



## SOCIAL SECURITY

### MEMORANDUM

Date: January 24, 2011

Refer To:

To: The Commissioner

From: Inspector General

Subject: Performance Indicator Audit: Disability Process (A-15-10-11074)

We contracted with KPMG to evaluate 10 of the Social Security Administration's performance indicators (PI) established to comply with the *Government Performance and Results Act*. The attached final report presents the results of three of the PIs evaluated. For the PIs included in this audit, KPMG's objectives were to:

1. Comprehend and document the sources of data that were collected to report on the specified performance indicators.
2. Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were generated.
3. Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified performance indicators.
4. Recalculate each measure to ascertain its accuracy.

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.

Patrick P. O'Carroll, Jr.

Attachment

---

**OFFICE OF  
THE INSPECTOR GENERAL**

---

**SOCIAL SECURITY ADMINISTRATION**

---

**PERFORMANCE INDICATOR AUDIT:  
DISABILITY PROCESS**

January 2011    A-15-10-11074

---

**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.**

---

# Executive Summary

## OBJECTIVE

For this audit of the Social Security Administration's (SSA) performance indicators (PI), *Achieve the target percentage of initial disability claims identified as a Quick Disability Determination or a Compassionate Allowance; Process the budgeted number of initial disability claims; and Update the medical Listing of Impairments* for Fiscal Year 2009, our objectives were to:

1. Comprehend and document the sources of data that were collected to report on the specified PI.
2. Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were generated.
3. Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI.
4. Recalculate each measure to ascertain its accuracy.

## BACKGROUND

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

Our audit was conducted in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

<sup>1</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C. and 39 U.S.C.).

<sup>2</sup> 31 U.S.C. § 1115(a)(4).

<sup>3</sup> 31 U.S.C. § 1115(a)(6).

---

## RESULTS OF REVIEW

We did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the PIs subject to audit.

In response to prior PI audits, SSA stated that it did not maintain data to support some PIs as a result of computer storage capacity and staffing resources. Over the past several years, technology has evolved. Therefore, this is an opportune time for SSA to reevaluate computer storage capacity. In a prior audit, SSA also quoted the Office of Management and Budget's (OMB) Circular A-11, *Preparation, Submission and Execution of the Budget*, which stated, "Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data will exceed the value of any data so obtained."<sup>4</sup> Currently, OMB Circular A-11 states that "Performance data need not be perfect to be reliable; however, significant data limitations can lead to inaccurate assessments and distort performance results. Examples of data limitations include imprecise measurement and recordings, incomplete data, and inconsistencies in data collection procedures."<sup>5</sup> Additionally, OMB Circular A-11, section 230.5, states that verification and validation of performance data to support the general accuracy and reliability of performance information, reduces the risk of inaccurate performance data, and provides a sufficient level of confidence to the Congress and the public that the information presented is credible.<sup>6</sup> Although we are not making formal recommendations for this report, we encourage SSA to revisit the issue of maintaining data to support the PIs reported in the Agency's annual Performance and Accountability Report. Maintaining the supporting data would enable third-party evaluations of the PI, as suggested by Circular A-11.

---

<sup>4</sup> SSA OIG, *Performance Indicator Audit: Outstanding Debt* (A-02-05-15116, 1/27/06), p. D-2.

<sup>5</sup> OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, July 2010, Section 230.5

<sup>6</sup> Ibid



---

# Table of Contents

<b>INTRODUCTION</b>	1
<b>RESULTS OF REVIEW</b> .....	5
Achieve the Target Percentage of Initial Disability Claims Identified as a Quality Disability Determination or a Compassionate Allowance .....	5
Process the Budgeted Number of Initial Disability Claims .....	7
Update the Medical Listing of Impairments .....	10
<b>CONCLUSIONS</b> .....	12
<b>APPENDICES</b>	
<b>APPENDIX A</b> - Acronyms	
<b>APPENDIX B</b> - Scope and Methodology	
<b>APPENDIX C</b> - Process Flowchart - Disability Process	
<b>APPENDIX D</b> - Process Flowchart Acronyms	
<b>APPENDIX E</b> – Agency Comments	



# Introduction

## OBJECTIVE

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

Our audit was conducted in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

For this audit of SSA's PIs, *Achieve the target percentage of initial disability claims identified as a Quick Disability Determination (QDD) or a Compassionate Allowance (CAL); Process the budgeted number of initial disability claims; and Update the medical Listing of Impairments* for Fiscal Year (FY) 2009, our objectives were to:

1. Comprehend and document the sources of data that were collected to report on the specified PI.
2. Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were generated.
3. Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI.
4. Recalculate each measure to ascertain its accuracy.

\*\*\*\*\*

<sup>1</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

<sup>2</sup> 31 U.S.C. § 1115(a)(4).

<sup>3</sup> 31 U.S.C. § 1115(a)(6).



This performance audit did not constitute an audit of financial statements in accordance with Government Auditing Standards. KPMG was not engaged to, and did not, render an opinion on SSA's internal controls over financial reporting or over financial management systems (for purposes of Office of Management and Budget [OMB] Circular No. A-127, *Financial Management Systems*, July 23, 1993, as revised). KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

## BACKGROUND

We audited the following PIs, which were included in SSA's FY 2009 Performance and Accountability Report (PAR).

<u>Performance Indicator</u>	<u>FY 2009 – Target</u>	<u>FY 2009 – Actual</u>
Achieve the target percentage of initial disability claims identified as a QDD or a CAL <sup>4</sup>	3.8 percent	3.8 percent
Process the budgeted number of initial disability claims <sup>5</sup>	2,637,000	2,812,918
Update the medical <i>Listing of Impairments</i> <sup>6</sup>	Develop and submit at least three regulatory actions or <i>Social Security Rulings</i>	Published eight <i>Social Security Rulings</i> in the <i>Federal Register</i>

The strategic objectives related to these PIs are: *Fast-tracking cases that obviously meet disability standards* and *Regularly update disability policies and procedures*. All three PIs and strategic objectives correspond to SSA's Strategic Goal 2: *Improve the Speed and Quality of SSA's Disability Process*.

SSA's organizational mission is to “. . . deliver Social Security services that meet the changing needs of the public.”<sup>7</sup> SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. The OASDI program, authorized by Title II of the *Social Security Act (Act)*, provides income for eligible workers and eligible members of their families and survivors.<sup>8</sup> Disability Insurance (DI) provides entitlement benefits under Title II of the *Act*. DI provides

<sup>4</sup> FY 2009 PAR, p. 52.

<sup>5</sup> FY 2009 PAR, p. 53.

<sup>6</sup> FY 2009 PAR, p. 56.

<sup>7</sup> FY 2009 PAR, p. 7.

<sup>8</sup> The *Act* §§ 201-234, 42 U.S.C. §§ 401-434.



income for eligible workers with qualifying disabilities and eligible members of their families, before those workers reach retirement age.<sup>9</sup> SSI, 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.<sup>10</sup> A claimant may receive disability benefits under the DI and/or SSI programs.

Based on the *Act*, an individual found to be disabled may qualify for disability benefits if the following two criteria are met.

- An individual must be unable to engage in substantial gainful activity (SGA) because of a medically determinable physical or mental impairment.<sup>11</sup>
- The medical condition(s) must be expected to result in death or has lasted or can be expected to last for a period of not less than 12 months.<sup>12</sup>

SSA has a five-step sequential process for evaluating disability for adults, which generally follows the definition of disability in the *Act* and the related regulations.<sup>13</sup> The adult disability determination process is as follows.

1. SSA generally considers whether the claimant is still working. If the claimant is not engaging in SGA, the claim is sent for a medical determination of disability. When the claim is initially developed, the adjudicator concurrently requests all the evidence needed for consideration at Steps 2 through 5 of the sequential evaluation process. The adjudication process ends when SSA obtains evidence sufficient to allow the claim or if the claim is a denial after Step 5.
2. SSA determines whether the claimant's condition is severe. If a claimant has a medically determinable severe impairment, the Agency applies Step 3 and reviews the *Listing of Impairments*.
3. If the severity of the impairment meets or medically equals the *Listing of Impairments*, the individual is determined to be disabled.

---

<sup>9</sup> The *Act* § 223, 42 U.S.C. § 423.

<sup>10</sup> The *Act* §§ 1601-1637, 42 U.S.C. §§ 1381-1383f.

<sup>11</sup> The *Act* § 223 (d)(1), 42 U.S.C. § 423(d)(1).

<sup>12</sup> *Ibid.*

<sup>13</sup> Disability Benefits publication, p.9 (<http://ssa.gov/pubs/10029.pdf>).

4. The Agency determines whether the claimant can perform past relevant work, considering his or her residual functional capacity (RFC)<sup>14</sup> and the physical and mental demands of the work he or she performed. If the claimant can perform past relevant work, the claim is denied. If the claimant cannot perform past relevant work, the Agency applies Step 5.
5. The Agency determines whether the claimant can perform any other work, considering his or her RFC, age, education, and past work experience. If the claimant cannot perform any other work, then the Agency finds him or her disabled.

The *Listing of Impairments* describes, for each major body system, impairments considered severe enough to prevent an individual from performing any gainful activity (or in the case of children under age 18 applying for SSI, severe enough to cause marked and severe functional limitations). Most of the listed impairments are permanent or expected to result in death, or the listing includes a specific statement of duration. For all other listings, the evidence must show that the impairment has lasted or is expected to last for a continuous period of at least 12 months. The criteria in the *Listing of Impairments* are applicable to evaluation of claims for disability benefits under both the SSI and DI programs.

However, the absence of a listing-level impairment does not mean the individual is not disabled. Rather, if the individual's impairment does not meet or medically equal a listing, it merely requires the adjudicator to move on to step four of the process noted above.

---

<sup>14</sup> RFC describes what an individual is able to do, despite functional limitations resulting from a medically determinable impairment(s) and impairment-related symptoms, 20 C.F.R. §§ 404.1545(a) and 416.945(a).

---

# Results of Review

## ACHIEVE THE TARGET PERCENTAGE OF INITIAL DISABILITY CLAIMS IDENTIFIED AS A QDD OR A CAL

### INDICATOR BACKGROUND

SSA has an obligation to provide benefits quickly to applicants whose medical conditions are so serious that the condition obviously meets SSA's disability standards. Under SSA's QDD and CAL initiatives, cases receive expedited processing within the context of the existing disability determination process. Expedited processing does not mean automatic approval or denial of a claim. Initial disability claims identified as QDD have a greater likelihood of disability allowance based on such factors as the claimant's medical condition and educational and work history, as well as objective medical evidence. CALs are a way of quickly identifying diseases and other medical conditions that invariably qualify under the *Listing of Impairments* based on minimal, objective medical information. CALs allow SSA to target the most obviously disabled individuals for allowances based on objective medical information that can be obtained quickly. A QDD or CAL designation indicates the case will receive expedited processing within the context of the existing disability determination process.

The QDD pilot was conducted in the Boston Region in 2006 under the Disability Service Improvement initiative. The QDD process uses a Predictive Model (PM) to electronically identify initial disability cases where there is a greater likelihood that

- the claimant is disabled;
- evidence of the claimant's allegations can be easily and quickly verified; and
- the case can be processed within 20 calendar days of receipt in the disability determination services (DDS).

Between October 2007 and February 2008, all 10 regions implemented the QDD program to allow for certain disability claims to be expedited. At the point of transfer from the Modernized Claims System (MCS) to the Electronic Disability Collect System (EDCS) and the DDS, all electronic claims are sent to the QDD PM for scoring in real time. Initial disability claims that are submitted via hardcopy (less than 1 percent of all claims filed) are not considered for QDD. To be considered, a claim must be electronically submitted to the QDD PM upon transfer to the EDCS. The QDD PM assigns a percentile rank (between 0 and 1) to each initial disability claim based on the likelihood the claim will result in a quick disability allowance. Various factors, such as the alleged severity of the disability and available evidence to support the claim are considered in the scoring process, which takes less than 1 second to complete.

The Office of Program Development and Research (OPDR) established a threshold for each DDS to identify a target percentage of initial disability claims as a QDD. The

---

threshold identifies the percentile rank the initial disability claim must achieve to qualify as a QDD for each DDS. Per the FY 2009 PAR, SSA's target was to identify 3.8 percent of initial disability claims as either a QDD or a CAL in September 2009. Of that amount, SSA targeted 3.34 percent of initial disability claims as a QDD in that period, and the remainder of .46 percent as CAL only. The threshold is different for each DDS and is based on the Agency's strategic goals, the projected (or budgeted) number of initial disability claims, and each DDS' past performance. The threshold is generally adjusted twice a year for such factors as the volume of claims received to date at each DDS office, the target percentage of initial disability claims to be identified as a QDD for the FY, and changes to the PM.

Although the system can accept different thresholds for DI only, SSI only Adult, Concurrent SSI/DI, and SSI Children's cases, the same threshold was used for all types of cases at a particular DDS during the audit period. OPDR initiates all changes to the thresholds for each DDS, which does not have the authority to make the changes within the QDD PM. The changes to the thresholds are implemented by the Office of Disability Systems (ODS). ODS is the only component that may change the thresholds table. However, OPDR is responsible for reviewing the changes to the thresholds within the QDD PM to ensure they are set correctly for each DDS.

DDSs are only made aware of whether a case is identified as QDD, not the percentile rank assigned to a case or the threshold for identifying a QDD. If a claim does not qualify for the program, it may be removed from QDD, added to the regular workload, and processed in the order received.

The CAL program was announced in December 2007 and began to process the first live cases in October 2008. In addition to the QDD PM, an initial disability application is submitted to the CAL PM upon transfer from the MCS or the Modernized Supplemental Security Income Claims System (MSSICS) to the EDCS. The CAL PM uses software with global reference tables, which compare the claimant's allegations to names and conditions to identify a CAL as a disabling condition.

CALs are a way of quickly identifying diseases and other medical conditions that invariably qualify under the *Listing of Impairments*, based on minimal objective medical information. If the conditions or relevant symptoms from the listing match the alleged disability noted in an individual's claim, the case is identified as a CAL. Claims identified as a CAL are expedited through the disability determination process. A CAL case can also be manually added at the DDS.

It is important to note that the identification of a case as a QDD or a CAL does not result in an automatic disability allowance. Rather, QDD and CAL cases are reviewed by SSA employees under the same regulations as standard cases but in an expedited manner. These cases are considered the top priority for the respective DDS office. Data

concerning the processing time of QDD and CAL allowances are available on SSA's Executive and Management Information System. However, QDD and CAL processing times are not reported in SSA's PAR as a PI.

The calculation of the performance target was determined by dividing the total number of initial disability claims identified as QDD, CAL, or both by the total number of electronic initial disability claims filed the last month of the current FY.

### **Performance Indicator Calculation**

$$\text{Percentage of initial disability claims identified as a QDD or a CAL} = \frac{\text{Total number of initial disability cases identified as a QDD or a CAL}}{\text{Total number of electronic initial disability claims}}$$

### **Findings**

We did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI in the FY 2009 PAR.

## **PROCESS THE BUDGETED NUMBER OF INITIAL DISABILITY CLAIMS**

### **INDICATOR BACKGROUND**

Claimants initiate a disability claim by filing an initial disability application and Form SSA-3368, *Adult Disability Report*, or Form SSA-3820, *Child Disability Report*. The application and Forms SSA-3368 or SSA-3820<sup>15</sup> can be submitted to SSA by a claimant in one of three ways:

- over the Internet (via the SSA Website),
- over the telephone, or
- by visiting a local field office.

All initial disability applications are processed at 1 of more than 1,300 field offices, which are aggregated into 10 regions. Regardless of how a claim is filed, a local field office representative reviews all initial disability claims submitted. There are various other forms that may also be required depending on a claimant's work status, age, disability allegations, mental health, income, work history, and education. However, Forms SSA-3368 and SSA-3820 are required for all claimants as these Forms contain the information necessary for determining whether an individual qualifies for DI or SSI.

<sup>15</sup> This form cannot be filed online.

---

For Title II claims submitted electronically via SSA's Website ([www.ssa.gov](http://www.ssa.gov)), the claimant's initial disability application is automatically entered into SSA's MCS in real-time. For claims submitted by telephone or in person at a local SSA field office, a claims representative must enter the claimant's information into MCS for Title II claims or MSSICS for Title XVI claims. Once a claim is submitted into MCS or MSSICS, the initial disability application, disability report, and all relevant supporting documentation (medical records, expert testimony, work history, etc.) must be either scanned (for paper documents) or transmitted electronically (when available) into EDCS. The record is stored in EDCS, and the claim is concurrently transmitted to the applicable DDS office. Generally, claims are transferred to a DDS based on the claimant's address, but the Office of Disability Determination retains the ability to transfer cases between DDSs depending on the disability application workload.

To evaluate an initial disability claim, a DDS claims clerk must download the disability claim application and supporting documentation from EDCS, eView, and MCS or MSSICS. Once downloaded, the disability claim is assigned to a disability examiner based on the examiner's skill level, difficulty of the claim, disability allegations, and other factors. Although the DDSs are federally funded, each DDS is staffed by State employees; therefore, medical determinations are made at the State level, rather than by SSA. While decisions are made at the State level, States are required to comply with regulations, rulings, and other written guidelines, including standards established by SSA, and other provisions of Federal law and regulations that apply to the State.<sup>16</sup> In addition, each DDS uses its own applicable State legacy information technology system (that is, Midas, Iron Data, Versa, Cornhusker, and New York) to process its respective initial disability claims.

Upon initial receipt of the claimant's information from EDCS, a disability examiner reviews the Form SSA-3368 or SSA-3820 and sends letters to the claimant, corresponding medical sources, and any other third parties to request any necessary additional information to support the individual's claim. These requests are made by mail rather than electronically because of the sensitive nature of the documentation requested and related personally identifiable information. Claimants are permitted approximately 60 days to respond to these requests. However, this is not the absolute deadline—additional information may be accepted after 60 days depending on various extenuating circumstances (for example, the claimant's state of mental health, age, responsiveness, and existence of medical evidence). Disability examiners refer to the guidelines in SSA's Program Operations Manual System to determine the deadline for receiving responses to the request for additional information.

If the examiner considers a disability allowance to be likely, and other medical evidence is not available, examiners may schedule an examination by a medical or vocational expert, which is fully funded by SSA. An examiner may also put a hold on a case if the severity of the impairment cannot be determined or the expected length of the

---

<sup>16</sup> SSA, Program Operations Manual System (POMS), DI 39501.020.



impairment is unknown. As noted above, the medical condition(s) must be expected to result in death or has lasted or can be expected to last for a period of not less than 12 months to be considered eligible for disability benefits.<sup>17</sup> Examiners are required to periodically follow up with the claimant to ascertain the status of outstanding requests to expedite the determination process. An examiner must also determine the date of disability onset, which is defined as the date on which SSA considers the individual to be disabled.

A disability determination can be favorable (full payment), be less than fully favorable (less than full payment), be denied (no payment), or result in a request for additional information. After a decision has been reached, the claim is updated in MCS or MSSICS, and the reason supporting the decision is provided by the adjudicator, who prepares the case for closure. In the event of denial or a less than fully favorable decision, the adjudicator writes a letter to the claimant explaining the medical determination and the claimant's appeal rights. If the claim is allowed, an allowance letter with payment of the claim is sent from the field office or SSA Payment Center. After the payment or denial letter is sent, the initial disability claim is considered processed. The initial disability claim is considered processed at this point for the purposes of reporting in SSA's PAR.

The Office of Budget (OB), in collaboration with the Office of Disability Determinations (ODD), determines the budgeted number of claims to be processed by each State DDS, based on the anticipated appropriations to be received from Congress and the projected future number of initial disability claims for the respective FY. This analysis is conducted on a quarterly basis. The State DDSs have some negotiating power in establishing the budgeted number of initial disability claims to be processed. However, the final budgeted number of initial disability applications to be processed at each DDS is determined by ODD.

The performance target is determined by summarizing the number of Social Security and SSI initial disability claims processed in the DDS or other Agency components.

### ***Performance Indicator Calculation***

$$\begin{array}{l} \text{The budgeted number of initial} \\ \text{disability claims processed} \end{array} = \begin{array}{l} \text{Total number of initial disability claims} \\ \text{processed during the period October 1, 2008} \\ \text{through September 30, 2009} \end{array}$$

### ***Findings***

We did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI in the FY 2009 PAR. However, our audit identified areas for

---

<sup>17</sup> SSA, POMS DI 00115.015.

improvement related to the accuracy of the results presented and disclosed in the PAR.

### Accuracy of Underlying Data

In accordance with the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*, transactions should be recorded completely, accurately, and timely.<sup>18</sup> We noted that the underlying data supporting the initial disability claims submitted and processed by SSA during the period October 1, 2008 through September 30, 2009 did not agree with the amount reported in SSA's PAR. The underlying data provided identified 2,818,356 initial disability claims processed during FY 2009 versus 2,812,918 stated in the PAR. The difference of 5,438 claims was attributed to SSA's data retention policies for PIs. The data retention policies do not require that an adequate audit trail be maintained to support the amounts reported in the PAR. As a result, the amount of initial disability claims processed during FY 2009 as reported in the PAR was understated by 5,438 claims, based on supporting documentation.

## UPDATE THE MEDICAL LISTING OF IMPAIRMENTS

### INDICATOR BACKGROUND

The process to update the medical *Listing of Impairments* begins with the publication of a regulation. Per SSA's Policy Work Plan, the Office of Retirement and Disability Policy (ORDP) developed program policy rules and regulations and assisted with the development of legislative proposals for SSA. ORDP also assisted in developing public policy by conducting and disseminating research, statistics, papers, and reports within the Agency, to stakeholders, and the public.

### *Business Process for Revising the Listings of Impairments*

- *Step 1: Information Gathering* - After publication of a new regulation, SSA initiates an information-gathering process within the Agency to evaluate the new regulation. SSA collects questions and answers from users, reviews Request for Program Consultation cases and Policy Feedback data, reviews responses to the 1-year follow-up user study, and researches literature provided by SSA medical and analyst staff. Outside the Agency, SSA gathers input and reactions from advocacy groups and reviews responses from the 1-year external study provided to groups on the SSA contact list. SSA publishes an Advanced Notice of Proposed Rulemaking (ANPR) in the *Federal Register* and solicits feedback from the general public. SSA holds outreach meetings with expert medical panelists, advocates, adjudicators, and patients. SSA has also contracted with the Institute of Medicine to form a consensus committee of medical experts to provide recommendations for listing improvements.

---

<sup>18</sup> GAO *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, November 1999, p.15.



- *Step 2: Draft Notice of Proposed Rulemaking (NPRM)* - SSA then drafts the NPRM. Within this step, an issue paper is prepared, and the proposed changes to the listings and introductory text are drafted by the body system team of analysts, medical officers, and other Agency medical consultants with occasional input from outside experts, and the Chief Policy Officer. SSA tests the proposed listing changes using previously adjudicated cases. The Office of the Actuary also performs a cost-benefit analysis and actuarial assessment.
- *Step 3: Complete Review Process and Publish NPRM in the Federal Register for Public Comment* - SSA obtains edits and other comments from the Commissioner of Social Security's (COSS) staff. The document is revised based on COSS staff comments and those from other components. All components that submitted comments must sign off on the document. In addition, the Deputy Commissioner and COSS must approve the document. After OMB approves the document, the NPRM is published in the *Federal Register* for public comment.
- *Step 4: Publish Final Rule* - Before the Final Rule can be published in the *Federal Register*, SSA must review and respond to all public comments. If the proposed rule is revised based on the comments, approval from the SSA components responsible, Deputy Commissioner, and COSS must be obtained again based on the new version of the document. After all the necessary approvals are obtained, the Final Rule is published in the *Federal Register*. SSA provides training on the new rule for all adjudicators through interactive video tele-training and other types of notifications. The entire revision process spans approximately 5 to 7 years, though SSA is actively working to reduce this time.

The performance target is determined by developing regulatory actions or Social Security Rulings related to updating the medical *Listing of Impairments* for publication in the *Federal Register*. Regulatory Actions include ANPRs, NPRMs, Final Rules, Rulings, or other Federal Register notices.

### **Performance Indicator Calculation**

$$\text{Update the medical } \textit{Listing of Impairments} = \text{Total number of Social Security Rulings or Regulatory Actions Developed and Submitted to the } \textit{Federal Register}$$

### **Findings**

We did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI in the FY 2009 PAR.

---

## Conclusions

We did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the indicators subject to audit. However, our audit identified areas for improvement related to the accuracy of the results presented and disclosed in the PAR.

In response to prior PI audits, SSA stated that it did not maintain data to support some PIs as a result of computer storage capacity and staffing resources. Over the past several years, technology has evolved. Therefore, this is an opportune time for SSA to reevaluate computer storage capacity. In a prior audit, SSA also quoted OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, which stated, “Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data will exceed the value of any data so obtained.”<sup>19</sup> Currently, OMB Circular A-11 states that “Performance data need not be perfect to be reliable; however, significant data limitations can lead to inaccurate assessments and distort performance results. Examples of data limitations include imprecise measurement and recordings, incomplete data, and inconsistencies in data collection procedures.”<sup>20</sup> Additionally, OMB Circular A-11, section 230.5, states that verification and validation of performance data to support the general accuracy and reliability of performance information, reduces the risk of inaccurate performance data, and provides a sufficient level of confidence to the Congress and the public that the information presented is credible.<sup>21</sup> Although we are not making formal recommendations in this report, we encourage SSA to revisit the issue of maintaining data to support the PIs reported in the Agency’s annual PAR. Maintaining the supporting data would enable third-party evaluations of the PI, as suggested by Circular A-11.

### AGENCY COMMENTS

SSA believes that the number reported in the PAR for the number of disability claims processed is correct and has requested the data KPMG used in recalculating the number of disability claims processed. In addition, SSA believes that KPMG’s statement regarding improving the process of collecting data should be removed since no significant findings were identified.

The text of SSA’s general comments can be found in Appendix D.

---

<sup>19</sup> SSA OIG, *Performance Indicator Audit: Outstanding Debt (A-02-05-15116, 1/27/06)*, p. D-2.

<sup>20</sup> OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, July 2010, Section 230.5

<sup>21</sup> *Ibid.*

## **KPMG Response**

KPMG has provided the source of the data for the recalculated number of disability claims processed. As previously stated, the Agency was unable to provide the detailed supporting data for the number of disability claims processed as reported in the PAR. We did not make a statement to improve the process for collecting data; rather our statement was to reevaluate computer storage capacity. While we did not identify any significant findings, we believe our statement to reevaluate computer storage capacity is appropriate and will remain in the report.

We have addressed the technical comments as deemed appropriate.

# Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Process Flowchart – Disability Process

APPENDIX D – Process Flowchart Acronyms

APPENDIX E – Agency Comments

## Acronyms

Act	<i>Social Security Act</i>
ANPR	Advanced Notice of Proposed Rulemaking
CAL	Compassionate Allowance
COSS	Commissioner of Social Security
DDS	Disability Determination Services
DI	Disability Insurance
EDCS	Electronic Disability Collect System
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	<i>Government Performance and Results Act</i>
MCS	Modernized Claims System
MSSICS	Modernized Supplemental Security Income Claims System
NPRM	Notice of Proposed Rulemaking
OASDI	Old-Age, Survivors and Disability Insurance
ODD	Office of Disability Determinations
ODS	Office of Disability Systems
OMB	Office of Management and Budget
OPDR	Office of Program Development and Research
ORDP	Office of Retirement and Disability Policy
PAR	Performance and Accountability Report
PI	Performance Indicator
PM	Predictive Model
POMS	Program Operations Manual System
QDD	Quick Disability Determination
RFC	Residual Functional Capacity
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## Scope and Methodology

We obtained an understanding of the Social Security Administration's (SSA) *Government Performance and Results Act (GPRA)* business processes related to performance indicators (PI) *Achieve the target percentage of initial disability claims identified as a Quick Disability Determination or a Compassionate Allowance; Process the budgeted number of initial disability claims; and Update the medical Listing of Impairments*. This was completed through research and interviewing key SSA personnel responsible for PIs. The primary SSA components responsible for these indicators are the Offices of Disability Determinations; Disability Programs; and Program Development and Research.

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

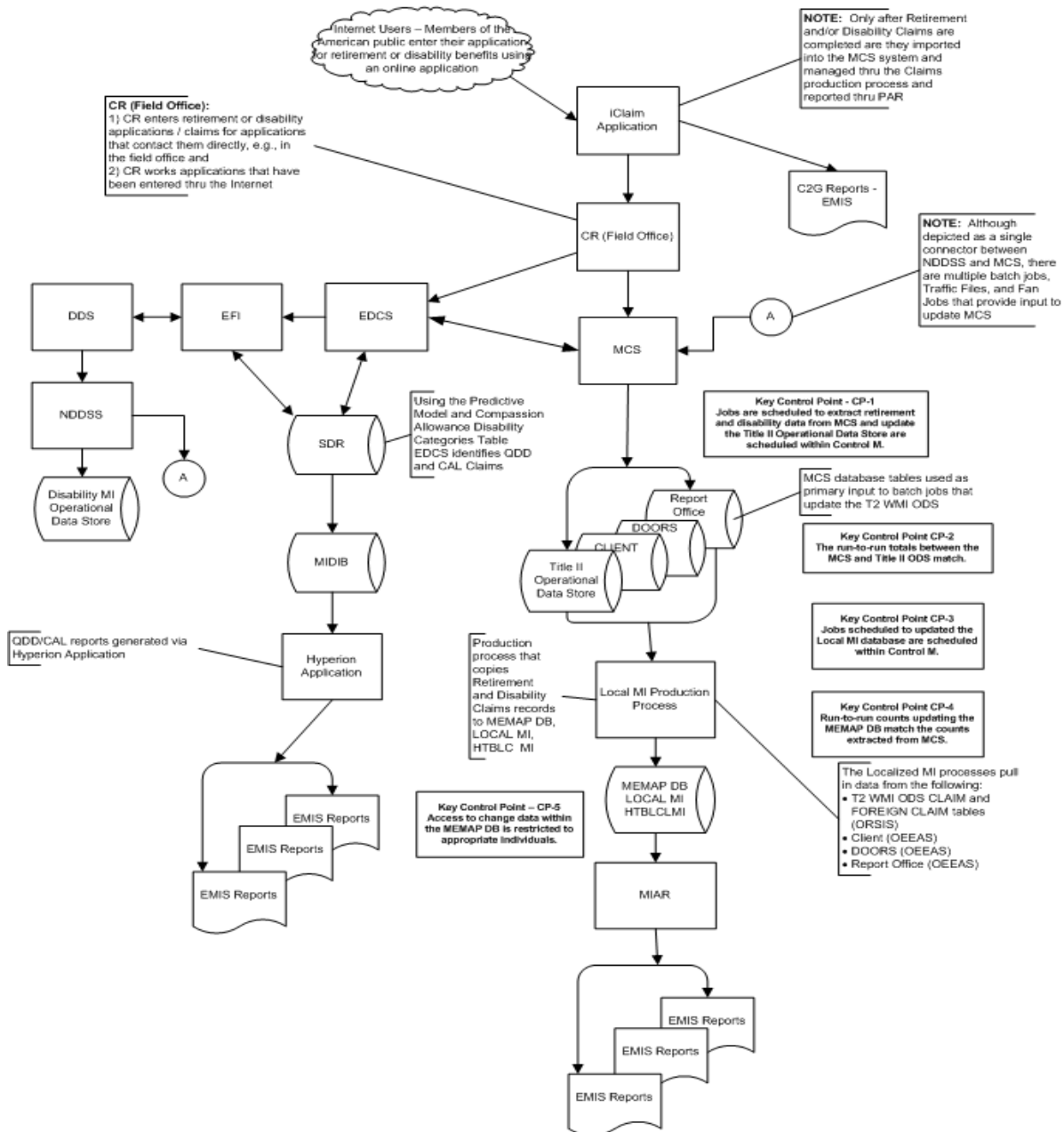
- Reviewed prior SSA, Government Accountability Office, Office of the Inspector General, and other reports related to SSA's GPRA performance and related information systems.
- Reviewed applicable laws, regulations, and SSA policy.
- Interviewed appropriate SSA personnel to confirm our understanding of the PIs.
- Flowcharted the processes (see Appendix C).
- Documented the data sources used to report on the PIs.
- Identified and tested the critical (key) internal controls (automated and manual) over the systems from which performance data are generated.
- Determined the adequacy, accuracy, reasonableness, completeness, and consistency of performance data reported in the Fiscal Year 2009 Performance and Accountability Report.
- Recalculated each measure to ascertain its accuracy, as necessary.

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 PIs. Our understanding of the Agency's mission, goals, objectives, and processes was used to determine whether the PI appeared to be valid and appropriate.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Process Flowchart – Disability Process<sup>1</sup>

Data Flow Diagram – Performance Measures 2.1b



<sup>1</sup> See Appendix D for definitions of the acronyms used in this chart.

## Process Flowchart Acronyms

CAL	Compassionate Allowance
CR	Customer Representative
DB	Database
DDS	Disability Determination Services
DOORS	Detailed Office Organization Resource System
EDCS	Electronic Disability Collect System
EFI	Electronic Folder Interface
EMIS	Executive Management Information System
HTBLC	Hierarchical Table for Local Management Information
MCS	Modernized Claim System
MEMAP	Electronic Service Delivery/Internet Management Information Architecture Project
MI	Management Information
MIAR	Management Information Architecture
MIDIB	Management Information Disability
NDDSS	National Disability Determination Services System
ODS	Operational Data Store
OEEAS	Office of Earnings, Enumeration, and Administrative Systems
ORSIS	Office of Retirement and Survivors Insurance Systems
PAR	Performance and Accountability Report
QDD	Quick Disability Determination
SDR	Structured Data Repository
WMI	Workload Management Information



## Agency Comments



## Social Security

### MEMORANDUM

Date: January 14, 2011

Refer To: S1J-3

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

From: Dean S. Landis/s/  
Deputy Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Performance Indicator Audit: Disability Process" (A-15-10-11074)--INFORMATION

Thank you for the opportunity to review the draft report. Attached is our response to the report.

Please let me know if we can be of further assistance. You may direct staff inquiries to Rebecca Tothero, Acting Director, Audit Management and Liaison Staff, at (410) 966-6975.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “PERFORMANCE INDICATOR AUDIT: DISABILITY PROCESS” (A-15-10-11074)**

Thank you for the opportunity to review the subject report. We offer the following.

**GENERAL COMMENT**

You reviewed three of our performance indicators and stated, “We did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified PI in the FY 2009 PAR.” You noted one alleged discrepancy for initial disability claims processed in fiscal year (FY) 2009. We reported 2,812,918; you recalculated the number at 2,818,356, a difference of 5,438. We believe the number reported in the Performance and Accountability (PAR) is correct. Please provide us with the data used to arrive at the 2,818,356 figure so that we can either verify its accuracy or determine the cause for the discrepancy.

Based on this alleged discrepancy, you suggest in the second paragraph on pages ii, and again on page 13, that we should improve our processes for collecting performance data. You made the same suggestion in other recent performance indicator audits (see, for example, your review *Performance Indicator Audit: Electronic Service Delivery* (A-15-10-11073)). You have not identified any significant findings supporting this suggestion; therefore, you should remove the cited paragraphs from the report.

**[In addition to the information listed above, SSA also provided technical comments that have been addressed, where appropriate, in this report.]**

## **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.