



SOCIAL SECURITY

MEMORANDUM

Date: May 16, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Performance Indicator Audit: Postentitlement Actions (A-15-07-17130)

We contracted with PricewaterhouseCoopers, LLP (PwC) to evaluate 13 of the Social Security Administration's (SSA) performance indicators established to comply with the *Government Performance and Results Act*. Attached is the final report presenting the results of three of the performance indicators PwC reviewed. For the performance indicators included in this audit, PwC's objectives were to:

- Assess the effectiveness of internal controls and test critical controls over data generation, calculation, and reporting processes for the specific performance indicator.
- Assess the overall reliability of the performance indicator's computer processed data. Data are reliable when they are complete, accurate, consistent and not subject to inappropriate alteration.
- Test the accuracy of results presented and disclosed in SSA's Fiscal Year 2006 and 2007 Performance and Accountability Reports.
- Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

This report contains the results of the audit for the following indicators:

- Number of SSI [Supplemental Security Income] disabled beneficiaries earning at least \$100 per month.
- Number of Supplemental Security Income (SSI) non-disability redeterminations processed.
- Number of periodic CDRs [Continuing Disability Reviews] processed to determine continuing entitlement based on disability.

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Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

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.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PERFORMANCE INDICATOR AUDIT:
POSTENTITLEMENT ACTIONS**

May 2008

A-15-07-17130

AUDIT 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.

MEMORANDUM

Date: May 1, 2008

To: Inspector General

From: PricewaterhouseCoopers, LLP

Subject: Performance Indicator Audit: Postentitlement Actions (A-15-07-17130)

OBJECTIVE

The *Government Performance and Results Act (GPRA)*¹ of 1993 requires that the Social Security Administration (SSA) develop performance indicators that assess the relevant service levels and outcomes of each program activity.² GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance.³

Our audit was conducted in accordance with generally accepted government auditing standards for performance audits. For the performance indicators included in this audit, our objectives were to:

1. Assess the effectiveness of internal controls and test critical controls over the data generation, calculation, and reporting processes for the specific performance indicator.
2. Assess the overall reliability of the performance indicator's computer processed data. Data are reliable when they are complete, accurate, consistent and not subject to inappropriate alteration.⁴
3. Test the accuracy of results presented and disclosed in SSA's Fiscal Year (FY) 2006 and 2007 Performance and Accountability Reports (PAR).
4. Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

¹ Public Law Number 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 United States Code (U.S.C.), 31 U.S.C. and 39 U.S.C.).

² 31 U.S.C. § 1115(a)(4).

³ 31 U.S.C. § 1115(a)(6).

⁴ Government Accountability Office (GAO), GAO-03-273G, *Assessing Reliability of Computer Processed Data*, October 2002, p. 3.

BACKGROUND

We audited the following performance indicators, as stated in the SSA FY 2006 or FY 2007 PAR.⁵

<u>Performance Indicator</u>	<u>Goal</u>	<u>Reported Results</u>
Number of SSI [Supplemental Security Income] disabled beneficiaries ⁶ earning at least \$100 per month ⁷	<u>FY 2006</u> 268,419	<u>FY 2006 Actual</u> 247,143
Number of Supplemental Security Income (SSI) non-disability redeterminations [(RZ)] processed ⁸	<u>FY 2007</u> 1,026,000	<u>FY 2007 Actual</u> 1,038,948
Number of periodic CDRs [Continuing Disability Reviews] processed to determine continuing entitlement based on disability ⁹	<u>FY 2007</u> 729,000	<u>FY 2007 Actual</u> 764,852

SSA administers the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and SSI programs. The OASI program, authorized by Title II of the *Social Security Act* (Act), provides income for eligible workers and for eligible members of their families and survivors.¹⁰ The DI program, also authorized by Title II of the Act, provides income for eligible workers with qualifying disabilities and for eligible members of their families, before those workers reach retirement age.¹¹ The SSI Program, authorized by Title XVI of the Act, was designed as a needs-based program to provide or supplement the income of aged, blind, and/or disabled individuals with limited income and resources.¹²

⁵The period of review for indicator, "Number of SSI disabled beneficiaries earning at least \$100 per month," was FY 2006. The period of review for indicators, "Number of Supplemental Security Income (SSI) non-disability redeterminations processed" and "Number of periodic CDRs processed to determine continuing entitlement based on disability," was FY 2007.

⁶ Although SSA uses the term "beneficiaries" in the title of this performance indicator, the term "recipients" is typically used when describing individuals who receive SSI.

⁷ SSA FY 2006 PAR, p. 83.

⁸ SSA FY 2007 PAR, p. 70.

⁹ Id. p. 71.

¹⁰ The Act §§ 201-234, 42 U.S.C. §§ 401-434.

¹¹ Id.

¹² The Act §§ 1601-1637, 42 U.S.C. §§ 1381-1383f.

To ensure continuous and correct payment of claims, SSA periodically performs reassessments of SSI recipients' non-medical factors (SSI Non-Disability RZs) as well as reassessments of DI and SSI beneficiaries' disability factors (periodic CDRs) to determine ongoing benefit eligibility.

SSI RZs are post-eligibility reviews of SSI non-medical factors, such as income, resources, and living arrangements. This information is used to determine recipients' financial eligibility for continued payment. RZs are scheduled based on the likelihood of changes in circumstances that may affect the payment amount. Unscheduled RZs are completed on an "as needed" basis and are triggered when SSA learns of certain changes in circumstances that could affect the continuing SSI payment amount.

SSA completes periodic DI and SSI CDRs to determine whether a disabled individual continues to be medically eligible to receive benefits. Periodic CDRs are required at a minimum of every 3 years¹³ unless SSA has determined the disability was classified as permanent, or the beneficiary has enrolled in the Ticket to Work program.¹⁴ Periodic CDRs are conducted by questionnaire (mailer) or by a medical reexamination of the beneficiaries' disability.

RESULTS OF REVIEW

Overall, we found the three indicators to be meaningful. However, our assessment identified issues with internal controls and data reliability for the three indicators in this review. Specifically, we noted weaknesses in the operating effectiveness of access controls related to application transactions. Specific to the indicators, "Number of Supplemental Security Income (SSI) non-disability redeterminations processed" and "Number of periodic CDRs processed to determine continuing entitlement based on disability," we noted programmers had update access to production datasets. It should be noted that during the audit, SSA management took corrective action to address these issues. However, as a result of the internal control weaknesses that existed during the period of review, we did not find the performance indicators data to be reliable.

We did not identify any significant exceptions related to the accuracy of presentation or disclosure of the information related to these indicators contained in the PAR or to the meaningfulness of these indicators.

¹³ The Act, § 221(i), 42 U.S.C. § 421(i).

¹⁴ *Ticket to Work and Work Incentives Improvement Act of 1999*, Pub. L. No. 106-170.

Number of SSI disabled beneficiaries earning at least \$100 per month

Indicator Background

SSA provides work incentive programs to SSI disabled recipients with jobs. These work incentives include the following.

- Ticket To Work - This program is designed to assist disabled beneficiaries to obtain employment. Enrollees may use the ticket to obtain the vocational rehabilitation services, employment services, and other support services needed to return to work or go to work for the first time. As long as a beneficiary is using a ticket (as determined under SSA criteria), SSA will not initiate a CDR.
- Plan to Achieving Self-Support - This program allows SSI recipients to set employment goals and set aside money for these goals. The wages earned under this program will not affect their SSI eligibility or payment amount.
- Special Benefits under sections 1619(a) and (b) of the Act¹⁵ - These programs allow SSI recipients to work without losing SSI and Medicaid eligibility.
- Impairment-Related Work Expenses - This program allows SSI recipients to use income to obtain items, such as a cane or wheelchair, without the income used to obtain such items affecting their SSI eligibility or payment amount.
- Blind Work Expenses - This program does not count any earned income that an SSI recipient uses to meet expenses that are required for the beneficiary to work. Candidates must be receiving SSI payments due to blindness. Blind work expense items do not have to be related to their blindness.¹⁶

While participating in the work incentive programs, SSI recipients are required to report their earnings to SSA. The main methods SSA uses to obtain SSI recipients' earnings include the following.

- SSI recipients report their earnings to SSA field offices (FO), SSA's 1-800 number, or by sending a letter to SSA. After receipt of the recipients' earnings evidence (such as pay stubs for wages or a tax return for self-employment), FO staff inputs earnings information into the Supplemental Security Record (SSR) via the Modernized Supplemental Security Income Claims System (MSSICS).
- SSA uses information contained in the Master Earnings File (MEF) to determine whether there were any unreported earnings or earning discrepancies. The MEF is a data repository for the Earnings Record Maintenance System (ERMS), containing earnings data from employers and the Internal Revenue Service (IRS). The MEF then interfaces with the SSR to provide SSI recipients earnings information in the form of MEF alerts/diaries. This interface occurs in October, February and June. SSA also receives quarterly State wage data from the Office of Child Support Enforcement.

¹⁵ The Act §§ 1619(a) and (b), 42 U.S.C. §§ 1382h(a) and (b).

¹⁶ <http://www.socialsecurity.gov/disabilityresearch/wi/generalinfo.htm#work>.

As a result, alerts are generated when earned income data on the SSR do not match within predefined tolerance levels with the MEF.

SSA uses the information from the MEF and the Office of Child Support Enforcement to check for any discrepancies. After investigating and reconciling earnings discrepancies, SSA FO staff corrects or posts verified earnings information into MSSICS, if necessary. The Supplemental Security Income Records Maintenance System (SSIRMS) processes the earnings information posted by FO staff to the recipients' SSRs.

Each quarter, the Office of Research, Evaluation, and Statistics receives the Work Incentive File from the Office of Applications and Supplemental Security Income Systems. This file contains terminated and active data records that include beneficiaries' Social Security numbers and earnings information. The type of earnings for each beneficiary is recorded as one of the following categories: S (self-employment), W (wages), C (blind work expense), D (income excluded under approved plan), T (impairment related work expenses), N (net loss), and B (student earned income exclusion). These data elements are extracted and formatted into an Excel file using Statistical Analysis Software. Each quarter, this Excel file is sent to the performance indicator owner in the Office of Retirement and Disability Policy, Office of Employment Support Programs.¹⁷ The performance indicator owner manually calculates the results of the SSI recipients earning at least \$100 per month from the Excel spreadsheet. Each quarter, the performance indicator is sent to the Office of Strategic Management (OSM) to be incorporated as part of the centralized performance indicator tracking report.

Performance Indicator Calculation

<p>Number of SSI disabled beneficiaries earning at least \$100 per month</p>	=	<p>Average of the SSI disabled beneficiaries earning at least \$100 for the last month of each quarter during the fiscal year</p>
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The average number of SSI disabled recipients earning at least \$100 per month for the last month of each quarter during the FY is reported in the PAR.

Findings

Internal Controls and Data Reliability

Our review of access controls noted that information technology personnel had excessive and/or unmonitored access to the Customer Information Control System (CICS) screens that allowed updates to SSA data via the programmatic mainframe applications, including MSSICS and ERMS. CICS is a transaction processing system designed for both on-line and batch activity. SSA management did not appropriately

¹⁷ This function was previously performed by the Office of Disability and Income Security Programs, which was part of a reorganization effective February 2008.

monitor access to these transactions. The SSA Information System Security Handbook (ISSH) states, "Access to all SSA functions associated with software or enterprise systems must be managed based on need-to-know and least privilege. This specifically includes changes/updates to software, production jobs, and supporting hardware deployments. This access control maintenance policy must be applied across the SSA enterprise."¹⁸ In addition, Office of Management and Budget (OMB) Circular A-130 requires that agencies implement the practice of least privilege, whereby user access is restricted to the minimum necessary to perform his or her job; and enforce a separation of duties so steps in a critical function are divided among different individuals. It also emphasizes the importance of management controls – such as individual accountability requirements, separation of duties enforced by access controls, and limitations on the processing privileges of individuals – to prevent and detect inappropriate or unauthorized activities.¹⁹

This issue was noted during the FY 2006 financial statement audit. Also, during the audit timeframe, SSA management began monitoring the IT personnel usage of these transactions. However, because this internal control weakness existed during the period of review, we did not find the performance indicator data to be reliable.

Number of Supplemental Security Income (SSI) non-disability redeterminations processed

Indicator Background

SSI non-disability cases are selected for redeterminations based on the date of the recipients' last RZ and characteristics that distinguish low-error, middle-error, and high-error cases. The selected recipients are tracked in the Post-Entitlement Operational Data Store (PEODS). The RZ data are updated in the SSR, which is the master record for SSI recipients.

Based on error profiles, the cases are assigned either to the Wilkes-Barre Data Operations Center (WBDOC) or an FO. Claims representatives at the FO typically perform high-error profile RZs; however, beginning in October 2006, high-error cases have been released to the WBDOC for processing. These cases are processed in the same manner as the low- and middle-error cases, but using different forms, as discussed below.

Claims representatives (CR) at FOs will handle high-error profile RZs or WBDOC exclusion cases through face-to-face or telephone interviews. SSA requests that the SSI recipients bring financial documentation, such as rent receipts or bank records, to the interviews. During the interview, the CR inputs any changes to the recipients' non-

¹⁸ SSA ISSH, Section 16.3, p. 49

¹⁹ OMB Circular No. A-130, Appendix III - Security of Federal Automated Information Resources, p. 5.

medical factors via MSSICS, which updates the SSR with changes to the recipients' non-medical factors. The SSR provides data to PEODS to update the status of the RZ once it is completed.

Low- and middle-error profile RZs are reviewed by records processing clerks at the WBD0C. SSI recipients are mailed forms to complete and return to the WBD0C. Second requests are mailed out if recipients do not respond to the first mailing within 90 days. If WBD0C does not receive the form within 180 days of the first mailing (90 days from the second mailing) and no disposition data have been posted, the SSI and PEODS systems will automatically transfer control of the RZ to the servicing office. All returned forms are manually reviewed for completeness at the WBD0C. During the mailer reviews, the records processing clerk inputs changes into MSSICS. If "no change" is indicated on the form, a completion indicator is posted to the SSR. The SSR provides data to PEODS to update the status of the RZ once it is completed.

Each week, PEODS transfers the composite high, middle, and low RZ data to the Title XVI Datawarehouse. Once a month, the Division of Cost Analysis reviews the RZ data maintained in the Title XVI Datawarehouse and provides the RZ information to OSM. The year-to-date total of the completed RZs is recorded in the PAR.

Performance Indicator Calculation

$$\text{Total SSI Non-Disability RZs Processed for FY 2007} = \text{Total Completed RZs for the period of October 1, 2006 to September 28, 2007}$$

Findings

Internal Controls and Data Reliability

Our review of access controls revealed the following issues.

- One programmer had unmonitored access to the MSSICS CICS transactions, and this access was not reviewed by SSA management.
- One programmer had update access to SSIRMS datasets, and this access was not restricted or reviewed by SSA management.²⁰

The SSA ISSH states, "Access to all SSA functions associated with software or enterprise systems must be managed based on need-to-know and least privilege. This specifically includes changes/updates to software, production jobs, and supporting hardware deployments. This access control maintenance policy must be applied across the SSA enterprise."²¹ In addition, OMB Circular A-130 requires that agencies

²⁰ SSA management assigned the profile to the individual's secondary \$id; therefore, this finding was remediated. A \$id is the authentication method to access SSA's systems.

²¹ SSA ISSH, Section 16.3, p. 49.

implement the practice of least privilege, whereby user access is restricted to the minimum necessary to perform his or her job, and enforce a separation of duties so steps in a critical function are divided among different individuals. It also emphasizes the importance of management controls – such as individual accountability requirements, separation of duties enforced by access controls, and limitations on the processing privileges of individuals – to prevent and detect inappropriate or unauthorized activities.

These issues, which were noted during the FY 2007 financial statement audit, could result in the accidental or inappropriate alteration of the data used to support the performance indicator. It should be noted, that during the audit, SSA management began monitoring the programmers' access to the SSIRMS datasets. However, because these internal control weaknesses existed during the period of review, we did not find the performance indicator data to be reliable.

Number of periodic CDRs processed to determine continuing entitlement based on disability

Indicator Background

Periodic CDRs are conducted through full medical reviews or beneficiary-completed questionnaires (mailers). The type of CDR to be completed is determined by the beneficiaries' probability of medical improvement. Beneficiaries with a high probability of medical improvement receive a full medical CDR.

A CDR begins when an FO receives an alert to review a beneficiary's case folder, containing background and medical information on the beneficiary, to determine whether a full medical CDR should be performed. The FO is able to determine the need for a full medical CDR, based on SSA policy. If unable to readily make that decision, it is transferred to the State disability determination services (DDS). The folders identified for full medical CDRs are also transferred to DDS for medical adjudication. The DDS disability adjudicator reviews the folder to determine whether a full medical CDR should be performed. If a full medical CDR is not performed, the beneficiary's record is updated in the Disability Control File and the case is not included in the performance indicator count.

When a full medical CDR is completed by the DDS, the determination of "continuance," "cessation," or "no decision" is input into the National Disability Determination Services System (NDDSS). NDDSS transfers these data to the Disability Operational Data Store (DIODS). DIODS produces the State Agency Operations Report on a monthly basis. Refer to the following formula.

Total full medical CDRs processed = Total recorded medical CDRs less work-issue CDRs ²²

CDR mailers are performed for beneficiaries who have a low probability of medical improvement. These beneficiaries are identified through profiling, which is the process in which the Office of Disability Determinations ranks all Title II and XVI recipients based on the probability of cessation. The mailer forms request information about the beneficiaries' medical improvement, recent education or training, and recent attempts to work or return to work. CDR mailers are tracked in the Office of Retirement and Disability Policy.²³

Beneficiaries return completed CDR mailers to the WBDOC. The WBDOC reviews the mailers for completeness and creates a data file to capture relevant information. The data file is sent to the Office of Continuing Disability Reviews Support to process using the beneficiary's mailer responses. The possible outcomes for the mailer CDRs are

- deferred for a full medical review;
- full medical review;
- administrative closure; or
- Processing Center review.

The Office of Disability Determinations updates the Disability Control File to reflect the results of the Office of Continuing Disability Reviews Support processing and completion of the CDR mailers. Only completed CDR mailers that have been deferred for a full medical review are included in the performance measure count. Refer to the following formula.

Total completed CDR mailer deferrals = Total completed CDR mailers that have been deferred for full medical review

The CDR Mailer Deferrals report produces the total deferred CDR mailers completed on a monthly basis. The year-to-date total of the completed full medical CDRs on the report is combined with the year-to-date total of the deferred CDR mailers and is recorded in the PAR.

²² A work-issue CDR is an unscheduled full medical review that is performed to evaluate the beneficiary's medical eligibility as a result of earnings being posted to the MEF against a beneficiary's record. Since these are not periodic CDRs, they are not included in the count.

²³ This function was previously performed by the Office of Disability and Income Security Programs, which was part of a reorganization effective February 2008.

Performance Indicator Calculations

<p>Total fiscal year-to-date CDRs processed</p>	<p>=</p>	<p>Total full medical CDRs processed for the period October 1, 2006 to September 28, 2007 plus the total completed CDR mailer deferrals for the period October 1, 2006 to September 30, 2007²⁴</p>
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Findings

Internal Controls and Data Reliability

Our review of access controls revealed the following issues.

- One programmer had unmonitored access to the MSSICS CICS transactions, and this access was not reviewed by SSA management.
- One programmer had update access to SSIRMS datasets, and this access was not restricted or reviewed by SSA management.²⁵
- Two users had excessive access to the NDDSS CICS transactions, and did not require this access to perform their job responsibilities.²⁶
- Programmers had update access to NDDSS production datasets, and did not require this access to perform their job responsibilities.²⁷

The SSA ISSH states, "Access to all SSA functions associated with software or enterprise systems must be managed based on need-to-know and least privilege. This specifically includes changes/updates to software, production jobs, and supporting hardware deployments. This access control maintenance policy must be applied across the SSA enterprise."²⁸ In addition, OMB Circular A-130 requires that agencies implement the practice of least privilege whereby user access is restricted to the minimum necessary to perform his or her job; and enforce a separation of duties so that steps in a critical function are divided among different individuals. It also emphasizes the importance of management controls – such as individual accountability

²⁴ The last processing day for CDR full medical data is the last Friday of FY 2007.

²⁵ SSA management assigned the profile to the individual's secondary \$id; therefore this finding was remediated. A \$id is the authentication method to access SSA's systems.

²⁶ SSA management appropriately updated all user access based on job responsibilities; therefore, this finding was remediated.

²⁷ SSA management appropriately updated all user access based on job responsibilities; therefore, this finding was remediated.

²⁸ SSA ISSH, Section 16.3, p. 49.

requirements, separation of duties enforced by access controls, and limitations on the processing privileges of individuals – to prevent and detect inappropriate or unauthorized activities.

These issues, which were noted during the FY 2007 financial statement audit, could result in the accidental or inappropriate alteration of the data used to support the performance indicator. It should be noted that during the audit, SSA management began monitoring the programmers' access to the SSIRMS datasets and removed the excessive application business user and programmer access to the NDDSS application. However, because these internal control weaknesses existed during the period of review, we did not find the performance indicator data to be reliable.

RECOMMENDATION

We recommend SSA:

1. Consistently restrict access to CICS screens and datasets for ERMS, MSSICS, SSIRMS, and NDDSS based on the concept of least privilege access.

AGENCY COMMENTS

The Agency agreed with our recommendation. The Agency's comments are included in Appendix D.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Process Flowcharts

APPENDIX D – Agency Comments

Acronyms

Act	<i>Social Security Act</i>
CDR	Continuing Disability Review
CICS	Customer Information Control System
DDS	Disability Determination Services
DI	Disability Insurance
DIODS	Disability Operational Data Store
ERMS	Earnings Record Maintenance System
FO	Field Office
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
IRS	Internal Revenue Service
ISSH	SSA Information System Security Handbook
MBR	
MEF	Master Earnings File
MSSICS	Modernized Supplemental Security Income Claims System
NDDSS	National Disability Determination Services System
OMB	Office of Management and Budget
ORES	Office of Research, Evaluation, and Statistics
OSM	Office of Strategic Management
PAR	Performance and Accountability Report
PEODS	Post-Entitlement Operational Data Store
RZ	Redetermination
SSIRMS	Supplemental Security Income Records Maintenance System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code
WBDOC	Wilkes-Barre Data Operations Center

Scope and Methodology

We updated our understanding of the Social Security Administration's (SSA) *Government Performance and Results Act* (GPRA) processes. This was completed through research and questions to SSA management. We also requested SSA to provide various documents regarding the specific programs being measured as well as the specific measurement used to assess the effectiveness and efficiency of the related program.

Through inquiry, observation, and other substantive testing, including testing of source documentation, we performed the following.

- Reviewed prior SSA, Office of the Inspector General and other reports related to SSA's GPRA performance and related information systems.
- Reviewed applicable laws, regulations and SSA policy.
- Met with the appropriate SSA personnel to confirm our understanding of the performance indicator.
- Flowcharted the process. (See Appendix C.)
- Tested key controls related to manual or basic computerized processes (for example, spreadsheets or databases).
- Conducted and evaluated tests of the automated and manual controls within and surrounding each of the critical applications to determine whether the tested controls were adequate to provide and maintain reliable data to be used when measuring the specific indicator.
- Identified attributes, rules, and assumptions for each defined data element or source document.
- Recalculated the metric or algorithm of the performance indicator to ensure mathematical accuracy.
- Assessed the completeness and accuracy of the data to determine the data's reliability as they pertain to the objectives of the audit and intended use of the data.

As part of this audit, we documented our understanding, as conveyed to us by Agency personnel, of the alignment of the Agency's mission, goals, objectives, processes, and related performance indicators. We analyzed how these processes interacted with related processes within SSA and the existing measurement systems. Our understanding of the Agency's mission, goals, objectives, and processes were used to determine if the performance indicator appeared to be valid and appropriate given our understanding of SSA's mission, goals, objectives and processes.

We followed all performance audit standards in accordance with generally accepted government auditing standards.

In addition to these steps, we specifically performed the following to test the indicator included in this report.

Specific to the performance indicator, “Number of SSI [Supplemental Security Income] disabled beneficiaries earning at least \$100 per month”

- Inspected relevant policies and procedures as necessary.
- Audited the design and effectiveness of the SSA internal controls and the accuracy and completeness of the data related to the following areas.
 - Ensured that monthly earnings information provided by the claimant were accurately posted to the Supplemental Security Record (SSR) by reviewing 45 redetermination (RZ) cases in the field offices (FO). RZs are a review of the beneficiaries’ non-medical eligibility factors (that is, income, resources and living arrangements) to ensure that they are still eligible for and are receiving the correct SSI payment. Documents, such as pay stubs, are reviewed and used to determine the beneficiaries’ eligibility when applicable.
 - Ensured that monthly earnings information submitted by employers was complete and accurate by verifying that returned submissions were resubmitted in a timely fashion. Specifically, reviewed reports of unresolved items remaining for the current tax year and compared SSA earnings records to Internal Revenue Services earnings information.
 - Ensured that data extracts were complete, valid and restricted by review of programming logic and extract code, review of user access, and change control.
 - Completed application control reviews over the Modernized Supplemental Security Income Claims System (MSSICS), Supplemental Security Income Records Maintenance System (SSIRMS), and Earnings Record Maintenance System (ERMS).
 - Completed a general computer control review as it relates to MSSICS, SSIRMS and ERMS.
- Re-performed key processes within test environments to verify controls.

Specific to the performance indicator, “Number of Supplemental Security Income (SSI) non-disability redeterminations processed”

- Inspected relevant policies and procedures as necessary.
- Audited the design and effectiveness of the SSA internal controls and the accuracy and completeness of the data related to the following areas.
 - Ensured that RZs were completed in accordance to SSA policy by reviewing 45 RZ cases in FOs.
 - Ensured that data transferred from Post-Entitlement Operational Data Store (PEODS) was complete, accurate, valid, and restricted by re-performing reconciliations of data transfer to an Oracle database.
 - Completed application control reviews over MSSICS and SSIRMS, and PEODS.

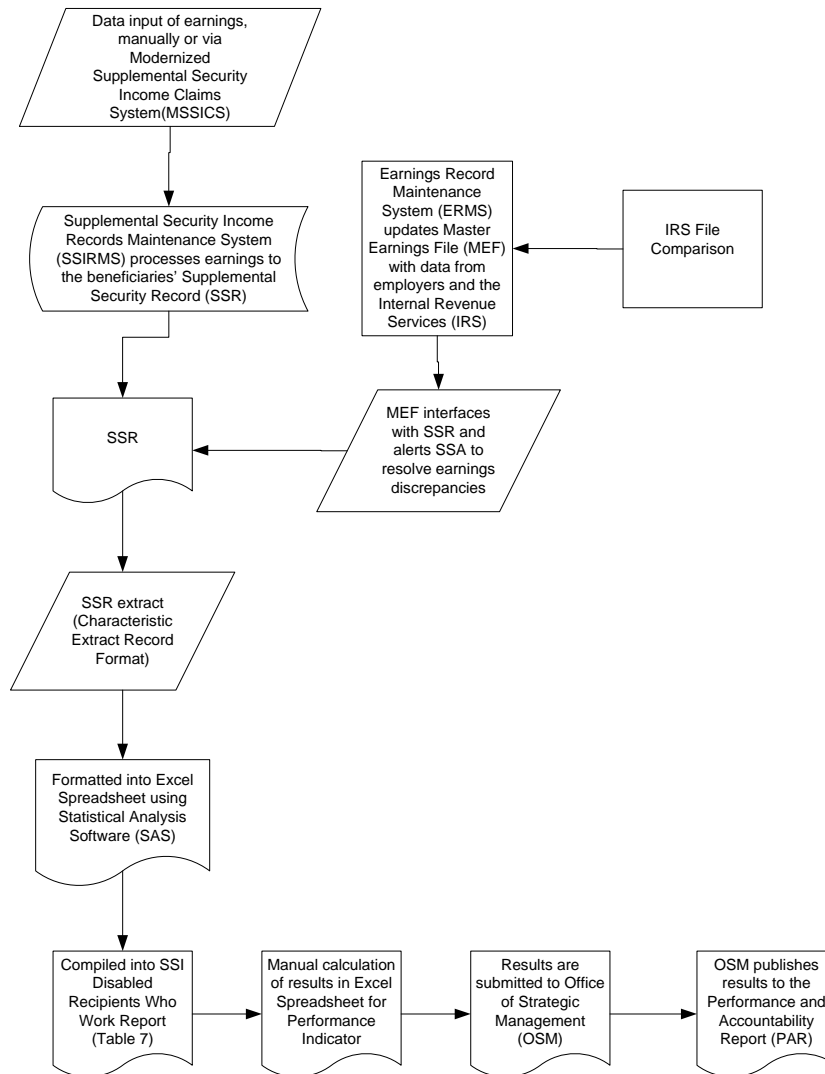
- Completed a general computer control review as it relates to MSSICS and SSIRMS.
- Re-performed key processes within test environments to verify controls.

Specific to the performance indicator, “Number of periodic CDRs [Continuing Disability Reviews] processed to determine continuing entitlement based on disability”

- Inspected relevant policies and procedures as necessary.
- Audited the design and effectiveness of the SSA internal controls and the accuracy and completeness of the data related to the following areas.
 - Ensured that CDRs were complete and accurate by testing 45 full medical CDRs. Checked to verify that recently completed reviews were conducted correctly and whether the decision and completion date of the CDR was accurate on the SSR/ Master Beneficiary Record. In addition, reviewed high profile case files for full medical review.
 - Observed the CDR mailer process at the Wilkes-Barre Data Operations Center.
 - Completed application control review over National Disability Determination Services System and Disability Operational Data Store.
- Determined the adequacy of the programming logic used by SSA to calculate the full medical reviews processed.
- Re-performed key processes to verify controls.

Appendix C

Flowchart of the Number of Supplemental Security Income (SSI) Disabled Beneficiaries Earning at Least \$100 per Month

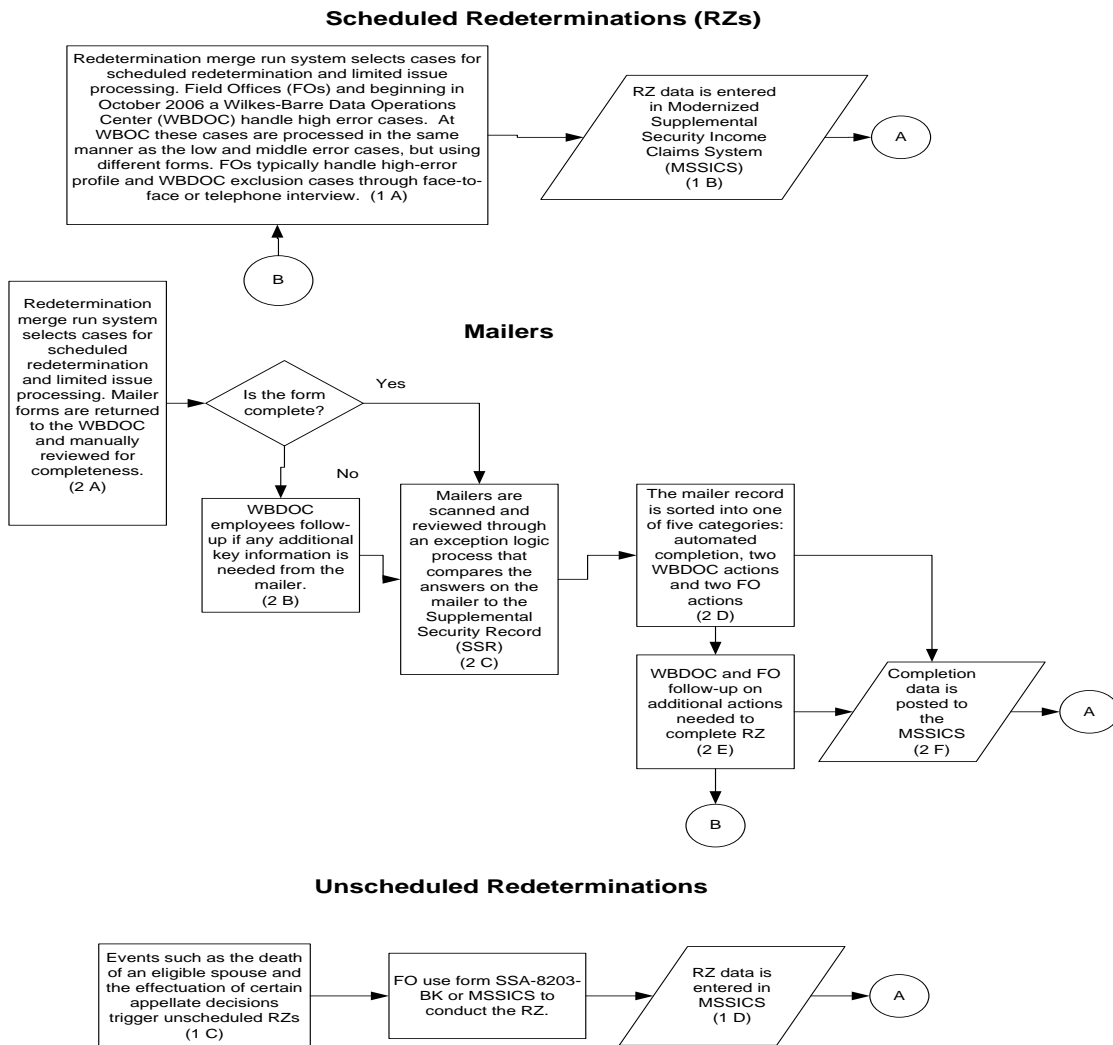


Flowchart of Supplemental Security Income (SSI) disabled beneficiaries earning at least \$100 per month - Narrative

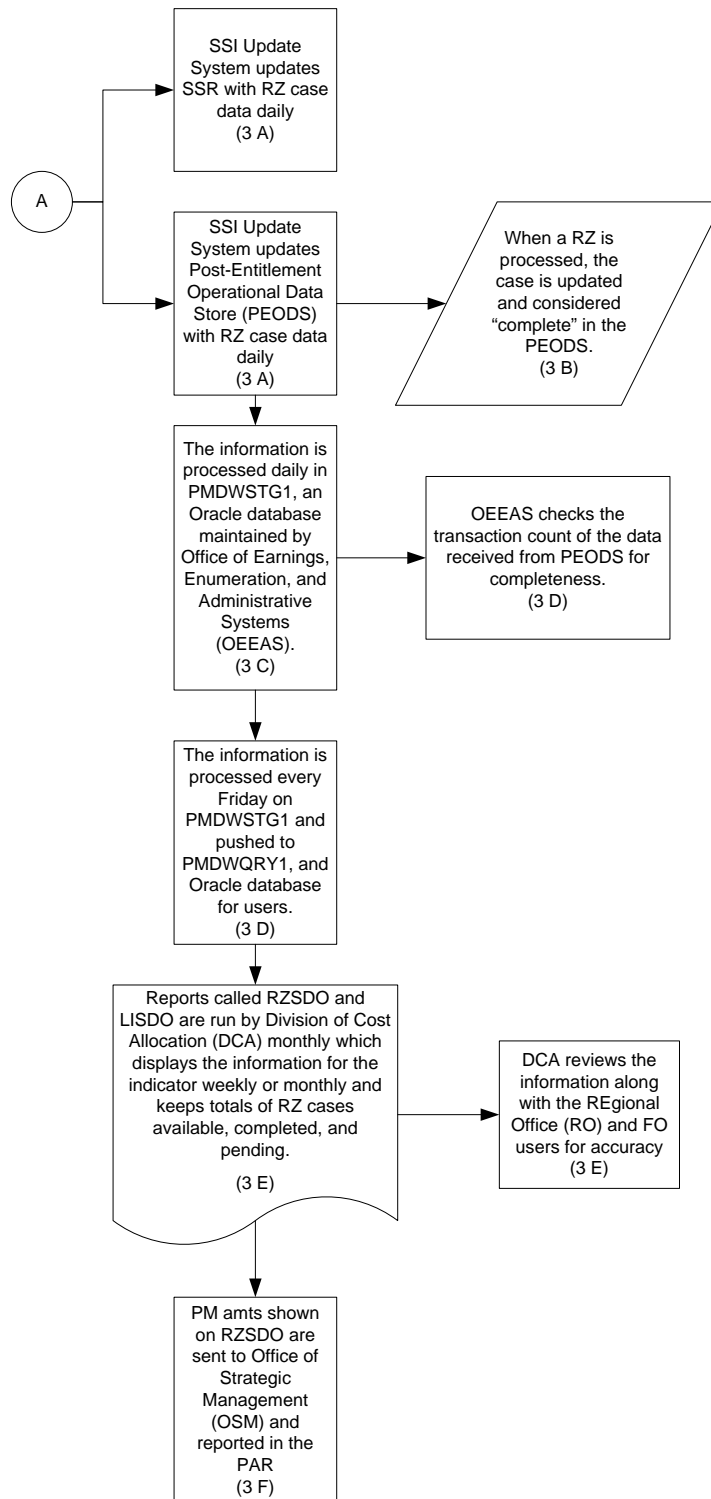
- SSI beneficiaries provide Social Security Administration (SSA) field office (FO) staff with earnings information. FO staff inputs the unverified earnings information via direct input or via Modernized Supplemental Security Income Claims Systems (MSSICS).
- After receipt of the beneficiaries' earnings evidence (pay stubs for wages or a tax return for self-employment), SSA FO staff inputs verified earnings information into the Supplemental Security Record (SSR) via direct input or via MSSICS.
- SSI Records Maintenance System (SSIRMS) processes earnings information posted by FO staff to the beneficiaries' SSR.
- The Earnings Record Maintenance System (ERMS) updates the Master Earnings File (MEF) with earnings data from employers and the Internal Revenue Service. SSA uses information in the MEF to determine if there are any unreported earnings or earnings discrepancies.
- The MEF interfaces with the SSR to provide SSI beneficiary earnings information in the form of MEF alerts/diaries every 4 months (October, February and June).
- SSIRMS processes earnings information to the beneficiaries' SSR.
- On a quarterly basis, the Office of Research, Evaluation and Statistics (ORES) receives the data extract from the SSR in a Characteristic Extract Record Format from the Office of Applications and Supplemental Security Income Systems (OASSIS).
- ORES formats the data extract into an Excel file using Statistical Analysis Software.
- The quarterly results are compiled in a table (referred to as Table 7) and published annually in the SSI Disabled Recipients Who Work report by ORES.
- On a quarterly basis, ORES sends the Table 7 to the performance indicator owner in the Office of Disability Income Security Programs, Office of Program Development and Research.
- Office of Program Development and Research manually calculates the results of the SSI beneficiaries earning at least \$100 per month using an excel spreadsheet.
- Office of Program Development and Research forwards the results to Office of Retirement and Disability Policy.
- Office of Retirement and Disability Policy (the Office of the Deputy Commissioner) reviews/approves and sends the results of the calculation to OSM.¹
- OSM publishes the results in the Performance and Accountability Report (PAR).

¹ This function was previously performed by the Office of Disability and Income Security Programs, which was part of a reorganization effective February 2008.

Flowchart of Supplemental Security Income (SSI) Non-Disability Redeterminations (RZ) Processed



Flowchart of SSI Non-Disability RZs Processed, continued



Flowchart of Supplemental Security Income (SSI) Non-Disability Redeterminations (RZ) Processed – Narrative

Scheduled RZs

- Claims representatives at the Field Offices (FO) typically handle high-error profile redeterminations through face-to-face or telephone interviews. However, beginning in October 2006 a number of high error cases are also identified and released for Wilkes-Barre Data Operations Center (WBDOC) processing. These cases are processed in the same manner as the low and middle error cases, but using different forms.
- The updated information is input via on-line entry to the Modernized Supplemental Security Income Claims System (MSSICS).
- The Supplemental Security Record (SSR) is updated by overnight batch processing and the information is transferred using the SSI Update System to Post-Entitlement Operational Data Store (PEODS).

Mailers

- WBDOC conducts RZs that have low and middle error profiles using computer generated mail-out forms to be completed and returned by the beneficiaries. In addition, beginning in October 2006 a number of high error cases are also identified and released for WBDOC processing. These cases are processed in the same manner as the low and middle error cases, but use forms Social Security Administration (SSA)-3988/3989-OCR rather than the SSA-8202-OCR.
- Forms are manually reviewed for completeness.
- Incomplete forms are followed up by WBDOC employees.
- Mailers are scanned and reviewed through an exception logic process that compares the answers on the mailer to the SSR.
- The mailer record is sorted into one of five categories: automated completion, two WBDOC actions and two FO actions.
- WBDOC and FO follow up on additional actions needed to complete RZ.
- If a complication develops in the case, the case is transferred to the servicing FO.
- If “no change” is indicated, a completion indicator is posted to the SSR.
- The SSR is updated by overnight batch processing and the information is transferred using the SSI Update System to PEODS.

Unscheduled RZs

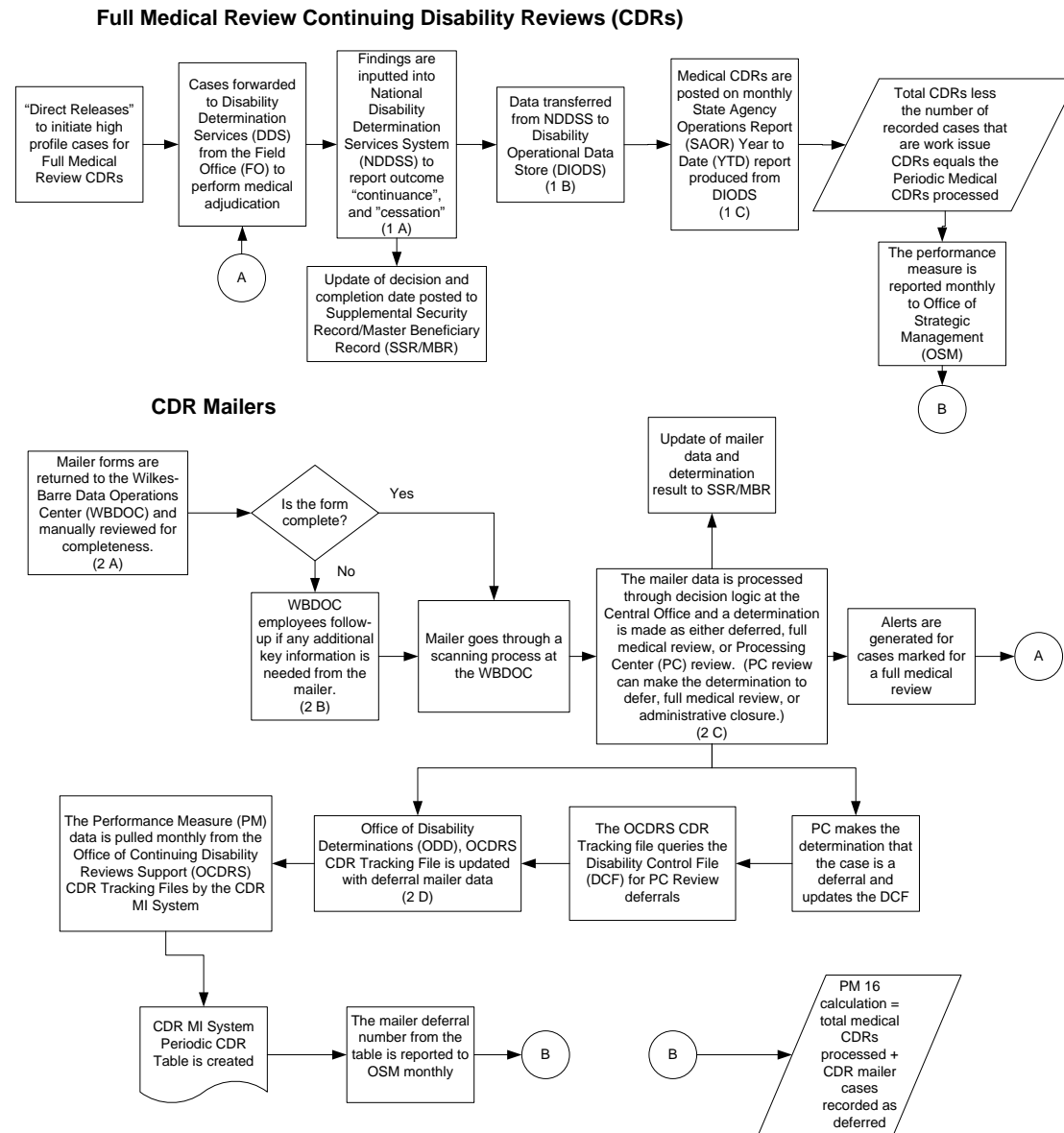
- Events such as the death of an eligible spouse and the effectuation of certain appellate decisions trigger unscheduled RZs.
- FO uses form SSA-8203-BK or MSSICS to conduct the RZ similar to a scheduled RZ.
- The updated information is input via on-line entry to the MSSICS.

- The SSR is updated by overnight batch processing and the information is transferred using the SSI Update System to PEODS.

After Batch Update

- The SSR and PEODS are updated, the cases, identified by Social Security Numbers, are considered "complete" receipts in PEODS.
- When the processing of a redetermination is done and updated by the FO in MSSICS, a completion count is taken.
- PEODS redetermination data are updated automatically once a week.
- The information is processed daily in the Title XVI Datawarehouse and available to users every Monday.
- Once a month, the Division of Cost Accounting reviews the redetermination data on reports called the RZ SDO and LI SDO Reports and sends the completion data to the Office of Strategic Management, which is reported at year-end in SSA's Performance and Accountability Report.

Flowchart of the Number of Periodic Continuing Disability Reviews (CDR) Processed to Determine Continuing Entitlement Based on Disability



Flowchart of Number of Periodic Continuing Disability Reviews (CDR) Processed to Determine Continuing Entitlement Based on Disability – Narrative

Periodic CDRs Processed

Full Medical Reviews

- Field Offices (FO) forward the cases to the State disability determination services (DDS) to perform the medical adjudication.
- Once a determination is made by the DDS, the findings are input into the National Disability Determination Services System (NDDSS) to report the outcome, either “continuance,” “cessation,” or “no decision” in the event of an administrative closure. Updates to decisions and completion dates are posted to the Supplemental Security Record (SSR) or Master Beneficiary Record (MBR).
- The data is transferred from the NDDSS to the Disability Operational Data Store (DIODS).
- The medical CDRs are posted monthly on a State Agency Operations Report year-to-date report, which is produced from the DIODS.
- The information, available weekly but reported monthly to the Commissioner’s Tracking Report, is used to calculate the performance indicator. The total recorded CDRs less the number of recorded cases that are work issue CDRs equals the number of reported medical CDRs processed.

CDR Mailers

- Once a scannable mailer is received by the Wilkes-Barre Data Operations Center (WBDOC), there is a preliminary screening for completeness.
- Incomplete forms are followed up by WBDOC employees.
- The mailer form is both scanned by equipment using optical character recognition and physically input/keyed to create a data file.
- The data file is transmitted to National Computer Center (NCC) at the Central Office. NCC formats and names the file that is then passed along to the Office of Continuing Disability Reviews Support.
- The Office of Continuing Disability Reviews Support processes the data through decision-logic. The decision logic considers the beneficiary’s mailer responses together with the profile score signifying high, moderate, or low likelihood of cessation due to medical improvement. The possible outcomes are either deferred, full medical review, administrative closure or Processing Center review. Updates of mailer data and determination results are input to SSR/MBR. Alerts are generated for cases marked for a full medical review.
- The Office of Disability Determinations makes the appropriate input to update the Disability Control File to reflect the results of decision logic processing.

- The Processing Center can make a determination to defer or full medical review, or administrative closure.
- The Office of Continuing Disability Reviews Support CDR Tracking file queries the Disability Control File for Processing Center Review deferrals.
- The Office of Continuing Disability Reviews Support CDR Tracking File is updated with deferral mailer data.
- The performance indicator data is pulled monthly from the Office of Continuing Disability Reviews Support CDR Tracking Files using a FOCEXEC program.
- CDR Mailer Deferral Report (table) is created.
- The sections of the report are totaled on an EXCEL spreadsheet and reported to Office of Strategic Management monthly for the performance measure calculation.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: April 30, 2008 Refer To: S1J-3

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

From: David V. Foster /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Performance Indicator Audit: Postentitlement Actions" (A-15-07-17130)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our response to the recommendation is attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed 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,
“PERFORMANCE INDICATOR AUDIT: POSTENTITLEMENT ACTIONS”
(A-15-07-17130)**

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

Recommendation 1

Consistently restrict access to the Customer Information Control System screens and datasets for the Earnings Records Maintenance System, Modernized Supplemental Security Income Claims System, Supplemental Security Income Records Maintenance System, and National Disability Determination Services System based on the concept of least privilege access.

Comment

We agree. As the report notes, we have implemented corrective actions as these deficiencies emerged. We continue to believe the security over our critical high-risk systems is very strong.

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Chief Counsel to the Inspector General (OCCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

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 Chief Counsel to the Inspector General

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. Also, OCCIG 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.