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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**THE SOCIAL SECURITY ADMINISTRATION'S  
OVERSIGHT OF MDRC  
CONTRACT NO. SS00-06-60075**

**December 2008**

**A-15-08-18010**

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**AUDIT REPORT**

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## 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: December 22, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Oversight of MDRC Contract No. SS00-06-60075 (A-15-08-18010)

## OBJECTIVE

Our objectives were to (1) review the services provided by MDRC<sup>1</sup> and the related costs charged to the Social Security Administration (SSA) for adherence to the negotiated contract terms and applicable regulations and (2) ensure SSA personnel properly monitored the contract.

## BACKGROUND

### Accelerated Benefits Demonstration Project

The Disability Insurance (DI) program provides cash and Medicare benefits to qualified disabled individuals under age 65 who are unable to perform substantial gainful activity. After undergoing a 5-month waiting period to receive DI benefits,<sup>2</sup> individuals must wait an additional 24 months<sup>3</sup> to become eligible for Medicare benefits.<sup>4</sup> Many of these newly entitled DI beneficiaries have no health insurance and, therefore, have limited access to medical care when access to those resources might improve their medical condition and increase their ability to improve their self-sufficiency through employment. SSA initiated the Accelerated Benefits (AB) demonstration project to test whether providing immediate health benefits to these beneficiaries will result in improved health and better return to work outcomes.<sup>5</sup>

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<sup>1</sup> In 1974, MDRC was founded as the Manpower Demonstration Research Corporation. However, in 2003, the company formally adopted the name "MDRC." MDRC is a nonprofit, nonpartisan social policy research organization with headquarters in New York City and a regional office in Oakland, California.

<sup>2</sup> 42 United States Code (U.S.C.) § 423(a)(1)(E).

<sup>3</sup> 42 U.S.C. § 426(b).

<sup>4</sup> Medicare is the federally funded health insurance program for the aged and disabled.

<sup>5</sup> SSA's Program Operations Manual System, DI 60035.001 Accelerated Benefits Demonstration Project.

### **Contract Number SS00-06-60075**

On January 20, 2006, SSA contracted with MDRC to obtain technical assistance in the implementation and evaluation of the AB demonstration project. The AB project provided an immediate medical benefits package and employment support to certain beneficiaries upon approval of their Social Security Disability Insurance (SSDI) claim. The contract stated that the contractor will carry out the implementation, data collection, and evaluation activities for this program. Furthermore, MDRC will provide SSA with a final report, which will address the central research question: "What is the effect of providing accelerated medical benefits on improving the health and return to work outcomes for certain SSDI beneficiaries?" The cost-plus-fixed-fee contract was awarded for approximately \$40.9 million. As of April 2008, there were six modifications to this contract and the estimated total cost to the Government for full contractor performance of this contract was approximately \$42.9 million.<sup>6</sup> The approximately \$2 million increase was due to the inclusion of the health benefits packages and the system security plan. The contract period of performance is January 20, 2006 to January 19, 2011.

MDRC is expected to enroll 2,000 individuals in the AB demonstration project in 2 phases. Participants selected for the AB demonstration project must meet all of the following criteria:

- newly entitled to SSDI benefits;
- under age 55;
- no health insurance coverage;
- 18 or more months away from being eligible for Medicare benefits; and
- living in a participating site.

Beneficiaries selected for the demonstration project were assigned randomly to one of three treatment groups: AB, AB Plus, and control (see Appendix C for definitions). MDRC completed Phase I and enrolled 66 participants,<sup>7</sup> as follows: 13 participants for AB group; 26 participants for AB Plus group; and 27 participants for control group. All participants will receive SSDI cash benefits. Currently, MDRC is in Phase II and is expected to enroll the remaining 1,934 individuals.<sup>8</sup>

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<sup>6</sup> As of October 2008, the amount expended on the contract was approximately \$8.6 million of the \$42.9 million, or approximately 20 percent of the contract value.

<sup>7</sup> Phase I enrollments occurred in October and November 2007. MDRC enrolled participants from four participating metropolitan areas: New York, Houston, Minneapolis, and Phoenix.

<sup>8</sup> Phase II enrollment began in March 2008 and will continue up to 12 months or until full enrollment is reached. Enrollment is expected to be completed by the end of the calendar year. MDRC will select participants from 53 participating metropolitan statistical areas throughout SSA's 10 regions.

## RESULTS OF REVIEW

With the exception of notifying SSA of all staff assigned to the contract for Agency suitability<sup>9</sup> determinations, MDRC generally adhered to the contract terms and delivered the services SSA requested under the contract. We reviewed the 66 beneficiaries selected for Phase I of the demonstration project and determined they met the criteria for selection. In addition, we found that the same criteria properly excluded 355 ineligible beneficiaries from participating in the AB demonstration project. Also, we found that MDRC was operating within contract guidelines for the total cost of the contract.

While SSA properly managed and monitored the contract, we identified a number of instances where the Agency could have been more efficient in the initial planning, management and monitoring of the contract. Specifically, we found MDRC completed Phase I within the required time frames. However, this was achieved despite inefficiencies surrounding the (1) development of the health benefits package, (2) identification of the target population, (3) management of the Office of Management and Budget's (OMB) clearance process, and (4) inclusion of a systems security plan.

### Suitability Determination Issues

We found three suitability determination issues: (1) contractor failed to obtain suitability determinations for individuals working on the project, (2) individuals received suitability determinations under other contracts, and (3) a contract employee with an "unsuitable" determination had access to personally identifiable information (PII).<sup>10</sup>

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<sup>9</sup> Title 5 Code of Federal Regulation § 731.104(a) states that to establish a person's suitability for employment, appointments to positions in the competitive service require the person to undergo an investigation by the Office of Personnel Management (OPM) or by an agency with delegated authority from OPM to conduct investigations. At SSA, contract employees are investigated at the same risk level as federal employees who would be performing the same type of work. Refer to appendix D for a list of contract suitability factors.

<sup>10</sup> OMB Memorandum 07-16, *Safeguarding Against and Responding to the Breach of Personally Identifiable Information*, defines PII as information that can be used to distinguish or trace an individual's identity, such as their name, Social Security number, biometric records, etc., alone or when combined with other personal or identifying information, which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.

### Contractor Failed to Obtain Suitability Determinations for Individuals Working on the Project

MDRC provided a list of 315 individuals working on the project as shown in Table 1:

| <b>Table 1 - Number of Individuals on AB Project</b> |                       |
|------------------------------------------------------|-----------------------|
| Description                                          | Number of Contractors |
| Contractors With Access to PII                       | 156                   |
| Contractors Without Access to PII                    | <u>159</u>            |
| <b>Total</b>                                         | <b><u>315</u></b>     |

When we compared MDRC’s list to the names MDRC provided to SSA for suitability determinations, we identified 6 individuals who did not obtain a suitability determination from SSA’s Center for Personnel Security and Project Management (CPSPM). In this instance, MDRC did not comply with the terms of the contract. According to the contract, SSA’s protective security suitability program officer<sup>11</sup> makes the final suitability determination for each contractor employee who does and does not require access to program or sensitive systems information.<sup>12</sup> Therefore, we recommend that SSA consistently monitor the staffing of the contractor and any subcontractors to ensure they are receiving the appropriate suitability determinations.

### Individuals Received Suitability Determinations Under Other Contracts

Further analysis of the 315 individuals whom MDRC identified as working on the AB contract revealed that 127 of the individuals received suitability determinations under other contracts with SSA, as shown in Table 2.

| <b>Table 2 - Individuals with a Suitability Determination</b> |                   |                                 |                                        |                   |
|---------------------------------------------------------------|-------------------|---------------------------------|----------------------------------------|-------------------|
| Description                                                   | Under AB Contract | Under Other SSA Contracts/Grant | No Suitability Determination Performed | Total             |
| Access to PII <sup>13</sup>                                   | 102               | 54                              | 0                                      | 156               |
| No Access to PII                                              | <u>80</u>         | <u>73</u>                       | <u>6</u>                               | <u>159</u>        |
| <b>Total</b>                                                  | <b><u>182</u></b> | <b><u>127</u></b>               | <b><u>6</u></b>                        | <b><u>315</u></b> |

<sup>11</sup> SSA's Protective Security Suitability Program Officer is a part of the CPSPM team.

<sup>12</sup> Contract Number SS00-06-60075, Section H-7, Security Requirements.

<sup>13</sup> MDRC provided us with a list of 156 individuals who had access to PII, and we relied on the data provided by the contractor. However, we did not independently verify this information.

It appears MDRC assigned these 127 people to the AB contract without notifying SSA. In situations where contracts have similar suitability requirements, such a practice may not create a significant risk. However, when the contracts have different suitability requirements, there is a risk that individuals assigned to one contract may not have the proper suitability determination to work under another contract. In other words, the adjudication level on the other contracts should be no less than the adjudication level on the AB contract. SSA cannot make an assessment of whether the individuals have the proper suitability determination unless they know who is assigned to the contract.

To determine whether MDRC's failure to identify all contract employees resulted in individuals being assigned to the contract without the proper suitability determination, we focused on the 54 employees who had access to PII but had a suitability determination under another contract with SSA. CPSPM reviewed its documentation for the 54 individuals and determined that the adjudication levels for the other contracts were not lower than the level required for the AB contract.

CPSPM personnel stated that a contractor employee could have a suitability determination under another contract without getting additional clearance. However, CPSPM should be notified so SSA can determine whether the appropriate level of investigation was conducted and its database records adjusted to reflect that the individual is working on another contract.

According to SSA policy, all SSA positions must be designated at the proper risk/sensitivity levels commensurate with the public trust or national security responsibilities and attributes of the position as they relate to the efficiency of the service. Furthermore, the position risk-level designations must be clearly and properly established as an initial step in filling all SSA and contractor positions to ensure the proper type and timing of investigations. The required investigation serves as a basis for ensuring that employment of the individual in a sensitive or public trust position is appropriate.<sup>14</sup>

We recommend that SSA include appropriate language in any future contracts to ensure the contractor notifies SSA's contracting officer and contracting officer technical representative (COTR) of all contractor staff assigned to the contract. Subsequent to our fieldwork, SSA personnel stated that new contract language was developed to ensure that CPSPM and the COTR will be notified when any contractor or subcontractor personnel begin working under the contract.

### [Contract Employee with "Unsuitable" Determination had Access to PII](#)

We reviewed the suitability determinations for 156 contractor employees on this contract who had access to PII. We identified one instance where the contractor had access to PII, but SSA determined the individual was "unsuitable" to work on the contract. In this instance, MDRC misunderstood SSA's initial notification statement "suitability determinations were completed" to mean that this individual had a "suitable"

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<sup>14</sup> Information Systems Security Handbook, Appendix J: Personnel Security and Suitability Program.

determination. When MDRC discovered the "unsuitable" determination, the employee (a subcontractor with Mathematica Policy Research, Inc.) was removed from the project. According to MDRC, the unsuitable employee worked on the project for 2 months.

We did not independently determine whether PII was actually exposed during the period the contractor employee worked on the contract. However, MDRC informed the COTR of the breach and SSA decided that because there was no reason to believe that the PII disclosed was "likely to lead to misuse," an incident report was not needed.

According to the contract, personnel who perform work under the contract<sup>15</sup> should obtain suitability determinations before working on the contract. Therefore, SSA must remain committed to safeguarding its sensitive information. We recommend that SSA monitor the staffing of the contractor and any subcontractors to ensure only approved staff is allowed access to SSA's facilities and program and sensitive information.

### **Inefficiencies in the Contract's Initial Planning, Management and Monitoring**

We identified a number of instances where the Agency could have been more efficient in the contract's initial planning, management and monitoring. The contract was modified for various reasons (for example, adding the health benefits requirement; adding a system security plan; increasing available funding for medical claims and processing fees; and changing the deliverable schedule), and the due dates for some of the deliverables were not revised. As a result, some of the early deliverables were behind schedule and in one instance, as much as 476 days.

Currently, the project is on track to meet the due dates. However, the process could have been more efficient had additional attention been given to the (1) development of the health benefits package, (2) identification of the target population, (3) management of the OMB clearance process, and (4) inclusion of a systems security plan.

### **Development of the Health Benefits Package for Participants**

SSA personnel stated that the project was behind schedule because MDRC needed to develop the health benefit packages for the participants. SSA had originally planned to award a contract for a Health Benefits Administrator who would oversee the health benefits packages for participants in all of the demonstration projects for the Office of Retirement and Disability Policy's Office of Program Development and Research (OPDR). Therefore, the initial MDRC contract did not include a health benefits

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<sup>15</sup> Contract Number SS00-06-60075, Section H-7, Security Requirements. "Performing under the contract" is defined as either working on-site at an SSA facility (including visiting the SSA site for any reason) or having access to Agency programmatic or sensitive information.

package. OPDR did not award the health benefits contract, and the AB contract was amended to allow MDRC to develop the health benefits package for the project participants.<sup>16</sup>

### Identification of the Target Population

Initially, the project was supposed to target SSDI beneficiaries who had impairments most likely to improve and who, with medical and employment support, would most likely return to work. This population included beneficiaries whose records were coded Medical Improvement Expected (MIE) and Medical Improvement Possible (MIP). MDRC expected most of SSA's sample file of the population to have musculoskeletal or mood disorders. However, the sample file contained other types of impairments under the MIE and MIP designations.<sup>17</sup> In November 2006, SSA agreed to expand the population to include all new SSDI beneficiaries. In our opinion, had SSA performed the background work on the population earlier, the target population may have been defined sooner.

### Management of the OMB Clearance Process

The original contract stated that the contractor shall obtain the required OMB clearance through the COTR before expending any funds or making public contacts for the collection of data. Specifically, section H-11 of the contract states

The Paperwork Reduction Act of 1986 (Pub. L. 96-511) shall apply to this contract for the requirement(s) to collect or record information calling either for answers to identical questions from 10 or more persons other than Federal employees, or information from Federal employees which is outside the scope of their employment, for use by the Federal government or disclosure to third parties. No plan, questionnaire, interview guide or other similar device for collecting information (whether repetitive or single-time) may be used without first obtaining clearance from the Office of Management and Budget (OMB).

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<sup>16</sup> In July 2006, SSA wrote a Justification for Other than Full and Open Competition and modified the contract to include the health benefits package. This modification increased the contract cost by approximately \$1.6 million. The original independent Government cost estimate was for approximately \$1.2 million; a difference of only approximately \$400,000. Also, the independent Government cost estimate dated April 27, 2006 was revised to \$1.6 million. Therefore, there is no additional cost to SSA when compared to the revised independent Government cost estimate.

<sup>17</sup> Approximately 50 percent of the sample has a primary diagnosis of neoplasms.

In August 2006, SSA required that MDRC submit the “full clearance”<sup>18</sup> package instead of the “generic clearance”<sup>19</sup> package. MDRC drafted the Federal Register Notice for the AB demonstration project, which was part of the OMB clearance package. The OMB clearance package was for the baseline and follow-up surveys.

In November 2006, MDRC learned it was necessary to submit a supporting statement with the Federal Register Notice as well as brief OMB on the OMB clearance package. Also, the Federal Register Notice and OMB clearance package were revised for changes to the project target population and follow-up surveys. The Federal Register Notice was published in January 2007, and OMB provided its approval in August 2007. Also, SSA did not account for the OMB clearance process in the deliverable schedule even though it was a contract requirement. The OMB clearance approval should have been included as a deliverable item. Therefore, SSA should have appropriately adjusted the timeline for the OMB clearance process as part of the contract planning, managing and monitoring.

### Inclusion of a System Security Plan

Initially, the MDRC contract awarded in January 2006 did not require a system security plan. According to the contracting officer, when the request for proposal was written, SSA did not anticipate the need for the systems security requirements. However, SSA informed MDRC that a system security plan that conformed to the standards set forth by the National Institute of Standards and Technology was required. Some of MDRC’s work was delayed while awaiting SSA’s approval of the system security plan. In September 2007, the AB contract was amended to incorporate the requirement for the system security plan.<sup>20</sup> The system security plan for MDRC’s subcontractor was approved in October 2007, and the system security plan for MDRC was approved in December 2007.

Based on our meeting with MDRC and our review of the deliverables, as of May 2008 SSA had received all of the deliverables that were due. According to the COTR, none of these delays will impact the completion of the project by 2011. Because the survey work did not require as much time as originally estimated, MDRC was able to get back on schedule. Better planning may have reduced the risks of the contract falling behind at the beginning. In addition, SSA needs to closely monitor the delivery schedule to ensure future deliverables are timely.

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<sup>18</sup> OMB clearance is required anytime information is collected from 10 or more members of the public in any 12-month period. It normally takes about 138 calendar days to obtain OMB approval for a public information collection, such as a form or survey. This includes publishing two Federal Register Notices with comment periods.

<sup>19</sup> Generic clearance can only be used to measure customer satisfaction with SSA’s services and products.

<sup>20</sup> SSA modified the contract to include the requirement for the system security plan. This modification increased the contract cost by approximately \$400,000. We took no exceptions to the modification process.

## CONCLUSION AND RECOMMENDATIONS

With the exception of notifying SSA of all staff assigned to the contract for Agency suitability determinations, MDRC was conducting the AB demonstration project within the contract terms and delivered the services required under the contract. However, SSA needs to enhance its oversight regarding suitability determinations for contractors.

Also, SSA personnel were properly managing and monitoring the MDRC contract; however, we identified a number of instances where the Agency could have been more efficient in the initial planning, management and monitoring of the contract.

Specifically, we recommend SSA:

1. Obtain and maintain an updated list of all contractor personnel (including subcontractors) working on the AB contract with or without access to PII.
2. Ensure that contractor personnel (including subcontractors) working on the AB contract receive the appropriate suitability determinations even if the individual was previously adjudicated under another contract.
3. Ensure that contractor personnel (including subcontractors) assigned to the AB contract have a favorable suitability determination before allowing the individual to work on the project.
4. Monitor the delivery schedule on the MDRC contract to ensure timely deliverables.

## AGENCY COMMENTS AND OIG RESPONSE

SSA provided specific comments on the suitability issues and the delivery schedule discussed in our report. SSA agreed with our recommendations. SSA's comments are included in Appendix E.



Patrick P. O'Carroll, Jr.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Treatment Groups

APPENDIX D – Suitability Factors

APPENDIX E – Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

## Acronyms

|        |                                                      |
|--------|------------------------------------------------------|
| AB     | Accelerated Benefits                                 |
| CPSPM  | Center for Personnel Security and Project Management |
| COTR   | Contracting Officer Technical Representative         |
| DI     | Disability Insurance                                 |
| MIE    | Medical Improvement Expected                         |
| MIP    | Medical Improvement Possible                         |
| OIG    | Office of the Inspector General                      |
| OMB    | Office of Management and Budget                      |
| OPDR   | Office of Program Development and Research           |
| OPM    | Office of Personnel Management                       |
| PII    | Personally Identifiable Information                  |
| SSA    | Social Security Administration                       |
| SSDI   | Social Security Disability Insurance                 |
| U.S.C. | United States Code                                   |

# Scope and Methodology

To accomplish our objectives, we:

- Reviewed the MDRC Contract No. SS00-06-60075 and contract modifications for Fiscal Years 2006 through 2008.<sup>1</sup> Also, we determined whether the increase in the contract cost appeared reasonable.
- Reviewed the Social Security Administration's (SSA) Program Operations Manual System sections related to Accelerated Benefits. In addition, we reviewed SSA's Administrative Instructions Manual System, Information Systems Security Handbook.
- Reviewed 66 participants selected for enrollment in Phase I of the demonstration project.
- Reviewed 355 individuals screened and found to be ineligible to participate in Phase I of the demonstration project.
- Reviewed 5 invoices, each totaling over \$200,000, and 1 adjustment invoice from the 24 invoices paid during the period January 2006 through November 2007. The 24 invoices totaled approximately \$3.1 million.
- Reviewed deliverables that were due from January 2006 through May 2008.
- Evaluated internal controls at MDRC and SSA's Offices of Acquisition and Grants and Finance to determine whether the processes were functioning properly, such as, contract invoices were properly reviewed and paid.
- Evaluated Office of Program Development and Research's oversight of MDRC to ensure the contractor's compliance with the contract, which included SSA's examining and approving of MDRC's invoices for our sample group.
- Interviewed staff at MDRC and SSA's Offices of Program Development and Research, Acquisition and Grants, and Finance.

We performed our audit at the SSA Headquarters and MDRC headquarters in New York from December 2007 through July 2008. We found the data used for this audit were sufficiently reliable to meet our objectives. The entities audited were the Offices of Acquisition and Grants and Program Development & Research.

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<sup>1</sup> There were six modifications to Contract No. SS00-06-60075 as of April 2008.

We conducted this 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

# Treatment Groups

The 2,000 participants<sup>1</sup> in the Accelerated Benefits (AB) Demonstration will be placed in 1 of 3 treatment groups.

## AB

The participants in the AB group receive their regular Social Security Disability Insurance (SSDI) benefits as well as health benefits. The health benefits will pay for most of the participants' health care costs up to \$100,000. The health plan is available until the participant becomes eligible for Medicare coverage, reaches the \$100,000 benefit limits, or the project ends. The plan is only available to the participant and it does not include the participant's spouse or dependents.

## AB Plus

The participants in the AB Plus group receive their regular SSDI benefits as well as health benefits and support under a care management model. This model involves working with a team of coaches, nurses and employment counselors, who can help the participant achieve their goals and access the supports needed. The health plan is available until the participant becomes eligible for Medicare coverage, reaches the \$100,000 benefit limits, or the project ends. The plan is only available to the participant and does not include the participant's spouse or dependents.

## Control

The participants in the control group will retain their regular SSDI benefits. The participants in this group are compared with the other treatment groups in determining whether receiving health benefits affects participants' health and employment outcomes.

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<sup>1</sup> Total enrollment for the 3 groups will be: 400 participants for AB group; 800 participants for AB Plus group; 800 participants for control group.

# Suitability Factors

Section H-7 of the contract provides the procedures for obtaining suitability determinations for contractor personnel who will be performing under the contract. Specifically, the contract states that suitability factors include:

- Delinquency or misconduct in prior employment.
- Criminal, dishonest, infamous, or notoriously disgraceful conduct.
- The nature and seriousness of the conduct.
- When the conduct occurred.
- The applicant's or employee's<sup>1</sup> age at the time of the conduct.
- The circumstances surrounding the conduct.
- Intentional false statement, deception, or fraud on application forms.
- Habitual use of intoxicating beverages to excess.
- Abuse of narcotics, drugs, or other controlled substances.
- Reasonable doubt as to the loyalty of the individual to the Government of the United States.
- The kind of position for which the person is applying or in which the person is employed.
- Contributing social and environmental conditions.
- The absence or presence of rehabilitation or efforts towards rehabilitation.

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<sup>1</sup> At the Social Security Administration (SSA), contract employees are investigated at the same risk level as Federal employees who would be performing the same type of work. The Office of Personnel Management conducts investigations for SSA on all contract employees who perform program-related work, including functions determined to be at either the Public Trust (Low, Moderate or High Risk) or National Security (Noncritical-Sensitive or Critical-Sensitive) Level.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** December 16, 2008 **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, "The Social Security Administration's Oversight of MDRC Contract No. SS00-06-60075" (A-15-08-18010)--INFORMATION

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

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

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S OVERSIGHT OF MDRC CONTRACT NO. SS00-06-60075” (A-15-08-18010)**

We appreciate the careful and comprehensive work that the OIG auditing team did on this report and believe that the changes we have made to the project as a result of the OIG recommendations will reduce the potential for problems during the remainder of the contract.

Our response to the recommendations is as follows.

**Recommendation 1**

Obtain and maintain an updated list of all contractor personnel (including subcontractors) working on the Accelerated Benefits (AB) contract with or without access to personally identifiable information (PII).

**Comment**

We agree. We have received the list and will regularly update it as we add new employees to the project.

**Recommendation 2**

Ensure that contractor personnel (including subcontractors) working on the AB contract receive the appropriate suitability determinations even if the individual was previously adjudicated under another contract.

**Comment**

We agree. We have developed a new application, the Contractor Enrollment Request Management System (CERMS). CERMS will help us better manage the contractor personnel screening process. We will also use the updated list that we develop as a result of our action on the first recommendation to better monitor the suitability determination of all individuals working on the project.

**Recommendation 3**

Ensure all contractor personnel (including subcontractors) who work on the AB contract have a favorable suitability determination before allowing the individual to work on the project.

Comment

We agree. We had a discussion with MDRC regarding this issue and learned one individual was allowed to work on the contract before the suitability determination was received. MDRC's explanation was that they misunderstood an e-mail message stating that the determinations for a group of employees "were completed" to mean that those determinations were favorable. However, one of the employees had an "unfavorable" determination, and that individual was removed from the contract. We will continue to remind MDRC that all individuals must have a favorable suitability determination before performing work on the project. The new procedures that are in place, such as CERMS, will help us minimize the chances of an individual working on the project before receiving a favorable determination. The actions described in the first two recommendations will also help us address this recommendation.

Recommendation 4

Monitor the delivery schedule on the MDRC contract to ensure timely deliverables.

Comment

We agree. We have a spreadsheet that we are using to track all contract deliverables and will use it, along with regular meetings with the contractor, to ensure that the project remains on track for timely completion of all deliverables.

## OIG Contacts and Staff Acknowledgments

### ***OIG Contacts***

Kristen Schnatterly, Director, Technical Services Division (410) 965-0433

Mark Meehan, Acting Audit Manager, Financial Audit Division (410) 966-7147

### ***Acknowledgments***

In addition to those named above:

Donna Parris, Auditor-in-Charge

Tonia Hill, Auditor

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://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- 15-08-18010.

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Social Security Advisory Board

## **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 Counsel to the Inspector General (OCIG), 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 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.