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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**FIELD OFFICE PROCEDURES  
FOR CHARGING AND COLLECTING FEES**

August 2009

A-04-09-19041

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**AUDIT REPORT**

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## Mission

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

## Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

## Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



# SOCIAL SECURITY

## MEMORANDUM

Date: August 28, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Field Office Procedures for Charging and Collecting Fees (A-04-09-19041)

## OBJECTIVE

Our objectives were to determine whether (1) Social Security Administration (SSA) policies and procedures for charging and collecting fees at field offices were adequate and (2) field offices complied with existing guidance.

## BACKGROUND

SSA provides services to its customers through a network of about 1,300 field offices throughout the United States and its territories. Field offices assist individuals who are applying for or receiving benefits under SSA's Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs. Field offices also process and maintain information related to individuals' Social Security records. Generally, SSA field offices do not charge their customers fees. However, in certain situations, SSA is authorized to charge fees for providing information to third parties or individuals.

The *Social Security Act*, *Freedom of Information Act* (FOIA), and *Privacy Act of 1974* (*Privacy Act*) provide the public the right to request information about themselves and the Government.<sup>1</sup> These laws, as well as SSA regulations, provide the Agency the authority to charge fees for certain information requests.<sup>2</sup> Generally, the regulations allow SSA to recover its costs for searching, copying, and certifying information in its system of records. The fees compensate SSA for its work, so the Social Security trust funds do not bear the costs of such activities.

In Fiscal Year (FY) 2007, SSA's field offices collected 68,934 fee remittances totaling about \$2.9 million. As shown in the following table, 262 (20 percent) of the 1,312 field

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<sup>1</sup> The *Social Security Act* § 1106, 42 U.S.C. § 1306, 5 U.S.C. § 552, and 5 U.S.C. § 552a, respectively.

<sup>2</sup> The *Social Security Act* § 1106(c), 42 U.S.C. § 1306(c), 20 C.F.R. §§ 401.95 and 402.165.

offices did not collect fees in FY 2007.<sup>3</sup> Other field offices collected very few fees. However, such factors as the field office size, location, and area demographics affect the number of information requests each office receives.

**Table 1: FY 2007 Fees Collected by SSA Regional Offices**

SSA Region	Number of Field Offices that Did Not Collect Fees	Number of Field Offices that Collected Fees	Total Field Offices Open in FY 2007	Percent of Field Offices that Did Not Collect Fees	Number of Fees Collected	Amount of Fees Collected
Boston	26	46	72	36	1,451	\$ 73,534
New York	16	111	127	13	16,881	568,535
Philadelphia	60	83	143	42	2,996	219,568
Atlanta	55	201	256	21	9,161	501,823
Chicago	22	202	224	10	11,533	492,757
Dallas	35	108	143	24	4,052	169,153
Kansas City	5	72	77	6	3,335	166,148
Denver	19	34	53	36	669	29,794
San Francisco	21	143	164	13	17,514	611,104
Seattle	3	50	53	6	1,342	70,301
<b>Totals</b>	<b>262</b>	<b>1,050</b>	<b>1,312</b>	<b>20</b>	<b>68,934</b>	<b>\$2,902,717</b>

To accomplish our objectives, we distributed a questionnaire to each of SSA's 10 Regional Commissioners. In the questionnaire, we asked each Regional Commissioner to provide responses to a set of general questions on how regional managers monitored field office fee collections. Additionally, we posed questions specific to certain field offices in each region. We also visited 12 field offices from the Atlanta, Philadelphia, and New York Regions. In these field offices, we interviewed managers and staff to gain an understanding of how field offices charged and collected fees for information requests. We selected these field offices based on noted trends in fee collections (that is, either high or low fee collections) and in some cases, information we obtained about the offices from questionnaire responses. Additional information about our scope and methodology is in Appendix B.

## RESULTS OF REVIEW

SSA policies and procedures governing field office collection of fees for information requests could be improved. Current policies, procedures, and field office practices do not ensure the consistent determination and collection of fees. For example, in response to our questionnaire, several regional offices acknowledged that some of their

<sup>3</sup> In FY 2007, SSA closed or consolidated several field offices. As such, SSA had 1,312 field offices open at some point in FY 2007.

field offices did not collect fees when they should have. Other offices developed their own practices for fee collection, which conflicted with SSA policy. Specifically, some field offices developed and charged standard rates for responding to certain information requests, even though SSA policy requires that the offices compute a fee based on such factors as staff time, salary, and overhead costs. SSA Regional Commissioners cited several reasons why field offices did not charge fees or did not consistently follow policy. Some of those reasons were as follows.

- Field office management and staff were unaware of the policy to charge fees.
- Staff was uncertain when fees should be charged.
- The fee calculation was too complex.
- The fee policy was cumbersome and confusing.

By law, SSA has discretion in deciding whether it will charge fees for certain information requests.<sup>4</sup> That is, although the laws allow SSA to recover the costs for providing these services, they do not require that it do so. However, if the Agency decides to charge fees—to return the cost of providing these services to the Social Security trust funds—we believe SSA should consider recovering the full cost of these services, including the cost to collect and remit the charges. Had SSA charged the full cost to process field office remittances in FY 2007, it would have recovered about \$205,000 more for the trust funds. We also believe SSA should simplify the policy and process for field office fee collections, including developing (1) a standard fee schedule, where legally permissible, for commonly received information requests and (2) an automated system to track, process, and calculate fees.

SSA also lacked (1) management controls to monitor field offices' compliance with governing policies and (2) management information, such as the number of information requests received, processed, billed, and collected, which would assist SSA in identifying any unusual or anomalous trends. All 10 Regional Commissioners responded that their regions did not have information to determine the number of field office information requests received, whether proper consent to release information was obtained, or whether fees were charged and collected. We believe such information is critical to ensure field offices comply with SSA policy and proper fees are returned to the Social Security trust funds.

### **FIELD OFFICES DID NOT CONSISTENTLY CHARGE AND COLLECT FEES**

Field offices did not always comply with SSA policies and procedures, which require the collection of fees for certain information requests.<sup>5</sup> While we acknowledge that some field offices may have had few or no information requests in FY 2007, our questionnaire and field office visits determined that some field offices did not charge fees when SSA policy required that they do so. Moreover, some field offices established practices that

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<sup>4</sup> The *Social Security Act* § 1106(c), 42 U.S.C. § 1306(c).

<sup>5</sup> SSA, Program Operations Manual System (POMS) GN 03311.005.E.1.

were contrary to SSA policy. One region also noted that a field office charged fees for information requests, but did not process the collections correctly.

Two Regional Commissioners acknowledged that certain field offices were not aware of the policy to collect fees. As such, staff provided information to requestors at no charge. Three other Regional Commissioners responded that field offices frequently cited confusion about the fee process as the reason they did not collect fees. Moreover, staff from all 12 field offices we visited in the Atlanta, New York, and Philadelphia Regions stated that the policies were too complex, confusing, and cumbersome. Staff at these field offices specifically cited difficulties determining whether an information request was program-related—which is a critical component in deciding whether a fee should be charged. Additionally, field office staff with whom we spoke stated that determining whether the FOIA or *Privacy Act* rules apply to information requests caused confusion and may have resulted in noncompliance with SSA's policies.

The following examples illustrate field office (1) uncertainty when interpreting SSA policy and (2) noncompliance with established guidelines.

### No Fee Collections

- SSA policy states that the Agency will provide an individual one free copy of their own record when they request the record for a program purpose.<sup>6</sup> However, SSA has no requirement or reliable method to determine whether the individual previously obtained a copy of his or her record for a program purpose. Therefore, SSA has limited means to implement this policy. Unless an individual requests multiple copies of the same documents, from the same office, and—depending on the recordkeeping practices of the field office—in a relatively close time span, field offices may *always* deem individual program-related information requests as free.
- Although SSA's FOIA and *Privacy Act* fee schedules do not address a specific fee for copying electronic disability folder information to a compact disc, SSA implemented a separate policy<sup>7</sup> that the fee to provide the compact disc is \$10. However, the claimant is entitled to one free copy of the file for program purposes. Additionally, the fee is only charged if the total cost of duplication is over \$25. The policy does not explicitly state that field offices should add fees for time spent reviewing a case folder to ensure copied information complied with SSA's access and disclosure policies. Therefore, some offices interpreted the policy to mean that if they only provided one compact disc (\$10) for either a program or non-program purpose, the requests would always be free—as the \$10 charge was less than the \$25 minimum.

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<sup>6</sup> SSA, POMS GN 03311.005.B.1.

<sup>7</sup> SSA, POMS DI 81001.035.E.1.

### **Standardized Fees Not Based on Workload Analysis**

- One office charged a \$35 duplication fee for folder information requests (for both photocopies of paper folders and compact discs of electronic folders). The field office established this standard fee for one customer, who made most of the information requests that office received. Another field office charged its most frequent information requestor a standard fee of \$200 to copy paper and electronic folders. However, for similar information requests, the office charged other customers in accordance with SSA policy—calculating the charges based on the prescribed fee schedule. None of these field office managers were able to provide support for the amounts charged by their offices. Rather, they stated the standard fees had been a long-time practice.
- Beginning in March 2009, one field office manager decided to charge a \$10 fee for benefit verifications. Before that time, the office did not charge for this information. However, upon learning that one field office in the region charged \$2, and another charged \$16 for the same information, the field office manager decided to charge the \$10 fee. Other offices in this region did not charge for this information at all. The Regional Commissioner's response to our questionnaire explained that field offices did not always collect fees for information because policy stated that fees should not be charged when processing costs are determined to be \$7.50 or less. As such, some field offices believed their cost of providing the benefit verification did not exceed \$7.50; therefore, no fee was charged.

### **Improper Processing of Field Office Collections**

- One field office did not have FY 2007 fee collections reported in SSA's Debt Management System, an automated system field offices used to record fee information. Field office management explained that although the field office collected fees, it did not follow policy and procedures to process fee collections. Specifically, staff did not process the remittances through the Debt Management System, but instead manually logged receipt of the payments, and sent the remittances directly to the Office of Finance.

### **IMPROVEMENTS ARE NEEDED IN SSA POLICIES AND PRACTICES FOR FIELD OFFICE FEE COLLECTIONS**

As acknowledged by most of the SSA representatives from whom we obtained information, improvements are needed to simplify and clarify the policies for field office fee collections. To minimize the cost to SSA's trust funds for providing information in accordance with governing laws and regulations, we believe SSA should consider (1) updating and clarifying the Agency's policies; (2) updating the fee schedules and standardizing some fees; (3) developing an automated system that would better guide field office employees in determining whether a fee should be collected and, if so, how much the fee should be; and (4) providing needed information to SSA managers in

charge of this responsibility, so they may better monitor field office compliance. Once these actions are taken, we believe SSA should also provide additional training to field office staff regarding fee collections.

### **SSA POLICY SHOULD BE UPDATED AND CLARIFIED**

As discussed previously, SSA field office and regional representatives from whom we obtained information stated the policies governing field offices' collection of fees were difficult to interpret and needed to be simplified and updated. Some of the field office representatives suggested that the policy should contain a "decision tree," to walk the staff through the process of determining whether a fee should be charged and, if so, how much. While not all-inclusive, the following bullets highlight policy areas that should be clarified, as illustrated by the examples in the previous report section.

- Program versus non-program purposes for information requests.
- When the FOIA or *Privacy Act* fee schedule should be applied.
- How to determine whether an individual has previously received the same program-related information and therefore should be charged for an information request.
- Whether the fee for copying electronic folder information should include staff time for reviewing the folder.

Also, given the complexity of the policy and the problems staff encountered in consistently applying it, we believe a field office training program would improve the overall fee collection process. Only 6 of the 10 Regional Commissioners responded that their field offices were provided training on how to charge fees for information requests. Further, only 5 of the 10 Regional Commissioners responded that their regions issued specific guidance to field offices on how to process information requests.

### **STANDARDIZED FEES SHOULD BE CONSIDERED**

SSA representatives believed the process for charging fees would be easier if a standard fee schedule could be applied to commonly received requests. FOIA<sup>8</sup> and the *Privacy Act*<sup>9</sup> provide the framework to charge fees related to information requests. Likewise, section 1106 of the *Social Security Act* authorizes SSA's Commissioner to

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<sup>8</sup> 5 U.S.C. § 552(a)(4)(A).

<sup>9</sup> 5 U.S.C. § 552a(f)(5).



charge the full cost of processing information requests.<sup>10</sup> Full costs include employee wages, benefits, overhead costs, and administrative costs. However, most SSA representatives with whom we spoke stated the process was cumbersome and complex.

For example, to calculate a fee, staff must first determine whether a fee should be charged. If a fee applies, staff must then calculate the fee. To do so, staff must have detailed time records for each employee who worked on the request and their respective hourly pay rate(s). If paper copies of records are involved, they must also inventory the number of pages copied. Then, the total cost of time for assigned staff must be computed and overhead costs must be added along with the costs for any copying and shipping. Finally, it must be determined whether the fee meets the minimum threshold. Field offices either calculate the fee manually, using an electronic spreadsheet, or with a calculator found on SSA's Intranet.

Some fees for information requests are already standardized. We acknowledge the intent of SSA's policy is to ensure Social Security trust funds recover the full cost of each information request. However, we believe establishing standardized fees for some common requests would simplify the fee process and improve overall compliance with policy. Also, if standard fees were based on workload studies, we believe SSA would generally recover the full cost of these services.

## **SCHEDULES USED FOR CALCULATING FEES NEED TO BE UPDATED**

Regardless of whether SSA decides to standardize fees for certain information requests, we believe the Agency should update the costs it uses to calculate fees. SSA representatives with whom we spoke acknowledged that some fees charged had been SSA policy for so long they could provide no information as to how they were established (for example, fees for detailed earnings queries requested for non-program purposes). Additionally, they agreed that, if SSA wanted to capture the full cost of an information request, the cost to process the fee remittance should be evaluated. The following sections provide further information on some of the costs SSA should consider when it updates its fee schedules.

### **Overhead Rates**

SSA adds 110 percent to the cost of most information requests to account for administrative overhead, such as facilities and utilities. For example, an information request with a \$100 base cost, with 110 percent added to it for overhead costs, would have a total cost of \$210 [ $\$100 + (\$100 \times 110 \text{ percent})$ ]. However, SSA could not provide a cost analysis indicating that 110 percent was reasonable. SSA

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<sup>10</sup> *Social Security Act* § 1106(c), 42 U.S.C. § 1306(c); See also 20 C.F.R. § 402.175(a) – “Section 1106(c) of the Social Security Act permits the Commissioner to require requesters of information to pay the full cost of supplying the information where the information is requested to comply with the Employee Retirement Income Security Act, or for any other purpose not directly related to the administration of the program or programs under the Social Security Act.”

representatives with whom we spoke stated that, each year, the Agency reevaluates the overhead rate to ensure it accurately reflects SSA's costs. Under the current process, changing the overhead rate charged for information requests each year might lead to further confusion among field office staff. However, if an average overhead rate were incorporated into standardized fees, SSA could still return the average cost of these services to the SSA trust funds—and simplify the calculation for field office staff.

### Charges for Detailed Earnings Queries for Non-program Purposes

SSA policy directs staff to charge individuals requesting detailed earnings queries for non-program purposes at escalating rates depending on the number of years of earnings information provided.<sup>11</sup> For example, for a detailed report showing 1 year of an individual's earnings (for a non-program purpose), the fee would be \$15.00. Fees for additional years are charged on a sliding scale—starting at \$2.50 and sliding down to \$1.25 (for the first 40 years). The fee for each year after 40 years is \$1.00. SSA charges an additional \$15 fee to certify the report.

SSA representatives with whom we spoke could not provide the rationale for this formula or state whether it captured the full cost of processing these requests. In fact, field office personnel with whom we spoke stated they were required to use the same amount of key strokes when processing a detailed earnings query for 2 years or 40 years—albeit, more paper for the latter report. Accordingly, we believe SSA should determine whether the charges for these reports capture the full cost of performing the service—in today's automated environment—and update the fees as appropriate.

### Hourly Employee Rates Included in FOIA Fees

FOIA provides three categories of billing rates based on the grade level of the employee performing the work. These billing rates range from \$15 to \$56. However, SSA policy instructs that only \$10 per hour be charged for these services, regardless of employee grade level.<sup>12</sup> As such, the full cost to provide FOIA-related information is not recovered. Table 2 compares FOIA hourly rates to SSA hourly rates for FOIA requests.

**Table 2: FOIA Hourly Rates Compared to SSA Hourly Rates**

FOIA Employee Grade Level Categories	FOIA Rate	SSA Rate	Costs Not Recovered
GS-5 Step 7 (for services provided by GS-1 thru GS-8)	\$15	\$10	\$5
GS-12 Step 4 (for services provided by GS-9 thru GS-14)	\$31	\$10	\$21
GS-15 Step 7 (for services provided by GS-15 or above)	\$56	\$10	\$46

<sup>11</sup> SSA, POMS GN 03311.005.F.3.b and RM 01498.027.

<sup>12</sup> SSA, POMS GN 03311.005.C.2 (*Privacy Act and FOIA Fees – FOIA Fee Schedule*).

While the choice to charge lower hourly rates for FOIA information requests rests with SSA, if the purpose of these fees is to recover the full cost for SSA trust funds, the Agency may want to reconsider this decision.

### Recovering the Cost of Processing Remittances

For information requests that require a fee, SSA does not always recover the cost of processing the related remittance (payment). SSA's policy does not require the cost of processing a remittance to be collected on all requests. Additionally, according to SSA representatives, its 110 percent overhead rate does not include this cost. As a result, SSA may not be recovering the full cost of these services for the trust funds.

For one type of information request, SSA charges a standard fee, which includes the cost of processing the remittance. Specifically, the Agency charges third parties \$46 for a non-program-related *Social Security Number Printout* request. This fee consists of a \$20 fee to provide the printout, and a \$26 fee to cover the costs associated with processing the remittance. SSA representatives could not provide a study to support the \$26 cost of processing a remittance for this specific document.

In contrast, SSA policy states that unless the total cost of a FOIA request exceeds \$7.50, the field offices should not charge for the service.<sup>13</sup> Such guidance infers that it costs the Agency at least \$7.50 to process the remittance. However, the \$7.50 fee is not consistent with the \$26 fee charged to recover the cost of processing remittances for *Social Security Number Printout* requests. SSA could not provide a study to support the \$7.50 cost for processing a fee remittance either. Representatives from the Office of Operations stated that the \$7.50 figure was probably too low given the time required to process the remittance, and the salaries of the employees processing the work.

SSA field offices processed 68,934 fee remittances in FY 2007, totaling \$2,902,717. If in FY 2007, SSA's policies were to (1) recover \$26 for processing remittances, and (2) not charge fees for information services costing \$26 or less, the amount of fees collected would have increased by about \$205,000, while SSA field offices would have processed about 31,000 fewer remittances. Table 3 details the change in the number of fee remittances and the amount of FY 2007 fees—assuming a \$26 minimum fee.

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<sup>13</sup> SSA, POMS GN 03311.005.C.3.a (*Privacy Act and FOIA Fees – Policy of Fees*).

**Table 3: Change in FY 2007 Fees—Assuming a \$26 Minimum Fee**

Dollar Range of Fees	FY 2007 Actual Fees		Assuming \$26 Minimum Fee		Estimated Change in FY 2007 Fees	
	Number of Fees	Amount of Fees	Number of Fees	Amount Of Fees	Number of Fees	Amount of Fees
\$26 and less	31,083	\$582,158	0	\$0	(31,083)	\$(582,158)
\$26.01 and greater	37,851	\$2,320,559	37,851	\$3,107,865 <sup>14</sup>	0	787,306
<b>Totals</b>	<b>68,934</b>	<b>\$2,902,717</b>	<b>37,851</b>	<b>\$3,107,865</b>	<b>(31,083)</b>	<b>\$205,148</b>

A key element to SSA's compliance with the full cost-recovery provisions of FOIA, the *Privacy Act*, and the *Social Security Act* is reliable cost data. We believe SSA would better comply with the full cost provision if it performed a current study to determine average field office costs for processing fee remittances. Additionally, based on the results of the study, SSA should determine whether its policies need to be revised to establish a minimum fee for processing information and other requests.

### **DEVELOPMENT OF AN AUTOMATED SYSTEM FOR FIELD OFFICE FEE COLLECTIONS**

Currently, SSA does not have an automated system to assist field office staff and managers with processing and managing the information request workload. Before our review, SSA had gathered user requirements to develop an automated system to assist field offices with the process of tracking and responding to non-program information requests as well as charging and collecting the related fees. Specifically, the new system, Administrative Collection Remittance System (ACRS), would create a record of information requests received, generate a tracking number, and automatically calculate a fee based on information input by the user. It would then generate an invoice and allow the requestor to pay the fee via the Internet. However, because SSA resources are limited for the development of automated solutions, it must prioritize system requests.

Unfortunately, ACRS was not given a high priority and was not selected for development and implementation in recent years. We understand the challenges SSA faces in meeting the significant systems requests it receives. However, to the extent possible, we encourage the Agency to keep this systems proposal under consideration. Although we have no means to quantify uncollected fees, we believe automation and simplification of the fee process will improve compliance with SSA policies and ultimately increase the amount of funds returned to the trust fund.

<sup>14</sup> SSA's procedures for tracking the collection of field office fees do not identify the specific type of fee collected. However, SSA estimated that about 10 percent of the FY 2007 fee remittances over \$26 were for *Social Security Number Printouts*, which included a \$26 remittance processing fee. We relied on the Agency's estimate and reduced the amount of fees collected that are presented in this chart—for transactions greater than \$26—by 10 percent. As such, our estimated increase in fee collections excludes \$196,820 in fees related to processing *Social Security Number Printout* remittances. The estimated increase in fee collections prior to excluding fees related to printouts was \$984,126 (37,851 X \$26). Therefore, the net increase in fees collected over \$26 is \$787,306.

We believe the DISCLOSE system, developed by the SSA Kentucky Area Director's Office, might serve as an example of an automated solution that may be expanded to improve fee collections. The Kentucky Area Director's Office developed and implemented DISCLOSE in July 2007. DISCLOSE automated the process of determining whether a fee applies, calculating a fee, creating a bill, and monitoring collection efforts. One of DISCLOSE's key features is a series of drop-down menus that guide the user through the process of determining whether to charge a fee. Management in the Kentucky Area Director's Office stated that this feature was beneficial to field office staff as it simplified the process of deciding when a fee should be charged.

DISCLOSE also provides management information, such as the number and amount of fees billed and collected, as well as those that have not been collected. They believe DISCLOSE has been successful, as fee collections have increased since its implementation.

The Atlanta Regional Office (ARO) had planned to implement DISCLOSE region-wide. However, the DISCLOSE computer software would not support region-wide use of the system. As a result, ARO directed the development of a system called FEEBAY that can be used by all field offices in the region. When completed, this system will have features similar to DISCLOSE. The North Carolina Area Director's Office (in the Atlanta Region) is piloting FEEBAY. If the pilot proves successful, other SSA regional offices may want to consider adopting this technology.

### **SSA LACKED CONTROLS TO MONITOR INFORMATION REQUESTS AND RELATED FEES**

SSA's regional offices lacked management controls needed to identify the number of field office information requests received and processed, whether the proper consent to release information was obtained, and whether fees were properly billed and collected. All 10 Regional Commissioners responded that their regions did not have information as to how many requests each field office received, how the requests were handled, and how much in fees were charged and collected. Further, most of the managers at the field offices we visited or contacted were not aware of the number of information requests their offices received or the amount of fees collected.

Reliable and useful information is critical to SSA managers' ability to monitor the effectiveness of the information request and fee process. We believe implementation of automated systems, such as ACRS, DISCLOSE and FEEBAY could provide managers with useful information needed to assess the fee process.

## CONCLUSION AND RECOMMENDATIONS

We understand that not all field offices will receive information requests, and fees for similar services will vary from office to office. Further, we recognize that SSA has taken actions to implement the full cost provisions provided for in FOIA, the *Privacy Act* and the *Social Security Act*. However, SSA policies and procedures for charging and collecting fees could be improved.

Not all field offices charged fees for processing information requests when they should have. Some field offices charged different fees for the same type of information, while other offices charged various standard fees not contained in SSA policy. SSA managers and staff attributed the inconsistencies in the fee process to the complex, confusing, and cumbersome fee policy.

Additionally, SSA should update its fee schedules for information requests to capture the full cost to SSA's trust funds for providing these services. Finally, SSA did not have controls in place to allow managers to monitor this workload. SSA's regional offices did not have data regarding the number of information requests received by its field offices, whether the proper consent to release information was obtained, and whether fees were properly billed and collected. Accordingly, to ensure that SSA field offices charge the correct fee for all applicable information requests, we recommend SSA:

1. Clarify and simplify governing policies and procedures for field office calculation and collection of fees for information requests.
2. Develop a standard fee schedule, where legally permissible, for commonly received information requests. These fees should be based on current workload studies to ensure SSA recovers the full cost of processing information requests, including the cost to process the resulting remittance.
3. For non-standardized fees, determine whether the full cost of processing information requests is being recovered (for example, are remittance costs and an accurate overhead rate being applied) and update the fee calculation as needed.
4. Establish a current and consistent minimum fee threshold, where legally permissible, for processing information requests and incorporate this into SSA policy.
5. Continue to pursue the development and implementation of ACRS. As a possible interim alternative, if the pilot is successful, SSA should consider expanded use of FEEBAY.
6. Ensure managers have useful and reliable information to determine how effective field offices are performing in the overall process of responding to information requests and charging and collecting fees.

7. Develop a program to train field office staff on fee collections for information requests.

## **AGENCY COMMENTS**

SSA agreed with all our recommendations. See Appendix C for the full text of SSA's comments.

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

Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments



## Acronyms

ACRS	Administrative Collection Remittance System
ARO	Atlanta Regional Office
C.F.R.	Code of Federal Regulations
FOIA	<i>Freedom of Information Act</i>
FY	Fiscal Year
OIG	Office of the Inspector General
POMS	Program Operations Manual System
<i>Privacy Act</i>	<i>Privacy Act of 1974</i>
SSA	Social Security Administration
U.S.C.	United States Code

### Scope and Methodology

To accomplish our objectives, we distributed a questionnaire to each of the Social Security Administration's (SSA) 10 Regional Commissioners. In the questionnaire, we asked each Regional Commissioner to provide responses to a set of general questions on how regional managers monitored field office fee collections. Additionally, we posed questions specific to certain field offices in each region. We also visited 12 field offices from the Atlanta, Philadelphia, and New York Regions. In these field offices, we interviewed managers and staff to gain an understanding of how field offices charge and collect fees for information requests. We selected these field offices based on noted trends in fee collections (that is, either high or low fee collections) and in some cases, information we obtained about the offices from questionnaire responses.

We also obtained field office fee data from SSA's Debt Management System for the period October 1, 2006 through September 30, 2007.

Additionally, we:

- Reviewed applicable sections of the *Social Security Act*, *Freedom of Information Act* and *Privacy Act of 1974*, as well as SSA's regulations, policies, and procedures.
- Compared SSA policies and procedures to applicable Federal laws and regulations.
- Interviewed representatives from SSA's Office of Privacy and Disclosure to gain an understanding of how the Agency's regulations and policies for charging fees are correlated to the *Freedom of Information Act*, *Privacy Act of 1974*, and *Social Security Act*.
- Obtained fee information from SSA's Offices of the Deputy Commissioner for Operations and the Deputy Commissioner for Budget, Finance and Management.
- Interviewed SSA personnel in the Atlanta Regional and Kentucky Area Director's Offices to gain an understanding of the DISCLOSE and FEEBAY systems.
- Communicated with representatives from the Office of the Deputy Commissioner for Systems to gain an understanding of the Automated Collection and Remittance System.

We conducted field work from December 2008 through April 2009 in the Atlanta, Philadelphia, and New York Regions. We relied on data extracted from SSA's Debt Management System. We determined the data were sufficiently reliable for our audit objectives. Our tests of internal controls were limited to gaining an understanding of the laws, regulations, and SSA's policies and procedures on how SSA's field offices collect fees for processing information requests.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** August 14, 2009 **Refer To:** S1J-3

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

**From:** Margaret J. Tittel /s/  
Acting Chief of Staff

**Subject:** Office of the Inspector General (OIG) Draft Report, "Field Office Procedures for Charging and Collecting Fees" (A-04-09-19041)--INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report recommendations.

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

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL’S DRAFT REPORT,  
“FIELD OFFICE PROCEDURES FOR CHARGING AND COLLECTING FEES”  
(A-04-09-19041)**

Our responses to your specific recommendations are as follows.

**Recommendation 1**

Clarify and simplify governing policies and procedures for FO calculation and collection of fees for information requests.

**Comment**

We agree. We have established an executive-level workgroup to develop a comprehensive, legally permissible, and cost-effective approach to collect administrative fees.

**Recommendation 2**

Develop a standard fee schedule, where legally permissible, for commonly received information requests. These fees should be based on current workload studies to ensure SSA recovers the full cost of processing information requests, including the cost to process the resulting remittance.

**Comment**

We agree. Please see the response to recommendation 1.

**Recommendation 3**

For non-standardized fees, determine whether the full cost of processing information requests is being recovered (for example, are remittance costs and an accurate overhead rate being applied) and update the fee calculation as needed.

**Comment**

We agree. Please see the response to recommendation 1.

**Recommendation 4**

Establish a current and consistent minimum fee threshold, where legally permissible, for processing information request and incorporate this into SSA policy.

**Comment**

We agree. Please see the response to recommendation 1.

### **Recommendation 5**

Continue to pursue the development and implementation of the Administrative Collection Remittance System (ACRS). As a possible interim alternative, if the pilot is successful, SSA should consider expanded use of FEEBAY.

### **Comment**

We agree. We recently received funding approval for ACRS and are moving forward with the project. Additionally, we continue to investigate the feasibility of the FEEBAY project.

### **Recommendation 6**

Ensure managers have useful and reliable information to determine how effective FOs are performing in the overall process of responding to information requests and charging and collecting fees.

### **Comment**

We agree. Please see the response to recommendation 1.

### **Recommendation 7**

Develop a program to train FO staff on fee collections for information requests.

### **Comment**

We agree. Please see the response to recommendation 1.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Kimberly A. Byrd, Director, Atlanta Audit Division

Frank Nagy, Audit Manager

### ***Acknowledgments***

In addition to those named above:

Luis A. Ramírez, Auditor

Charles Lober, Information Technology Specialist

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## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Office of the Counsel to the Inspector General**

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OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

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OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.