



SOCIAL SECURITY
Office of the Inspector General

October 15, 2010

The Honorable Earl Pomeroy
Chairman, Subcommittee on
Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Pomeroy:

In a May 20, 2010 letter, you requested that we conduct an audit of the Social Security Administration's (SSA) Financial Literacy Initiative. Specifically, you requested that we determine (1) why SSA considered its Financial Literacy Research Consortium (FLRC) necessary; (2) whether SSA coordinated with other agencies or the Office of Management and Budget to ensure research and development efforts were not duplicative; and (3) what SSA's expert panel found when reviewing the FLRC grant proposals. The enclosed report presents the results of our review.

My office is committed to combating fraud, waste, and abuse in SSA's operations and programs. Thank you for bringing your concerns to my attention. The report highlights various facts pertaining to the issues raised in your letter. To ensure SSA is aware of the information provided to your office, we are forwarding a copy of this report to the Agency.

If you have any questions concerning this matter, please call me or have your staff contact Misha Kelly, Congressional and Intra-governmental Liaison at (202) 358-6319.

Sincerely,

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.
Inspector General

Enclosure

cc:
Michael J. Astrue

***CONGRESSIONAL RESPONSE
REPORT***

***The Social Security Administration's
Financial Literacy Research Consortium***

A-08-10-20181



October 2010

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.

OBJECTIVE

Our objectives were to determine (1) why the Social Security Administration (SSA) considered its Financial Literacy Research Consortium (FLRC) necessary; (2) whether SSA coordinated with other agencies or the Office of Management and Budget (OMB) to ensure research and development efforts were not duplicative; and (3) what SSA's expert panel found when reviewing the FLRC grant proposals.

BACKGROUND

SSA's *Strategic Plan Fiscal Years 2008 – 2013* included a *Special Initiative to Encourage Saving*.¹ According to SSA, this financial literacy initiative is designed to expand previous Agency efforts to effectively inform the American people about SSA programs and the importance of retirement planning. There are three major elements to SSA's financial literacy initiative: (1) production of the annual *Social Security Statement*; (2) promotion and support for the Retirement Estimator; and (3) the Agency's research program. To accomplish the Agency's research program, SSA awarded grants to three entities under the FLRC. The following sections summarize SSA's design and development process for the research program.

Request for Applications

In April 2009, SSA published a Request for Applications (RFA)² soliciting research proposals for a 5-year cooperative agreement for which SSA would award grants.³ Specifically, the RFA sought applications for "research centers"⁴ that would develop products designed to address five key questions. These questions were established by SSA and, as outlined below, asked how the Agency could encourage:

1. retirement savings for new labor-force entrants;
2. protection of retirement resources for mid-career individuals;
3. work and retirement decisions for near retirees that ensure adequate retirement income;

¹ See full plan at <http://www.socialsecurity.gov/asp/index.htm>.

² Financial Literacy Research Consortium RFA, 74 Fed. Reg. 18424 – 18433 (April 22, 2009).

³ The FLRC's 5-year cooperative agreement is contingent on an annual review process and continued availability of funds.

⁴ For its research centers, SSA sought applications from domestic institutions of higher education, non-profit organizations, commercial organizations, Federal and State Governments, and Native American tribal organizations.

4. effective resource management for current retirees to prevent hardship later in life; and
5. effective retirement savings initiatives for low- and moderate-income populations.

Additionally, the RFA stated that “The key goal of the FLRC is not only to develop compelling products, but also to get these products into the hands of the public.”⁵

SSA’s RFA stated that, in the first year, the FLRC would be composed of two research centers, which would have a combined annual funding of approximately \$5 million.⁶ To select the FLRC grant recipients, the RFA stated that submitted applications would be reviewed in three stages: (1) elimination of nonresponsive applications, (2) expert panel review, and (3) administrative review.⁷ As specified in the RFA, the expert panel would consist of at least three qualified persons, who would objectively review and score the proposals.⁸ The panel would then make recommendations based on the application scores, feasibility and adequacy of the project plan and methodology, and how the centers would jointly meet the objectives of the FLRC.⁹ The RFA stated, “Although the results from the review panel are the primary factor used in making funding decisions, they are not the sole basis for making awards.”¹⁰

The FLRC Grant Application Review Process

In the first stage of the review process, SSA deemed all 10 applications received to be responsive to the RFA criteria.

The second stage called for an expert panel to conduct a technical review and score applications. SSA selected a 12-member expert panel to provide seasoned and respected input. The panel was highly diverse with respect to expertise, organizational representation and outlook, and personal demographics. The panel included Federal executives, experts from the private sector, and academia. SSA vetted panel members to ensure that no conflicts of interest existed that would preclude them from reviewing submitted applications.

⁵ Financial Literacy Research Consortium RFA, 74 Fed. Reg. *Supra*, note 2 at 18427.

⁶ *Id* at 18425. The RFA stated that although the Agency anticipated making two awards, nothing in the Federal Register announcement restricted the Agency’s ability to make more or fewer awards, reduce the amount of the awards, or add additional research centers in the future. *Id* at 18429.

⁷ *Id* at 18432, 18431, 18430, and 18426, respectively.

⁸ *Id* at 18431.

⁹ *Id*.

¹⁰ *Id* at 18432.

The expert panel review was a multi-phased process designed to provide opportunities for reviewers to discuss and evaluate the applications. First, SSA assigned each panelist to a team of four reviewers responsible for providing initial reviews of three or four applications. Second, SSA organized a conference call for each team to discuss the assessments of applications they reviewed. Finally, SSA organized a full-panel meeting to review and score all applications. Although SSA instructed panel members to focus only on the review criteria in the RFA, it allowed reviewers an opportunity to provide written comments that did not relate to the scoring criteria. While these comments did not influence application scores, SSA could consider them for planning and development of the overall financial literacy research effort. During this meeting, the panel members gave each proposal a combined group score. None of the scores exceeded 68 out of 100 possible points. Additionally, the panel members provided SSA personnel with their individual score sheets, some of which contained written comments about the proposals.

After the *official* review and scoring was complete, some panel members discussed the non-scoring feedback they provided to SSA. Because many had concerns about the proposals, 8 of the 12 expert panelists signed and submitted a letter to SSA contracting personnel. The letter stated that panel members did not believe SSA should fund any of the submitted proposals because they did not address the needs discussed in the RFA. The letter also stated that SSA should cancel the RFA and develop a new one if it wished to focus on improving financial management and decision-making among lower- and middle-income Americans. Furthermore, the letter stated there are many products and approaches in the United States, and the proposals did not build on these existing materials or use them effectively. Although SSA considered these comments outside the scope of the expert panel review, the Agency stated that it attempted to address these concerns during its administrative review.

The final stage of the FLRC review process called for an administrative review, which required that SSA collect and review scores from the expert panel review and develop a funding plan for the FLRC, while considering coverage of key RFA objectives across the top scoring applications. The expert panel eliminated the four lowest-scoring applications. From the remaining applications, SSA chose the two highest-scoring applications and examined their proposals to determine coverage of RFA objectives across the two applications. After SSA determined that the two centers selected did not include a significant number of research projects for special populations, SSA selected a third center,¹¹ which contained the strongest research-based focus on special populations.¹² In the first year of the FLRC initiative, SSA provided a total of \$7.5 million to these three research centers. At the time of our review, funding for the second year of the FLRC had not yet been approved and awarded.

¹¹ The third research center was one of the remaining applications the expert panel deemed meritorious.

¹² The three research centers are Boston College, RAND Corporation, and University of Wisconsin.

SCOPE AND METHODOLOGY

To accomplish our objectives, we interviewed SSA personnel responsible for developing and overseeing the FLRC and grant processes. We also contacted panel members to obtain their perspective of SSA's application review process, the RFA, and the merits of applications submitted. See Appendix B for additional information regarding our scope and methodology.

Results of Review

As described in SSA's RFA, Social Security benefits are a key foundation in providing income security to millions of Americans. However, these benefits are intended to *complement* other sources of income, whenever possible. Given the recent economic crisis in the United States, SSA is concerned that many Americans are in danger of having insufficient savings for retirement and other life events. SSA stated that it believed it has a ". . . special responsibility to help Americans of all working ages to understand the role of Social Security benefits and the need for Americans to save as they plan for retirement and other life events." As such, it developed the FLRC as a complement to other financial literacy initiatives.

When developing the RFA, requesting resources for the initiative, and ultimately funding the proposed activities of the research centers, SSA coordinated with OMB, other Federal agencies, academia, and leading experts in the field of financial literacy. Although avoiding duplication with other research and development activities may not have been SSA's primary goal, the Agency was proactive in briefing numerous stakeholders regarding its plans. Additionally, SSA representatives stated that future funding requests for FLRC research centers will be reviewed by a knowledgeable panel to identify any possible duplication of other ongoing research projects.

In our interviews with 11 of the 12 expert panel members,¹³ almost all echoed the concerns outlined in the letter they sent to SSA contracting personnel after reviewing and scoring the FLRC grant applications. In fact, although only 8 of the 12 panel members signed the letter, 10 of the 11 we interviewed generally agreed with the concerns expressed. The panel members also outlined various other concerns they had with the proposals. Half the panel members did not believe any of the proposals were sufficient and unique enough to warrant millions of dollars in taxpayer funding. A few panel members stated that if SSA had been able to work with some of the applicants to tailor the proposals, their concerns may have been alleviated.

Because SSA officials did not believe Federal grant-making rules allowed them to discuss the concerns expressed in the letter with the expert panel members, SSA did not directly respond to the panel's letter. Additionally, SSA believed the panel's recommendations were outside the scope of its responsibility to provide a *technical* review of the grant applications. However, SSA responded in an email to panelists that their comments and scores would be considered during its decision process and it could customize awards to produce the most effective consortium. While SSA did not provide the panel with details of its final funding decision, the Agency provided us evidence that it considered the panel's comments and made several adjustments to the grant awards to address their specific concerns.

Although not a traditional step in the Federal grant award process, we learned that it is not contrary to Federal policy for SSA to discuss the expert panel's comments with the

¹³ One panelist was unavailable for interview.

members, after the completion of their technical review.¹⁴ As such, we believe SSA could have acknowledged receipt of the panel's letter. In our opinion, had SSA engaged in such conversations with the panel members after the conclusion of its technical review and explained its broad plans to request improvements to the grant proposals, some of the panel's concerns may have been eased. As such, if another expert panel reviewing grant proposals has concerns such as those expressed by the FLRC panel, we encourage SSA to improve its communication with panel members. Additionally, based on our review results and supplementary concerns expressed by staff members of the House Appropriations Committee and House Committee on Ways and Means, Subcommittee on Social Security, we plan to review SSA's overall grant award and management process in Fiscal Year 2011.

Why Did SSA Believe the FLRC Initiative Was Necessary?

As the Agency responsible for delivering and managing the Nation's Social Security programs,¹⁵ SSA recognized it had the opportunity to influence short- and long-term retirement savings. From the Agency's perspective, SSA is uniquely positioned to educate Americans on saving for retirement because most Americans will come into contact with SSA at some point in their lives. During his 2007 confirmation hearing, SSA's Commissioner acknowledged the importance of Americans saving for retirement and understanding the role of Social Security. In addition, the Commissioner expressed that a special initiative was needed because so many Americans were in danger of having insufficient savings for retirement and other life events. As such, SSA's *Strategic Plan Fiscal Years 2008 – 2013* contained a *Special Initiative to Encourage Saving* that focused on helping Americans better prepare for retirement.¹⁶

In response to this initiative, SSA developed the FLRC to create innovative, research-based products to encourage savings and improve understanding of the Social Security program among the American public. The aims and design of the FLRC provided opportunities for SSA to partner with other Federal agencies, such as members of the Financial Literacy and Education Commission (FLEC),¹⁷ to leverage research and development investments in financial literacy and savings. Through SSA's involvement in FLEC, it realized that less than half of member agencies conducted financial literacy research and development, and many did not evaluate the effectiveness of their efforts. SSA also consulted with experts in the field of retirement policy who indicated that many products and programs designed to change savings

¹⁴ An SSA Office of Acquisition and Grants official researched this issue and found the policy silent with regard to communicating with expert panel members after their technical review.

¹⁵ SSA provides Old-Age, Survivors and Disability Insurance and Supplemental Security Income benefit payments to eligible individuals under Titles II and XVI of the *Social Security Act*. *Social Security Act* §§ 201 et seq. and 1601 et seq.; 42 U.S.C. §§ 401 et seq. and 1381 et seq.

¹⁶ *Supra*, note 1.

¹⁷ In 2003, the *Financial Literacy and Education Improvement Act* established the FLEC, which is chaired by the Secretary of the Department of the Treasury and comprises 21 Federal agencies, including SSA. The Commission was tasked with improving the American public's financial literacy and education through development of a national strategy.

behavior are developed and implemented without evidence-based evaluation. These experts agreed that a key objective should be to use research to develop programs and products to improve retirement planning.

Did SSA Coordinate with the Office of Management and Budget and Other Federal Agencies to Prevent Duplicative Efforts?

Based on interviews with SSA representatives and review of documentation, we determined that SSA coordinated with OMB and numerous other Federal agencies and private entities to gather input for the FLRC and share the Agency's plans. Although avoiding duplication with other research and development activities may not have been SSA's *primary* goal when doing so, the Agency was proactive in briefing numerous stakeholders regarding its plans—and SSA believed that such efforts assisted it in preventing duplication.

For example, SSA began developing ideas for its FLRC in the summer of 2008 when it held a Seminar on Financial Literacy and Education with key internal and external stakeholders¹⁸ to brainstorm ideas on how SSA could be responsive to the Agency's soon to be released *Special Initiative to Encourage Saving*. In October 2008, SSA met with OMB to discuss its Fiscal Year 2010 budget request, which included a discussion of the proposed FLRC. OMB questioned SSA regarding how it would ensure the FLRC's efforts and materials would not duplicate other entities' financial literacy efforts. SSA responded that it had participated with other Federal agencies, including FLEC,¹⁹ and the Departments of the Treasury, Agriculture, and Labor. In addition, SSA coordinated with numerous external groups to discuss financial literacy initiatives. OMB accepted SSA's response and forwarded the Agency's FLRC funding request to the Congress.

In October 2008, SSA's Financial Literacy Team²⁰ also met to discuss SSA's research initiative and begin developing the RFA. Over the following months, the Financial Literacy Team met with external stakeholders, including America Saves, the Employee Benefit Research Institute, FLEC, the President's Advisory Council on Financial Literacy, and the Department of Agriculture. In addition, SSA's Team attended various conferences to learn more about financial literacy from third-party experts. These conferences included the Departments of the Treasury and Health and Human Services Relationship Finance Summit—Theory and Practice Conference; National Academy of Social Insurance Conference on Social Insurance, Fiscal Responsibility, and Economic Growth; and the Brookings Institution's Conference on Financial Literacy in Times of Turmoil and Retirement Insecurity.

¹⁸ In addition to representatives from seven SSA offices, external stakeholders present included OMB, Wharton School, Dartmouth College, National Institute on Aging, National Bureau of Economic Research, Employee Benefit Research Institute, Boston College, Investment Company Institute, Swedish Social Insurance Agency, Anna Rappaport Consulting, and Michigan Retirement Research Center.

¹⁹ SSA representatives chair three of FLEC's working groups.

²⁰ SSA's Financial Literacy Team included staff from its Offices of Retirement Policy; Research, Evaluation and Statistics; and Program Development and Research.

In December 2008, SSA created a Sounding Board that informally convened third-party expert review and feedback on proposed FLRC goals, objectives, and direction. The Sounding Board included personnel from such organizations as the Employee Benefit Research Institute, Financial Regulatory Authority, National Endowment for Financial Education, and AARP. The Sounding Board meeting results were presented to SSA's Financial Literacy Advisory Group (FLAG)²¹ during a January 2009 meeting. The Sounding Board recommended, and FLAG concurred, that SSA explicitly frame the overarching, strategic questions that would differentiate the FLRC from other initiatives. Although we did not audit the RFA development, SSA believed it responded to the Sounding Board and FLAG's recommendation.

SSA continues to coordinate with OMB and other agencies. SSA briefed OMB in August (before grant award) and October 2009 (after grant award). Further, SSA stated that future funding requests for FLRC research centers will be reviewed by several prominent Federal and private entities that fund other financial literacy research. Although this process was not in place for the initial award, these organizations will review abstracts of future FLRC funding proposals to identify any possible overlap/duplication. The results of this review will be a factor in SSA's recommendation for renewal of FLRC grantees.

In response to congressional questions about duplication of other initiatives, the Commissioner of Social Security responded, "Now that I am aware of these concerns, I have directed staff to closely monitor the progress of the FLRC . . . I will thoroughly review this situation and determine if further action is necessary." Additionally, he stated,

The FLRC has several mechanisms to ensure that work is innovative, relevant to our initiative, and not duplicative of other efforts. These ongoing review mechanisms include quarterly progress reports, which are reviewed by program and grant management staff, a review of activities by our expert panel of outside scholars twice a year, a public annual conference, and interaction with other Federal agencies regarding research program development. We will carefully evaluate the FLRC's progress before funding additional work. We will review the FLRC and RRC [Retirement Research Consortium] programs to identify and, if appropriate, eliminate any overlap.²²

Although we have not audited the performance of FLRC grantees or the efforts SSA cited to prevent duplicative efforts, the Commissioner of Social Security and his staff appear ready to closely monitor the grantees for such occurrences.

²¹ SSA created FLAG in November 2007. FLAG is an internal advisory group consisting of members from every SSA component except the Office of Disability Adjudication and Review. FLAG members are stakeholders on financial literacy issues.

²² The RRC produces academic research on Social Security retirement and disability policy.

What did SSA's Expert Panel Find When Reviewing the FLRC Proposals?

In addition to the concerns expressed in their letter, some panelists told us they had other concerns with the FLRC review process. For example, most of the panelists told us there was a lack of communication with SSA during and/or after the FLRC review. One panelist told us that SSA representatives who were present during the full panel meeting did not want to address panelists' concerns. In fact, one panelist told us if SSA decisionmakers had addressed their concerns during the panel meeting, they probably would not have written the letter. Additionally, panel members expressed the following opinions during our interviews.

- One panel member stated that, to an extent, the panel's criticism of the proposals reflected criticism of the financial literacy initiative as a whole. He said that SSA was "reinventing the wheel" in that the proposals were similar to efforts already undertaken by other Federal agencies and nonprofit organizations. He realized that there were limitations and inefficiencies with past and current financial education programs and believed "SSA missed a terrific opportunity to advance the whole field of financial education significantly."
- One panel member stated that the proposals did not adequately address the RFA. She added that even the best proposal would not accomplish what SSA had put forth in the RFA. She believed the applicants tried to write their proposals in a manner that would meet SSA's RFA but really were requesting funding for research projects already underway. She did not believe that any of the grant proposals would achieve the stated goals of the RFA.
- One panel member believed the panel was uncertain what the RFA was trying to accomplish. She believed the centers receiving the panel's top scores were already receiving substantial funding from other sources, and she did not think any of the proposals would accomplish more than what was already being done in the area.
- At least four of the panel members told us they believed partial funding of some of the proposals would be beneficial. Specifically, they thought it would be useful if SSA had the flexibility to fund pieces of several proposals.

Additionally, most panelists told us they did not know whether SSA addressed their concerns because SSA had not provided any feedback regarding its final funding decision. Although the panelists acknowledged the need to protect the confidentiality of submitted proposals, none told us they believed SSA prohibited them from expressing their concerns about the FLRC review process.

Although many panelists had strong opinions as to how SSA should fund the FLRC, others realized their opinions/comments were beyond the scope of their review. For example, a few panelists told us the panel scored the proposals as instructed, and SSA used the scores as expected. Other panelists expressed their respect for SSA and told us they believed SSA has a unique opportunity in the financial literacy area because it has contact with many, if not all, Americans.

What did SSA do to Address the Panel's Concerns?

While performing its administrative review, SSA stated that it attempted to address the expert panel's comments and concerns. For example, an SSA representative told us the Agency developed a matrix that listed each proposed project, the RFA elements covered, and panelist comments. Following are additional examples SSA provided to illustrate how panelists' comments assisted the Agency in modifying the two top-scoring projects.

- One of the panel's top-scoring applications proposed four projects that would produce print and interactive Web products in the first year. While these projects covered retirement planning topics across the age spectrum, panelists noted that the application was heavy on print publications and lacked sequencing in the production strategy, and researchers were stretched too thin in the first year. As such, SSA cut half these projects from the grant.
- The other top-scoring application featured projects on financial advice from third parties and made financial advice immune to market distortions. The review panel thought there was too much of a private industry bias, so SSA did not fund any of the projects that demonstrated a bias.

According to SSA, it also considered the expert panel's recommendation to cancel the current RFA and create a new one but chose not to do so. SSA stated it had vetted the RFA with many experts, crafted it accordingly, and believed it appropriately addressed the Agency's initiative. In addition, the RFA allowed the Agency to add, delete, or modify proposals and/or projects across centers to meet RFA objectives. SSA also told us that canceling the RFA could have been perceived by other applicants to mean that SSA did not receive the application(s) it wanted to fund.

After the expert panel met in July 2009, an SSA Office of Acquisition and Grants official determined that grant award policies do not preclude Agency representatives from holding discussions with review panel members after they conclude their official review and scoring. As such, SSA could have corresponded with the panel regarding its concerns. However, at that time, SSA was not aware it could communicate with the expert panelists. As a result, SSA did not specifically inform the expert panel how it partially funded (rather than fully funded) the three FLRC research centers to address several of the panel's concerns. SSA officials did, however, send an email thanking the panel members for their participation and informing them of the Agency's intent to take the panel's concerns into consideration when making its funding decision. SSA also sent another email forwarding the press release announcing SSA's selection of the three FLRC grantees. However, the Agency did not specifically communicate with the panelists regarding how its final funding decision was influenced by their comments.

Conclusions

SSA interacts with millions of Americans each year—perhaps more than any other Federal agency. Because of its ongoing relationship with the public and its unique position to offer insights about financial literacy and retirement planning, SSA believed it had a “special responsibility” to encourage saving among Americans. The FLRC is one component of SSA’s initiative to accomplish this mission. Some of the expert panel members who reviewed the FLRC grant proposals agreed with the Agency’s intentions and acknowledged that SSA has an exceptional opportunity to provide financial literacy education to the American public. In fact, two panel members stated that because they understood the unusual opportunity the FLRC provided, their expectations for the grant proposals were very high. As written, however, most panel members did not believe the proposals submitted to SSA met their expectations.

According to SSA officials, they were unaware of any other grant review process that resulted in a letter to the Agency recommending that no proposals be funded and a new RFA be issued. As a result, SSA did not know if it could respond to the panel. The lack of communication with expert panel members was disappointing to some. Some panel members believed the Agency had not taken their concerns and recommendations seriously. Additionally, panel members did not understand that the Agency only partially funded some research centers and added another center specifically to address their concerns.

We understand SSA was uncertain whether grant-making policies allowed it to discuss the letter’s contents with the panel members. However, SSA specifically sought highly respected members of the personal finance and financial literacy communities to participate in this expert panel. With experts of this caliber—who clearly have strong opinions about the issue—we believe SSA should have done more to clarify governing policies after the conclusion of the panel’s technical review. If this occurs again, we encourage SSA to improve its communication with panel members. Based on our review results and additional concerns expressed by staff members of the House Appropriations Committee and House Committee on Ways and Means, Subcommittee on Social Security, we plan to review SSA’s overall grant award and management process in Fiscal Year 2011.

Finally, while we have not audited the grantees’ performance, we determined SSA coordinated with OMB and other Federal and private organizations on the FLRC initiative—and continues to do so. While preventing duplicative research efforts may not have been of primary concern during the initial coordination, SSA appears to be monitoring other research efforts very closely to prevent overlap.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

Acronyms

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|------|---|
| FLAG | Financial Literacy Advisory Group |
| FLEC | Financial Literacy and Education Commission |
| FLRC | Financial Literacy Research Consortium |
| OIG | Office of the Inspector General |
| OMB | Office of Management and Budget |
| RFA | Request for Applications |
| RRC | Retirement Research Consortium |
| SSA | Social Security Administration |

Scope and Methodology

To accomplish our objectives, we:

- Reviewed the expert panel's letter to Social Security Administration (SSA) contracting personnel regarding its concerns with the Financial Literacy Research Consortium (FLRC) process.
- Reviewed the expert panel's signed *Representation of Absence of Conflict of Interest* form.
- Reviewed a copy of the expert panel's scores and comments for the FLRC applications.
- Reviewed SSA email correspondence to the expert panel.
- Interviewed SSA officials from the Offices of Acquisition and Grants, and Retirement Policy responsible for developing and overseeing the grant and FLRC process.
- Interviewed 11¹ of the 12 expert panelists who reviewed and scored FLRC applications to obtain their perspective of SSA's application review process, Request for Applications, and the merits of applications submitted.

Our scope and review of internal controls was limited to gaining an understanding of (1) why SSA considered its FLRC necessary, (2) whether SSA coordinated with other agencies or the Office of Management and Budget to ensure research and development efforts were not duplicative, and (3) what SSA's expert panel found when reviewing the FLRC grant proposals. The principal entity audited was the Office of Retirement Policy under the Deputy Commissioner for Retirement and Disability Policy. We conducted our review between May and August 2010 in Birmingham, Alabama; Baltimore, Maryland; and Washington, D.C.

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.

¹ One panelist was unavailable for interview.

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Social Security Advisory Board

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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.

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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.

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Office of External Relations

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Office of Technology and Resource Management

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.