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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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

**March 2005**

**A-09-04-14089**

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the 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.**

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- 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.**

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**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**



## SOCIAL SECURITY

### MEMORANDUM

Date: March 30, 2005

Refer To:

To: Carl L. Rabun  
Regional Commissioner  
Seattle

From: Inspector General

Subject: The Social Security Administration's Regional Office Procedures for Addressing Employee-Related Allegations in Region X (A-09-04-14089)

### OBJECTIVE

Our objectives were to evaluate the adequacy of the Social Security Administration's (SSA) policies and procedures in Region X for addressing employee-related allegations; determine whether SSA complied with these policies and procedures; and determine whether SSA referred all employee-related allegations to the Office of the Inspector General (OIG), as appropriate.

### BACKGROUND

SSA receives various types of allegations related to its programs, the misuse of Social Security numbers, and employee conduct. Some examples of employee-related allegations include violations of standards of conduct, ethics violations, and theft of Government property. SSA receives allegations from a number of sources, including employees, OIG, and the general public. Allegations concerning SSA employees are significant because of the potential dollar losses to SSA's programs and 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.<sup>1</sup>

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<sup>1</sup> SSA, POMS, GN 04110.010A.

SSA's procedures state:

Prior to referral to the Office of the Inspector General, 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.<sup>2</sup>

In the Seattle Region, the Office of the Regional Commissioner (ORC) receives and reviews employee-related allegations from OIG. In addition, the Center for Security and Integrity (CSI) and the Office of General Counsel receive and review employee-related allegations from sources other than OIG. After the allegations have been reviewed, the Seattle Regional Office (SRO) forwards cases involving potential criminal violations to OIG and service issues to the applicable area or field office. The Center for Human Resources processes adverse actions for any substantiated cases involving employee misconduct.

In Fiscal Years (FY) 2002 and 2003, OIG referred 21 employee-related allegations to SRO for action. In addition, SRO received 275<sup>3</sup> employee-related allegations from sources other than OIG. During our audit, we reviewed cases involving allegations of employee fraud, criminal conduct, false statements, credit card misuse, security violations, and/or misuse of Government property.

## **RESULTS OF REVIEW**

Our review disclosed that SRO generally (1) had adequate policies and procedures in place to address employee-related allegations and (2) referred potential criminal violations to OIG, as required. However, we identified the following areas where SRO could improve its handling of employee-related allegations.

- SRO did not refer two potential criminal violations to the OIG for investigation.
- SRO did not formally document its procedures for addressing employee-related allegations and distribute these procedures to individuals involved in resolving allegations.

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<sup>2</sup> SSA, POMS, GN 04110.010B.

<sup>3</sup> The Office of General Counsel and CSI provided us control logs that included 275 cases involving possible employee misconduct. From the control logs, we identified and selected for review the 48 cases that contained the most serious allegations of employee misconduct. We defined the most serious allegations as those that involved potential criminal violations.

- SRO did not specifically identify, log and sequentially number employee-related allegations upon receipt.
- SRO did not retain all of the case development documentation for 4 of the 21 OIG referrals of employee-related allegations.

## **REFERRALS TO THE OFFICE OF THE INSPECTOR GENERAL**

SSA's procedures require that the Agency contact OIG before initiating any administrative or disciplinary action against an employee suspected of committing a criminal violation.<sup>4</sup> SSA requires that this be done to avoid prejudicing a possible criminal action against the employee, alerting other possible suspects, or causing a suspect or witness to stop cooperating with the investigation.<sup>5</sup> Employee violations include situations in which an employee is suspected of willfully 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 at the Government's expense.<sup>6</sup>

SRO generally ensured that allegations of criminal violations were referred for investigation. However, we identified two cases that should have been referred to OIG. In 1 case, an employee incurred 48 unauthorized purchases on her Government Travel Card totaling \$5,523.77 and was charged with making a false statement to a supervisor. The purchases were made in connection with her personal travel and not official Government travel. SRO did not believe this case involved possible criminal violations and therefore did not refer it to OIG. Instead, SRO believed it warranted an administrative sanction and suspended the employee for 14 days.

In another case, an SSA beneficiary alleged that a field office employee had stolen her identity. Another SSA employee reported the beneficiary's allegation to CSI and stated that she was aware of two potentially inappropriate business transactions between the beneficiary and the employee. One of these transactions involved the sale of the beneficiary's residence to the SSA employee. In the other transaction, the beneficiary secured a loan that allowed the employee to purchase a vehicle. As a result of these allegations, CSI reviewed the records the employee had accessed from her computer. CSI found that the employee had inappropriately accessed the records of her relatives in more than 40 instances. The employee subsequently retired on a disability, and SRO took no other actions. SRO did not believe pursuing a possible administrative suspension was feasible since the employee had retired. While administrative sanctions were limited after the employee retired, criminal sanctions were still possible.

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<sup>4</sup> SSA, POMS, GN 04112.010B.

<sup>5</sup> SSA, POMS, GN 04112.010A.

<sup>6</sup> SSA, POMS, GN 04112.005D.

Our Office of Investigations staff informed us that both of these cases should have been referred to it for investigation. In addition, these allegations involved actions that were the same as, or similar to, those actions identified on SSA's list of employee violations that must be referred to the OIG (Appendix C).<sup>7</sup> SRO needs to promptly refer all employee-related allegations involving potential criminal violations to OIG.

## **DOCUMENTATION AND DISTRIBUTION OF PROCEDURES**

SSA's procedures require that the Agency meet documentation standards to ensure adequate and proper records are made and preserved. Specifically, these standards state that SSA's programs, policies, and procedures are to be adequately documented in its directives.<sup>8</sup>

SRO did not formally document its procedures for addressing employee-related allegations and distribute these procedures to individuals involved in resolving the allegations. SRO should establish written policies and procedures to provide additional assurance that individuals responsible for addressing employee-related allegations take appropriate action in a timely and consistent manner. During our audit, CSI was drafting procedures for systems security violations. However, SRO had not written policies and procedures for addressing other types of employee-related allegations.

## **CONTROLLING AND MANAGING EMPLOYEE-RELATED ALLEGATIONS COULD BE IMPROVED**

SSA's procedures require that the Agency preserve records that (1) properly document the Agency's organization, functions, policies, decisions, procedures, and essential transactions and (2) protect the legal and financial rights of the Government and persons directly affected by its activities.<sup>9</sup> In addition, SSA's procedures require that control logs be retained for 2 years.<sup>10</sup>

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<sup>7</sup> SSA, POMS, GN 04112.005D.

<sup>8</sup> Administrative Instructions Manual System (AIMS), Records Management Handbook, SSA Records Retention and Disposition Program, chapter 01.06.

<sup>9</sup> AIMS, Records Management Handbook, SSA Records Retention and Disposition Program, chapter 01.02.

<sup>10</sup> AIMS, Operational and Administrative Records, CMS 02.01.00.

Control Logs - We found SRO's procedures for controlling, documenting and monitoring employee-related allegations could be improved by using a control log with sequential numbering. Such a system would readily provide management with information identifying the number of employee-related allegations received, reviewed, and completed, as well as those that remained unresolved. This information would also enable the SRO to identify the total number of employee-related allegations received and would provide a basis for verifying that all files related to allegations were maintained. Until such changes are made, management will be limited in its ability to easily identify employee-related allegations that still require a review and response.

Retention of Case Development Documentation - SRO did not retain complete records for 4 of the 21 (19 percent) allegations received from OIG. Although OIG had referred the four cases to SRO for review, SRO did not maintain all of the records for these referrals. Specifically, SRO was unable to provide

- the resolution or response for two allegations,
- evidence of the receipt and response for one allegation, and
- documentation indicating whether one allegation had been addressed. In this case, ORC informed OIG in April 2002 that an allegation involving potential theft by an SSA employee required further review by CSI. However, ORC could not provide us documentation to show whether CSI ever addressed or resolved the allegation.

For the remaining three cases, ORC was able to provide documents that indicated SRO had addressed and resolved the allegations.

## **CONCLUSION AND RECOMMENDATIONS**

While SRO's policies and procedures for addressing employee-related allegations were generally adequate, we found that SRO could improve in the areas of referring potential criminal violations to OIG, documenting and distributing procedures, establishing and maintaining control logs, and retaining case development documentation. Therefore, we recommend SRO:

1. Ensure all employee-related allegations involving potential criminal violations are identified and referred to OIG.
2. Develop and distribute written procedures to provide additional assurance that individuals responsible for addressing employee-related allegations take appropriate action.

3. Establish and maintain a control log that identifies the receipt, development and disposition of employee-related allegations.
4. Ensure that case development documentation for employee-related allegations is retained.
5. Follow up and take appropriate action for the case in which ORC was unable to provide documentation indicating whether the employee-related allegation was addressed or resolved.

### **AGENCY COMMENTS**

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



Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Employee Violations

[APPENDIX D](#) – Agency Comments

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

## Acronyms

AIMS	Administrative Instructions Manual System
CSI	Center for Security and Integrity
FY	Fiscal Year
OIG	Office of the Inspector General
ORC	Office of the Regional Commissioner
POMS	Program Operations Manual System
SRO	Seattle Regional Office
SSA	Social Security Administration
SSN	Social Security Number

### Scope and Methodology

Our audit covered the period October 1, 2001 through September 30, 2003. For this period, we reviewed 21 employee-related allegations the Office of the Regional Commissioner (ORC) received from the Office of Inspector General (OIG). Additionally, we reviewed 48<sup>1</sup> employee-related allegations the Office of General Counsel and Center for Security and Integrity (CSI) received from other sources. To accomplish our objectives, we

- reviewed the applicable Federal laws, regulations and Social Security Administration (SSA) policy, including SSA's Administrative Instructions Manual and Program Operations Manual Systems;
- interviewed SSA employees from ORC, the Center for Human Resources, and CSI in the Seattle Region;
- evaluated SSA's policies and procedures for addressing employee-related allegations in the Seattle Region;
- obtained a database of allegations received by OIG in Fiscal Years (FY) 2002 and 2003 to identify the universe of employee-related allegations in the Seattle Region;
- reviewed 21 employee-related allegations received by ORC from OIG in FYs 2002 and 2003;
- obtained and reviewed 48 employee-related allegations, including adverse actions, received by the Office of General Counsel and CSI in FYs 2002 and 2003;
- reviewed the supporting documentation and development of evidence for the employee-related allegations; and
- determined whether employee-related allegations involving potential criminal violations were referred to the OIG.

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<sup>1</sup> The Office of General Counsel and CSI provided us control logs that included 275 cases involving possible employee misconduct. From the control logs, we identified and selected for review the 48 cases that contained the most serious allegations of employee misconduct. We defined the most serious allegations as those that involved potential criminal violations.

We performed our field work in Richmond, California, and Seattle, Washington, between March and October 2004. We determined the computerized data used were sufficiently reliable to meet our audit objectives. The entity audited was the Seattle Regional Office within the Office of the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

## Employee Violations

<b>LIST OF POTENTIAL EMPLOYEE VIOLATIONS</b>
Employee violations include but are not limited to situations in which an employee is suspected of willfully:
<ul style="list-style-type: none"> <li>• acting as an agent or attorney for prosecuting any Social Security claim before the Commissioner while an employee;</li> </ul>
<ul style="list-style-type: none"> <li>• disclosing without authorization any confidential information in violation of the Social Security Act or the Privacy Act of 1974;</li> </ul>
<ul style="list-style-type: none"> <li>• obtaining or attempting to obtain confidential information under false pretenses;</li> </ul>
<ul style="list-style-type: none"> <li>• 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;</li> </ul>
<ul style="list-style-type: none"> <li>• 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;</li> </ul>
<ul style="list-style-type: none"> <li>• 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;</li> </ul>
<ul style="list-style-type: none"> <li>• stealing or otherwise illegally disposing of refund remittances, Government checks, cash, directly deposited funds, or other obligations;</li> </ul>
<ul style="list-style-type: none"> <li>• illegally generating Social Security checks or depositing funds electronically to oneself or another;</li> </ul>
<ul style="list-style-type: none"> <li>• stealing or mutilating Government records, or destroying or removing them without authorization;</li> </ul>
<ul style="list-style-type: none"> <li>• 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 Social Security Administration's Guide on Employee Conduct;</li> </ul>
<ul style="list-style-type: none"> <li>• making or causing to be made any false statement or representation about wages, earnings, or selfemployment income in connection with claims or the maintenance of earnings records;</li> </ul>
<ul style="list-style-type: none"> <li>• 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;</li> </ul>
<ul style="list-style-type: none"> <li>• concealing or failing to disclose a fact or event affecting initial or continued eligibility for payment;</li> </ul>
<ul style="list-style-type: none"> <li>• furnishing or causing to be furnished false information about identity in connection with a claim, issuing a Social Security number (SSN), or maintaining an earnings record;</li> </ul>
<ul style="list-style-type: none"> <li>• selling SSNs/cards; or</li> </ul>
<ul style="list-style-type: none"> <li>• unlawfully disclosing, using, or compelling the disclosure of an SSN.</li> </ul>

**Source: SSA, POMS, GN 04112.005D.**

## Agency Comments

## SOCIAL SECURITY

Date: March 10, 2005

From: Regional Commissioner  
Seattle Region

Subject: The Social Security Administration's Regional Office Procedures for Addressing Employee-Related Allegations in Region X (A-09-04-14089) -- INFORMATION

We have reviewed the draft report and appreciate the independent review of our processes and your suggestions for improvements. Our response to your five (5) recommendations follows.

**1. Insure all employee-related allegations involving potential criminal violations are identified and referred to OIG.**

We agree with this recommendation.

We believe our process for the identification and referral of potential criminal violations to OIG is sound. Your review of 296 cases identified 2 cases (.68%) you believed should have been referred to OIG for possible action. As discussed with the auditors, we believe we had reasonable justification for the management decisions we made not to refer the two cases.

We also believe the soon-to-be-released enhancements to the e-8551 process will ensure that cases are appropriately referred to OIG. The process revision will allow direct input of employee cases into the OIG National Investigative Case Management System (NICMS) and downloaded into the Fraud Information Tracking System (FITS). Consistent with the DCO/OIG OI agreement, we intend to refer all Category III systems cases or Categories I and II that may involve a criminal issue using this revised process.

**2. Develop and distribute written procedures to provide additional assurance that individuals responsible for addressing employee-related allegations take appropriate action.**

We agree with this recommendation.

At the time of the audit, we were developing a more formalized process which described the role of each RO component (Center for Security and Integrity, Office of General Counsel and the Labor and Employee Relations Team). That process is now final. As suggested, we believe these written procedures will result in a well controlled and timely approach to these cases.

**3. Establish and maintain a control log that identifies the receipt, development and disposition of employee-related allegations.**

We agree with this recommendation.

At the time of the audit, the control log for those referrals from the OIG Allegation Management Division (AMD) contained some incomplete documentation. Those deficiencies were corrected at the time of the audit and a tight control is now in place. Based on the diverse workloads of CSI, OGC and LERT, each maintains a separate log to effectively control unit-specific actions. Given the sensitivity of the information and the resulting “need to know”, these separate logs ensure the appropriate level of confidentiality.

However, we do agree that any logs maintained should be maintained chronologically, so we will ensure they are numerically sequenced. We are also considering the feasibility of a single, web-based, master log for employee cases, with very strict access rights. Finally, as mentioned in our response to item 1, the e-8551 enhancements will ensure much better control of employee cases.

**4. Ensure that case development documentation for employee-related allegations is retained.**

We agree with this recommendation.

We have reminded everyone involved in the employee case process of the need to retain all working materials for the required retention period.

**5. Follow up and take appropriate action for the case in which ORC was unable to provide documentation indicating whether the employee-related allegation was addressed or resolved.**

We agree with this recommendation.

The OIG auditors provided CSI with a copy of the original allegation from the AMD (Hunt). We will reopen the case to ensure it is resolved and our results will be provided to OIG.

If your staff have any questions, please have them contact Ken St. Louis, Director, Center for Security and Integrity at 206-615-2150, email at [ken.st.louis@ssa.gov](mailto:ken.st.louis@ssa.gov) or via fax at 206-615-2147.

/s/  
Carl L. Rabun

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

James Klein, Director, San Francisco Audit Division, (510) 970-1739

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### ***Acknowledgments***

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## **Office of Audit**

OA conducts and/or supervises 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 and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

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OI conducts and coordinates investigative activity 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 OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

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OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.