
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**COMPLIANCE WITH ONSITE
SECURITY CONTROL AND AUDIT
REVIEW REQUIREMENTS AT
FIELD OFFICES**

September 2007

A-02-07-27021

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

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- Promote economy, effectiveness, and efficiency within the agency.**
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- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
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- Access to all information necessary for the reviews.**
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SOCIAL SECURITY

MEMORANDUM

Date: September 4, 2007

Refer To:

To: The Commissioner

From: Inspector General

Subject: Compliance with Onsite Security Control and Audit Review Requirements at Field Offices (A-02-07-27021)

OBJECTIVE

Our objectives were to assess (1) the Social Security Administration's (SSA) procedures for selecting field offices (FO) for Onsite Security Control and Audit Reviews (OSCAR), (2) SSA's system for ensuring appropriate correction of deficiencies identified through OSCARs, and (3) additional steps SSA can take to enhance the OSCAR guide.

BACKGROUND

SSA's Management Control Review Program was designed to improve the accountability and effectiveness of SSA programs and operations by establishing, assessing, and reporting on management controls. The Management Control Review is an important part of SSA's efforts to ensure its financial, program, and administrative processes are functioning as intended and comply with the *Federal Managers' Financial Integrity Act*.¹

The Management Control Review Program is implemented at FOs through the OSCAR process. OSCARs are performed in each region by Center for Security and Integrity (CSI) staff and an outside contractor. The CSI staff visits each FO to ensure the efficiency, effectiveness, and integrity of its operations. The staff uses the same standard guides, checklists, and tests in each region.

The OSCAR addresses nine areas related to FO operations: Third Party Draft Account, Acquisitions, Refund and Remittance Processes, Time and Attendance, Security of Automated Systems, Physical and Protective Security, Enumeration, Critical Payment System, and Integrity Review Areas.

¹ *Federal Managers' Financial Integrity Act of 1982*, Pub. L. No. 97-255.

CSI and the contractor review all OSCAR guide chapters during OSCARS. Additionally, each region assigns two chapters for self-review by FO managers, annually.²

Within 45 days of the completion of the OSCAR, the CSI or contractor staff issues a final report on the deficiencies, if any, in management control they identified and recommendations for addressing the deficiencies. The FO manager has 45 days to develop a Corrective Action Plan to address any deficiencies noted in the final report. The Area Director must validate the Corrective Action Plan within 90 days of receipt. If the FO manager or Area Director cannot meet these timeframes, they can apply for an extension from CSI or SSA's Division of Financial Integrity.

The OSCAR guide allows each region to select either a 5-year plan or targeted review approach for FO reviews. The 5-year plan requires that regions conduct OSCARS in each of their FOs in 5 years and allows them to review FOs without using specific criteria for selection. The targeted approach allows regions to perform reviews based on stipulated target criteria, for example, when a new manager takes over an office or a manager's self-review identifies problems. Regions must document target review criteria for each OSCAR performed and maintain those records for at least 3 years. Additionally, each region is required to review a minimum of 10 percent of FOs each year.

We reviewed SSA's FO OSCAR selection process for Fiscal Years (FY) 2002 through 2006. Additionally, we visited 20 FOs nationwide, 2 FOs in each of SSA's 10 regions, in which OSCARS were conducted between April 1, 2005 and March 31, 2006. We reviewed FO managements' efforts to correct deficiencies noted in the OSCAR reports. We also interviewed SSA staff to solicit ideas for improving the OSCAR process. See Appendix B for additional background, scope, and methodology and Appendix C for a list of FOs visited.

RESULTS OF REVIEW

We found the OSCAR process for FOs to be generally effective in selecting FOs for review and correcting deficiencies found. Most of the regional offices that followed the 5-year plan reviewed or came close to reviewing 100 percent of their FOs during FYs 2002 through 2006. Similarly, the five regions that chose the targeted approach generally reviewed the required minimum 10 percent of their FOs. Most of the deficiencies noted in OSCARS were corrected at the FOs we visited, though some deficiencies still existed at the time of our review. In addition, OSCAR reporting requirements were generally completed timely, but late responses had not received extensions. Lastly, we identified some areas of the OSCAR process that could be improved.

² We did not include self-reviews performed by FO managers in this audit.

FIELD OFFICE SELECTION PROCESS

As of the end of FY 2006, 5 of SSA's 10 regions had chosen to follow a 5-year plan, and 5 had chosen a targeted approach. Most of the five regions that followed the 5-year plan reviewed or came close to reviewing 100 percent of their offices during FYs 2002 through 2006 (see Table 1). In Region 8, however, one-quarter of the offices was not reviewed during the 5-year period.

Region	Number of FOs in Region*	Number of FOs Reviewed in 5-Year Cycle	Percent of FOs Reviewed in 5-Year Cycle
Region 4 (Atlanta)	261	n/a**	n/a**
Region 6 (Dallas)	151	151	100
Region 7 (Kansas City)	79	78	99
Region 8 (Denver)	58	43	74
Region 10 (Seattle)	53	53	100

*This includes all FOs open in FYs 2002 through 2006, and does not include teleservice centers.

** Region 4 changed from using a targeted approach to a 5-Year Plan beginning in FY 2005.

The five regions that chose the targeted approach generally reviewed the required minimum 10 percent of their FOs for each of the years we reviewed (see Table 2).³ Additionally, these regions used and documented target review criteria in accordance with the OSCAR guide.

Region	Number of FOs in Region*	Percent of FOs Reviewed Per FY				
		2002	2003	2004	2005	2006
Region 1 (Boston)	74	9	10	10	11	10
Region 2 (New York)	135	10	10	9	16	13
Region 3 (Philadelphia)	143	13	14	16	14	14
Region 5 (Chicago)	226	10	10	12	12	10
Region 9 (San Francisco)	168	13	16	13	10	10

*This includes all FOs open in FYs 2002 through 2006, and does not include teleservice centers.

CORRECTIVE ACTIONS

We reviewed each deficiency identified in the latest OSCAR for 20 FOs to determine whether the appropriate corrective actions were taken. In total, there were 716 deficiencies noted in the 20 offices; we found 53 of the deficiencies still present at the time of our visits.

³ Region 4 (Atlanta) met the minimum 10-percent review criteria for FY 2002 to 2004.

The 53 deficiencies were more likely to fall into 2 OSCAR review areas: Time and Attendance and Integrity Review. At the time of our visits, staff in 10 of the 20 FOs visited were not fully complying with time and attendance documentation procedures, such as sequentially signing in and out and/or completing time sheets correctly. Also, integrity reviews were not performed timely at four FOs. For example, 3 of the 10 integrity reviews we examined at 1 FO were not completed within the required 30 days. Similarly, 1 of the 18 integrity reviews we examined at another FO took longer than the allotted 30 days.

REPORTING REQUIREMENTS

The OSCAR process includes timeframes for issuing reports and corrective action plans, validating corrective actions taken, and allowing extensions. Generally, the reports, corrective action plans, and the validation of corrective actions were completed on time, or close to on time. Only one of the OSCAR reports was not timely; it was released 7 days after the 45 day deadline. Four of the 20 corrective action plans were not timely and were generally between 1 and 2 weeks late. Similarly, the area directors' validations of corrective actions were not timely in 6 of the 20 offices. Validations were generally from 1 week to 1 month past the allotted 90 days, with one validation being more than 4 months overdue. This office reported that the area director waited to validate corrective actions until the completion of some extensive office renovations that addressed some of the OSCAR findings. The offices that did not complete timely corrective action plans or validations of the plans did not request extensions, as the OSCAR manual allows.

ONSITE SECURITY CONTROL AND AUDIT REVIEWS GUIDE

As part of our audit, we solicited ideas from SSA staff on how to improve the OSCAR process. SSA staff suggested the following.

- The enumeration chapter in the OSCAR guide should be updated since the Social Security Card application process has changed. The OSCAR guide requires that a reviewer verify that required fields in the application are completed. The current computer program, SS-5 Assistant,⁴ used to process Social Security Card applications has built-in controls that do not allow a user to proceed without filling in required information.

⁴ We recently reported on this process in our July 2007 audit *Field Office Use of the SS-5 Assistant* (A-04-07-17026).

- The OSCAR guide should further consider current work environments that allow some FO staff to work outside of the field office using an SSA-provided laptop. The OSCAR does not review procedures in place to ensure safeguarding laptop computers and/or the personally identifiable information contained within the laptop computers taken outside of FOs.⁵

CONCLUSION AND RECOMMENDATIONS

While we found the OSCAR process for FOs to be generally effective in both selecting FOs for review and correcting deficiencies found, improvements can be made to make the OSCAR process more effective. We recommend SSA:

1. Ensure all regions using the 5-year plan selection method review all FOs within a 5-year period. Also, since Region 4 began using the 5-year plan selection method in FY 2005, it should be evaluated after it completes a full 5-year period to ensure the required number of FOs are reviewed.
2. Direct FO managers to ensure continued compliance with corrective actions taken for previously identified deficiencies.
3. Ensure reporting timeframes are met or appropriate extensions are requested and approved.
4. Update the OSCAR guide as needed to reflect changes in SSA's working environment, including updating the enumeration chapter and addressing personally identifiable information and laptop security.

AGENCY COMMENTS

The Agency agreed with all of our recommendations. The Agency's comments are included in Appendix D.



Patrick P. O'Carroll, Jr.

⁵ In June 2006, SSA released interim guidance on safeguarding this information as part of its *Information Systems Security Handbook*, which provides basic security guidance for SSA employees, contractors, and government or business partners who handle SSA information. The responsibility to protect personally identifiable information applies at all times regardless of whether SSA employees, contractors or other government personnel with this information are officially on duty or not on duty.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Field Offices Reviewed

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

CSI	Center for Security and Integrity
FO	Field Office
FY	Fiscal Year
GAM	General Administration Manual
GN	General
OIG	Office of the Inspector General
OSCAR	Onsite Security Control and Audit Review
Pub. L. No.	Public Law Number
SSA	Social Security Administration

Scope and Methodology

To define the Onsite Security Control and Audit Review (OSCAR) process and criteria, we researched the OSCAR guide for field offices (FO), the Social Security Administration's (SSA) Management Control Review program, and the *Federal Managers' Financial Integrity Act of 1982*.

We researched the following sections of the Program Operations Manual System.

- General (GN) 02403.002 *Remittance Processing Responsibilities – General*
- GN 02403.006 *Processing Remittances Received in the FO*
- GN 02403.009 *Processing Cash Remittances Received in the FO*
- GN 02403.010 *Completing the Cash Log*
- GN 02403.050 *Unverified Alert Process – Remittances*
- GN 02403.100 *Issuing and Reassigning SSA-1395-BK Receipt Books*
- GN 02403.145 *Performing the Annual Management Review*

We researched sections of the Administrative Instructions Manual System.

- Financial Management Manual, Chapter 03, *Finance and Accounting*
- General Administration Manual (GAM), Chapter 11, *Emergency Management/Civil Defense*
- GAM, Chapter 12, *Field Administration*
- GAM, Chapter 13, *Health and Safety Management*
- Material Resources Manual, Chapter 04, *Property Management*

There were 1,348 FOs during FY 2002 through 2006 among 10 regions, as follows.

Region	FOs
Region 1 (Boston)	74
Region 2 (New York)	135
Region 3 (Philadelphia)	143
Region 4 (Atlanta)	261
Region 5 (Chicago)	226
Region 6 (Dallas)	151
Region 7 (Kansas City)	79
Region 8 (Denver)	58
Region 9 (San Francisco)	168
Region 10 (Seattle)	53
Total	1,348

To accomplish our objective for the FO selection process, we reviewed the OSCARs completed for FYs 2002 through 2006. To achieve our results, we:

- Reviewed the OSCAR guide to gain an understanding of the two methods available to select FOs for OSCARs.
- Determined whether all regions were reviewing the minimum required FOs each year of our period of review, per their chosen method of selection.
- Determined whether those regions with a 5-year plan for FO reviews had reviewed each of their FOs in our 5-year period.
- Determined whether each region using targeted review criteria as a basis for FO selection maintained documentation of such criteria for the minimum required time.

We identified 214 FOs in the 10 regions that had an OSCAR performed by the Center for Security and Integrity or an outside contractor's staff from April 1, 2005 to March 31, 2006. To accomplish our objective related to the corrective actions taken for deficiencies identified through OSCARs, we:

- Selected a sample of 20 FOs, 2 per region, to review and measure overall characteristics.
- Reconciled actual OSCAR reporting processes with OSCAR reporting criteria for the 20 FOs to determine whether OSCAR Reports and Corrective Action Plans were submitted and validated timely.
- Performed on-site reviews at the 20 FOs to verify corrective actions were taken for deficiencies identified as part of an OSCAR.

We also solicited ideas for the improvement of the OSCAR process through review and analysis of our work results and interviews of relevant SSA personnel.

We performed our audit in the New York Audit Division and visited 20 FOs nationwide from December 2006 through June 2007. We found data used for this audit were sufficiently reliable to meet our objectives. The entities audited were SSA's Center for Security and Integrity and Division of Systems Security and Program Integrity, both under the Deputy Commissioner, Operations and SSA's Division of Financial Integrity, under the Deputy Commissioner, Budget, Finance and Management. We coordinated our review results with the auditees. Our audit was conducted in accordance with generally accepted government auditing standards.

Field Offices Reviewed

Number	Region	Field Office Location
1	1	Malden, Massachusetts
2	1	Lynn, Massachusetts
3	2	New York City, Downtown, New York
4	2	Hoboken, New Jersey
5	3	Fredericksburg, Virginia
6	3	Philadelphia, Downtown, Pennsylvania
7	4	Winder, Georgia
8	4	Gwinnett, Georgia
9	5	Kenosha, Wisconsin
10	5	Chicago, West Town, Illinois
11	6	Fort Worth, Texas
12	6	Dallas, Pleasant Grove, Texas
13	7	Warrensburg, Missouri
14	7	Emporia, Kansas
15	8	Denver, Colorado
16	8	Fargo, North Dakota
17	9	West Sacramento, California
18	9	San Mateo, California
19	10	Puyallup, Washington
20	10	Tacoma, Washington

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: August 23, 2007

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/

Subject: Office of the Inspector General (OIG) Draft Report, "Compliance with Onsite Security Control and Audit Review Requirements at Field Offices" (A-02-07-27021)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, on (410) 965-4636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL’S (OIG) DRAFT REPORT, “COMPLIANCE WITH ONSITE SECURITY CONTROL AND AUDIT REVIEW REQUIREMENTS AT FIELD OFFICES” (A-02-07-27021)

Thank you for the opportunity to review and provide comments on this draft report. Our comments on the draft recommendations are as follows.

Recommendation 1

Ensure all regions using the 5-year plan selection method review the required number of field offices (FO). Also, since Region 4 began using the 5-year plan selection method in fiscal year 2005, it should be evaluated after it completes a full 5-year period to ensure the required number of FOs are reviewed.

Comment

We agree. On August 13, 2007, we issued a memorandum to all Directors in the Regional Centers for Security and Integrity (CSI) reminding them to ensure that all sites are reviewed under the 5-year plan if that selection method is used. We will complete an evaluation in Region 4, after their full 5-year review period is complete, to ensure the required number of FOs have been reviewed.

Recommendation 2

Direct FO managers to ensure continued compliance with corrective actions taken for previously identified deficiencies.

Comment

We agree. As noted in the report, we implemented a two-chapter per year Onsite Security Control and Audit Reviews (OSCAR) self-review requirement for the field offices. In addition, we will include a reminder in the Annual Reminders to Managers, which is scheduled to be released in October 2007.

Recommendation 3

Ensure reporting timeframes are met or appropriate extensions are requested and approved.

Comment

We agree. On August 13, 2007, we issued a memorandum to all Directors in the Regional CSIs to reinforce the importance of meeting the timeframes and that requests for extensions are documented.

Recommendation 4

Update the OSCAR guide as needed to reflect changes in SSA's working environment, including updating the enumeration chapter and addressing personally identifiable information (PII) and laptop security.

Comment

We agree in part. We review and update the OSCAR guide on a monthly basis, to ensure it is in alignment with current security policies and procedures. We have added questions to the guide regarding security of laptops and of PII. In the current version of the field office OSCAR, laptop security is addressed in Chapter 5, "Security of Automated Systems," while the security of PII is addressed in Chapter 6, "Physical and Protective Security." Regarding the enumeration chapter, we do not think it should be updated at this time. We have had great success with initiatives such as the implementation of the SS-5 Assistant and the creation of the New York Modernized Enumeration System Workload Management Information website for monitoring of this workload to ensure the accuracy and integrity of our enumeration actions. There continue to be findings in this sensitive area, therefore, we do not anticipate eliminating a significant number of the chapter questions. We will continue to monitor this area to ensure that the enumeration chapter focuses on any noted areas of vulnerability.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Tim Nee, Director, 212-264-5295

Victoria Abril, Audit Manager, 212-264-0504

Acknowledgments

In addition to those named above:

Denise Molloy, Senior Analyst, 212-264-4215

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