
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SOCIAL SECURITY ADMINISTRATION
FIELD OFFICES' MANAGEMENT OF
ALLEGATIONS**

September 2008

A-13-08-18030

AUDIT REPORT



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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: September 15, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Social Security Administration Field Offices' Management of Allegations
(A-13-08-18030)

OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) management of allegations we referred to its field offices (FO) for review. Specifically, we evaluated the sufficiency and reliability of documentation supporting the FO's conclusions, recommendations, and/or decisions concerning the allegations.

BACKGROUND

We conduct and coordinate investigations related to SSA programs and operations. Allegations concerning fraud or abuse are frequently made to our Allegation Management Division (AMD) using various methods. For example, the Agency's toll-free "hotline" telephone service, mail, and Internet/email are used to report alleged fraud or abuse directly to AMD.

AMD determines an appropriate course of action to resolve the allegation, including referring the allegation to one of the Agency's FOs for further development. Development includes, but is not limited to, actions to determine whether allegations can be substantiated. SSA policies and procedures provide guidance for the appropriate development activities to complete.

Examples of the types of allegations AMD forwards to the FOs include concealment of work, assets, living arrangements, and resources; representative payee misuse; and fraudulent Social Security number applications. After reviewing and developing the allegation, the FOs are required to respond to AMD with a disposition indicating the allegation was substantiated, unsubstantiated or referred to a different FO for development.¹

¹ Program Operations Manual System (POMS), GN 04110.015, *Developing Allegation Management Division (AMD) Referrals*, § B. The specific required FO determinations are (1) allegation unsubstantiated – no corrective action needed, (2) allegation substantiated – corrective action taken – no fraud involved,

We obtained an electronic data extract of FO dispositions. The dispositions pertained to allegations AMD received from the public from January 1 through May 31, 2007 that were referred to FOs for further development. For these allegations, the FOs returned 1,572 dispositions to AMD. Dispositions that involved allegations transferred from one FO to another were not included. Of these dispositions, 1,042 were unsubstantiated and 530 were substantiated. We randomly selected and examined 100 dispositions: 50 unsubstantiated and 50 substantiated. We requested the FOs provide us documentation pertaining to the conclusions, recommendations, and/or decisions concerning the associated allegations. See Appendix B for our scope and methodology and Appendix C for our sampling methodology.

RESULTS OF REVIEW

Of 100 items reviewed, we found FOs did not provide sufficient and reliable documentation to support 36 percent of the dispositions examined. For 64 of the 100 items sampled, we found sufficient and reliable documentation to support the FOs' conclusions, recommendations, and/or decisions concerning the allegations. However, for those 36 items for which documentation did not exist, we received written explanation for 31 dispositions. Of these 31 items, we were able to perform additional analysis of SSA records to substantiate the disposition of 13. For the remaining 18 items, we could not independently substantiate the disposition for 15 items, and we questioned the disposition of 3. Furthermore, since the Agency did not provide documentation or explanations for 5 of the sample items we also question these dispositions. See Table 1.

(3) allegation substantiated – corrective action taken- fraud is involved (with the date and name of the Office of Investigations Field Division to which the allegation was referred) or (4) allegation transferred to SSA field office (with the code of the FO to which the allegation was referred).

Table 1: FO Dispositions

Type of Support Provided for 100 Dispositions	Analysis of the 100 Dispositions				Total
	Sufficient and Reliable ²	Analysis Substantiate ³	Could Not Independently Substantiate ⁴	We Questioned	
Documentation	64				64
No Documentation ¹					
Written Explanation		13	15	3	31
No Support				5	5
Total	64	13	15	8	100

Note 1: Of the 36 “No Documentation” dispositions, we either could not independently substantiate the dispositions or questioned the dispositions made by the FOs for 23.

Note 2: The FOs provided various copies of signed forms, written statements, etc., to support the dispositions.

Note 3: The FOs provided written explanations to support the dispositions made for the associated allegations. Based on these explanations, we were able to identify actions SSA needed to take regarding the dispositions. We reviewed information recorded in SSA’s Master Beneficiary Records, Supplemental Security Record, and/or Representative Payee System pertaining to these actions. We verified actions were taken as reported (for example, benefits were suspended, overpayments were recorded, etc.).

Note 4: Written explanations from the FOs were the only information available. These dispositions did not require that SSA take actions that would be reflected in its records and systems.

SUFFICIENT AND RELIABLE DOCUMENTATION SUPPORTING FO DISPOSITIONS WAS NOT ALWAYS PROVIDED

Sufficient and reliable documentation was not always provided to support dispositions made by FOs. We found FOs did not provide sufficient and reliable documentation to support 36 dispositions. FOs were inconsistent in providing us documentation to indicate actions taken by its staff to develop the allegations, including those actions taken to determine whether allegations could be substantiated.

Of the 100 dispositions reviewed, we found FOs had sufficient and reliable documentation to support 64.² For example, we reviewed a disposition for an allegation involving a Supplemental Security Income (SSI) recipient’s work concealment. The FO provided a copy of a signed statement from the employer that verified the recipient’s concealed wages. In addition, documentation was provided that indicated the recipient told FO staff he was not aware of the requirement to report the wages to SSA. Based on this information, the FO determined the allegation was substantiated and posted a \$4,293 overpayment on the recipient’s record. As of April 8, 2008, SSA had recovered approximately \$1,260 of the overpayment.

² For two dispositions reported as unsubstantiated, FOs took action to stop payments to the SSI recipients. In one instance, the recipient remained in “nonpay” status as of June 2008. For the other disposition, SSA subsequently terminated benefit payments. AMD plans to discuss the reporting of pending actions and subsequent events that pertain to unsubstantiated dispositions with appropriate Agency officials.

For the remaining 36 dispositions, FOs did not provide sufficient and reliable documentation on the actions its staff took to develop the allegations. Of the 36, FOs provided written explanations to support the conclusions, recommendations, and/or decisions concerning 31 dispositions. For the remaining five items, SSA provided neither documentation nor written explanations. Of the 31, we determined there was adequate information in SSA's records to support 13 dispositions. For the remaining 18 dispositions, we could not independently substantiate the dispositions because of a lack of sufficient, reliable documentation and/or corroborating evidence in SSA's records. Based on our review, we estimate there are approximately 1,052 allegation dispositions each year that cannot be independently substantiated (see Appendix C).

During our review, FOs did not consistently provide documentation to indicate the actions taken to develop the allegations. In response to our request, FOs provided various explanations for not providing us documentation supporting their dispositions. For example, staff at one FO reported documentation was not created in the development of the allegation; another FO employee explained documentation could not be located; and staff at several FOs reported documentation was forwarded to another location and was no longer available at the FOs.

We were unable to locate SSA policy that required that FO staff retain documentation supporting dispositions. Agency staff confirmed there was no policy. However, SSA policy does provide guidance for FOs when obtaining documentation in developing allegations. For example, in situations involving concealed work activity, policy states, "It is best to obtain the claimant's signature on a form such as the SSA-795 (Statement of Claimant or Other Person) when taking a statement in this situation...other evidence may include statements provided by co-workers, employers, or bills and receipts provided by customers or suppliers."³

We believe SSA management should be able to verify whether FO staff complied with policies and procedures for the development and disposition of AMD-referred allegations. Further, *Standards for Internal Control in the Federal Government*, states "Transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions." The guidance also states, "Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination."⁴ The lack of documentation limits management's ability to determine whether appropriate actions were taken to resolve the allegation.

³ POMS, DI 11006.027, *Potential Fraud Or Similar Fault (FSF) Situations Involving Work Issues*, § B.

⁴ See General Accounting Office (now known as the Government Accountability Office), GAO/AIMD-00-21.3.1, *Standards for Internal Controls in the Federal Government*, page 15, November 1999.

WE QUESTION SOME OF THE FOS' DISPOSITIONS

In addition to the five dispositions for which no documentation or explanation was provided, we also question the disposition of three of the items for which SSA provided explanations. As previously mentioned, the Agency provided written explanations for 31 items. Of this number, 13 dispositions were substantiated by analyzing data in SSA records. Of the remaining 18 items, we question the Agency's disposition of 3 because we believe additional actions could have been taken when SSA was developing these dispositions.

For example, one SSI recipient was allegedly concealing her living arrangements. The FO provided a written explanation stating the recipient neither showed up for any scheduled appointments nor returned any of the forms the Agency requested. Despite the recipient's noncompliance, the FO's disposition was that the allegation was "unsubstantiated - no action taken." Relying on the written explanation provided, we agree the FO followed Agency policy by attempting to contact the recipient.⁵ However, policy also states the FO could have suspended the SSI payments because the recipient failed to provide information.⁶

We informed FO staff we believed the recipient's SSI payments could have been suspended because the recipient failed to provide information, and they agreed. The recipient's payments were suspended on March 7, 2008 pending an assessment to determine the recipient's continued eligibility for SSI payments. Subsequently, information was provided to the Agency and the suspension of payments ended.

The remaining two dispositions we questioned pertained to allegations involving either work concealment or concealment of financial resources. Regarding one disposition, FO staff could have contacted a third party to determine whether payment was made to the Title II beneficiary who was allegedly self-employed. Lastly, Agency staff could have attempted to contact other individuals mentioned in the allegation to determine whether the SSI recipient was married. Although the FOs provided us written explanations that indicated the two allegations were unsubstantiated, the explanations did not state how the FOs made these decisions. We believe if additional information had been obtained, it could have caused the FOs to reach different dispositions for the allegations. Staff agreed with our observations.

RECORDING ERRORS RESULTED IN MISCLASSIFICATION OF DISPOSITIONS

During our review, we identified two instances where recording errors occurred and therefore resulted in the misclassification of dispositions. However, we do not question the Agency's dispositions in these instances. Of the 100 dispositions reviewed, we found 2 recording errors that resulted in the FO misclassifying dispositions on the AMD allegation referral form. One of the dispositions was returned to AMD as

⁵ POMS, SI 02301.010, *How to Act on Reports*, § C.2.

⁶ POMS, SI 02301.235, *Failure to Provide Information (N20)*, § A.

unsubstantiated. However, the documentation provided by the FOs for this disposition indicated the allegation was substantiated. The remaining disposition was classified as substantiated; however, it should have been classified as unsubstantiated.

The disposition misclassified as unsubstantiated pertained to incarceration and work concealment allegations. During our review, the FO provided a written explanation indicating the allegation of incarceration was substantiated, and the claimant's benefits were suspended as a result. FO staff also explained "...employers denied the fact that ... had ever worked for them." Based on the incarceration allegation results, the disposition should have been classified as substantiated.

The other disposition that was misclassified involved an allegation of work concealment. During our review, the FO was unable to provide any supporting documentation for the disposition. However, upon review of the claimant's record, we determined that the FO had in fact, found the allegation to be unsubstantiated. A remark on the beneficiary's record indicated the FO sent a *Work Activity Report*, Form SSA-820 to the beneficiary. The report was completed and returned to SSA. In the report the beneficiary indicated he was not working, and his fiancée owned the business in question. In addition, we did not find any evidence that additional actions were taken regarding the beneficiary.

CONCLUSION AND RECOMMENDATIONS

Of the 100 dispositions we reviewed, SSA did not provide sufficient and reliable documentation for 36 dispositions, and we performed additional analysis to substantiate 13. For the remaining 23, we could not independently substantiate 15; we questioned the disposition of 3 others; and there was no supporting documentation for 5.

There were also erroneous disposition codes for two other dispositions that we did not question. We recommend SSA:

1. Determine whether additional guidance is needed for FOs to consistently document activities and actions taken to develop allegations, and retain such documentation.
2. Record the appropriate disposition code on the AMD allegation referral form.

AGENCY COMMENTS

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



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

AMD	Allegation Management Division
FO	Field Office
NICMS	National Investigative Case Management System
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income

Scope and Methodology

To accomplish our objective, we:

- Identified and reviewed applicable laws and regulations.
- Identified and reviewed Social Security Administration (SSA) policies and procedures related to the management of allegations.
- Reviewed prior Office of the Inspector General reports.
- Coordinated with SSA personnel familiar with the allegation management process.
- Reviewed allegation disposition-related information in SSA's Master Beneficiary Record, Supplemental Security Record, and Representative Payee System.
- Obtained and analyzed an electronic data extract from the Office of Investigations' National Investigative Case Management System (NICMS). The data extract consisted of dispositions. The dispositions pertained to allegations received by our Allegation Management Division (AMD) from the public from January 1 through May 31, 2007 that were referred to SSA's field offices (FO) for further development. For the allegations referred, the FOs submitted 1,572 dispositions to AMD.
- Reviewed a random sample of 100 dispositions: 50 substantiated and 50 unsubstantiated. (See Appendix C for our Sampling Methodology.)
- Requested the FOs provide us documentation pertaining to the conclusions, recommendations, and/or decisions concerning the dispositions being reviewed.

We determined the data used in this report were sufficiently reliable given our review objectives and intended use of the data. The electronic data used in our review were extracted from NICMS. We assessed the reliability of the electronic data by reviewing allegations in NICMS for all the data elements needed to meet our objective. We also traced information from the data extract to information recorded in the Master Beneficiary Record, Supplemental Security Record, and/or Representative Payee System. Finally, we conducted a trend analysis on additional months of NICMS data to verify the reasonableness of our data.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We conducted our review between October 2007 and February 2008. The entity reviewed was the Office of the Deputy Commissioner for Operations.

Sampling Methodology

We obtained a data extract from the Office of Investigations' National Investigative Case Management System. The data extract consisted of dispositions. The dispositions pertained to allegations received by our Allegation Management Division (AMD) from the public from January 1 to May 31, 2007 that were referred to Social Security Administration (SSA) field offices (FO) for further development. Dispositions that involved allegations transferred from one FO to another were not included. Our population consisted of 1,572 dispositions.

From the population of dispositions, we identified two sampling frames: (1) dispositions returned as unsubstantiated and (2) those returned as substantiated. We identified 1,042 unsubstantiated dispositions and 530 substantiated dispositions. We randomly selected 100 dispositions: 50 from each sampling frame.

The 100 sample dispositions were sorted according to region and FO code and forwarded to the Office of the Deputy Commissioner for Operations for distribution to the appropriate FO. We requested copies of the documentation used to support each of the dispositions being examined. We reviewed the documentation provided by the FOs, and determined whether the documentation was sufficient and reliable to support the field offices' conclusions, recommendations, and/or decisions concerning the allegations. For dispositions that documentation was not provided, we also performed analysis to independently substantiate the written explanations provided by the FOs. For these dispositions, we reviewed information recorded in SSA's Master Beneficiary Record, Supplemental Security Record, and/or Representative Payee System pertaining to these actions. We determined whether actions were taken as reported. For example, benefits were suspended, overpayments were recorded, etc.

Based on our sample of 100 dispositions, we could not independently substantiate 23 dispositions because of a lack of sufficient, reliable documentation and/or corroborating evidence in SSA's records. Projecting these results to the population of dispositions returned to AMD for the 5-month period, we estimate there were approximately 438 FO dispositions that could not be independently substantiated.

We projected our results of 438 for the 5 month period and annualized it. We estimated for the calendar year, there were about 1,052 FO dispositions that could not be independently substantiated. We annualized our results because our 5-month period represented historical trends⁷ in monthly dispositions. The following table provides the details of our sample results, statistical projections and annual estimates.

⁷ A trend analysis conducted for 8 months (October 2006 through May 2007) of National Investigative Case Management System data indicated approximately 300 dispositions each month were returned to AMD.

Sample Results Where Dispositions Not Independently Substantiated For The 5-Month Period: Jan 1- May 31, 2007			
	Unsubstantiated Allegations	Substantiated Allegations	Totals
Population Size	1, 042	530	1,572
Sample Size	50	50	100
Number of allegations where documentation was not retained	19	4	23
Attribute Projections for Dispositions Not Independently Substantiated			
Point Estimate	396	42	438
Lower Limit	278	15	
Upper Limit	525	90	

Projections are made at the 90-percent confidence level.

Based on our projections during this 5-month period, we estimate FO dispositions could not be independently substantiated or the dispositions questioned for approximately 951 unsubstantiated dispositions, and 101 substantiated dispositions, during a given 12-month period.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: August 29, 2008 **Refer To:** S1J-3

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

From: David V. Foster /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Social Security Administration Field Offices' Management of Allegations" (A-13-08-18030)-- INFORMATION

We appreciate OIG's efforts in conducting this review. Attached is our response to the recommendations.

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

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT,
"SOCIAL SECURITY ADMINISTRATION FIELD OFFICES' MANAGEMENT OF
ALLEGATIONS" (A-13-08-18030)**

Thank you for the opportunity to review and provide comments on this draft report.

Recommendation 1

Determine whether additional guidance is needed for field offices (FOs) to consistently document activities and actions taken to develop allegations, and retain such documentation.

Comment

We agree. We are updating our Program Operations Manual System (POMS) section GN 04110.015, Developing Allegation Management Division (AMD) Referrals, to instruct employees on the proper procedures to develop allegations and document actions taken. We expect to release the revised section of POMS by October 31, 2008.

Additionally, in October 2007, we produced (with AMD) an Interactive Video Teletraining session on the AMD referral process. We have a planned training session to take place in fiscal year 2009.

Recommendation 2

Record the appropriate disposition code on the AMD allegation referral form.

Comment

We agree. As stated in our response to recommendation 1, we will release our revised POMS by October 31, 2008, and it will include instructions on how to document the AMD allegation referral form. We will also continue to issue reminders as opportunities arise.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Shirley E. Todd, Director, Evaluation Division, (410) 966-9365

Randy Townsley, Audit Manager, Evaluation Division, (410) 966-1039

Acknowledgments

In addition to those named above:

Nicole Gordon, Auditor

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