

*Evaluation Report*

Fiscal Year 2014 Inspector General  
Statement on the Social Security  
Administration's Major Management  
and Performance Challenges

November 10, 2014

The Honorable Carolyn W. Colvin  
Acting Commissioner

Dear Ms. Colvin:

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies’ progress in addressing them. This review is enclosed. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

In Fiscal Year (FY) 2014, we focused on eight management and performance challenges. One overriding issue of great concern is discussed below, and the other issues are discussed in the attached report.

## DISABILITY INSURANCE TRUST FUND SOLVENCY

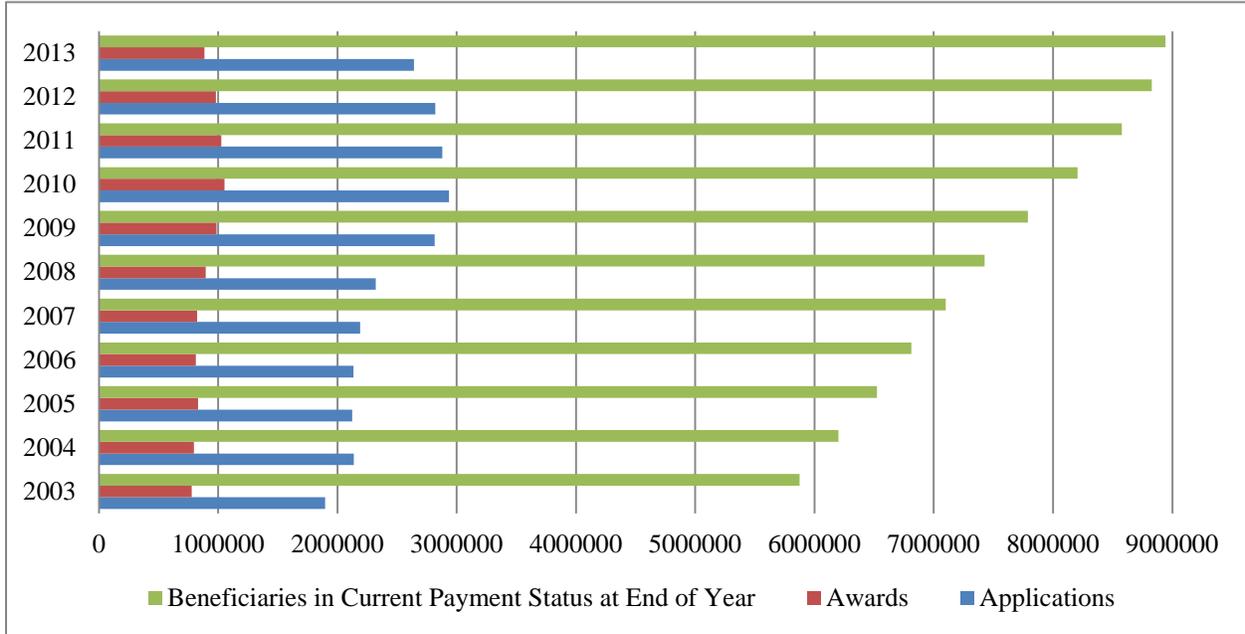
The Board of Trustees of the Social Security Trust Funds’ latest [Annual Report](#) projected that the reserves of the Disability Insurance (DI) Trust Fund, which have been declining since 2009, will continue declining until they are depleted in 2016. When reserves are depleted, income to the DI Trust Fund would be sufficient to only pay 81 percent of scheduled DI benefits.

**Table 1: DI Trust Fund 2003-2013 (in millions)**

Calendar Year	Total Receipts	Total Expenditures	Net Increase During Year	Assets at End of Year
2009	109,283	121,506	-12,223	203,550
2010	104,017	127,660	-23,643	179,907
2011	106,276	132,332	-26,056	153,850
2012	109,115	140,299	-31,184	122,666
2013	111,228	143,450	-32,221	90,445

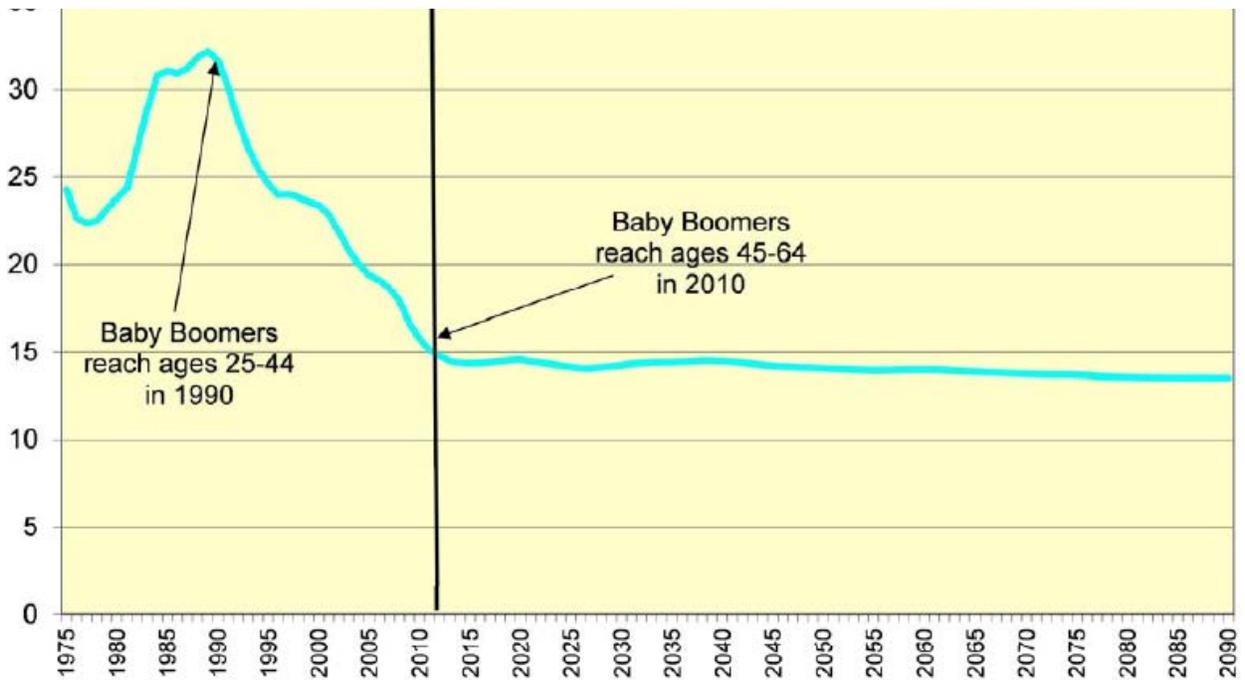
Over the last couple of decades, the baby boom generation has moved from less disability prone ages (25 to 44) to more disability prone ages (45 to 64). This is reflected in the increased DI applications, awards, and insured beneficiaries over the last decade.

**Figure 1: Workers per DI Trust Fund 2003 to 2013 (in millions)**



As more baby boomers seek disability benefits, raising costs to the Trust Fund, there are fewer workers paying into the DI Trust Fund to support current beneficiaries.

**Figure 2: Workers per Disability Insurance Beneficiary**



The Trustees concluded that legislative action is needed as soon as possible to address the DI program’s financial imbalance. They suggested that lawmakers may consider responding to the

impending DI Trust Fund reserve depletion by reallocating the payroll tax rate between Old-Age and Survivors Insurance and DI.

We share the Trustees' concerns. Absent an act of Congress, the *Social Security Act* (Pub. L. No. 74-271) does not permit further funding or allow SSA to make benefit payments from funds other than the Trust Funds. Consequently, if the Social Security Trust Funds become depleted, current law would effectively prohibit SSA from paying full Social Security benefits on a timely basis. The Agency would then have to decide on the best course of action for paying disabled beneficiaries. SSA needs to plan for this contingency, and it needs to share its plan with Congress and the American public. SSA needs to be proactive in fostering a dialogue on this critical issue to help determine how SSA will pay DI benefits in 2016 and beyond.

## OTHER MANAGEMENT AND PERFORMANCE CHALLENGES

As we planned our audit work for FY 2014, we identified the following challenges in addition to DI Trust Fund Solvency.

- Reduce the Hearings Backlog and Prevent its Recurrence
- Invest in Information Technology Infrastructure to Support Current and Future Workloads
- Improve the Timeliness and Quality of the Disability Process
- Strengthen the Integrity and Protection of the Social Security Number
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Transparency and Accountability
- Improve Customer Service
- Strengthen Strategic and Tactical Planning

We recently combined the last two challenges listed above into one – Strengthen Planning, Transparency, and Accountability. We concluded that the three elements of planning, transparency, and accountability are critical to sound management and should be considered collectively.

We further discuss these challenges in the attached document. In the description of each challenge, we define the challenge, outline steps the Agency has taken to address it, and detail actions SSA still needs to take to fully mitigate the issue. We used multiple sources to determine the status of each of the identified challenges. For example, we used statistics reported by SSA and Office of the Inspector General audits of SSA's operations. We also used the FY 2014 independent auditor's report, which contained the results of SSA's financial statement audit. The report concluded that SSA had two significant deficiencies in internal control. These issues are discussed in detail in the enclosure.

My office will continue focusing on these issues in FY 2015. We will also continue assessing SSA's operations and the environment in which SSA operates to ensure our reviews focus on the most salient issues facing the Agency.

Page 4 – The Honorable Carolyn W. Colvin

I look forward to working with you to continue improving the Agency's ability to address these challenges and meet its mission efficiently and effectively.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.  
Inspector General

Enclosure

# Fiscal Year 2014 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges

## A-02-15-15038



November 2014

Office of Audit Report Summary

### Objective

To summarize and assess the most serious management and performance challenges facing the Social Security Administration (SSA).

### Background

The *Reports Consolidation Act of 2000* requires that Inspectors General summarize and assess the most serious management and performance challenges facing agencies and the agencies' progress in addressing those challenges.

In Fiscal Year (FY) 2014, we focused on the following management and performance challenges: Reduce the Hearings Backlog and Prevent its Recurrence; Improve the Timeliness and Quality of the Disability Process; Reduce Improper Payments and Increase Overpayment Recoveries; Improve Customer Service; Invest in Information Technology (IT) Infrastructure to Support Current and Future Workloads; Strengthen the Integrity and Protection of the Social Security Number (SSN); and Strengthen Planning, Transparency, and Accountability.

### Our Findings

SSA faced the following challenges in FY 2014.

- While SSA has emphasized the need for quality, consistency, and timeliness in its disability decisions, this continues to remain a challenge as the hearings backlog approaches 1 million cases and timeliness continues to worsen.
- SSA needs to address the receipt of millions of initial disability and reconsideration claims and backlogs of initial disability claims and continuing disability reviews, while also protecting its disability programs from fraud.
- SSA is one of the Federal agencies with a high amount of improper payments. SSA will need to take additional actions related to reducing improper payments.
- SSA faces several challenges, such as increasing workloads and representative payee oversight, as it pursues its mission to deliver services that meet the public's changing needs.
- SSA faces major challenges to ensure it has sufficient IT controls, provides secure electronic services to meet the growing needs of its customers, strategically plans to modernize its systems for future service delivery, and efficiently implements major IT initiatives.
- Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due.
- The FY 2014 *Independent Auditor's Report* contained two significant deficiencies in internal control. The auditor identified a significant deficiency in internal controls related to the calculation, recording, and prevention of overpayments, and a significant deficiency in the area of information systems controls.

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## ABBREVIATIONS

ALJ	Administrative Law Judge
CDI	Cooperative Disability Investigations
CDR	Continuing Disability Review
DCPS	Disability Case Processing System
DDS	Disability Determination Services
DI	Disability Insurance
DMF	Death Master File
ESF	Earnings Suspense File
FY	Fiscal Year
GAO	Government Accountability Office
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPERIA	<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>
IT	Information Technology
NAPA	National Academy of Public Administration
NCC	National Computer Center
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
Pub. L. No.	Public Law Number
SAA	Senior Attorney Adjudicator
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

# REDUCE THE HEARINGS BACKLOG AND PREVENT ITS RECURRENCE

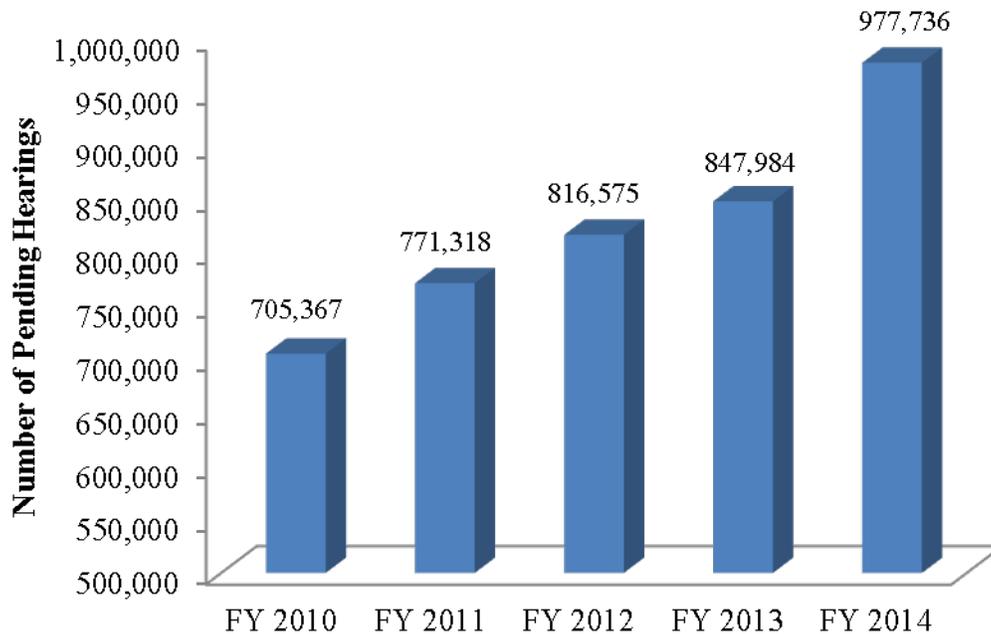
## CHALLENGE

While the Social Security Administration (SSA) has emphasized the need for quality, consistency, and timeliness in its disability decisions, this remains a challenge as the hearings backlog approaches 1 million cases and timeliness continues to worsen.

### Hearings Backlog

The hearings process is a key piece of the Agency’s disability process, providing the public with an opportunity to appeal an earlier State disability determination services (DDS) decision. Since Fiscal Year (FY) 2010, the pending hearings backlog has increased annually. While the number of new receipts has declined over the past 4 years, it has exceeded dispositions. The backlog was about 705,000 cases in FY 2010 and grew to over 977,000 pending cases by the end of FY 2014 (see Figure 1).

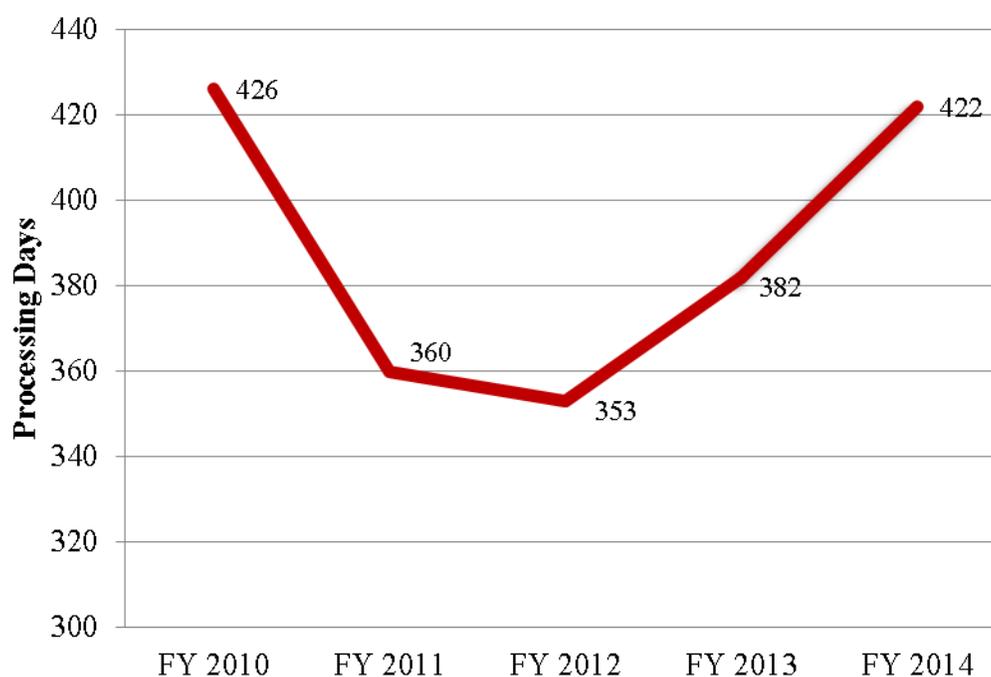
**Figure 1: Pending Hearings Backlog**



## Hearing Timeliness

SSA’s hearings processing timeliness was about 426 days in FY 2010. SSA made progress in reducing hearing waiting time to an average of 353 days in FY 2012. However, timeliness increased to an average of 422 days per case in FY 2014 (see Figure 2).

**Figure 2: Hearing Average Processing Time**



## Adjudicatory Capacity

The Agency’s ability to reduce the backlog and improve timeliness depends in large part on its adjudicatory capacity. The number of available administrative law judges (ALJ) grew by 18 percent from FY 2010 to FY 2013, but this number dropped in FY 2014 (see Table 1). SSA experienced delays in hiring new ALJs in part because the Agency exhausted the ALJ register administered by the Office of Personnel Management. As the Deputy Commissioner for Disability Adjudication and Review noted in November 2013 testimony, “The number of hearing requests we receive each year remains high, and we are losing many ALJs and support staff due to attrition, whom we are unable to replace. We are doing what we can to hold steady on our progress despite the loss of employees.”

**Table 1: Trends in Available ALJs**

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of Available ALJs	1,154	1,230	1,301	1,356	1,311

Cases decided by senior attorney adjudicators (SAA), who can make on-the-record allowances, has declined in recent years, leading to a reduction in the Agency’s adjudicatory capacity. While

SAs decided about 54,000 cases in FY 2010, they decided only 19,000 cases in FY 2013. In late FY 2013, SSA implemented a National Screening Unit pilot program to screen cases for possible on-the-record favorable decisions. This pilot has further reduced the number of favorable decisions issued by SAs. In FY 2014, SAs decided about 1,900 cases.

## AGENCY ACTIONS

The Agency has taken a number of steps to improve the quality, consistency, and timeliness of cases. For instance, since FY 2011, the Agency has been reviewing the quality of ALJ allowance decisions before their effectuation to ensure the cases were decided in a manner consistent with Agency policy. SSA has also enhanced its monitoring of ALJ workloads, created tools so ALJs and other employees can compare their workload to their peers' workloads, and focused greater attention on subsequent appellate actions on ALJ decisions—what it calls the “agreement rate.” In addition, the Agency continues to focus on the oldest cases in the hearings backlog to ensure they are resolved. Finally, as noted earlier, the Agency is also hiring new ALJs and refocusing the work of the SAs to address the growing backlog and timeliness issues.

In our audits, we have attempted to assist the Agency as it reviews outlier activity and provides meaningful feedback to adjudicators and staff. In our December 2013 report, *Analysis of Hearing Offices Using Key Risk Factors*, we provided SSA with an additional model to evaluate the performance of individual hearing offices using multiple criteria. Moreover, in our July 2014 report, *Subsequent Appellate Actions Taken on Denials Issued by Low-Allowance ALJs*, we highlighted additional ways the Agency can provide case quality data to its adjudicators.

### WHAT THE AGENCY NEEDS TO DO

**Continue to focus on reducing the hearings backlog and average processing times.**

The number of pending claims is approaching one million claims and processing times have worsened in recent years.

**Use available resources to increase adjudicatory capacity,** especially since SAs are deciding fewer cases.

**Develop management information to identify hearing office outliers.** Resources can then be directed to the hearing offices operating below Agency standards.

**Continue focusing on the quality of ALJ decisions.** This focus and related training on identified weaknesses will enhance the overall hearings process.

## Key Related Links

- Office of the Inspector General (OIG) Report - [\*Analysis of Hearing Offices Using Key Risk Factors\*](#) (A-12-13-13044), December 20, 2013.
- OIG Report – [\*Effects of the Senior Attorney Adjudicator Program on Hearing Workloads\*](#) (A-12-13-23002), June 28, 2013.
- OIG Report - [\*Subsequent Appellate Actions Taken on Denials Issued by Low-Allowance ALJs\*](#) (A-12-13-13084), July 3, 2014.

# IMPROVE THE TIMELINESS AND QUALITY OF THE DISABILITY PROCESS

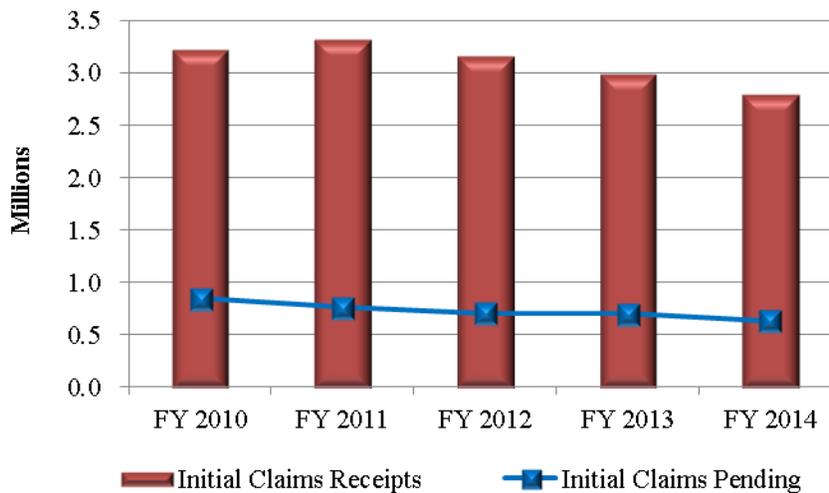
## CHALLENGE

SSA needs to address receipt of millions of initial disability and reconsideration claims and backlogs of initial disability claims and continuing disability reviews (CDR), while also protecting its disability programs from fraud.

### Disability Claims Backlog

SSA completed almost 3 million initial and 784,000 reconsideration disability claims in FY 2013 and over 2.8 million initial and 757,000 reconsideration claims in FY 2014. While initial claims receipts have declined in recent years, SSA had a large number of initial claims pending completion. As of the end of FY 2014, SSA had over 632,000 initial disability claims pending. In addition, SSA expects to have approximately 656,000 initial disability claims pending at the end of FY 2015.

Figure 3: Initial Claims Receipts and Pending



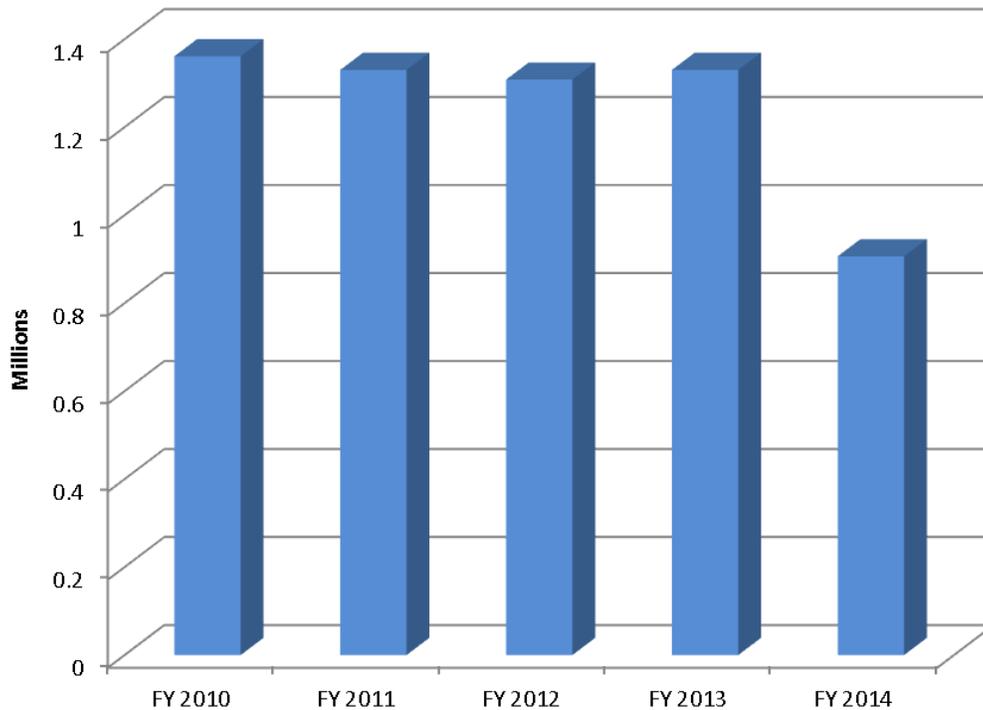
### CDR Backlog

In our August 2014 report on *The Social Security Administration’s Completion of Program Integrity Workloads*, we stated that SSA had a backlog of 1.3 million full medical CDRs at the end of FY 2013. SSA had a backlog because it had not completed all full medical CDRs when they became due. While SSA increased the number of full medical CDRs completed in recent years, it was still lower than needed to eliminate the backlog. As a result, SSA missed

opportunities for potential savings. For example, if, during FY 2014, SSA conducted full medical CDRs at historic levels, we estimated it would identify more than \$4.6 billion in additional Federal benefit savings.

SSA received authority to hire approximately 2,600 DDS employees in FY 2014—including replacement hiring and some additional hires. SSA expects these new hires to enable the Agency to process additional CDRs in FY 2015.

**Figure 4: Full Medical CDR Backlog**



## Disability Fraud

Recent high-profile fraud schemes uncovered in New York, Puerto Rico, and West Virginia highlighted the vulnerability of SSA’s disability programs to fraud. In New York, criminal facilitators conspired with disability applicants to feign disabilities and submit disability applications with fabricated and/or exaggerated ailments, which led to many individuals receiving disability benefits for which they were not eligible. Similarly, in Puerto Rico, dishonest third-party facilitators conspired with claimants submitting medical documentation that fabricated or exaggerated disabilities. In West Virginia, it was alleged that an ALJ in Huntington, West Virginia, conspired with an attorney to grant favorable decisions to disability claimants who were potentially ineligible for benefits.

The fraud schemes revealed that numerous individuals, with the assistance of the same attorney, claimant representative, or other facilitator, could apply for disability benefits, allege similar physical and/or mental impairments, provide similar fabricated or exaggerated medical documentation certified by a common physician or medical facility, and receive disability

benefits. These cases highlighted SSA's lack of the information technology (IT) infrastructure and front-end analytical tools necessary to screen applications for "potential fraud warnings" and then to review or investigate further before approving; for example, flagging a string of disability claims from applicants in the same geographic area with a common claimant representative and similar alleged disabilities. Watchful SSA and DDS employees ultimately caught the patterns present in the fraudulent claims in New York and Puerto Rico, but not before the Agency approved those claims and made millions of dollars of payments to the beneficiaries.

## AGENCY ACTIONS

### SSA's Strategy

In November 2010, SSA released its Strategy to Address Increasing Initial Disability Claim Receipts to reduce the initial claims backlog to a pre-recession level of 525,000 by FY 2014. The multi-year Strategy included

- increasing staffing in the DDS and Federal disability processing components;
- improving efficiency through automation;
- expanding the use of screening tools to assist in identifying claims likely to be allowed; and
- refining policies and business processes to expedite case completion.

However, in our April 2014 report on SSA's *Progress in Reducing the Initial Disability Claims Backlog*, we found SSA no longer expected to achieve its pending level goal of 525,000, and it had not established a new goal. If the anticipated funding and productivity remain unchanged, we estimate that the pending level would remain lower than the FY 2013 level through FY 2016. However, the pending level will not be reduced to 525,000 claims.

### Disability Case Processing System

The Agency is developing a Disability Case Processing System (DCPS), which is 1 system that will replace the existing 54 systems that support the DDSs. DCPS will integrate case analysis tools and health information technology. A common case processing system will help SSA timely distribute policy changes. Per SSA, it will provide consistent case processing abilities between the DDSs, which should have a positive effect on processing times and the consistency of disability decisions.

SSA began testing the initial version of DCPS in September 2012 and expected to implement DCPS nationwide by FY 2016. However, schedule delays have pushed full implementation to FY 2018. In addition, a management consulting firm hired by SSA found several weaknesses with the implementation of DCPS. We will continue evaluating SSA's plans to complete the DCPS project.

### Fraud Prevention and Cooperative Disability Investigations

This year, SSA began an initiative to develop predictive analytics to detect disability fraud. This project entailed two phases. Phase I was a 90-day "proof of concept" phase, completed in

May 2014, which used data analytics to prove known fraud using disability claims data from the New York, Puerto Rico, and West Virginia fraud schemes. Phase II, a 180-day phase to use predictive analytics to uncover unknown fraud using similar criteria deployed in Phase I, is ongoing. In addition, SSA is considering building a fraud risk-scoring model as well as determining the feasibility of establishing a joint anti-fraud organizational model composed of several SSA components. SSA is working with three vendors on the use of the predictive analytics tool and another vendor regarding a joint anti-fraud unit.

SSA also established Fraud Prevention Units (FPU) in New York, Kansas City, and San Francisco. The offices comprise dedicated disability examiners assigned to regional Disability Processing Branches. The FPUs' purpose is to review and identify suspicious disability claims as well as handle related redeterminations.

The Cooperative Disability Investigations (CDI) program continues to be one of our most successful joint initiatives, combining the efforts of the OIG, SSA, DDSs, and State or local law enforcement personnel. The CDI program has 27 units in 23 States and 1 U.S. territory. The units work to obtain sufficient evidence to identify and resolve questions of fraud and abuse related to disability claims. Since the program's inception in FY 1997, its efforts have resulted in \$2.8 billion in projected savings to the Disability Insurance and Supplemental Security Income (SSI) programs as well as \$1.9 billion in projected savings to non-SSA programs. SSA and the OIG plan to open 5 new CDI units by the end of FY 2016, bringing the number of CDI units to 32.

### **WHAT THE AGENCY NEEDS TO DO**

**Continue to focus on reducing the CDR backlog.** While the Agency made some progress in lowering the backlog in FY 2014, it still needs to use its available resources and technology to increase its capacity to ensure it completes full medical CDRs when they become due.

**Revisit its strategy to address the initial disability claims backlog.** SSA needs to develop meaningful performance measures to ensure progress in reducing initial claims pending.

**Ensure DCPS is back on track to modernize the technology infrastructure that supports disability case processing nationwide.** SSA needs to address the weaknesses identified and recommendations made by the management consulting firm.

**SSA needs to develop the tools and systems needed to properly store and analyze disability applications and claims to ensure payment integrity and protect the disability programs against fraud.**

## Key Related Links

- [OIG Report - \*SSA's Completion of Program Integrity Workloads\* \(A-07-14-24071\)](#), August 18, 2014.
- [OIG Report - \*SSA's Progress in Reducing the Initial Disability Claims Backlog\* \(A-07-13-13073\)](#), April 28, 2014.
- [SSA's \*Strategy to Address Increasing Initial Disability Claim Receipts\*](#), November 2010.
- [OIG Report - \*Full Medical Continuing Disability Reviews\* \(A-07-09-29147\)](#), March 30, 2010.
- [OIG Report - \*Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination\* \(A-07-12-11211\)](#), November 1, 2012.
- [IG Testimony - \*Examining Ways the Social Security Administration Can Improve the Disability Review Process\*](#), April 9, 2014.
- [OIG Report - \*The Social Security Administration's Ability to Prevent and Detect Disability Fraud\*](#), September 2014.

## REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

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### CHALLENGE

SSA is responsible for issuing over \$800 billion in benefit payments, annually, to about 60 million people. Given the amount of overall dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.

SSA is one of the Federal agencies with a high amount of improper payments. In FY 2013, the last FY for which data were available, SSA reported about \$8.1 billion in over- or underpayments, and the Agency incurred an administrative cost of \$0.07 for every overpayment dollar it collected. Further, SSA needs to adhere to the requirements in Executive Order 3520 *Reducing Improper Payments*, the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) (Pub. L. No. 111-204), and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) (Publ. L. No. 112-248). SSA needs to take additional actions to reduce improper payments.

### Improper Payment Rates

Workers, employers, and taxpayers who fund SSA's programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers, some payment errors will occur.

For example, according to SSA, in FY 2013,

- the Old-Age, Survivors and Disability Insurance (OASDI) overpayment error was \$1.9 billion or 0.2 percent of program outlays, and the underpayment error was \$1.1 billion or 0.1 percent of program outlays; and
- the SSI overpayment error was \$4.2 billion or 7.6 percent of program outlays, and the underpayment error was \$918 million or 1.7 percent of program outlays.

For FYs 2013 through 2015, SSA's goal was to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments; and for SSI, the Agency's goal was to achieve over- and underpayment accuracy rates of 95 and 98.8 percent, respectively.

The Agency has not met its payment accuracy goals often in the last few years (see **Table 2**).

**Table 2: Overpayment Accuracy Rates and Goals FYs 2008 Through 2012**

FY	2009		2010		2011		2012		2013	
Program	SSI	OASDI								
Rate	91.60	99.63	93.35	99.61	92.66	99.68	93.66	99.78	92.43	99.78
Target	96.00	99.80	91.60	99.80	93.30	99.80	95.00	99.80	95.00	99.80
Met	No	No	Yes	No						

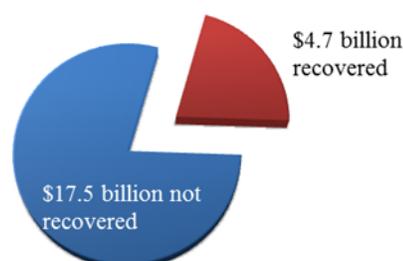
## Executive Order 13520, IPERA, and IPERIA

In November 2009, the President issued Executive Order 13520 on reducing improper payments; and, in March 2010, the Office of Management and Budget issued guidance for implementing it. Also, in July 2010, IPERA was enacted. Furthermore, in January 2013, IPERIA was enacted, which refined steps agencies should take to address improper payments. As a result, all agencies with high-risk programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. The Office of Management and Budget designated SSA’s programs as high-risk.

## Overpayment Recoveries

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2013, the Agency recovered \$4.7 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with an uncollected overpayment balance of \$17.5 billion.

**Figure 5: Overpayments Recovered FY 2013**



## AGENCY ACTIONS

### Improper Payment Causes

The major causes of improper payments in the OASDI program include beneficiaries who fail to timely report earnings and when SSA does not timely withhold monthly benefit payments from beneficiaries who are engaging in substantial gainful activity. SSA developed a statistical model that predicts the likelihood of beneficiaries being at risk of receiving large earnings-related overpayments and implemented it nationwide in June 2013.

A major cause of improper payments in the SSI program is recipients’ failure to provide accurate and timely reports of new or increased wages. In response, SSA developed a monthly wage reporting system incorporating touch-tone and voice-recognition telephone technology. SSA also implemented its Access to Financial Institutions project to reduce SSI payment errors by identifying undisclosed financial accounts with balances that placed recipients over the SSI resource limit.

## Debt Collection Tools

SSA uses a variety of methods to collect overpayment-related debt. Collection techniques include internal methods, such as benefit withholding and billing with follow up. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub. L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. These debt collection tools include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal Salary Offset.

## CDRs

The CDR is a tool for reducing improper payments. Through completion of CDRs, SSA periodically verifies that individuals are still disabled and eligible for disability payments. Available data indicate that SSA saves about \$10 for every \$1 spent on CDRs, including Medicare and Medicaid program effects.

### WHAT THE AGENCY NEEDS TO DO

**Identify and prevent improper payments through automation and data analytics.**

SSA needs to use the data it has and can obtain to better identify changes that affect beneficiaries and recipients' benefit payments. For example, we have recommended that SSA use its own data to identify anomalies that suggest a beneficiary may be ineligible.

**Collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when SSI recipients self-report their personal financial situations.**

**Accurately calculate overpayments and reconcile data between systems to detect discrepancies, which could lead to payment errors.**

## Key Related Links

- Executive Order 13520 – [\*Reducing Improper Payments and Eliminating Waste in Federal Programs\*](#), November 23, 2009.
- [\*Improper Payments Elimination and Recovery Act of 2010\*](#), July 22, 2010.
- [\*Improper Payments Elimination and Recovery Improvement Act of 2012\*](#), January 10, 2013.
- [Federal Payment Accuracy](#) website.
- OIG Report - [\*The Social Security Administration's Plan to Reduce Improper Payments Under Executive Order 13520, as Reported in March 2013\*](#) (A-15-13-13105), September 30, 2013.
- IG Testimony – [\*New Steps to Strengthen the Integrity of Federal Payments\*](#), May 8, 2013.

- [OIG Report – \*Using Bank Data to Identify Supplemental Security Income Recipients with Potential Overpayments\* \(A-01-12-11223\), September 5, 2013.](#)
- [OIG Report - \*The Social Security Administration’s Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2013 Agency Financial Report\* \(A-15-14-14074\), April 14, 2014.](#)
- [OIG Report - \*Supplemental Security Income Recipients with Excess Unstated Income\* \(A-07-12-11206\), May 20, 2014.](#)

## IMPROVE CUSTOMER SERVICE

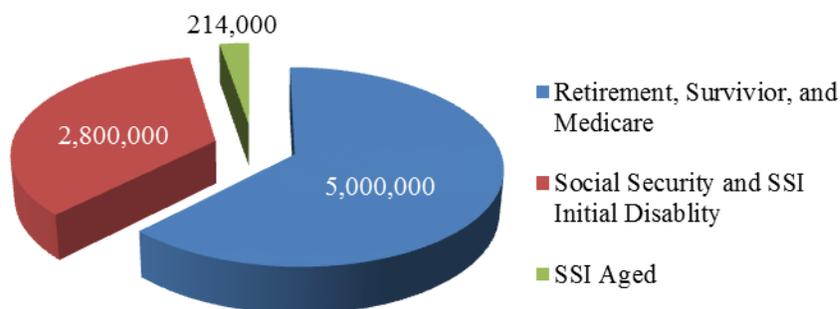
### CHALLENGE

SSA faces several challenges, such as increasing workloads and representative payee oversight, as it pursues its mission to deliver services that meet the public's changing needs.

#### Increased Workload with Reduced Staff

The number of Americans age 55 and older will increase by more than 10 million between 2015 and 2020, further increasing the demand for SSA services. In FY 2014, SSA completed approximately 5 million retirement, survivor, and Medicare claims; over 2.8 million Social Security and SSI disability claims; and nearly 214,000 SSI aged claims.

**Figure 5: FY 2014 Claims**



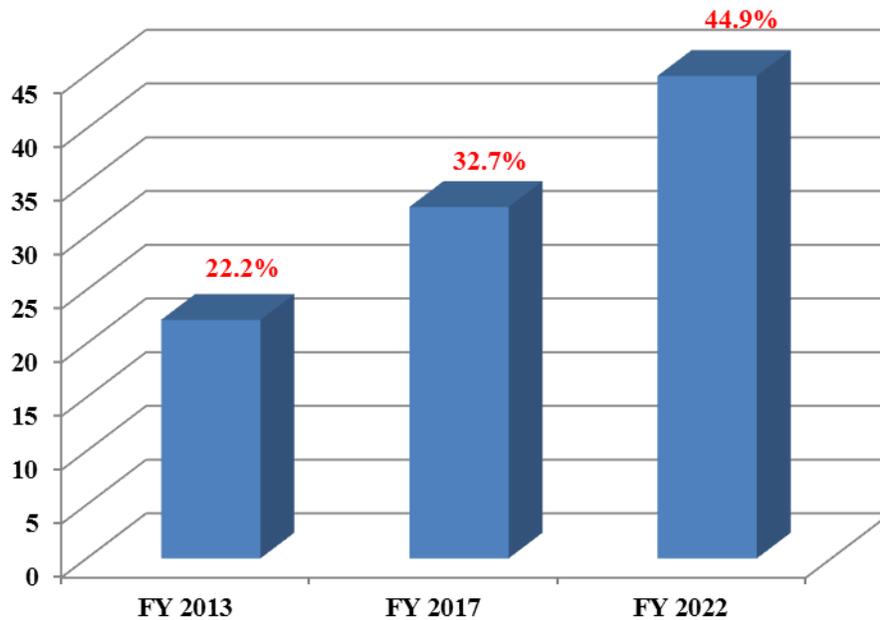
In addition, in FY 2014, SSA reported it

- completed 757,000 reconsiderations, 614,000 hearings, and 162,000 Appeals Council reviews;
- conducted 2.6 million SSI redeterminations and 1.7 million periodic medical CDRs;
- completed requests for 16 million new and replacement Social Security cards; and
- posted 253 million earnings items to workers' records.

One of SSA's greatest challenges is the loss of its most experienced employees. From FYs 2011 to 2013, nearly 11,000 SSA employees found other employment or retired. As a result, in FY 2014, the public waited longer for decisions on disability claims, to schedule an appointment in a field office, and to talk to a representative on the National 800-number. Busy signals nearly tripled from 5 percent in FY 2012 to 14 percent in FY 2014, and the average time to answer a call increased from about 5 minutes in FY 2012 to over 22 minutes in FY 2014.

SSA’s projected retirement of its employees continues to challenge its customer service capability. SSA estimates that about 45 percent of its employees, including 54 percent of its supervisors, will be eligible to retire by FY 2022.

**Figure 6: Retirement Eligibility**



In a May 2013 report, the Government Accountability Office (GAO) noted SSA’s human capital planning and analysis was not aligned with its long-term goals and objectives. SSA recognizes that it must recruit and retain a multi-generational, multi-cultural workforce with the competencies needed to achieve its mission and goals.

### Changing Customer Expectations

Technology is transforming how SSA conducts business with the public. Computer technology, high-speed networks, and mobile innovation provide new opportunities for service delivery. The public also expects responsive service from multiple service delivery channels. At the same time, the nation is becoming more diverse. For example, the Census Bureau projects the U.S. Hispanic population will nearly triple, from 46.7 to 132.8 million, between 2008 and 2050. As SSA enhances its service delivery strategies, it must consider the increasing multi-lingual, multi-cultural population it serves.

### Representative Payment Program

SSA appoints representative payees to manage the benefits of incapable beneficiaries and recipients because of their age or mental or physical impairment. In January 2014, SSA reported that approximately 5.9 million representative payees managed about \$74 billion in payments for 8.6 million beneficiaries and recipients. Our audits continue finding problems with representative payees who improperly use and account for beneficiaries’ payments. Also, in a

recent OIG review, we determined SSA paid \$265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries. Further, GAO noted SSA struggled to effectively administer its Representative Payment Program. The projected growth in the aged population, as well as the incidence of individuals with dementia, will require that SSA spend more resources recruiting and monitoring representative payees.

## AGENCY ACTIONS

SSA implemented the following initiatives to improve customer service: pursuing a long-term vision and strategic plan, expanding the use of online services, improving telephone services, expanding video services, and improving the Representative Payment Program.

### Long-Term Vision and Strategic Plan

Recently, the National Academy of Public Administration (NAPA) conducted a study to address the continuing service delivery challenges SSA faces. In July 2014, NAPA published its report—*Anticipating the Future: Developing a Vision and Strategic Plan for the Social Security Administration for 2025-2030*. SSA plans to use this report, along with input from its stakeholders, to develop a plan—*Vision 2025*—which SSA expects to release in FY 2015.

### Online Services

One of SSA's priorities is to provide the public with more service options through a wide range of online services. In FY 2014, SSA began development of the Internet Social Security Number (SSN) Replacement Card, which will allow the public to apply for a replacement SSN card over the Internet. Through the Agency's *my Social Security* online portal, individuals can obtain their Social Security statements and benefit verification letters, start or change their direct deposit payment, and change their address. *My Social Security* has about 2 million visits per month. In FY 2014, SSA reported it plans to expand *my Social Security* to include online notice delivery. Further, SSA plans to expand its online services to the SSI population and representative payees. Finally, SSA is collaborating with other government agencies and organizations to install SSA Express—self-service computer stations offering access to SSA's online services directly linked to SSA representatives—at their respective facilities.

### Telephone Services

SSA handles over 50 million telephone transactions per year. SSA is replacing its National 800-number infrastructure with a new system that will help eliminate lengthy navigation menus, better forecast call volumes, anticipate staffing needs, and efficiently distribute calls. It will also enhance the automated telephone applications' self-service features and speech recognition technology.

### Video Services

SSA is expanding its video services for individuals who live in rural areas or places that do not have public transportation. Video services enable SSA to provide service to people at hospitals, libraries, community centers, American Indian Tribal centers, and homeless shelters. Video

services also reduce travel costs and lost work hours. In FY 2014, SSA reported it had video units in over 2,000 sites and conducted over 156,000 transactions and held over 171,000 hearings by video. Additionally, in FY 2014, SSA conducted approximately 5,000 video remote interpreting services to hearing-impaired visitors.

## Representative Payment Program

SSA is developing a long-term strategic approach to improve its Representative Payment Program. Current efforts include using a predictive model that identifies cases with a higher probability of potential misuse. Further, in February 2014, SSA implemented its representative payee criminal bar policy, which prevents individuals convicted of committing certain crimes from serving as a representative payee.

### WHAT THE AGENCY NEEDS TO DO

**Develop and implement a clear vision on how it plans to provide service, given the current and anticipated workload increases and staff reductions.**

**Continue strengthening its controls for selecting and monitoring representative payees.**

## Key Related Links

- NAPA Report – [\*Anticipating the Future: Developing a Vision and Strategic Plan for the Social Security Administration for 2025-2030\*](#), July 2014.
- OIG Report – [\*Representative Payee Selections Pending in the Representative Payee System\*](#) (A-09-12-11252), February 2014.
- GAO Report – [\*SSA Representative Payee Program: Addressing Long-Term Challenges Requires a More Strategic Approach\*](#) (GAO-13-473), June 5, 2013.
- GAO Report – [\*Information Technology: SSA Needs to Address Limitations in Management Controls and Human Capital Planning to Support Modernization Efforts\*](#) (GAO-14-308), May 2014.
- SSA’s [\*Agency Strategic Plan Fiscal Years 2014-2018\*](#).
- SSA’s [\*Annual Performance Plan for Fiscal Year 2015, Revised Performance Plan for Fiscal Year 2014, and Annual Performance Report for FY 2013\*](#).
- SSA’s [\*Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews, Fiscal Year 2013\*](#), January 30, 2014.

# INVEST IN INFORMATION TECHNOLOGY INFRASTRUCTURE TO SUPPORT CURRENT AND FUTURE WORKLOADS

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## CHALLENGE

**SSA faces major challenges to ensure it has sufficient IT controls, provides secure electronic services to meet its customers' growing needs, strategically plans to modernize its systems for future service delivery, and efficiently implements major IT initiatives.**

SSA faces the challenge of how best to use technology to meet its increasing workloads with limited budgetary and human resources. Further, SSA will not be able to manage its current and future workloads without the proper IT infrastructure. The Agency uses a variety of technologies to deliver service to its customers, including telephone, the Internet, and videoconferencing. We have concerns regarding the Agency's IT physical infrastructure, development and implementation of secure electronic services, logical access controls and security of information systems, and management of major IT projects.

### IT Physical Infrastructure

SSA's National Computer Center (NCC), built in 1979, houses the infrastructure that supports the Social Security programs provided to the public and other services provided to Federal, State, international, and private agencies. Increased workloads and growing telecommunication services have strained the NCC's ability to support the Agency's business. SSA's primary IT investment over recent years has been replacing the NCC. The Agency has projected that its new facility will not be fully operational until 2016.

### Development and Implementation of Secure Electronic Services

SSA must provide additional electronic services to meet its customers' growing needs. In FY 2014, the public completed 70 million transactions online. The Agency's FY 2014 goal was to have 50.9 million transactions completed online.

While expanding its inventory of electronic services, the Agency needs to ensure its existing and future electronic services are secure. In January 2013, SSA expanded its *my* Social Security online portal to include direct deposit changes, change of address, and benefit verification. However, fraudulent accounts were established to redirect Social Security benefits to unauthorized bank accounts. From February 1, 2013 through FY 2014, we received nearly 40,000 fraud allegations related to *my* Social Security accounts from SSA and other sources.

### Logical Access Controls and Security of Sensitive Information

SSA's FY 2009, 2010, and 2011 Financial Statement Audits identified a significant deficiency in the Agency's controls over access to its sensitive information. For example, SSA did not

consistently comply with policies and procedures to periodically reassess the systems access given to its employees and contractors. Moreover, some employees and contractors had greater access to systems than they needed to perform their jobs. Additionally, certain configurations increased the risk of unauthorized access to key financial data and programs. The FY 2012 Financial Statement Audit identified additional concerns and raised the significant deficiency to a material weakness.

The FY 2013 and 2014 Financial Statement Audits continued identifying control issues in both the design and operation of key controls. In these audits, the independent auditor identified several deficiencies that, when aggregated, were considered to be a significant deficiency with regard to SSA's information systems controls.

We also found security weaknesses in SSA's systems. In our October 2013 report on *SSA's Process to Identify and Monitor the Security of Hardware Devices Connected to its Network*, we found the Agency's inventory of hardware devices was incomplete and inaccurate and included devices that were not approved to be on the network. In addition, in our 2014 report on *Mobile Device Security*, we found that SSA's security of mobile devices did not always conform with Federal standards and business best practices to mitigate unauthorized access to Agency sensitive information.

## Implementation of Major IT Projects

SSA faces challenges in executing and implementing major IT projects and delivering expected functionalities on-schedule and within budget.

SSA has partnered with State DDSs to evaluate disability claims and make disability determinations. Each of the 54 DDSs uses a customized legacy system to process disability claims and other non-SSA workloads. Supporting and maintaining these systems requires significant resources. In 2009, SSA started the DCPS project to simplify DDS system support and maintenance by transitioning to a modern, common case processing system. At that time, SSA estimated the project to cost \$381 million.

In March 2014, SSA contracted with an external firm to conduct an independent analysis of the DCPS project. The firm found that SSA invested \$288 million in DCPS over 6 years, but the project delivered limited functionality and faced schedule delays as well as increasing stakeholder concerns. The report stated that SSA leadership had decided to "reset" the program to increase the likelihood of successful delivery. In June 2014, SSA updated the estimated project costs to \$752 million.

In July 2014, the Chairman of the House Subcommittee on Social Security, Committee on Ways and Means, requested that we investigate DCPS. On September 5, 2014, we issued an interim report that addressed some questions related to the independent evaluation and DCPS project roles and responsibilities. In addition, we initiated a review to evaluate SSA's plans to complete the DCPS project. In our report, we will determine whether, going forward, SSA has established (1) reasonable milestones and deliverable dates; (2) a process to monitor progress, identify issues, and take corrective action; and (3) plans to keep key stakeholders—including

Congressional oversight committees and the Inspector General—informed of the project’s status. We plan to issue our report later in November 2014.

## AGENCY ACTIONS

### IT Physical Infrastructure

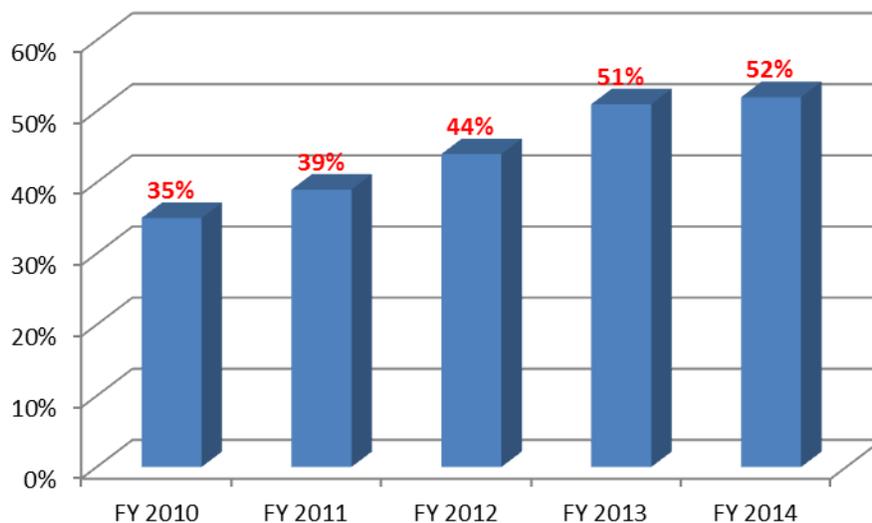
SSA has taken steps to address its IT infrastructure challenge and the NCC’s sustainability through 2016. For example, SSA conducts regular tours of the facility with technical experts to identify needed repairs or future replacement projects.

In February 2009, SSA received \$500 million in *American Recovery and Reinvestment Act* (Pub. L. No. 111-5) funding to replace its NCC. In August 2011, the General Services Administration purchased a site for SSA’s new data center. In January 2012, the General Services Administration and SSA awarded a contract for the design and construction of a new data center. The physical structure of the Agency’s new data center, the National Support Center, was substantially completed by September 2014 and, according to SSA, ahead of schedule and under budget. However, the Agency still needs to transition all IT operations from the existing NCC to the new National Support Center in FYs 2015 and 2016.

### Development and Implementation of Secure Electronic Services

SSA offers over 30 electronic services to the public, businesses, and other government agencies. Further, SSA has researched Internet authentication solutions to secure online initiatives, such as Ready Retirement, replacement SSN cards, and other automated services. In FY 2014, individuals filed over 70 million transactions online, exceeding the Agency’s FY 2014 goal of 50.9 million transactions. The Agency’s FY 2015 goal is to conduct 55.8 million transactions online.

**Figure 7: Percent of Claims Filed Online**



In FY 2014, SSA implemented fraud prevention enhancements to secure *my* Social Security transactions, including applications for benefits and changes of address and direct deposit. Additionally in 2014, SSA increased its promotional activities for the *my* Social Security portal. The Agency held a National *my* Social Security Week campaign and various other activities, such as sign-up events, special radio and social media advertisements, press events, and local office activities encouraging the public to use its online services.

## Logical Access Controls and Security of Sensitive Information

SSA developed the Profile Quality Program, a group of projects to limit access to the Agency's electronic resources, including sensitive data. As part of this Program, SSA implemented several procedures related to logical access controls and the security of sensitive information. Moreover, SSA implemented Web-based tools for automating SSA's process for reviewing access to sensitive information.

Finally, SSA developed teams to address the other significant deficiencies in information security. In FY 2014, SSA implemented additional policies and procedures and conducted security tests. This included, but was not limited to, policies and procedures over software change control, configuration management, authorization of hardware and software, and penetration testing.

## Implementation of Major IT Projects

SSA started implementing the recommendations of the firm that conducted the independent analysis of the DCPS project. Specifically, the Agency appointed a Chief Program Officer as the single accountable executive for DCPS and established an integrated program team to clarify responsibilities and improve communications. In addition, SSA plans to re-align programming efforts to focus on problem resolution, increase user engagement, and perform a new cost-benefit analysis for the project.

### WHAT THE AGENCY NEEDS TO DO

**Address the deficiencies identified by the independent auditor that, when aggregated, are considered to be a significant deficiency in the area of Information Systems Controls.**

**Ensure successful transition of its IT operations to the National Support Center and maintain responsive, reliable system performance.**

**Ensure the electronic services the Agency provides are secure.**

**Ensure its capital programming and investment control process is effective.**

## Key Related Links

- [OIG Report – \*The Social Security Administration’s Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2013\* \(A-14-13-13086\), November 2013.](#)
- [OIG Report - \*The Social Security Administration’s Financial Report for Fiscal Year 2013\* \(A-15-13-13085\), December 9, 2013.](#)
- [OIG Report - \*SSA’s Process to Identify and Monitor the Security of Hardware Devices Connected to its Network\* \(A-14-13-13050\), October 1, 2013.](#)
- [OIG Report – \*Mobile Device Security\* \(A-14-14-14051\), September 26, 2014.](#)

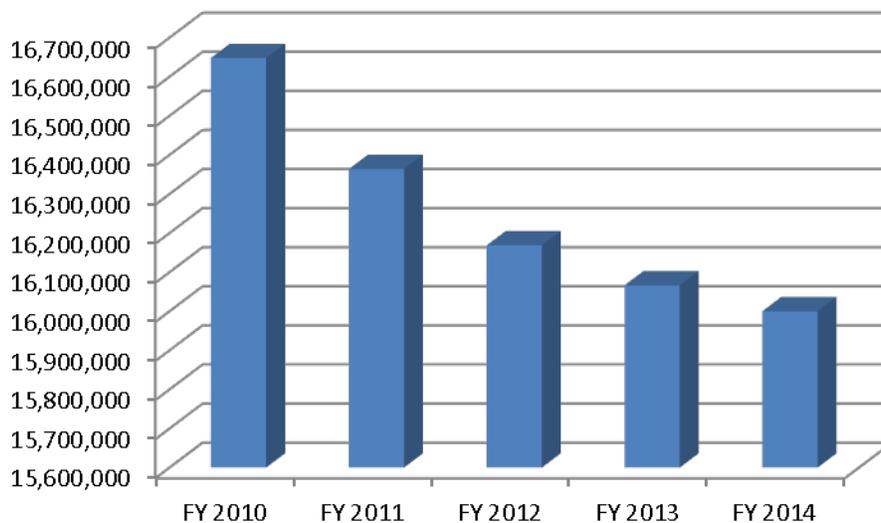
# STRENGTHEN THE INTEGRITY AND PROTECTION OF THE SOCIAL SECURITY NUMBER

## CHALLENGE

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due.

In FY 2014, SSA issued approximately 16 million original and replacement SSN cards. In addition, for Tax Year 2013, the Agency received and processed about 254 million wage items, totaling approximately \$5.9 trillion in earnings. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them.

**Figure 8: Number of SSNs Issued**



## SSN Use

The SSN is heavily relied on as an identifier and is valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates future benefit payments based on the earnings an individual accumulates over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA missions.

## SSN Misuse

Given the frequency of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA. Unfortunately, once SSA assigns an SSN, it has no authority to control the collection, use, and protection of the number by other public and private entities. The Inspector General has testified regarding ways of improving SSN protection and guard against misuse, identity theft, and tax fraud. The Federal Trade Commission has estimated that as many as 9 million Americans' identities are stolen each year.

Because the SSNs of deceased individuals are vulnerable to misuse, the public release of SSA's Death Master File (DMF) has raised concerns. More recently, the *Bipartisan Budget Act of 2013* restricted public access to the DMF. The public will have access only to a file containing deaths that occurred at least 3 calendar years before the request. To the extent possible, we believe SSA should limit public access to the DMF to only what is required by law and take all possible steps to ensure its accuracy.

## Earnings

SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts.

SSA spends scarce resources correcting earnings data when employers report incorrect information. The Earnings Suspense File (ESF) is the Agency's repository of wage reports on which wage earners' names and SSNs fail to match SSA's records. Per the latest available data, the ESF had accumulated over \$1.2 trillion in wages and 333 million wage items for Tax Years 1937 through 2012. In Tax Year 2012 alone, SSA posted 6.9 million wage items, representing \$71 billion, to the ESF. From Tax Years 2003 to 2012, the ESF grew by approximately \$749 billion in wages and 89.7 million wage items, representing about 62 percent of the total wages and 26 percent of the total wage items.

## AGENCY ACTIONS

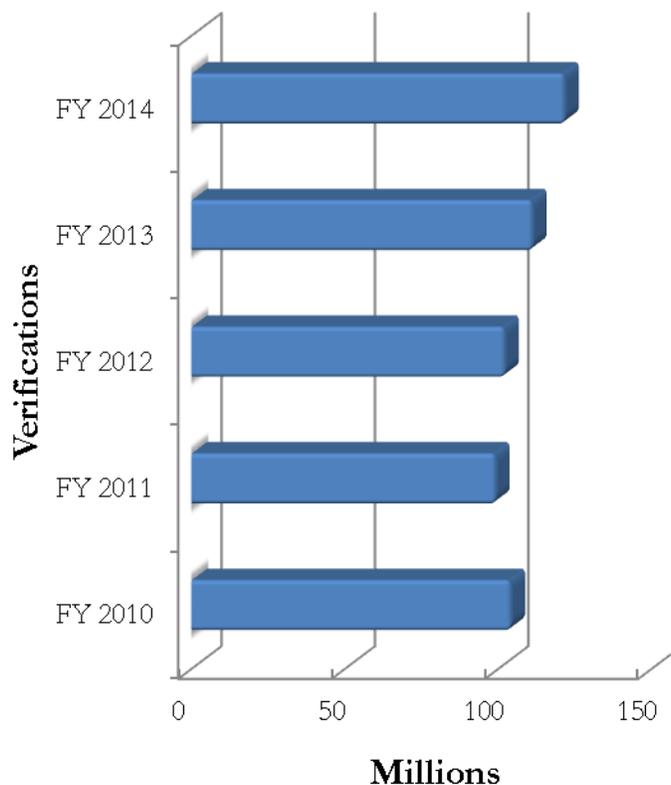
SSA has taken steps to streamline its enumeration process. For example, SSA is developing an Internet-based Social Security Number Replacement Card application. This will allow SSA to reduce the number of replacement card requests in field offices and Social Security Card Centers. While we believe this initiative may enhance customer service, SSA must ensure it takes all necessary steps to minimize the risk of fraudulent SSN replacement card attainment.

In addition, SSA has strengthened its policy for processing requests for the SSN printout. For example, SSA no longer provides SSN printouts to the public except in certain disaster situations. If an individual needs proof of his/her SSN and does not have a Social Security card, he/she will need to request a replacement by completing the *Application for a Social Security Card* (Form SS-5) and providing the required documentation.

## SSN Verification Service

SSA has taken steps to reduce the size and growth of the ESF. Since 2002, the Agency has offered employers the ability to verify the names and SSNs of their employees using the Agency's SSN Verification Service, which is an online verification program, before reporting wages to SSA. In FY 2014, approximately 36,700 registered employers submitted over 121.5 million verifications.

**Figure 9: SSN Verification Service**



## E-Verify

SSA also supports the Department of Homeland Security in administering the E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. According to the Department of Homeland Security, over 500,000 employers have enrolled to use E-Verify, and these employers submitted over 29 million queries in FY 2014.

## WHAT THE AGENCY NEEDS TO DO

**Continue to be vigilant in the protection of SSNs.** We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States as well as the misuse of SSNs for identity theft purposes.

**Limit public access to the DMF to only what the law requires, and take steps to ensure its accuracy.** Because the SSNs of deceased individuals are also vulnerable to misuse, the public release of the DMF raises concerns.

**Ensure that any electronic applications related to SSN card issuance offered through *my Social Security* include an effective authentication process.**

**Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2s from being posted, adding a verification response code to its SSN Verification Service to alert employers when a child's SSN has been submitted, and encouraging greater use of the Agency's employee verification programs.** SSA can also improve coordination with other Federal agencies with separate, yet related, mandates. For example, the Agency needs to work with the Internal Revenue Service to achieve more accurate wage reporting.

### Key Related Links

- [OIG report – \*Internet Social Security Number Replacement Card Project\* \(A-08-14-24096\), July 24, 2014.](#)
- [OIG report - \*Potential Misuse of Foster Children's Social Security Numbers\* \(A-08-12-11253\), September 25, 2013.](#)
- [OIG report - \*Access Controls for the Social Security Number Verification Service\* \(A-03-12-11204\), April 18, 2013.](#)
- [OIG report - \*Noncitizens Issued Multiple Social Security Numbers\* \(A-06-10-20155\), December 10, 2012.](#)
- [OIG report - \*Monitoring Controls for the Consent Based Social Security Number Verification Program\* \(A-03-12-11201\), October 25, 2012.](#)
- [Inspector General Testimony – \*Hearing on Identity Theft and Tax Fraud\*, May 8, 2012.](#)
- [Inspector General Testimony – \*Hearing on Social Security's Death Records\*, February 2, 2012.](#)
- [OIG report – \*Controls For Issuing Social Security Number Printouts\* \(A-04-11-11105\), December 13, 2011.](#)

# STRENGTHEN PLANNING, TRANSPARENCY, AND ACCOUNTABILITY

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## CHALLENGE

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. Similarly, mismanagement and waste, as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

### Planning

The Agency has developed multiple year strategic plans in the past, which included general descriptions of the programs, processes, and resources needed to meet its mission and strategic objectives. SSA has also produced other strategic plans, like the Information Resources Management Strategic and Human Capital Operating Plans, which covered periods of only a few years. While planning for the next few years is important, SSA needs a longer-term vision to ensure it has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond.

### Transparency

While the Agency has many performance measures and goals on which it publicly reports, we have questioned the usefulness of some of the measures and goals in the past. We have recommended that SSA develop more outcome-based performance measures and goals, including performance targets based on SSA's long-term outcomes instead of annual budgets.

Also, SSA needs to be more forthright when planned projects face obstacles. For example, a contractor evaluated SSA's implementation of DCPS and found that the program had invested \$288 million over 6 years, delivered limited functionality, and faced schedule delays as well as increasing stakeholder concerns. A member of Congress charged that SSA failed to inform congressional staff about the contractor's work and the challenges the program faced.

### Accountability

#### *Independent Auditor's Report*

The FY 2014 *Independent Auditor's Report* contained two significant deficiencies in internal control (the full text of the report can be found in SSA's FY 2014 *Agency Financial Report*). First, the auditor identified three deficiencies in internal control that, when aggregated, were considered to be a significant deficiency in internal controls related to calculation, recording, and prevention of overpayments. Specifically, the auditor noted calculation errors in 18 percent of

the overpayment items selected in a statistical sample. Although the impact of these errors was not deemed material to the financial statements, they indicate further control weaknesses in the overpayment process. In addition, SSA has a systems limitation where overpayment installments extending past 2049 are not tracked and reported. Further, SSA was not reconciling data between systems to detect discrepancies, which could lead to payment errors.

Second, the auditor identified five deficiencies that, when aggregated, were considered to be a significant deficiency in the area of information systems controls. The deficiencies noted were in the following areas.

- Threat and Vulnerability Management
- IT Oversight and Governance
- Change Management
- Mainframe Security
- Access Controls.

#### *Unused Facilities at SSA Headquarters*

From March through October 2013, we identified empty workstations and workstations that SSA used to store such items as office supplies, boxes, obsolete computer equipment, and furniture. We also identified large areas of open space the Agency was not using. Additionally, we identified off-campus leased space that SSA was not fully occupying.

## **AGENCY ACTIONS**

SSA is using the July 2014 NAPA report, *Anticipating the Future: Developing a Vision and Strategic Plan for the Social Security Administration for 2025-2030*, and additional stakeholder input, to develop its *Vision 2025*. Per SSA, its *Vision 2025* will explain the type of Agency it needs to be to meet its customers' expectations in the next 10 years and beyond.

The Acting Commissioner has made addressing both of the significant deficiencies a priority. Specifically, SSA has changed how it monitors discrepancies or inaccuracies in benefit payments. Additionally, SSA hired a Deputy Chief Information Officer, a position that had been vacant at SSA. The new Deputy Chief Information Officer's role is the Agency's IT strategic planning, alignment of IT investments to the Agency's strategic goals and objectives, and management of technology spending and capital planning.

SSA has taken steps to reduce its real estate footprint, with plans to consolidate multiple components in single locations on its Headquarters campus to terminate existing leases for some outlying buildings.

## WHAT THE AGENCY NEEDS TO DO

**SSA needs to develop and effectively implement a long-range vision that allows it to meet its mission, workloads, and customer expectations now and in the future.** As part of this exercise, SSA should also develop performance measures and goals that address its long-term outcomes.

**The Agency needs to address its two internal control significant deficiencies.**

**SSA needs to explore opportunities to use vacant space in its Headquarters buildings to expedite the termination of outlying building leases.**

### Key Related Links

- NAPA report – [\*Anticipating the Future: Developing a Vision and Strategic Plan for the Social Security Administration for 2025-2030\*](#), July 2014.
- [\*Letter from Congressman Sam Johnson to Acting Commissioner Carolyn Colvin on the Implementation of the Disability Case Processing System\*](#), July 25, 2014.
- OIG Report - [\*The Social Security Administration's Financial Report for Fiscal Year 2014\*](#) (A-15-14-14084), November 10, 2013.
- OIG Report – [\*Unused Facilities and Capacity at Social Security Administration Headquarters\*](#) (A-15-13-13103), March 28, 2014.

# *APPENDICES*

## Appendix A – RELATED OFFICE OF THE INSPECTOR GENERAL REPORTS

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### REDUCE THE HEARINGS BACKLOG AND PREVENT ITS RECURRENCE

Management Challenge Area, Report title, and Common Identification Number	Report Issued
<i>Controls over Claimant Representative Fee Petition Payments</i> (A-05-13-13061)	September 29, 2014
<i>Subsequent Appellate Actions on Denials Issued by Low-Allowance Administrative Law Judges</i> (A-12-13-13084)	July 3, 2014
<i>Request for Review Workloads at the Appeals Council</i> (A-12-13-13039)	March 7, 2014
<i>Analysis of Hearing Offices Using Key Risk Factors</i> (A-12-13-13044)	December 20, 2013

### IMPROVE THE TIMELINESS AND QUALITY OF THE DISABILITY PROCESS

Management Challenge Area, Report title, and Common Identification Number	Report Issued
<i>Completeness of the Social Security Administration's Disability Claims Files</i> (A-01-13-23082)	July 29, 2014
<i>The Medical Improvement Review Standard During Continuing Disability Reviews</i> (A-01-13-23065)	May 19, 2014
<i>Administrative Costs Claimed by the Missouri Disability Determination Services</i> (A-07-13-23112)	May 13, 2014
<i>Indirect Costs and Applicant Travel Expenses Claimed by the Louisiana Disability Determination Services</i> (A-06-13-13070)	April 28, 2014
<i>The Social Security Administration's Progress in Reducing the Initial Disability Claims Backlog</i> (A-07-13-13073)	April 28, 2014
<i>Disability Denials in 2009 in Buchanan, Oklahoma, and Dallas Counties</i> (A-01-13-23072)	April 25, 2014
<i>Full Medical Continuing Disability Review Cessations Reversed at the Reconsideration Level of Appeal</i> (A-07-13-23019)	April 25, 2014
<i>Claimant Representatives at the Disability Determination Services Level</i> (A-01-13-13097)	February 27, 2014
<i>Administrative Costs Claimed by the Georgia Disability Adjudication Services</i> (A-04-13-13058)	November 4, 2013

## REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

Management Challenge Area, Report title, and Common Identification Number	Report Issued
<i>Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number (A-01-14-14036)</i>	September 29, 2014
<i>The Social Security Administration's Plan to Reduce Improper Payments Under Executive Order 13520, as Reported in April 2014 (A-15-14-14127)</i>	September 29, 2014
<i>Payment Accuracy of Dually Entitled Title II Beneficiaries (A-04-13-13014)</i>	August 27, 2014
<i>The Social Security Administration's Completion of Program Integrity Workloads (A-07-14-24071)</i>	August 18, 2014
<i>Payments to Individuals with Deaths Reported in California from 1980 to 1987 (A-06-14-21416)</i>	August 14, 2014
<i>Spousal Beneficiaries Whose Government Pension Offset Has Stopped (A-09-13-23049)</i>	May 27, 2014
<i>Supplemental Security Income Recipients with Excess Unstated Income (A-07-12-11206)</i>	May 20, 2014
<i>Title II Beneficiaries Receiving Benefits Under the Lawful Presence Payment Provisions (A-09-12-21288)</i>	May 20, 2014
<i>Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings (A-01-12-12142)</i>	May 12, 2014
<i>The Social Security Administration's Field Office Remittance Process (A-08-13-13034)</i>	May 2, 2014
<i>The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2013 Agency Financial Report (A-15-14-14074)</i>	April 14, 2014
<i>Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year (A-09-13-23023)</i>	April 7, 2014
<i>Accuracy of Auxiliary Payments to Children After Divorce (A-13-11-21100)</i>	May 12, 2014
<i>Adjustment of Monthly Benefits Under the Family Maximum Provisions (A-09-13-13087)</i>	March 11, 2014
<i>Spouses Eligible for Higher Retirement Benefits (A-09-12-21292)</i>	March 11, 2014
<i>Improper Payments Resulting from Unresolved Delayed Claimants (A-09-12-22100)</i>	February 7, 2014
<i>Supplemental Security Income Telephone Wage Reporting (A-15-12-11233)</i>	February 6, 2014

<b>Management Challenge Area, Report title, and Common Identification Number</b>	<b>Report Issued</b>
<i>Concurrent Beneficiaries Improperly Receiving Payments in Excess of Federal Limits (A-06-12-22131)</i>	January 14, 2014
<i>The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2013 (A-15-13-13115)</i>	December 26, 2013
<i>Special Disability Workload Payments Made to Incarcerated Beneficiaries (A-13-11-21188)</i>	October 18, 2013

## **IMPROVE CUSTOMER SERVICE**

<b>Management Challenge Area, Report title, and Common Identification Number</b>	<b>Report Issued</b>
<i>Representative Payees and Beneficiaries Who Were Residing in Different States (A-02-14-14044)</i>	August 27, 2014
<i>Benefit Payments Managed by Representative Payees of Children in California's Foster Care Program (A-13-13-23029)</i>	August 14, 2014
<i>The Social Security Administration's Reduction in Field Office Operating Hours (A-01-14-14039)</i>	August 7, 2014
<i>Chicago Region Large Volume Individual Representative Payee for the Social Security Administration (A-15-13-13113)</i>	May 23, 2014
<i>Integrated Life Choices, an Organizational Representative Payee for the Social Security Administration (A-07-14-24001)</i>	April 28, 2014
<i>Group and Boarding Homes Serving as Representative Payees (A-13-12-12129)</i>	April 22, 2014
<i>Bond and Financial Credit Risk Requirements for Non-governmental Fee-for-Service Representative Payees (A-05-12-11225)</i>	March 28, 2014
<i>Representative Payee Selections Pending in the Representative Payee System (A-09-12-11252)</i>	February 27, 2014
<i>Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United States (A-02-13-13048)</i>	November 8, 2013
<i>Field Office Performance (A-15-12-11290)</i>	November 8, 2013

## INVEST IN INFORMATION TECHNOLOGY INFRASTRUCTURE TO SUPPORT CURRENT AND FUTURE WORKLOADS

Management Challenge Area, Report title, and Common Identification Number	Report Issued
<i>Mobile Device Security (A-14-14-14051)</i>	September 26, 2014
<i>Contractor Access to Social Security Administration Data (A-15-13-13092)</i>	September 26, 2014
<i>Information Technology Service Contract with Booz Allen Hamilton, Inc. (A-14-13-13009)</i>	August 14, 2014
<i>The Social Security Administration's Information Technology Support Services Contract with Northrop Grumman Systems Corporation (A-04-13-13090)</i>	June 13, 2014
<i>Security of the Social Security Administration's Wireless Networks (A-14-13-13063)</i>	February 11, 2014
<i>The Social Security Administration's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2013 (A-14-13-13086)</i>	November 26, 2013
<i>Cost Savings Planned and Achieved Through the Social Security Administration's Information Technology Development Initiatives (A-14-13-13042)</i>	October 1, 2013
<i>The Social Security Administration's Process to Identify and Monitor the Security of Hardware Devices Connected to its Network (A-14-13-13050)</i>	October 1, 2013

## STRENGTHEN THE INTEGRITY AND PROTECTION OF THE SOCIAL SECURITY NUMBER

Management Challenge Area, Report title, and Common Identification Number	Report Issued
<i>Effectiveness of the Social Security Administration's Server Patch Management Process (A-14-14-14043)</i>	September 29, 2014
<i>The Social Security Administration's Affordable Care Act – Health Insurance Exchange Social Security Number Verification Process (A-08-14-14060)</i>	August 28, 2014
<i>Internet Social Security Number Replacement Card Project (A-08-14-24096)</i>	July 24, 2014
<i>Access Controls over the Business Services Online (A-03-13-13015)</i>	June 5, 2014
<i>Improper Use of Children's Social Security Numbers (A-03-12-21269)</i>	March 31, 2014

<b>Management Challenge Area, Report title, and Common Identification Number</b>	<b>Report Issued</b>
<i>Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients (A-03-13-13106)</i>	December 26, 2013
<i>Sensitive Information at Social Security Administration Offices (A-01-13-13025)</i>	October 18, 2013

## IMPROVE PLANNING, TRANSPARENCY, AND ACCOUNTABILITY

<b>Management Challenge Area, Report title, and Common Identification Number</b>	<b>Report Issued</b>
<i>Performance Indicator Audit: Recruiting and Employment Indicators (A-13-14-14033)</i>	September 26, 2014
<i>Accrued Benefits Payable on Behalf of Deceased Beneficiaries (A-09-14-14034)</i>	August 20, 2014
<i>Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2013 (A-77-14-00017)</i>	August 7, 2014
<i>Single Audit of the State of Utah for the Fiscal Year Ended June 30, 2013 (A-77-14-00016)</i>	August 5, 2014
<i>Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2013 (A-77-14-00015)</i>	August 5, 2014
<i>Hughes Network Systems, LLC Contract (A-14-14-14032)</i>	July 24, 2014
<i>Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2013 (A-77-14-00014)</i>	July 23, 2014
<i>Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2013 (A-77-14-00013)</i>	July 1, 2014
<i>Single Audit of the State of Florida for the Fiscal Year Ended June 30, 2013 (A-77-14-00012)</i>	June 25, 2014
<i>Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2013 (A-77-14-00010)</i>	June 11, 2014
<i>Single Audit of the New Mexico Public Education Department for the Fiscal Year Ended June 30, 2013 (A-77-14-00011)</i>	June 11, 2014
<i>Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2012 (A-77-14-00008)</i>	May 20, 2014
<i>Single Audit of the State of Delaware for the Fiscal Year Ended June 30, 2013 (A-77-14-00009)</i>	May 20, 2014
<i>Non-receipt of Social Security Benefits Due to Unauthorized Direct Deposit Changes (A-02-13-23004)</i>	May 13, 2014
<i>MDRC Contract Close Out on Contract Number SS00-06-60075 (A-15-13-13101)</i>	April 3, 2014

<b>Management Challenge Area, Report title, and Common Identification Number</b>	<b>Report Issued</b>
<i>Unused Facilities and Capacity at Social Security Administration Headquarters (A-15-13-13103)</i>	March 28, 2014
<i>Fiscal Year 2013 Risk Assessment of the Social Security Administration's Charge Card Programs (A-13-14-14055)</i>	January 30, 2014
<i>Single Audit of the State of Ohio for the Fiscal Year Ended June 30, 2012 (A-77-14-00007)</i>	January 10, 2014
<i>Single Audit of the State of New Mexico Public Education Department for the Fiscal Year Ended June 30, 2011 (A-77-13-00013)</i>	December 23, 2013
<i>Single Audit of the State of North Carolina for the Fiscal Year Ended June 30, 2012 (A-77-14-00006)</i>	December 23, 2013
<i>Single Audit of the Hawaii Department of Human Services for the Fiscal Year Ended June 30, 2012 (A-77-14-00005)</i>	December 13, 2013
<i>Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2012 (A-77-14-00004)</i>	December 13, 2013
<i>Fiscal Year 2013 Financial Statement Audit of the Social Security Administration (A-15-13-13085)</i>	December 9, 2013
<i>Fiscal Year 2013 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges (A-02-14-14056)</i>	December 6, 2013
<i>Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2012 (A-77-14-00003)</i>	November 27, 2013
<i>Single Audit of the State of Utah for the Fiscal Year Ended June 30, 2012 (A-77-14-00002)</i>	November 25, 2013
<i>Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2012 (A-77-14-00001)</i>	November 1, 2013

## Appendix B – MAJOR CONTRIBUTORS

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Walter Bayer, Director	Reduce the Hearings Backlog and Prevent its Recurrence
Mark Bailey, Director	Improve the Timeliness and Quality of the Disability Process
Ron Gunia, Director Judith Oliveira, Director	Reduce Improper Payments and Increase Overpayment Recoveries
James Klein, Director Shirley Todd, Director	Improve Customer Service
Jeffrey Brown, Director	Invest in Information Technology Infrastructure to Support Current and Future Workloads
Theresa Roberts, Director Cylinda McCloud-Keal, Director	Strengthen the Integrity and Protection of the Social Security Number
Victoria Vetter, Director Tim Nee, Director	Improve Planning, Transparency, and Accountability

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