
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PERFORMANCE MEASURE REVIEW:
RELIABILITY OF THE DATA USED
TO MEASURE PERSONAL EARNINGS
AND BENEFIT ESTIMATE
STATEMENT PROCESSING**

MARCH 2000

A-02-99-01011

AUDIT REPORT



Office of the Inspector General

March 20, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Performance Measure Review: Reliability of the Data Used to Measure Personal Earnings and Benefit Estimate Statement Processing (A-02-99-01011)

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

Attached is a copy of the final report on one of the performance indicators reviewed. The objective of this review was to assess the reliability of the data used to measure performance of the Personal Earnings and Benefit Estimate Statement process.

In addition to releasing individual reports on the performance indicators reviewed, PwC released a summary report on all of the indicators reviewed. SSA commented on the summary report, *Performance Measure Review: Summary of PricewaterhouseCoopers', LLP Review of the Social Security Administration's Performance Data (A-02-00-20024)*. Agency comments to the summary report were provided to us on January 28, 2000. The comments related to the subject of this report are included in Appendix C. PwC reformatted the Agency comments to align them with the firm's recommendations presented in the final report. Nonetheless, SSA's comments were not changed during the reformatting process.

You do not need to respond to this report, since you are responding to the same comments attached to PwC's summary report. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaefer, Assistant Inspector General for Audit, at 410-965-9700.

James G. Huse, Jr.

Attachment



Evaluation of Selected Performance Measures of the Social Security Administration: Reliability of the Data Used to Measure Personal Earnings and Benefit Estimate Statement Processing

Office of the Inspector General
Social Security Administration

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

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

A-02-99-01011

February 18, 2000

Table of Contents

Performance Measures Evaluation

Introduction	1
Results of Engagement	2
Other Matters	10
Appendix A: Background	A1
Appendix B: Scope and Methodology	B1
Appendix C: Agency Comments and PwC Response	C1
Appendix D: Performance Measure Summary Sheets	D1
Appendix E: Performance Measure Process Maps	E1

INTRODUCTION

The Government Performance and Results Act (GPRA), Public Law Number 103-62, 107 Statute 285 (1993), requires the Social Security Administration (SSA) to develop performance indicators for fiscal year (FY) 1999 that assess the relevant service levels and outcomes of each program's activity. GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance. SSA has stated that the Office of the Inspector General (OIG) plays a vital role in evaluating the data used to measure performance. The OIG contracted PricewaterhouseCoopers (PwC) to evaluate the following GPRA performance indicator(s):

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

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

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

This is one of six separate stand-alone reports, corresponding to the following SSA process, performance measure (PM), and Contract Identification Number (CIN):

Processing of SIPEBES (PM #9)

A-02-99-01011

This report reflects our understanding and evaluation of the processing of SIPEBES process. The report is organized in the following manner. The next section titled "Results of Engagement" identifies our findings and explains their relevance to SSA

performance measurement. It also provides recommendations and suggestions for improvement. The subsequent "Other Matters" section discusses the relevance of each performance measure with respect to GPRA. All other information is contained in the appendices, as follows:

APPENDIX A – Background

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – Performance Measure Summary Sheets

APPENDIX E – Performance Measure Process Maps

RESULTS OF ENGAGEMENT

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

Our evaluation allowed us to determine that the reported FY 1998 result of the performance measure tested (as itemized below) was reasonably stated.

<u>Performance Measure</u>	<u>Reported Result</u>
9. Percentage of individuals issued SSA-Initiated PEBES as required by law	100%

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

1. SSA lacks sufficient performance measure process documentation and did not retain documents to support the FY 1998 amounts
2. SSA has a number of data integrity deficiencies
3. SSA's system environment has security deficiencies
4. GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources or uses of the performance measures
5. SSA did not calculate the performance measure as it is defined

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

6. SSA has systems design and documentation deficiencies
7. SSA has a number of deficiencies in their systems contingency plan

Additionally, we evaluated the appropriateness of the nine performance measures with respect to the future requirements of GPRA. As a result, we noted three areas in which SSA could better prepare itself to incorporate the final phases of GPRA in their processes. These results are discussed below in the Other Matters section.

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

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

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

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

While general policies and procedures exist for all documents produced at SSA (as found in the SSA Administrative Instructions Manual System/Operational and Administrative Record Schedules), SSA does not have formal policies and procedures in place regarding the retention of performance measure documentation. During testing, we noted that SSA lacked sufficient documentation regarding the processes surrounding the accumulation and generation of performance indicator data. Furthermore, SSA could not consistently provide the documentation necessary to verify their performance measure values as reported in their FY 1998 Accountability Report.

Specifically, we noted that SSA was unable to provide a comprehensive process map documenting the flow of performance measure data from the selection of current Personal Earnings and Benefit Estimate Statements (PEBES) recipients by the NUMIDENT, through the Generalized Earnings Statement System (GESS, the system of record), to the accumulation of yearly performance measure data in Management

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

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

Recommendations:

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

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

2. SSA has a number of data integrity deficiencies

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

- When DACUS (Death, Alert, and Control Update System) receives death information and compares it to SSA's NUMIDENT, MBR, SSR, and Black Lung databases

without a successful match, the record is posted to the DACUS exception file. However, no subsequent follow-up is performed on items in this exception file to try to resolve any matches that may not have been detected based on the automated matching algorithm. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity

- SSA's current practice of obtaining death data does not ensure that this data is entered into DACUS accurately, timely, and only once (affects the NUMIDENT, MBR, and SSR). While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity
- A comparison of the MBR, SSR, and NUMIDENT identified a large number of cases where either the individual was alive and in current pay status on the MBR/SSR but listed as dead on the NUMIDENT, or the corresponding records of a given individual had significant differences in dates of death. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity
- A comparison of the MBR, SSR, and NUMIDENT identified a large number of cases where the corresponding records of a given individual had significant differences in dates of birth. While this data may not have a direct effect on the performance measures (#1, #2, #3, #4, #5, and #9), a noted lack of data verification in these databases indicates the possibility that other data lacks integrity

Recommendations:

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

- SSA should develop policies and procedures for the resolution of unmatched items in DACUS and establish a work group with primary responsibility for resolution. One of the duties of this group should be to analyze patterns in exceptions and facilitate the implementation of changes to the automated matching algorithm to make it more effective
- SSA should implement: 1) initiatives to reduce the amount of time required by outside sources for submitting death notifications, such as the electronic death certificate project currently being tested; and, 2) a method to prevent the submission or receipt of duplicate information, whether submitted from the same or different sources (DACUS, NUMIDENT, MBR, SSR)
- With the completion of the Year 2000 project in FY2000, SSA should begin implementation of DACUS Release 2 (a high priority of SSA's five-year IRM plan), to provide functionality to automatically delete NUMIDENT death postings when a person is "resurrected" on the MBR and SSR (NUMIDENT, MBR, SSR)

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

3. SSA's system environment has security deficiencies

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

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

Until corrected, these weaknesses will continue to increase the risks of unauthorized access to, and modification or disclosure of, sensitive SSA information. While these weaknesses do not directly affect the performance measures, a risk still exists. Unauthorized access to sensitive data can result in the loss of data associated with SSA's enumeration, earnings, retirement, and disability processes and programs, thus affecting all performance measures.

Recommendations:

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

- Reevaluate its overall organization-wide security architecture;
- Reassess the security roles and responsibilities throughout the organization's central and regional office components;
- Assure that the appropriate level of trained resources are in place to develop, implement and monitor the SSA security program;

- Enhance and institutionalize an entity-wide security program that facilitates strengthening of LAN and distributed systems' security;
- Review and certify system access for all users;
- Enhance procedures for removing system access when employees are transferred or leave the agency;
- Decrease vulnerabilities in the mainframe operating system configuration;
- Implement the mainframe monitoring process;
- Finalize accreditation and certification of systems;
- Develop and implement an ongoing entity-wide information security compliance program; and
- Strengthen physical access controls at non-headquarters sites.

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

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

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

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

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

Recommendation:

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

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

5. SSA did not calculate the performance measure as it is defined

GPRA requires Federal agencies to "establish performance goals to define the level of performance to be achieved,...to express such goals in an objective, quantifiable, and measurable form,...(and to) describe the means to be used to verify and validate measured values." Agencies must clearly define the components of each performance measure so that it reflects the intent of the established goal, and so that the performance measures can be validated.

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

Although the 'bad history' record count does not affect the performance measure percentage, it affects the number used to calculate the measure. Furthermore, the

individuals with 'bad history' records have received a SIPEBES, and by definition, should be included in the total count.

Recommendations:

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

6. SSA has systems design and documentation deficiencies

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

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

Recommendations:

We recommend the following:

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

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

During our FY 1999 Financial Audit, we noted a number of deficiencies which, in our view, would impair SSA's ability to respond effectively to a disruption in business operations as a result of a disaster or other long-term crisis. Although SSA has performed a Business Impact Analysis, its list of critical workloads is still being finalized, and recovery time objectives (RTOs) have not yet been established for each of the critical workloads. Consequently, SSA has not established recovery priorities for all of its systems in the mainframe and distributed environments. Further, the plan for recovering the critical workloads still needs to be fully tested. Finally, SSA has not fully updated the contingency plans for the headquarters site or finalized and tested contingency plans for non-headquarters sites.

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

Recommendations:

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

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

OTHER MATTERS

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

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

The United States General Accounting Office (GAO) encourages agencies to "include explanatory information on the goals and measures."² In addition, best practices in performance measurement dictate that agencies should provide external stakeholders with such information. Furthermore, it can be expected that agencies will be required to provide such information in the near future as GPRA continues to evolve.

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

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

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

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

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

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

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

³ GAO/GGD/AIMD-99-215, July 1999.

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

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

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

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

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

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

Performance Measure #9. The SSA Strategic Plan (1997 to 2002), the FY 1998 Accountability Report, and the FY 2000 Annual Performance Plan all consistently position this metric in support of the goal "to strengthen public understanding of

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

Social Security programs." The FY 2000 Annual Performance Plan does list a data source as "the PEBES weekly summary report."

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

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

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

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

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

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

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

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

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

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

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

APPENDICES

APPENDIX A – Background

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – Performance Measure Summary Sheets

APPENDIX E – Performance Measure Process Maps

BACKGROUND

Government Performance and Results Act

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

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

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

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

SSA's Performance Measures

The Social Security Administration (SSA) defined five strategic goals in its FY 1998-2002 strategic plan, *Keeping the Promises*:

1. Promote valued, strong, and responsive social security programs and conduct effective policy development, research, and program evaluation

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

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

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

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

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

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

This report represents our understanding and evaluation of the processing of SIPEBES process.

The SIPEBES process encompasses performance measure #9. Performance measure #9, percent of individuals issued SSA-Initiated PEBES as required by law, determines if

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

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

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

PEBES 2000, the new system to process PEBES, will be implemented in FY2000.

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

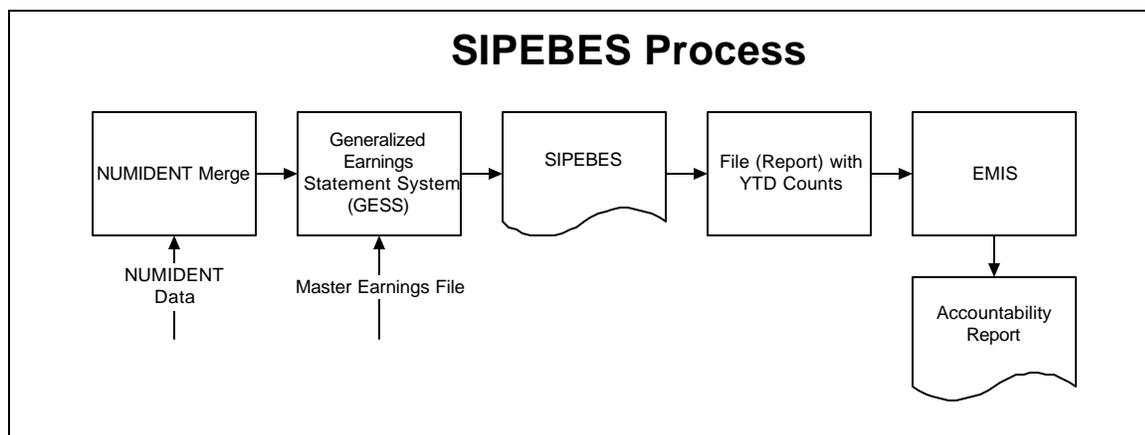


Figure 6

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

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

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

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

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

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

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

SCOPE AND METHODOLOGY

The SSA OIG contracted PricewaterhouseCoopers to evaluate nine of SSA's FY 1998 performance indicators established to comply with GPRA. This report reflects our understanding and evaluation of the processing of SIPEBES process, which includes performance measure #9 (Percent of individuals issued SSA-Initiated PEBES as required by law). Testing was performed from June 9, 1999 through October 1, 1999, as follows:

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

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

Limitations

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

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

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

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

- □Policies and procedures manual for procedures surrounding the processing, accumulating, and reporting of the data for the nine performance measures;
- □PwC system walk-through descriptions;
- □SSA-provided system descriptions;
- □Internal or external reports on the nine performance measures (including OIG, GAO, etc.); and,
- Review of any of the nine performance measures performed in conjunction with prior financial audits by PricewaterhouseCoopers.

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

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

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

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

All Performance Measures

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

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

Based on the understanding we obtained above in Methodology #1, we identified key files, databases, and reports for the nine performance measures. To ensure data

availability and to evaluate the data, Computer Assisted Audit Techniques (CAATs) testing was performed for each of the nine performance measures as follows:

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

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

4. Recalculate each specific measure to ascertain its mathematical accuracy

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

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

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

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

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

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

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

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

AGENCY COMMENTS

January 28, 2000

James G. Huse, Jr.
Inspector General

William A. Halter
Deputy Commissioner

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

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

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

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

For FY 1998, and as we were moving toward preparation of our first GPRA Strategic Plan and our Annual Performance Plan for FY 1999, SSA published a Business Plan. We stated in our Business Plan that for FY 1998 we were including performance

measures for which we had measurement systems in place and current performance information. We also included related output measures for several priority workloads.

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

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

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

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

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

Recommendation 1

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

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

Response to Recommendation 1

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

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

Recommendations 2-10

Response to Recommendations 2 - 10

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

Recommendation 7

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

Response to Recommendation 7

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

moratorium. DACUS Release 5 will be the vehicle for implementing changes recommended by the workgroup.

Recommendation 8

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

Response to Recommendation 8

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

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

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

Recommendation 9

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

Response to Recommendation 9

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

We also would like to clarify item C as the Findings section is inaccurate. Date of death processing was not a part of Release 2 of ICDB in 8/97 for title II or XVI. However, we did do a special clean-up of MBR and SSR death data to the Numident in 1998. This is

what accounts for the vast drop in discrepant cases. The remaining cases failed the automated matching routines, generally because of significant differences in names. Manual investigation would have to be undertaken to determine if the individuals are indeed the same person. We also note that SSA policy requires investigation of date discrepancies only when they would be significant to a finding of overpayment; i.e., when a person has already been terminated for another reason such as disability cessation, a later death date would have no impact.

Recommendation 10

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

Response to Recommendation 10

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

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

Recommendations 12-22

Response to Recommendations 12-22

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

Recommendation 12

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

- Reevaluate its overall organization-wide security architecture;

Response to Recommendation 12

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

Recommendation 13

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

Response to Recommendation 13

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

Recommendation 14

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

Response to Recommendation 14

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

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

Recommendation 15

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

Response to Recommendation 15

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

Recommendation 16

- Review and certify system access for all users;

Response to Recommendation 16

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

Recommendation 17

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

Response to Recommendation 17

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

Recommendation 18

- Decrease vulnerabilities in the mainframe operating system configuration;

Response to Recommendation 18

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

Recommendation 19

- Implement the mainframe monitoring process;

Response to Recommendation 19

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

Recommendation 20

- Finalize accreditation and certification of systems;

Response to Recommendation 20

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

Recommendation 21

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

Response to Recommendation 21

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

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

Recommendation 22

- Strengthen physical access controls at non-headquarters sites.

Response to Recommendation 22

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

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

Recommendation 26

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

Response to Recommendation 26

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

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

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

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

Improvement Area 6--SSA did not calculate the performance measure as it is defined.

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

Recommendation 29

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

Response to Recommendation 29

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

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

Response to Recommendations 32 - 34

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

Recommendation 32

We recommend the following:

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

Response to Recommendation 32

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

Target dates for automating the SRC forms submission process are now in place. Prototype automated change control procedures are currently being tested and evaluated which will satisfy the second portion of this recommendation. We expect to complete evaluation of the prototype design by Spring 1999. (The prototype evaluation was staged to include various life cycle development projects, e.g., new software development (online and batch), maintenance, cyclical projects.) We are currently setting up the evaluation of a maintenance type project. Upon completion of the prototype evaluation, design changes resulting from the evaluation will be incorporated into the automated procedures, software changes to this

process will be made, and we will then roll out the process on a project by project basis. We expect to begin roll out by late Summer 1999.

Recommendation 33

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

Response to Recommendation 33

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

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

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

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

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

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

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

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

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

Recommendation 34

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

Response to Recommendation 34

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

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

Response to Recommendations 35 – 40

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

Recommendation 35

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

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

Response to Recommendation 35

SSA agrees with this recommendation. SSA recently reevaluated and confirmed its

critical workloads. Testing that will determine recoverability of all identified critical workloads is scheduled for July 2000.

Recommendation 36

- Establish RTOs for each critical workload;

Response to Recommendation 36

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

Recommendation 37

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

Response to Recommendation 37

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

Recommendation 38

- Update contingency plans for headquarters;

Response to Recommendation 38

SSA agrees with this recommendation. In compliance with Presidential Decision Directive Number 67, Enduring Constitutional Government and Continuity of Operations Plan, SSA has convened an agencywide workgroup to develop an infrastructure for contingency planning. This includes defining organizational roles and responsibilities, essential operations and staffing, training, maintenance, etc. The actions recommended by the workgroup and approved by SSA management will be incorporated in to the Agency Contingency plan.

Recommendation 39

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

Response to Recommendation 39

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

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

Recommendation 40

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

Response to Recommendation 40

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

We also offer the following comments:

Improvement Area 2

Bullet 7, "SSA current practice of obtaining death data does not ensure that this data is entered into DACUS accurately, timely and only once (affects the NUMIDENT, MBR, and SSR). While this data may not have a direct effect on the performance measures

(#1, #2, #3, #4, #5, and #9) a noted lack of data verification in these databases indicates the possibility that other data lacks integrity.”

Agency Comment

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

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

Agency Comment

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

Other Matters

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

Agency Comment

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

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

Agency Comment

The statements in this section should be modified to recognize that stakeholders not only include Congressional appropriators, but also customers, policy makers and the

general public who are looking at the overall effectiveness of the Agency in fulfilling its mission. GPRA prescribes that outcome measures will be used for this purpose.

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

Agency Comment

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

Appendix A, Background, GPRA

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

Appendix A, SSA's Performance Measures

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

Performance Measure Summary Sheets

Name of Measure	Measure Type	Strategic Goal/Objective
9) Percentage of individuals issued SSA-Initiated PEBES as required by law	Percentage	<p>Goal: To strengthen public understanding of the social security programs</p> <p>Objective: By 2005, 9 out of 10 Americans will be knowledgeable about the Social Security programs in five important areas:</p> <ul style="list-style-type: none">• Basic program facts• Financial value of programs to individuals• Economic and social impact of the programs• How the programs are financed today• Financing issues and options

Definition			Purpose
<p>By law, under Section 1143 of the Social Security Act, SSA is required to issue annually "SSA-initiated" PEBES (SIPEBES) to approximately 15 million eligible individuals age 60 and over during FYs 1996 through 1999 for whom a current mailing address can be determined. SSA accelerated its' mailings and as of March 1999 had exceeded the legislative mandate. For FY 2000, SSA is required to sent SIPEBES annually to all eligible individuals age 25 and over. Eligible individuals include those individuals who have a valid SSN number, are not in benefit status, have earnings on their record and who live in the US or a US Territory. For Puerto Rico and the Virgin Islands the US has a special arrangement with the tax authorities of these countries to transfer electronically a list with the names and addresses of the tax paying residents of the respective countries. The measure excludes those who are deceased or below the stipulated age to receive a SIPEBES, RIC 'X' holders, individuals who have pending claims, recipients for whom an address cannot be located, individuals who have no earnings posted on the record and individuals who have received a PEBES in the past, either on-request or SSA-initiated.</p>			<p>The SIPEBES are intended to increase the public's understanding and knowledge of the Social Security program by informing wage earners as to their estimated future benefits. The SIPEBES also serve as an indicator as to the accuracy of the posting of earnings to the record of a wage earner. They also serve as a useful financial planning tool for wage earners. This performance measure is intended to gage the extent to which SSA is meeting the requirements mandated under Section 1143 of the Social Security Act.</p>
How Computed	Data Source	Data Availability	Data Quality
The percentage = x/y where x=Number of SIPEBES issued and y=Number required to be sent by law during the fiscal year.	GESS	Some FY 1998 Available, FY 1999 Available	Acceptable
Explanatory Information			Report Frequency
PEBES 2000 will be soon be implemented and in the future will impact our testing and the results of our testing.			Weekly
Target Goal	Division	Designated Staff Members	
100%	OCOMM	Rusty Toler	

EDP AUDITOR Testing and Results

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

- "NUMIDENT Merge"
- IRS address request
- SSA Print Management SIPEBES verification
- Postal Service SIPEBES verification
- OIM receipt of SIPEBES count
- Applicable application controls
- Applicable general computer controls
- Formation of specific systems requirements for different major development projects, routine maintenance, and cyclical changes
- Information protection control structure (system security)
- SSA's systemic contingency plan
- Full documentation of program changes evidencing user approval and testing
- SSA's *System Security Handbook*

See results of engagement entitled "SSA has a number of data integrity deficiencies", " SSA's system environment has security deficiencies," "SSA has systems design and documentation deficiencies," and "SSA has a number of deficiencies in their systems contingency plan."

CAATs Testing and Results

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

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

Process Improvement Testing and Results

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

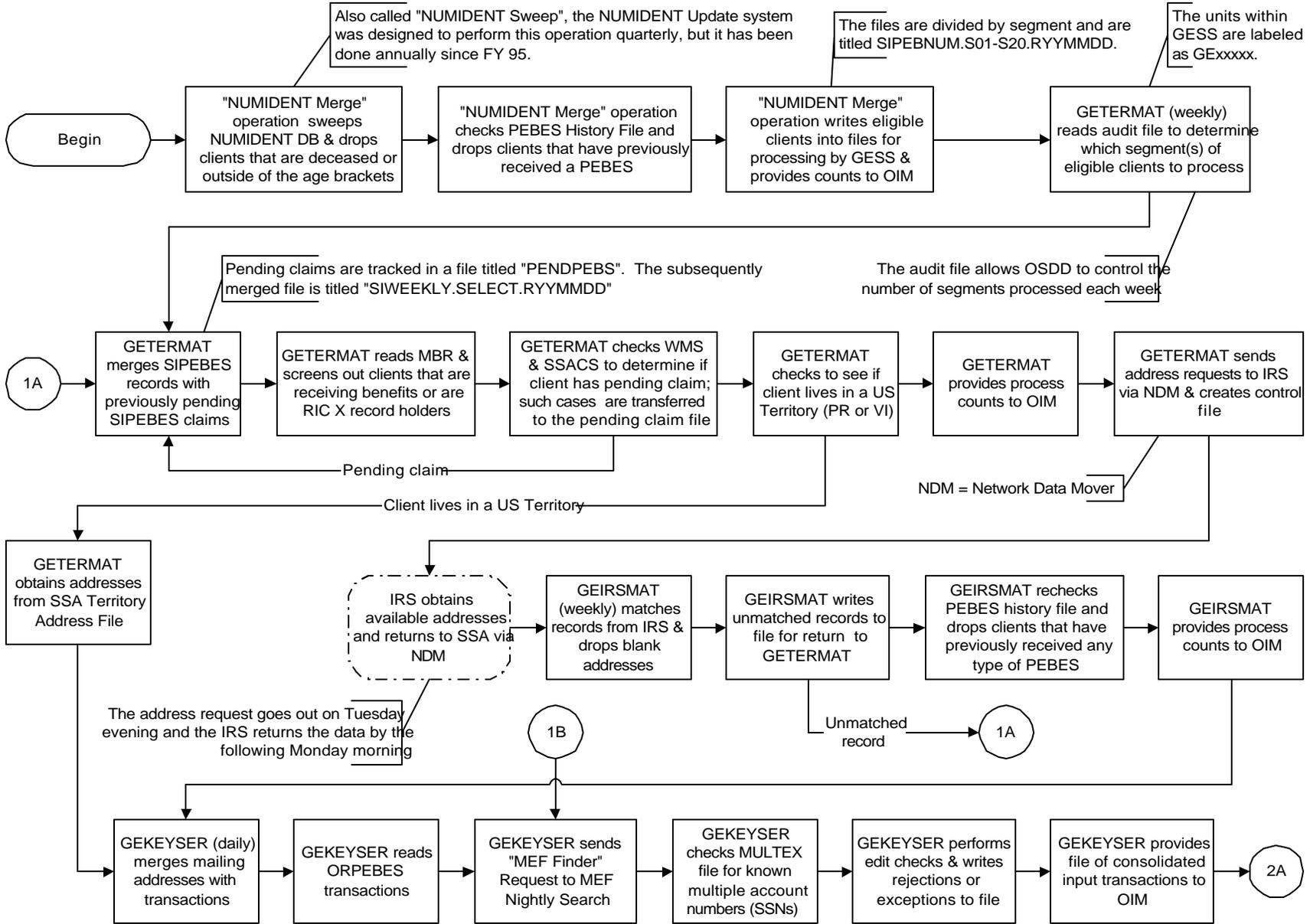
See results of testing entitled "SSA lacks sufficient performance measure process documentation, and does not retain documents to support the FY 1998 amounts," "GPRA documents prepared for external evaluation of SSA performance do not clearly indicate the sources of the performance measures," "SSA did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

Performance Measure Process Maps

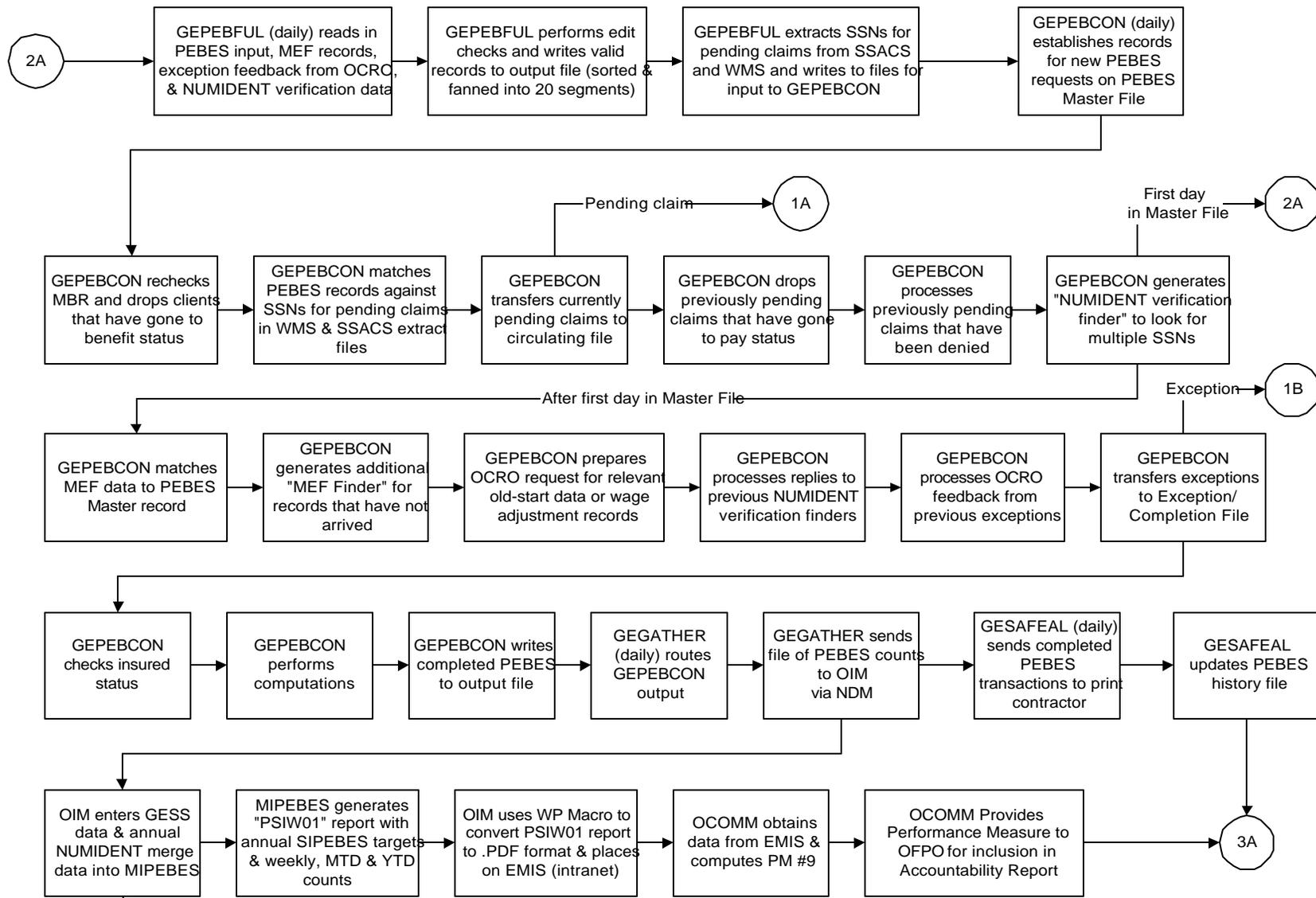
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SIPEBES Process

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



SIPEBES Process (Continued)



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

SIPEBES Process (Continued)

