



SOCIAL SECURITY

May 10, 2004

The Honorable C. W. Bill Young
Chairman, Committee on
Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the requirements of the Consolidated Appropriations Act of 2004 (Public Law 108-199), I am pleased to provide you this report detailing the policies and procedures the Social Security Administration has in place to give first priority to the location of new offices and other facilities in rural areas, as directed by the Rural Development Act of 1972.

If you have any questions concerning this matter, please call me or have your staff contact Douglas Cunningham, Assistant Inspector General for Congressional and Intra-Governmental Liaison, at (202) 358-6319.

Sincerely,

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.
Acting Inspector General

Enclosure

cc:
Jo Anne B. Barnhart, Commissioner

Identical letters sent to:

The Honorable David Obey
Ranking Member, Committee on
Appropriations
House of Representatives
Washington, D.C. 20515

The Honorable Ted Stevens
Chairman, Committee on
Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Robert Byrd
Ranking Member, Committee on
Appropriations
United States Senate
Washington, D.C. 20510

CONGRESSIONAL RESPONSE REPORT

The Social Security Administration's Policies and Procedures Concerning The Rural Development Act of 1972

A-13-04-24100



May 2004

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.**

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

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.

Background

OBJECTIVE

Our objective is to provide you information on the Social Security Administration's (SSA) policies and procedures to give first priority to the location of new offices and other facilities in rural areas, as directed by the Rural Development Act (RDA) of 1972.¹

BACKGROUND

Public Law 108-199, Division F, section 636 (Jan. 23, 2004), requires:

...the Inspector General of each applicable department or agency shall submit to the Committee on Appropriations, a report detailing what policies and procedures are in place for each department or agency to give first priority to the location of new offices and other facilities in rural areas, as directed by the Rural Development Act of 1972.

Federal Agencies conducting the procurement (of real property) must comply with the requirements of all applicable laws, regulations, and Executive Orders.² To acquire real estate, an agency must use its own statutory authority, obtain delegated authority from the General Services Administration (GSA) or use GSA's statutory authority.³ GSA serves as the sole agent in acquiring all space used by SSA.⁴ Each agency is responsible for identifying its geographic service area and the delineated area within which it wishes to locate specific activities.⁵ Selection of an office location should be consistent with the agency's mission and program requirements⁶ and in accordance with applicable regulations and statutes, including RDA.⁷

According to SSA, its field offices are located in cities and rural communities across the Nation and are the main physical point of contact with beneficiaries and the public. SSA's organizational structure is designed to provide timely, accurate and responsive service to the American public.

In accordance with the Treasury and General Government Appropriations Act of 2002 (Public Law 107-67), on April 29, 2002, we informed Congress SSA did not have policies and procedures in place to give first priority to the location of new offices and other facilities in rural areas, as directed by the RDA. At that time, the Agency informed us that it would correct this omission by drafting a policy statement with respect to RDA

¹ 7 United States Code (U.S.C.), § 2204b-1(b).

² 41 Code of Federal Regulations (CFR) § 102-83.40.

³ 41 C.F.R. § 102-72.10, 40 U.S.C. § 121.

⁴ SSA's Administrative Instructions Manual System, Material Resources 01.03.02.

⁵ 41 C.F.R. §§ 102-83.10.

⁶ 41 C.F.R. §§ 102-83.65.

⁷ 41 C.F.R. §§ 102-83.40.

later in the fiscal year.⁸ In July 2003, in accordance with the requirements of the Consolidated Appropriations Resolution of 2003 (Public Law 108-07), we reported SSA continued to not have such policies and procedures in place. On July 8, 2003, SSA informed us that it was revising its draft RDA policy and expected to have the final Agency RDA policy ready for issuance within 30 days.⁹

SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed Public Law 108-199 and Federal regulations pertaining to the Rural Development Act of 1972, and
- Interviewed SSA staff to determine the status of actions the Agency took in response to our Fiscal Year 2003 report, *The Social Security Administration's Policies and Procedures Concerning the Rural Development Act of 1972*.

The SSA operating component reviewed was the Deputy Commissioner for Finance, Assessment and Management, Office of Facilities Management, Office of Realty Management. Our work was conducted in Baltimore, Maryland during March 2004. We conducted our review in accordance with *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

⁸ *The Social Security Administration's Policies and Procedures Concerning the Rural Development Act of 1972*, A-13-02-22065, April 29, 2002.

⁹ *The Social Security Administration's Policies and Procedures Concerning the Rural Development Act of 1972*, A-13-03-23087, July 24, 2003.

Results of Review

We found SSA does not have policies and procedures in place to give first priority to the location of new offices and other facilities in rural areas, as directed by the RDA. SSA provided a draft RDA policy to Agency components for comment before February 5, 2004. On April 30, 2004, the Agency reported it had prepared a final draft policy. Further, SSA reported the final draft policy is scheduled for circulation to the Agency's Executive Staff for review before it is implemented. The Agency did not provide a timetable for implementation of its RDA policy.

DISTRIBUTION SCHEDULE

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Subcommittee on Human Resources

Chairman and Ranking Minority Member, Committee on Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Government Reform and Oversight

Chairman and Ranking Minority Member, Committee on Governmental Affairs

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.