OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

DISABLED BENEFICIARIES HIDING WAGES

July 2009 A-15-07-17088

EVALUATION REPORT

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.

SOCIAL SECURITY

MEMORANDUM

Date: July 16, 2009 Refer To:

To: The Commissioner

From: Inspector General

Subject: Disabled Beneficiaries Hiding Wages (A-15-07-17088)

OBJECTIVE

To identify individuals receiving Disability Insurance (DI) benefits who may have worked, earned wages and concealed those wages by using a relative's Social Security number (SSN).

BACKGROUND

The Social Security Administration (SSA) administers the DI program under Title II of the *Social Security Act*. The DI program provides benefits to qualified disabled workers and their dependents. An individual is considered disabled for the purposes of the DI program if he/she cannot engage in substantial gainful activity (SGA) because of a medically determinable mental or physical impairment.[1] Furthermore, SSA requires that beneficiaries report changes in status, such as returning to work or earning wages, to avoid overpayment.[2]

Employers are required to report individuals' earnings to SSA. SSA maintains earnings records for all SSN holders[3] to assist in determining an individual's eligibility for disability and other benefits.

[1] 20 C.F.R. § 404.1572 indicates that SGA is work activity that involves significant physical or mental activities and is done for pay or profit (or is of a type generally performed for pay or profit). See also Programs Operations Manual System (POMS), DI 24001.001.

[2] Form SSA-16-INST, *Reporting Responsibilities for Disability Insurance Benefits,* provides instructions for primary DI beneficiaries on changes to be reported and how to report changes such as mailing address, marital status, improvement of medical condition, or a return to work. See also 20 C.F.R. § 404.1588(a)(2).

[3] The Master Earnings File (MEF), formally known as the Earnings Recording and Self-Employment Income System, contains identification and earnings information for Social Security numberholders. SSA, Office of Systems (OS), System No. 60-0059 71 FR 1796, 1819-1820 (January 11, 2006).

In 2005, our Office of Investigations (OI) found instances of fraud[4] related to DI beneficiaries hiding wages. Specifically, they found husbands were drawing DI benefits for back injuries and mental problems while their wives, according to earnings records, operated saw mills and drove log trucks. While these wives could have been employed in these industries, the timing of their earnings coincided with the beginning of their spouses' disability benefits. These investigations revealed the individuals were receiving DI benefits while concealing wages earned under their wives' SSNs. Had SSA known the beneficiaries were working, it could have avoided making improper payments. Based on these findings, OI suggested we initiate a review to identify similar cases.

Although we do not know the extent of this type of fraud, the examples identified by OI confirmed the problem exists. We initiated this review to identify instances where primary DI beneficiaries[5] might have been concealing wages earned using their spouse's or child's SSN. To meet our objective, we obtained a data extract of primary DI beneficiaries from one segment[6] of the Master Beneficiary Record (MBR)[7] and analyzed the earnings activity of the primary beneficiaries and their respective spouses and children using data from the MCS.[8]

We established criteria that isolated characteristics of possible wage concealment. Specifically, we reviewed the earnings of primary DI beneficiaries and their respective spouses and/or children. The review focused on their earnings for 5 years before and after the primary beneficiary's Date of Disability Onset (DDO) (as well as the year of DDO).[9] We selected

- primary DI beneficiaries, their spouses or children who had cumulative earnings that totaled at least $100,000 during the 5 years before and after the primary beneficiary's DDO including the DDO year, and

[4] Fraud encompasses illegal acts characterized by intentional deception, which includes illegally obtaining disability benefits. These acts include intentionally not reporting income earned and working and continuing to claim disability benefits not actually due.

[5] SSA, POMS, GN 03301.002 B. A "primary beneficiary" is a Social Security numberholder entitled to benefits on his/her own work record. An "auxiliary beneficiary" [spouse or child] is someone entitled to benefits based on someone else's work record, by virtue of relationship to the numberholder.

[6] One segment of the MBR represents 5 percent of the total population, that is, 1 of 20 segments.

[7] The MBR contains information about each claimant who has applied for Retirement and Survivors Insurance (RSI) or DI benefits, or to be enrolled in the Hospital or Supplementary Medical Insurance program. For example, the MBR contains a claimant's name, date of birth, gender, etc. MBR, SSA, Deputy Commissioner of Systems, Office of Retirement and Survivors Insurance Systems (ORSIS), System No. 60-0090. 71 FR 1796, 1826-1827 (Jan. 11, 2006).

[8] Where necessary, we obtained spouse information from the Modernized Claims System (MCS).

[9] The DDO is the month, day and year of disability onset POMS, SM 00510.200 C.1.

- spouses or children who earned wages from the same employer that employed the primary DI beneficiary in any of the 5 years before and after the primary DI beneficiary's DDO including the DDO year.

We also reviewed employment information using LexisNexis, a Web-based legal research tool, to determine employment, ownership, positions held, and relationship information between the employer, primary DI beneficiaries, and their spouses and children.

There were 10,070 primary beneficiaries in the MBR segment who met our selection criteria. From this population, we judgmentally selected specific cases where it appeared the primary disabled beneficiary was concealing wages under the SSN of his/her spouse or child. We performed a detailed analysis of these cases and identified 36 referrals that contained evidence of potential fraud. We forwarded these referrals to OI for further investigation. See details of our analysis for case selection in Appendix B, Scope and Methodology.

RESULTS OF REVIEW

OI reviewed the 36 referrals and identified 2 primary DI beneficiaries who engaged in SGA, earned wages and concealed those wages. OI presented two of these cases to the U.S. Attorney's Office for prosecution. OI identified a third case where the primary beneficiary intentionally did not report wages earned to SSA. SSA established overpayments totaling $418,881 on these three cases.[10] Of the remaining 33 referrals, OI is reviewing 5 for possible fraud and has closed 28[11] because of unsubstantiated evidence of fraud. Based on our overpayment findings related to the three cases in the segment under review, if similar characteristics were exhibited in, and similar research efforts conducted on, the remaining segments of the MBR, we estimate further analysis could potentially yield approximately $8.4 million in overpayments.[12]

CASES PROSECUTED

The details of the cases submitted to the U.S. Attorney's Office for prosecution follow.

<u>Case 1 – Dentistry Practice</u>

A primary DI beneficiary fraudulently received $108,008 in benefits. This beneficiary, who operated a dentistry practice, concealed his earnings by using his wife's SSN. The

[10] This amount represents the sum of overpayments related to the two cases sent to the U.S. Attorney's Office for prosecution and the DI beneficiary who did not report wages. The amounts are $108,008, $177,484, and $133,389, respectively. These amounts represent overpayments calculated by SSA.

[11] In October 2008, a DI beneficiary who was under investigation died. OI closed the case but did not determine whether the beneficiary actually committed fraud.

[12] This estimate is based on our overpayment results for 1 segment ($418,881) multiplied times the 20 segments of the MBR ($8,377,620).

wife worked as Vice President in the practice. The wife's earnings rose from approximately $5,200 per year before the primary beneficiary's injury to about $151,000 per year after his DDO. The primary DI beneficiary pled guilty in U.S. District Court to failing to disclose an event with intent to fraudulently secure disability benefits and making false statements to SSA. The primary DI beneficiary repaid $102,644 to SSA with an estimated balance of $5,365.

<u>Case 2 - Freight Transportation Company</u>

As the president of a freight transportation company, an individual fraudulently received $177,484 in DI benefits by using his spouse's SSN to hide his wages. Before the primary DI beneficiary's DDO, his spouse earned about $2,900 per year working as a waitress. After his injury, his spouse's earnings increased to about $107,000 per year. OI substantiated fraud occurred through confessions by the primary beneficiary and his wife. SSA established an overpayment of $177,484. The primary beneficiary was sentenced to 3 years' probation and 3 months' home confinement, and he was ordered to pay restitution of $141,666.

BENEFICIARY DID NOT REPORT WAGES

An individual intentionally did not report wages earned to SSA. The primary DI beneficiary's failure to report work activity was not discovered through our analyses; however, as a result of our referral, OI found the fraud. SSA suspended the primary beneficiary's benefits and established an overpayment of $133,389.

ADDITIONAL ANALYSIS

Using the results of our initial analysis, we refined our criteria for selecting cases with possible hidden wages and obtained a second data extract from all 20 segments of the MBR**.** Specifically, for this additional analysis, we increased our selection criteria to more precisely identify indicators of primary DI beneficiaries possibly hiding wages. For example, we excluded spouses and children whose earnings were from the military or State, local, or Federal governments. (See *Second Phase of Review* in Appendix B, Scope and Methodology for specific details of our additional analysis.) From our analysis, we identified 10,164 primary DI beneficiaries who met our selection criteria. Based on our selection criteria, we identified 375 primary DI beneficiaries who may have concealed wages under their spouse or child's SSN. Our selection criteria included pronounced increases in the amounts earned by the spouse or child after the primary DI beneficiary's DDO.

Further analysis revealed that 75 of 375 primary DI beneficiaries' spouses or children reported wages from the same employer either before or after the primary beneficiary's DDO. Of the 75, we noted instances where a primary DI beneficiary was the owner of a company that employed the spouse. For example, a husband was drawing DI benefits for injuries. His earnings records indicated that his wages significantly decreased after the DDO. However, his wife's earnings increased from $6,800 before her husband's injury to $70,000 after his DDO. Before the husband's injury, both the husband and wife were employees at an electronic repair and maintenance business the husband owned. Increases in wages such as this may indicate a primary DI beneficiary is using the spouse's SSN to conceal his wages while continuing to receive DI benefits.

Based on our analysis, records that reflect these unusual spikes in earnings along with other factors are potential indicators of primary beneficiaries reporting wages under the SSN of the spouse or child. To that end, our analysis of the second data extract yielded 375 potential cases. We provided the names of 300 of the 375 primary beneficiaries to SSA for its review. These beneficiaries represent instances where a spouse or child's earnings significantly increased equaling or surpassing the primary beneficiary's highest year of earnings before his/her DDO. SSA should consider performing continuing disability reviews[13] for these cases and refer those cases that indicate potential fraud to OI for further investigation.

Similarly, we provided 75 of the 375 primary beneficiaries to OI for its review to determine whether there is sufficient evidence of fraud to initiate an investigation. These primary beneficiaries represent instances where the spouse or child had a significant increase in earnings from the same employer that the primary beneficiary worked for before and/or after his/her DDO.

CONCLUSION AND RECOMMENDATION

The cases identified through our data analysis reflect potential disability overpayments that may result because primary beneficiaries are hiding wages by using the SSN of their spouse or child. The analysis we undertook was labor-intensive and yielded a small number of actual cases. To that end, we cannot recommend that the Agency integrate such a process into its procedures; however, we do recommend that SSA perform a work continuing disability review on the 300 cases referred to it.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with our recommendation. The Agency's comments are included in Appendix C. SSA also provided technical comments that have been addressed, where appropriate, in this report.

Patrick P. O'Carroll, Jr.

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[13] See, for example, 42 U.S.C. § 421(i)(1); 20 C.F.R. § 404.1590. See also POMS, DI 28001.001, which indicates that after an individual is determined to be disabled, SSA is required by statute to perform a review from time to time to determine if the individual continues to be disabled. To carry out this statutory requirement, a continuing disability review is conducted at selected intervals.

Appendices

Acronyms

CDR	Continuing Disability Review
CY	Calendar Year
DDO	Date of Disability Onset
DI	Disability Insurance
FR	Federal Register
MBR	Master Beneficiary Record
MCS	Modernized Claims System
MEF	Master Earnings File
OA	Office of Audit
OI	Office of Investigations
OIG	Office of the Inspector General
ORSIS	Office of Retirement and Survivors Insurance Systems
OS	Office of Systems
POMS	Program Operations Manual System
RSI	Retirement and Survivors Insurance
SGA	Substantial Gainful Activity
SM	Systems and Methods
SSA	Social Security Administration
SSN	Social Security Number

Scope and Methodology

We initiated a two-phase review to identify potential instances where primary disability beneficiaries were concealing wages earned under the Social Security numbers (SSN) of their spouses or children.

FIRST PHASE OF REVIEW

The first phase of our review was accomplished by analyzing an extract of primary disabled beneficiaries and their spouses and children from one segment of the Social Security Administration's (SSA) Master Beneficiary Record (MBR).[1] To accomplish our objective, we reviewed both the MBR (which included the Modernized Claims System)[2] and the Master Earnings File (MEF).[3]

To determine our review population, we:

- Selected primary Disability Insurance (DI) beneficiaries, spouses, and children whose cumulative earnings totaled at least $100,000 during an 11-year period. We included the 5 years before and after the date of disability onset (DDO) as well as the year of DDO.[4]
- Excluded spouses and children whose earnings were from self-employment.
- Excluded primary DI beneficiaries who did not have a corresponding spouse or child on the record.

Once the above criteria were met, we selected primary DI beneficiaries if their spouse or child:

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[1] The MBR contains information about each claimant who has applied for Retirement and Survivors Insurance (RSI) or DI benefits or to be enrolled in the Hospital or Supplementary Medical Insurance program. For example, the MBR contains the claimant's name, date of birth, gender, etc. MBR, SSA, Deputy Commissioner of Systems, Office of Retirement and Survivors Insurance Systems (ORSIS), System No. 60-0090. 71 FR 1796, 1826-1827 (January 11, 2006).

[2] Where necessary, we obtained spouse information from the Modernized Claim System (MCS) for primary DI beneficiaries who are married and do not have a spouse annotated on their MBR.

[3] SSA maintains earnings information for number holders in the MEF. The MEF, formally known as the Earnings Recording and Self-Employment Income System, Social Security Administration, Office of Systems. The MEF contains identification and earnings information for Social Security number holders SSA, Office of Systems (OS), System No. 60-0059, 71 FR 1796, 1819-1820 (January 11, 2006).

[4] The DDO is the month, day and year of disability onset. POMS, SM 00510.200.

1. Had earnings in any of the 5 years after the DDO equal to or greater than the primary DI beneficiary's highest year of earnings during the 5 years before the DDO. See example that follows (expressed in thousands).

Type	1999	2000	2001	2002	2003	DDO	2005	2006	2007	2008	2009
DI Beneficiary	$50	$50	$50	$50	$50	$25	$0	$0	$0	$0	$0
Spouse or Child							$100	$100	$100	$100	$100

2. The primary disabled beneficiary's spouse or child had earnings in any of the 5 years after the DDO equal to or greater than the sum of (a) the primary DI beneficiary's highest year of earnings plus (b) that spouse or child's highest year of earnings during the 5 years before the DDO. See example that follows (expressed in thousands).

Type	1999	2000	2001	2002	2003	DDO	2005	2006	2007	2008	2009
DI Beneficiary	$50	$50	$50	$50	$50	$25	$0	$0	$0	$0	$0
Spouse or Child	$10	$11	$15	$14	$12		$70	$70	$70	$70	$70

3. The primary disabled beneficiary's spouse or child had earnings for any of the 5 years after the DDO equal to or greater than 50 percent of the sum of (a) the primary DI beneficiary's highest year of earnings plus (b) that spouse or child's highest year of earnings before the DDO. See example that follows (expressed in thousands).

Type	1999	2000	2001	2002	2003	DDO	2005	2006	2007	2008	2009
DI Beneficiary	$50	$50	$50	$50	$50	$25	$0	$0	$0	$0	$0
Spouse or Child	$1	$2	$3	$4	$5	$5	$40	$40	$40	$40	$40

4. The primary disabled beneficiary, their spouse or child had the same employer before and after the DDO. Also, the spouse or child's earnings after the DDO were equal to or greater than the sum of the primary disabled beneficiary's highest year of earnings before the DDO plus that spouse or child's highest year of earnings made before the DDO. See example that follows (expressed in thousands).

Type	Employer	1999	2000	2001	2002	2003	DDO	2005	2006	2007	2008	2009
DI Beneficiary	ABC Store	$50	$50	$50	$50	$50	$25	$0	$0	$0	$0	$0
Spouse or Child	ABC Store	$1	$2	$3	$4	$5	$5	$70	$70	$70	$70	$70

5. The primary disabled beneficiary and their spouse or child had the same employer before and after the DDO. Also, the spouse or child's earnings after the DDO were equal to or greater than 50 percent of (a) the primary disabled beneficiary's highest year of earnings before the DDO plus (b) that spouse or child's highest year of earnings made before the DDO. See example that follows (expressed in thousands).

Type	Employer	1999	2000	2001	2002	2003	DDO	2005	2006	2007	2008	2009
DI Beneficiary	ABC Store	$50	$50	$50	$50	$50	$25	$0	$0	$0	$0	$0
Spouse or Child	ABC Store	$1	$2	$3	$4	$5	$5	$40	$40	$40	$40	$40

6. The primary disabled beneficiary's spouse or child had the same employer after the DDO that the primary disabled beneficiary had before the DDO, but the spouse or child did not work for that employer before the DDO. See example that follows (expressed in thousands).

Type	Employer	1999	2000	2001	2002	2003	DDO	2005	2006	2007	2008	2009
DI Beneficiary	ABC Store	$50	$50	$50	$50	$50	$25	$0	$0	$0	$0	$0
Spouse or Child	ABC Store	$0	$0	$0	$0	$0	$0	$100	$100	$100	$100	$100

The identification of the 36 referrals was based on our judgment. Our judgment was applied to the population of primary beneficiaries after applying our criteria. Our goal was to identify cases from our population where it appeared the primary DI beneficiary was concealing wages under the SSN of their spouse or child. We determined which cases to either exclude or include for further review and possible submission to OI and the Agency for investigation.

We excluded cases where:

1. The spouse or child earned more money than the primary DI beneficiary before the DDO. We excluded these cases because it is possible the spouse or child was the highest earner in the family before the primary DI beneficiary's injury, and possibly had the ability to earn more money due to the primary DI beneficiary's loss of wage earning capacity.

2. The spouse or child's earnings increased after the DDO to a level equal to or greater than the amount earned by the primary DI beneficiary before the DDO for only 1 year (of 5 years) after the DDO. We excluded these cases because the spouse or child lacked a "pattern" of wage earning after the DDO.

3. The spouse or child had the ability to earn a substantial amount of wages equal to or greater than the amount earned by the primary DI beneficiary before the DDO. For example, a spouse or child earned $200,000 per year before the primary DI beneficiaries' DDO. Then their earnings increased to $350,000 after the DDO. We excluded these cases because the spouse had an earnings trend that showed their ability to earn a substantial amount of money.

4. The spouse or child did not have earnings in Calendar Years (CY) 2006 and 2007. We excluded these cases because the earnings activity was no longer taking place.

We included cases where:

1. There were distinct increases in a spouse or child's earnings after the DDO of the primary DI beneficiary.

2. The earnings records of the primary DI beneficiary, spouse or child showed they worked for the same industry.

3. The earnings records of the primary DI beneficiary, spouse or child showed they worked for the same employer.

With this resulting population of cases, we reviewed LexisNexis to determine employment, ownership, positions held, and relationship information between the employer, primary DI beneficiaries, and their spouses and children. The instances we sent to OI and SSA for further investigation represented those cases where the LexisNexis findings showed relationships that we believed increased the likelihood that primary DI beneficiaries might be hiding wages.

SECOND PHASE OF REVIEW

The second phase of our review was accomplished by analyzing an extract of primary DI beneficiaries and their spouses and children from all 20 segments of SSA's MBR.[5] To accomplish our objective, we reviewed both the MBR (which included the Modernized Claims System) and the MEF.[6]

To determine our review population, we:

- Selected primary DI beneficiaries whose cumulative earnings totaled at least $100,000 in the 5 years before the DDO, and the spouse or children must have had cumulative earnings totaling at least $100,000 during the 5 years (in some instances 3 years)[7] after the DDO. Also, we excluded primary beneficiaries with a DDO that was later than December 31, 2002.

[5] See Footnote 1 on page B-1 for a description of the MBR.

[6] See Footnote 3 on page B-1 for a description of the MEF.

[7] If the spouse or child had the same employer as the primary beneficiary before and/or after his/her DDO, the spouse and/or child had to have earned at least $100,000 in the 5 years after the DDO. However, in cases where the spouse or child's earnings were equal to or greater than 50 percent of the primary beneficiary's highest year of earnings before the date of injury plus that spouse or child's highest year of earnings prior to the DDO, the spouse and/or child had to have earned at least $100,000 within the 3-year period after the DDO. We decided to extract primary DI beneficiaries if their spouses and children have earned at least $100,000 within the 3-year period after the DDO to detect instances where wages may have been concealed in years immediately after the DDO.

- Excluded spouses and children whose cumulative earnings in the 5 years (or 3 years where applicable) after the DDO increased less than two times their total earnings in the 5 years before the DDO.

- Excluded spouses and children whose earnings were from military, State, local, Federal, or self-employment.

- Excluded spouses and children who did not have earnings in CY 2006.

- Excluded primary DI beneficiaries who did not have a corresponding spouse or child on the record. We also excluded spouses and children with no corresponding primary DI beneficiary.

Once the above criteria were met, we followed the criteria from Phase one and items one through six for the resulting beneficiaries. After applying both sets of criteria, we then judgmentally identified 375 cases where it appeared the primary DI beneficiary was concealing wages under the SSN of their spouse or child. We considered the following attributes to determine which cases to either exclude or include for further review and possible submission to OI and the Agency for investigation.

We excluded cases where:

1. The spouse or child earned more money than the primary DI beneficiary before the DDO. We excluded these cases because it is possible the spouse or child was the highest earner in the family before the DI DDO, and possibly had the ability to earn more money due to the primary DI beneficiary's loss of wage earning capacity.

2. The spouse or child's earnings increased after the DDO to a level equal to or greater than the amount earned by the primary DI beneficiary prior to the DDO for only 1 year (of 5 years) after the DDO. We excluded these cases because the spouse or child lacked a "pattern" of wage earning after the DDO.

3. The spouse or child had the ability to earn a substantial amount of wages equal to or greater than the amount earned by the primary DI beneficiary before the DDO. For example, a spouse or child earned $200,000 per year before the primary DI beneficiaries' DDO. Then their earnings increased to $350,000 after the DDO. We excluded these cases because the spouse had an earnings trend that showed their ability to earn a substantial amount of money.

4. The spouse or child did not have earnings in CYs 2006 and 2007. We excluded these cases because the earnings activity was no longer taking place.

We included cases where:

1. There were distinct increases in a spouse or child's earnings after the DDO of the primary DI beneficiary.

2. The earnings records of the primary DI beneficiary, spouse or child showed they worked for the same industry.

3. The earnings records of the primary DI beneficiary, spouse or child showed they worked for the same employer.

From the resulting population of cases, we reviewed LexisNexis for 75 primary DI beneficiaries who had the same employer as their spouse or child before or after the DDO. LexisNexis was used to determine employment, ownership, positions held, and relationship information between the employer, primary DI beneficiaries, and their spouses and children. The instances we sent to OI and SSA for further investigation represented those cases where the LexisNexis findings showed relationships that we believed increased the likelihood that primary DI beneficiaries might be hiding wages.

We performed our evaluation at SSA Headquarters in Baltimore, Maryland, from August 2008 through January 2009. We found the data used for this evaluation were sufficiently reliable to meet our objectives. Our evaluation was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.[8]

[8] In January 2009, the President's Council on Integrity and Efficiency was superseded by the Council of the Inspectors General on Integrity and Efficiency, *Inspector General Reform Act of 2008*, Pub. L. No. 110-409 § 7, 5 U.S.C. App. 3 § 11.

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: June 26, 2009 Refer To: S1J-3

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

From: James A. Winn /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Disabled Beneficiaries Hiding Wages" (A-15-07-17088)

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. We have attached our response to the report findings and recommendation.

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

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "DISABLED BENEFICIARIES HIDING WAGES" (A-15-07-17088)

We agree with the report and the recommendation, especially since cases of this nature represent a significant potential for disability overpayments. Performing work continuing disability reviews (CDR) on these cases is in line with Goal 4 of the Fiscal Year 2008-2013 Agency Strategic Plan, "Preserve the Public's Trust in our Programs." It is essential that we protect the Trust Funds from fraud, waste, and abuse. Our specific response to your recommendation is as follows.

Recommendation

SSA should perform a work CDR on the referred 300 cases.

Comment

We agree. We will conduct work CDRs on the referred cases.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Victoria Vetter, Audit Director, Financial Audit Division

Acknowledgments

In addition to those named above:

Ronald Anderson, Auditor-in-Charge

Brennan Kraje, Statistician

For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-15-07-17088.

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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.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG 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. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

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.