

We agree that a workgroup should be established to determine DACUS exception patterns and make recommendations on changes in matching routines, as appropriate. The workgroup will be led by the Office of Systems Requirements with involvement from others impacted components. We have already determined that gender should be deleted as a matching item and plan to implement this change before the Year 2000 moratorium. DACUS Release 5 will be the vehicle for implementing changes recommended by the workgroup.

Recommendation 8

- SSA should implement: 1) initiatives to reduce the amount of time required by outside sources for submitting death notifications, such as the electronic death certificate project currently being tested; and, 2) a method to prevent the submission or receipt of duplicate information, whether submitted from the same or different sources (DACUS, NUMIDENT, MBR, SSR)

Response to Recommendation 8

We partially agree with this recommendation. We agree with the first bulleted item. We have provided for Systems support for an Electronic Death Certificate process in the appropriate 5-Year plans.

We request the auditors reconsider its recommendation contained in the second bulleted item. The recommendation to prevent receipt/issuance of duplicate death data concerning the same individual from multiple sources is technically impossible. To prevent reporting duplication, it would require that all agencies have direct, interactive access to the SSA databases, which is not advisable. Even that would not prevent individual sources such as family members and funeral directors also from reporting on someone previously reported by an agency. (There is no way to "receive" only certain records on a given file.)

SSA only pays State Bureaus of Vital Statistics for death data and then only if it is the first report of death. In future DACUS analysis efforts, we will examine the MI for State data to ensure that it is properly identifying only those records for which payment is due.

Recommendation 9

- With the completion of the Year 2000 project in FY 2000, SSA should begin implementation of DACUS Release 2 (a high priority of SSA's five-year IRM plan), to provide functionality to automatically delete NUMIDENT death postings when a person is "resurrected" on the MBR and SSR (NUMIDENT, MBR, SSR)

Response to Recommendation 9

We agree. We expect to complete Year 2000 DACUS activities in early 1999. We will then develop the schedule for DACUS Release 2 and include the dates in the 3/99 update of the Enumeration/Client 5-Year plan.

We also would like to clarify item C as the Findings section is inaccurate. Date of death processing was not a part of Release 2 of ICDB in 8/97 for title II or XVI. However, we did do a special clean-up of MBR and SSR death data to the Numident in 1998. This is what accounts for the vast drop in discrepant cases. The remaining cases failed the automated matching routines, generally because of significant differences in names. Manual investigation would have to be undertaken to determine if the individuals are indeed the same person. We also note that SSA policy requires investigation of date discrepancies only when they would be significant to a finding of overpayment; i.e., when a person has already been terminated for another reason such as disability cessation, a later death date would have no impact.

Recommendation 10

- SSA should firm up plans to implement the ICDB R2 functionality for the SSI system (SSR) to provide updated (substantiated) date of birth information to the NUMIDENT (NUMIDENT, MBR, SSR)

Response to Recommendation 10

We request the auditors reconsider its recommendation as it is inaccurate. Date of birth processing was included in ICDB Release 2 in 8/97 for both Title II and XVI initial claims cases; there is no outstanding need to develop this capability for SSI cases. What does remain is the clean-up of the pre-existing data as described in III. 6. General above. That "mass saturation" was NOT done in 6/98 as stated by PwC. What was executed in 1998 was the clean-up of existing dates of death.

Recommendation 11

SSA should review the MSSICS process, looking for an opportunity to implement an automated date stamp for the purposes of initiating performance measurement, while retaining the ability to manually input or overkey each applicant's effective filing date.

Response to Recommendation 11

We agree with the concept of this recommendation. However, before we can agree to implementation, the impact of systems resources required for implementation must be reviewed in light of the Agency's overall systems priorities. A decision concerning the feasibility of including this in our 5-year plan will be made by September 2000. This will allow sufficient time to review systems requirements and determine resource availability.

Improvement Area 3--SSA's system environment has security deficiencies.

Recommendations 12-22

Response to Recommendations 12-22

These recommendations are direct reprints of findings and recommendations contained in PwC's FY 1999 report on management's assertion about the effectiveness of internal control.

Recommendation 12

As previously reported in the FY 1999 Accountability Report, we recommend that SSA accelerate and build on its progress to enhance information protection by further strengthening its entity-wide security as it relates to implementation of physical and

technical computer security mechanisms and controls throughout the organization. In general, we recommend that SSA:

- Reevaluate its overall organization-wide security architecture;

Response to Recommendation 12

SSA agrees with this recommendation and is initiating a full reassessment of its organization-wide security architecture to ensure that vulnerabilities, especially those introduced by new technology, are being addressed. This strategic reassessment will allow SSA to identify any additional initiatives needed to upgrade its programs. Enhancements to the existing architecture resulting from this activity will be implemented and communicated to all SSA components.

Recommendation 13

- Reassess the security roles and responsibilities throughout the organization's central and regional office components;

Response to Recommendation 13

SSA agrees with this recommendation and is currently reassessing security roles and responsibilities. Recently, SSA elevated the organizational structure of the entity for information systems security within the Office of Finance, Assessment and Management. Also, within the Office of Operations, a higher level security oversight group was formed and there was a reassessment of regional security officer roles to emphasize the increased importance of their roles.

Recommendation 14

- Assure that the appropriate level of trained resources are in place to develop, implement and monitor the SSA security program;

Response to Recommendation 14

SSA agrees with this recommendation and has enhanced security training by directing additional funds toward new security training courses for both Headquarters and regional security staffs. In addition, the Office of Systems is taking steps to improve its security program by obtaining additional expertise via contractor services.

The additional training and the organizational refocusing discussed above will ensure the appropriate level of trained resources are in place to develop, implement and monitor the SSA security program.

Recommendation 15

- Enhance and institutionalize an entity-wide security program that facilitates strengthening of LAN and distributed systems' security;

Response to Recommendation 15

SSA agrees with the recommendation and has been working diligently on improvements in this area. SSA will continue to enhance and institutionalize the entity-wide security program through a series of enhancements to the mainframe, LAN and distributive systems. The enhancements will include: improved monitoring of access controls, particularly in field activities; full implementation of the Enterprise Security Interface; administrative monitoring and penetration testing.

Recommendation 16

- Review and certify system access for all users;

Response to Recommendation 16

SSA agrees with this recommendation and continues to make progress in this area. The Office of Systems continues to work aggressively to adjust access rights under its Standardized System Profile Project.

Recommendation 17

- Enhance procedures for removing system access when employees are transferred or leave the agency;

Response to Recommendation 17

SSA agrees with this recommendation and will continue to improve our procedures and the comprehensive processes already in place for removing system access when employees are transferred or leave the Agency.

Recommendation 18

- Decrease vulnerabilities in the mainframe operating system configuration;

Response to Recommendation 18

SSA agrees with this recommendation and will continue to evaluate our mainframe operating system configuration and initiate changes to protect against threats, both deliberate and nonintentional.

Recommendation 19

- Implement the mainframe monitoring process;

Response to Recommendation 19

SSA agrees with this recommendation. As acknowledged earlier in the report, SSA has established the SMART Report, which is distributed to the security officers responsible for the groups using the systems. While most users are in non-Headquarters offices, all users, including those in central office, are tracked and monitored. Procedures have been distributed which focus the reviews on specific types of transaction scenarios, thereby making the SMART system a more useful security management and enforcement tool. We agree that additional enhancements for increased use of the report can be made both in the field and in central office. We will continue to improve the use of the report to monitor inappropriate access to SSA's systems.

Recommendation 20

- Finalize accreditation and certification of systems;

Response to Recommendation 20

SSA agrees with this recommendation and either certified or recertified all of SSA's sensitive systems in July 1999.

Recommendation 21

- Develop and implement an ongoing entity-wide information security compliance program; and

Response to Recommendation 21

SSA agrees with this recommendation and has a number of existing and planned programs to monitor compliance with security policies and procedures. In addition to automated controls, SSA also monitors compliance through programmatic and systems audits, financial systems reviews, and other internal studies and reviews.

SSA has make progress in developing the Comprehensive Integrity Review Process (CIRP) system that will consolidate integrity review functions into a single automated facility where transactions will be screened against specific criteria. The criteria include cross-application criteria and can be changed to concentrate on emerging trends. SSA remains committed to ongoing enhancement and implementation of the CIRP system.

Recommendation 22

- Strengthen physical access controls at non-headquarters sites.

Response to Recommendation 22

SSA agrees with this recommendation and is committed to strengthening security at non-Headquarters sites. We are in the process of enhancing the badging procedures and policy enforcement in the regions and other major non-Headquarters facilities. In addition, the Agency, through its security tactical plan, has been working to increase physical security at the National Computer Center (NCC) and SSA facilities around the country.

Improvement Area 4--Three of SSA's performance measures could better reflect agency performance.

Performance Measure #5—Representative Payee Actions

Recommendation 23

We recommend that SSA divide this performance measure into two separate metrics: (1) Representative Payee Changes, and (2) Representative Payee Accounting. This would result in two groupings of activities that would be more homogenous with respect to cost and/or resource requirements. It would also be straightforward to implement since the required data is already obtained and stored in the CAS system.

Response to Recommendation 23

We disagree. “Rep payee actions” is, as stated, a major budgeted workload, not an individual workload. Many budgeted workloads consist of more than one type of action with separate process counts. We do not believe that subdividing the output measure of this budgeted workload would be useful or consistent with the intent of this section of the Annual Performance Plan.

Performance Measure #1—Percent of OASI claims processed by the time the first regular payment is due, or within 14 days from effective filing date, if later.

Recommendation 24

We recommend that the performance measure be redefined so that it does not expose the agency to such a high degree of outside factors, thus placing the responsibility to perform solely on SSA.

Performance Measure #3—Percent of initial SSI aged claims processed within 14 days of filing.

Recommendation 25

We recommend that the performance measure be redefined so that it does not expose the agency to such a high degree of outside factors, thus placing the responsibility to perform solely on SSA.

Response to Recommendations 24 and 25

We do not believe these performance measures should be redefined. We understand that there are some elements of these two performance measures that are not within our control; however, SSA is comfortable with making the commitments contained therein. In addition, we believe that these measures are meaningful to the “external customer.”

Improvement Area 5--GPRAs documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures.

Recommendation 26

We recommend that SSA develop clear and concise descriptions of each performance measure's source.

Response to Recommendation 26

We agree that reporting documents prepared for public consumption should contain, in lay terms, clear descriptions of the sources of our performance measures. We will consult with your office to determine where you believe this is not the case. In addition, we would note that, our documents comply with the requirements of GPRAs with regard to appropriate level of documentation of the sources for external audiences. The A-11 guidance specifically recommends the following information on data sources:

- The current existence of relevant baseline data, including the time-span covered by trend data;
- The expected use of existing agency systems in the collection and reporting of data;
- The source of the measured data;
- Any expected reliance on an external source(s) for data, and identification of the source(s); and
- Any changes or improvements being made to existing data collection and reporting systems or processes to modify, improve, or expand their capability.

SSA's FY 2000 Annual Performance Plan meets all these requirements.

Where additional, technical detail describing underlying processes and programmatic systems that produce the reported metrics are needed by OIG and GAO auditors, we will continue to make this detail available.

Improvement Area 6--SSA did not calculate three of the performance measures as they are stated in their respective definitions.

Performance Measure #1—Percent of OASI claims processed by the time the first regular payment is due, or within 14 days from effective filing date, if later.

Recommendation 27

We recommend that SSA clarify the definition given for the performance measurement to include language stating that the total number of OASI claims processed is reduced by certain types of RSI claims excluded from the timeliness report by the MIM II manual. In addition, we recommend that SSA include an appropriate footnote in its Accountability Report to reflect what is and is not included in the performance measure.

Response to Recommendation 27

We agree. We will take steps to include the clarification in our FY 2002 Annual Performance Plan.

Performance Measure #8—Percent of earnings posted to individuals' records by September 30

Recommendation 28

We recommend that SSA include the self-employment earnings in their calculation of performance measure #8, as this calculation would more accurately reflect the objective of the measure. If this is not feasible, we recommend that SSA clarify the definition given for the performance measurement to include language stating that the total number of annual earnings items posted is reduced by the number of self-employment wages processed by the IRS. In addition, we recommend that SSA include a footnote in its Accountability Report to indicate that the percent of annual earnings posted by September 30th performance measurement is calculated on total annual earnings items posted less self-employment wages processed by the IRS.

Response to Recommendation 28

This is duplicative of the recommendation made in the OIG report entitled, "Performance Measurement Review: Survey of the Sources of the Social Security Administration's Performance Measurement Data" (A-02-98-01004), which was issued in final on November 22, 1999.

We agree. Effective with our revised final fiscal year (FY) 2000 APP and in our FY 2001 APP, we have clarified that self-employment earnings are not included in the earnings measure.

We have made the following changes to the earnings process indicator:

Indicator FROM:

Indicator TO:

Percent of earnings posted to
Individuals' records by September 30

Percent of wages posted to individuals'
records by September 30

Also, effective with our FY 2000 APP, we clearly stated in the definition of the indicator for the percent of SSNs assigned via the Enumeration-at-Birth process and the time associated with the delivery of the SSN card to the applicant.

Performance Measure #9—Percentage of individuals issued SSA-Initiated PEBES as required by law

Recommendation 29

We recommend that SSA include the 'bad history' records in the SIPEBES count within OIM report.

Response to Recommendation 29

We agree. This correction was made with the implementation of a new system that now includes these records in the count of self-initiated Social Security Statements.

Improvement Area 7--A component was inadvertently omitted when calculating the total of one of the performance measures.

Recommendation 30

We recommend that SSA develop and implement a review process for the manual calculation of the annual Representative Payee Action total count.

Response to Recommendation 30

We agree. The problem identified during the instant OIG review concerning International Representative Payee Accounting has been corrected. A review process has also been implemented to validate the manual calculation.

Improvement Area 8--The Cost Analysis System's (CAS) procedural and systems documentation have not been updated.

Recommendation 31

We recommend that DCA explore alternatives for acquiring the resources needed to update the existing CAS procedural and systems documentation, and to obtain procedural documentation for the replacement systems.

Response to Recommendation 31

This recommendation was included as a recommendation contained in PwC's FY 1998 Management Letter, Part 2.

We agree and will pursue alternatives for acquiring the resources needed to update CAS procedures, manuals, handbooks and documentation. SSA is also initiating an effort to design and implement an agency-wide managerial cost accountability process and system which will eventually subsume the functions of the CAS.

Improvement Area 9--SSA has systems design and documentation deficiencies.

Response to Recommendations 32 - 34

These recommendations are equivalent to recommendations contained in PwC's FY 1998 Management Letter, Part 2.

Recommendation 32

We recommend the following:

- SSA should complete implementation of its Validation Transaction Tracking System (VTTS) and continue with its plan to automate the process for submitting System Release Certification (SRC) forms

Response to Recommendation 32

We agree and believe the first portion of this recommendation is complete. Systems began using VTTS in 1996 for selected validations. In October 1998, its use became mandatory for all validations. VTTS has been converted to SQL and is available for all systems. Evaluation will continue to make it more useful and flexible.

Target dates for automating the SRC forms submission process are now in place. Prototype automated change control procedures are currently being tested and evaluated which will satisfy the second portion of this recommendation. We expect to complete evaluation of the prototype design by Spring 1999. (The prototype evaluation

was staged to include various life cycle development projects, e.g., new software development (online and batch), maintenance, cyclical projects.) We are currently setting up the evaluation of a maintenance type project.

Upon completion of the prototype evaluation, design changes resulting from the evaluation will be incorporated into the automated procedures, software changes to this process will be made, and we will then roll out the process on a project by project basis. We expect to begin roll out by late Summer 1999.

Recommendation 33

- SSA should complete implementation of Platinum's Process Engineering Tool (PET) and institutionalize Carnegie Mellon's Software Engineering Institute's Capability Maturity Model (CMM) methodology

Response to Recommendation 33

We agree but believe it is too early in the implementation process to provide a date for complete implementation.

Presently, SET standards require documenting software changes. Nevertheless, we are developing a more robust mechanism to support SSA's Information Technology (IT) infrastructure.

We are committed to software process improvement using Carnegie Mellon's Capability Maturity Model (CMM). We have also procured the PLATINUM Technology, Inc.'s Process Engineering Tool (PET). When fully implemented, PET will replace and expand upon the foundation built by SET.

With PET integrated within our CMM approach, SSA is building the foundation for a comprehensive software process improvement infrastructure that goes well beyond the objectives of SET. This infrastructure will create an environment that encourages, supports and provides assurance that we are continuously making improvements in the quality of software, productivity of the software development staff, and timeliness of software delivery. This will be done by improving project management skills and approaches; defining IT Processes based on SSA and industry best practices; supporting the use of metrics; and continuously improving IT processes.

Three CMM pilot projects are well underway and using SSA developed documented procedures required for compliance with CMM Level 2 Key Process Areas (KPAs). KPAs indicate where an organization should focus to improve its software process and identify the issues that must be addressed to achieve the next maturity level. The KPAs at Level 2 focus on the software project's concerns related to establishing basic project management controls. These KPAs are:

- Requirements management
- Software project planning

- Software project tracking and oversight
- Software subcontract management
- Software quality assurance
- Software configuration management

Processes for all of these KPAs have been developed for iterative lifecycle projects and are available to the pilot project teams over the Web and in the PET tool. DCS is in the process of identifying additional similar “rollout” projects to begin in 1999, which will use these processes to achieve CMM Level 2 compliance. In addition, processes will be developed and pilots initiated in 1999 for the following types of project:

- Programmatic CICS and Batch
- Administrative Development
- Maintenance without established baselines
- Legislative and Notices

These processes will be developed using the PET tool and its rich repository of best practices and process techniques as the delivery mechanism for CMM. It will be available to the projects over the WEB.

Recommendation 34

- SSA should update its *System Security Handbook (Chapter 10 on Systems Access Security)* to address all of the acceptable forms for granting access to SSA's computer systems and data

Response to Recommendation 34

We agree. Chapter 10 of the its *System Security Handbook* lists the SSA-120 as the only security form acceptable. There may be other non-security forms being used for non-security purposes, but they are not appropriately included in the SSH.

Improvement Area 10--SSA has a number of deficiencies in their systems contingency plan.

Response to Recommendations 35 – 40

These recommendations are direct reprints of recommendations contained in PwC's FY 1999 report on management's assertion about the effectiveness of internal control.

Recommendation 35

As previously stated in the FY 1999 Accountability Report, we recommend that SSA:

- Finalize the list of critical SSA workloads and fully test the plans for recovering each workload;

Response to Recommendation 35

SSA agrees with this recommendation. SSA recently reevaluated and confirmed its critical workloads. Testing that will determine recoverability of all identified critical workloads is scheduled for July 2000.

Recommendation 36

- Establish RTOs for each critical workload;

Response to Recommendation 36

SSA agrees with this recommendation. It is SSA's goal to provide users with a fully integrated set of software to process each critical workload as rapidly as possible. As part of our July 2000 test, we plan to assess and determine realistic timeframes and sequences for restoring critical workloads. These objectives will be incorporated into the next iteration of the Disaster Recovery Plan (DRP). Subsequent DRP iterations will include timeframes and other supporting information.

Recommendation 37

- Establish recovery priorities for all systems and applications (mainframe and distributed);

Response to Recommendation 37

SSA agrees with this recommendation and continues to work to establish recovery priorities for all mainframe and distributed systems and applications. DRP identifies the recovery sequence of all mainframe workloads. We plan to determine realistic timeframes for reestablishing access to these workloads. In addition, SSA will work to further define the recovery of the distributed workloads.

Recommendation 38

- Update contingency plans for headquarters;

Response to Recommendation 38

SSA agrees with this recommendation. In compliance with Presidential Decision Directive Number 67, Enduring Constitutional Government and Continuity of Operations Plan, SSA has convened an agencywide workgroup to develop an infrastructure for contingency planning. This includes defining organizational roles and responsibilities, essential operations and staffing, training, maintenance, etc. The actions

recommended by the workgroup and approved by SSA management will be incorporated in to the Agency Contingency plan.

Recommendation 39

- Finalize and test SSA's ultimate strategy for implementing and maintaining alternate processing facilities; and

Response to Recommendation 39

SSA agrees with this recommendation. Our current IAA with GSA provides SSA with a long-term, alternate facility supplied through a GSA contract. These provisions will be implemented and provide SSA access to the site for 1 year should a catastrophic event leave the NCC uninhabitable for longer than 6 weeks. SSA annually tests the use of alternate facilities when conducting its disaster recovery test of NCC operations. The extent of these tests is limited by test time constraints, the smaller configuration used for testing, availability of personnel and other such factors.

Over the years, SSA has gained significant experience in installing and running its systems on a wide variety of hardware during disaster recovery tests and benchmarking new computing platforms. We believe this experience has resulted in the development of reliable procedures that allow SSA to bring up its systems at any site. This, of course, does not remove SSA's burden of verifying that secondary sites are stocked, as indicated, by the vendor. We will evaluate the benefits of establishing orientation visits at the secondary sites.

Recommendation 40

- Finalize and test contingency plans for non-headquarters sites.

Response to Recommendation 40

SSA agrees with this recommendation and is in the process of reviewing and updating all of the Security Action Plans (SAP) that are in place in its non-Headquarters facilities. The Area Directors will review and test the SAPs as they visit each site during the course of the year. The Agency also conducts field site visits to assess the security that is in place in our offices. In the course of these visits, staff will analyze the plans for effectiveness and verify that employees are familiar with their content and application.

We also offer the following comments:

Improvement Area 2

Bullet 7, "SSA current practice of obtaining death data does not ensure that this data is entered into DACUS accurately, timely and only once (affects the NUMIDENT, MBR, and SSR). While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9) a noted lack of data verification in these databases indicates the possibility that other data lacks integrity."

Agency Comment

This item requires clarification. The report is unclear as to whether the development of the third party reports or the input of SSA-721's are factors in the reasons for the OIG conclusion.

Bullet 8, "A comparison of the MBR, SSR and NUMIDENT identified a large number of cases where either the individual was alive and in current pay status on the MBR/SSR but listed as dead on the NUMIDENT, or corresponding records of a given individual had significant differences in dates of death. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicate the possibility that other data lacks integrity."

Agency Comment

We are aware of the problem when the person is listed as deceased on the payment records but alive on the NUMIDENT. These are usually reinstatement cases. Currently reinstatements require two separate actions and in many cases the payment record is corrected and the NUMIDENT remains uncorrected. Release 2 of DACUS, scheduled for implementation in August 2000, will enable the reinstatement to communicate with the DACUS system. This will result in a corrected NUMIDENT.

Other Matters

1. Documents prepared for external evaluation of SSA performance could be improved to clearly explain the intended uses of the performance measures to comply with future GPRA requirements.

Agency Comment

In response to the cited General Accounting Office recommendations, SSA is expanding the explanation of the goals and measures and how they contribute to evaluating overall SSA performance in the FY 2001 Performance Plan due to Congress in February 2000.

2. The nine performance measures are not explicit performance budgeting metrics, but are nonetheless appropriate internal performance indicators and are useful to the SSA-wide strategic planning process.

Agency Comment

The statements in this section should be modified to recognize that stakeholders not only include Congressional appropriators, but also customers, policy makers and the general public who are looking at the overall effectiveness of the Agency in fulfilling its mission. GPRA prescribes that outcome measures will be used for this purpose.

3. SSA is positioned to be a leading performance-based budgeting organization and to meet the future requirements of GPRA.

Agency Comment

We appreciate the confidence expressed by the OIG in SSA readiness for performance budgeting. The Office of Management and Budget (OMB) has designated SSA as one of the government-wide performance budgeting pilot projects provided for in GPRA. Within SSA, the Continuing Disability Reviews program is the specific activity covered by this designation. OMB considers the performance budgeting pilot projects to be an opportunity to examine the feasibility and potential application of several approaches to performance budgeting. In this context, OMB intends to use performance and resource data provided by the pilots during development of the FY 2001 budget and to report to Congress on the results of the pilots no later than March 31, 2001, as required by GPRA.

Appendix A, Background, GPRA

This section should state clearly that the requirements of GPRA for Agency performance plans and Agency performance reports were not in effect until FY 1999. It should also acknowledge that although the report covers FY 1998 performance measures, the GPRA requirements, including descriptions of the means employed to verify and validate the measured values used to report on program performance, were not in effect at that time.

Appendix A, SSA's Performance Measures

The last paragraph should read "FY 1997-2002 strategic plan, "Keeping the Promise."

Performance Measure Summary Sheets

Name of Measure	Measure Type	Strategic Goal/Objective:	
1) Percent of OASI claims processed by the time the first regular payment is due, or within 14 days from effective filing date, if later.	Percentage	Goal: To deliver customer-responsive world-class service. Objective: To raise the number of customers who receive service and payments on time.	
Definition			Purpose
The relationship between OASI claims completely processed within fourteen days and the total number of claims processed in a year.			To determine whether OASI claims process is functioning in a timely and accurate manner.
How Computed	Data Source	Data Availability	Data Quality
The numerator is the total number of OASI applications completed and approved by the time the first regular payment is due, or within 14 days from the effective filing date, if later; plus the total number of OASI applications denied during the fiscal year. The denominator is the total number of OASI applications processed (completed or denied) during the fiscal year. (See performance measure titled: Total number of RSI Claims processed during they year).	CAPS CAS EMS MADCAP MCC MCS MIICR NUMIDENT SSAMIS	Adequate	Adequate
Explanatory Information			Report Frequency
			Monthly (FO RSDHI Claims Reports—Processing Times)

Target Goal	Division	Designated Staff Members
83 percent	Office of Systems Office of Information Management	Janet Maszaros
EDP Testing and Results		
<p>EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:</p> <ul style="list-style-type: none"> • Claims input, claims adjudication, earnings addition and modification, SSN establishment • Receipt of claims • Data transmitted from MCS to WMS • Applicable application controls • Applicable general computer controls • Resolution of DACUS (Death, Alert, and Control Update System) exception file • Data input for DACUS • Current procedural and systems documentation for CAS • Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes • Information protection control structure (system security) • SSA's systemic contingency plan • Full documentation of program changes evidencing user approval and testing • SSA's <i>System Security Handbook</i> <p>See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," "SSA has systems design and documentation deficiencies," and "SSA has a number of deficiencies in their systems contingency plan."</p>		

CAATs Testing and Results

- Replicated End-of-Line Processing Time Report to ensure integrity of data;
- Traced DOWR values to MIICR database;
- Traced RSDHI DB values to the MIICR Summary file;
- Tested disability edits and validations for effectiveness;
- Compared the NUMIDENT and the MBR to ensure that individuals listed as alive and in current pay status on the MBR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Traced FY 1998 performance measure from FY 1998 Accountability Report to RSI Service Delivery Objective (SDO) Cumulative spreadsheet dated 10/97 – 9/98;
- Traced RSI Service Delivery Objective (SDO) Cumulative spreadsheet dated 10/97 – 9/98 to monthly End-of-Line Processing Time Reports dated 10/98 – 9/98; and
- Recalculate spreadsheet and nation totals related to RSI SDO spreadsheet reported on processing times reports.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," "Three of SSA's performance measures do not reflect a clear measure of performance," "GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures," and "SSA did not calculate three of the performance measures as they are stated in their respective definitions."

Name of Measure:	Measure Type	Strategic Goal/Objective:	
2) OASI claims processed	Workload	Goal: To make SSA program management the best in business, with zero tolerance for fraud and abuse. Objective: To positioning the Agency's resources and processes to meet emerging workloads.	
Definition The total number of OASI claims completely processed includes every claim, (regardless of special characteristics, which would tend to lengthen or shorten processing times), less specific exclusions and exceptions (Exclusions and exceptions are discussed in Explanatory Information) that are completely processed during the fiscal year (does not include pending claims). Reference: MIM II 10/98 TN-101 RSDHI Initial Claims Report			Purpose To monitor SSA service programs in order to improve practice and to determine RSI claims processed in order to accurately secure budgetary requirements. Also used in the calculation of another measure titled: Percent of OASI claims processed by the time the first regular payment is due, or within 14 days from effective filing date, if later.
How Computed	Data Source	Data Availability	Data Quality
Sum of RSI claims processed.	CAPS CAS EMS MADCAP MCC MCS MIICR NUMIDENT SSAMIS	Adequate	Adequate

Explanatory Information		Report Frequency
<p>Report exclusions include disability auxiliary cases, claims for which no MIICR record exists, and completion is other than award/disallowance. (MIM II 10/98 TN-101 RSDHI Initial Claims Report)</p> <p>Report exceptions include invalid beneficiary identification code, invalid clearance action type (CAT) code, excessive location/no locations, invalid history location code, no field office present, invalid start date for overall time, invalid end date for overall time, invalid overall elapsed days result. (MIM II 10/98 TN-101 RSDHI Initial Claims Report)</p>		Monthly (FO RSDHI Claims Reports—Processing Times)
Target Goal	Division	Designated Staff Members
3,134,700 RSI Claims processed	Office of Systems Office of Information Management	Janet Maszaros
EDP Testing and Results		
<p>EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:</p> <ul style="list-style-type: none"> • Claims input, claims adjudication, earnings addition and modification, SSN establishment • Receipt of claims • Data transmitted from MCS to WMS • Applicable application controls • Applicable general computer controls • Resolution of DACUS (Death, Alert, and Control Update System) exception file • Data input for DACUS • Current procedural and systems documentation for CAS • Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes • Information protection control structure (system security) • SSA's systemic contingency plan • Full documentation of program changes evidencing user approval and testing • SSA's <i>System Security Handbook</i> <p>See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," "CAS systems and procedural documentation have not been updated," "SSA has systems design and documentation deficiencies," and "SSA has a number of deficiencies in their systems contingency plan."</p>		

CAATs Testing and Results

- Replicated DOWR to ensure integrity of data;
- Traced DOWR values to MIICR database;
- Traced RSDHI DB values to the MIICR Summary file;
- Tested disability edits and validations for effectiveness;
- Compared the NUMIDENT and the MBR to ensure that individuals listed as alive and in current pay status on the MBR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Traced FY 1998 the performance measure value per the Accountability Report to the CAS report; and
- Traced the performance measure value per the CAS report to the DOWR, generated from the MIICR database to determine reasonableness of amount reported.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," "GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures."

Name of Measure	Measure Type	Strategic Goal	
3) Percent of initial SSI aged claims processed within 14 days of filing	Percentage	Goal: To deliver customer-responsive, world-class service. Objective: To raise the number of customers who receive service and payments on time.	
Definition			Purpose
This percentage reflects the number of Initial SSI Aged applications completed (approved or denied) through the SSA operational system before the first regular continuing payment is due (or not more than 14 days from the filing date, if later), divided by the total number of SSI Aged claims processed for the year.			This measure serves to improve the processing of SSI aged claims in order to better serve the customer (the aged SSI applicant). Specifically, its' objective is to increase the number of customers who receive service and payments on time. This measure also aids the Social Security Administration in budgeting in order to obtain funds from Congress.
How Computed	Data Source	Data Availability	Data Quality
The calculation of processing time begins with the day the application is filed (the effective filing date) or the protective filing date and ends with the Initial Decision Date (IDD). The calculation of the performance measure is x/y where x =the the number of initial SSI aged claims processed within 14 days of filing date and y = the total number of SSI Initial aged claims processed	MSSICS Batch System WMS T16 SICCR	Some FY 1998 Available, FY 1999 Available	Acceptable
Explanatory Information			Report Frequency
			Monthly

Target Goal	Division	Designated Staff Members
66%	Office of Information Management	Jane Sonn
EDP Testing and Results		
<p>EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:</p> <ul style="list-style-type: none"> • Daily transmission of SSI Aged Claims to the SSI Claims Exception Control System • Monthly transmission of SSI Aged Claims data for completed claims to the SSI Claims Reporting System (SSICR) • GETSSICR extraction process by OIM • Applicable application controls • Applicable general computer controls • Resolution of DACUS (Death, Alert, and Control Update System) exception file • Data input for DACUS • Current procedural and systems documentation for CAS • Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes • Information protection control structure (system security) • SSA's systemic contingency plan • Full documentation of program changes evidencing user approval and testing • SSA's <i>System Security Handbook</i> <p>See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," "SSA has systems design and documentation deficiencies," and "SSA has a number of deficiencies in their systems contingency plan."</p>		

CAATs Testing and Results

- Monthly data obtained via the GETSSICR module matches the monthly total for SSI Aged Claims identified in the SSICR area;
- Traced from WMS to SSI Exception Control System to ensure accuracy of transmittal;
- Performed test on segment 16 of the SSR in order to determine the percentage of SSI Aged Claims processed in 15 days or more of filing date;
- Evaluated data transmittal from monthly SSICR file to the GETSSICR module;
- Evaluated data transmittal from the SSR system to the SSI Claims Exception Control System;
- Compared the NUMIDENT and the SSR to ensure that individuals listed as alive and in current pay status on the SSR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Traced performance measure count per SSICR (item #304) to the FY 1998 Accountability Report.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," "Three of SSA's performance measures do not reflect a clear measure of performance," and "GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures."

Name of Measure	Measure Type	Strategic Goal/Objective	
4) SSI aged claims processed	Workload	Goal: To deliver customer-responsive, world class service Objective: To positioning the Agency's resources and processes to meet emerging workloads.	
Definition			Purpose
This includes the total number of SSI aged claims processed for fiscal year 1998 from the time a claim is established (the effective filing date or protective filing date) to the IDD (Initial Determination Date) It includes both approved and denied claims, and excludes pending claims.			To improve the processing of SSI aged claims in order to better serve the customer (the aged SSI applicant) as well as to aid in budgeting to obtain funds from Congress.
How Computed	Data Source	Data Availability	Data Quality
Total number of SSI aged claims processed for Fiscal Year 1998.	MSSICS Batch System WMS T16 SICCR CAS	Some FY 1998 Available, FY 1999 Available	Good
Explanatory Information			Report Frequency
			Monthly
Target Goal	Division	Designated Staff Members	
150,500	OFAM, OFPO	Shirley Hodges	

EDP Testing and Results

EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:

- Daily transmission of SSI Aged Claims to the SSI Claims Exception Control System
- Monthly transmission of SSI Aged Claims data for completed claims to the SSI Claims Reporting System (SSICR)
- GETSSICR extraction process by OIM
- Applicable application controls
- Applicable general computer controls
- Resolution of DACUS (Death, Alert, and Control Update System) exception file
- Data input for DACUS
- Current procedural and systems documentation for CAS
- Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes
- Information protection control structure (system security)
- SSA's systemic contingency plan
- Full documentation of program changes evidencing user approval and testing
- SSA's *System Security Handbook*

See results of engagement entitled "SSA has a number of data integrity deficiencies", "SSA's system environment has security deficiencies," "CAS systems and procedural documentation have not been updated," "SSA has systems design and documentation deficiencies," and "SSA has a number of deficiencies in their systems contingency plan."

CAATs Testing and Results

- Monthly data obtained via the GETSSICR module matches the monthly total for SSI Aged Claims identified in the SSICR area;
- Traced from WMS to SSI Exception Control System to ensure accuracy of transmittal;
- Performed test on segment 16 of the SSR in order to determine the percentage of SSI Aged Claims processed in 15 days or more of filing date;
- Compared the NUMIDENT and the SSR to ensure that individuals listed as alive and in current pay status on the SSR are not listed as dead on the NUMIDENT; and
- Compared the NUMIDENT, MBR, and SSR to ensure that corresponding records for a given individual have the same date of death.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Traced the performance measure values in the FY 1998 CAS Report to the FY 1998 Accountability Report;
- Traced the performance measure DOWR counts from the FY 1998 DOWR Report to the values in the FY 1998 CAS Report; and
- Traced the performance measure IWMS value for FY 1998 to the FY 1998 DOWR count and CAS Report.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," and " GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures."

Name of Measure	Measure Type	Strategic Goal/Objective	
5) Representative Payee Actions	Workload	Goal: To make SSA program management the best in business, with zero balance for fraud and abuse Objectives: To positioning the Agency's resources and processes to meet emerging workloads., and to aggressively deter, identify, and resolve fraud.	
Definition			Purpose
Representative Payee Actions includes a selection of Representative Payees (nonselects are also included in the count), changes of payees, Representative Payee accountings, investigations of Representative Payees, suspensions of Representative Payees and changes of information for Representative Payees. The Representative Payee accounting process includes accounting for Title II, Title XVI as well as accounting for Representative Payees who live abroad.			To combat fraudulent actions on the part of Representative Payees. This measure looks at the total number of Representative Payee actions that occur within a year to determine whether SSA is monitoring the actions associated with Representative Payees appropriately.
How Computed	Data Source	Data Availability	Data Quality
Total number of Representative Payee actions as defined in definition above for Fiscal Year 1998.	RPS WMS PEMI CSRETAP FALCON PCACS COS	Some FY 1998 Available, FY 1999 Available	Acceptable

Explanatory Information		Report Frequency
<p>The measure looks at Representative Payee changes and accountings for both the US and foreign countries. An action for Representative Payee changes within the US is initiated with any of the following occurrences –1) SSA decides to investigate a Representative Payee 2) a Representative Payee account requires a change of information or 3) an SSA beneficiary, or Representative Payee identifies the need to change or add a Representative Payee. International Representative Payee changes occur when an applicant fills out an application at an embassy, consulate or military JAG office or mails in an application to any of the aforementioned locations or to PC8. International Representative Payee Accountings and domestic Representative Payee Accountings are handled in a similar manner. Representative Payee Accounting forms mailed in by Representative Payees are both received at the Wilkes-Barre Document Operation Center (WBDOC) and they are both scanned at Wilkes-Barre. The International Representative Payee Accounting forms with exceptions are sent to PC8. The implementation of Title II Redesign should aid in the tracking of numbers from the various sources and systems to the final number that is reported in the Accountability Report.</p>		Monthly
Target Goal	Division	Designated Staff Members
6,983,800	OFAM, OFPO	Shirley Hodges

EDP Testing and Results

EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:

- Representative Payee Accounting forms received at WBD0C and processed via CICS are removed from ROBOT file
- Representative Payee Accounting forms received at WBD0C and processed via the scanner are removed from ROBOT file
- Title II Representative Payee Accounting actions processed via a Field Office are transferred to the PEMI application and ultimately into IWMS
- Title XVI Representative Payee accounting actions processed via a Field Office are transferred to the PEMI application and ultimately into IWMS
- Title II and Title XVI Representative Payee Changes processed via a Field Office are transferred to the PEMI application and ultimately into IWMS
- Title II and Title XVI Representative Payee Accounting transmission of WB MI Report from WBD0C to OIM
- Representative Payee International Accounting actions transfer into CAS
- Representative Payee International Changes actions transfer into CAS
- Applicable application controls
- Applicable general computer controls
- Current procedural and systems documentation for CAS
- Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes
- Information protection control structure (system security)
- SSA's systemic contingency plan
- Full documentation of program changes evidencing user approval and testing
- SSA's *System Security Handbook*

See results of engagement entitled "SSA has a number of data integrity deficiencies", "SSA's system environment has security deficiencies," "CAS systems and procedural documentation have not been updated," "SSA has systems design and documentation deficiencies," "SSA has a number of deficiencies in their systems contingency plan."

CAATs Testing and Results

- Compared the before and after ROBOT file to ensure file was updated;
- Compared CSREPRET.R0909 file to ROBOT.G1574 file to ensure ROBOT file was updated;
- TITLE II REPRESENTATIVE PAYEE ACCOUNTING - Compared the PEMI file with the IWMS file to ensure the two record counts were equal;
- TITLE XVI REPRESENTATIVE PAYEE ACCOUNTING - Compared the PEMI file with the IWMS file to ensure the two record counts were equal; and
- TITLE II & XVI REPRESENTATIVE PAYEE CHANGES - Compared the PEMI file with the IWMS file to ensure the two record counts were equal.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Traced the performance measure value per the FY 1998 CAS Report to the number reported in the FY 1998 Accountability Report; and
- Traced the performance measure IWMS value to the values in the FY 1998 CAS Report.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," "Three of SSA's performance measures do not reflect a clear measure of performance," "GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures," and "A component was inadvertently omitted when calculating the total of one of the performance measures."

Name of Measure	Measure Type	Strategic Goal/Objective	
6) SSN requests processed.	Workload	Goal: To make SSA Program management the best in business, with zero tolerance for fraud and abuse. Objective: To positioning the Agency's resources and processes to meet emerging workloads.	
Definition			Purpose
A workload measure that accounts for the total number of SSN card requests completed within a year (does not include any pending requests).			To monitor SSA service programs in order to improve practice and to determine SSN requests processed in order to accurately secure budgetary requirements.
How Computed	Data Source	Data Availability	Data Quality
The sum of SSN requests processed and completed through the following methods: enumeration at birth and field office requests, in a given year.	CAS MES NUMIDENT	Adequate	Adequate
Explanatory Information			Report Frequency
			Daily Monthly
Target Goal	Division	Designated Staff Members	
16.6 million requests processed	OFAM OFPO	Shirley Hodges	

EDP Testing and Results

EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:

- SSA receipt of Enumeration at Birth (EAB) data
- OIM receipt of all completed EAB and Field Office (FO) transactions
- OIM summary reporting process of all FO transactions
- Applicable application controls
- Applicable general computer controls
- Receipt of adequate and appropriate proofs of identity and age from new and replacement SSN applicants
- Review of the Weekly District Office Sample Report by field office personnel
- Review of the Diary Alert Report by field office personnel
- Verification of birth certificates for original SSNs for U.S. citizens under 18 years of age, either at field offices or through the Enumeration at Birth process
- Current procedural and systems documentation for CAS
- Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes
- Information protection control structure (system security)
- SSA's systemic contingency plan
- Full documentation of program changes evidencing user approval and testing
- SSA's *System Security Handbook*

See results of engagement entitled "SSA has a number of data integrity deficiencies", "SSA's system environment has security deficiencies," "CAS systems and procedural documentation have not been updated," "SSA has systems design and documentation deficiencies," "SSA has a number of deficiencies in their systems contingency plan."

CAATs Testing and Results

- Compared the OIM Monthly Summary File to the appended daily history file; and
- Queried the MES file of the NUMIDENT to replicate the September 1998 FOSSNER, National and Regional Totals Processed, and EAB records processed, to ensure integrity of data.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Traced the performance measure values per the FY 1998 Accountability Report values to the EAB and FOSSNER reports; and
- Traced the performance measure values per the EAB and FOSSNER reports to MES.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," " GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures."

Name of Measure	Measure Type	Strategic Goal/Objective	
7) Annual earnings items	Workload	Goal: To make SSA Program management the best in business, with zero tolerance for fraud and abuse. Objective: To positioning the Agency's resources and processes to meet emerging workloads.	
Definition			Purpose
A workload measure that accounts for the total number of items, including Current FICA W2s, Medicare for Qualified Government Employee W2s, and Non-FICA W2s, posted to SSA records by September 30.			To monitor SSA service programs in order to improve practice and to determine annual earnings workload counts in order to accurately secure budgetary requirements. Also used in the calculation of measure titled: Percent of earnings posted to individuals' records by September 30.
How Computed	Data Source	Data Availability	Data Quality
Sum of Current FICA W2s, Medicare for Qualified Government Employee W2s, and Non-FICA W2s posted by the end of the fiscal year (September 30).	EPOXY Accounting Statistics	Adequate	Adequate
Explanatory Information			Report Frequency
The timeframe used to account for total number of annual earnings items (posted to records) runs for twelve months beginning in February and ending in February of the next year.			Quarterly

Target Goal	Division	Designated Staff Members
243,100,000 items posted	Office of Finance, Assessment and Management/Office of Financial Policy and Operations	Gerry Glaser Mildred Camponeschi
EDP Testing and Results		
<p>EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:</p> <ul style="list-style-type: none"> • Applicable application controls • Applicable general computer controls • Implementation of established tactical plan addressing the suspense file and reconciliation issues • Procedures for changing the status of processed batches of data from "hold" to "verified" • Current procedural and systems documentation for CAS • Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes • Information protection control structure (system security) • SSA's systemic contingency plan • Full documentation of program changes evidencing user approval and testing • SSA's <i>System Security Handbook</i> <p>See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," " CAS systems and procedural documentation have not been updated," "SSA has systems design and documentation deficiencies," "SSA has a number of deficiencies in their systems contingency plan."</p>		
CAATs Testing and Results		
<ul style="list-style-type: none"> • Ensured online central office Master Earnings File database fields were valid; and • Replicated processed earnings items reported on Epoxy Accounting Statistics Report (Based upon sampling). <p>See results of engagement entitled "SSA has a number of data integrity deficiencies."</p>		

Process Improvement Testing and Results

Process Improvement testing was performed to ensure data availability and verify its accuracy within the following areas:

- Traced performance measure values per the FY 1998 Accountability Report to the values per the CAS Report;
- Traced performance measure values per the CAS Report to Epoxy Accounting Statistics Report; and
- Trace performance measure values per the Epoxy Accounting Statistics Report to the performance measure values in ERMS.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," and " GPRAs documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures."

Name of Measure	Measure Type	Strategic Goal/Objective	
8) Percent of earnings posted to individuals' records by September 30.	Percentage	Goal: To make SSA Program management the best in business, with zero tolerance for fraud and abuse. Objective: To maintain, through 2002, current levels of accuracy and timeliness in posting earnings data to individuals' earnings records.	
Definition			Purpose
The relationship between the total number of earnings posted for the current tax year (TY) and an estimated amount of earnings.			To monitor the progress of the earnings postings practice during the year.
How Computed	Data Source	Data Availability	Data Quality
The fiscal year actual percentage is the number of earnings items posted through September 30, less self-employment earnings, for that TY (see measure titled: Total number of annual earnings items posted to records), divided by the TY estimate of total posted annual earnings items generated by Office of Information Management and Office of Systems Requirements.	EPOXY ERMS	Adequate	Adequate
Explanatory Information			Report Frequency
The timeframe used to account for total number of annual earnings items posted to records (tax year) runs for twelve months beginning in February and ending in February of the next year. For the FY 1998 performance measures, the tax year began the week ending February 20, 1998. This timeframe precludes the use of an actual value in the calculation of the Percent of earnings posted to individuals' records by September 30 in the FY 1998 Accountability Report because it comes out in November, so an estimated value is used. The estimate number is generated by ORS staff, from the following sources: the President's budget (published annually in February and revised annually in July as part of the mid-session review), prior year actual numbers, and historical data.			Quarterly

Target Goal	Division	Designated Staff Members:
98 percent	Office of Finance, Assessment and Management/Office of Financial Policy and Operations	Gerry Glaser Mildred Camponeschi
EDP Testing and Results		
<p>EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:</p> <ul style="list-style-type: none"> • Applicable application controls • Applicable general computer controls • Implementation of established tactical plan addressing the suspense file and reconciliation issues • Procedures for changing the status of processed batches of data from "hold" to "verified" • Current procedural and systems documentation for CAS • Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes • Information protection control structure (system security) • SSA's systemic contingency plan • Full documentation of program changes evidencing user approval and testing • SSA's <i>System Security Handbook</i> <p>See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," "CAS procedural and systems documentation have not been updated," "SSA has systems design and documentation deficiencies," "SSA has a number of deficiencies in their systems contingency plan."</p>		
CAATs Testing and Results		
<ul style="list-style-type: none"> • Ensured online central office Master Earnings File database fields were valid; and • Replicated processed earnings items reported on Epoxy Accounting Statistics Report (Based upon sampling). <p>See results of engagement entitled "SSA has a number of data integrity deficiencies."</p>		

Process Improvement Testing and Results

- Traced performance measure values per the FY 1998 Accountability Report to the values per the CAS Report;
- Traced performance measure values per the CAS Report to the Epoxy Accounting Statistics Report;
- Traced performance measure values per the Epoxy Accounting Statistics Report to ERMS; and
- Reperformed and verified calculation output on AWR spreadsheets.

See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," " GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures," and "SSA did not calculate three of the performance measures as they are stated in their respective definitions."

Name of Measure	Measure Type	Strategic Goal/Objective
9) Percentage of individuals issued SSA-Initiated PEBES as required by law	Percentage	Goal: To strengthen public understanding of the social security programs Objective: By 2005, 9 out of 10 Americans will be knowledgeable about the Social Security programs in five important areas: <ul style="list-style-type: none"> • Basic program facts • Financial value of programs to individuals • Economic and social impact of the programs • How the programs are financed today • Financing issues and options
Definition		Purpose
<p>By law, under Section 1143 of the Social Security Act , SSA is required to issue annually “SSA-initiated” PEBES (SIPEBES) to approximately 15 million eligible individuals age 60 and over during FYs 1996 through 1999 for whom a current mailing address can be determined. SSA accelerated its’ mailings and as of March 1999 had exceeded the legislative mandate. For FY 2000, SSA is required to sent SIPEBES annually to all eligible individuals age 25 and over. Eligible individuals include those individuals who have a valid SSN number, are not in benefit status, have earnings on their record and who live in the US or a US Territory. For Puerto Rico and the Virgin Islands the US has a special arrangement with the tax authorities of these countries to transfer electronically a list with the names and addresses of the tax paying residents of the respective countries. The measure excludes those who are deceased or below the stipulated age to receive a SIPEBES, RIC ‘X’ holders, individuals who have pending claims, recipients for whom an address cannot be located, individuals who have no earnings posted on the record and individuals who have received a PEBES in the past, either on-request or SSA-initiated.</p>		<p>The SIPEBES are intended to increase the public’s understanding and knowledge of the Social Security program by informing wage earners as to their estimated future benefits. The SIPEBES also serve as an indicator as to the accuracy of the posting of earnings to the record of a wage earner. They also serve as a useful financial planning tool for wage earners. This performance measure is intended to gage the extent to which SSA is meeting the requirements mandated under Section 1143 of the Social Security Act.</p>

How Computed	Data Source	Data Availability	Data Quality
The percentage = x/y where x=Number of SIPEBES issued and y=Number required to be sent by law during the fiscal year.	GESS	Some FY 1998 Available, FY 1999 Available	Acceptable
Explanatory Information			Report Frequency
PEBES 2000 will be soon be implemented and in the future will impact our testing and the results of our testing.			Weekly
Target Goal	Division	Designated Staff Members	
100%	OCOMM	Rusty Toler	
EDP Testing and Results			
<p>EDP testing was performed to ensure controls were in existence and operating effectively within the following processes:</p> <ul style="list-style-type: none"> • "NUMIDENT Merge" • IRS address request • SSA Print Management SIPEBES verification • Postal Service SIPEBES verification • OIM receipt of SIPEBES count • Applicable application controls • Applicable general computer controls • Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes • Information protection control structure (system security) • SSA's systemic contingency plan • Full documentation of program changes evidencing user approval and testing • SSA's <i>System Security Handbook</i> <p>See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," "SSA has systems design and documentation deficiencies," and "SSA has a number of deficiencies in their systems contingency plan."</p>			

CAATs Testing and Results

- Extracted all eligible clients to receive a SIPEBES and compared record count to that of the records extracted via the NUMIDENT merge;
- Compared the record count SSA sends to IRS to requested addresses;
- Identified that Master Earnings File records have a corresponding record on the NUMIDENT; and
- Evaluated the selection of SIPEBES recipients per specific criteria.

See results of engagement entitled "SSA has a number of data integrity deficiencies."

Process Improvement Testing and Results

- Recalculated the performance measure value reported in the FY 1998 Accountability Report (Value is from PSIW01 Report); and
- Traced the PSIW01 valued use in the calculation of the performance measure to the GESS Report.

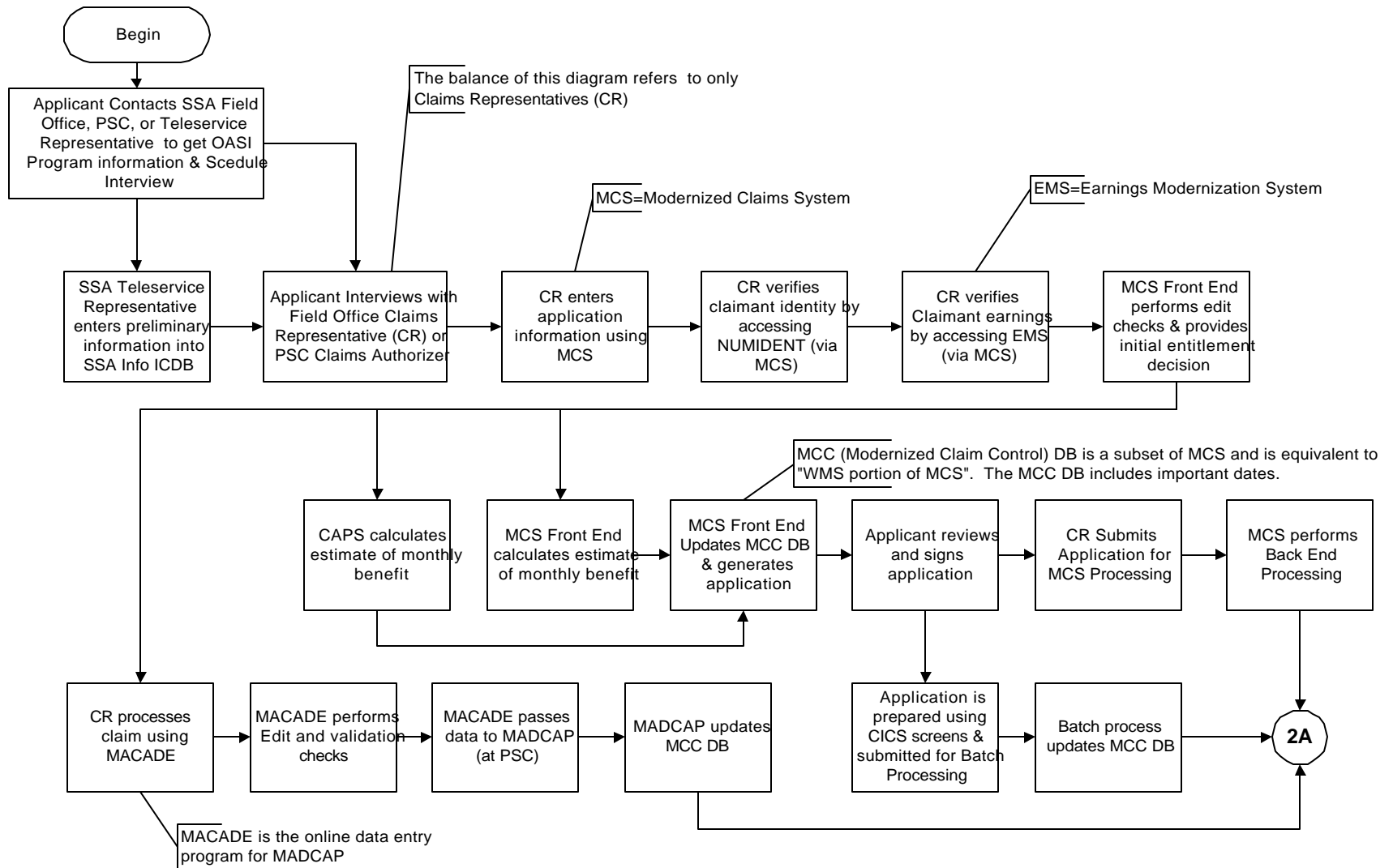
See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," "GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures," "SSA did not calculate three of the performance measures as they are stated in their respective definitions."

Performance Measure Process Maps

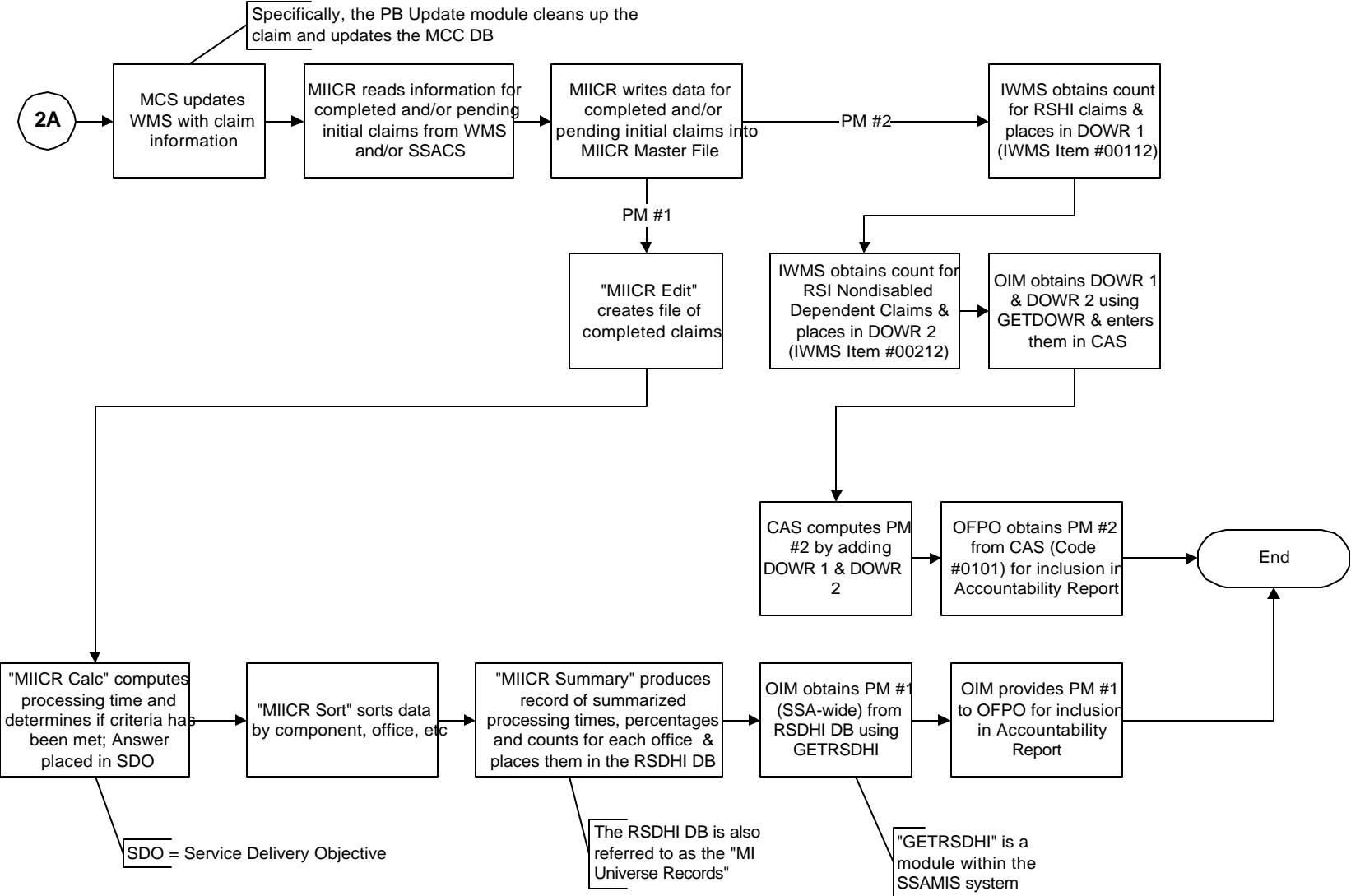
RSI Claims Process

PM #1: Percent of OASI Claims Processed by the time the 1st Regular Payment is Due, or Within 14 Days from Effective Filing Date, if Later

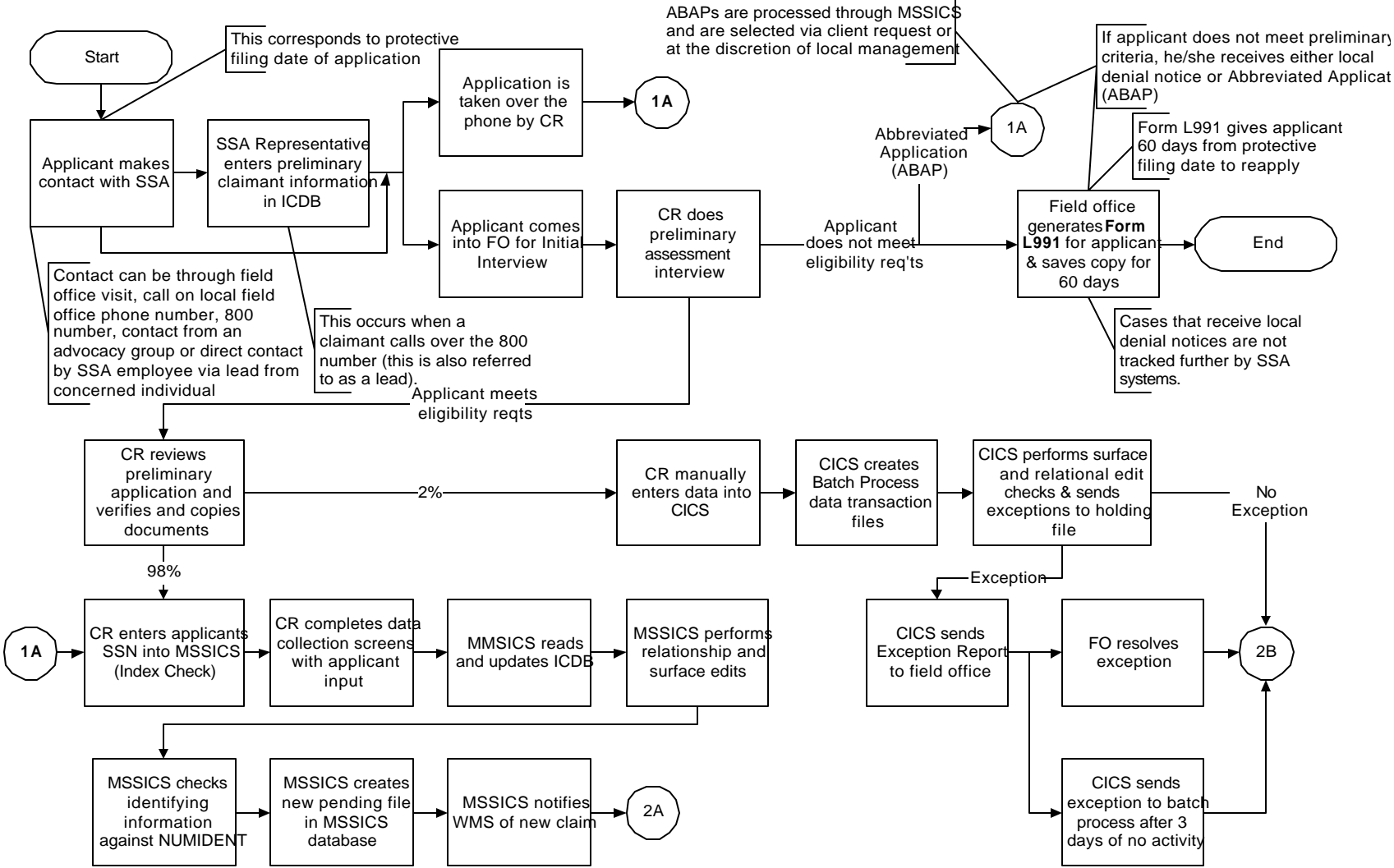
PM #2: Number of RSI Claims Processed



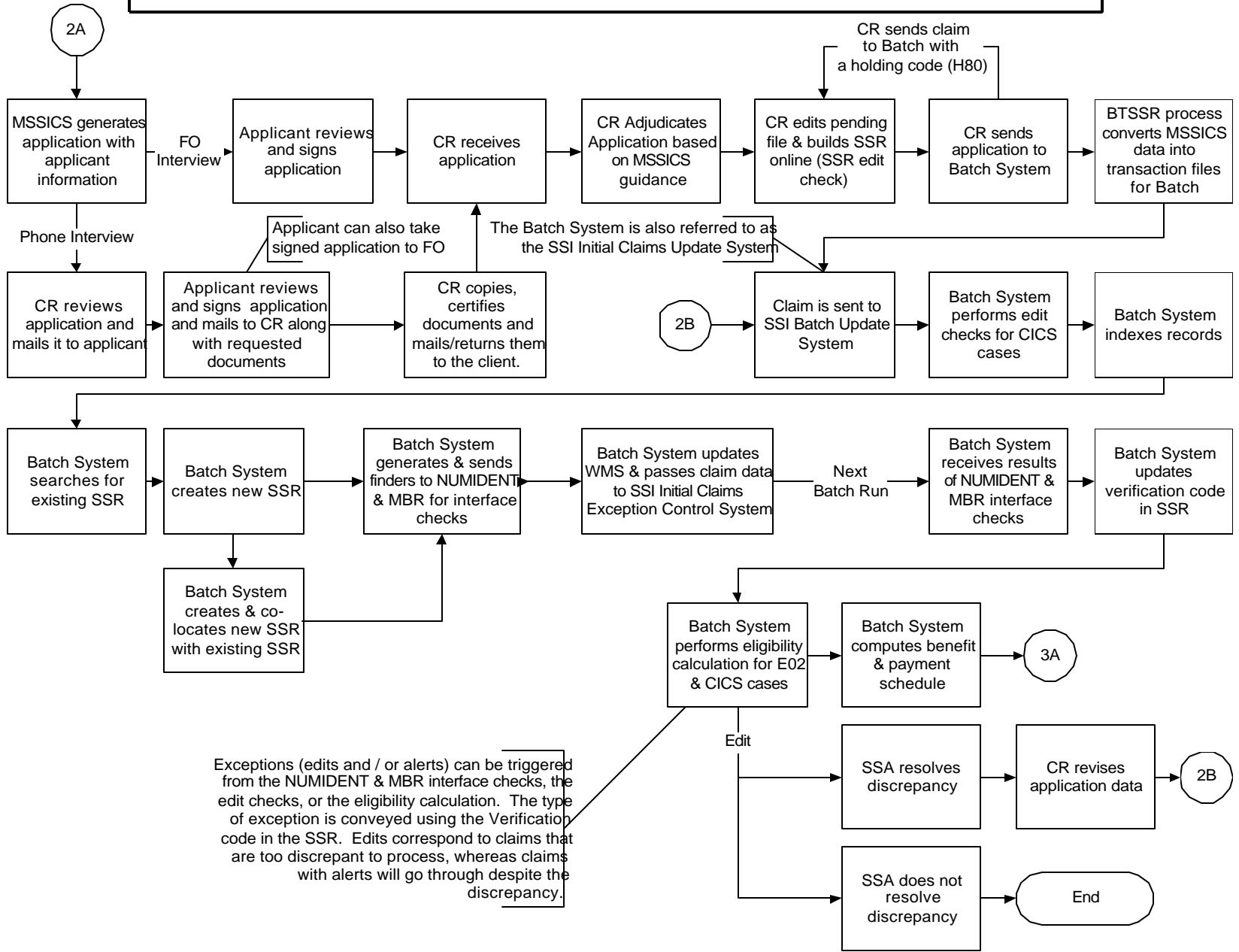
RSI Claims Process (Continued)



SSI Aged Claims Process
PM #3: Percent of Initial SSI Aged Claims Processed Within 14 Days of Filing Date
PM #4: Total number of SSI Aged Claims Processed during the year

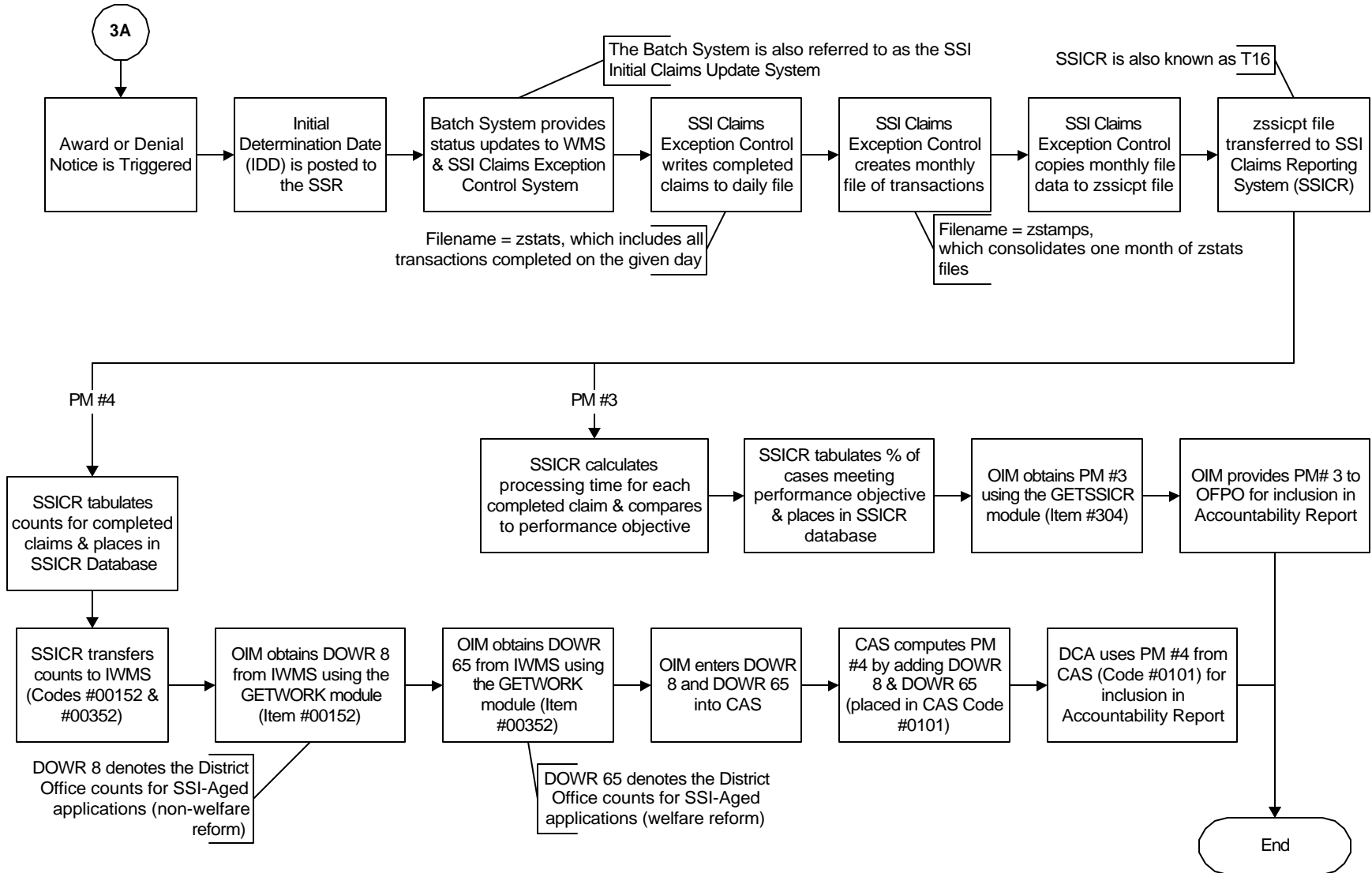


SSI-Aged Process (Continued)



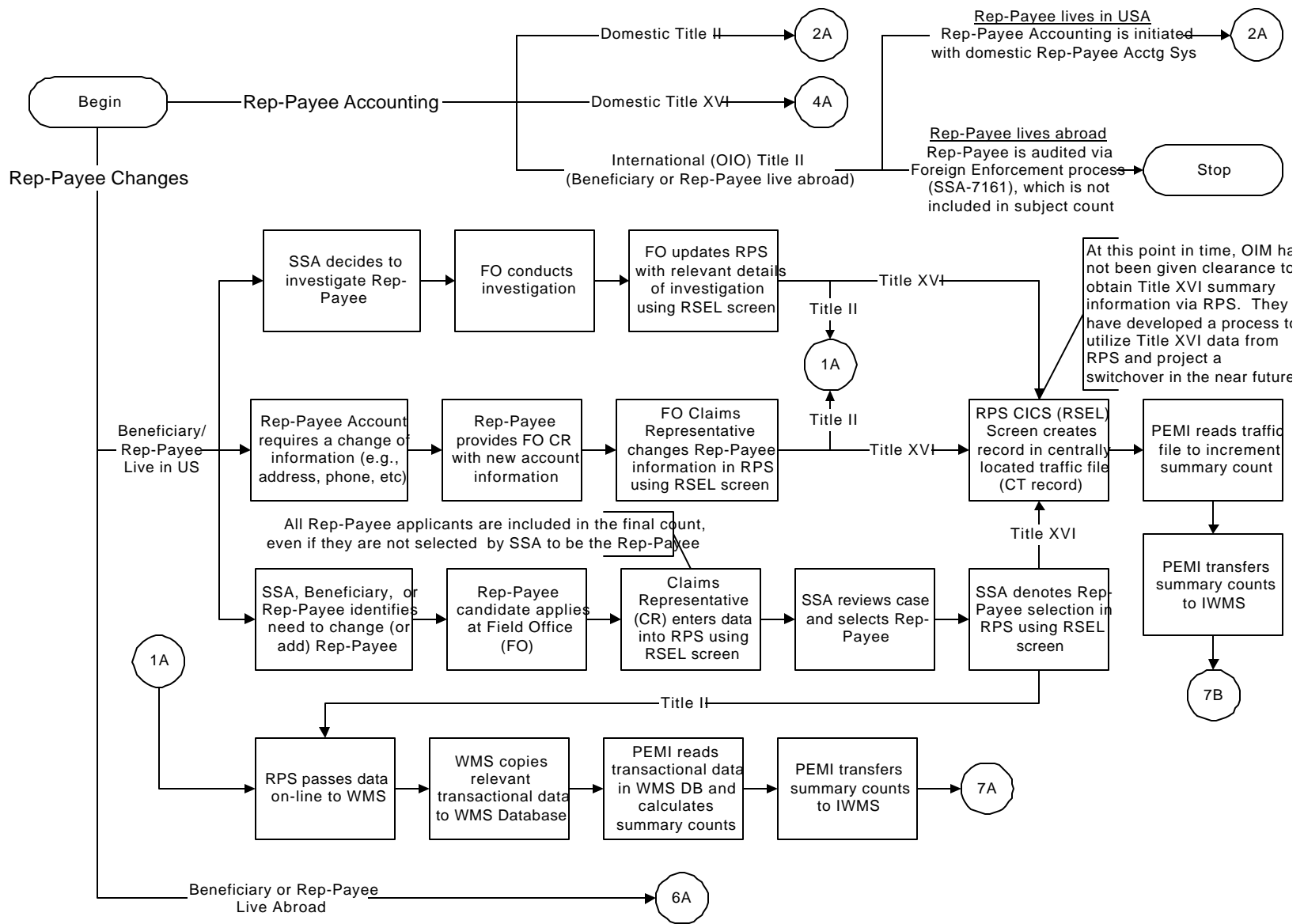
Exceptions (edits and / or alerts) can be triggered from the NUMIDENT & MBR interface checks, the edit checks, or the eligibility calculation. The type of exception is conveyed using the Verification code in the SSR. Edits correspond to claims that are too discrepant to process, whereas claims with alerts will go through despite the discrepancy.

SSI-Aged Process (Continued)

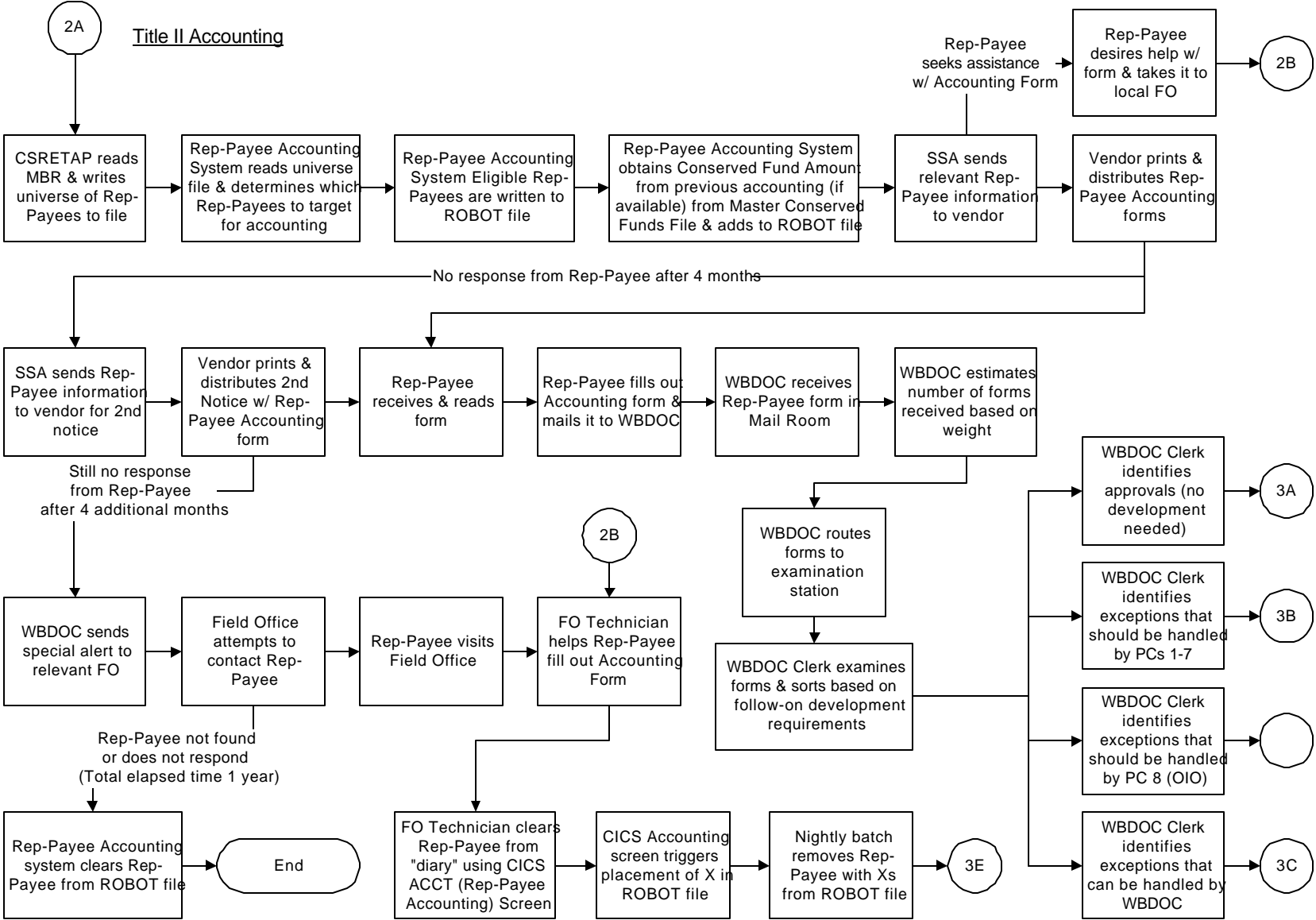


Representative-Payee Process

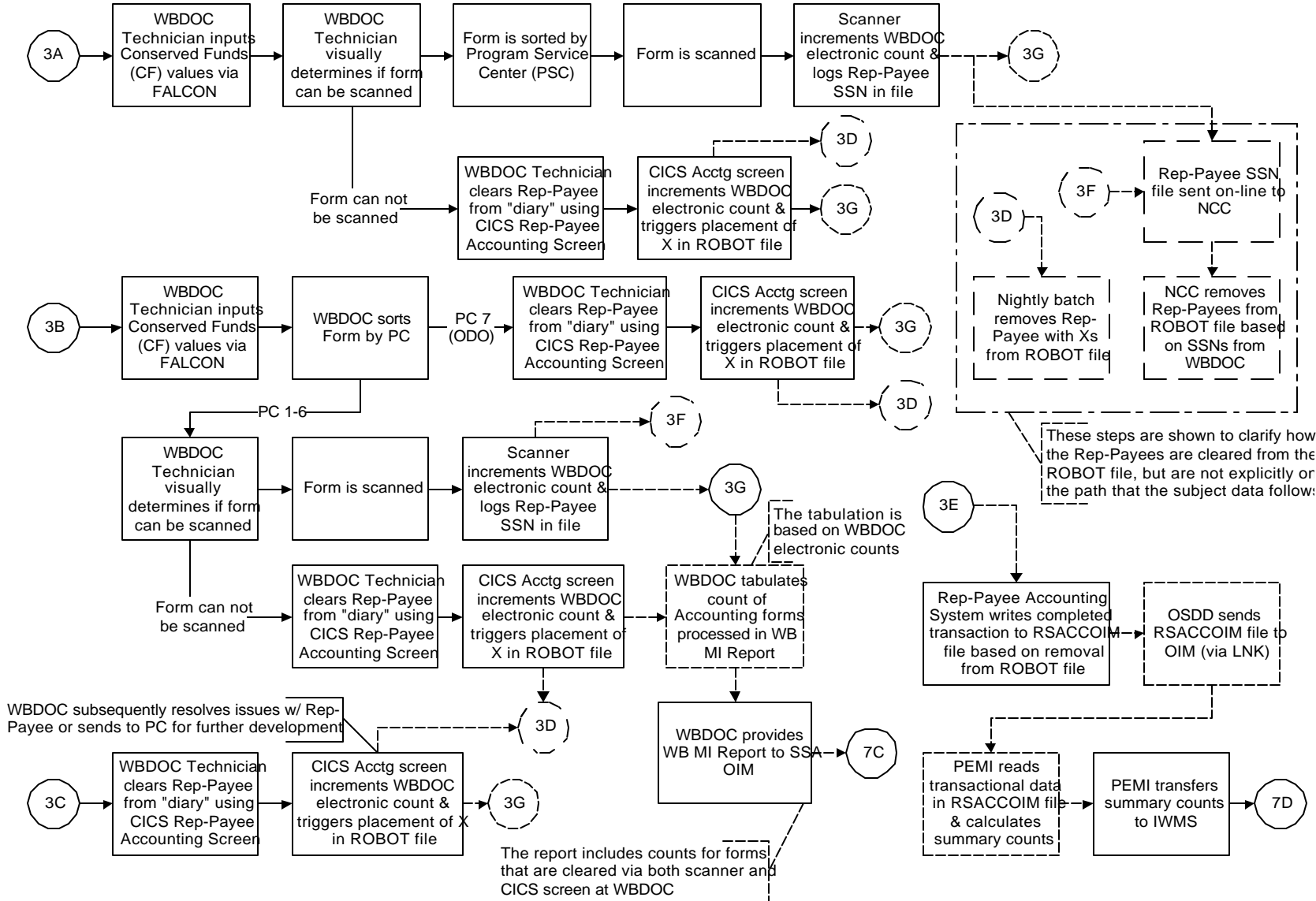
PM #5: Number of Rep-Payee Actions Processed



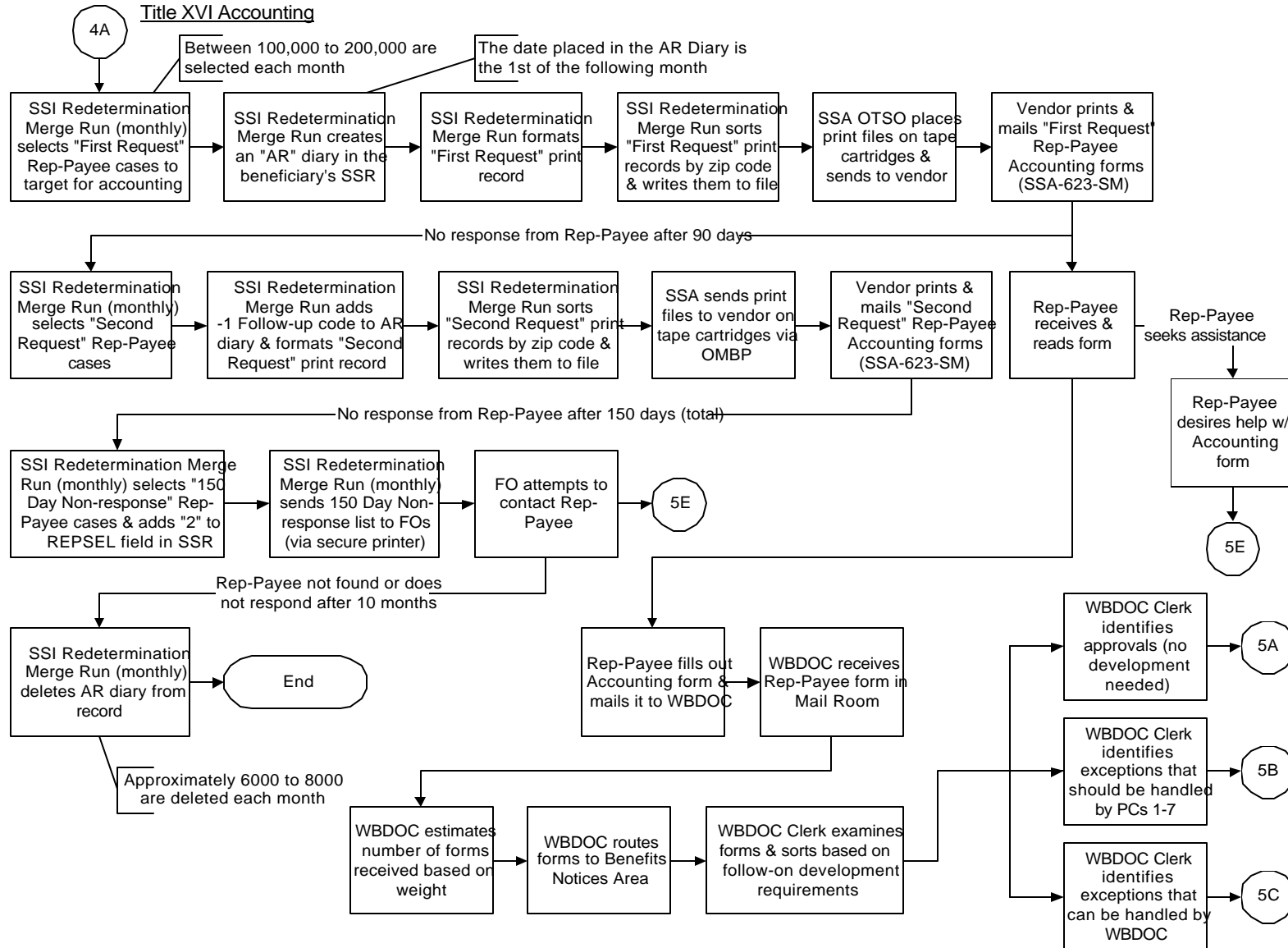
Representative-Payee Process (Continued)



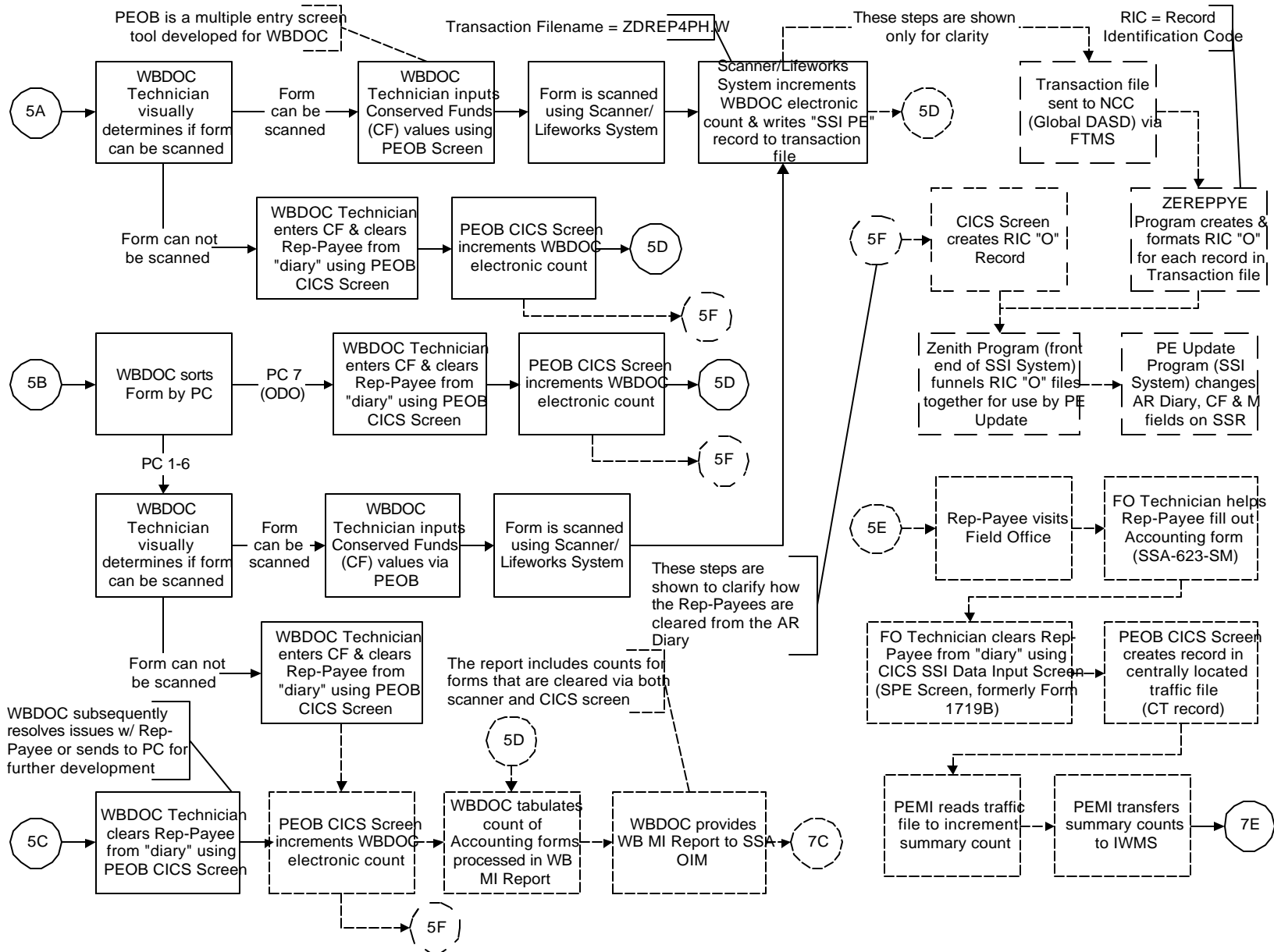
Representative-Payee Process (Continued)



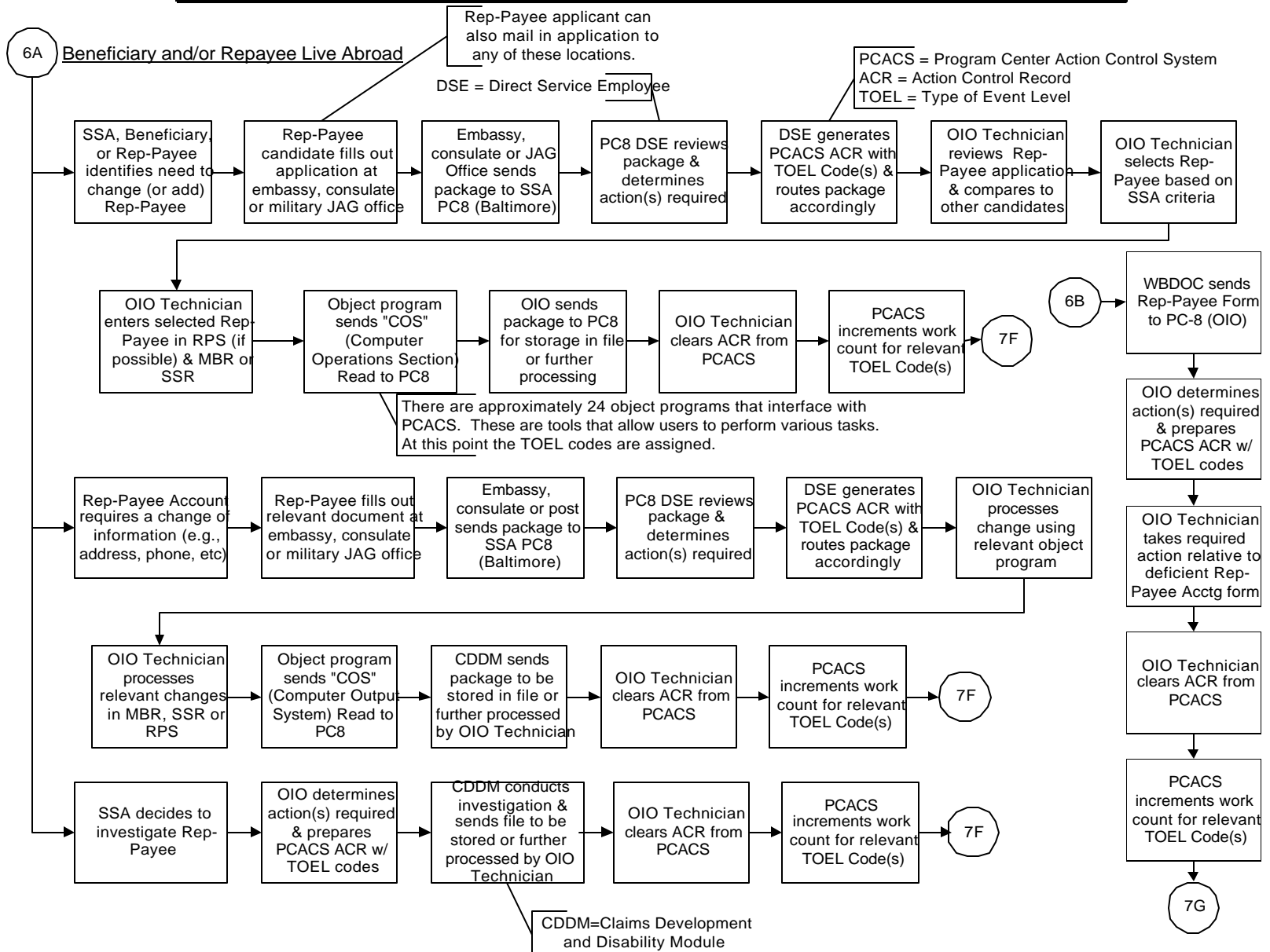
Representative-Payee Process (Continued)



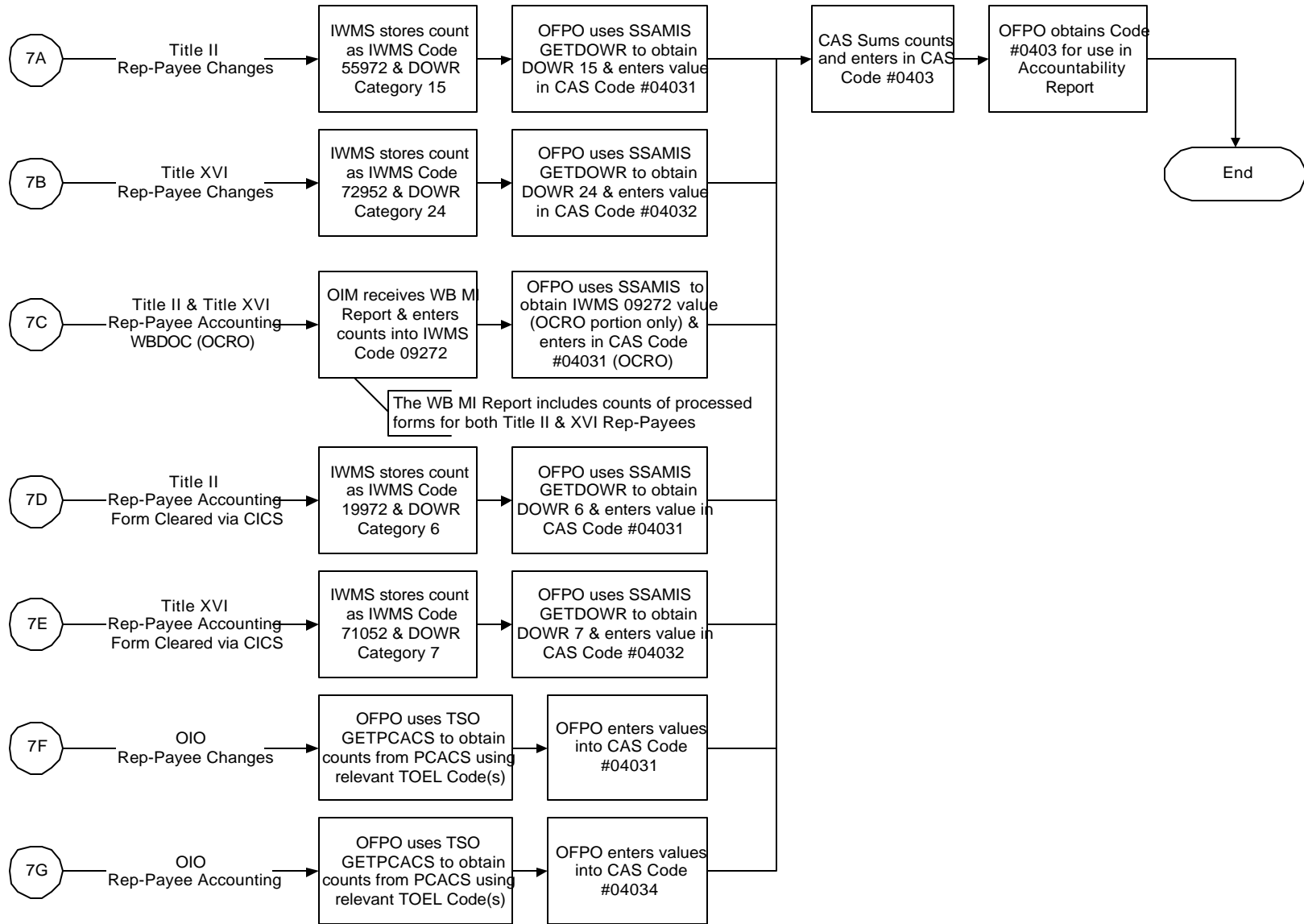
Representative-Payee Process (Continued)



Representative-Payee Process (Continued)

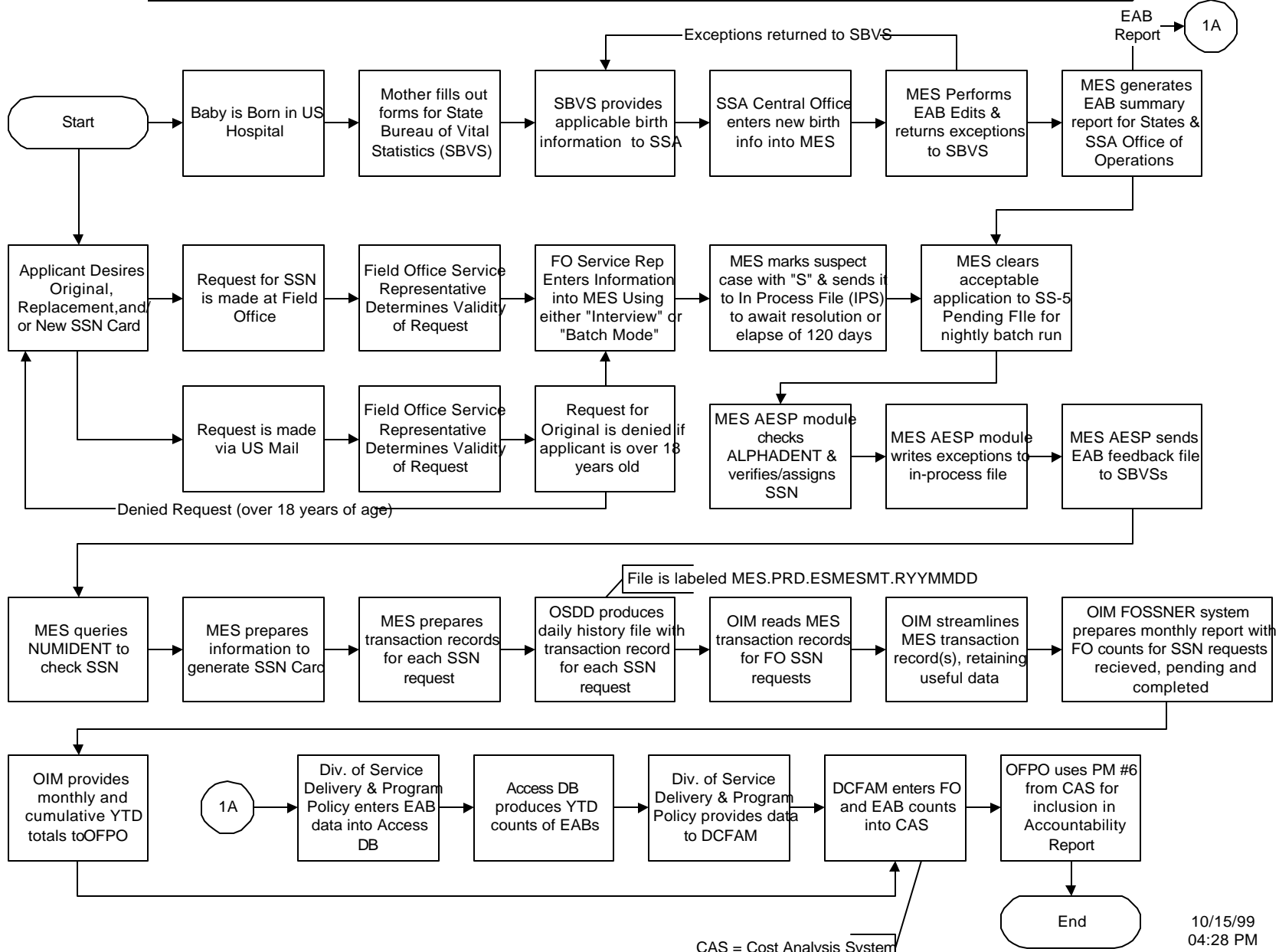


Representative-Payee Process (Continued)



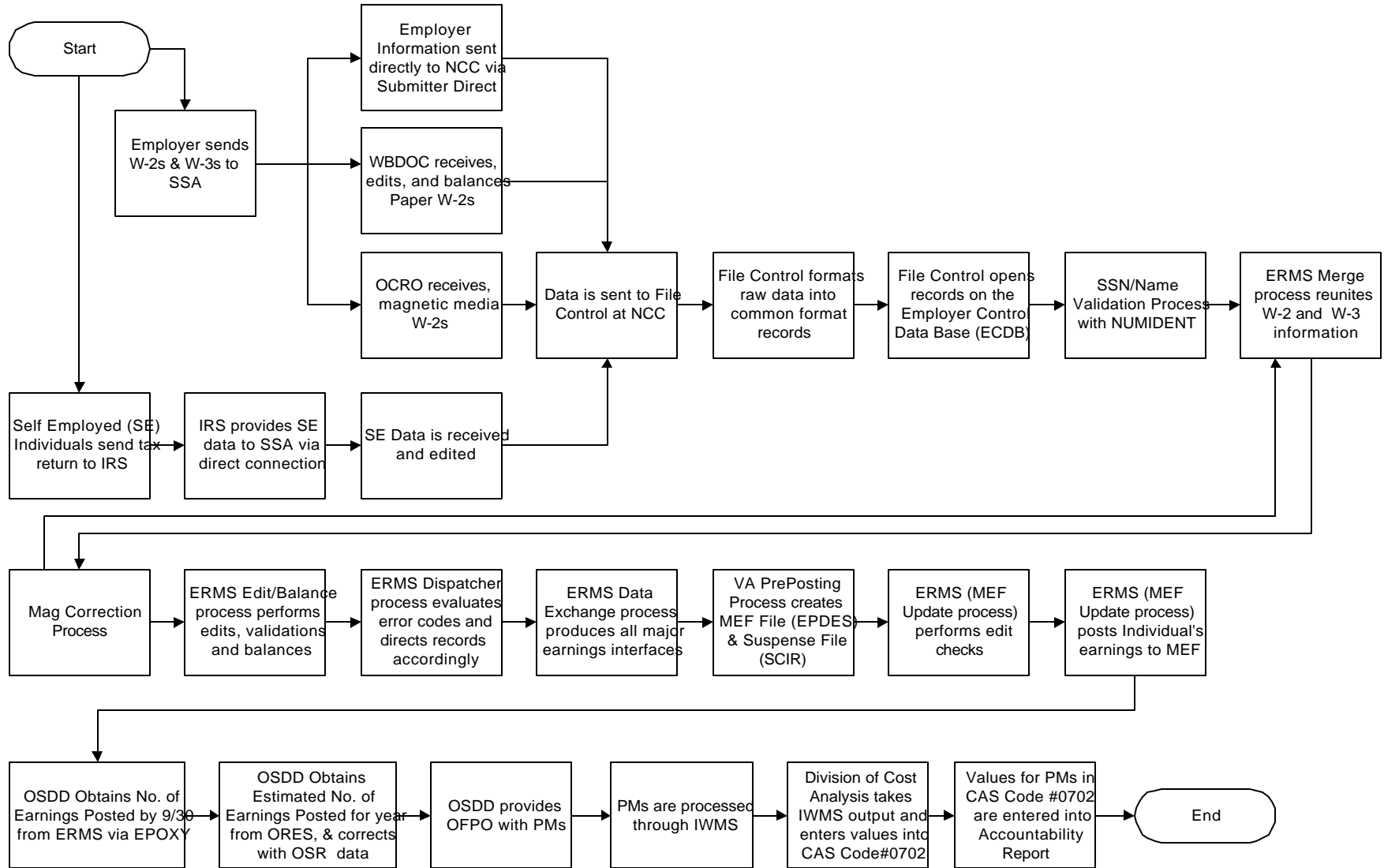
SSN Enumeration Process

PM #6: Number of SSN Requests Processed



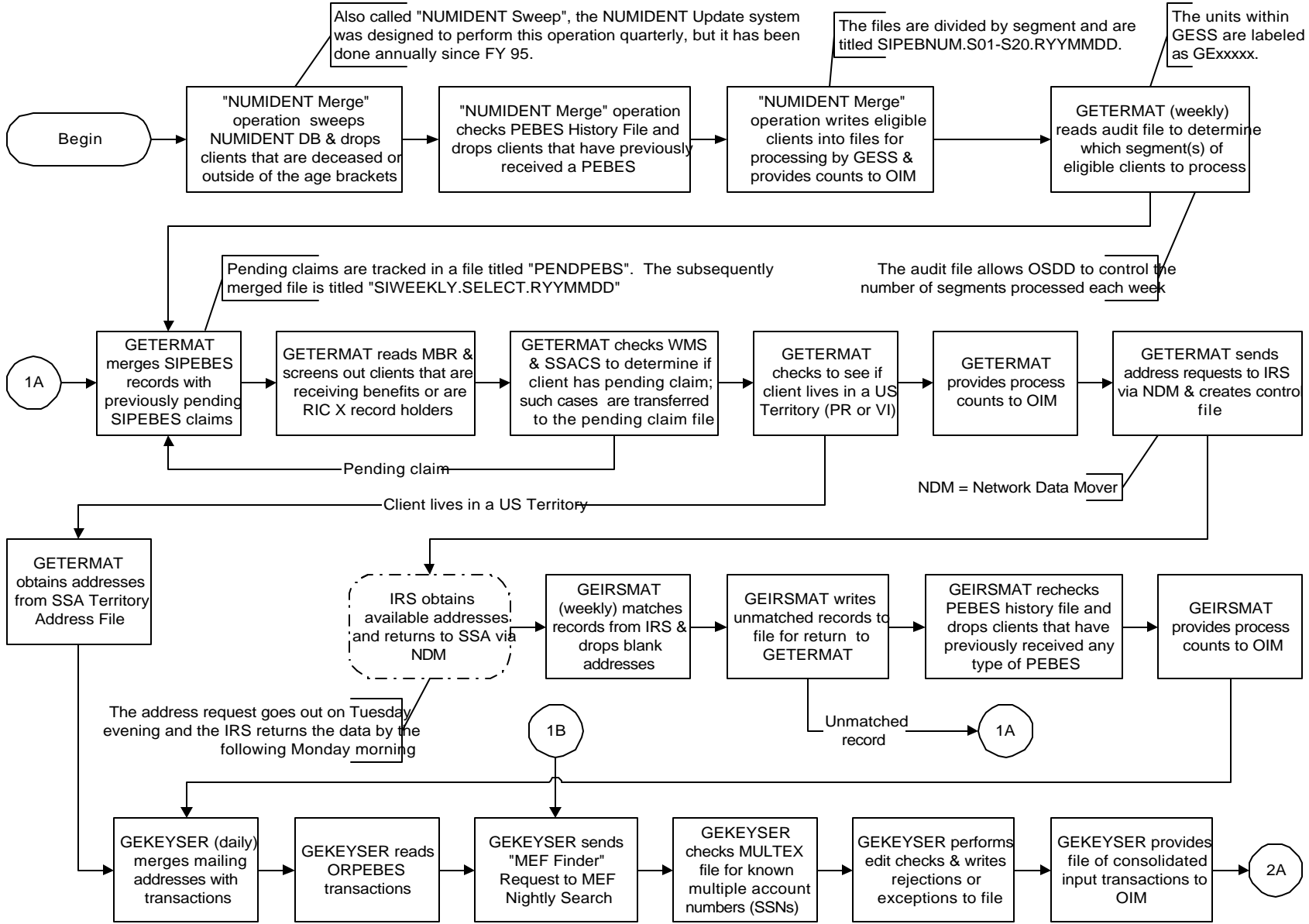
10/15/99
04:28 PM

Posted Earnings Process
PM #7: Total Number of Annual Earnings Items Posted
PM #8: Percentage of Earnings Posted to Individual Records by September 30th

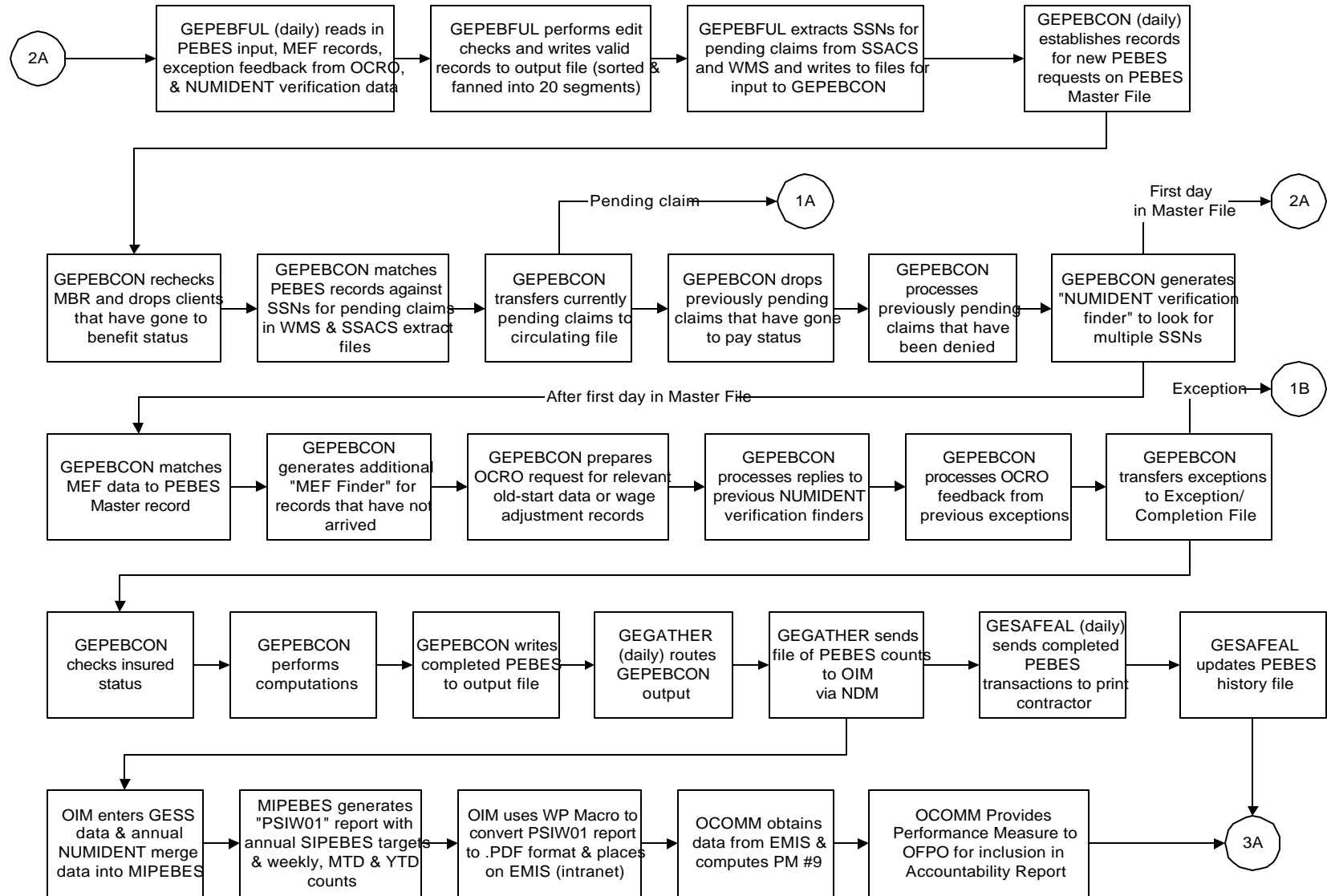


SIPEBES Process

PM #9: Percent of Individuals Issued SSA-Initiated PEBES as Required by Law



SIPEBES Process (Continued)



The input file from GESS is titled "LNK.P6909.OIMCOUNT.PEBCON.R&RUNDATE"

SIPEBES Process (Continued)

