

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Fiscal Year 2014

Audit Work Plan

October 2013

I am pleased to present the Office of Audit's Fiscal Year 2014 Annual Work Plan (Plan). The reviews described in the Plan are designed to address those areas that are most vulnerable to fraud, waste, and abuse. Since 1997, we have provided our perspective on the top challenges facing SSA management to the Congress, Social Security Administration, and other key decisionmakers. For Fiscal Year 2014, the Office of the Inspector General has identified the following management challenges.

- Strengthen Strategic and Tactical Planning
- Improve Customer Service
- Improve the Timeliness and Quality of the Disability Process
- Improve Transparency and Accountability
- Invest in Information Technology Infrastructure to Support Current and Future Workloads
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce the Hearings Backlog and Prevent its Recurrence
- Strengthen the Integrity and Protection of the Social Security Number

The Plan describes reviews we plan to begin in Fiscal Year 2014. In developing these reviews, we worked with Agency management to ensure we provide a coordinated effort.

Our Plan is dynamic, so we encourage continuous feedback and additional study suggestions. This flexibility enables us to meet emerging and critical issues evolving during the upcoming year.



Steven L. Schaeffer
Assistant Inspector General for Audit
October 17, 2013

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Acronyms

AFI	Access to Financial Institutions
ALJ	Administrative Law Judge
CE	Consultative Examination
CMP	Civil Monetary Penalty
COR	Contracting Officer's Representative
DDS	Disability Determination Services
DI	Disability Insurance
DMF	Death Master File
ESF	Earnings Suspense File
FECA	<i>Federal Employees' Compensation Act</i>
FISMA	<i>Federal Information Security Management Act of 2002</i>
FY	Fiscal Year
GAO	Government Accountability Office
GPO	Government Pension Offset
GPRA	<i>Government Performance and Results Act of 1993</i>
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPIA	<i>Improper Payments Information Act of 2002</i>
IRM	Information Resources Management Strategic Plan
IRS	Internal Revenue Service
IT	Information Technology
MEF	Master Earnings File
NCC	National Computer Center
OASDI	Old-Age, Survivors and Disability Insurance
ODAR	Office of Disability Adjudication and Review
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQP	Office of Quality Performance
OTR	On the Record
PER	Pre-effectuation Review
PSC	Program Service Center
ROAR	Recovery of Overpayments, Accounting and Reporting System
SAA	Senior Attorney Adjudicator
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSNVS	Social Security Number Verification Service

Executive Summary

The Office of the Inspector General (OIG) improves the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public. The Office of Audit conducts financial and performance audits of SSA's programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess the reliability of financial data reported by SSA in its annual financial statements and any number of managerial information reports. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. The Office of Audit also conducts short-term management and program evaluations and projects on issues of concern to SSA, the Congress, and the general public. In Fiscal Year (FY) 2013, we issued 94 reports with over \$1.5 billion in monetary findings.

Annual Work Plan

Our Annual Work Plan (Plan) outlines our perspective of the major management and performance challenges facing SSA and serves as a tool for communicating our priorities to SSA, Congress, the Office of Management and Budget (OMB), and other interested parties. Our work is prioritized to focus our resources on those areas that are most vulnerable to fraud, waste, and abuse. To ensure we provide a coordinated effort, we work with our Offices of Investigations, Counsel to the Inspector General, External Relations, and Technology and Resource Management.

In preparing this Plan, we solicited suggestions from the Agency. We received a number of suggestions for inclusion in our Plan, and we have incorporated as many of them as possible. We recognize this Plan is dynamic, so we encourage continuous feedback and additional suggestions. This flexibility enables us to meet emerging and critical issues evolving throughout the upcoming year.

This Plan describes reviews we intend to complete and reviews we intend to begin in FY 2014 in the following issue areas.

- Strengthen Strategic and Tactical Planning
- Improve Customer Service
- Improve the Timeliness and Quality of the Disability Process
- Invest in Information Technology Infrastructure to Support Current and Future Workloads
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce the Hearings Backlog and Prevent its Recurrence
- Strengthen the Integrity and Protection of the Social Security Number

For more information on this Plan, please contact the Office of Audit at (410) 965-9700.

Strengthen Strategic and Tactical Planning

The environment in which the Social Security Administration (SSA) operates continues to change. The number of individuals receiving benefits has increased, and SSA predicts it will continue to increase by the millions. The Agency estimates that 80 million individuals, most from the baby boomer generation, will file for benefits over the next 20 years. The population applying for benefits will expect SSA to provide a greater number of services electronically. SSA realizes that it needs to rely more on technology, not only to meet customer expectations, but also to keep up with rising workloads.

As workloads rise, a greater proportion of SSA's workforce will become eligible to retire. In Fiscal Year (FY) 2015, 33 percent of SSA's employees will be eligible to retire, and by FY 2020, this number will increase to 45 percent. While not every employee retires as soon as he or she is eligible to do so, SSA predicts that 28 to 36 percent of its workforce will retire over the next 10 years. Given the expectation of leaner future budgets, SSA needs to plan to meet its mission with fewer resources.

At a time when SSA needs to plan to do more with less, SSA lacks long-term plans in a number of critical areas. In a March 2011 report, *The Social Security Administration: A Vision for the Future*, the Social Security Advisory Board concluded that SSA needed to develop an innovative service delivery plan that reflects the service options currently available and anticipates those that will emerge in the following 10 years. It recommended that SSA take multiple steps to ensure success in 2020, including rethinking its service delivery strategy, performing a comprehensive review of program policy to reduce complexity, establishing a Systems Modernization Plan, and developing a Human Capital Plan.

SSA's Future Systems Technology Advisory Panel's June 2010 report, *Re-imagining Social Security*, recommended that the Agency establish electronic service delivery as a strategic goal for all employees. It also recommended that SSA move to an electronic customer self-service model with the goal of moving transactions to the Internet each year until 90 percent of SSA's business takes place online. The former Commissioner of Social Security terminated the Future Systems Technology Advisory Panel on January 9, 2012 due to budgetary constraints. In announcing the termination, the Agency noted that it did not have the resources to support the panel or to implement its recommendations.

In our June 2009 report, *The Social Security Administration's Information Technology Strategic Planning*, we stated that SSA did not have a comprehensive Agency information infrastructure plan to meet potential processing needs for the next 20 years or that would allow the Agency to recover quickly if one or more major components of its processing infrastructure failed or was destroyed. While SSA has an information technology (IT) planning process, it is decentralized and SSA officials agreed that it needed to be strengthened.

In our July 2011 report, *The Social Security Administration's Customer Service Delivery Plan*, we concluded SSA did not have a long-term (10 years or longer) customer service

delivery plan. We noted that SSA must develop a long-term, customer service delivery plan that serves as a roadmap for ensuring the Agency is technologically and structurally prepared with appropriate staff to address increased workloads and provide service delivery in an electronic environment. The plan should identify what the service delivery environment will be in the future, including what services customers will expect and how they will want to receive those services.

The *Government Performance and Results Act of 1993* (GPRA) mandates that Federal agencies draft strategic plans to help improve service delivery by requiring that Federal managers plan to meet program objectives. The *GPRA Modernization Act of 2010* reaffirms the importance of strategic planning. Under this law, Federal agencies are required to continue drafting strategic plans, including descriptions of the operational processes, skills, technology, and human capital information and other resources required to meet the agencies' strategic goals and objectives.

While GPRA-based strategic plans provide a needed framework, SSA's descriptions within its strategic plans of the programs, processes, and resources needed to meet its mission and strategic objectives have generally been broad-based roadmaps. In addition, the strategic plans only cover a 4-year period, with SSA's most recent strategic plan addressing FYs 2014-2018. Other strategic plans produced by the Agency, like the Information Resources Management Strategic Plan and the Office of Human Resources' Strategic Plan, also cover periods of a few years. While planning for the next few years is important, SSA needs a longer-term vision to ensure the Agency has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond.

Service Delivery Options at Field Offices

SSA designed its 2010 Vision to serve as a roadmap of how SSA would deliver service in the future. The 2010 Vision included input from internal and external stakeholders about how service should be provided to the American public. The Vision considered the realities SSA was facing, including the aging of the baby-boomers, accelerated pace of technological changes, and anticipated retirement wave facing SSA and Disability Determination Services (DDS) workforces. The principles outlined in the 2010 Vision included expanded service options for the public, transactions completed at the first point of contact, one-stop Government service, expanded service hours, technological enhancements, and the attraction and retention of a highly qualified and skilled workforce. We will assess (1) the level of service delivery options available to the public at the field office level and (2) whether the Agency could do more to improve its service delivery options to help ensure the most effective use of field office staff.

The Social Security Administration's Acquisition Workforce Development Strategic Plan

In March 2009, the President issued a Memorandum on Government contracting and identified acquisition workforce development as a pillar for strong agency acquisition practices and improved government performance. In October 2009, the Office of Federal Procurement Policy developed the *Acquisition Workforce Development Strategic Plan for Civilian Agencies FY 2010-2014* to provide a structured approach to improve the capacity and capability of the acquisition workforce. Although SSA's acquisition workforce is small, in FY 2012, it obligated about \$1.2 billion in contract actions. We will determine whether SSA is achieving its strategic goals to increase the capability and capacity of its acquisition workforce.

The Social Security Administration's Human Capital Strategic Planning

The Government Accountability Office (GAO) placed strategic human capital management on its list of high-risk Federal programs and operations. SSA has acknowledged its employees are key to improving customer service. The Agency expects to lose over 2,000 employees in FY 2013 in addition to the 7,000 employees it lost in FYs 2011 and 2012—a total of 11,000 Social Security and State DDS employees in just 3 years. Further, decreasing budgetary resources pose another challenge SSA must address as it pursues short- and long-term strategic human capital planning. Our review will assess SSA's short- and long-term strategic human capital planning.

The Social Security Administration's Use of Strategic Sourcing

In May 2005, the Office of Management and Budget (OMB) issued a memorandum that directed Federal agencies to leverage spending to the maximum extent possible and use sound business decisions to drive spending. In November 2005, the Federal Strategic Sourcing Initiative was established to encourage cross-Government collaboration. More than 60 Federal agencies, including SSA, participate in the Initiative. In 2005, SSA formed its own strategic sourcing council under the direction of the Chief Financial Officer, Senior Procurement Executive, and Chief Information Officer to serve as an advisory group for implementing and managing Agency-wide acquisition of goods and services to comply with OMB's mandate. The council is responsible for developing SSA's Strategic Sourcing Plan, which is submitted to OMB each January. Our review will assess the effectiveness of SSA's strategic sourcing initiatives.

Unused Facilities and Unused Capacity at Hearing Offices

SSA's Office of Disability Adjudication and Review (ODAR) hearing office structure includes 10 regional offices, 169 hearing and satellite offices, 5 National Hearing Centers as well as permanent remote sites and a variety of additional facilities. This infrastructure processes more than 800,000 hearing cases annually. SSA has made efforts to co-locate ODAR hearing offices with SSA field offices. Our review will determine whether ODAR is using its resources efficiently and effectively, including the use of its hearing rooms and related equipment, such as video conferencing and audio-recording equipment.

Improve Customer Service

For over 75 years, the public has depended on SSA's programs as an economic safety net. Whether it is after the loss of a loved one, at the onset of a disability, or during the transition from work to retirement, SSA touches the lives of virtually every person in America as well as Americans living abroad. Each day, almost 182,000 people visit SSA field offices and more than 445,000 call SSA for a variety of services, such as filing a claim, asking questions, and updating information. The Acting Commissioner of Social Security has acknowledged that it has become more challenging to deliver caring, high-quality services—largely due to increased workloads, budget constraints and the economic downturn.

SSA has been receiving increasing numbers of retirement and disability claims because baby boomers are retiring and are in their most disability-prone years. In FY 2014, SSA expects to process over 5.4 million retirement, survivor, and Medicare claims; nearly 2.9 million disability claims; and 278,000 SSI aged claims.

Despite the increased workloads, SSA has taken actions to reduce its costs. This includes consolidating 44 field offices, closing 503 contact stations since FY 2010, and foregoing plans to open 8 hearing offices and a teleservice center. Additionally, SSA has limited hiring and reduced the hours that field offices are open to the public.

Many factors challenge SSA, including budget constraints, shifting demographics, growing workloads, changing customer expectations, and an aging workforce. SSA is also finding that increasing numbers of individuals expect it to provide services in new ways made possible by technology, especially as the use of mobile devices and social media increase. Despite these challenges, the public deserves competent, efficient, and responsive service.

In FY 2013, SSA published its Service Delivery Plan, which identified 22 key initiatives for providing the American public with quality service over the next 10 years. The plan highlights SSA's commitment to making improvements to (1) services readily used by the public, (2) the systems it uses to serve the public, and (3) payment accuracy and efficiency of operations.

GAO continues to recognize strategic human capital management on its list of high-risk Federal programs and operations. In its FY 2013 report on SSA's key management challenges, GAO noted that despite the ongoing retirement wave and hiring freeze, SSA has not updated its succession plan since 2006.

Providing oversight to ensure representative payees properly manage the Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. Some beneficiaries are not able to manage or direct the management of their finances because of their age or mental and/or physical impairment. For such individuals, SSA appoints a representative payee who receives and manages the beneficiary's payments. As of December 2012, SSA reported there were approximately 5.9 million representative payees who managed about \$72 billion in annual benefit payments for approximately

8.4 million beneficiaries. Our reviews continue to find problems with representative payees who improperly use and account for beneficiaries' payments.

SSA is also challenged by unauthorized changes to beneficiaries' direct deposit accounts. SSA uses direct deposit to make 98 percent of OASDI and 92 percent of SSI payments through financial institutions. In October 2011, we began tracking allegations that indicated individuals other than the beneficiaries or their representatives had redirected benefit payments away from the beneficiaries' bank accounts. As of July 2013, we had received over 39,300 reports concerning direct deposit changes to beneficiaries' records. Finally, our audits have found that SSA should improve its controls to prevent unauthorized changes to beneficiaries' bank accounts.

SSA recognizes its employees are a key element of its customer service. Most of SSA's 65,000 employees deliver direct service to the public or directly support the services provided by front-line workers. SSA projects 45 percent of its employees, including 60.3 percent of supervisors, will be eligible to retire by FY 2020. SSA expects this will result in a loss of expertise that will affect its ability to deliver quality service to the public. SSA also recognizes that it must use recruitment and retention efforts to attract a multi-generational, multi-cultural workforce with the competencies needed to achieve its mission. It is critical that SSA finds new and innovative ways to transfer institutional knowledge as its experienced employees retire.

Accounting for Large Underpayments Released to Organizational and Large Volume Representative Payees

Organizational representative payees manage benefits for some of SSA's most vulnerable beneficiaries. Our prior audits of organizational payees have shown organizations that served multiple beneficiaries can often have incomplete accounting records and questionable charges to beneficiaries. We have identified 349 organizational payees that received \$5.9 million in underpayments on behalf of 349 OASDI beneficiaries from FYs 2010 through 2012. During the same period, 63 organizational payees received \$962,032 in underpayments on behalf of 63 SSI recipients. We will determine whether organizational and/or volume representative payees maintain effective control over the receipt and disbursement of large retroactive SSA payments.

Controls over the Social Security Administration's National Remittance Process

In FY 2009, SSA's National Remittance Processing Center processed about 1.7 million remittances totaling about \$677 million. Remittances are checks, money orders, cash, and credit card payments from the public that SSA receives for a variety of reasons, including Medicare premiums, program debt, and fees for services. We will assess SSA's controls over the processing, posting, and depositing of remittances at its National Remittance Processing Center.

Greater Use of the Telephone in the Hearings Process

Claimants can testify at a hearing by telephone in some situations. Vocational and medical experts can also testify at a hearing by telephone in addition to testifying by video hearings. The advantage of the telephone is that it may allow for improved scheduling and more timely hearings while also eliminating travel costs. We will determine whether the Agency has (1) maximized the allowable use of the telephone in the current hearings process and (2) explored additional opportunities for telephonic testimony and hearings that may lead to more timely hearings as well as cost savings.

iAppeals and Field Office Workloads

SSA developed iAppeals to allow the public to appeal a disability decision via the Internet. Our prior audit work has found that more than half of all hearing requests were initiated through iAppeals, while the remaining requests needed to be faxed and uploaded by field office personnel. The electronic process does not eliminate all manual workloads at the field office since employees still need to associate other incoming documents with the electronic forms, review all incoming electronic documentation, contact the claimants to resolve any discrepancies, and mail a copy of the completed iAppeal to the claimant after it has been uploaded into SSA's systems. In FY 2012, the Agency required claimant representatives requesting direct fee payment to file their client's appeal request via iAppeals. Our review will assess (1) the role of iAppeals in reducing field office workloads associated with appeals, (2) employee experiences with the iAppeals process, and (3) efforts to enhance iAppeals and increase participation.

Oversight of Claimant Representatives at the Initial and Reconsideration Levels

As part of SSA's mission to ensure the overall integrity of its disability hearings function, the Agency is concerned that claimants, especially those who are generally unfamiliar with SSA's hearings process and who do not have access to local counsel or advocacy assistance, could be susceptible to predatory or fraudulent practices. The Agency requested that we (1) assess whether there are any overt fraudulent or predatory practices with respect to solicitation of claimant representation; (2) analyze control processes at the earlier stages for their efficacy in preventing unscrupulous and predatory behavior by claimant representatives; and (3) determine whether there are any serious integrity issues that SSA may be able to address through rules, regulations, or implementation of other policies.

Payments to Individuals or Organizations Who Have Not Been Selected or Were Terminated as Representative Payees

Congress granted SSA the authority to appoint representative payees to receive and manage beneficiaries' payments if the beneficiaries cannot manage or direct the management of their benefits because of their youth or mental and/or physical impairments. Representative payees may be individuals or organizations. The Representative Payee System is a nation-wide database of representative payee information, including information from representative payee applications, changes for existing payees, and the payee-beneficiary relationship. We will determine whether SSA has adequate controls to ensure representative payees on SSA's payment records are accurately reflected in the Representative Payee System.

Representative Payees' Use of Boarding Homes

Our Office of Investigations has identified several representative payees that appear to be referring SSA beneficiaries to boarding homes with substandard living conditions. The Office of Investigations is concerned that this process enables the representative payee to provide room and board at a lower-than-market cost, thereby making SSA beneficiary funds available to supplement the representative payee's operations. Our audit will determine whether representative payees are referring beneficiaries to boarding homes with substandard living conditions.

The Social Security Administration's Medicare Attainments and Leads Process

SSA determines Part B Medicare eligibility for SSI recipients living in certain States. The Medicare Attainment and Leads Process is an automated process SSA uses for Medicare-only claims for uninsured SSI recipients as they near age 65. As a result of an April 23, 2010 U.S. District Court ruling, SSA is required to enhance its screening process in certain States. We will assess the effectiveness of SSA field offices when determining whether SSI recipients are eligible for Medicare.

The Social Security Administration's Plans to Implement User Fees for Additional Information Requests

In September 2011, we issued a report on *Social Security Administration Field Office User Fees*. In this report, we concluded SSA could implement user fees for certain high-volume services and records processed at its field offices. Specifically, we believed SSA should consider charging its customers standardized fees for replacement SSN cards, SSN Printouts, and Benefit Verifications. In FY 2010, we estimated that the cost to SSA for processing these three workloads was about \$660 million. If SSA charged a fee to recover these costs, or avoided the costs through decreased demand, SSA could focus its limited resources on other critical workloads. In response to the report, SSA stated that it established a workgroup to study the best method to standardize fees, define the business process to charge and collect fees, and determine the costs to implement a remittance process to collect fees for certain services. The Agency further stated that the workgroup will evaluate the legislative changes needed to authorize SSA to charge fees for statutorily mandated services and the use of the resulting revenues. This audit will evaluate SSA's progress in implementing user fees for information requests.

The Social Security Administration's Pre-Release Procedures of Institutionalized Individuals

SSA participates in the Federal Interagency Reentry Council, whose mission is to assist individuals who are leaving prisons and jails to become productive, valued members of their communities. One of SSA's prime initiatives in support of the Council is expanded use of pre-release collaborations with Federal, State, county, and local institutions. A pre-release agreement is a written agreement between an institution and SSA to cooperate in processing SSI applications of potentially eligible individuals before they reenter the community after a period of institutionalization. We will determine the effectiveness of SSA's Pre-Release Program.

Improve the Timeliness and Quality of the Disability Process

In recent years, SSA has faced a considerable increase in initial and reconsideration claims. In FY 2012, SSA received almost 3.2 million initial disability and over 832,000 reconsideration claims. As of June 2013, SSA had received over 2.2 million initial and almost 590,000 reconsideration claims. The increase in claims is matched by an increase in the number of claims pending completion. Specifically, at the end of FY 2008, there were about 565,000 initial claims pending. However, as of June 2013, initial claims pending had grown to almost 731,000, a 29-percent increase over the FY 2008 year-end pending level.

In November 2010, SSA released its *Strategy to Address Increasing Initial Disability Claims Receipts* (Strategy). The multi-year Strategy's goal was to reduce initial claims pending to a pre-recession level of 525,000 by 2014 and includes

- increasing staffing in the DDSs and Federal disability processing components;
- improving efficiency through automation;
- expediting planned IT infrastructure investments to optimize systems performance; and
- refining policies and business processes to expedite case completion.

As part of the Strategy, SSA provided funding for States to hire additional DDS employees. To meet that objective, in FYs 2009 and 2010, SSA hired over 2,600 new DDS employees. SSA also hired an additional 237 employees at its Federal disability processing units. These units provide case processing assistance to DDSs most adversely affected by increasing initial disability claims receipts. SSA also created centralized units, called Extended Service Teams, in Arkansas, Mississippi, Oklahoma, and Virginia. The Teams assist and take claims from the States with the highest pending levels.

As a result of SSA's hiring efforts, initial disability claims pending declined in FYs 2011 and 2012. However, in FY 2011, SSA froze DDS hiring and allowed only limited, critical hiring in FY 2012. With the loss of DDS employees and a high level of initial disability claims receipts, SSA does not expect to achieve its initial claims pending level goal of 525,000 by FY 2014 and has not established an updated goal. We are currently conducting an audit of the actions SSA is taking to reduce the initial disability claims backlog.

The increase in initial disability applications also forces the dedication of DDS resources to processing initial applications rather than conducting medical continuing disability reviews (CDR). In our March 2010 review, *Full Medical Continuing Disability Reviews*, we reported that SSA had a backlog of over 1.5 million medical CDRs at the end of FY 2010. As a result, we estimated that from Calendar Years 2005 through 2010, SSA could have avoided making benefit payments of between \$1.3 and \$2.6 billion if the medical CDRs in the backlog had been conducted by DDSs when they were due. SSA projects a backlog of 1.3 million medical CDRs will still exist at the end of FY 2013. We will continue working with SSA as it improves the disability process and addresses the workload backlogs. We will also continue working with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations program. The program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. SSA's Offices of Operations, Inspector General, and Disability Programs manage the program in a cooperative effort.

Appointed Representative Services

Appointed Representative Services provides appointed representatives with the ability to

- access the electronic folders of their claimants pending at the Hearing and Appeals levels via a secure SSA website,
- download a status report with key information about their pending and recently closed cases, and
- download the audio hearings of their claimants.

The first online service is access to the electronic folder for select representatives on Hearing and Appeals Council level cases. Our review will evaluate SSA's online services for claimant representatives.

Completeness of the Social Security Administration's Disability Claim Files at the Disability Determination Services Level

A December 10, 2012 *Federal Times* article stated that many disability applicants are denied at the DDS level because their records are not complete. Therefore, we will analyze a sample of cases to determine what sources of information the claimants listed, what records the DDSs received, whether DDSs did appropriate follow up, whether claimants gave treatment updates, and whether DDSs received them. Our analysis will evaluate the completeness of SSA's disability claim files at the DDS level.

Controls to Ensure Medical and Psychological Consultants are Licensed and Not Suspended or Barred

All DDS employees, medical consultants, psychological consultants, and consultative examination (CE) providers are expected to comply with the standards of professional conduct and to conduct all activities with government agencies professionally and ethically. DDSs must annually check the Health and Human Services, Office of Inspector General's List of Excluded Individuals/Entities, and verify medical licenses, credentials, and certifications of CE providers with State Medical Boards. Additionally, DDSs must verify license renewals and conduct periodic license checks for CE providers. Our review will determine whether DDSs ensure all contracted medical and psychological consultants have current licensure and credentials with State Medical Boards, and are not suspended or barred.

Disability Determination Services Examiner Performance

DDS disability examiners, working with medical consultants, review medical evidence and the circumstances of disability cases to determine whether claimants meet SSA's definition of disability. We will identify factors that affected the performance (that is, processing times and decisional quality) of disability examiners at DDSs whose performance is below the national average.

Disabled Beneficiaries with an Incorrect Date of Disability Onset

Individuals who may be eligible for disability benefits must file an application for benefits with SSA, meet the non-disability requirements, and provide medical evidence of an impairment severe enough to preclude work. As part of the disability determination, a DDS establishes a date of disability onset. When a claimant files an application for benefits, a field office may record an onset date that is equal to the application date if there is insufficient evidence of when the alleged disability started. After the DDS obtains the necessary medical evidence of the disability, it may change onset to an earlier date. We will determine whether SSA is establishing a correct onset date for disabled beneficiaries.

Nationwide Trends in Childhood Cognitive Impairments

SSA has 11 classifications of mental (cognitive) impairment disabilities under which a child could qualify for SSI benefits. In FY 2012, SSA approved about 125,000 childhood mental impairment disability claims. Of these claims, most occurred in only four of the classifications—including Attention Deficit Disorder/Hyperactivity Disorder. This audit will determine whether certain geographical areas had an unusually high number of approved childhood mental impairment disability claims, and whether certain medical providers submitted evidence to support the disability decision.

The Social Security Administration's Process for Presumptive Disability

To promote prompt payment to needy individuals, SSA regulations permit field offices and DDSs to find an applicant for SSI to be presumptively disabled. The standards for presumptive disability are not as strict as the standards for a formal disability determination. Every individual filing an SSI claim is considered to be a candidate for presumptive benefits. In FY 2012, SSA processed over 381,000 presumptive disability decisions, of which approximately 66,000 were later denied benefits—approximately 31,000 for medical reasons, and 35,000 for technical reasons. The average processing time for presumptive disability denials ranged between 1 and 3 months. Therefore, these 66,000 claimants were paid benefits for 1 to 3 months for presumptive disability claims that were later denied. We will evaluate the process for making presumptive disability determinations and the financial impact on the SSI program.

Variations in Indirect Costs Claimed by Disability Determination Services

SSA does not limit the amount of indirect costs State DDSs claim and relies on the cognizant Federal agency to represent its indirect cost interests. In fact, in a March 2004 report, *Social Security Administration's Oversight of Indirect Costs Claimed by Disability Determination Services*, we found SSA did not have oversight for the entire indirect cost negotiation process. However, SSA has the authority to limit any expenditure of line-item funds for State DDS costs. We will evaluate the reasons for variances in indirect costs claimed by State DDSs and determine whether the variances are reasonable based on DDS conditions.

Improve Transparency and Accountability

Transparency and accountability are critical factors in the level of trust and confidence the American public has in its Government, including SSA. If the Agency does not spend tax dollars wisely or efficiently, the goals SSA is trying to accomplish are undermined. Mismanagement and waste, as well as a lack of transparency for citizens into Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

Sound financial reporting and effective performance measurement support both concepts of transparency and accountability. Per the *Chief Financial Officers Act of 1990*, the Office of the Inspector General (OIG) oversees an audit of SSA's financial statements each year to ensure that the Agency provides clear and accurate financial information to the Administration, Congress, and public.

Effective internal control helps ensure SSA is accountable to its mission. SSA management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. OMB Circular A-123, *Management's Responsibility for Internal Control*, requires that SSA develop and implement cost-effective internal controls for results-oriented management. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. In FY 2014, we will complete a number of audits that determine the effectiveness of the controls SSA has in place over its programs and systems.

As part of its efforts to be accountable, SSA must ensure that its partners provide the contracted services efficiently and effectively. Each year, SSA enters into a number of contracts and provides a number of grants that help the Agency obtain services and research. In FY 2011, SSA spent nearly \$1.4 billion on contracts and grants that provided many services, including computer system development and support. We will review multiple contracts in FY 2014 to ensure SSA receives the services for which it paid and has proper internal controls in place to ensure effective oversight of contractors.

Certification and Training for Contracting Officer's Representatives

Since the *Services Acquisition Reform Act of 2003* designated Contracting Officer's Representatives (COR) as part of the acquisition workforce, the Government has taken steps to develop and strategically manage this critical portion of the acquisition workforce. CORs ensure that contractors meet their commitments and are often the first to recognize when a program or contract is under-performing. To ensure CORs are trained and developed, the Office of Federal Procurement Policy issued a memorandum in September 2011 that revised the COR program to include a three-tiered certification program. To adhere to COR training requirements, in January 2012, SSA implemented program guidance. The guidance provides certification requirements for SSA's CORs. Our review will determine the effectiveness of SSA's certification and training program for CORs.

Consistency of Office of Quality Performance Reviews

The Office of Quality Performance's (OQP) largest workloads are the DI and SSI pre-effectuation reviews (PER). Traditionally, each OQP review component completed the DI PER for its corresponding DDS, and OQP Baltimore performed most of the SSI PERs. Effective October 1, 2009, OQP implemented a national PER process in which all 11 OQP review sites review DI and SSI PER cases from all DDSs nationwide. We will determine whether OQP's use of virtual reviews has promoted consistency between offices that make disability determinations and between offices that review disability determinations.

Contract Audits

Goodwill Industries of the Chesapeake. SSA awarded a firm-fixed-price contract to Goodwill Industries of the Chesapeake to provide janitorial/custodial services at SSA buildings in Woodlawn, Maryland. The full period of performance is for a base year plus 9 option years through February 28, 2018. The estimated 10-year contract amount is \$62.6 million. We will determine whether (1) the contractor was complying with the contract terms and applicable regulations, and (2) SSA was providing adequate contract oversight and properly monitoring the contract.

Herman Miller, Inc. SSA awarded a 5-year contract to Herman Miller, Inc. for workstation services. The services include relocating, reconfiguring, improving, and maintaining previously installed Herman Miller workstations at SSA's field and hearing offices throughout the United States. The contract, which began in January 2012, includes a base year with four 1-year options, and has an estimated total cost of about \$27.5 million. This audit will (1) determine whether SSA received the goods and/or services for which it contracted and (2) review the accuracy of the costs charged to SSA.

Iron Bow, Technologies, Inc. SSA awarded a \$48.7 million, 33-month (base period of 9 months and 2 option years), cost-plus-fixed-fee, delivery order to Iron Bows. The delivery order is for Local Area Network/Wide Area Network hardware and software, and maintenance-related services to support SSA's enterprise network infrastructure. We will (1) ensure SSA received the goods and services for which it contracted and (2) review the services provided and the related costs charged to SSA for adherence to the negotiated contract terms and applicable regulations.

SSA Headquarters Guard Contract. Our recent reviews of SSA's guard service contracts for its Headquarters, National Computer Center, Security West, and Metro West buildings determined the guards were not complying with certain contract terms. We will determine whether (1) the guard services contractor was complying with the contract terms and applicable regulations, and (2) SSA was providing adequate contract oversight and properly monitoring the contract.

Cost-Effectiveness of Vocational Rehabilitation Services

SSA pays State Vocational Rehabilitation Agencies for the cost of the services they provide to beneficiaries receiving DI or SSI payments based on disability or blindness. The *Rehabilitation Act of 1973*, as amended, identifies the services provided by a State Agency. At the individual level, an individualized plan for employment spells out agreed upon services between the disabled individual and the State Agency. Rehabilitation agencies can choose on a case-by-case basis to be reimbursed either for the full cost of services (only payable if the individual returns to work for at least 9 continuous months at a substantial earnings level); or they can be paid under the rules of the Ticket to Work program for individual months where the claimant earns over a given amount. We will provide an analysis of the cost-effectiveness of vocational rehabilitation services for both Ticket and non-Ticket to Work participants. We will compare the amount SSA paid to State agencies for services provided to the amount of savings incurred by disabled beneficiaries who no longer needed disability benefits due to a return to work.

Cost Rates Charged for Reimbursable Work for Data Exchanges

SSA has significantly increased its electronic exchange workload. The Agency has been verifying information with other Federal, State, and local government agencies, and with many private organizations. SSA uses various systems for these data exchanges. As the number, type, and complexity of these exchange programs increase and supporting agreements increase, the workloads of SSA components responsible for these various programs has increased. As of 2013, the Agency reported it had over 3,000 data matching and exchange agreements. Our prior work has found that the cost for data exchange programs can range from as high as \$1.06 for the Consent Based Social Security Number Verification Program to \$0.0062 for the Help America Vote Verification Program. We will compare SSA's methodology for determining its costs for various programs and determine whether SSA is receiving appropriate reimbursement from government agencies and the private sector for its data exchange services.

Employee Background Checks

According to a 2010 study by the Association of Certified Fraud Examiners, the typical American business will lose as much as 7 percent of its annual profits as a direct result of employee fraud. The median amount of fraud perpetrated by employees exceeds \$80,000, annually. A comprehensive background check can help an employer identify red flags that could suggest future fraud. Moreover, conducting employee background searches using public records and court/law enforcement records can be beneficial in stopping employee fraud at the point of entry. Our review will determine the adequacy and completeness of the Agency's procedures for conducting background checks on its employees.

Fiscal Year 2014 Financial Statement Audit Oversight

The *Chief Financial Officers Act of 1990* requires that agencies annually prepare audited financial statements. Each agency's Inspector General is responsible for auditing these financial statements to determine whether they provide a fair representation of the entity's financial position. This annual audit also includes an assessment of the agency's internal control structure and its compliance with laws and regulations. The audit work to support this opinion of SSA's financial statement will be performed by Grant Thornton. To fulfill our responsibilities for ensuring the quality of the audit work performed, we will monitor Grant Thornton's audit of SSA's financial statements.

Fiscal Year 2014 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General provide a summary and assessment of the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them.

Individuals Receiving Federal Employees' Compensation with "Earned Wages" Reported on the Social Security Administration's Master Earnings File

The *Federal Employees' Compensation Act* (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. FECA provides payment as compensation for lost wages, monetary awards for medical care, vocational rehabilitation, and survivor's compensation. FECA is administered by the Office of Workers' Compensation Programs, within the Department of Labor. We will determine the number of FECA recipients classified as not having a wage-earnings capacity or whose wage-earnings capacity has not yet been determined who also have wages posted on SSA's MEF.

Oversight of the Benefit Offset National Demonstration Project

Congress mandated the Benefit Offset National Demonstration Project under the *Ticket to Work and Self Sufficiency Program of 1999*. The Project tests modifications to current program rules that apply only to participating beneficiaries who work and may receive either DI or concurrent DI and SSI benefits based on disability or blindness. SSA awarded Abt Associates, Incorporated, a contract to administer the Project on December 7, 2009. The Project is for \$121 million over 9 years. We will determine whether SSA (1) established a methodology to determine the value received for funds spent on the Project contract with Abt; (2) documented results consistent with this methodology; and (3) periodically evaluated these results and adjusted the Project, as appropriate. Additionally, we will determine the status of the Project, assess the implementation of recommendations from our March 2009 report, and identify any new insights SSA has gained to enable more beneficiaries to return to work and maximize their employment, earnings, and economic independence.

Performance Indicator Audit: Average Processing Time for Initial Disability Claims

According to SSA's FY 2012 Performance and Accountability Report, SSA's goal for average processing time for initial disability claims was 111 days, which was met by achieving an average processing time of 102 days. SSA requested that we conduct this audit to review the performance indicator "Minimize the average processing time for initial disability claims." Specifically, we will (1) document the sources of data that were collected to report on the performance indicator; (2) identify and test critical controls of systems from which the data were gathered; (3) test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the performance indicator; and (4) recalculate the measure to ascertain its accuracy.

Tax Reporting Related to Claimant Representatives

Individuals claiming OASDI or SSI payments may appoint a representative to act on their behalf in matters before SSA. An appointed representative—which may be an attorney or an eligible non-attorney who has met certain requirements—must submit to SSA a written agreement between him/her and the claimant to seek compensation for services rendered with respect to the claim. SSA is required to provide taxpayer information to the Internal Revenue Service (IRS) for direct fee payments made to representatives. In our December 2012 audit, *Controls Over Payments Made to Claimant Representatives at the Hearings Level*, we reported that the Agency did not issue Forms 1099-MISC in FY 2011 to report approximately \$184 million in fee payments to the IRS. According to SSA, Forms 1099-MISC were not issued to claimant representatives for a number of reasons, including (1) payments did not contain the representative's SSN; (2) the claimant representative had a foreign address; or (3) SSA reissued the payment. We will determine whether SSA timely and accurately reports claimant representative payments for tax purposes.

The Social Security Administration's Controls over the Tax Withholding of Certain Nonresident Aliens Outside the United States

The 1983 amendments to the *Social Security Act* require that SSA withhold taxes from the monthly benefit payments of certain non-citizens living outside the United States. In withholding the tax, SSA acts as a withholding agent of the IRS. Taxes are not withheld from qualifying beneficiaries if certain circumstances exist. For instance, the United States does not deduct taxes if beneficiaries reside in a country where the United States has a tax treaty forbidding taxation of benefits. In 2011, about 272,000 beneficiaries who received about \$2.2 billion in OASDI benefits lived in foreign countries that were not exempt from tax withholdings. If these beneficiaries were subject to tax withholdings, SSA would have been responsible for withholding up to \$577 million in benefits payments. We will determine whether SSA is properly withholding taxes from benefit payments made to certain nonresident aliens who live outside the United States.

The Social Security Administration's Travel Charge Card Program

Generally, cardholders use Government travel charge cards to pay for airline tickets, lodging, rental cars, and other work-related travel costs. SSA's travel charge card program uses individually and centrally billed accounts. When individually billed accounts are used, the cardholder is responsible for paying the credit card and claiming reimbursement for travel expenses from the Agency. On October 5, 2012, the President signed into law the *Government Charge Card Abuse Prevention Act of 2012*, which codifies a number of program integrity policies and reporting requirements for Government charge card programs. In addition, the Act requires that internal controls be established and maintained when agencies have employees who use travel charge cards that are billed directly to the Government. We will assess whether SSA's travel charge card program and centrally billed accounts comply with the *Government Charge Card Abuse Prevention Act of 2012* and its applicable policies and procedures.

The Social Security Administration's Use of Hurricane Sandy Relief Funds

On January 29, 2013, the President signed into law the *Disaster Relief Appropriations Act of 2013*, which provided FY 2013 supplemental appropriations to respond to, and recover from, the damage caused by Hurricane Sandy. The final legislation provided funds to 18 Federal agencies and directed their Offices of Inspector General to oversee the use of these funds. SSA could receive up to \$2 million in funds. According to this law, all programs and activities that receive these funds shall be deemed to be susceptible to significant improper payments for the purposes of the *Improper Payments Information Act of 2002*. Our audit will determine whether SSA appropriately used funds obtained from the Hurricane Sandy Relief Fund.

Various Incurred Cost Audits

The Federal Acquisition Regulation states that "...a single agency shall be responsible for establishing final indirect cost rates for each business unit. These rates shall be binding on all agencies and their contracting offices, unless otherwise specifically prohibited by statute. The contractor shall submit an adequate final indirect cost rate proposal to the contracting officer (or cognizant Federal agency official) and auditor..." SSA's Office of Acquisition and Grants has requested that we conduct incurred cost audits for various contractors to evaluate the indirect cost rates as reported in the various indirect cost-rate proposals. Specifically, we will determine whether the costs used to develop these rates were reasonable, allowable, and allocable in accordance with the contract terms and applicable Government acquisition regulations.

Vocational Rehabilitation Services Reimbursements for Supplemental Security Income and Disability Insurance Beneficiaries

SSA pays State Vocational Rehabilitation Agencies for the cost of the services they provide to beneficiaries receiving DI or SSI payments based on disability or blindness. In FY 2012, SSA paid over 5,300 claims from State Agencies, totaling over \$78 million. We will test internal controls to determine the validity and accuracy of SSA's reimbursements to the State vocational rehabilitation units.

Vulnerabilities with the mySocialSecurity Application

SSA launched the mySocialSecurity online account application in May 2012 to allow people to establish accounts and view their Social Security statement online. In January 2013, the Agency expanded mySocialSecurity services to allow beneficiaries to access their benefit payment history and make direct deposit and address changes to their account. On April 30, 2013, SSA notified us that its offices in the St. Louis area were reporting complaints from customers who received mySocialSecurity confirmation letters without having gone through the authentication process to establish an account. Since that time, we have been working with SSA to take action on these cases. In May 2013, SSA assembled a task force to address access changes needed for the mySocialSecurity application, and the Agency installed temporary authentication controls on mySocialSecurity to improve security. We will determine whether additional improvements are needed to protect the mySocialSecurity application from being used fraudulently.

Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA faces the challenge of how best to use technology to meet its increasing workloads with reduced budgetary and human resources. Further, SSA will not be able to manage its current and future workloads without the proper IT infrastructure. The Agency uses a variety of technologies, including telephone service, the Internet, and videoconferencing to deliver service to its customers. We have concerns regarding the Agency's IT physical infrastructure; development and implementation of secure electronic services; logical access controls and security of sensitive information; and strategic IT planning.

SSA's primary IT investment over the next few years is the replacement of its National Computer Center (NCC). SSA received \$500 million from the *Recovery Act* to replace the NCC. The NCC was built in 1979, and while its computing capacity has been expanded over its 30 years of operations, increasing workloads and expanding telecommunication services are severely straining its ability to support the Agency's business. Additionally, significant structural problems and electrical capacity issues have developed that make construction of a new primary computer center imperative. The Agency plans to complete construction of its National Support Center in 2014 and move its IT infrastructure to the new data center by 2016.

The Agency uses a variety of technologies, including telephone service, the Internet, and videoconferencing to deliver service to its customers. Each year, SSA reports about 57 million calls on its National 800-Number and a comparable number in its field offices. To provide additional customer service avenues, the Agency introduced its first online service, the Internet Social Security Benefit Application in 2000, and by the end of 2012, SSA was offering the public 28 eServices. SSA still primarily administers its services to the public through face-to-face or telephone contact.

Moreover, with the recent surge in retirement and disability claims caused by the recession, retirement of baby boomers, and baby boomers reaching their disability prone years, SSA plans to develop additional electronic services and continue to increase its use of social media to communicate with its customers and decrease the volume of telephone calls and the number of patrons visiting its field offices.

While expanding its inventory of electronic services, the Agency needs to ensure its existing and future electronic services are secure. Prior investigative and audit work have identified multiple incidents of fraud committed through SSA's electronic services. For instance, in October 2011, we began tracking allegations that indicated individuals other than the beneficiaries or their representatives had redirected benefit payments away from the beneficiaries' bank accounts to accounts the individuals controlled. As of July 15, 2013, we had received over 39,300 reports concerning direct deposit changes to an SSA beneficiary's record. These reports involved either an unauthorized change or a suspected attempt to make an unauthorized change. As a result, the Agency has taken or will take actions to help prevent future direct deposit fraud.

Critical government and private-sector computer networks are under constant attack from foreign nations, criminal groups, hackers, virus writers, and terrorist organization. According to a 2011 GAO report, cyber-attacks have increased by 650 percent in the past 5 years. Most major cyber-attacks have targeted known vulnerabilities through unpatched systems, even though a patch existed prior to the outbreak. As a result, cyber-security is becoming increasingly important as all agencies work to ensure that their systems and networks are secure and their information remains intact and accessible to the right users. SSA's FY 2009, 2010, and 2011 Financial Statement Audits identified a significant deficiency in the Agency's control of access to its sensitive information. The FY 2012 Financial Statement Audit raised the deficiency to a material weakness in internal control related to information security in the areas of monitoring, logical access, and configuration controls. SSA has assembled a workgroup to address the access control material weakness.

One of the most difficult challenges facing the Federal government is how to secure its networks, while allowing agencies to expand mobile computing. On December 9, 2010, President Obama signed into law the *Telework Enhancement Act of 2010* to improve telework across the Federal government. As part of its telework program, each agency must ensure that adequate information and security protections for information and information systems are used while teleworking.

To address ever-increasing security challenges, it is crucial that SSA implement a well-designed continuous monitoring strategy to monitor and assess security controls. SSA has issued its *Continuous Monitoring Strategy*, but is still implementing it. OMB and the National Institute of Standards and Technology require near real-time, continuous monitoring for risk management and risk-based decision-making.

Finally, Federal agencies must ensure they wisely invest their scarce resources. A Federal agency must develop and maintain an Information Resources Management Strategic Plan (IRM) that supports an agency's Strategic Plan to help accomplish its mission. In addition, the strategic planning process should drive performance improvements to save money and avoid costs through collaboration, reuse, productivity enhancements, and elimination of redundancy.

Our prior audit work in this area found that SSA's IRM activities only span 2 years. In addition, the IRM did not provide the Agency with a clear IT blue print or IT resource requirements, and did not address all critical future challenges. For example, SSA's IRM did not provide a long-term IT human capital plan that addresses the Agency's specific needs for IT expertise to maintain or improve its legacy systems. Further SSA's IRM for FYs 2012 through 2016 does not provide a detailed explanation of the IT infrastructure that will be needed to support the Agency's programs 5 to 10 years in the future.

Under the current budget trend, it is crucial for SSA to ensure its IT investments are guided by its strategic planning and investment control process to ensure it receives the full functionality and cost savings expected and to prevent duplicate efforts and waste.

Fiscal Year 2014 Evaluation of the Social Security Administration's Compliance with the Federal Information Security Management Act

The *Federal Information Security Management Act of 2002* (FISMA) provides the framework for securing the Government's information and information systems. All agencies must implement the requirements of FISMA and report annually to OMB and Congress on the adequacy and effectiveness of their security programs. OMB uses this information to evaluate agency-specific and Government-wide security performance, develop the annual security report to Congress, and assist in improving and maintaining adequate agency security performance. FISMA directs each agency's OIG or an independent external auditor to perform an annual, independent evaluation of the effectiveness of the agency's information security program and practices. We will oversee Grant Thornton's audit of SSA's compliance with FISMA for FY 2014.

Impact of Inaccurate Beneficiary Address Information in the Social Security Administration's System of Records

Prior audits have found inaccurate beneficiary address information in SSA's records. Once a beneficiary begins receiving benefits, there is little incentive to notify SSA of an address change, especially if the beneficiary is receiving benefits via direct deposit. Should SSA need to contact the beneficiary, it may have to research the beneficiary's current address. We will assess the impact of inaccurate beneficiary address information in SSA's system of records.

The Efficiency and Effectiveness of the Social Security Administration's Patch Management Process

One of the most common issues identified by security and IT professionals is the failure to keep operating systems and application software patched. Timely patching of security issues is generally recognized as critical to maintaining the operational availability, confidentiality, and integrity of information systems. Prior audits have identified older versions of software applications (un-patched) running on Agency systems. Failing to timely implement systems and applications, SSA may lose confidentiality, availability, and integrity of system and data resources. We will assess whether SSA's patch management process is efficient and effective to prevent network vulnerabilities.

The Security of the Social Security Administration's SharePoint Sites

SharePoint is a Web-based collaboration tool that allows groups or individuals to create Websites on which users can interactively share information and data. While SharePoint is a useful tool for SSA, internal controls should be considered when establishing these websites. For example, a non-sensitive document originally stored in SharePoint can become sensitive if users are allowed to change the content or location of the document. Accordingly, we will assess the security of a selection of SSA's SharePoint sites.

The Social Security Administration's Ability to Identify and Remediate Cyber Attacks

OMB emphasizes monitoring the security of information systems on an ongoing basis with a frequency sufficient to make ongoing, risk-based decisions. Implementation of a robust, continuous monitoring program allows an organization to understand the state of its information systems security over time and to maintain its security posture in a highly dynamic environment with changing threats, vulnerabilities, technologies, and mission/business functions. According to a 2011 GAO report, cyber-attacks have increased by 650 percent in the past 5 years. We will assess SSA's ability to identify and remediate cyber-security incidents.

The Social Security Administration's Process for Procuring Software

Each year, SSA spends millions of dollars for computer software licenses and software maintenance and support. SSA is aware of the importance of managing its software costs. As such, the Agency has hired contractors to evaluate its software usage and procurement costs. The objectives of this audit are to assess SSA's software license requirements, software maintenance and support needs, and determine whether SSA has viable options to reduce its software costs.

Reduce Improper Payments and Increase Overpayment Recoveries

SSA is responsible for issuing over \$800 billion in benefit payments annually to about 60 million people. Given the amount involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments.

Workers, employers, and taxpayers who fund the SSA and SSI programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers, some payment errors will occur.

For example, according to SSA, in FY 2011:

- The OASDI improper overpayment error was \$2.27 billion or 0.32 percent of program outlays, and the underpayment error was \$946 million or 0.13 percent of program outlays.
- The SSI improper overpayments were \$3.79 billion or 7.34 percent of program outlays, and underpayment errors were \$947 million or 1.83 percent of program outlays.

For FYs 2012 and 2013, SSA's goal was to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments; whereas for SSI, the Agency's goal was to achieve a 98.8-percent underpayment accuracy rate and a 95-percent overpayment accuracy.

One of SSA's greatest payment accuracy challenges is SSI overpayments. According to SSA, the SSI overpayment accuracy rate in FY 2008 was 89.7 percent, the lowest rate since the program's early days. However, the Agency has made improvements; and in FY 2011, the SSI overpayment accuracy was 92.66 percent.

SSA is undertaking projects to (1) maximize its use of proven debt collection tools and techniques; (2) implement new tools for debt collection; and (3) develop recommended changes to laws, regulations, and policies to enhance its ability to collect debt.

In November 2009, the President issued Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*. In March 2010, OMB issued guidance for implementing the Executive Order. In July 2010, the *Improper Payments Elimination and Recovery Act of 2010* was enacted. OMB issued guidance on implementing this Act in April 2011. As a result, all agencies with high-priority programs—because they have significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA's programs as high-risk. Furthermore, in January 2013, the *Improper Payments Elimination and Recovery Improvement Act of 2012* was enacted, which refined steps agencies should take to address improper payments.

CDRs and redeterminations are cost-effective program integrity tools. By completing CDRs, SSA periodically verifies that individuals are still disabled and entitled to disability payments; whereas, through redeterminations, SSA verifies that SSI recipients still meet the non-medical factors of eligibility.

Available data indicate that SSA saves about \$9 for every \$1 spent on CDRs, including Medicare and Medicaid program effects. However, because of the lack of funding, the Agency reduced this workload over a several year period. From Calendar Years 2005 through 2010, we estimated SSA made between \$1.3 and \$2.6 billion in disability benefit payments that could have been avoided had full medical CDRs been conducted when they became due.

According to SSA, it processed about 2.6 million SSI redeterminations in FY 2012. Recent SSA estimates have indicated redeterminations provide a return-on-investment of about \$6 in lifetime program savings for every \$1 spent.

SSA has identified, and taken steps to address, the causes of improper payments. For example, one of the major causes of improper payments in the OASDI program is benefit computation errors. SSA has developed automated tools to address the more troublesome computation issues. Another major cause of improper payments in the SSI program is a recipient or representative payee's failure to provide accurate and timely reports of new or increased wages. In response, SSA developed a monthly wage reporting system incorporating touch-tone and voice recognition telephone technology. SSA also implemented its Access to Financial Institutions project to reduce SSI payment errors by verifying bank account balances identified by the applicant or SSI recipient and identifying undisclosed financial accounts with balances that place recipients over the SSI resource limit.

SSA uses a variety of methods to collect debt related to overpayments. Collection techniques include internal methods, such as benefit withholding and billing and follow-up. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts. These debt collection tools include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal Salary Offset. In FY 2012, SSA recovered \$3.7 billion in OASDI and SSI overpayments.

SSA has also worked to improve its ability to prevent over- and underpayments by implementing our audit recommendations. For example, in June 2013, we issued a report on *Payments to Individuals Whose Numident Record Contained a Death Entry* that estimated SSA improperly paid 1,546 beneficiaries approximately \$31 million. SSA agreed with the recommendations we made to improve this area.

Also, in May 2013, we issued a report on the *Adjustment of Disabled Wage Earners' Benefits at Full Retirement Age*. We estimated that SSA improperly paid about \$8.2 million to 652 beneficiaries who previously elected reduced retirement benefits to avoid workers' compensation or public disability benefits offset. We also estimated that SSA improperly paid about \$1.4 million to 1,345 beneficiaries because it did not correctly adjust their disability benefits to account for the months they received reduced retirement benefits before full retirement age. SSA generally agreed with the recommendations we made to improve this area.

Access to Financial Institutions

Access to Financial Institutions (AFI) is an electronic process that assists SSA in verifying bank account balances to determine whether an individual is eligible for SSI payments. AFI also enables detection of undisclosed accounts by searching for accounts at banks based on the individual's geographic location. In 2011, SSA implemented AFI nationwide. We will determine whether SSA's AFI program is effective in identifying undisclosed bank accounts and bank balances above the SSI resource limit.

Accuracy of Claimant Representative Fees Paid on SSI Claims

In our November 2006 report, *Claimant Representative Fees Paid Through SSA's One-Time Payment System*, we found that SSA did not always pay the correct amount of representative fees in 38 percent of claims we reviewed, which involved concurrent DI/SSI benefits. Because of the high error rate, we will expand the scope of our current review to include all SSI claims with paid representative fees.

Accuracy of Federal Employee Compensation Act Offset

Workers injured on the job may qualify for DI benefits in addition to benefits received under Federal and State workers' compensation or public disability benefit programs. However, the Act requires that SSA reduce DI when the worker is also eligible for periodic or lump sum workers' compensation benefits so the combined amount does not exceed 80 percent of the worker's average earnings prior to his/her injury. This review will determine the accuracy of payments with FECA offsets.

Assess the Social Security Administration's Full Compliance with the Martinez Settlement Agreement

The Martinez class action lawsuit challenged SSA's fugitive felon policy of basing payment suspensions solely on the existence of an outstanding felony arrest warrant rather than developing information to ensure the individual was "fleeing."

Effective April 1, 2009, SSA changed its policy to suspend OASDI benefits and suspend or deny SSI payments only if the outstanding felony warrant for the individual was for one of three National Crime Information Center Uniform Offense Classification Codes. SSA has fulfilled Phases I through IV of the settlement agreement. In FY 2011, we issued a report on Phase I and estimated about \$15 million in improper payments. This review will assess SSA's compliance with the other phases.

Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown

SSA policy states that when it suspends benefit payments because a beneficiary's whereabouts are unknown for at least 7 continuous years, SSA should assume the beneficiary did not request SSA to reinstate the payments because he/she is dead. SSA should also terminate entitlement to benefits effective the date the beneficiary disappeared, unless there is evidence to establish a more likely date of death. This will ensure suspended payments are not fraudulently issued to someone other than the beneficiary. We will determine whether SSA took appropriate action for beneficiaries whose benefits were suspended for address development or for whereabouts unknown.

Beneficiaries with Disabilities Who are Not Using Medicare

In our August 2012 report, *Using Medicare Claim Data to Identify Deceased Beneficiaries*, we determined that using the Centers for Medicare and Medicaid Services databases was effective in identifying deceased beneficiaries over age 90 still receiving benefits from SSA. We believe Medicare data would also be effective for the DI program. Our review will determine whether SSA could use Medicare information to identify beneficiaries who are receiving disability benefits but may be deceased or not truly disabled.

Benefits Paid to Young Adult Title XVI Recipients Who Do Not Report Changes in Living Arrangements

Under the Title XVI program, a change in a recipient's living arrangement may affect his or her eligibility or monthly benefit amount. We believe young adults (18- to 29-years-old) have a higher tendency than other age groups to change living arrangements. As such, the accuracy of SSA's non-disability eligibility information for this age group is critical in paying the correct benefits. We will review the accuracy of SSA's non-disability eligibility data for 18- to 29-year-old Title XVI recipients.

Benefits Withheld from Deceased Beneficiaries that Are Payable to Surviving Beneficiaries

SSA may suspend benefits when it receives a report that a beneficiary's whereabouts are unknown or if benefit checks are returned undeliverable. SSA may also temporarily suspend benefits pending its selection of a representative payee. When this occurs, field office staff must take appropriate follow-up actions and reinstate benefits. If a beneficiary dies before SSA reinstates benefits, any previously withheld benefits should be paid to surviving beneficiaries. We will determine whether SSA is taking appropriate actions to identify and pay surviving beneficiaries' previously withheld payments of deceased beneficiaries.

Changing Spouses to Widow(er)s Benefits When Government Pensions Are Involved

Spouses of individuals insured under the OASDI program can be eligible for OASDI auxiliary benefits. OASDI auxiliary benefits can be subject to the Government Pension Offset (GPO). GPO reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension payment based on their own work for a Federal, State, or local government that is not subject to Social Security taxes, under the *Federal Insurance Contributions Act*. We will assess SSA's actions regarding government pension verifications and payment recalculations when auxiliary beneficiaries receiving payments as spouses had their benefit status changed to widow(er)s.

Collection of Civil Monetary Penalties

Civil Monetary Penalties (CMP) are imposed against individuals, organizations, or other entities that violate sections 1129 or 1140 of the *Social Security Act*. These violations occur when individuals, organizations, or other entities knowingly mislead SSA and/or make false statements to obtain or retain SSA benefits. SSA delegated the authority for imposing such penalties to the OIG. In an August 2011 report, we found that SSA had only collected about 10 percent of \$24 million in penalties issued from Calendar Years 1997 through 2009. Since the period covered by our prior review, OIG has assessed an additional \$22 million in section 1129 CMPs. Our review will determine whether SSA has improved the effectiveness of its collection efforts since our 2011 audit.

Collection of Outstanding Overpayments from Individuals Who Become Re-Entitled to Benefits

SSA considers an individual overpaid when the total amount an individual received for any period exceeds the total amount that should have been paid for that period. Collection activities are initiated when an overpayment is recorded on the individual's record. Individuals whose benefits are terminated must reapply to receive benefits again. However, some individuals do not become entitled to benefits again until much later in life. If the recipient is determined to be eligible for benefits based on a new application, collection activities of the overpayment(s) should be initiated and recoveries made against the benefits paid. We will determine whether SSA is collecting prior overpayments when an individual becomes re-entitled to benefits.

Concurrent Beneficiaries Receiving Excess Supplemental Security Income Due to Unearned Income Offset Computation Errors

During our audit, *Concurrent Beneficiaries Improperly Receiving Social Security Administered Payments in Excess of Federal Limits*, we identified two cases where OASDI income was properly recorded on the Supplemental Security Record Unearned Income Data Identifier segment; however, a \$0 amount appeared in the computation History Segment Identifier in the Countable Unearned Income Amount field. As a result, the recipients' SSI payments were not reduced by the value of OASDI benefits received, as required. We will determine whether SSA paid additional recipients excess SSI as a result of income computation errors.

Concurrent Beneficiaries Whose Supplemental Security Income Payments Were not Reduced by the Value of Old-Age, Survivors and Disability Insurance Benefits Received

Prior audit work has identified hundreds of cases where concurrent beneficiaries' OASDI records were not electronically linked to the SSI records. As a result, when SSA computed the individuals' SSI payments, it did not reduce/offset the payments by the amount of OASDI the individuals were receiving. We identified about 2,000 beneficiaries whose records were not electronically linked. Consequently, SSA did not offset the OASDI payments when calculating the individuals' SSI payment amounts. We will determine whether SSA correctly offset the value of OASDI benefits from other concurrent beneficiaries' SSI payments.

Controls over Special Payment Amount Overpayments for Old-Age, Survivors and Disability Insurance Beneficiaries

In some instances, overpayments may be temporarily recorded as a "special payment amount" on the OASDI record until the amount has been validated. If this overpayment is a legally defined overpayment, it should be recorded in SSA's Recovery of Overpayments, Accounting and Reporting System (ROAR), which controls the recovery and collection activity of all OASDI overpayments until they are repaid or otherwise resolved. SSA's automated system generates an alert whenever a special payment amount overpayment is established. SSA employees must manually process these alerts to establish and resolve the overpayments. SSA also conducts an annual clean-up project as an additional control to ensure these overpayments are removed from the OASDI record and established in ROAR. We will determine whether SSA is properly identifying and controlling overpayments recorded as special payment amounts.

Cost-Benefit Analysis of Processing Low Dollar Overpayments

In FY 2012, SSA processed over 3.3 million overpayments and collected \$3.3 billion in OASDI and SSI overpayments. SSA has administrative tolerances restricting the amount of activity used to collect overpayments. Although some actions are limited, based on the amount of the overpayment, there is still a cost associated with the actions. According to SSA's Cost Analysis Report, in FY 2012, the cost to process SSI, Retirement and Survivors Insurance, and DI overpayments averaged \$58, \$203, and \$162, respectively. Depending on various factors, such as manual and automated processes, waiver development, and collection efforts, we expect there could be variances in the costs to identify, process, and collect individual overpayments. However, SSA does not have cost information available at any lower level. Based on preliminary analysis of overpayments identified October 1, 2007 through May 1, 2013, and processing costs that are available we estimate that SSA spent over \$61.5 million more than it was able to recover for SSI overpayments of \$57.98 or less. We will analyze the cost benefit of processing overpayments for the OASDI and SSI programs.

Cross-Program Recovery to Collect Benefit Overpayments

Cross-program recovery is the process of collecting overpayments by withholding the payable benefits individuals are to receive from another benefit program that SSA administers. Before the *Social Security Protection Act* in March 2004, the Agency had limited authority to collect overpayments using cross-program recovery without the overpaid individual's consent. This legislation reaffirmed the Agency's authority to collect SSI overpayments and expanded its authority to use cross-program recovery to collect OASDI overpayments from SSI payments. We will assess SSA's cross-program recovery of benefit overpayments.

Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits

Workers' compensation offset is imposed on disabled beneficiaries until they attain age 65. However, disabled beneficiaries may elect reduced retirement benefits at age 62 to avoid this offset. When disabled beneficiaries attain age 62, SSA policy requires that field office employees inform them of the option to file for reduced retirement benefits if it results in an increase in their monthly benefit amount. Our review will determine whether SSA has adequate controls to inform disabled beneficiaries that they are eligible for higher retirement benefits.

Disabled Beneficiaries Who Worked After Their Disability Onset Dates and Before Favorable Hearing Decisions

To qualify for disability benefits, an individual must have a medical condition that will last at least 12 months or result in death and that prevents him/her from engaging in significant physical and/or mental activities in work for pay or profit. If an applicant is denied disability benefits at the initial and reconsideration levels, the applicant may request a hearing before an administrative law judge (ALJ). ALJs review evidence and make an independent decision to allow or deny the applicants' disability claim. In a prior audit of earnings received by SSI recipients after their disability onset date, we found that SSA made improper payments of almost \$5.6 million because it did not appropriately address the earnings. We will determine whether SSA appropriately addressed earnings received by DI beneficiaries after their disability onset date and before their favorable hearing decision.

Erroneous Death Master File Entries Identified by the Government Accountability Office

In May 2013, GAO officials testified before Congress that a review of SSA's Death Master File (DMF) identified about 1,300 death records for individuals whose recorded age at death was between the unlikely ages of 111 and 129. GAO identified another 1,800 numberholders who appeared to have received SSNs before the government had begun using the numbers. In addition, 130 people were shown as dead before they were born. Our review will determine whether SSA issued improper payments to numberholders with unexplainable entries in the DMF.

Excess Withholding of Government Pension Offset

GPO reduces monthly Social Security benefits for spouses, divorced spouses, and widows who receive a pension based on their employment for a Federal, State, or local government not covered by Social Security. The GPO reduction is generally equal to two-thirds of the government pension. Our review will determine whether SSA has adequate controls to identify spousal beneficiaries who had an excess withholding of GPO.

Expanded Use of the Treasury Offset Program

For beneficiaries with overpayments who are no longer SSA beneficiaries, the Agency refers the debts to the Treasury Offset Program for possible collection. Treasury collects delinquent debts from other Federal program benefits and tax refunds due the delinquent SSA debtor. Since implementation of Treasury's program in 1992, the Agency has collected over \$2 billion in delinquent debts. In 2009, Treasury enhanced the program by amending its regulations to allow for collection of legally enforceable, non-tax debts beyond the prior 10-year statute of limitation. SSA plans to begin referring additional debts to Treasury for collection starting in FY 2013. We will determine whether SSA is maximizing the use of this proven debt collection tool. SSA has planned to refer to Treasury for collection those debts that meet the criteria of the 2009 amended regulation. This audit will assess SSA actions to identify and refer to Treasury beneficiary debts (overpayments) that meet the criteria of the amended Treasury regulation.

Former OASDI Beneficiaries Who Have the Ability to Repay Overpayments

Some overpaid OASDI beneficiaries go off the rolls for various reasons—such as medical improvement of a disability or working above allowed income levels. Therefore, SSA cannot recover the overpayment through benefit adjustment. However, some of these former OASDI beneficiaries should be able to start repaying their overpayments if they become employed. We will determine whether former OASDI beneficiaries have the financial ability to repay overpayments after they are no longer entitled to benefits.

Identifying Deceased Beneficiaries in U.S. Territories

In our August 2012 report, *Using Medicare Claim Data to Identify Deceased Beneficiaries*, we determined that 23 (18 percent) of our 125 sample beneficiaries who lived in close proximity to an OA field office were deceased, and SSA was generally unaware of these deaths. In addition, SSA suspended the benefits of six additional beneficiaries because it was likely they were deceased (based on information obtained from a relative, neighbor, or bank). While this population excluded beneficiaries who were purportedly living in U.S. territories, we have no reason to believe these beneficiaries are less likely to be deceased. As such, we believe it prudent to determine the status of beneficiaries age 80 and older who are in current payment status and purportedly living in U.S. territories. Instead of using Medicare claim data to identify these beneficiaries, we plan to conduct a data exchange with the territories' Bureau of Vital Statistics (or equivalent) to identify deceased beneficiaries who are receiving benefits.

Identifying Beneficiary Fraud in Old-Age, Survivors and Disability Insurance Overpayment Bankruptcy Waivers

To obtain relief from repayment of debts, including those payable to SSA, an individual may petition the bankruptcy court to discharge the debts or schedule a repayment plan. Beneficiary bankruptcies generally relate to filings under Chapters 7 and 13 of the U.S. Bankruptcy Code. Upon notification of this action, the Agency must cease all collection activities. In responding to a bankruptcy action, SSA may decide to (1) waive collection of the overpayment, (2) file a Proof of Claim to receive partial payment, and/or (3) contact the court to defend its full collection of the overpayment if it believes it has a valid reason, such as debtor fraud or the debtor's false representation to the Agency. We will evaluate (1) the effectiveness of SSA's handling of OASDI overpayments when beneficiaries file for bankruptcy and fraud is involved and (2) potential options for monitoring and addressing high value overpayments.

Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers

Auxiliary beneficiaries are children, widows, spouses, and parents who receive OASDI benefits based on another wage earner's Social Security record. As such, the primary wage earner's SSN—not the auxiliary beneficiary's SSN—is used to track the auxiliary beneficiary's payments. SSA commonly refers to the auxiliary beneficiary's SSN as the Beneficiary's Own Account Number. In November 1988, Public Law Number 100-647 § 80092 amended the *Social Security Act* to require that an individual first entitled to Social Security benefits June 1, 1989 or later present satisfactory proof of an SSN before receiving any Social Security benefits. To comply with this law, SSA established a missing auxiliary SSN alert process to detect when an auxiliary beneficiary's SSN is missing from its records. We will quantify improper payments to deceased OASDI auxiliary beneficiaries who do not have their own SSNs on SSA's records.

Improper Payments to Student Beneficiaries

Title II of the *Social Security Act* provides benefits to children upon the worker's retirement, death, or disability. Generally, child beneficiaries may receive benefits until they marry or reach age 18. Amendments to the Act provide for extended benefits beyond age 18 to enable child beneficiaries who are full-time students at a secondary school to complete their education. We will evaluate the effectiveness of SSA's controls over student benefits.

Office of Personnel Management Death Data Not on the Social Security Administration's Death Master File

About 2.5 million people die in the United States each year, including 2 million SSA beneficiaries. SSA receives reports of an individual's death from a number of sources, including friends and relatives, funeral homes, postal authorities, and financial institutions. However, since these groups do not always report the deaths, SSA performs a computer match with Federal and State agencies to obtain death data. However, the Office of Personnel Management does not currently share its death information with SSA. A prior data match by SSA found that some of the Office of Personnel Management's annuitant files contained date of death information that SSA did not have. Our review will identify individuals receiving benefits from SSA even though they have a date of death in the Office of Personnel Management's file.

Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Government Pensions

An individual may be eligible for OASDI benefits under his/her own work history as well as under a spouse's work history. The *Social Security Amendments of 1983* include a provision that eliminates Social Security benefits for retired and disabled workers receiving pensions from employment not covered by Social Security. Under this "windfall elimination provision," SSA uses a modified benefit formula to determine the worker's primary insurance amount. Our review will identify OASDI beneficiaries who may be receiving Federal pensions and for whom SSA has not determined whether offset applies.

Old-Age, Survivors and Disability Insurance Overpayments in Protest Status over a Year

Individuals have a right to request a waiver or reconsideration of an overpayment. SSA then decides whether to grant the request. Until such a decision is made, SSA does not withhold benefits to recover the overpayment. If the request for waiver or reconsideration is denied, SSA resumes recovery efforts. SSA's systems generate diaries for individuals in current pay who have overpayments in protest status. Based on our analysis, we estimate beneficiaries in current pay status have 6,200 overpayments totaling \$54 million that have been in a protest status for over 1 year. We also estimate former beneficiaries have 5,560 overpayments totaling \$98 million in protest status for over 1 year. We will determine the effectiveness of SSA's actions to collect overpayments in a protest status over a year.

Overpayment Compromise Settlements for Social Security Beneficiaries and Recipients

The *Debt Collection Act of 1982* permits Federal agencies to arrange compromise settlements for overpayments. When an overpayment cannot be fully recovered, it may be more advantageous to negotiate the best possible compromise settlement with the debtor. During the first 2 quarters of 2013, SSA processed over 1.3 million overpayments. As of July 7, 2013, SSA had 60 compromise offers pending. We will evaluate SSA's overpayment compromise settlement process.

Overpayments Being Collected Through Long-Term Repayment Plans

When SSA allows a beneficiary to repay a large overpayment in small monthly amounts, the payback period can be very long. SSA enters into agreements to collect minimal amounts from overpaid individuals even though some repayment plans exceed the beneficiaries' expected lifetimes. Our review will determine the amount of debt that may be uncollectable because SSA enters into repayment agreements with lengthy payback periods.

Overpayments Pending a Collection Determination by the Social Security Administration

During our audit, *Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination*, we found SSA had not taken action on 25 percent of OASDI overpayments, totaling \$7.4 million and 15 percent of SSI overpayments totaling \$2 million. That is, SSA had not collected, waived, or written off the overpayments; placed the overpayments into a collection agreement; or deemed the overpayments uncollectible. SSA explained that actions may not be taken on overpayments when the individual is no longer in current payment status, so SSA is unable to offset the overpayment and other collection tools must be used. In addition, the individual may be protesting the overpayment. We will identify the reasons SSA has not taken collection action on outstanding overpayments.

Overpayments to Widow(er)s under the Retirement Insurance Benefit Limit Provision

If a worker chooses to receive benefits before reaching full retirement age, the amount of the benefit payable to the worker's widow(er) is capped by the retirement insurance benefit limitation provision. Under this provision, the benefit to a widow(er) is reduced to the amount the deceased worker would be receiving if he/she were alive, or 82.5 percent of the deceased worker's primary insurance amount, whichever is larger. Our review will determine whether SSA overpaid widow(er)s under the retirement insurance benefit limit provision.

Parole and Probation Violators and the Clark Case

On April 13, 2012, the Federal District Court issued the final order in *Clark vs. Astrue*. We will review a sample of cases from the population of 86,251 individuals identified as Clark Court Order class members. We will (a) determine whether these individuals were properly included as class members for the court order, (b) assess the appropriateness of any related reinstatement, and (c) assess the accuracy of any retroactive benefits paid.

Payment Accuracy of Multiple Entitled Old-Age, Survivors and Disability Insurance Beneficiaries

Dual entitlement exists when a beneficiary is entitled to more than one benefit at the same time. For example, a beneficiary may be entitled to retirement benefits on his/her own earnings record and to spouse's benefits on another person's earnings record. Although a beneficiary may be simultaneously entitled to more than one benefit, the total benefit may not be greater than the highest single benefit amount to which he/she is entitled. We have issued two reports on benefits paid to multiple entitled beneficiaries—*Benefits Paid to Dually Entitled Title II Beneficiaries* and *Individuals Receiving Multiple Old-Age, Survivors and Disability Insurance Benefits*. These audits sampled benefit payments from a population of beneficiaries whom SSA knew to be dually entitled. In contrast, for this audit, we will review a population of beneficiaries who received benefits under more than one beneficiary record, but SSA's records did not indicate that dual entitlement existed.

Recovery of Supplemental Security Income Payments Issued After a Recipient's Death

When SSA receives a death report, it is required to terminate benefits to the deceased individual and recover any payments made after the date of death. Generally, recovery of payments after death is the Department of the Treasury's responsibility. Treasury recovers these payments from financial institutions through a reclamation process. We will determine whether SSA takes appropriate action to recover payments issued after a recipient's death.

Social Security Administration Payments to Sexually Violent Predators Confined in Special Commitment Centers

The Special Commitment Center Program, operated by the Department of Social and Health Services, provides a specialized mental health treatment program for civilly committed sex offenders who have completed their prison sentences. Only sex offenders whom the court finds to meet the legal definition of a sexually violent/dangerous predator may be civilly committed to the Center. Per SSA policy, civilly committed/detained persons cannot receive benefits. However, the vast majority of these centers do not report detentions to SSA. Our review will identify sexually violent predators confined in Special Commitment Centers who improperly received SSA payments.

Social Security Administration Processing of Conserved Fund Diaries

Recipients who cannot manage their benefits have a representative payee appointed to manage their benefits. Any funds the representative payee does not spend on the beneficiary's current needs are defined as "conserved funds" and must be reported to SSA annually. One of the eligibility requirements under the SSI program is that a recipient cannot have over \$2,000 in resources. If a beneficiary exceeds the resource limit, SSA suspends payments. Our review will determine whether SSA's field offices are timely processing conserved fund diaries that indicate excess conserved funds for SSI recipients.

Social Security Funds Held in Dormant Bank Accounts that Have Been Escheated to States

Over 95 percent of OASDI beneficiaries living in the United States have their benefits direct deposited. As of March 1, 2013, SSA had stopped issuing paper checks and required that all beneficiaries receive their payments through direct deposit, with limited exceptions, which will only increase the volume of direct deposit payments. When SSA is unaware a beneficiary has died, it may continue depositing Social Security payments into the beneficiary's bank account. The unclaimed property laws in each State and the District of Columbia dictate when a financial institution must presume abandonment of a dormant bank account and escheat funds in the account to the State Treasury. This is usually after 3 or 5 years of dormancy. Our review will determine the effectiveness of SSA's collection of improper payments held in dormant bank accounts and escheated to State accounts of unclaimed property.

Supplemental Security Income Payments to Dually Entitled Concurrent Beneficiaries

In March 2013, we obtained data identifying 5,800 dually entitled, concurrent beneficiaries receiving multiple OASDI benefits as well as SSI payments. We identified another 15,700 dually entitled, concurrent beneficiaries who received benefits on only one of their OASDI records. Our review will focus on the accuracy of payments to these 21,000 dually entitled, concurrent beneficiaries. We will determine whether SSA accurately offset SSI payments for these beneficiaries by the full value of all OASDI payments received.

The Effectiveness of Direct Deposit Fraud Prevention Blocks

Due to the impact of fraud associated with Social Security direct deposit payments, the Agency implemented a new process in November 2012 that allows SSA to place a fraud block on a Social Security record for alleged fraud or as a preventative measure. In November 2012, the Agency updated its customer service record query to include the fraud block. As of March 2013, SSA had placed fraud blocks on over 10,000 beneficiary records. Our review will assess the effectiveness of SSA's electronic deposit fraud blocks.

The Non-Entitled Debtors Program

A non-entitled debtor is a person or entity that owes SSA a debt but is not entitled to OASDI or SSI benefits. This debtor Program allows SSA to identify, record, control, and resolve debts owed by individuals or organizations whose debt was incurred from something other than being a beneficiary. SSA reported that it had recovered about \$11.8 million in FYs 2009 to 2011 using this program. Our review will determine whether SSA is taking full advantage of this program to identify and collect debts owed to SSA.

The Social Security Administration's Interim Assistance Reimbursement Program

The SSI program provides a minimum income level to financially needy individuals who are aged, blind, or disabled. Many SSI applicants need financial aid before SSA can establish their eligibility. As a result, States may enter into an agreement with SSA to provide temporary assistance to these applicants. Under the agreement, the States provide individuals interim assistance from State funds. When SSA determines an applicant is eligible for SSI, the Agency reimburses the State or local government for payments made to recipients from the past-due benefits. This coordinated Federal/State effort is called the Interim Assistance Reimbursement Program. Our review will determine whether SSA complied with its policies and procedures for the Interim Assistance Reimbursement Program.

The Social Security Administration's Plan to Reduce Improper Payments Under Executive Order 13520 for Fiscal Year 2014

On November 20, 2009, the President implemented Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*. The purpose of this Executive Order is to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major Government-administered programs, while continuing to ensure Federal programs serve and provide access to their intended beneficiaries. As part of the requirements of the Executive Order, each agency identified by OMB shall provide the agency's Inspector General a report containing the agency's (1) methodology for identifying and measuring improper payments by the agency's high-priority programs and (2) plan, along with supporting analysis, for meeting the reduction targets for improper payments in the agency's high-priority programs. We will determine whether the amounts presented in SSA's annual report are reasonable and whether SSA complied with the requirements of the Executive Order 13520.

The Social Security Administration's Quarterly Reporting of High-Dollar Overpayments Under Executive Order 13520 in Fiscal Years 2013 and 2014 (2 Reviews)

As part of the requirements of Executive Order 13520, each agency identified by OMB shall provide the agency's Inspector General a quarterly report on "high-dollar" overpayments. Reportable overpayments exceed \$5,000 as a single payment or in cumulative payments for the quarter. We will review the Accountable Official's Report on High-Dollar Overpayments and determine whether the amounts presented are reasonable and whether SSA complied with the requirements of the Executive Order.

The Social Security Administration's Reporting of Improper Payments in the Fiscal Year 2013 Performance and Accountability Report

On July 22, 2010, the President signed the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). IPERA amended the *Improper Payments Information Act of 2002* (IPIA). OMB issued guidance on IPERA in April 2011. According to OMB's guidance, each FY, the agency's OIG should determine whether the agency is in compliance with IPIA, as amended by IPERA. To determine compliance with IPIA, we will review the agency's Performance and Accountability Report to determine whether the figures presented are reasonable and whether SSA complied with the requirements of IPIA, as amended by IPERA.

Underpayments Payable on Behalf of Terminated OASDI Beneficiaries

An underpayment is any monthly benefit amount due an entitled beneficiary that has not been paid. According to SSA policy, an underpayment due a living beneficiary will be paid to the beneficiary or representative payee. An underpayment due a deceased beneficiary is paid to the surviving spouse, surviving children, other family members, or legal representative of the estate. In a 2008 audit, we determined that SSA needed to take corrective actions to (1) pay \$358 million in underpayments to 391,000 eligible individuals, and (2) delete \$86 million in erroneous underpayments. Our review will determine whether SSA has adequate controls to ensure it takes appropriate actions to pay underpayments.

Unprocessed Manual Recalculations for OASDI Payments

As part of administering the OASDI program, SSA maintains individual earnings records in its Master Earnings File (MEF). SSA uses these earnings records to determine eligibility for benefits, as well as to calculate benefit amounts. When the Agency learns an earnings record may be incorrect, an SSA employee with authority to make initial determinations reviews the evidence. If the evidence is sufficient, the employee will correct the earnings record. In August 2008, we estimated that SSA did not adjust OASDI benefits or assess over-/under-payments when earnings were removed from 5,440 beneficiaries' earnings records—resulting in about \$5 million in improper payments. We will determine whether SSA (1) adjusted OASDI benefits when earnings were removed from beneficiaries' earnings records, and (2) assessed over-/under-payments when appropriate.

Widow(er)s Eligible for a Higher Monthly Benefit Amount

For OASDI benefits, generally, the eligibility year to compute the primary insurance amount is the year the wage earner dies, becomes disabled, or attains retirement age. However, the *Social Security Act* requires an alternative primary insurance amount computation for widow(er)s when a wage earner dies before age 62. This alternative computation usually results in a higher monthly benefit amount for widow(er)s. We estimate there are approximately 304,000 widow(er)s in current pay status who may be eligible for a higher monthly benefit amount because the wage earner died before age 62. Our review will determine whether SSA has adequate controls to ensure it properly establishes the primary insurance amount for widow(er)s when a wage earner dies before age 62.

Reduce the Hearings Backlog and Prevent Its Recurrence

SSA's first goal in its FY 2008-2013 *Agency Strategic Plan* was to ". . . eliminate our hearings backlog and prevent its recurrence." As part of this effort, SSA directed increased resources to improve hearing timeliness and process more hearings. While timeliness and productivity have improved since FY 2008, greater receipts have led to an increase in the hearings backlog. Since FY 2008, average processing time dropped by over 30 percent, from an average of 514 days to 353 days, as of the end of FY 2012. In addition, dispositions per ALJ per day increased about 5 percent from FY 2008 through the end of FY 2012. Dispositions per ALJ per day decreased in FY 2013. That said, the hearings backlog grew to 838,000 cases at the end of July 2013, an increase of about 22,000 since the start of FY 2013, because of a high level of requests for hearings. Moreover, during FY 2013, the average processing time has increased, reaching 390 days at the end of July 2013.

The Agency continues implementing its plan to eliminate the backlog through a variety of initiatives including

- increasing adjudicatory capacity through additional hiring and use of senior attorney adjudicators (SAA) to issue fully favorable on-the-record (OTR) decisions;
- reducing the volume of aged cases; and
- improving hearing efficiency by training hearing office ALJs, managers, and staff, and increasing the use of technology, such as the expansion of video hearings.

We have conducted a number of audits analyzing the effectiveness of the Agency's efforts to improve timeliness and reduce the pending backlog. In our June 2013 audit of the SAA Program, we reported that while the Program contributed to both an increase in adjudicative capacity and improved average processing time over the years, the SAA OTR decisions have been declining and the quality of these decisions has dropped. We recommended the Agency review this program and its efficacy to ensure it continues to assist SSA with its backlog.

We also continued to address concerns about ALJ adherence to the Agency's policies and procedures while also demonstrating good stewardship of taxpayer dollars. For instance, in our January 2013 audit of risk factors at hearing offices, we highlighted the Agency's efforts to identify problematic workload trends among ALJs. We recommended that this new monitoring approach continue, while also recommending additional monitoring of hearing office trends that may also identify potential processing and management problems at hearing offices. In addition, we identified ongoing case rotation problems at hearing offices in a March 2013 report, as well as the need for improved monitoring of complaints against ALJs in a July 2013 report.

Ongoing and planned work will focus our audit resources on oversight of claimant representatives' services and related fees at all levels of the disability process, hearing office management of hearings workloads, the role of third parties in the hearing process, and potential improvements in the processing of claims to ensure reliable decisional outcomes and reduce overall costs.

Appeals Council Support of Federal Court Cases

When SSA's Appeals Council denies a request for review or issues an unfavorable decision, the claimant may file a civil action in U.S. District Court within 60 days after the claimant receives notice of the Council's action. Among its duties, the Division of Civil Actions:

- prepares remand orders and affidavits and related correspondence on cases in which a complaint has been filed in the Federal court;
- recommends defense strategy for certain litigated cases;
- analyzes and recommends action on cases remanded by the courts; and
- prepares court transcripts and maintaining certified records of claims at the civil action level.

We will review the work processes and outcomes of the Division of Civil Actions.

Auto-Scheduling to Improve Hearing Timeliness

ODAR hearing office schedulers manually schedule disability hearings. The scheduler spends an estimated 2 hours per hearing finding a mutually agreeable date and time for a hearing to take place. The scheduler must try to alternate hearing reporters and experts while simultaneously attempting to ensure ALJs have full dockets, hearing sites and rooms are available, and video equipment is properly functioning. In FY 2012, SSA began a pilot of a new auto-scheduling software. The pilot is expected to be rolled out nationwide in Calendar Year 2014. We will assess the ability of the Availability and Scheduling Application software to assist with the reduction of the pending hearing case backlog.

Effect of Out-of-Area Cases on Hearing Office Workloads

According to ODAR policy, each hearing office has jurisdiction over a designated geographic area, referred to as the hearing office's service area. The hearing office will generally process all requests for hearings for claimants residing in that geographic area. To the extent a case comes to a hearing office from a claimant outside the office's service area, ODAR has clear guidelines requiring that the case be transferred to the servicing hearing office. We will analyze (1) the effectiveness of SSA's policies and procedures that restrict the service area for claimants filing appeals and (2) the impact on hearing office workloads should "out-of-area" cases become a large workload.

Hearing Office Medical Evidence Pilot in the Boston Region

Since 2006, SSA has maintained a pilot program in its Boston Region requiring that the official record be closed once an ALJ issued his/her decision, except upon a showing of good cause. We will assess the (1) lessons the Agency learned in evaluating this pilot; (2) plans to maintain, enhance, or end this pilot; and (3) potential impact on the national program should the pilot become national policy.

Partially Favorable Hearing Outcomes

As part of the hearing process, the disability onset date on a claim may be modified before the allowance decision is issued. For instance, a claimant may agree to amend the claim so the disability onset was 1 year later than initially stated, which lessens the underpayment amount due. If the claimant agrees to this change, the decision will be considered fully favorable. If the claimant does not agree, the ALJ can still allow the case but it would be considered a partially favorable decision and subject to appeal. In some cases, the date change may lead to a “closed period of disability,” meaning the ALJ is approving benefits for a period of time in the past, but not approving ongoing benefits. We will identify trends associated with partially favorable hearing decisions and the reasons for partially favorable outcomes.

Processing Employee Allegations of Mismanagement at the Office of Disability Adjudication and Review

In a March 2002 review, *Office of Hearings and Appeals’ Procedures for Addressing Allegations of Mismanagement*, we found a number of weaknesses related to ODAR’s processing of OIG allegations of mismanagement, including (1) undocumented procedures, (2) missing allegations, (3) untimely processing of allegations, and (4) uneven handling of evidence. The OIG allegations involved time and attendance abuse, standards of conduct violations, ethics violations, conflict of interest, hearings misconduct, and misuse of Government property. We also found that Agency guidance to employees was out-of-date and may hinder the proper referral of employee allegations. We will assess the effectiveness of ODAR’s process for collecting, monitoring, and resolving employee complaints of mismanagement.

Quality Review of On-the-Record Decisions

As part of SSA’s administrative adjudication system, ALJs and SAAs at locations throughout the United States issue decisions. While ALJs can issue both hearing and OTR decisions, SAAs can only issue an OTR decision, which is a decision where no hearing was necessary because the documentary evidence alone supported a fully favorable decision. OTR decisions accounted for about 1 of every 5 allowances in FY 2012. OTR decisions are processed more timely for a number of reasons. First, under the SAA Program, many OTRs are identified when the case is screened as it is being entered into the hearing office master docket system, and action can be taken immediately. Second, OTR decisions do not require a hearing, so the effort and time spent preparing the case and scheduling the hearing are often avoided. We will assess the reasons OTR cases were decided soon after receipt at the hearing office rather than approved earlier at the DDS level.

Relationships Between Medical Providers and Represented Claimants

Under the DI and SSI programs, medical evidence is critical to the determination of disability. Each person who files a disability claim is responsible for providing medical evidence showing he/she has an impairment and the severity of the impairment. Medical evidence generally comes from sources that have treated or evaluated the claimant, and SSA decides many disability claims based on that evidence. According to SSA, timely, accurate, and adequate medical reports from treating sources accelerate the processing of the claim because they can greatly reduce or eliminate the need for additional medical evidence to complete the claim. We will look at trends in medical source information provided by claimants and their representatives at the hearing level to identify any questionable relationships that may merit additional Agency attention.

The Office of Disability Adjudication and Review's Use of the Electronic Bench Book

The Electronic Bench Book is an Internet application that provides ODAR decision makers a place to document their analysis from pre- to post-hearing as well as to provide instructions for use by the decision writer. It also provides the ability to generate decision/dismissal notices. The Electronic Bench Book should help standardize, provide consistency, and document the hearing process and outcomes. We will assess ODAR's use of the Electronic Bench Book.

Strengthen the Integrity and Protection of the Social Security Number

In FY 2012, SSA processed approximately 5.5 million original and 11 million replacement SSN cards and received approximately \$585 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them.

The SSN is relied on heavily as an identifier and is valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates future benefit payments based on the earnings an individual accumulates over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA missions.

SSA's refinements to its enumeration process over the last decade represent significant improvements. We applaud the Agency for these efforts. However, given the preponderance of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA, as well as its millions of customers. Unfortunately, once SSA assigns an SSN, it has no authority to control the collection, use, and protection of these numbers by other entities. Our audit and investigative work have taught us that the more SSNs are unnecessarily used, the higher the probability that they could be used to commit crimes throughout society. In fact, the Federal Trade Commission estimated that as many as 9 million Americans have their identities stolen each year.

We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States, as well as the misuse of children's SSNs for work and through identity theft. In May 2012, our Inspector General testified before the Subcommittees on Oversight and Social Security, Committee on Ways and Means, regarding ways to improve SSN protection and guard against misuse, identity theft, and tax fraud. Since then, we have released several fraud advisories to warn the public, and Social Security beneficiaries in particular, to be aware of fraud scams that target personal information, which is used to commit identity theft.

To help the Agency improve the integrity of its records, our planned work will focus on the effectiveness of SSA's controls to ensure information, such as dates of birth or death, is accurately recorded on its Numident. We will also focus on responses SSA provides for third party SSN verifications and whether its issuance of replacement SSN cards to individuals over age 80 were proper.

Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct

payment amounts. In addition, SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefits.

SSA spends scarce resources correcting earnings data when employers report incorrect information. The Earnings Suspense File (ESF) is the Agency's record of wage reports on which wage earners' names and SSNs fail to match SSA's records. As of November 2012, the ESF had accumulated about \$1.1 trillion in wages and 320 million wage items for Tax Years 1937 through 2010. In Tax Year 2009 alone, SSA added 7.3 million wage items representing \$70 billion in wages to the ESF.

SSA has taken steps to reduce the size and growth of the ESF. The Agency offers employers the ability to verify names and SSNs of their employees using the Agency's Social Security Number Verification Service (SSNVS), an online verification program, before reporting wages to SSA. In FY 2012, approximately 40,000 registered employers submitted about 102 million verifications. SSA also supports the Department of Homeland Security in administering the E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. As of FY 2012, about 404,000 employers had enrolled to use E-Verify and these employers had submitted approximately 23 million queries during this period.

While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the Agency's SSNVS, and enhancing SSN verification feedback to provide employers with sufficient information on potential employee issues.

Accuracy of Numident Date of Birth Changes

When SSA assigns an SSN, it creates a master record of relevant information about the numberholder in its Numident database. The Numident includes such information as the numberholder's name, date and place of birth, parents' names, citizenship status, and date of death (if applicable). The accuracy of the date of birth is imperative because a discrepancy with the date of birth can affect eligibility or entitlement to benefits. In addition, discrepancies can cause the numberholder's identity to be questioned for employment or other reasons, such as applying for a mortgage. We will determine whether date of birth changes to the Numident are valid and accurately recorded.

Accuracy of Tax Identification Numbers Reported on Social Security Benefit Statements

The Single Payment System is a national system that automates appointed representative fee payments and some other OASDI payments. It is used when payments cannot be made through the normal payment system. SSA created the Single Payment System to ensure the timeliness of attorney fee payments, to stop duplicate and erroneous payments, and to document management information. We will determine whether SSA captures accurate SSNs when processing OASDI payments through its Single Payment System.

Deceased Beneficiaries and Recipients with No Death Information on the Numident

SSA's Death Alert, Control and Update System matches reports of death it receives from Federal, State, and local agencies against its OASDI and SSI payment records. SSA records the death information on its Numident and uses death information during its Annual Wage Reporting process to determine whether wage or self-employment reports are erroneous. In two recent audits, we found SSA had recorded deaths on its payment records that were missing from the Numident, which is used to create the DMF. In a third audit, we identified date of death discrepancies between SSA's payment records and its Numident. Since we completed those audits, SSA reported that it made improvements to ensure death information in its payments records is consistent with the Numident. We will evaluate the effectiveness of SSA's controls to ensure death information for deceased beneficiaries is accurately recorded on the Numident.

Disabled Beneficiaries with Multiple Social Security Numbers that Are Not Cross-Referenced in the Social Security Administration's Systems

Usually, an individual is issued only one SSN. However, there are circumstances when an individual has more than one SSN. When this occurs, the SSNs should be cross-referenced within SSA's systems. We searched the Numident for records of beneficiaries with a matching first and last name, date and place of birth, and parents' names. Our review will identify beneficiaries who have multiple SSNs that are not cross-referenced in SSA's systems and determine whether the beneficiaries used the SSNs for fraudulent purposes.

Earnings Suspense File Edits and the Impact on Supplemental Security Recipients

SSA's OQP modified its edits to locate the owners of suspended wages. Previous edits used only the name and SSN of the suspended wage item, while the new processes use information stored on earnings and benefit records. As a result, the processes match names and SSNs as well as use employment history and earnings patterns to help identify the numberholder related to the suspended wage item. Our review of these earnings reinstatements has shown that about 352,000 SSI recipients may have been impacted by the reinstatements as of November 2011. We will assess the effectiveness of OQP's earnings reinstatement process and the impact the reinstated wages had on SSI payments.

Earnings Suspense File Edits and the Impact on Old-Age, Survivors and Disability Insurance Beneficiaries

The Earnings Suspense Reinstatement File includes about 16 million records that were reinstated based on five OQP edit routines. Our match of these records against OASDI payment records identified 2.2 million SSNs that had 2.9 million wage items reinstated to their earnings records. If these wages were reinstated to the wrong earnings records, it is possible the beneficiaries received higher benefits than they were due. Our review will assess the impact the OQP earnings reinstatement process has on individuals receiving OASDI benefits.

Efforts to Reduce the Size and Growth of the Earnings Suspense File

The ESF is a repository of wage items that failed SSA's name/SSN matching criteria or have been assigned a special indicator because, according to SSA records, the numberholder was deceased; was a child under age 7; or has disclaimed the wages. From Tax Years 2001 through 2010, the ESF grew by approximately \$720 billion in wages and 94 million in wage items, which represents about 68 percent of the total ESF wages and 29 percent of the wage items. While SSA has limited control over the issues that cause the volume of erroneous wage items, it has established manual and automated edit routines, developed correspondence with employers and wage earners, and collaborated with other Federal agencies. We will determine the effectiveness of SSA's efforts to reduce the size and growth of the ESF.

Replacement Social Security Cards Issued to Individuals over Age 80

The SSN card is not an identification document, and SSA encourages numberholders to protect the integrity of their SSN by keeping their card in a safe place—not copying their card or routinely carrying it with them. When an individual’s SSN card is lost or stolen, he/she may obtain a replacement card by completing an application for a Social Security Card and presenting evidence of identity. Some individuals may need to present evidence of U.S. citizenship or lawful alien status. Evidence of age is not required for a replacement card unless the applicant alleges he/she has, but cannot locate, the SSN, there are questions with the accuracy of the date of birth in the Numident, there are special indicator codes on the Numident, or the alleged SSN is void. Since most individuals over age 80 are already receiving benefits from SSA and no longer working, their need to obtain a replacement SSN card seems minimal and may indicate someone is misusing the SSN. Our review will determine whether replacement SSN cards issued to individuals over age 80 were proper.

Responses Provided by the Social Security Administration’s Social Security Number Verification Systems

SSA has reported that, in FY 2012, it processed over 1.5 billion SSN verifications using its various SSN verification systems. These verification systems generally confirm whether names, SSNs, and dates of birth match, and in certain cases, whether citizenship status can be confirmed based on SSA records. Some of these verification systems provide customers with response codes signifying a fraud indicator is present on the Numident. We will assess SSA’s multiple verification systems to determine whether their responses to third parties are appropriate.

Social Security Number Replacement Card Non-Receipts

On December 17, 2004, the President signed the *Intelligence Reform and Prevention of Terrorism Act*, which mandates that SSA restrict the issuance of multiple SSN cards to any individual to 3 per year and 10 over his/her lifetime. This legislation gives SSA the authority to allow reasonable exceptions to the replacement card limits. For example, individuals who have reached their annual or lifetime limit can claim they did not receive the SSN card from a prior request. A non-receipt is defined as when an applicant alleges they have not received their SSN card, and at least 1 week has elapsed from the date SSA processed the SSN card application. We will determine whether (1) SSA is complying with the procedures regarding the processing of SSN replacement card non-receipts and (2) multiple non-receipt requests indicate SSN misuse.