

OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Fiscal Year 2017*

*AUDIT WORK PLAN*

*October 2016*

I am pleased to present the Office of Audit's Fiscal Year 2017 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 Social Security Administration (SSA) management to the Congress, SSA, and other key decisionmakers. For Fiscal Year 2017, the Office of the Inspector General has identified the following management challenges.

- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce Disability Backlogs and Improve Decisional Quality
- Strengthen Planning, Transparency, and Accountability
- Strengthen the Integrity and Protection of the Social Security Number

The Plan describes reviews we plan to begin in Fiscal Year 2017. 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.



Rona Lawson  
Assistant Inspector General for Audit  
October 1, 2016

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# Acronyms

|        |   |
|--------|---|
| ALJ    | Administrative Law Judge  |
| CDR    | Continuing Disability Review  |
| CIRP   | Comprehensive Integrity Review Process                                    |
| DCPS   | Disability Case Processing System   |
| DDS    | Disability Determination Services   |
| DI     | Disability Insurance  |
| DMF    | Death Master File   |
| FISMA  | <i>Federal Information Security Management Act</i>                        |
| FY     | Fiscal Year   |
| GPO    | Government Pension Offset   |
| IPERA  | <i>Improper Payments Elimination and Recovery Act of 2010</i>             |
| IPERIA | <i>Improper Payments Elimination and Recovery Improvement Act of 2012</i> |
| IRS    | Internal Revenue Service  |
| IT     | Information Technology  |
| MADCAP | Manual Adjustment Credit and Award Process                                |
| MCS    | Modernized Claims System  |
| MEF    | Master Earnings File  |
| NCC    | National Computer Center  |
| NSC    | National Support Center   |
| OASDI  | Old-Age, Survivors and Disability Insurance                               |
| OCALJ  | Office of the Chief Administrative Law Judge                              |
| ODAR   | Office of Disability Adjudication and Review                              |
| OI     | Office of Investigations  |
| OIG    | Office of the Inspector General   |
| OMB    | Office of Management and Budget   |
| PUPS   | Prisoner Update Processing System   |
| SEI    | Self-employment Income  |
| SSA    | Social Security Administration  |
| SSAB   | Social Security Advisory Board  |
| SSI    | Supplemental Security Income  |
| SSN    | Social Security Number  |
| SSR    | Supplemental Security Record  |
| WC     | Worker's Compensation   |
| WEP    | Windfall Elimination Provision  |

## 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) 2016, we issued 79 reports with about \$1.3 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, and Communications 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 begin in FY 2017 in the following issue areas.

- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Reduce Improper Payments and Increase Overpayment Recoveries
- Reduce Disability Backlogs and Improve Decisional Quality
- Strengthen Planning, Transparency, and Accountability
- 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.

## Improve Customer Service

The Social Security Administration (SSA) has provided critical services to the American public for over 80 years. 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 acknowledges it touches the lives of virtually every person in America. The Agency's goal is to provide high quality and timely services while offering customers the convenience of interacting with it from anywhere.

In Fiscal Year (FY) 2017, SSA estimates it will pay nearly \$1 trillion in Old-Age, Survivors and Disability Insurance (OASDI) benefits and Federal Supplemental Security Income (SSI) payments to a monthly average of approximately 70 million people. The Agency expects to process over 5.7 million retirement, survivor, and Medicare claims; over 2.8 million Social Security and SSI initial disability claims; and about 216,000 SSI aged claims. Additionally, the Agency must handle other key workloads. For example, in FY 2017, SSA plans to

- complete approximately 715,000 reconsiderations, 784,000 hearings, and 140,000 Appeals Council reviews;
- conduct 2.8 million SSI redeterminations and 1.1 million full medical continuing disability reviews (CDR);
- complete requests for approximately 16 million new and replacement Social Security number (SSN) cards;
- post 265 million earnings items to workers' records; and
- complete more than 100 million post-entitlement actions for beneficiaries.

In 2015, SSA released its *Vision 2025*, which defines the Agency's vision of customer service in the future and how the Agency plans to achieve that vision. It presents three priorities: superior customer experience, exceptional employees, and innovative organization. In March 2016, we reported SSA had spent nearly \$1 million on a contract with Deloitte Consulting to assist the Agency in completing *Vision 2025* and developing a timeline for its implementation. The roadmap Deloitte Consulting developed includes a more specific description of a future SSA.

The Government Accountability Office continues to place strategic human capital management on its list of high-risk Federal programs and operations. Mission-critical skills gaps both within Federal agencies and across the Federal workforce pose a high risk to the nation because they impede the Government from cost-effectively serving the public and achieving results. SSA recognizes its employees are a key element of its customer service and states the loss of institutional knowledge is a driver for its *Vision 2025*. SSA estimates that the number of OASDI beneficiaries will increase by 30 percent, from 59.2 million in 2015 to 77.1 million in 2026. Additionally, SSA projects that nearly 22,000 of its employees will retire by 2022.

The Agency has policies to ensure representative payees properly manage Social Security payments. SSA appoints a representative payee to receive and manage benefits for individuals who cannot manage or direct the management of their finances because of their age or mental and/or physical impairment. In January 2016, SSA reported there were approximately 6.2 million representative payees who managed about \$70 billion in annual benefit payments for about 8 million individuals.

In January 2016, SSA issued its *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2015*. The Report identified various issues during its periodic representative payee reviews, such as conserved funds not returned to beneficiaries and payees repaying themselves without SSA approval. Additionally, the Agency stated it removed representative payees because of misuse of funds and poor performance.

In March 2016, the Social Security Advisory Board (SSAB) released *Representative Payees: A Call to Action*, which outlines some of the issues facing the Representative Payment program. It lays out the reasons for concern regarding the program's administration and encourages further research. For example, according to the SSAB, one of the most worrisome aspects of the program is the absence of serious monitoring of the payees' performance. SSA conducted 2,377 on-site reviews in FY 2015, a small fraction of the universe of over 6 million payees. Additionally, the SSAB stated that the program was not a high priority in field offices that were inundated with initial applications and post-entitlement work. The SSAB stated that the issue paper was a call to action for more research, resources, interagency cooperation, media attention, and engagement by Congress. The SSAB feels that all parties need to search for solutions to a complex problem that projections show will become bigger and more complex in the next few decades.

Further, our audits continue to find problems with SSA's administration of the Representative Payment program. Recent Office of the Inspector General (OIG) audits, have stated that SSA should

- implement policy to timely reissue misused funds to the estates of deceased beneficiaries,
- conduct data matches to identify and correct discrepant payment information, and
- instruct organizational representative payees to maintain sufficient documentation to support disbursements.

## **Aged Beneficiaries in Need of Representative Payees**

According to SSA policy, adult beneficiaries are presumed capable of managing or directing the management of their benefits. However, if SSA employees have information that beneficiaries may have a mental or physical impairment that prevents them from doing so, they must make a capability determination. When SSA determines a beneficiary is incapable, it selects a representative payee to manage their benefits. In a 2010 audit, we estimated that about 1 million beneficiaries over age 85 had individuals or organizations managing their benefits without SSA's knowledge and approval. This occurred, in part, because (1) SSA did not have a means of identifying aged beneficiaries who became incapable after their initial entitlement to benefits and (2) individuals or organizations who managed the benefits were not always aware of SSA's Representative Payment program. Our review will provide updated information concerning the number of beneficiaries over age 85 who may need a representative payee.

## **Disability Beneficiaries Eligible for Total and Permanent Disability Student Loan Discharge**

The Department of Education recently announced a new process to identify and assist disabled Federal student loan recipients who may be eligible for total and permanent disability loan discharge. The process is intended to simplify the steps needed to obtain a total and permanent disability discharge by leveraging SSA data to document a borrower's eligibility. In 2015, the Department of Education and SSA began matching the 45 million borrowers on the National Student Loan Data System who owed Federal student loans or had Teacher Education Assistance for College and Higher Education Grants to the SSA database. With the first set of matches in 2016, SSA identified almost 400,000 Federal student loan recipients who were receiving Disability Insurance (DI) benefits and had a medical designation of "medical improvement not expected," which qualified them for student loan debt discharge. The average student loan debt for graduates from a 4-year college or university is approximately \$26,000. We will review SSA's process for ensuring the integrity of the data provided to the Department of Education.

## **Follow-up: Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee**

SSA appoints representative payees to receive and manage the payments of those beneficiaries who cannot manage or direct the management of their own benefits because of their youth or mental and/or physical impairments. SSA policy states that benefits should not be suspended when a beneficiary requires a representative payee and none is immediately available. Instead, benefits must be paid directly to the beneficiary while SSA searches for an individual or organization to serve as a representative payee. However, direct payment to beneficiaries who are legally incompetent or under age 15 is prohibited. SSA may suspend benefits for up to 1 month if it determines direct payment to the beneficiary would cause "substantial harm." In a 2012 audit, we estimated that \$18.1 million was improperly suspended and should have been paid directly to 3,039 adult beneficiaries; \$4.3 million was suspended that could have been paid directly to 1,201 child beneficiaries ages 15 through 17; and \$8.1 million was not paid timely to 2,544 child beneficiaries under age 15. We will determine whether SSA has adequate controls to ensure it takes appropriate actions for beneficiaries whose payments have been withheld pending the selection of a representative payee.

## **Impact of Customer Waiting Times in the Social Security Administration's Field Offices**

In October 2010, we reported that, although SSA monitored field office wait times and had initiatives to reduce customer wait times, a significant number of customers waited longer than 1 hour for service. Additionally, many customers left SSA field offices before they received service. We found that customer wait times were improving toward the end of our 21-month audit period, even though the number of annual visitors was increasing. However, according to FY 2015 wait time data, since 2010, every SSA region, except New York, had experienced an increase in both average wait times and the percentage of visitors who waited longer than 1 hour. In this follow-up review, we will assess (1) customer wait times at SSA field offices; (2) factors that affect wait times; and (3) initiatives SSA has taken to improve customer wait times, such as SSA's Self-Help Personal Computers, that allow visitors to use field office computers to conduct certain types of business with SSA.

## **Large Volume Individual Representative Payees for the Social Security Administration**

A representative payee may be an individual or an organization. We have identified 47 individual representative payees nationwide who serve 50 or more beneficiaries (these individuals serve about 4,000 beneficiaries in total). The 47 volume individual representative payees are in various regions including Chicago, Philadelphia, Atlanta, San Francisco, Denver, and Kansas City. Through Philanet, LexisNexis, and Internet searches, we will review each of the 47 representative payees to identify any issues that would result in a reason for a further review. Based on our review, we will select one or more payees for an in-depth review. We will determine whether SSA's internal controls are adequate to ensure volume individual representative payees ensured Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.

## **Oversight of Individuals Managing Beneficiary Funds**

SSA requires that representative payees annually report how they used and saved the benefits they received. SSA reviews the reports and follows up on missing, incomplete, or inappropriate information. However, these reviews are only performed on representative payees who are officially assigned. An individual might be managing funds for incapable individuals without having been appointed by SSA to be a representative payee. Individuals who control beneficiaries' funds without SSA's knowledge could be avoiding oversight and therefore are not subject to reviews and other monitoring controls. We identified SSI recipients who did not have a representative payee but who shared addresses with representative payees and whose benefit payments were deposited into bank accounts with 2 or more other recipients at the same address. We will determine whether individuals are managing beneficiary funds to avoid SSA's oversight and monitoring.

## Payments to Aged Representative Payees

In a 2010 audit of *Aged Beneficiaries in Need of a Representative Payee*, we estimated about 1 million beneficiaries over age 85 may have been incapable of managing or directing the management of their benefits. These beneficiaries generally had individuals or organizations managing their Social Security benefits without SSA's knowledge and approval. For this review, we will determine whether representative payees over age 85 are able to properly manage the payments of the beneficiaries in their care.

## Program Service Center Productivity

Program service centers are responsible for paying retirement, survivors, and disability benefits as well as Medicare. They also serve a variety of other functions essential to maintaining the beneficiary rolls. SSA maintains eight program service centers nationwide, two of which have specialized workloads. In FY 2015, backlogs at 6 of the program service centers processing similar workloads increased to approximately 3 million pending cases, a 70-percent increase from FY 2014. In addition, the average age of cases varied across the program service centers, from 85 to 144 days. We will provide information on (1) workloads, related processing times, and productivity; (2) the impact of assistance provided to other components, such as the teleservice centers; and (3) the Agency's goals and efforts to address workload backlogs.

## Representative Payee Criminal Bar Policy

The *Social Security Protection Act of 2004* bars individuals from serving as a representative payee if they have been convicted of an offense resulting in longer than 1 year imprisonment. However, several recent cases of fraud and abuse have exposed flaws in the implementation of this safeguard. SSA developed a new representative payee selection policy to identify applicants who should be prevented from serving as payees because they have committed serious violent or financial crimes. In June 2013, SSA introduced PayeeWiz, which reviews criminal histories from 41 States. Field office staff use this data when selecting a payee, rather than solely relying on the applicant's self-reporting. Our review will assess SSA's implementation of its representative payee criminal bar policy.

## Representative Payees for the Social Security Administration

Congress granted SSA the authority to appoint representative payees for those beneficiaries judged incapable of managing or directing the management of their benefits. Organizational or individual representative payees receive and manage payments on behalf of these beneficiaries. Given the vulnerability of the beneficiaries and the risk a representative payee may misuse beneficiaries' funds, it is imperative that SSA have appropriate safeguards to ensure representative payees meet their responsibilities. We will determine whether the organizational representative payees (1) used and accounted for Social Security benefits in accordance with SSA policies and procedures, (2) had effective safeguards over the receipt and disbursement of Social Security benefits, and (3) adequately protected the beneficiaries' personally identifiable information.

## Representative Payees' Use of Group Homes

Our Office of Investigations (OI) has identified several representative payees that appeared to be referring SSA beneficiaries to boarding/group homes that had substandard living conditions. OI

is concerned that this process enables the representative payee to provide room and board at a lower than market cost, thus making SSA beneficiary funds available to supplement the representative payee's operations. We will determine whether representative payees are referring beneficiaries to group homes with substandard living conditions.

## **Resolution of Allegations Against Claimant Representatives**

The Office of Disability Adjudication and Review (ODAR) has a process for collecting and resolving complaints made by the public and SSA employees against claimant representatives. ODAR receives and processes complaints in each of its 10 regions and Headquarters. These complaints are then shared with the regional Office of General Counsel, which then determines whether the complaint warrants further action. As part of the investigation and sanctioning process, the Office of General Counsel files requests for hearings with the Office of the Chief Administrative Law Judge (OCALJ) directly. In addition, the OCALJ has assembled a volunteer cadre of administrative law judges (ALJ) who are available to hold sanction hearings expeditiously. We will assess ODAR's process for collecting, monitoring, and resolving complaints by the public and SSA employees regarding the quality of service provided by claimant representatives.

## **The Social Security Administration's Reviews of Representative Payees**

The *Social Security Protection Act of 2004* mandates that SSA review all fee-for-service payees, individuals who serve as payee for 15 or more individuals (volume payee), and organizations serving as payee for 50 or more individuals. In April 2003, we issued a report on *The Social Security Administration's Site Reviews of Representative Payees*, which reported the following.

- SSA's site review methodology should be modified to better ensure payees are using benefits only for the benefit of the beneficiaries.
- SSA review teams did not always maintain sufficient and reliable documentation to support conclusions and recommendations made during the site reviews.
- SSA review teams did not always comply with site review requirements.
- SSA review teams did not always determine whether the representative payee took action to correct deficiencies identified during site reviews.

We will assess the reviews SSA completed of its representative payees. We will (a) test for compliance with SSA review requirements, (b) evaluate the sufficiency and reliability of the documentation that supports the conclusions and recommendations made during the reviews, and (c) determine whether SSA has taken appropriate follow-up action to ensure identified deficiencies were corrected.

## **US Veteran Disability Cases in the Social Security Administration's Backlog**

The Social Security disability program has grown significantly over the last several years and will continue growing as aging baby boomers reach their most disability-prone years. At the same time, Congress has added new workloads to SSA's responsibilities. Because of budgetary challenges, SSA does not have the funds to process disability workloads as quickly as it would like, and the Agency is struggling to handle them. Members of the military can receive expedited processing of disability claims from Social Security. The expedited process is used for military service members who become disabled while on active military duty on or after October 1, 2001, regardless of where the disability occurs. Men and women in the military can receive expedited service whether they apply online or in person. Our review will determine (1) the extent veterans disability cases are (or were) included in SSA's disability backlog of cases and (2) whether these military cases should have been expedited.

# Modernize Information Technology Infrastructure

Since SSA launched *my Social Security* in 2012, over 25 million customers have created accounts. According to SSA, in FY 2015, more than half of all Social Security retirement and disability applications were filed online, and customers completed over 87 million transactions using the Agency's Website. Still, the Agency saw about 40 million visitors in its field offices and handled over 37 million calls to its national 800-number.

To reduce unnecessary field office visits, SSA plans to enhance its online services to provide a secure and convenient self-service option to the public. However, SSA continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. Many of its legacy applications were programmed with Common Business Oriented Language. SSA maintains more than 60 million lines of Common Business Oriented Language today, along with millions more lines of other legacy programming languages.

In FY 2015, SSA spent about \$1.8 billion—approximately 15 percent of its budget—on information technology (IT). According to SSA, because of budget constraints, much of its IT funding is used for ongoing operation and maintenance for existing systems. To ensure SSA can keep pace with increasing workloads, the Agency must maintain its legacy systems while, in parallel, developing their modern replacements.

## **Congressional Response Report: Development of the Disability Case Processing System Core Application—Series of Reports**

The Disability Case Processing System (DCPS) is an SSA initiative to develop a common case processing system for all disability determination services (DDS) the Agency expects will simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs. In December 2010, SSA awarded a contract to develop DCPS as a combination of custom-built software and commercial, off-the-shelf products. Since then, SSA has acknowledged that “...creation of DCPS proved more complex and challenging than initially anticipated, as was demonstrated by feedback from the DDS community, continuously increasing program cost estimates, and constantly extended timeline projections.” In 2015, SSA stopped development of the DCPS Beta system and began developing a new system. We will evaluate SSA’s progress in developing the new DCPS. We plan to issue a series of reports to inform the Subcommittee on Social Security of SSA’s progress in developing DCPS.

## **Congressional Response Report: Functionality of the Disability Case Processing System Core Application**

In 2015, SSA began developing a new version of DCPS, referred to as Core. SSA plans to release the first version by the end of Calendar Year 2016. The Agency intends for that version to have all the functionality any DDS would need to process workloads beginning-to-end. We will determine whether the functionality in SSA’s Core DCPS application will meet users’ needs.

## **Congressional Response Report: The Social Security Administration’s Use of Agile Methodologies to Develop the Disability Case Processing System**

Agile software development supports the practice of shorter software delivery. Agile calls for the delivery of software in small, short increments rather than in the typically long, sequential phases of a traditional “waterfall” approach. Agile emphasizes this early and continuous software delivery as well as using collaborative teams and measuring progress with working software. SSA has adopted Agile for developing its new DCPS. We will evaluate SSA’s use of Agile solutions to develop DCPS.

## **Information Systems Control Review: Master Beneficiary/Supplemental Security Record Interface**

SSA has become more dependent on information systems and electronic data to carry out operations and process, maintain, and report essential information. Reliability of computerized data and the systems that process, maintain, and report these data is a major concern. Because of the systems’ complexity and interconnectivity, protecting Federal information systems has never been more important. For example, the amount of an SSI recipient’s payment may depend on the amount of Title II benefits he/she is receiving. To ensure benefits are calculated properly, SSA’s Master Beneficiary (MBR)/Supplemental Security Record (SSR) interfaces pass information between the MBR and SSR. We will determine whether the controls in SSA’s MBR/SSR interface systems are effective in ensuring the completeness, accuracy, validity, and confidentiality of its data.

## **Information Systems Control Review: The Electronic Representative Payee System**

In April 2016, SSA retired the 25-year-old Representative Payee System and implemented an electronic Representative Payee System (eRPS) Redesign. The eRPS Redesign is SSA's first implementation of a full "turn-key" replacement of a legacy system nationwide. The eRPS is part of the Agency's core business and part of the claims process, which affects the Title II and XVI programs. An average 6,886 representative payee applications were created per day over the first 2 weeks. We will determine whether the controls in eRPS are effective in ensuring the completeness, accuracy, validity, and confidentiality of its data.

# Secure Information Systems and Protect Sensitive Data

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. Recent breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, the Agency’s information systems may be at particular risk of attack. Given the sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

Our prior audit and investigative work has revealed concerns with the security of SSA’s information systems. Between FYs 2012 and 2015, auditors have concluded that the risk and severity of SSA’s information security weaknesses they identified were significant enough to constitute a significant deficiency under the *Federal Information Security Modernization Act* (FISMA). Those security deficiencies, when aggregated, created a weakness in SSA’s overall information systems security program that the auditors concluded significantly compromised the security of the Agency’s information and information systems. Additionally, recent audits and evaluations have identified concerns with SSA’s information security program.

While expanding its inventory of electronic services, the Agency needs to ensure those services are secure. Prior investigative and audit work have identified multiple incidents of fraud committed through SSA’s electronic services. Despite controls to prevent unauthorized access to **my Social Security**, from February 2013 to February 2016, the OIG received over 58,000 fraud allegations related to **my Social Security** accounts.

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. The Office of Management and Budget (OMB) and the National Institute of Standards and Technology require near real-time, continuous monitoring for risk management and risk-based decisionmaking.

SSA acknowledges it must be ever-mindful of potential cyber-threats and remain committed to protect privacy and security. One of the Agency’s goals is to ensure its IT services are reliable, secure, and efficient. As part of that effort, SSA plans to strengthen its cyber-security program.

## **Controls over the Deletion of Prisoner Records**

The Agency uses the Prisoner Update Processing System (PUPS) to record information on individuals' conviction and incarceration. This information assists the Agency in determining eligibility for benefits and suitability for selection as a representative payee for another individual. When an individual is incarcerated for less than 1 month, the incarceration may not affect that individual's eligibility for benefits. However, an incarceration for a short time period may influence the decision made on an individual's application to serve as a representative payee. According to the Agency's policy, SSA will not remove from PUPS records that accurately report a confinement for an individual. We will determine whether PUPS records are deleted according to Agency policy and the extent to which deletion of PUPS records increases the risk of selecting representative payees with criminal records.

## **Fiscal Year 2017 *Federal Information Security Management Act* Oversight**

FISMA provides the framework for securing the Government's information and information systems. All agencies must implement FISMA's requirements and report annually to OMB and Congress on the adequacy and effectiveness of their security programs. FISMA requires that each agency develop, document, and implement an agency-wide information security program. OMB uses information reported pursuant to FISMA 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 that each agency's Inspector General or independent external auditor perform an annual, independent evaluation of the effectiveness of the agency's information security program and practices. We will provide oversight of the contractor's audit of SSA's compliance with FISMA for FY 2017.

## **Systems Access Profiles for Claims Representatives**

SSA uses profiles to control employee and contractor access to its applications and data. There are two main types of profiles for most users: positional and functional. All users have a positional profile that allows access to the Intranet and email. Functional profiles are generally application-specific and are used to augment certain users' accessibility without modifying their positional profiles. This allows SSA to create one profile for each position type instead of a customized profile for every user. The Agency has created 16 positional profiles for use at the field offices. Each profile allows access to thousands of resources. Of the 16 positional profiles used in the field offices, claims representatives usually receive 1 of 3: Title II, Title XVI, or Generalist. Our review will determine whether SSA's profiles for claims representatives only provide the access they require to perform their duties.

## **The Social Security Administration’s Comprehensive Integrity Review Process**

The Comprehensive Integrity Review Process (CIRP) automatically selects potentially fraudulent cases based on pre-defined criteria, which are subject to change of address program integrity issues. SSA has developed a number of tests based on certain risk scenarios in its Enumeration, Title II, Title XVI, and Earnings functions. In addition to those transactions, CIRP uses several tests to monitor the queries of its sensitive files. Managers are required to review and certify case selections based on guidance contained in the Integrity Review Handbook and their knowledge of program systems. Managers certify that the employee’s actions were for legitimate business—not for personal or potentially fraudulent reasons. We will determine whether CIRP identifies and alerts potentially improper transactions performed by Agency personnel.

## **The Social Security Administration’s Network Vulnerability Management and Intrusion Detection Program**

The ability to detect and stop a cyber-attack while it is in progress is critical. Stronger security controls on internal networks, such as deploying correctly configured intrusion detection software, could detect computer security weaknesses or threats within the network. According to the National Institute of Standards and Technology, ensuring administrators regularly analyze log data is a fundamental problem because administrators often treat log management as a lower priority task. Our review will determine whether SSA’s security controls are adequate to detect and stop cyber-attacks in a timely manner.

# Reduce Improper Payments and Increase Overpayment Recoveries

SSA is responsible for issuing over \$965 billion in benefit payments annually to about 68 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 2014:

- The OASDI overpayment error was \$4.6 billion or 0.5 percent of program outlays, and the underpayment error was \$472 million or 0.05 percent of program outlays.
- The SSI overpayment error was \$3.9 billion or 7 percent of program outlays, and underpayment error was \$840 million or 1.5 percent of program outlays.

For FYs 2015 through 2017, 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 rate.

SSA has only met one of its payment accuracy targets in the last 5 years (see Table 1).

**Table 1: Rates and Targets for Payments Without Overpayments FYs 2010 to 2014**

| FY      | 2010  |       | 2011  |       | 2012  |       | 2013  |       | 2014  |       |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Program | SSI   | OASDI |
| Rate    | 93.35 | 99.61 | 92.66 | 99.68 | 93.66 | 99.78 | 92.43 | 99.78 | 93.05 | 99.47 |
| Target  | 91.60 | 99.80 | 93.30 | 99.80 | 95.00 | 99.80 | 95.00 | 99.80 | 95.00 | 99.80 |
| Met     | Yes   | No    |

SSA is undertaking projects to (1) maximize its use of proven debt-collection tools and techniques; (2) implement new debt-collection tools; 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. Also, in July 2010, the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) was enacted. Furthermore, in January 2013, the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) was enacted, which refined steps agencies should take to address improper payments. As a result, all agencies that have high-risk programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA’s programs as high-risk.

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 eligibility factors.

Available data indicate that SSA saves about \$10 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.

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 beneficiaries' failure to timely report earnings or SSA not timely withholding monthly benefit payments from beneficiaries who are engaging in substantial gainful activity. SSA developed a statistical model that predicts the likelihood of beneficiaries' being at risk of receiving large earnings-related overpayments and implemented it nationwide in June 2013. For the SSI program, SSA implemented its Access to Financial Institutions project to reduce SSI payment errors by identifying undisclosed financial accounts with balances that placed recipients over the SSI resource limit. However, SSA was not using Access to Financial Institutions on all SSI cases—only those that met a certain tolerance level.

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 2015, SSA recovered about \$3.4 billion in OASDI and SSI overpayments and ended the FY with an uncollected overpayment balance of \$18.5 billion.

## **Accuracy of Manually Deemed Income Calculations for Supplemental Security Income Recipients**

The process of considering a person's income to be an SSI recipient's income is known as deeming. If a child eligible for SSI lives with his/her parents, and at least one parent does not receive SSI payments, SSA looks at the ineligible parent's income to decide whether some of the income must be deemed to the child. Income is deemed because it is expected that the parent would use some of his/her income to meet some of the SSI recipient's needs. In some cases, SSA's automated system cannot properly calculate the amount of deemed income for children receiving SSI payments. Therefore, the correct amount of deemed income must be manually calculated and posted. Specifically, manual deeming must be done in situations where the deemor is undocumented or when one spouse and a child are both eligible (spouse-to-spouse to child deeming). We will determine whether SSA is correctly computing income that must be manually deemed to children receiving SSI payments.

## **Aged Supplemental Security Income Recipients Living Outside the United States Without the Social Security Administration's Knowledge**

During our review, *Using Medical Claim Data to Identify Aged Title XVI Recipients Who Are Deceased*, we identified cases where SSI recipients age 90 and older were deceased or living outside the United States without SSA's knowledge. We believe there is a risk for those aged 70 to 89 returning to their home country without SSA's knowledge as well. For this audit, we will obtain a population of foreign-born SSI recipients aged 70 to 89. In Calendar Year 2014, there were about 1.5 million SSI recipients age 70 or older; 76 percent was age 70 to 79. We will identify aged SSI recipients as the recipients may be deceased or living outside the United States without SSA's knowledge.

## **Assessing the Social Security Administration's Redetermination Process for Elderly Beneficiaries**

Redeterminations are periodic reviews of non-medical eligibility factors, such as living arrangements, income, and resources. Redeterminations are a key activity in ensuring the integrity of the SSI program and maintaining and improving payment accuracy. In FY 2015, SSA conducted 2.2 million redeterminations. However, redeterminations alone may not be an effective tool to prevent overpayments. For example, our audit, *Using Medical Claim Data to Identify Aged Title XVI Recipients Who Are Deceased*, identified a recipient who died in 1988, but SSA was unaware of the recipient's death, even though it completed five redeterminations (one telephone, three mail, and one automated scanning process) after the recipient's death. Effective October 2008, SSA ceased conducting redeterminations via mail, as it determined they were not cost-effective. We will assess SSA's redetermination process for high-risk categories, such as aged recipients, to determine its effectiveness in preventing overpayments.

## **Beneficiaries Eligible for Government Pension Offset Exemptions**

The *Social Security Act* includes a Government Pension Offset (GPO), which reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work 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. We will determine whether beneficiaries with GPO applied to their OASDI benefits were eligible for GPO exemptions.

## **Beneficiaries Eligible for Windfall Elimination Provision Exemptions**

The *Social Security Amendments of 1983* include a provision that eliminates “windfall” Social Security benefits for retired and disabled workers who are receiving pensions from employment not covered by Social Security. Under the Windfall Elimination Provision (WEP), SSA uses a modified benefit formula to determine the worker’s primary insurance amount. WEP applies to both retirement and disability pensions. However, under certain circumstances, beneficiaries’ payments are exempt from WEP. We will determine whether beneficiaries with the WEP offset applied to their OASDI benefits were eligible for WEP exemptions.

## **Benefit Payments Made to Incarcerated Beneficiaries**

The *Social Security Act* states OASDI benefits will not be paid for any month during which an individual is confined to a jail, prison, or other penal institution or correctional facility pursuant to conviction of an offense punishable by imprisonment of longer than 1 year (regardless of the actual sentence imposed). In March 2016, following an OI investigation, a Federal jury convicted an inmate (who was serving a life sentence) and his daughter-in-law of conspiracy to defraud SSA when it was established the daughter-in-law used the inmate’s name and personal information to apply online for SSA retirement benefits on his behalf but concealed the fact that he was incarcerated. Between 2006 and 2015, she was overpaid approximately \$250,000. We will determine whether individuals who are incarcerated are receiving Social Security benefits.

## **Controls over Supplemental Security Income Applicants/Recipients’ Transferring Ownership of Resources**

Since December 14, 1999, transferring ownership of a resource for less than fair market value can result in a period of SSI ineligibility of up to 36 months. When an individual alleges a resource has been transferred, SSA must develop the transfer to determine the effect on SSI eligibility. There are more than 18,000 matured diaries nationwide for cases involving alleged transfers of resources. We will determine whether SSA accurately develops SSI eligibility when an applicant/recipient alleges transfer of ownership of a resource.

## **Disability Insurance Claims with Unreported Worker’s Compensation Benefits**

All States administer a type of worker’s compensation (WC) insurance that provides supplemental income to injured workers. SSA considers the amount of WC benefits when determining the monthly SSA DI program payment. Depending on the amount of WC benefit, SSA may partially or completely offset/reduce the DI benefit. However, in some cases, the WC

benefit may have no impact on the DI payment. We will determine whether DI beneficiaries are reporting WC benefits to SSA.

## **Effect of Modernized Claims Systems Processing Limitations on Retirement and Survivors Insurance Payment Accuracy**

A processing limitation is a claim characteristic that prevents the Title II Modernized Claims System (MCS) from processing the claim. When a claim cannot be completely adjudicated through MCS, SSA technicians must make manual inputs through the Manual Adjustment Credit and Award Process (MADCAP). Although SSA recognizes that MADCAP is more labor-intensive and error prone, it remains the processing route for actions that MCS cannot process. In FY 2014, SSA manually processed 355,037 Retirement and Survivor Insurance awards. Based on an average award of \$1,222 paid in Calendar Year 2014, we estimate \$434 million was paid through the manual award process. The percentage of manually prepared awards increased by approximately 14.3 percent between FYs 2012 and 2014. We will determine the payment accuracy of Retirement and Survivors Insurance payments processed through the manual award process and assess the impact of systems updates to eliminate MCS processing limitations.

## **Follow-up: Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown**

SSA may suspend benefits when it receives third-party reports, undelivered mail, and undeliverable checks that indicate a beneficiary's whereabouts are unknown. When this occurs, SSA employees must try to locate the beneficiary and document their efforts to do so. When benefits have been suspended for "whereabouts unknown" for a period of at least 7 continuous years, SSA presumes the beneficiary is deceased and terminates benefits effective the date the beneficiary disappeared. In a June 2011 audit, we estimated that 29,000 beneficiaries whose whereabouts were unknown for longer than 7 years had not been terminated based on a presumption of death. We will determine whether SSA has taken appropriate actions for aged beneficiaries whose benefits were suspended for address or whereabouts unknown reasons.

## **Follow-up: Deceased Beneficiaries Who Have Different Dates of Death on the Social Security Administration's Numident and Payment Records**

OASDI and SSI are not payable for the month of a beneficiary's death or later. When SSA receives a death report, it terminates the decedent's benefits and records the date of death on the MBR and SSR. To identify and prevent erroneous payments to deceased beneficiaries, SSA matches reported deaths recorded on the Numident against the MBR and SSR. When there is a different date of death on the Numident and the MBR/SSR, SSA produces an alert to resolve the discrepancy. In a 2012 audit, we estimated that 9,800 deceased beneficiaries had unresolved date of death discrepancies between the Numident and MBR/SSR. Of these, 1,500 beneficiaries had about \$6.7 million in undetected improper payments, and 8,300 had an incorrect date of death on the Numident. Our review will determine whether SSA has adequate controls to resolve different dates of death recorded on the Numident and MBR or SSR.

## **Follow-up: Individuals Collecting Social Security Administration Payments Under Multiple Social Security Numbers**

In general, SSA assigns an individual one SSN. However, because of fraud or SSA error, the Agency may assign an individual more than one SSN. In prior audits, we identified 706 individuals improperly receiving OASDI or SSI benefits under multiple SSNs at the same or different mailing addresses. For example, we identified a New York woman who obtained two SSNs using different names in 1957 and 1979. In March 2003, she began receiving widow's benefits under the first SSN. In March 2006, she began receiving retirement benefits under the second SSN. When she filed for retirement benefits, she did not report her widow's benefits. As of January 2012, she had been overpaid about \$22,000, and OI was reviewing this case for potential fraud. We will (a) provide SSA with the amount of improper payments assessed/collected and the status of the fraud investigations for the multiple SSN same address/different address cases and (b) identify any new cases.

## **Follow-up: Minor Children Receiving Social Security Payments Without a Representative Payee**

It is important that minor children have representative payees to ensure the payments are used for their current and foreseeable needs. Therefore, SSA generally presumes minor children (that is, under age 18) are incapable of managing their own benefit payments. SSA policy states children under age 15 must have a representative payee. Our May 2011 report on *Minor Children Receiving Benefits Without a Representative Payee* found SSA did not appoint payees, as required, for 1,351 minor children under age 15, whom we estimated received about \$32.9 million in benefits. Our review will determine whether minor children receiving OASDI and/or SSI payments who are managing their own payments without a representative payee are doing so in accordance with SSA policies.

## **Follow-up: Moving Supplemental Security Income Overpayments from Prior Records to the Current Record for Recovery**

Failure to transfer an overpayment on a closed SSI record to the current record results in a lost opportunity to recover the overpayment. Adjustment of ongoing payments is the most effective method of overpayment recovery. Once the correct amount of the overpayment to be transferred is determined, the terminated record must be balanced and closed out. The overpayment information must be posted to the latest record. During an August 2009 follow-up audit of *Controls over Recording Supplemental Security Income Overpayments*, we found the number of cases with overpayments not forwarded to the latest SSR found during our 2001 audit had decreased. We estimated \$9.4 million in overpayments should have been transferred to 3,075 recipients' current SSRs. Our review will ensure overpayments on closed SSI records are brought forward to current records for recovery.

## **Follow-up: Old-Age, Survivors and Disability Insurance Benefits Affected by State and Local Pensions**

In November 2011, our audit of *Old-Age, Survivors and Disability Insurance Benefits Affected by State or Local Government Pensions* identified OASDI beneficiaries who were overpaid because SSA had not reduced their benefits for non-covered work from State or local government pensions. Of the 250 beneficiaries sampled, 79 were receiving pension payments based on non-covered employment. To identify OASDI beneficiaries whose payments may have been affected by State or local government pensions, we will review those beneficiaries who may have been receiving State or local government pensions and for whom SSA had not determined whether WEP or GPO applied. We will also examine the Agency's actions to address recommendations from our prior report.

## **Follow-up: Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients**

In a December 2013 report on *Processing of Internal Revenue Service Alerts*, we found that SSA did not develop some cases for SSI recipients with significant income and resources reported in Tax Year 2010, which made them ineligible for benefits. Because the Internal Revenue Service (IRS) code SSA assigned did not post an alert to the SSR, we estimated SSA may have overpaid about \$12 million in benefits to 1,014 SSI recipients. Beginning in January 2015, SSA indicated it had enhanced the existing predictive model to more effectively target SSI recipients with potential excess income and resources as indicated in quarterly data matches with the IRS. In addition, on September 27, 2014, SSA implemented a system change to the profiling criteria, which alerts technicians of SSI couples' incomes or resources that are above the tolerance level. We will determine whether SSA is properly processing the IRS' 1099 alerts and appropriately adjusting benefit amounts for SSI recipients.

## **Follow-up: Self-Employment Earnings Removed from the Master Earnings File**

Our 2015 audit *Self-employment Earnings Removed from the Master Earnings File* found that SSA had removed from the Master Earnings File (MEF) about \$742 million in self-employment income (SEI) originally reported on approximately 50,000 numberholders' Federal income tax returns for Tax Years 2008 through 2011. During the period reviewed, SSA deleted \$343 million in SEI and notified the IRS when it deleted the earnings. However, during the same period, SSA transferred \$399 million in SEI to the Earnings Suspense File (ESF) instead of deleting it. SSA did not report these transactions to the IRS. At our request, the Treasury Inspector General for Tax Administration reviewed tax returns associated with SEI that SSA transferred to the ESF from randomly selected numberholders' earnings records. Based on its review, Treasury Inspector General for Tax Administration determined that tax filers had used the SEI to claim the earned income tax credit on 77.3 percent of the tax returns reviewed. The average earned income tax credit paid per tax return was \$4,053. SSA agreed with our recommendation to modify its existing process so it notifies the IRS in all cases where SSA removes SEI from a numberholder's earnings record. We will determine whether SSA took corrective action to address the findings and recommendations in our 2015 report.

## **Follow-up: Title II Beneficiaries Whose Benefits Have Been Suspended and Who Have Death Information on the Numident**

When SSA receives a death report, it should terminate the decedent's benefits and initiate recovery of any payments issued after death. To identify and prevent erroneous payments to deceased beneficiaries, SSA matches reports of death against its MBR. SSA may also suspend benefits while it searches for a representative payee; when it needs to verify a beneficiary's address or when a notice sent to the beneficiary is returned as undeliverable; and for miscellaneous reasons. In a 2011 audit, we estimated that 4,700 beneficiaries remained in suspended pay status despite the death information on their Numident, and 2,900 of these beneficiaries were improperly paid approximately \$23.8 million. We also estimated that the personally identifiable information for 2,700 living beneficiaries was at risk of release to the public. Our review will determine whether SSA has adequate controls to ensure it resolves death information for suspended beneficiaries.

## **Follow-up: Unprocessed Manual Recalculations for Title II Payments**

In August 2008, we estimated that SSA had not adjusted Title II benefits or assessed over/underpayments when it removed earnings from 5,440 beneficiaries' earnings records—resulting in about \$5 million in improper payments. In addition, we estimated 4,660 of these beneficiaries would be paid an additional \$1.2 million, annually, because their ongoing benefits were not corrected when SSA removed the earnings. As a result of our review, the Agency informed us that it (1) completed its Automatic Earnings Reappraisal Operation run with software enhancements and (2) was not able to develop a cost-effective method for prioritizing the review of Automatic Earnings Reappraisal Operation alerts to ensure alerts most likely to result in overpayments are worked first. We will determine whether SSA is (1) adjusting Title II benefits when earnings are removed from beneficiaries' earnings records and (2) calculating and assessing over/underpayments, when appropriate.

## **Higher Benefits Payable to Widows if They Delayed Their Retirement Benefits Until Age 70**

Generally, when individuals apply for OASDI benefits, their applications are for all benefits they are eligible to receive unless they specifically limit the scope of their application. Normally, individuals limit the scope of their applications so they may receive higher current benefits or to maximize the amount of a future benefit. When widow(er)s benefits are higher than their retirement benefits, they generally should not elect retirement benefits until age 70. Instead, they should limit the scope of their application and delay their application for retirement benefits. Our review will determine whether SSA has adequate controls to inform widow(er) applicants when they should apply for retirement benefits.

## **Identifying Deceased Beneficiaries in U.S. Territories**

Based on the data in our audit, *Using Medicare Claim Data to Identify Deceased Beneficiaries*, we determined that about 10 percent of the beneficiaries had a Puerto Rico address and had not used Medicare in the previous 3 years. We excluded this group from our review because these beneficiaries did not have an address that was near one of our Office of Audit field offices. However, based on the results of our review, we believe it would be beneficial to review this population of beneficiaries, including those who reside in other U.S. territories. We will identify deceased beneficiaries in U.S. territories who continue receiving Social Security benefits.

## **Improper Payments Made to Incarcerated Juveniles**

On any given day, over 120,000 adolescents and children are held in juvenile justice facilities nationwide. SSA does not have agreements/memorandums of understanding with youth detention centers or other correctional facilities to report incarcerated SSI recipients. Therefore, the Agency may continue making monthly payments as it primarily relies on self-reporting. To alleviate the situation, SSA could establish agreements with State and local juvenile correctional facilities to provide inmate data to SSA that leads to the suspension of benefits as they have established with adult correctional facilities. We will identify improper payments made to incarcerated juveniles.

## **Individuals Not Receiving Widow(er) Benefits**

When an OASDI beneficiary dies, a claimant could be entitled to benefits from the deceased beneficiary as a widow(er), surviving divorced spouse, or disabled widow(er). Requirements for entitlement to benefits as a widow(er) include that the deceased died fully insured, and the widow(er) must (a) be age 60 or age 50 (if disabled), (b) be unmarried, (c) have filed an application for widow(er)'s benefits, and (d) not be entitled to retirement insurance benefits which equals or exceeds the deceased numberholder's primary insurance amount. Also, a widow(er) or child may receive a special \$255 death payment if certain requirements are met. We will review individuals who are receiving Social Security retirement benefits who may be entitled to, but not receiving, widow(er)s benefits.

## **Ineligible Spouses or Parents with Substantial Income Increases After Reported Separations from Supplemental Security Income Recipients**

SSA may count income that a recipient's spouse or parent earns when it determines the recipient's SSI eligibility. Given the risk of losing SSI payments, SSI recipients may falsely report a separation in anticipation of a deeming spouse or parent's substantial earnings or after learning the deeming spouse's increased income affects their SSI payment and/or eligibility. We previously identified and forwarded to OI 32 cases of recipients we determined were likely to have misreported a separation from a spouse or parent who had substantial earnings after the reported separation. OI determined that 18 had misreported their separations and, based on their actual living arrangements, were overpaid over \$300,000. We will determine the accuracy of recipients' reports of separations from spouses or parents who have substantial earnings after the reported separation.

## **Institutionalized Beneficiaries Who Have Earnings**

In a recent audit, we found SSA posted self-employment earnings to an institutionalized beneficiary's record, and the Agency issued the beneficiary a \$15,345 underpayment based on the earnings. The Agency also recomputed the beneficiary's benefit amount, which resulted in an increase in the beneficiary's monthly benefit from \$464 to \$1,033. The institution confirmed that the beneficiary could not have earned the funds. We will assess the accuracy of earnings posted for individuals residing in institutions and their impact on beneficiary payment amounts.

## **Match of Washington Death Information Against Social Security Administration Records**

The Washington Department of Health makes death records available for sale to other government entities. Department of Health staff stated that, although Washington has participated in the Electronic Death Registration system since 2007 or earlier, not all counties report death information via Electronic Death Registration. We purchased Washington death data files through 2014. The data included death information for approximately 1.35 million Social Security numberholders. We will match the death data against SSA payment records and determine the validity of continued SSA payments to beneficiaries/recipients whose personally identifiable information matches that of deceased individuals in the Washington data file.

## **Overpayments Not Collected Through Benefit Withholding**

During our review of *Overpayments Being Collected Through Long-term Repayment Plans*, we identified 107,340 individuals who were receiving OASDI or SSI, had an outstanding overpayment balance greater than \$1,000, and did not have a repayment agreement with SSA. For these individuals, if a full refund is not possible, SSA should recover the overpayment through a repayment agreement. Therefore, we will determine whether SSA is appropriately withholding benefits to recover overpayments when an individual is in current pay status.

## **Overpayments to Widows**

If a worker chooses to receive benefits before they reach 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 or widower is reduced to the amount the deceased worker would be receiving if 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.

## **Pending Diaries for Supplemental Security Income Recipients**

SSA establishes diaries to ensure it properly pays SSI recipients. A pending diary requires further action by SSA employees, and the SSI Diary Control program should include all diaries that have not been resolved. Diaries should remain in the SSI Diary Control program until SSA employees have resolved the eligibility issue and updated the SSR to clear the diary. Our prior reviews have found that the SSI Diary Control program may not include all pending diaries for recipients in current pay. Our review will determine whether SSI diaries are properly controlled and resolved.

## **Payments to Individuals with a Death Entry on Their Veterans Benefits Administration Record**

Our May 2004 report, *Match of Veterans Affairs' Historical Death File Against the Social Security Administration's Benefit Rolls*, identified 1,691 individuals receiving payments who were recorded as deceased per the Veterans Affairs. Based on our review of sample cases, we estimated SSA issued about \$11 million in improper payments to deceased individuals and would issue an additional \$1.9 million in improper payments over the next 12 months if the errors were not corrected. We obtained the Veterans Affairs' historical death file for approximately 17 million deceased veterans. We will determine the validity of SSA payments issued to individuals whose death information appears on the the Veterans Affairs' file.

## **Propriety of Non-Resident Alien Dependents and Survivors Receiving Title II Benefits**

Certain noncitizen dependents and survivors who were first eligible for benefits after 1984 must have resided in the United States for at least 5 years as the spouse, widow(er), child, or parent of the numberholder to receive benefits while outside the United States. This can be a continuous 5-year period or separate periods that totaled 5 years. If the 5-year residency requirement is not met, the dependent or survivor must periodically return to the United States to prevent their benefits from being suspended. We will determine whether SSA is erroneously paying monthly benefits to non-resident dependents and survivors.

## **Questionable Government Pension Offset Exemptions**

GPO reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work for a Federal, State, or local government not covered by Social Security. The GPO reduction is generally equal to two-thirds the government pension. Under certain circumstances, OASDI payments can be excluded from GPO reduction. We will determine whether SSA correctly exempted OASDI benefits from GPO.

## **Questionable Windfall Elimination Provision Exemptions**

WEP eliminates "windfall" Social Security benefits for retired and disabled workers who are receiving pensions from employment not covered by Social Security. Under WEP, a modified benefit formula is used to determine the worker's primary insurance amount. Under certain circumstances, beneficiaries' payments are exempt from this provision. We will determine whether OASDI benefits were correctly exempted from WEP.

## **Recovering Title XVI Overpayments from Jointly Liable Recipients**

A representative payee can be solely or jointly responsible for an individual's overpayment. SSA may attempt to recover an overpayment from a representative payee when the overpaid funds (1) were not used for the overpaid individual's support and maintenance or (2) were used for the overpaid individual's support and maintenance and the payee was aware of the facts causing the overpayment. If the representative payee is receiving OASDI benefits and is jointly liable to repay the overpayment, SSA should use cross-program recovery to collect the overpayment from those OASDI benefits. If the liable representative payee is receiving SSI

payments, SSA should recover the recipient's overpayment from those SSI payments. When there is an overpayment to one member of a couple, of which both members are entitled to SSI payments, SSA should first attempt recovery from the overpaid individual. If recovery is unsuccessful, SSA should attempt recovery from the eligible spouse. We will determine whether SSA has maximized overpayment recovery efforts by attempting to recover SSI overpayments from jointly liable recipients.

## **Representative Payees Who Failed to Report Information that Resulted in Multiple Overpayments**

A representative payee must notify SSA about any changes that may affect a beneficiary's benefit. A payee is responsible for repaying funds received for the beneficiary if any 1 of 19 events occurs (such as the beneficiary returns to work or moves to a new address), and the payee does not report the event to SSA and it results in an overpayment. The payee must also tell SSA if they are no longer responsible for the beneficiary, move, no longer wish to be payee, are convicted of a felony, or are violating a condition of probation or parole imposed under Federal or State law. If the payee intentionally withholds information to continue receiving payments, the payee may face criminal prosecution. Criminal penalties can include fines and imprisonment. We will identify representative payees who failed to report information to SSA, as required, and the non-reporting resulted in multiple overpayments.

## **Supplemental Security Income Overpayment Waivers**

SSA relies on recipient self-disclosure of resources and earnings as well as computer matching from other Federal and State agencies to determine eligibility and compute monthly payments. Financial resources and earnings may vary by month. Consequently, SSI payments can be error-prone and may result in overpayments. SSA can waive the recovery of an overpayment only if the liable individual is determined not to be at fault for causing the overpayment, and recovery would defeat the purpose of the program; or be against equity and good conscience; or, impede effective or efficient administration of the program because of the small amount involved. Our 2009 report questioned \$56 million in overpayment waivers. Since 2009, SSA has increased the administrative waiver limit from \$500 to \$1,000. Our review will determine whether SSA corrected discrepancies identified in our 2009 report.

## **Supplemental Security Income Recipients Eligible for Retirement Benefits**

An application for payments under the SSI program is also an application for benefits under the OASDI program. SSI recipients who are eligible for OASDI are required to file an application for those benefits. When SSA identifies SSI recipients who may be eligible for OASDI benefits, it must notify the individuals of their eligibility and the requirement to file for OASDI benefits. To be entitled to OASDI retirement benefits, individuals must be over age 62, be fully insured, and have applied for benefits. Our review will determine whether SSA has adequate controls to ensure it identifies SSI recipients who are eligible for OASDI retirement benefits.

## **Supplemental Security Income Recipients Who Are Not Appropriately Charged In-Kind Support and Maintenance**

SSA considers in-kind support and maintenance when determining SSI eligibility and payment amounts. In-kind support and maintenance is any food or shelter that is given to an SSI recipient or that an SSI recipient receives because someone else pays for it. The general rule is to charge a recipient in-kind support and maintenance when he/she receives food or shelter, regardless of who is liable for its cost. However, there are numerous exceptions to the general rule. When an exception applies, the food or shelter a beneficiary receives is not chargeable in-kind support and maintenance. Some of these exceptions result from statutory exclusions. Other exceptions result from situations in which the food or shelter received does not constitute income in accordance with regulations. We will determine whether SSA is accurately computing SSI payments when in-kind support and maintenance is provided to SSI recipients.

## **Supplemental Security Income Recipients Who Have Life Insurance Policies with Unverified Cash Surrender Values**

Some life insurance policies have a cash surrender value, which is a form of equity the policy accrues over time. A policy owner can obtain its cash surrender value by cancelling the policy before it fully matures. A life insurance policy is a resource if it generates a cash surrender value. SSA field offices are responsible for determining whether a life insurance policy owned by an SSI applicant or recipient generates a cash surrender value. If examination of a policy does not reveal the current cash surrender value, field offices can obtain that information from the individual's insurance agent or company or use the estimated cash surrender value. Our review will examine SSA's policy on SSI recipients' resources related to life insurance policies with cash surrender values.

## **Supplemental Security Income Recipients Who Have Not Had a Redetermination in Longer Than 10 Years**

SSA conducts SSI redeterminations to determine whether recipients are still eligible for, and receiving, the correct SSI payments. SSA conducts unscheduled redeterminations based on a recipient or couple's reported changes in circumstances that may affect eligibility and payment amount. Although SSA has a profiling method for selecting cases for a redetermination that is likely to find an overpayment, we found cases that had not had redeterminations in longer than 10 years. Our review will identify SSI recipients who have not had a redetermination in longer than 10 years and determine whether they were overpaid because they did not report information to SSA.

## **Supplemental Security Income Trusts**

Property held in trust may be considered a resource for SSI purposes. The income and resource treatment of distributions from a trust depends on whether the trust is a countable resource, the nature and form of the disbursement, and on what the disbursement is ultimately spent. If the trust principal is not a resource, disbursements from the trust may be income to the SSI recipient, depending on the nature of the disbursements. SSI recipients are required to report withdrawals to SSA so staff can determine the impact of the withdrawals on the recipients' eligibility and/or payment amount. For over 33,000 recipients who had trusts, the values of the trusts in SSA's

records had not changed over time. Because trusts usually gain value from interest, no change in value suggests SSA has not verified the trusts after the initial reporting. Our review will determine SSA's effectiveness in monitoring trusts held by SSI recipients.

## **The Social Security Administration's Implementation of Policy Changes to Eliminate Unintended Retirement Filing Options as Required by the *Bipartisan Budget Act of 2015***

The *Bipartisan Budget Act of 2015* includes language to allow individuals who turned 62 before 2016 to file for spousal benefits at or after full retirement age while choosing not to take their own retirement benefits. The law also allows for those who have already filed and are voluntarily suspended to continue to remain suspended and accrue delayed retirements credits under the previous rules. Additionally, those who are or will be at least 66-years-old before May 1, 2016 and who filed for benefits before that date can file and suspend under the previous rules. Our review will determine whether SSA's policy and procedure changes have effectively eliminated the unintended filing options in keeping with the intent of the *Bipartisan Budget Act of 2015* and ensure SSA is correctly adjudicating claims based on the policy changes.

## **The Social Security Administration's Processing of the Delinquent Debt Trigger File**

SSA runs the Delinquent Debt Trigger File Operation in March and September each year. The Trigger File Operation selects cases involving Title II overpayments in which there has been no collection activity for at least 180 days and produces an alert for review in the program service center. Within the Trigger File, the overpayment is categorized and assigned a listing code based on the case's characteristics. Based on this information, the program service center will take the necessary actions to resolve the issue preventing recovery of the overpayment. We will determine whether SSA is taking action to resolve the outstanding overpayments in the Delinquent Debt Trigger File.

## **The Social Security Administration's Reporting of Improper Payments in the Fiscal Year 2016 Agency Financial Report**

On January 10, 2013, the President signed IPERIA into law. IPERIA amended the *Improper Payments Information Act of 2002* and IPERA. The legislation requires that agencies include in their annual Agency Financial or Performance and Accountability Reports improper payment estimates, reduction targets, root causes, corrective actions and other areas. According to OMB guidance, each FY, each agency's Inspector General should determine whether the agency is in compliance with the *Improper Payments Information Act of 2002*, as amended by IPERA and IPERIA. Our review will determine whether the figures presented in SSA's Agency Financial Report are reasonable and the Agency complied with all requirements of the *Improper Payments Information Act of 2002*, as amended by IPERA and IPERIA.

## **The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520 in Fiscal Year 2017**

On November 20, 2009, the President issued 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 major programs while continuing to ensure Federal programs serve and provide access to their intended beneficiaries. As part of the requirements, each agency identified by OMB shall provide the agency's Inspector General a quarterly report on "high-dollar" overpayments. An overpayment is considered high-dollar if it exceeds 50 percent of the correct amount of the intended payment under certain circumstances. We will review the Accountable Official's Quarterly High-dollar Overpayment Report to the OIG for the quarters ended December 2016 and March, June, and September 2017. We will also determine whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

## **The Social Security Administration's Recovery of Suspended Overpayments**

Under certain circumstances, SSA can suspend its collection efforts for a maximum of 6 months. Otherwise, policy states that SSA should terminate its collection efforts. When collection efforts are terminated, the debt is subject to recovery through the External Collection Operation/Treasury Offset Program, unlike debts that are in suspense status. As such, SSA should determine whether it can resume its collection efforts or pursue other methods of recovery. We will determine whether SSA is monitoring overpayment records where collection activity was suspended.

## **The Social Security Administration's Reselection of Previously Terminated Representative Payees Who Misused Beneficiaries' Funds**

If SSA determines a representative payee has misused benefits, it should terminate the representative payee and select a new payee. While prior misuse of benefits does not prohibit SSA from selecting the individual or organization or becoming a representative payee, SSA employees should not appoint a representative payee with prior misuse of benefits unless there is a compelling reason to do so. Our review will determine whether SSA followed its policies and procedures when it re-selected previously terminated representative payees who misused beneficiaries' funds.

## **The Social Security Administration's Underpayment Process**

SSA considers underpayments as an improper payment for Old-Age and Survivors Insurance, DI, and SSI programs. An underpayment is any monthly benefit amount (or portion of a monthly benefit amount) due a person that SSA has not paid. Underpayments usually result from unpaid accrued benefits or unnegotiated checks. We will determine whether SSA appropriately paid underpayments for OASDI and SSI programs.

## **The Social Security Administration's Use of Administrative Tolerance Waivers When Multiple Overpayment Events Are Present**

When a liable person requests a waiver and the total amount of their liability is \$1,000 or less, recovery is waived because it would impede the efficient administration of the *Social Security Act* unless there is some indication the person may be at fault. Someone liable for several overpayments that total \$1,000 or more, even though one or each may be under \$1,000, cannot be considered for an Administrative Tolerance waiver. Likewise, if an overpayment of \$1,000 or more has been reduced to \$1,000 or less by repayment or collection, the tolerance does not apply. Each separate debt is considered its own event, and SSA personnel can make a waiver decision on each event separately. Therefore, even if the debt is not eligible for the Administrative Tolerance waiver, the SSA technician can still apply this tolerance in the Debt Management System. We will determine whether Administrative Tolerance waivers under \$1,000 are being improperly used in cases where the Title II beneficiary has multiple debt events and the total overpayment liability is or was greater than \$1,000.

## **The Social Security Administration's Use of Administrative Sanctions as a Deterrent to Fraud and Abuse**

In September 2008, we reviewed SSA's use of administrative sanctions in the OASDI program. We found that, although Congress authorized administrative sanctions as a deterrent to fraud and abuse, SSA only imposed 275 administrative sanctions from October 2000 through March 2008. SSA revised its administrative sanctions policy after our 2008 audit. We will determine (1) the extent to which SSA uses administrative sanctions as a deterrent to fraud and abuse in the OASDI and SSI programs and (2) whether SSA is imposing administrative sanctions according to its revised policy.

## **Title II Beneficiary Address Information on SSA Records**

According to our August 2012 audit, *Using Medicare Claim Data to Identify Deceased Beneficiaries*, SSA overpaid an estimated 890 deceased beneficiaries age 90 or older about \$99 million. The audit also identified 1,160 beneficiaries who were purportedly living outside the United States without SSA's knowledge and 190 beneficiaries whose whereabouts were unknown. While SSA requires that its beneficiaries notify SSA when a change of address occurs, beneficiaries have no incentive to notify SSA, especially if they are receiving benefits via direct deposit. SSA has implemented an Address Verification Project to improve its Treasury Offset Program. SSA noted it obtains current mailing addresses for individuals before it attempts to mail the pre-offset notices. This change will allow the Agency to reach more debtors in the initial attempt to notify them of a potential offset of a Federal or State payment. Our

review will assess the impact of inaccurate beneficiary address information in SSA's system of records.

## **Title II Debtors Not Current on an Installment Agreement**

When a beneficiary makes, but fails to honor, an installment agreement, SSA uses an automated system to generate a series of follow-up notices to the beneficiary. SSA policy also states that any lapse in regular payments can result in SSA's use of other debt collection methods. For example, if a debtor fails to make regular installment payments, SSA may be able to collect the debt through its external collection methods, such as a tax refund offset, administrative wage garnishment, or Federal salary offset. Our review will determine whether SSA pursues recovery of overpayments when a debtor fails to remit installment payments.

## **Underpayments on Title XVI Records with Outstanding Overpayments**

SSA considers an individual overpaid when the total amount the individual received for any period exceeds the total amount that should have been paid for that period. To recover an SSI overpayment, SSA may withhold an underpayment due the overpaid individual. However, if an overpaid SSI recipient has an outstanding request for waiver or reconsideration on the overpayment, SSA may not withhold any underpayment. We will determine whether SSA is inappropriately paying underpayments to recipients with outstanding overpayments on their SSI records.

## **Underpayments Resulting from Untimely Processing of Potential Over-reported Earnings from Supplemental Security Income Recipients**

SSA has established interfaces that compare earnings recorded on the Supplemental Security Record with data in both the MEF and the Office of Child Support Enforcement's database. When recorded earnings exceed the amount identified in the MEF or Office of Child Support Enforcement database, an alert is created to ensure recipients are not underpaid because of earnings discrepancies. Field offices must promptly process these alerts to ensure recipients receive the full SSI payment amount due. We will determine the extent to which SSI recipients are underpaid because of SSA's failure to process over-reported earnings alerts promptly.

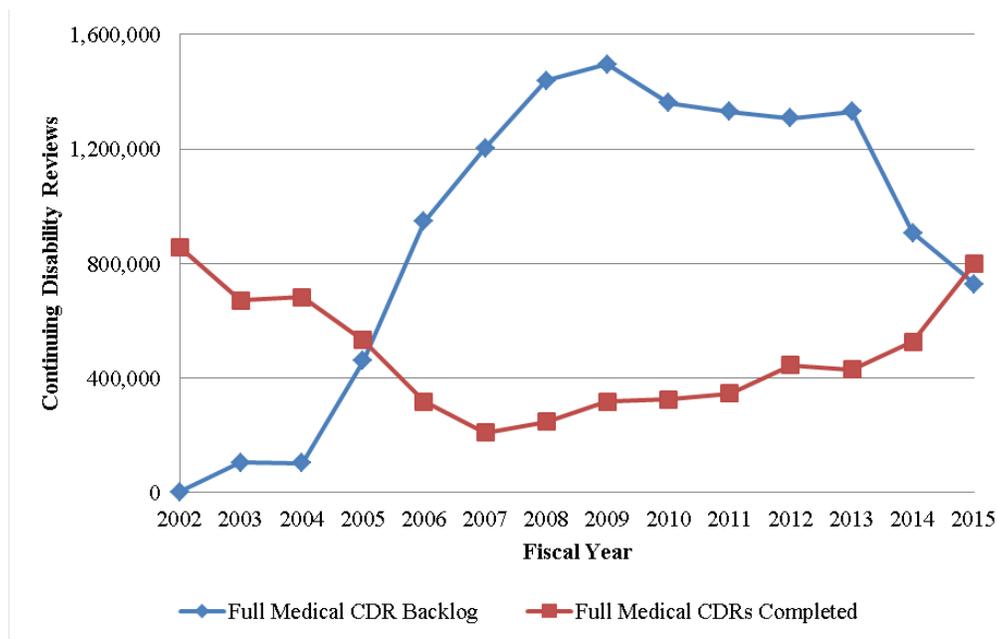
# Reduce Disability Backlogs and Improve Decisional Quality

SSA’s FY 2014-2018 *Agency Strategic Plan* has a goal to “Serve the public through a stronger, more responsive disability program,” which includes the objective of improving the quality, consistency, and timeliness of disability decisions while leveraging technology to improve the disability process. These disability workloads are processed by SSA’s field offices, regional operations, hearing offices, Appeals Council, and DDSs.

In FY 2015, SSA received over 2.75 million initial disability claims and over 704,000 requests for reconsideration. As of June 2016, SSA had received over 1.9 million initial claims and almost 482,000 requests for reconsideration. Further, as of June 2016, there were over 597,000 initial claims pending. This represents a 6-percent increase over the FY 2008 year-end pending level of about 565,000 initial claims.

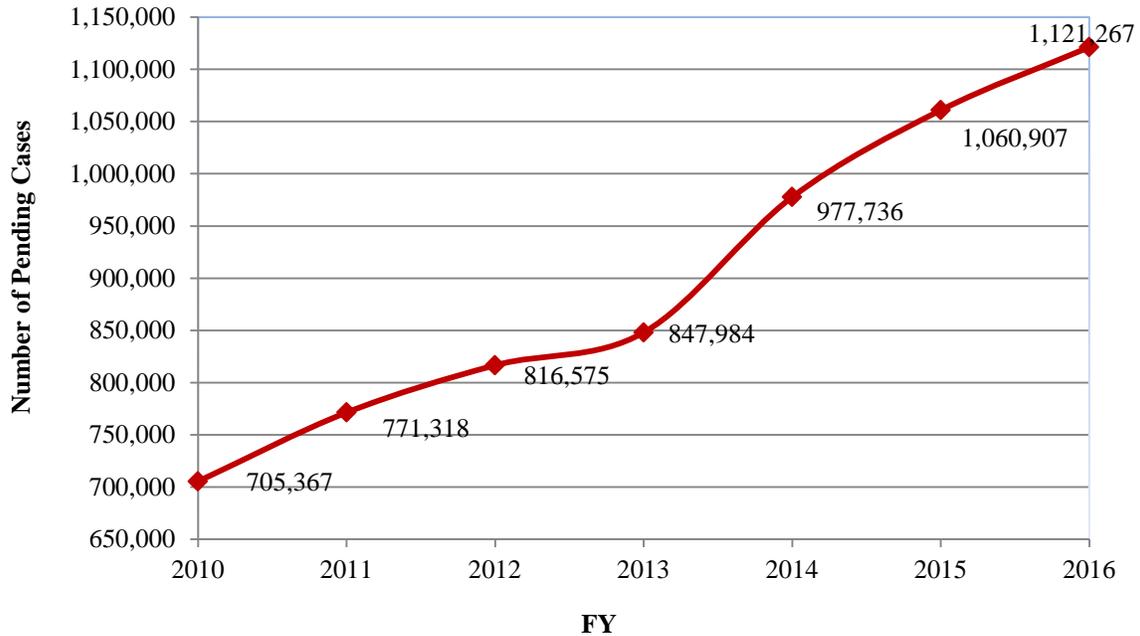
The high number of initial disability applications forces the dedication of DDS resources to processing initial applications rather than conducting medical CDRs. As a result, SSA has had a backlog of full medical CDRs since FY 2002. While the backlog has decreased recently, it remained at more than 726,000 at the end of FY 2015 (see Figure 1).

**Figure 1: Full Medical CDR Backlog and Completions, FYs 2002 Through 2015**



Another part of the disability program, the hearings and appeals process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time (APT) for a hearing increased 24 percent from 426 days at the end of FY 2010 to 530 days in FY 2016, as of June 2016. Moreover, during the same period, pending hearings grew 59 percent, from about 705,367 cases at the end of FY 2010 to 1,121,267 at the end of June 2016 (see Figure 2). In addition, the Appeals Council workload has grown 28 percent since FY 2010 to about 136,000 pending appeals at the end of June 2016, and average processing times during the same period increased from 345 to 397 days.

**Figure 2: Pending Hearings, FYs 2010 Through 2016  
(as of June 2016)**



In January 2016, ODAR issued the *Compassionate And REsponsive Service (CARES)* plan, which outlines 22 initiatives to address the growing number of pending hearings and increasing wait times. According to the CARES plan, ODAR plans to reach an average processing time of 270 days for hearings by the end of FY 2020. The CARES plan also includes a goal to process requests for Appeals Council review in an average of 180 days. Since issuing the plan, ODAR has added five initiatives. These 27 initiatives relate to (1) business process improvements, (2) IT innovations, (3) staffing and facilities, and (4) employee engagement activities.

SSA is hiring additional ALJs to increase the Agency’s adjudicatory capacity. In addition, ODAR continues focusing on decision quality through its ongoing review of pre-effectuated adjudicator allowances, monitoring of potential anomalies in ALJ workload performance, and expansion of hearing office workload quality measures, such as the agreement rate associated with the percent of ALJ cases remanded or reversed in subsequent appeals.

## **Accuracy of Disability Entitlement Dates for Primary Beneficiaries Who Previously Filed Disability Claims**

To be insured for benefits, applicants must have the required amount of earnings, measured in quarters of coverage, on their earnings records. Additionally, applicants must earn their quarters of coverage within an established timeframe. Applicants may be insured for disability benefits under one of several provisions depending on their age and disability. The field office evaluates the claimant's insured status, documents the claimant's date first insured and date last insured, and provides this information to the DDS. We will determine whether SSA accurately determined entitlement dates for primary beneficiaries allowed DI benefits in FY 2015 who previously filed disability claims.

### **Age 18 Redeterminations for Permanent Conditions**

Disability beneficiaries who were eligible as children must have their eligibility redetermined under the adult standards for initial claims within 1 year of their 18th birthday or when the Commissioner determines their case is subject to a disability redetermination. Disability redeterminations for age 18 conversions are different from CDRs in that the impairment(s) is evaluated using the disability criteria for initial claims except for the substantial gainful activity step of the evaluation process. We will determine whether SSA should automatically convert childhood SSI recipients with severe permanent disabilities to disabled adults when they reach age 18.

### **Agency Hearings Related to Deceased Claimants**

If a claimant files an appeal with SSA and dies before the hearing, an ALJ must first determine whether there is another party who may be adversely affected by the determination. If there is no other party, or the other party does not wish to pursue the claim, the ALJ may dismiss the case. Different rules apply for OASDI and SSI claims for determining a substitute party who may pursue the claim. For instance, if an SSI claimant received interim assistance from a State, the ALJ must consider the State's interest and issue a decision even if no other parties come forward to pursue the claim. If the ALJ decides in favor of the claimant, the Agency reimburses the State for this interim assistance. We will determine whether ALJs are properly processing hearings for claimants who died before the hearing.

### **Continuing Disability Reviews on Cases Decided by Outlier Administrative Law Judges**

In November 2014, we issued a report on *Administrative Law Judges with Both High Disposition and High Allowance Rates* where we estimated that 38 of the 275 sample cases would have been denied or dismissed had they been part of a pre-effectuation review. Extrapolating these results to all allowances by the 44 outlier ALJs over a 7-year period, we estimated they improperly allowed disability benefits on approximately 24,900 cases, resulting in questionable costs of about \$2 billion. Furthermore, we projected that SSA would continue paying these beneficiaries approximately \$273 million over the next 12 months. Finally, we recommended to the Agency that it conduct CDRs on similar cases associated with the 44 outlier ALJs. In this review, we will determine the number and outcome of CDRs on cases related to these 44 outlier ALJs.

## **Disability Claims Filed by Active Duty Military Members**

A unique feature of Wounded Warrior claims is that special provisions in the law allow members of the military to concurrently receive military pay and DI benefits under the theory that they continue receiving military pay while they recover from traumatic combat injuries. Once they recover, they are discharged from the military and their DI continues. We identified 41,003 Wounded Warrior claimants who were in current payment status as of October 2015. Our preliminary review of SSA records indicated that 1,795 of these Wounded Warriors had a DI cessation or earnings-related overpayment added to their record after their Wounded Warrior claim was approved. We plan to summarize these overpayments and review instances where SSA issued disability payments to active duty military members who remained in the Armed Forces 2 or more years after SSA approved their disability claims.

## **Disabled Beneficiaries Who Can Perform Substantial Gainful Activity but Who Are Waiting Until Conversion to Full Retirement Before They Return to Work**

Our FY 2015 audit of 1,532 disability cases found instances where earnings were posted on SSA's records after the individual reached full retirement age, when earnings would not cause benefits to cease or be suspended. For example, one beneficiary had no work activity while he was receiving disability benefits, but, after he reached full retirement age in 2012, the beneficiary began working and made \$19,500. This suggests that some individuals who are receiving disability benefits may be capable of performing substantial gainful activity but are waiting until conversion to full retirement benefits before they return to work. Our review will identify characteristics that may improve SSA's data analytic efforts or CDR profiling model to flag beneficiaries who are receiving disability benefits who may not be eligible or whose medical condition improved so they can work but did not report that fact to SSA.

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

In a previous audit, we reviewed SSI recipients who had earnings after their onset dates and found that ALJs often did not properly account for the earnings after onset when making favorable decisions, which led to overpayments. We identified beneficiaries in current pay status who had substantial earnings after their established disability onset date but before a favorable decision at the hearing level. We will determine whether earnings after alleged disability onset are taken into account before making favorable hearing determinations.

## **Disabled Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown**

SSA may suspend benefits when a notice or benefit check sent to a beneficiary is returned as undeliverable or when it receives a third-party report that a beneficiary is missing. When this occurs, SSA must make a reasonable effort to develop a new address and document its efforts to locate the beneficiary. Our review will determine whether SSA had taken appropriate actions to locate disabled beneficiaries whose benefits were suspended for address, whereabouts unknown, or miscellaneous reasons.

## **Factors Related to Decreased Administrative Law Judge Productivity**

ODAR regional managers nationwide have reported decreased productivity and a growing backlog. At the same time, ALJs have reported increased workload expectations. In our September 2015 report on the backlog, we noted that productivity decreases may be due in part to a variety of factors, including (1) increased Agency emphasis on decisional quality, (2) greater restrictions on case assignment and reassignment, and (3) ALJ fears of being labeled an outlier. We will identify the factors that have led to the decrease in ALJ productivity since FY 2012.

## **Follow-up: Statutory Benefit Continuation During the Appeals Process for Medical Cessations**

When a CDR indicates a beneficiary no longer meets the medical requirements for disability benefits, SSA discontinues benefits after 60 days. However, beneficiaries are legally allowed to continue receiving benefits through the levels of appeal. This process is referred to as statutory benefit continuation. If the final cessation decision is upheld, the payments the individual received during the appeals process are considered overpayments. In 2006, we found that, of those who appealed a medical cessation decision and continued to receive payments, 73 percent of SSI recipients and 53 percent of DI beneficiaries were overpaid approximately \$190 million. However, only 33 percent of those overpayments was collected or was being collected at the time of the review. We will evaluate the financial impact of payments made during the appeals process and determine the status of actions taken to address recommendations from prior reports.

## **Follow-up: W-2 Earnings for Individuals Related to Disabled Workers**

In 2007, we conducted a review to identify individuals who were receiving DI benefits and who may have worked, earned wages, and concealed those wages by using a relative's SSN. Our review identified 36 instances of fraud that were referred to OI. Of these referrals, we determined that two primary DI beneficiaries engaged in substantial gainful activity, earned wages, and concealed those wages under their spouse's SSN. OI identified a third case where the primary beneficiary intentionally did not report wages earned to SSA. SSA established overpayments totaling \$418,881 on these three cases. We will identify individuals who are receiving DI benefits who may have worked, earned wages, and concealed those wages by using a relative's SSN.

## **New Hampshire Disability Determination Services**

SSA is responsible for implementing policies for developing disability claims under the DI and SSI programs. Disability determinations under both the DI and SSI programs are performed by DDS in each State or other responsible jurisdiction in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. An advance or reimbursement for costs under the program must comply with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. At the end of each quarter of the FY, each DDS submits a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) to account for program disbursements and unliquidated obligations. The New Hampshire DDS has about \$6 million a year in administrative costs that SSA reimburses. In March 2016, SSA informally requested that we conduct a review because of concerns it had regarding the New Hampshire DDS' reporting of its costs.

## **Operation's Interpretation of Hearing Decisions**

If an ALJ makes a favorable decision on an individual's request for hearing, he/she provides the decision to the claimant, any authorized representative, and the appropriate program service center. Program service center employees receive an alert to retrieve the decision ODAR employees stored in the claimant's electronic folder. Based on the program service center employee's understanding of the notice(s), he/she will make inputs into SSA systems for payment of the individual's benefits, which includes the interpretation of hearing allowance notice(s) and complex medical information related to the ALJ's favorable hearing decision(s). This process is different than the State disability determination service process, where medical staff determine the appropriate coding for their disability determinations. We will determine how input variances between ODAR and program service center staff may impact information on claimant disabilities and subsequent actions on these claimants, including the scheduling and performance of continuing disability reviews.

## **Subsequent Events: Claimants Who Returned to Work**

Claimants who are denied disability benefits at the State DDS can appeal the decision to an ALJ. A claimant who disagrees with an ALJ's decision may request a review by SSA's Appeals Council. If the Appeals Council grants the request, it will either (1) issue a decision that affirms, modifies, or reverses the ALJ decision or (2) remand the case to the ALJ with instructions for further review. A claimant who disagrees with the Appeals Council decision may file an appeal with a Federal district court. The court may (1) dismiss the case; (2) affirm, modify, or reverse the Appeals Council's decision; or (3) remand the case for further review. In our 2016 report on *Subsequent Events Related to Denied Claimants*, we found that 27 percent of the claimants in the sample reported earnings in Calendar Year 2011 or later, of which about half reported earnings between \$12,392 and \$66,672. We will explore the factors that led to claimants returning to work after being denied disability benefits.

## **The Office of Disability Adjudication and Review's Efforts to Improve Customer Service to Unrepresented Claimants and Streamline the Hearing Process**

Unrepresented claimants can cause postponements while they obtain representation. According to ODAR's Case Management Processing System, the FY 2015 overall postponement rate was 8 percent with 63,296 postponements. An extract from the Case Processing and Management System identified 155,499 unrepresented cases for FY 2015. ODAR has two initiatives in process to streamline the hearing process for these unrepresented claimants, "rocket docket" and the Pre-Hearing Conference Pilot program. ODAR is expanding the use of the "rocket docket" process. In this process, multiple unrepresented claimants are scheduled in the same block of time because most choose to postpone their hearings and obtain representation. The Pre-Hearing Conference Pilot allows senior attorneys to conduct pre-hearing conferences with unrepresented claimants to develop the record, explain the hearing process to the claimant, and advise the claimant of his/her right to representation. The goal of the Pilot is to provide better service to unrepresented claimants and streamline the hearing process. We will review ODAR's efforts to improve customer service to unrepresented claimants.

## **Time-limited Disability Benefits**

Concerns about the Social Security Disability Trust Fund's sustainability have increased Congressional interest in programmatic reform and long-term solutions. One possible programmatic reform of interest is providing disabled individuals with fixed-duration benefits rather than lifetime benefits. Research conducted by the Congressional Budget Office, the Government Accountability Office, SSA's contracted researchers, and the Agency's Office of the Chief Actuary has suggested time-limited disability benefits may encourage disability beneficiaries to return to the workforce as well as provide a long-term savings opportunity. We will review the Agency's research and efforts related to time-limited disability benefits.

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

SSA administers a Vocational Rehabilitation Reimbursement Program to help people who have disabilities return to work. Under this Program, SSA pays State vocational rehabilitation agencies for the costs of the services they provide to beneficiaries with disabilities if such services result in the person's achieving work at a specified earnings level. SSA reimburses providers for the costs of vocational rehabilitation services if the provider furnishes services that result in the individual performing substantial gainful activity and the other requirements for payment are met. In FY 2013, 9,645 reimbursement claims, totaling \$138 million, were allowed; and the average cost per claim was about \$14,300. Our review will determine the validity and accuracy of SSA's reimbursements to the State vocational rehabilitation units.

## Strengthen Planning, Transparency, and Accountability

Planning, transparency, and accountability are critical factors in effective management and the level of trust and confidence the American public has in SSA's ability to meet its expectations and fulfill its mission. 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 in Government operations, can erode trust in SSA's ability to tackle the challenges it faces. Failure to plan properly to meet those challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future.

At a time when SSA needs to plan to do more with less, SSA has lacked long-term strategic plans. At Congress' request, SSA contracted with the National Academy of Public Administration to develop a vision and high-level strategic plan aimed at helping the Agency address the continuing service delivery challenges it may face. SSA used the Academy's report and additional stakeholder input to develop its *Vision 2025*, which it released in FY 2015. Per SSA, *Vision 2025* was a critical first step in planning how it will serve the public in the future. It presents three priorities - superior customer experience, exceptional employees, and innovative organization. These priorities will guide the development of goals, plans, and performance measures, which SSA will outline in its Agency strategic plans and annual performance reports.

SSA also worked with a contractor to develop an executive strategy and roadmap to cover the 10-year period addressed by *Vision 2025*. The roadmap includes a more specific description of a future SSA, but the contractor's reports do not discuss how SSA's budget uncertainty and other environmental factors could affect the envisioned roadmap. The value of the contractor's work will be measured by whether SSA uses the guidance the contractor provided as it makes the changes needed to meet its mission and successfully serve its customers in the future.

Effective performance measurement will help ensure SSA implements its plans in an accountable and transparent manner. Similarly, sound financial reporting supports efficient use of the resources needed to meet SSA's challenges and mission. Per the *Chief Financial Officers Act of 1990*, the OIG oversees an audit of SSA's financial statements each year to ensure the Agency provides clear and accurate financial information to the Administration, Congress, and public.

In FY 2015, OIG's contracted independent public accountants reported three significant deficiencies: (1) information systems controls, (2) calculation, recording and preventing overpayments, and (3) redeterminations. The independent public accountants noted deficiencies that contributed to the information systems control significant deficiency in the areas of threat and vulnerability management, IT oversight and governance, change management, and access controls. For the overpayments significant deficiency, the independent public accountants noted deficiencies in overpayment calculations and records, tracking, and prevention. In addition, for the redeterminations significant deficiency, the independent public accountants noted deficiencies where redetermination interviewers did not comply with established controls and policies, and results were not appropriately recorded.

Effective internal control helps ensure SSA is accountable to its mission. SSA management is responsible for establishing and maintaining internal controls to achieve 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.

As part of its efforts to be accountable, SSA must ensure its partners provide 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 2014, SSA spent about \$1.7 billion on contracts and grants that provided many services, supplies, and a variety of computer hardware, software, and services.

## **Characteristics of the Highest Paid Claimant Representatives**

Our report on *Agency Payments to Claimant Representatives* identified the top paid individuals and affiliated firms in Tax Year 2013. The top 10 firms received about \$200 million in income. For this review, we plan to review each firm's allowance rate on cases, hearing practices (who actually attends the hearings), claimant characteristics (are certain disabilities more prevalent in the data), use of the same medical providers, frequency with the same ALJs, and use of the Agency's electronic services. We will also look for any other relevant trends that can assist in better understanding the level and types of services being provided by these firms.

## **Cost-Effectiveness of Obtaining Third-Party Data Compared to Beneficiary/Recipient Self-Reporting Information to the Social Security Administration**

SSI recipients are responsible for reporting any information that may affect their eligibility or payment amount. DI beneficiaries are responsible for reporting to SSA earnings or medical improvement. However, SSI and DI beneficiaries do not always report necessary information to SSA timely. Therefore, SSA has established matching agreements with Federal and State agencies whose records contain information that may affect SSI and DI eligibility or payment amount. In most cases, SSA must independently verify data obtained by a computer match and give beneficiaries advanced notice of any adverse action resulting from the computer match. We will provide information on the data SSA receives to identify and prevent improper payments and compare it to data SSA does not receive but that could be helpful to address improper payments and the cost of obtaining additional data from third parties.

## **Disability Applications Filed Longer than 1 Year Ago but Not Processed by the Social Security Administration**

In a FY 2015 audit, we identified an individual who filed for benefits but the application was not processed by SSA for about 3.5 years. Therefore, we conducted analysis to identify all other individuals who filed for benefits over 1 year ago and that may not have been processed. In December 2015, we referred six SSI cases and one DI case to SSA for corrective action. As of March 2016, SSA and the DDS were working on the cases. Our review will provide the outcome of SSI and DI claims filed more than 1 year ago but not processed by SSA.

## **Fiscal Year 2017 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 a contractor. To fulfill our responsibilities under this Act and related legislation for ensuring the quality of the audit work performed, we will monitor the contractor's audit of SSA's financial statements.

## **Fiscal Year 2017 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges**

The *Reports Consolidation Act of 2000* requires that Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This assessment will be included in SSA's FY 2017 Agency Financial Report. The major management challenges for FY 2017 are listed below. We will reassess these issues before, and during, FY 2017 and make adjustments should they be warranted.

- Reduce Disability Backlogs and Improve Decisional Quality
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Strengthen the Integrity and Protection of the Social Security Number
- Strengthen Planning, Transparency, and Accountability

### **Region II Field Office Security Guard Charges**

The New York Regional Office asked that we determine whether the Federal Protective Service accurately charged for guard services provided in SSA's field offices. We will determine whether SSA's New York Regional Office paid appropriate charges for field office security services.

### **Reimbursable Work Authorizations**

The *Federal Property and Administrative Services Act of 1949* made the General Services Administration responsible for managing the Government's real property. The General Services Administration's Public Building Service is responsible for providing repairs and alterations of Government owned or leased space on a reimbursable basis. The Reimbursable Work Authorization program stems from this function. Reimbursable Work Authorizations are procurement document tools between the General Services Administration and SSA to alter, repair, or renovate buildings SSA occupies. In FY 2014, SSA obligated over \$126 million for Reimbursable Work Authorizations. We will ensure SSA is appropriately using Reimbursable Work Authorizations according to agency policies and regulations.

### **Social Security Administration Employees Who Received Salary Increases While Working Under an Opportunity to Perform Successfully Plan**

SSA's General Schedule employees receive within-grade increases or step increases periodically based on their rate of basic pay from one step of the grade to the next higher step in that grade. SSA policy states that employees must be in good standing with a rating of record (appraisal) of at least a summary level 3.0 (performing successfully) to be eligible for within-grade increases. We will determine whether SSA has controls in place to detect or prohibit within-grade increases for employees who were working under an Opportunity to Perform Successfully plan.

## **The Cost of Administering Attorney (Claimant Representative) Fee Payments**

In FY 2012, SSA incurred \$206 million in administrative costs to administer and make direct payment of claimant representative fees. However, it only recovered \$36 million of those costs. Claimant representative fees are not only costly to administer, they are error-prone and cost SSA additional funds to correct the errors. Fee agreements and petitions require manual review and evaluation. Authorization also involves complex and error-prone postings to the electronic records, issuance of notices, and opportunities for protest by representatives and claimants. Increasingly, a single claim may involve several different representatives, either sharing in an agreement or submitting individual petitions. In prior reviews, we found that, for Title II disability cases, SSA did not withhold an estimated 7,285 claimant representative fee payments, totaling \$21 million, from the beneficiaries' past-due benefits. Our report will present the administrative costs related to SSA's involvement in the authorization and distribution of claimant representative fees.

## **The Cost of the Altmeyer Building Renovation**

SSA's FY 2016 appropriation included \$150 million to fund the renovation of the Altmeyer Building on SSA's Woodlawn, Maryland, main campus. This includes full interior and exterior renovations of the existing building including infrastructure, electrical system, and space. The renovation will create space for 300 to 350 additional staff. SSA expects to award a contract for design services in FY 2017 and estimates occupancy of the renovated building in FY 2021. We will review and track expenditures for the Altmeyer Building Renovation and determine agreement with SSA's estimated and reported figures.

## **The Social Security Administration's Blanket Purchase Agreement with NCS Technologies, Inc.**

SSA awarded a 5-year, firm-fixed-price, blanket purchase agreement to NCS Technologies, Inc. The blanket purchase agreement was established to provide laptops, related peripheral equipment, hardware, and installation services. In addition, the blanket purchase agreement will serve as a purchasing vehicle to refresh old laptops and replace/provide laptops for (a) disaster recovery and other emergencies, (b) telework requirements, (c) new hires, and (d) possible use as desktop PC replacements. The performance period is June 2, 2014 to June 1, 2019. SSA made 18 purchase orders using this blanket purchase agreement, which resulted in a total obligated amount of about \$145 million. We will (1) determine whether SSA received the goods and/or services for which it contracted with NCS Technologies, Inc. and (2) review the services NCS provided and the related costs charged to SSA for adherence to the negotiated contract terms and applicable regulations.

## **The Social Security Administration's Compliance with the *Digital Accountability and Transparency Act of 2014***

The purposes of the *Digital Accountability and Transparency Act of 2014* (S. 994) are to

1. expand the *Federal Funding Accountability and Transparency Act of 2006* (31 U.S.C. 6101 note) by disclosing direct Federal agency expenditures and linking Federal contract, loan, and

grant spending information to programs of Federal agencies to enable taxpayers and policy makers to track Federal spending more effectively;

2. establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policy makers on USASpending.gov (or a successor system that displays the data);
3. simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency;
4. improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and
5. apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Government.

We will review a statistically valid sample of the spending data submitted under this Act by SSA and assess the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of data standards by SSA.

## **The Social Security Administration's Contract with MVM, Inc., for Headquarters**

SSA awarded the main campus guard service contract to MVM, Inc., on February 12, 2014. The contract contained 1 base year and 4 option years. The base period for this contract was February 12, 2014 to February 11, 2015. This guard service contract is one of the critical components of SSA's overall physical security program. We will determine whether the contractor complied with the contract terms and applicable regulations and SSA personnel were properly monitoring the contract.

## Strengthen the Integrity and Protection of the Social Security Number

In FY 2015, SSA issued approximately 6 million original and 10 million replacement SSN cards. In addition, the Agency received and processed about 275 million wage items in FY 2015. 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 in U.S. society 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.

While SSA has improved its enumeration process, 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 stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control the collection, use, and protection of these numbers by other entities. For example, many educational institutions unnecessarily collect and use SSNs as a primary student identifier. Yet, our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability that individuals could use the number to commit crimes throughout society.

We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. We are also concerned that some individuals misuse SSNs for identity theft purposes. The Federal Trade Commission estimated that as many as 9 million Americans have their identities stolen each year.

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. SSA shares incorrect names/SSNs with employers when they submit their wage file to the agency. 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 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 2015, the ESF accumulated about 340 million W-2s representing about \$1.3 trillion wage items and for Tax Years 1937 through 2013. In Tax Year 2013 alone, SSA added 7 million wage items representing \$74 billion in wage items to the ESF.

SSA has taken steps to reduce the size and growth of the ESF. In FY 2014, over \$1.1 billion was moved from the ESF to the MEF. The Agency offers employers the ability to verify names and SSNs of their employees using the Agency's SSN Verification Service, an online verification program, before reporting wages to SSA. In FY 2015, SSA processed about 135 million verification requests submitted by about 34,500 employers. SSA also supports the Department of Homeland Security's administration of its E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. As of FY 2015, about 617,000 employers submitted approximately 32 million queries.

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 SSN Verification Service, and enhancing SSN verification feedback to provide employers with sufficient information on potential employee issues.

## Completeness of the Public Death Master File

SSA collects death information to remove deceased individuals from the beneficiary rolls and to identify potential entitlement to benefits for surviving spouses and children. When SSA receives reports of death, it records the death information on the Numident. In addition, SSA also compiles a file of certain death information from the Numident to create a record of death information called the public Death Master File (DMF). This public DMF contains death records from the Numident, but excludes State death records, as required by law. SSA contracts with the National Technical Information Service of the Department of Commerce to provide the DMF to the public. Private industry customers (including banks, hospitals, universities, and insurance companies) can purchase the public DMF from the National Technical Information Service to verify deaths and prevent fraud. Our review will determine whether the public DMF includes all deaths reported to SSA from sources other than States.

## Follow-up: Analysis of Undeliverable Social Security Number Cards

This audit will follow up on our July 2005 report, *Analysis of Undeliverable Social Security Number Cards*, which found that SSA staff did not accurately enter SSN application data into the system. We also found several vulnerabilities in the internal controls over the security of undeliverable SSNs. In FY 2011, SSA replaced the Modernized Enumeration System with a new SSN application system. The new system enforces enumeration policy and collateral verification requirements by expanding data collection capabilities. This program supports Agency policy guidelines, strengthens the Agency's overall enumeration processes, and improves service to the public. This review will determine whether changes to the SSN card application process decreased the number of returned SSN cards and the controls in place for undeliverable cards.

## Effectiveness of the Internet Social Security Number Replacement Card Project

In FY 2015, SSA issued over 10 million SSN replacement cards. To provide a new service delivery option for the public and reduce the number of replacement card requests in field offices and Social Security Card Centers, SSA developed an Internet-based SSN Replacement Card application. This allows adult U.S. citizens with a *mySocial Security* account, who meet certain criteria, to request SSN replacement cards online by completing an application and providing data from either their State-issued driver's license or identification card. This new online SSN replacement card application can be used if an individual does not have a change to their SSN record such as; name, date of birth, or citizenship status. As of May 2016, SSA mailed over 34,000 online replacement cards to customers in 12 States. We will determine whether the Internet-based SSN Replacement Card process is functioning as designed.

## Impact on Social Security Administration Benefits for Earnings Posted Before Enumeration

The *Social Security Act of 2004* requires that alien workers meet certain requirements to become fully insured and entitled to benefits. SSA policy allows alien workers who meet the requirements of the Act to receive credit for wages they earned before they were authorized to work in the United States. These wages can be used for benefit entitlement. However, if a noncitizen worker is not issued a valid work-authorized SSN, such earnings cannot be used for

benefit entitlement. We will determine whether wages posted before an individual's enumeration were posted in compliance with the Act.

## **My Social Security Fraud: The Dollar Impact for Calendar Years 2014 and 2015**

In our September 2015 report on *Unauthorized Direct Deposit Changes through my Social Security*, we estimated that, between January 1, 2013 and January 9, 2014, about \$20 million in benefit payments to approximately 12,200 beneficiaries was misdirected; \$11 million of the \$20 million was not returned to SSA; and \$6 million was prevented from being misrouted for 5,300 beneficiaries whose direct deposit bank account was changed without their authorization. Our review will quantify the OASDI and SSI payments that were misdirected, recovered, and/or prevented because of unauthorized direct deposit changes through *my Social Security* accounts for the period January 2014 through December 2015.

## **Prisoners with Earnings in the Master Earnings File**

PUPS records inmate information under the inmate's own SSN. PUPS verifies the SSN and locates active eligibility/entitlement using the MBR and SSR. If the SSN is verified but no active eligibility/entitlement is found, a skeleton record is established. If the SSN does not verify, no record is established. However, PUPS does not prevent wages from being posted to the earnings record for individuals who are incarcerated. Therefore, prisoners can benefit from having wages earned by someone else posted to their record. These unearned wages could allow prisoners to qualify for benefits or increase their benefit amount. A 2014 Treasury Inspector General for Tax Administration report showed, in Calendar Year 2012, prisoners filed 137,000 fraudulent tax returns valued at \$1 billion. We will determine whether (1) SSA posted erroneous wages to the MEF for individuals who were incarcerated and (2) the wages incorrectly made the individuals eligible for Social Security benefits.

## **Social Security Numbers Issued Under the Deferred Action for Childhood Arrivals' Program**

SSA issued SSNs to individuals the Department of Homeland Security approved under the Deferred Action for Childhood Arrivals program. We will review SSNs issued, and identify any benefits paid, to Deferred Action for Childhood Arrivals-approved individuals to ensure SSA complied with its policy and regulations.

## **Social Security Numbers Issued and Benefits Paid to Asylees, Parolees, and Refugees**

Noncitizens admitted as asylees, parolees, and refugees may be eligible for SSNs. They may also be eligible for Title II benefits or Title XVI payments based on work histories or disabilities. We will identify SSNs issued and benefits paid to asylees, parolees, and refugees, and determine whether SSA complied with its rules and regulations when issuing the SSNs and making any payments to these individuals.

## Wages Reported for Individuals with Fraud Indicators

SSA is responsible for maintaining accurate individual earnings records in the MEF. Those earnings records are used to determine eligibility for benefits and calculate benefit amounts. Beginning in 2007, the Numident was redesigned by adding special indicators or fraud codes to (1) alert personnel to special situations, (2) identify SSNs obtained fraudulently, (3) prevent unauthorized disclosure of information, (4) block the issuance of replacement SSN cards and SSN printouts, and (5) prevent verification of fraudulent SSNs. *The Intelligence Reform and Terrorism Prevention Act of 2004* requires that SSA add fraud indicators to SSN verification routines for employers, State agencies issuing driver's licenses and identity cards, and other verification routines determined by the Commissioner. We will determine whether individuals with fraud indicators are erroneously receiving credit for wages that may qualify them for SSA benefits.