
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY
ADMINISTRATION'S PROCEDURES FOR
ADDRESSING EMPLOYEE-RELATED
ALLEGATIONS IN REGION VII**

March 2005 A-07-05-15014

AUDIT REPORT



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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:

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

MEMORANDUM

Date: March 29, 2005

Refer To:

To: Ramona Schuenemeyer
Acting Regional Commissioner
Kansas City

From: Inspector General

Subject: The Social Security Administration's Procedures for Addressing Employee-Related Allegations in Region VII (A-07-05-15014)

OBJECTIVE

We conducted a review of the Kansas City Regional Office's (KCRO) handling of employee-related allegations. Specifically, the objectives of our review were to:

- evaluate the adequacy of the Social Security Administration's (SSA) policies and procedures in Region VII for addressing employee-related allegations,
- assess Region VII's compliance with these policies and procedures, and
- determine whether Region VII referred all employee-related allegations that should have been referred to the Office of the Inspector General (OIG).

BACKGROUND

SSA receives various types of allegations related to its programs, the misuse of Social Security numbers, and employee conduct. SSA receives allegations from employees, the public, congressional inquiries, internal security reviews, and the OIG. Allegations that involve actions on the list of alleged or suspected employee criminal violations must be referred to the OIG.¹ This list is attached as Appendix D. Allegations concerning SSA employees are significant because of the potential losses to SSA's programs and

¹ SSA, Program Operations Manual System (POMS), GN 04112.005 B.

the corresponding negative public impact. In determining the validity of allegations, SSA is required to obtain sufficient evidence to support or remove suspicion that criminal violations may have been committed.² SSA's policy states:

“Prior to referral to the OIG, Office of Investigations Field Division, each potential violation and allegation must be developed by the field office, processing center, or other SSA office to the point where enough evidence has been secured to either remove suspicion or substantiate the violation.”³

In the KCRO, employee-related allegations are forwarded by OIG to either the Office of the Regional Commissioner (ORC) or the Center for Security and Integrity (CSI). The majority of allegations are referred to ORC. Only allegations involving security violations are referred to CSI, though ORC forwards most allegations to CSI for development. CSI is also responsible for supporting field office managers in developing potential fraud issues by using computer system analysis and providing other technical support. The ORC and CSI workflow processes are illustrated in Appendix C. The Center for Human Resources' Employee/Labor Relations Staff process adverse actions against employees.

We reviewed 15 employee-related allegations referred to the KCRO by OIG during Fiscal Years (FY) 2001 through 2003.⁴ KCRO stated that it did not receive any allegations from sources other than OIG.⁵ See Appendix B for the scope and methodology of our audit.

RESULTS OF REVIEW

For 12 of the 15 employee-related allegations we reviewed, the KCRO provided sufficient documentation to verify that KCRO properly addressed the allegations. However, for the remaining three allegations, there was insufficient documentation to ascertain whether these allegations were properly developed and resolved.

Additionally, of the 15 allegations reviewed, we found the KCRO did not:

- Provide OIG the results of its review of two allegations within the required 90-day period.
- Provide OIG the results of its review of two allegations.
- Have a control system that included all employee-related allegations.

² SSA, POMS, GN 04110.010 A.

³ SSA, POMS, GN 04110.010 B.

⁴ Of the 15 allegations referred by OIG, 12 were sent to ORC and 3 were sent directly to CSI.

⁵ Since KCRO did not have a control system to track and account for allegations during most of our audit period, we cannot be assured that there were no allegations referred from other sources. See “Receipt and Control of Allegations” on page 4 of this report.

RETENTION OF CASE DEVELOPMENT DOCUMENTATION

KCRO does not have a policy on the retention of documentation related to allegations against employees.⁶ As a result, KCRO could not provide any development documentation for 3 of the 15 employee-related allegations we reviewed. In accordance with provisions of the Federal Records Act (FRA),⁷ we believe documents, such as those concerning employee-related allegations, constitute a specific class of records, which should be maintained in accordance with SSA record retention policies.

The KCRO should maintain sufficient evidence to document that employee-related allegations are properly handled and developed. The lack of documentation limits management's ability to readily determine whether appropriate actions were taken to resolve the allegations. Also, insufficient documentation hampers management's ability to identify recurring problems related to certain SSA locations or employees.

TIME REQUIREMENTS TO COMPLETE REFERRALS

The SSA component that receives an allegation referral from OIG is instructed to provide OIG with the results of its findings within 90 days.⁸ The results should explain what actions were taken on the allegation and also report any monetary recoveries or savings realized.⁹ We identified two allegations where the response to OIG exceeded 90 days because KCRO did not have procedures in place to handle and control allegations. These allegations were open for 96 days and 152 days, respectively. CSI requested an extension on one of these allegations because the employee responsible for the allegation resolution either did not receive the allegation or accidentally deleted it from her email prior to resolution actions.

For two other allegations, we were unable to determine whether KCRO responded to OIG within the required 90 days. KCRO provided documentation showing that the allegations had been developed, but could not provide documentation to show when the results were sent to OIG.

KCRO stated that it implemented procedures to handle allegations that specifically address the time frames for responding to OIG. Since the procedures were implemented after our audit period, we did not verify that the procedures ensured the

⁶ Regions IV, V, and VI retain allegations for periods that range from 2 to 7 years.

⁷ Federal agencies' records creation, management, and disposal duties are set out in a collection of statutes known as the Federal Records Act (FRA), 44 U.S.C. §§ 2101 *et seq.*, 2901 *et seq.*, 3101 *et seq.*, 3301 *et seq.* The FRA prescribes the exclusive mechanism for the disposal of Federal records. No records may be "alienated or destroyed" except in accordance with the FRA's provisions. 44 U.S.C. § 3314.

⁸ OIG, Office of Investigations, Allegation Management Division, allegation referral form.

⁹ *Id.*

time requirements were met.¹⁰ While we recognize that some allegations may require an extended period of time to develop, KCRO should monitor resolution time frames to ensure adherence to the required 90-day period or document why the 90-day time frame could not be met.

OUTSTANDING ALLEGATION REFERRALS

As of November 2004, KCRO had not provided OIG with the results of its findings on two allegations, although the allegations were open longer than 90 days. KCRO could not provide documentation to support the development of the allegations. Accordingly, we could not determine whether these allegations were properly investigated and whether one of these allegations, which may be potentially criminal, should have been referred to OIG's Office of Investigations (OI). KCRO should provide OIG with a response on these allegations and, if appropriate, refer the allegation that involves a potential criminal violation to OI.

RECEIPT AND CONTROL OF ALLEGATIONS

SSA's procedures require the Region to preserve records that adequately and properly document the organization, functions, policies, decisions, procedures, and essential transactions of the Agency and protect the legal and financial rights of the Government and persons directly affected by its activities.¹¹ In addition, SSA's procedures require that control logs be retained for a two-year period.¹² KCRO did not maintain a control log to track the receipt and disposition of employee-related allegations because there were no formal procedures in place to address allegations. As a result, we could not verify that the total number of allegations we reviewed represented the total population of allegations received during our audit period.

ORC staff currently log allegations into the Operations Paperless Tracking, Imaging and Control (OPTIC) system, which is used to track all correspondence received by the ORC.¹³ According to CSI staff, allegations sent directly to CSI would be logged into the OPTIC system and tracked in the same manner as allegations sent to ORC. Since OIG had not referred any allegations directly to CSI since August 2002, we did not verify that CSI followed this procedure. In addition, CSI's written procedures, which were

¹⁰ CSI's written procedures are dated October 2003 and ORC's written procedures are dated September 2004.

¹¹ Administrative Instructions Manual System Records Management Handbook, SSA Records, Retention, and Disposition Program, Chapter 01.02.

¹² SSA, Operational and Administrative Records Schedules, Commissioner's Correspondence and Control Logs, CMS 02.01.00.

¹³ According to ORC, current procedures have been in place since FY 2003, but were not documented until September 2004. We were able to verify that ORC followed these procedures because the four employee-related allegations referred by OIG in FY 2003 were logged into OPTIC, while the allegations referred in FY 2001 and 2002 were not logged.

developed in October 2003, do not require that allegations be entered into OPTIC. Neither the ORC, nor the CSI written procedures specify that control logs should be retained for two years. KCRO should include in its written procedures that allegations received from both OIG and other sources be entered into a control log that is retained for two years.

CONCLUSION AND RECOMMENDATIONS

Our review found the KCRO generally provided sufficient documentation to verify that KCRO properly addressed employee-related allegations. However, we found that the KCRO's procedures could be improved to better ensure all allegations are recorded, developed, and resolved timely and referred to OIG as appropriate. Also, the procedures should ensure that adequate information is maintained to document the investigation and resolution of employee-related allegations.

Accordingly, we recommend the KCRO:

1. Implement an allegation control process that documents the receipt, development, and disposition of all allegations.
2. Monitor time frames for reviewing and resolving employee-related allegations to ensure that they are addressed within a 90-day period.
3. Provide OIG a response on the two allegations that remain open and refer any potentially criminal violations to OI.
4. Include in its written procedures that allegations from OIG and other sources be entered into a control log that is retained for two years.

AGENCY COMMENTS

In commenting on our draft report, the Regional Commissioner agreed with our recommendations. In response to our second recommendation, the Regional Commissioner requested that OIG formally acknowledge the receipt of the region's request for a time extension to resolve an allegation. In response to our third recommendation, the Regional Commissioner stated that the two open allegations were investigated subsequent to our draft report and the results provided to OIG on March 11, 2005. See Appendix E for the full text of SSA's comments.

OIG RESPONSE

The Regional Commissioner's suggestion that OIG formally acknowledge the region's request for a time extension to resolve an allegation was referred to the responsible OIG component for appropriate action.

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

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Workflow for Office of the Inspector General
Allegation Referrals

APPENDIX D – Employee Violations

APPENDIX E – Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

Acronyms

CHR	Center for Human Resources
CSI	Center for Security and Integrity
EXO	Executive Officer
FRA	Federal Records Act
FY	Fiscal Year
KCRO	Kansas City Regional Office
MOS	Management and Operations Support
OI	Office of Investigations
OIG	Office of the Inspector General
OPTIC	Operations Paperless Tracking, Imaging and Control
ORC	Office of the Regional Commissioner
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

Scope and Methodology

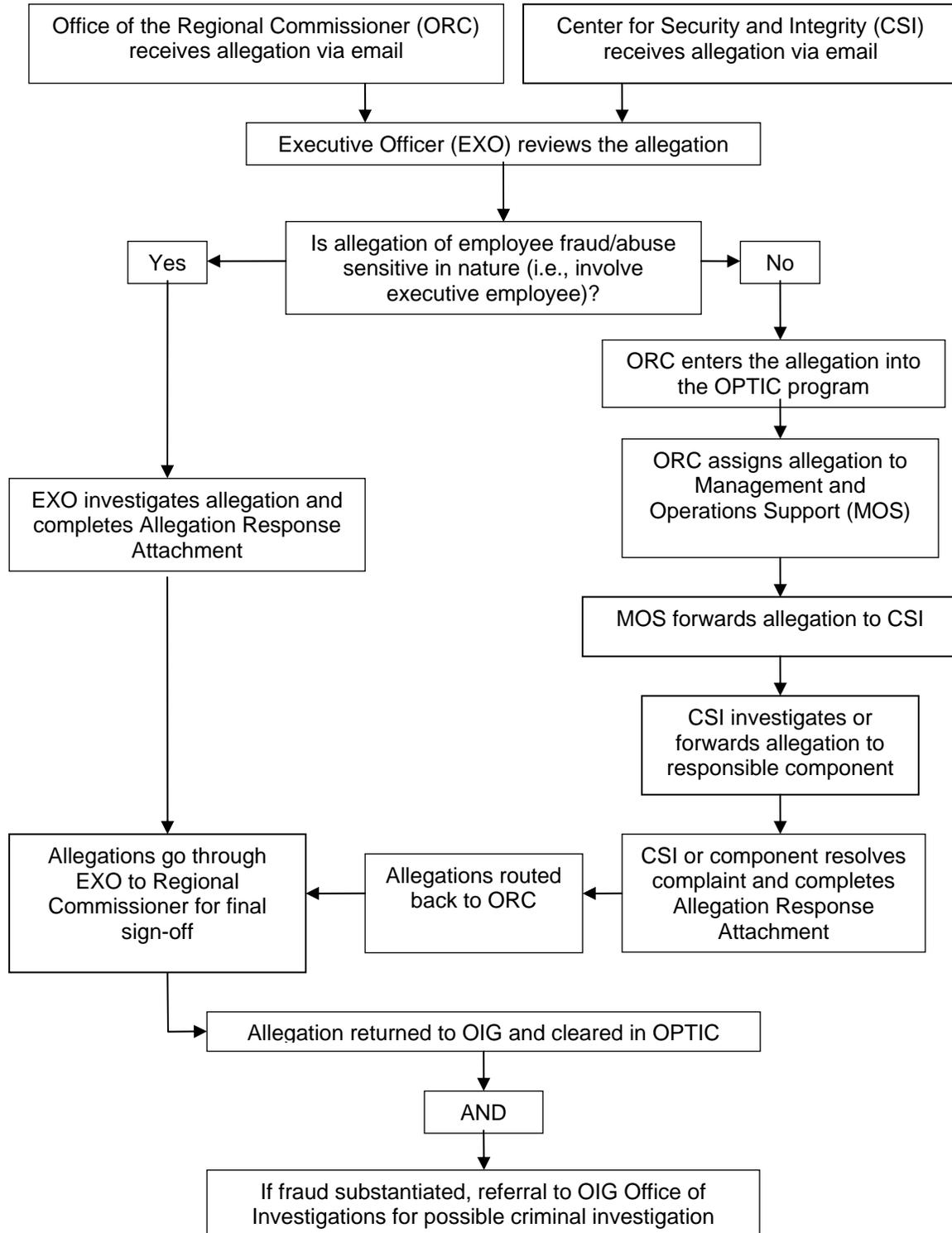
We reviewed employee-related allegations received by the Kansas City Regional Office (KCRO) in Fiscal Years (FY) 2001 through 2003. For this period, we identified and reviewed 15 allegation referrals from the Office of the Inspector General (OIG). Additionally, we selected 80 adverse actions processed by the Center for Human Resources' (CHR) Employee/Labor Relations Staff to identify severe actions that may be related to possible criminal violations. Based on our review of adverse action files, we did not find any potential criminal offenses that were not reported to OIG.

To accomplish our objectives, we:

- Reviewed the following criteria:
 - Social Security Administration (SSA), *Program Operations Manual System*
 - SSA, *Administrative Instructions Manual System*
 - SSA, *Operational and Administrative Records Schedules*
 - Title 44 of the United States Code, *Federal Records Act*
 - Office of Management and Budget Circular A-123, *Management Accountability and Control*
 - Title 5 of the Code of Federal Regulations Part 2635, *Standards of Ethical Conduct for Employees of the Executive Branch*
 - SSA, *Annual Personnel Reminders*
- Obtained a list of 15 employee-related allegations processed by OIG and referred to KCRO during FYs 2001 through 2003.
- Interviewed officials within the Office of the Regional Commissioner (ORC), Center for Security and Integrity (CSI), Management and Operations Support, and CHR in Kansas City, Missouri.
- Reviewed ORC and CSI documentation for the development of evidence related to allegations received from OIG.

We performed field work at the SSA Regional Office in Kansas City, Missouri, from July through November 2004. We determined that the data provided by the KCRO was sufficiently reliable to meet our audit objectives and facilitated the development of issues presented in the report. The entity reviewed was the KCRO under the Deputy Commissioner for Operations. We conducted our review in accordance with generally accepted government auditing standards.

Workflow for Office of the Inspector General (OIG) Allegation Referrals



Employee Violations

LIST – EMPLOYEE POTENTIAL VIOLATIONS (Program Operations Manual System, GN 04112.005D)
Employee violations include, but are not limited to situations in which an employee is suspected of willfully:
<ul style="list-style-type: none">• acting as an agent or attorney for prosecuting any Social Security claim before the Commissioner, while an employee;
<ul style="list-style-type: none">• disclosing without authorization any confidential information in violation of the Social Security Act or the Privacy Act of 1974;
<ul style="list-style-type: none">• obtaining or attempting to obtain confidential information under false pretenses;
<ul style="list-style-type: none">• making or causing to be made any false representation concerning the requirements of the Social Security Act or related provisions of the Internal Revenue Code;
<ul style="list-style-type: none">• asking for, accepting, or agreeing to accept anything of value from a third party in return for executing or influencing the performance of official duties;
<ul style="list-style-type: none">• participating in the planning or execution of any scheme or other activity under which a financial or other advantage improperly accrues or could accrue to any person or organization at the expense of the Government or parties with whom the Government may contract or otherwise deal;
<ul style="list-style-type: none">• stealing or otherwise illegally disposing of refund remittances, Government checks, cash, directly deposited funds, or other obligations;
<ul style="list-style-type: none">• illegally generating Social Security checks or depositing funds electronically to oneself or another;
<ul style="list-style-type: none">• stealing or mutilating Government records, or destroying or removing them without authorization;
<ul style="list-style-type: none">• violating conflict-of-interest laws as described in the Ethics in Government Act, the Standards of Ethical Conduct for Employees of the Executive Branch, and the SSA Guide on Employee Conduct;
<ul style="list-style-type: none">• making or causing to be made any false statement or representation about wages, earnings, or self-employment income in connection with claims or the maintenance of earnings records;
<ul style="list-style-type: none">• making or causing to be made any false statement or representation of a material fact in an application for payments or for a disability determination, or at any other time for use in determining rights to payments;
<ul style="list-style-type: none">• concealing or failing to disclose a fact or event affecting initial or continued eligibility for payment;
<ul style="list-style-type: none">• furnishing or causing to be furnished false information about identity in connection with a claim, issuing a Social Security number, or maintaining an earnings record;
<ul style="list-style-type: none">• selling Social Security numbers/cards; or
<ul style="list-style-type: none">• unlawfully disclosing, using, or compelling the disclosure of a Social Security number.

Agency Comments

MEMORANDUM

Date: March 11, 2005

To: Inspector General

From: Acting Regional Commissioner
Kansas City Region

Subject: The Social Security Administration's Procedures for
Addressing Employee-Related Allegations in Region VII
(A-07-05-15014) - Response

We appreciate the efforts of the Office of the Inspector General (OIG) in reviewing the adequacy of the Kansas City Region's policies and procedures in handling employee-related allegations. We agree with the recommendations and will address each separately as outlined below:

- **Implement an allegation control process that documents the receipt, development, and disposition of all allegations.**

The Kansas City Regional Office has established written procedures to control Hotline Allegations and all appropriate staff have been trained.

- **Monitor time frames for reviewing and resolving employee-related allegations to ensure that they are addressed within a 90-day period.**

The Kansas City Region makes every effort to resolve these allegations within the 90-day time period. However, there have been situations (i.e., the allegation deals with an employee issue as well as programmatic issues, such as misused funds) that cannot be processed to completion within the 90-day time frame. In those situations, we will contact OIG via email to advise that a time extension is needed along with the reason. Our response will address all issues at once.

Although not part of this review, we would like to recommend that the current Hotline Allegation process allow regions to receive an acknowledgement from the OIG Hotline when a request for a time extension is made. It has been our experience that requests for a time extension are not acknowledged.

- **Provide OIG a response on the two allegations that remain open and refer any potentially criminal violations to OIG.**

Allegation #P100117 - investigation completed and the findings were that the allegations were unsubstantiated. OIG was notified as of March 11, 2005.

Allegation #P210454 - investigation completed and the findings were that the allegations were unsubstantiated. OIG was notified as of March 11, 2005.

- **Include in its written procedures that allegations from OIG and other sources be entered into a control log that is retained for two years.**

The Kansas City Region's SOP has been rewritten and includes a control log for all allegations. The control on all allegations will be retained for a two-year period.

If you have any questions, please contact Dorothy Reed, Acting Director, Center for Security and Integrity, at 816-936-5555.

Ramona Schuenemeyer

OIG Contacts and Staff Acknowledgments

OIG Contacts

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