

Semiannual Report to Congress

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A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Spring 2019 edition of the Social Security Administration (SSA) Office of the Inspector General's (OIG) *Semiannual Report to Congress* for the period October 1, 2018 – March 31, 2019. I was sworn in on January 24, 2019 as the fourth Senate-confirmed Inspector General (IG) for SSA. I am proud to lead an organization with such a vital mission: to ensure that SSA is providing Social Security benefits efficiently and effectively, and protecting the integrity of this critical safety net that touches so many American lives.



As I stated in my confirmation hearing, my primary goal as Inspector General is and will be to protect valuable taxpayer dollars so the American public may continue to trust and depend on Social Security. Under my leadership, SSA OIG will provide independent and objective oversight of the Agency, addressing challenges that most directly affect Social Security beneficiaries, such as disability claims processing times, information technology modernization, and systems security. I will also prioritize our efforts to keep the Commissioner of Social Security and Congress fully and currently informed of our findings.

As you will see in the pages that follow, we are ushering in a new era of OIG leadership with a new look and feel for our Semiannual Report. My goal with this redesign is to ensure that you, our congressional stakeholders, can find and understand the most important OIG activities and results in a glance. Our report is new and improved; however, our investigative, audit, and legal results continue the same tradition of excellence we have pursued since our establishment in 1995. I invite your feedback and questions on our report and our accomplishments, and I look forward to working with you to protect and improve Social Security for future generations.

Gail S. Ennis
Inspector General



KEY ACCOMPLISHMENTS

INVESTIGATIONS



2,459
Investigations
Opened



2,565
Investigations
Closed



\$248M
Monetary
Accomplishments



356
Indictments/
Informations¹



430
Criminal Convictions/
Civil Actions



125
Arrests

Our Office of Investigations conducts criminal and administrative investigations into allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. The Office of Investigations often works jointly with other law enforcement agencies, and shares responsibility with the Department of Homeland Security's Federal Protective Service for investigating threats against SSA employees, facilities, and critical infrastructure.

During the reporting period, we received more than 228,000 allegations from SSA employees, Congress, the public, law enforcement agencies, and other sources. OIG agents closed 2,565 criminal investigations, and made 125 arrests, 356 indictments and informations, and 430 criminal convictions and civil actions. We are reporting over \$248 million in investigative accomplishments, including over \$125 million in SSA recoveries, restitution, fines, settlements, and judgments, and \$123 million in estimated savings.

1. An information is similar to an indictment in that it is a charging document in a criminal case.

AUDIT



21
Reports Issued



\$824,730,871
Questioned
Costs



\$1,082,646,611
Funds Put to
Better Use

Our Office of Audit conducts financial and performance audits of SSA programs and operations, and makes recommendations to ensure that SSA achieves program goals effectively and efficiently. The Office of Audit also conducts short-term management and program evaluations on issues of concern to SSA, the Congress, and the public.

During this period, we issued 21 reports and made recommendations on various challenges facing SSA. In these reports, we identified over \$824 million in questioned costs and more than \$1 billion in Federal funds that could be put to better use.

LEGAL



89
CMP Cases
Initiated



66
CMP Cases
Resolved



\$9,167,993
Penalties and
Assessments

Our Office of the Counsel to the Inspector General (OCIG) provides independent legal advice to the IG and OIG officials on a wide range of issues affecting audits, investigations, and administration. OCIG also administers the Civil Monetary Penalty (CMP) program.

During this reporting period, OCIG attorneys successfully resolved 66 CMP actions against individuals who made false statements, representations, or omissions to obtain, retain, or convert Social Security benefits (violating Section 1129 of the *Social Security Act*), imposing more than \$9 million in penalties and assessments.

SSA MANAGEMENT CHALLENGES

The OIG annually identifies the most significant management and performance challenges facing SSA based on legislative mandates and our audit and investigative work. Listed below is a summary of each challenge and links to reports we issued during the reporting period that relate to that particular management challenge.



IMPROVE CUSTOMER SERVICE

For more than 80 years, the public has depended on SSA's programs. SSA faces challenges including managing workloads as experienced employees are expected to retire, expanding its online services, and monitoring its Representative Payee Program. Because these challenges will impact SSA's ability to deliver critical Social Security services, the Agency must address them through strategic planning and resource management decisions that recognize and respond to the changing needs of the public and its own workforce.

Related audit reports:

- [*The Social Security Administration's Application of Due-Process Provisions for Old-Age, Survivors And Disability Insurance Overpayments*](#)
- [*Issuance of Social Security Statements \(Congressional Response Report\)*](#)

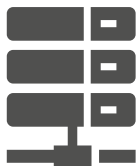


MODERNIZE INFORMATION TECHNOLOGY INFRASTRUCTURE

Without a robust information technology (IT) infrastructure, SSA will not be able to manage its current and future workloads. In addition, Congress, the Social Security Advisory Board, and others have concerns about SSA's IT modernization efforts, including the strategic planning and management of IT investments.

Related audit report:

- [*The Social Security Administration's Cost and Schedule Estimates for the Disability Case Processing System \(Ongoing\)*](#)



SECURE INFORMATION SYSTEMS AND PROTECT SENSITIVE DATA

Federal information systems—and the information they hold—are targets of cyber-attacks. Breaches at Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. SSA houses information on nearly every U.S. citizen and consequently, the Agency's information systems may be at particular risk of attack. It is imperative that SSA have a robust information security program.

Related audit reports:

- [*Verifying the Identities of Individuals Who File Internet Claims \(Congressional Response Report\)*](#)
- [*The Social Security Administration's Information Security Program and Practices for Fiscal Year 2018*](#)



REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

Each year, SSA issues more than \$1 trillion in benefit payments to over 70 million people. Given the large dollar amount paid out by SSA, even the slightest error can result in millions of dollars of overpayments or underpayments. *The Improper Payments Elimination and Recovery Improvement Act of 2012* and *Improper Payments Elimination and Recovery Act of 2010* were created to prevent the loss of taxpayer dollars. In its Fiscal Year (FY) 2018 Annual Financial Report, SSA did not comply with all improper payment reporting requirements. Specifically, SSA did not meet reduction targets for Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) overpayments. SSA implemented corrective actions, but there was no significant improvement in improper payments.

One of SSA's key objectives is to reduce improper payments and increase overpayment recoveries. The following reports review SSA's efforts to meet this objective.

Related audit reports:

- [*Match of Texas Death Information Against Social Security Administration Records*](#)
- [*Processing of Deferred Old-Age, Survivors And Disability Insurance Cases with a High-Risk of Benefit Payment Error*](#)
- [*Supplemental Security Income Underpayments*](#)





IMPROVE ADMINISTRATION OF THE DISABILITY PROGRAM

SSA has made progress in recent years in reducing the level of pending initial disability claims and continuing disability reviews (CDRs). Initial disability claims pending went from 759,000 in FY 2011 to 565,000 as of the end of FY 2018. Further, in FY 2018, SSA eliminated the backlog of CDRs that had existed since FY 2002.

However, SSA's disability hearing process has experienced worsening timeliness, causing the public to wait longer for decisions on appeals of earlier disability decisions. The average processing time for a hearing increased 40 percent from FY 2010 to 2018, from 426 days to 595 days, and during the same period, pending hearings increased 22 percent, from 705,000 cases to 858,000 cases. However, pending hearings have decreased by 263,000 cases since 2016. As of May 2019, SSA reported to us that the current average processing time is 525 days and the current pending hearing level is 691,150 cases.

Related audit reports:

- [*Decision-Writing Backlog in the Office of Hearings Operations*](#)
- [*Accuracy of Disability Entitlement Dates for Primary Beneficiaries Who Previously Filed Disability Claims*](#)
- [*The Social Security Administration's Programs and Projects that Assist Beneficiaries in Returning to Work*](#)



STRENGTHEN PLANNING, TRANSPARENCY, AND ACCOUNTABILITY

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly will lessen SSA's ability to provide its services efficiently and effectively now and in the future. Similarly, mismanagement and waste, as well as a lack of transparency in government operations, can erode citizens' trust in SSA's ability to tackle the challenges it faces. During audits of SSA's financial statements and its information systems security program, auditors identified three significant deficiencies in SSA's controls. The Agency must plan and prioritize efforts to remediate these deficiencies.

Related audit reports:

- [*The Social Security Administration's Financial Report for Fiscal Year 2018*](#)
- [*Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs*](#)
- [*The Social Security Administration's Reporting of High-Dollar Overpayments in Fiscal Year 2018 Under Executive Order 13520*](#)



STRENGTHEN THE INTEGRITY AND PROTECTION OF THE SOCIAL SECURITY NUMBER

Assigning Social Security numbers (SSN) only to those individuals authorized to obtain them, protecting information once the numbers are assigned, and accurately posting earnings reported under SSNs are critical SSA missions. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work has shown that the more SSNs are unnecessarily used, the higher the probability individuals could improperly use them. While SSA has improved its enumeration process, given the proliferation of SSN misuse and identity theft in U.S. society, protection of SSNs is a considerable challenge for SSA, as well as its millions of stakeholders.

Related audit reports:

- *Multiple Social Security Numbers Assigned to Noncitizens Using the Enumeration Beyond Entry Program (Ongoing)*
- *Individuals With Earnings Before Receiving Work-Authorized Social Security Numbers (Ongoing)*

AUDIT – Highlights



21
Reports Issued

PROCESSING OF DEFERRED OLD-AGE, SURVIVORS AND DISABILITY INSURANCE CASES WITH A HIGH RISK OF BENEFIT PAYMENT ERROR

OBJECTIVE: Determine whether SSA correctly processed deferred Old-Age, Survivors and Disability Insurance (OASDI) cases it identified as having a high risk of benefit payment error. OASDI refers to Social Security benefits earned through Federal Insurance Contribution Act taxes paid. **RESULTS:** Out of 100 sample records, we found SSA did not correctly address 66. Of those, 54 resulted in improper payments totaling a projected \$40 million. We found four types of payment errors: (1) incorrect manual overpayment adjustments, (2) inaccurate manual adjustments to Medicare premiums owed, (3) failure to release underpayments, and (4) failure to take corrective action. [We made four recommendations that SSA agreed to implement.](#)



\$824,730,871
Questioned Costs

ACCURACY OF DISABILITY ENTITLEMENT DATES FOR PRIMARY BENEFICIARIES WHO PREVIOUSLY FILED DISABILITY CLAIMS

OBJECTIVE: Determine whether SSA accurately established entitlement dates for primary beneficiaries who applied for Disability Insurance Benefits (DIB) in FY 2015 and 2016 and had previously filed DIB claims. **RESULTS:** We reviewed a random sample of 200 beneficiaries and determined SSA employees did not accurately establish DIB entitlement dates for 23 (12 percent). Of the 23 beneficiaries, 11 received SSI during months they should have also received DIB, resulting in improper SSI payments. Accordingly, we project SSA established incorrect entitlement dates that resulted in almost \$657 million in improper payments. [We made four recommendations that SSA agreed to implement.](#)

BENEFICIARIES WHOSE PAYMENTS HAVE BEEN SUSPENDED AND HAVE DEATH INFORMATION ON THE NUMIDENT

OBJECTIVE: Determine whether SSA had adequate controls to ensure it resolved death information on the Numident for beneficiaries whose payments it had suspended. The Numident is SSA's database of Social Security numberholders. **RESULTS:** For this review, we identified 3,406 beneficiaries whose payments SSA had suspended and had death information on the Numident. From this population, we selected a random sample of 100 beneficiaries for review. Based on our random sample, we estimate 1,907 beneficiaries remained in suspended payment status despite the death information on the Numident. Of these, we estimate SSA improperly paid 988 beneficiaries about \$6.6 million. [We made two recommendations that SSA agreed to implement.](#)



\$1,082,646,611
Funds Put to
Better Use

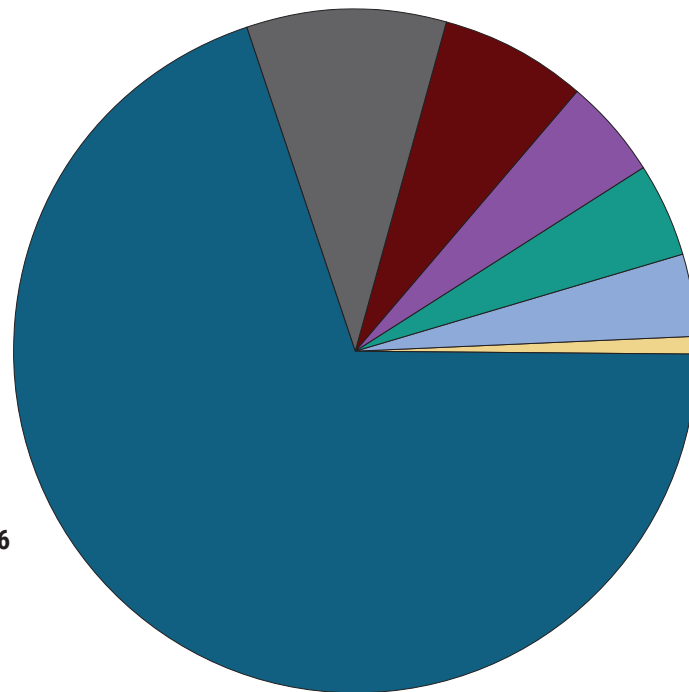
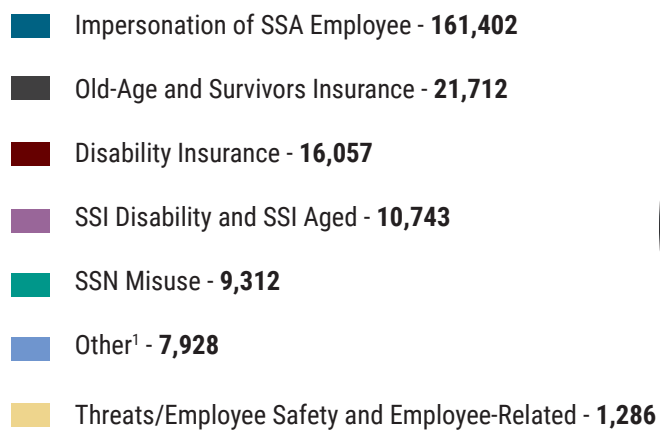
SSI RECIPIENTS ELIGIBLE FOR RETIREMENT BENEFITS

OBJECTIVE: Determine whether SSA had adequate controls to ensure it properly awarded retirement benefits to individuals who were receiving SSI payments. **RESULTS:** We identified 14,438 SSI recipients over age 62 who were in current pay status and fully insured for retirement benefits but were not receiving retirement benefits. We selected a random sample of 50 recipients for review. We found that SSA did not always award retirement benefits to SSI recipients who became eligible after they attained age 62, and we estimate SSA neither awarded approximately \$54.3 million in retirement benefits nor reduced SSI payments by approximately \$49.5 million. [We made two recommendations that SSA agreed to implement.](#)

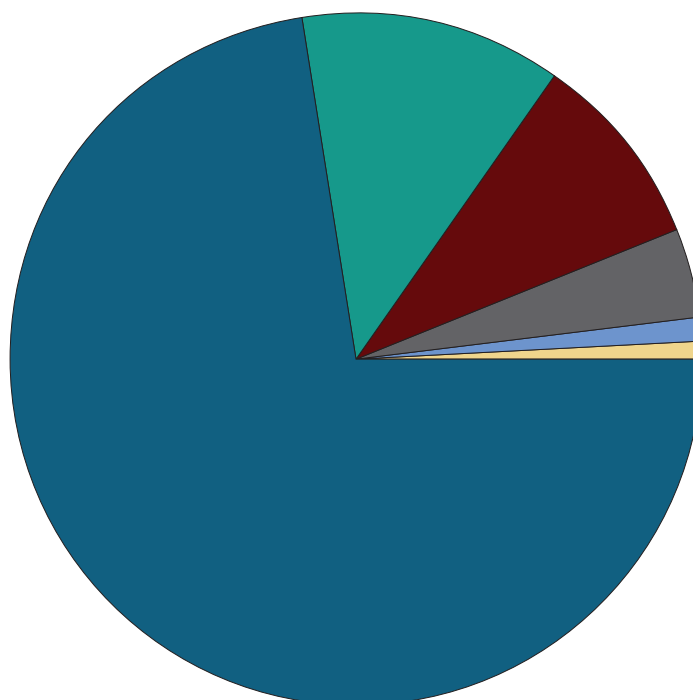


INVESTIGATIONS

Allegations Received by Category



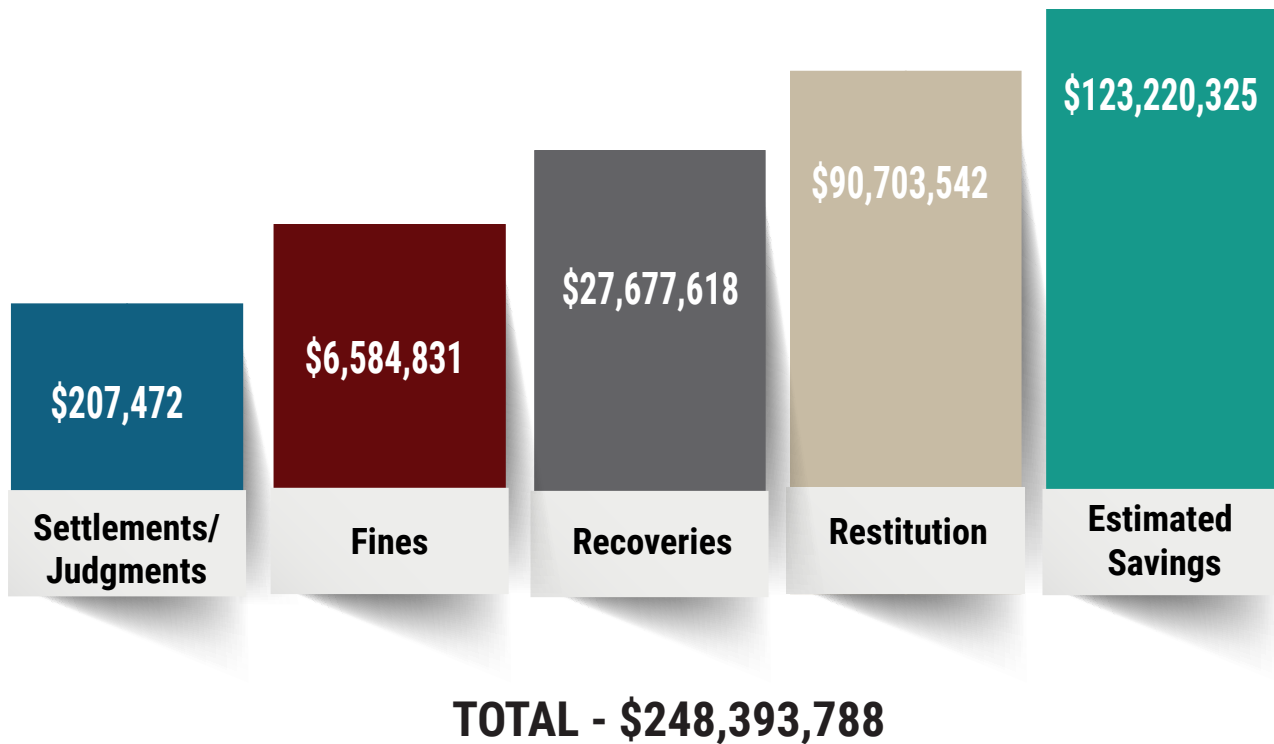
Allegations Received by Source



1. Most of these allegations were determined to be unrelated to fraud, waste, or abuse in SSA programs or operations.

2. Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject

Monetary Accomplishments



2,199
Investigative
Reports Issued¹



577
Persons Referred
to Department of
Justice for Criminal
Prosecution²



62
Persons Referred
to State and
Local Prosecuting
Authorities for
Criminal Prosecution³



356
Indictments
and Criminal
Informations⁴

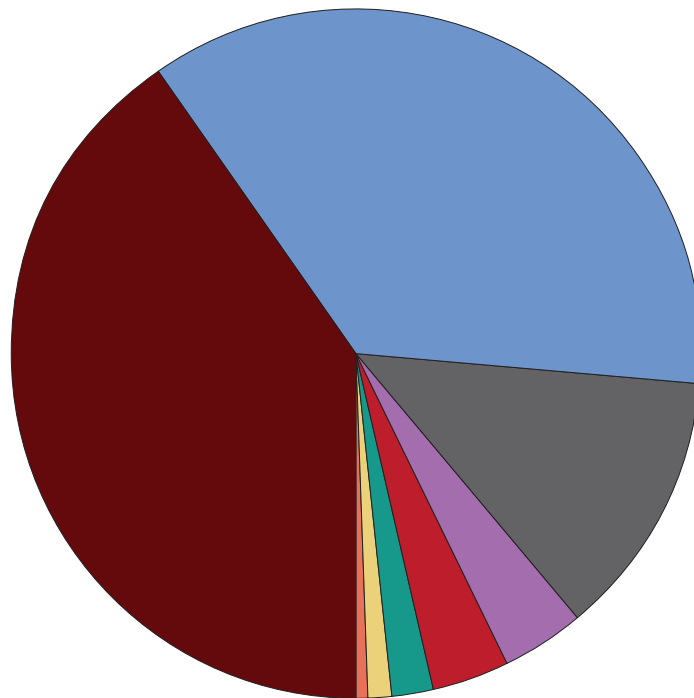
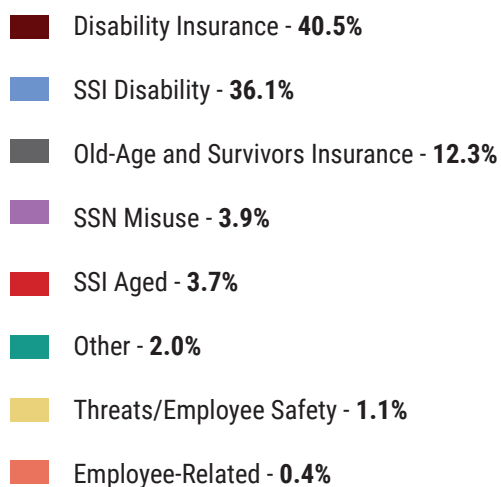
1. Total number of summary reports of investigative findings issued externally by the Office of Investigation (OI), including prosecution referrals, reports of employee investigation, reports of special investigation, and reports of findings by a Cooperative Disability Investigations (CDI) unit.

2. Total number of individual subjects or entities referred to the Department of Justice (DoJ) where the investigative findings were not subject to pre-established prosecution declination guidelines.

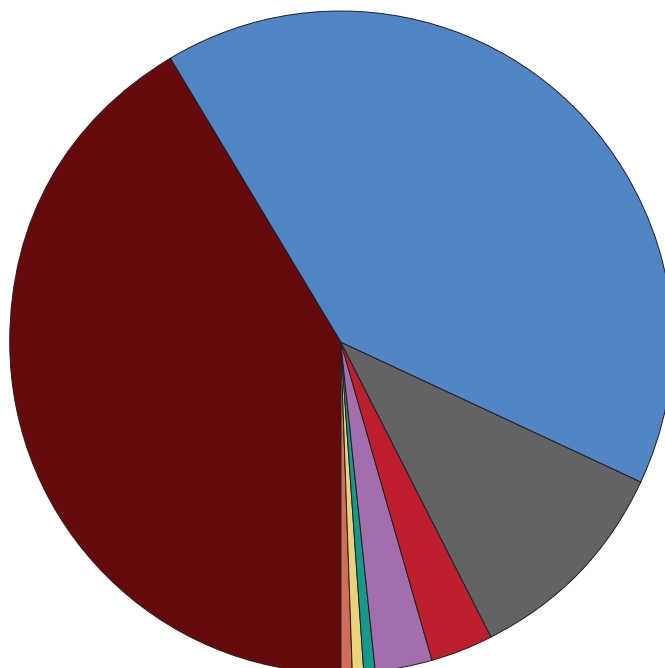
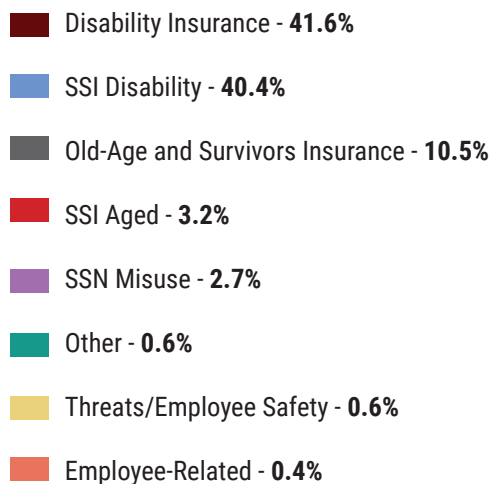
3. Total number of individual subjects or entities referred to State and local prosecuting authorities where the investigative findings were not subject to pre-established prosecution declination guidelines. These persons may also have been referred to DoJ.

4. Total number of initial indictment or criminal information filings per subject. Subsequent or superseding indictments and/or criminal informations related to the same subject are not included.

Cases Opened by Program Category



Cases Closed by Program Category



INVESTIGATIONS – Highlights



995
Investigations
Opened



1,066
Investigations
Closed

DISABILITY INSURANCE FRAUD

MAN CONCEALS EMPLOYMENT AS A HOME REMODELING CONTRACTOR

Based on a referral from the Ohio Bureau of Workers' Compensation (OBWC), our Cleveland, Ohio office investigated a 57-year-old Disability Insurance (DI) beneficiary. The investigation revealed that, from approximately November 2012 through August 2018, the man concealed his work activity as a home remodeling contractor from SSA and the OBWC. The man pleaded guilty to theft of government funds and wire fraud. In March 2019, he was sentenced to 7 months in prison and 3 years of supervised release, and was ordered to repay \$77,786 to SSA and \$167,973 to the OBWC.

WOMAN CONCEALS EMPLOYMENT AS A NURSE

Acting on a referral from the Springfield, Missouri SSA office, our Kansas City, Kansas office investigated a 71-year-old DI beneficiary. The investigation determined that the woman obtained a second SSN from SSA and, from approximately May 2001 through February 2012, concealed from SSA her work activity as a nurse by using one SSN to report her wages, and another SSN to fraudulently collect DI benefits. The woman pleaded guilty to theft of government funds. In October 2018, she was sentenced to 16 months in prison and 3 years of supervised release, and was ordered to repay \$109,997 to SSA.



888
Investigations
Opened



1,035
Investigations
Closed

SUPPLEMENTAL SECURITY INCOME FRAUD

COUPLE CONSPIRES TO STEAL SSI

Based on information from the Cleveland, Ohio SSA office, our Cleveland, Ohio office investigated the 53-year-old mother and 54-year-old father of an SSI recipient. The investigation determined that the couple provided false information to SSA and concealed the father's income in order to obtain SSI payments for their minor child. The father also directed a witness to provide false information to investigators during the investigation. The woman pleaded guilty to conspiracy. In February 2019, she was sentenced to 5 years of probation and was ordered to repay \$47,556 to SSA jointly and severally with her husband. The man pleaded guilty to conspiracy, theft of government funds, Social Security fraud, and witness tampering. In February 2019, he was sentenced to 28 months in prison and 3 years of supervised release.

WOMAN USES TWO SSNs TO STEAL FROM SSA

Acting on information from our Office of Audit, our San Diego, California office investigated a 67-year-old SSI recipient. The investigation determined that, while receiving SSI payments and receiving benefits from the State of California, the woman obtained a second SSN associated with another identity, and received SSA Retirement and Survivors Insurance benefits under that identity. The woman also used the two SSNs to conceal her marriage and employment from SSA. The woman pleaded guilty to theft of government funds. In February 2019, she was sentenced to 12 months in prison and 3 years of supervised release, and was ordered to repay \$262,037 to SSA and \$64,079 to the California Department of Health Care Services.





302

**Investigations
Opened**



270

**Investigations
Closed**

RETIREMENT AND SURVIVORS INSURANCE FRAUD

MAN STEALS HIS CHILDREN'S BENEFITS

Based on information from the Duluth, Minnesota SSA office, our Saint Paul, Minnesota office investigated a 37-year-old man who was both father and representative payee of two children receiving Retirement and Survivors Insurance (RSI) benefits. The investigation determined that, from July 2010 to August 2017, the man did not have custody of his children, yet he received and converted to his own use the RSI benefits disbursed to him for their care. The father pleaded guilty to theft of government funds. In March 2019, he was sentenced to 15 months in prison and 3 years of supervised release, and was ordered to repay \$113,804 to SSA.

DAUGHTER COLLECTS HER DECEASED MOTHER'S RETIREMENT BENEFITS

Based on a referral from the Deland, Florida SSA office, our Orlando office investigated the 69-year-old daughter of an RSI beneficiary. The investigation determined that, following her mother's death in May 1990, the daughter continued to receive and convert to her own use the RSI benefits disbursed for her mother. The daughter pleaded guilty to theft of government funds. In January 2019, she was sentenced to 6 months in prison and 2 years of supervised release, and was ordered to repay \$245,769 to SSA.



95

**Investigations
Opened**



70

**Investigations
Closed**

SOCIAL SECURITY NUMBER MISUSE

MAN USES STOLEN SSNs OF VICTIMS TO FILE FOR BENEFITS

Acting on information provided by the Abilene, Texas SSA office, our Nashville, Tennessee office investigated a 40-year-old Nevada man. The investigation determined that the man used the SSNs of 27 victims to submit fraudulent online applications for Social Security benefits, and subsequently direct the benefit payments to pre-paid debit cards that he controlled. The man pleaded guilty to conspiracy to commit mail and wire fraud. In October 2018, he was sentenced to 33 months in prison and 3 years of supervised release, and was ordered to repay \$547,719 to SSA.

MAN USES STOLEN IDENTITY TO COLLECT BENEFITS

Based on information received from SSA's Center for Disability and Program Support, our Orlando, Florida office investigated a 50-year-old man. The investigation determined that the man assumed the identity and SSN of the victim, and obtained SSI payments, DI benefits, and Medicare/Medicaid benefits using the victim's identity. The man pleaded guilty to theft of government funds and, in December 2018, he was sentenced to 13 months in prison and 1 year of supervised release. He was also ordered to repay \$56,116 to SSA and \$367,486 to the Department of Health and Human Services.



26
Investigations
Opened



16
Investigations
Closed

EMPLOYEE SAFETY

SUSPENDED SSI RECIPIENT THREATENS SSA EMPLOYEE

Based on information received from the Grand Rapids, Michigan SSA office, our Grand Rapids office investigated a 55-year-old SSI recipient. The investigation determined that on June 6, 2017 and again on July 14, 2017, the man made threats to an SSA employee and demanded reinstatement of his SSI payments, which had been suspended. The man pleaded guilty to making threats to a Federal official and, in October 2018, he was sentenced to 57 months in prison and 3 years of supervised release.

MAN ASSAULTS PROTECTIVE SECURITY OFFICER AT SSA OFFICE

Acting on information received from the National City, California SSA office, our San Diego office investigated a 28-year-old California man. The investigation determined that the man became belligerent with SSA staff during a visit to an SSA office and assaulted the Protective Security Officer assigned to the SSA office when the officer attempted to intervene. The man pleaded guilty to assault on a Federal officer and, in February 2019, he was sentenced to 3 years of supervised release, with credit for time served of 176 days.

INTERIOR ENFORCEMENT

MEXICAN NATIONAL UNLAWFULLY USES THE IDENTITY OF A U.S. CITIZEN

Based on information received from the Texas Department of Public Safety, our El Paso, Texas office along with the Texas Department of Public Safety; the U.S. Department of State, Diplomatic Security Service; and Immigration and Customs Enforcement, Enforcement and Removal Operations, investigated a 36-year-old national of Mexico unlawfully present in the United States. The investigation determined that the woman used the personally identifiable information (PII), including the SSN, of a U.S. citizen to obtain identification documents, gain employment, and obtain a vehicle loan. The woman pleaded guilty to fraudulent use or possession of identifying information and using a false name or false information in a vehicle document. In December 2018, she was sentenced to 1 year in prison, with credit for time served of 467 days. Upon sentencing, she was taken into custody by Immigration and Customs Enforcement to face removal proceedings.

MAN UNLAWFULLY PRESENT IN THE U.S. USES THE IDENTITY OF U.S. CITIZEN TO GET SOCIAL SECURITY BENEFITS

Based on information from Homeland Security Investigations (HSI), our Philadelphia office, along with HSI and the Pennsylvania State Police investigated a 66-year-old national of the Dominican Republic, unlawfully present in the United States. The investigation determined that the man used the PII, including the SSN, of a U.S. citizen to obtain identity documents, DI benefits, and SSI. The man pleaded guilty to wire fraud, mail fraud, theft of government funds, and Social Security fraud. In October 2018, the man was sentenced to 27 months in prison and 3 years of supervised release, and was ordered to repay \$97,462 to SSA. The man will be subject to removal proceedings upon completion of his incarceration.



SSA IMPERSONATION SCHEMES

During the reporting period, we received more than 161,000 allegations related to SSA employee impersonation schemes, a massive increase in this allegation type. The vast majority of these allegations are complaints from individuals who received a phone call, or several phone calls, from an unknown person claiming to be from SSA. According to reports, the callers allege an issue exists with an individual's SSN or account, or they allege that SSA has identified fraudulent activity with the individual's account. In most instances, to resolve these issues, the caller states the individual needs to provide the caller with money, gift cards, or personally identifiable information.

We have responded with several outreach efforts to alert the public about this issue, and we have taken several actions to effectively analyze these allegations and investigate this matter.

PUBLIC OUTREACH

During the reporting period, we worked with SSA's Office of Communications to produce a [Public Service Announcement \(PSA\)](#) for distribution to television and radio stations across the country. The PSA alerts the public to some of the tactics used by callers claiming to be from SSA, and urges individuals to hang up on these calls and to submit allegations to the OIG. The PSA was distributed to television and radio stations in March, and within the first 8 weeks of airing, it reached an estimated 38 million people across the country, according to data from SSA's media distributor.

We also worked with the Federal Trade Commission (FTC) on other outreach efforts. We assisted with FTC's development of a new website—identitytheft.gov/ssa—that provides information about SSA impersonation phone calls, and offers individuals resources to turn to if they suspect they interacted with one of these SSA imposters and may be a victim of identity theft. We also partnered with the FTC to produce a Facebook Live episode alerting the public about government impersonation scams, in support of National Consumer Protection Week in March.

INVESTIGATIVE ACTIVITY

While we do not provide information concerning ongoing investigations, we have diligently pursued leads during this reporting period to identify those responsible for these impersonation scams, and we will continue to work, often jointly with other agencies, to address this emerging issue.

ALLEGATION MANAGEMENT AND FUGITIVE ENFORCEMENT



155,055

Hotline
Allegations
Received



\$797,914

Social Security
Overpayments



68,268

Beneficiaries or
Recipients with
Outstanding
Warrants

FRAUD HOTLINE

OIG's Allegation Management and Fugitive Enforcement Division (AMFED) manages the Social Security Fraud Hotline, which, during this reporting period, received 155,055 allegations via telephone, mail, fax, and the internet. Hotline referrals to SSA offices resulted in the identification of \$797,914 in Social Security overpayments. The following is a notable investigation from the past 6 months that resulted from a Hotline referral:

- The Fraud Hotline received an allegation that a California woman resided outside of the U.S. and received SSI from 2004 through 2017. The OIG determined the woman improperly received \$104,824 in SSI and \$16,455 from the California Department of Health Care Services (DHCS) that she was not eligible for when she was residing out of the country. The woman appeared in the U.S. District Court of Southern California and pleaded guilty to an information that charged her with making false statements. The woman was sentenced to 3 years of probation and was ordered to repay \$104,824 to SSA and 16,455 to DHCS.

FUGITIVE FELON ENFORCEMENT PROGRAM

During this reporting period, the OIG's Fugitive Felon Enforcement Program identified 68,268 beneficiaries or recipients who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. AMFED shares location information for wanted felons or parole/probation violators with local law enforcement agencies to help with apprehending these individuals. The following are two examples of our efforts:

- OIG agents and U.S. Marshals in Erie, Pennsylvania pursued a fugitive felon from Michigan who fled to Pennsylvania and failed to register as a sex offender in Pennsylvania. The fugitive felon used the identification and money knowingly supplied by a relative to gain employment and avoid detection. Subsequently, the fugitive felon was arrested by the U.S. Marshals on November 30, 2018 pursuant to an arrest warrant issued by the U.S. District Court of Western District of Pennsylvania, and remanded to U.S. Marshals custody. On January 29, 2019, the relative and the fugitive felon both pleaded guilty to conspiracy and were sentenced to 18 months of supervised release, with credit for time served.
- OIG agents and members of the U.S. Marshals Service Capital Area Regional Fugitive Task Force arrested an SSI recipient on February 4, 2019. The SSI recipient was identified as a fugitive wanted by the Richmond City Police, Major Crimes Division, for an outstanding warrant for malicious wounding, in violation of Virginia Criminal Code 18.2-51, issued on March 5, 2018. Subsequent to his arrest, the subject was transported to the Richmond City Jail for processing.



COOPERATIVE DISABILITY INVESTIGATIONS

The Cooperative Disability Investigations (CDI) Program remains one of our most successful initiatives with SSA, contributing to the integrity of the Agency's disability programs. CDI is a joint effort among the OIG, SSA, State disability determination services (DDS), and State/local law enforcement agencies. CDI units combat fraud by investigating statements and activities that raise suspicion of disability fraud by claimants, beneficiaries, medical providers, interpreters, or other service providers. Investigative evidence helps to identify and resolve issues of fraud and abuse, and assists with timely and accurate disability determinations.



43
CDI Units



1,512
Claims
Denied/Ceased



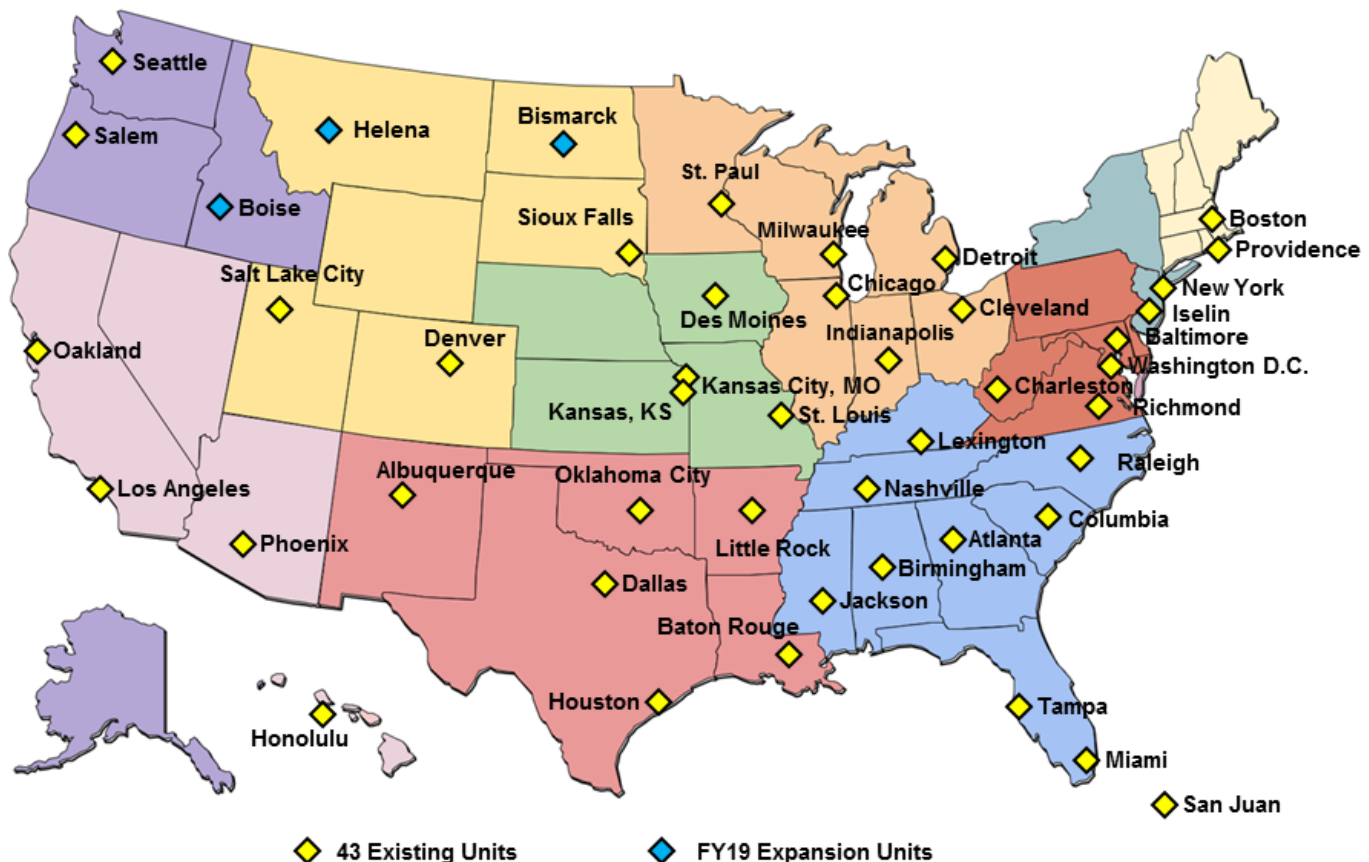
\$99,616,949
SSA Savings¹



\$96,883,027
Non-SSA
Savings²



\$11,408,387
SSA Recoveries³



43 Units covering 37 states, the Commonwealth of Puerto Rico, the District of Columbia, and the territories of American Samoa, Guam, and the Northern Mariana Islands.

1. Calculated using a variable method that considers the type of program involved, as well as factors that account for nationwide denial/cessation rates.
2. Projected over 60 months whenever another governmental program withholds benefits as a result of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.
3. Includes restitution, recoveries, fines, settlements, and judgments.

LEGAL



89

**CMP Cases
Initiated**



\$9,167,993

**Penalties and
Assessments**



66

**CMP Cases
Resolved**

SECTION 1129 - Program Integrity

SSA provides a critical safety net for individuals eligible for retirement, disability, survivors, and other benefits. To protect that safety net, Section 1129 of the *Social Security Act* authorizes a civil action against: (1) anyone who makes any false statements or misrepresentations to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*; (2) representative payees who wrongfully convert payments; and (3) individuals who knowingly withhold a material fact from SSA. This includes “fraud facilitators.” Fraud facilitators are individuals in positions of trust, and may include medical professionals, attorneys, non-attorney representatives, interpreters, and social workers. For personal gain, these third parties assist individuals in the disability claims process to defraud SSA.

If an OIG criminal investigation finds evidence of fraud, and the Department of Justice declines to prosecute, the Office of the Counsel to the Inspector General (OCIG) is authorized to review the case for potential civil monetary penalty (CMP) action. A CMP consists of an assessment in lieu of damages of up to two times the SSA overpayment, and a penalty (amount indexed for inflation, currently \$8,457) that can be imposed for each false statement made, material omission, or conversion of benefits.

As a result of our recently streamlined Section 1129 CMP business process, more than \$9 million in CMPs were imposed during this reporting period. OCIG refers cases declined for CMP action to SSA for appropriate action, including the imposition of administrative sanctions. In this reporting period, we referred 915 cases to SSA.



34

**Section 1140
Allegations
Received**



2

**CMP Action
Resolved**

SECTION 1140 - Consumer Protection Program

OCIG attorneys enforce the consumer protection prong of the agency’s CMP program. In part, Section 1140 of the *Social Security Act*, prohibits people or companies from exploiting Americans by giving a false impression of association with or endorsement by SSA when advertising, soliciting services, or otherwise communicating with the public. The focus of our Section 1140 consumer protection program is prevention and early intervention. With this focus, we help to minimize harm to the public and SSA’s reputation. A cornerstone of our prevention and early detection strategy is outreach to the public.



22

**Section 1140
Cases Pending**



226

**Prevention/Early
Intervention
Efforts**



WHISTLEBLOWER ALLEGATIONS AND OUTREACH



19
Whistleblower
Allegations
Received

WHISTLEBLOWER PROTECTION COORDINATOR PROGRAM

The Chief Counsel to the IG is designated as the Whistleblower Protection Coordinator pursuant to the *Whistleblower Protection Coordination Act* (WPCA). OIG attorneys assist the Chief Counsel in implementing the OIG's whistleblower protection coordinator program. The primary statutory goal is to educate agency employees and managers about protections and prohibitions against retaliation for protected disclosures. The WPCA enhanced the Coordinator's role to assist the IG in "promoting timely and appropriate handling and consideration of protected disclosures and allegations of reprisal." During this reporting period, we revised our Whistleblower Program website to clarify rights and requirements.



25
Whistleblower
Allegations
Remain Open

WHISTLEBLOWER ALLEGATIONS

The *Inspector General Act* authorizes the OIG to receive and investigate whistleblower allegations, or allegations from SSA employees, contractors, and job applicants concerning alleged mismanagement, waste of funds, abuse of authority, specific danger to public health or safety, or other violations within the Agency. Federal law protects government employees, contractors, and job applicants, who submit whistleblower allegations from retaliation via certain prohibited personnel practices, including, for example, a significant change in duties or a disciplinary action. OIG's Whistleblower Protection Unit evaluates all incoming whistleblower disclosures—and allegations of retaliation—from SSA employees, contractors, and job applicants; and determines if OIG action is warranted. During this reporting period, we received 19 whistleblower allegations. We closed 5 allegations, and 25 allegations—some received prior to the reporting period—remained open while we continued to evaluate them.



5
Whistleblower
Allegations
Closed

WHISTLEBLOWER RETALIATION

Section 5(a)(20) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to provide a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences the establishment imposed to hold that official accountable. There are no instances of retaliation to report for this reporting period.

REPORTING REQUIREMENTS

This report meets the requirements of the *Inspector General Act of 1978*, as amended, and includes information mandated by Congress.

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	Appendix I
Section 5(a)(1)	Significant problems, abuses, and deficiencies	p. 7, p. 11
Section 5(a)(2)	Recommendations concerning significant problems, abuses, and deficiencies	p. 7
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix D & E
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	p. 11
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of significant reports	p. 7
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & B
Section 5(a)(10)	Table showing each audit report, inspection report, and evaluation report issued before the reporting period with unimplemented recommendations	Appendix F
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D
Section 5(a)(13)	Information described under section 804(b) of the <i>Federal Financial Management Improvement Act of 1996</i>	N/A

Section	Requirement	Page(s)
Section 5(a)(14)	The results of any peer review conducted by another Office of Inspector General during the reporting period	Appendix H
Section 5(a)(15)	List of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete	Appendix H
Section 5(a)(16)	List of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented	Appendix H
Section 5(a)(17) and (18)	Table showing total number of investigative reports issued	p. 9
Section 5(a)(19)	Detailed report on each investigation involving a senior Government employee where allegations of misconduct were substantiated	Appendix J
Section 5(a)(20)	Detailed description of any instances of whistleblower retaliation	p. 18
Section 5(a)(21)	Description of any attempt by the establishment to interfere with the independence of the OIG	Appendix K
Section 5(a)(22)	Description of any audits or investigations that were not disclosed to the public	Appendix G



APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

Questioned costs include SSA expenditures that we determined, based on our audits: violated a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; were not supported by adequate documentation; or were unnecessary or unreasonable. Disallowed costs are those questioned costs that SSA management has sustained or agreed should not be charged to the Government.

Section 5(a)(8) of the *Inspector General Act of 1978*, as amended, requires that we provide statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs), for reports—

- (A) for which no management decision had been made by the commencement of the reporting period;
- (B) which were issued during the reporting period;
- (C) for which a management decision was made during the reporting period, including—
 - (i) the dollar value of disallowed costs; and
 - (ii) the dollar value of costs not disallowed; and
- (D) for which no management decision has been made by the end of the reporting period.

Reports with Questioned Costs for the Reporting Period October 1, 2018 - March 31, 2019			
	Number	Dollar Value Supported	Dollar Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	42	\$2,976,691,300	\$886,837
B. Which were issued during the reporting period. ¹	10	\$824,730,871	\$0
Subtotal (A + B)	52	\$3,801,422,171	\$886,837
Less:			
C. For which a management decision was made during the reporting period.			
i. Dollar value of disallowed costs. ²	20	\$505,937,477	\$0
ii. Dollar value of costs not disallowed. ²	12	\$946,556,972	\$0
Subtotal (i + ii)	32	\$1,452,494,449	\$0
D. For which no management decision had been made by the end of the reporting period. ²	27	\$2,348,927,722	\$886,837

1. See Reports with Questioned Costs in Appendix B of this report.

2. Some reports have multiple monetary recommendations and are accounted for as follows. Four reports have one recommendation split between sections Ci and Cii. One report has one recommendation recorded in section Cii and the other is recorded in section D. One report has one recommendation split between sections Ci and Cii and the other is recorded in section Ci. One report has one recommendation split between sections Ci and Cii and the other is recorded in section Cii.

When SSA avoids costs by implementing our recommendations, those funds may be put to better use. Section 5(a)(9) of the *Inspector General Act of 1978*, as amended, requires that we provide statistical tables showing the total number of audit reports, inspection reports, and evaluation reports, and the dollar value of recommendations that funds be put to better use by management, for reports—

- (A) for which no management decision had been made by the commencement of the reporting period;
- (B) which were issued during the reporting period;
- (C) for which a management decision was made during the reporting period, including—
 - (i) the dollar value of recommendations that were agreed to by management; and
 - (ii) the dollar value of recommendations that were not agreed to by management; and
- (D) for which no management decision has been made by the end of the reporting period.

Reports with Funds Put to Better Use October 1, 2018 - March 31, 2019		
	Number of Reports	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	23	\$10,658,483,654
B. Which were issued during the reporting period. ¹	8	\$1,082,646,611
Subtotal (A + B)	31	\$11,741,130,265
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of costs agreed to by management. ²	12	\$5,797,209,800
ii. Dollar value of costs not agreed to by management. ²	8	\$668,092,983
Subtotal (i + ii)	20	\$6,465,302,783
D. For which no management decision had been made by the end of the reporting period. ⁶	15	\$5,275,827,482

1. See Reports with Funds Put to Better Use in Appendix B of this report.

2. Some reports have multiple monetary recommendations and are accounted for as follows. One report has one recommendation split between sections Ci and Cii. One report has one recommendation recorded in section C and the other is recorded in section Cii. One report has one recommendation recorded in sections Ci and Cii and the other is recorded in section D.



APPENDIX B: REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2018 – March 31, 2019

Report Number	Report Title	Issue Date
A-14-18-50505	The Social Security Administration's Information Security Program and Practices for Fiscal Year 2018	10/31/2018
A-04-18-50600	The Social Security Administration's Programs and Projects that Assist Beneficiaries in Returning to Work	11/05/2018
A-14-18-50640	Verifying the Identities of Individuals Who File Internet Claims (Congressional Response Report)	11/07/2018
A-02-18-50307	Fiscal Year 2018 Inspector General's Statement on the Social Security Administration's Major Management and Performance Challenges	11/09/2018
A-15-18-50482	The Social Security Administration's Financial Report for Fiscal Year 2018	11/09/2018
A-15-18-50454	The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2018 Under Executive Order 13520	12/07/2018
A-15-18-50612	Supplemental Security Income Underpayments	12/28/2018
A-13-18-50547	Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs	01/24/2019
A-03-18-50724	Issuance of Social Security Statements (Congressional Response Report)	02/14/2019
A-12-18-50579	Decision-writing Backlog in the Office of Hearings Operations	03/29/2019

Reports with Questioned Costs
October 1, 2018 – March 31, 2019

Report Number	Issue Date	Report Title	Dollar Amount
A-06-18-50574	10/24/2018	Payments to Individuals Incarcerated in California Department of Corrections and Rehabilitation Facilities	\$3,484,996
A-09-16-50130	12/13/2018	Supplemental Security Income Recipients Eligible for Retirement Benefits	\$4,845,479
A-09-15-15039	12/21/2018	Beneficiaries Whose Payments Have Been Suspended and Have Death Information on the Numident	\$6,601,693
A-07-18-50257	12/21/2018	Accuracy of Disability Entitlement Dates for Primary Beneficiaries Who Previously Filed Disability Claims	\$377,191,620
A-06-18-50663	02/28/2019	Match of Arkansas Death Information Against Social Security Administration Records	\$3,900,811
A-05-18-50620	03/15/2019	Processing of Deferred Old-Age, Survivors and Disability Insurance Cases with a High Risk of Benefit Payment	\$39,716,054
A-15-18-50632	03/20/2019	Match of Maryland and Michigan Death Information Against Social Security Records	\$16,858,626
A-06-18-50569	03/20/2019	Match of Texas Death Information Against Social Security Administration Records	\$24,705,403
A-02-18-50611	03/20/2019	Deficit Reduction Leave Payments to New York State Division of Disability Determination Employees	\$2,925,309
A-07-18-50622	03/29/2019	The Social Security Administration's Application of Due-process Provisions for Old-Age, Survivors and Disability Insurance Overpayments	\$344,500,880
TOTAL			\$824,730,871



**Reports with Funds Put to Better Use
October 1, 2018 – March 31, 2019**

Report Number	Issue Date	Report Title	Dollar Amount
A-05-18-50587	10/11/2018	High-volume Individual Representative Payee in the Chicago Region	\$5,039
A-06-18-50574	10/24/2018	Payments to Individuals Incarcerated in California Department of Corrections and Rehabilitation Facilities	\$808,170
A-09-16-50130	12/13/2018	Supplemental Security Income Recipients Eligible for Retirement Benefits	\$125,662,404
A-07-18-50257	12/21/2018	Accuracy of Disability Entitlement Dates for Primary Beneficiaries Who Previously Filed Disability Claims	\$279,466,840
A-06-18-50663	2/28/2019	Match of Arkansas Death Information Against Social Security Administration Records	\$1,371,031
A-05-18-50620	3/15/2019	Processing of Deferred Old-Age, Survivors and Disability Insurance Cases with a High Risk of Benefit Payment	\$5,898
A-06-18-50569	3/20/2019	Match of Texas Death Information Against Social Security Administration Records	\$4,169,289
A-07-18-50622	3/29/2019	The Social Security Administration's Application of Due-process Provisions for Old-Age, Survivors and Disability Insurance Overpayments	\$671,157,940
TOTAL			\$1,082,646,611

APPENDIX C: SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE INSPECTOR GENERAL DISAGREES

Nothing to report.



APPENDIX D: SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR FISCAL YEARS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

WIDOW(ER)S ELIGIBLE FOR AN EARLIER INITIAL MONTH OF ENTITLEMENT (A-09-17-50187, 8/7/17)

Results of Review: The Social Security Administration (SSA) needs to improve controls to ensure it establishes the correct initial month of entitlement for widow(er) beneficiaries. Based on our random sample, we estimate SSA underpaid \$285 million to 110,116 widow(er)s who were eligible for an earlier initial month of entitlement.

This occurred because SSA employees improperly established an initial month of entitlement for widow(er)s who met the requirements for entitlement before their application filing date or did not document why the widow(er)s refused an earlier initial month of entitlement, as required. Finally, SSA did not have system controls to alert employees when widow(er)s were eligible for an earlier initial month of entitlement.

Recommendation: Determine the feasibility of reviewing the remaining population of widow(er)s who may be eligible for additional months of benefits before their application filing date and could have chosen an earlier initial month of entitlement.

Agency Response: SSA agreed with our recommendation.

Valued at: \$285,191,557 in questioned costs.

Corrective Action: In its review of sample cases, SSA found some records lacked documentation to explain why the claimant did not elect full retroactivity. In addition, in some of the sample cases SSA found the claimants were precluded from electing an earlier month of entitlement. SSA believes its staff discussed all eligibility options and determined the lack of documentation is not evidence the claim was processed incorrectly or that the determinations are incorrect. Therefore, based on its administrative finality policy¹, SSA is precluded from reopening these initial claims.

BENEFICIARIES WHO WORKED AFTER THEIR DISABILITY ONSET DATES AND BEFORE FAVORABLE HEARING DECISIONS (A-02-16-20132, 7/18/17)

Results of Review: SSA did not always address substantial gainful activity (SGA)-level earnings Old-Age, Survivors and Disability Insurance (OASDI) claimants earned after their disability onset dates and before favorable hearing decisions. In some cases, administrative law judges (ALJ) discussed the earnings during the hearings but did not include the results of those discussions in their written decisions. In other cases, the ALJs did not address the earnings during the hearings or in their written decisions, but another SSA component did so after the hearings. In other cases, neither ALJs nor other SSA components addressed SGA-level earnings after applicants' reported disability onset dates.

This latter group of cases led to over \$684,000 in improper payments because SSA awarded benefits before the dates the applicants should have been determined disabled. Projecting our results to the population, SSA did not appropriately address SGA-level earnings nearly 4,000 OASDI applicants earned after their disability onset dates and before favorable hearing decisions, which resulted in improper payments of over \$109 million.

In a previous audit, we found SSA improperly paid Supplemental Security Income (SSI) recipients because it did not always address earnings on the recipients' records after their disability onset dates and before favorable hearing decisions. Based on the results of this review, we believe the Agency encountered similar issues with OASDI disability claimants. SSA missed the opportunity to use information at its disposal to prevent improper payments.

Recommendation: Based on the results of review of the 26 cases, determine whether additional cases in the remaining population of 35,595 beneficiaries who also had above SGA-level earnings after disability onset and before a favorable hearing decision should be reviewed to ensure the Agency appropriately addressed the earnings.

Agency Response: SSA agreed with our recommendation.

Valued at: \$108,941,870 in questioned costs.

Corrective Action: In November 2018, the Agency stated it was continuing its evaluation on how to establish a review team to address the 35,595 cases, and OIG is not aware of any additional actions taken.

1. Administrative finality refers to SSA's regulations that prescribe time limits for when the Agency will reopen and revise prior determinations and decisions.

CROSS-REFERRED SOCIAL SECURITY NUMBERS (A-06-13-23091, 7/17/17)

Results of Review: SSA issued improper payments to individuals under multiple cross-referred Social Security numbers (SSN) and did not develop a method to ensure death information input on numberholders' (NH) Numident records was also input on cross-referred Numident records. Based on our sample results, we estimate that SSA issued approximately \$171 million in improper payments to about 2,000 beneficiaries who had multiple cross-referred SSNs. If the Agency does not correct these errors, we estimate it will improperly issue about \$21.2 million over the next 12 months.

SSA also recorded death information on approximately 2.7 million non-beneficiary NHs' Numident records but did not input death information on their cross-referred SSNs. As a result, we estimate SSA erroneously excluded more than 2 million deceased NHs' SSNs from the Death Master File.

Recommendation: Review all cases where NHs simultaneously receive benefit payments under cross-referred SSNs.

Agency Response: SSA agreed with our recommendation.

Valued at: \$55,219,440 in questioned costs and \$7,507,700 in funds put to better use.

Corrective Action: As of February 2019, SSA stated it is reviewing cases received thus far for this audit to draft processing instructions for field office (FO) staff. The audit involves face-to-face interviews, development, action to uncross/cross SSNs, and potential fraud. SSA will provide status by July 2019.

Recommendation: Review all cases where NHs received payments under SSNs that are cross-referred to SSNs that contain the NH's death information.

Agency Response: SSA agreed with our recommendation.

Valued at: \$115,402,130 in questioned costs and \$13,671,650 in funds put to better use.

Corrective Action: SSA is reviewing cases received thus far for this audit to draft processing instructions for FO staff. The audit involves face-to-face interviews, development, action to uncross/cross SSNs, and potential fraud. SSA will provide status by July 2019.

MANUALLY REDUCED CROSS-PROGRAM RECOVERY OVERPAYMENTS (A-06-17-50225, 7/5/17)

Results of Review: Use of Manual Adjustment, Credit, and Award Data Entry (MACADE) to adjust cross-program recovery overpayments erroneously reduced SSI overpayments that SSA was collecting from concurrent beneficiaries' OASDI benefits. Although SSA generally prohibits personnel from using MACADE to process these types of transactions, SSA did not implement system controls to prevent employees from inputting the transactions. Further, SSA issued contradictory guidance to employees that did not make it clear whether it was appropriate to use MACADE to process the inputs.

Based on our sample results, we estimate that, from January 2005 through March 2015, SSA erroneously reduced approximately \$58.1 million in SSI overpayments it was collecting from concurrent beneficiaries. Absent corrective action, we estimate these processing errors will erroneously reduce SSI overpayments by an additional \$7 million over the next 12 months.

Recommendation: Consider the cost-effectiveness of implementing controls to prevent systems from erroneously deleting SSI overpayments.

Agency Response: SSA agreed with our recommendation.

Valued at: \$7,029,192 in funds put to better use.

Corrective Action: SSA is reviewing cases to determine the best course of action. Some cases may have been corrected since the audit and some may be precluded due to administrative finality.

Recommendation: Consider the cost-effectiveness of identifying and re-establishing SSI overpayments erroneously deleted by MACADE adjustments.

Agency Response: SSA agreed with our recommendation.

Valued at: \$58,159,028 in questioned costs.



Corrective Action: As of February 2019, SSA stated it is reviewing cases to determine the best course of action. Some cases may have been corrected since the audit and some may be precluded due to administrative finality.

INDIVIDUALS WHO HAD FEDERAL EARNINGS AND OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS (A-04-16-50136, 6/9/17)

Results of Review: While SSA generally collected OASDI overpayments from individuals who had Federal earnings, it did not recover all overpayments. Specifically, while not always timely, SSA was collecting or had waived overpayments for 6,965 (88.2 percent) of 7,901 individuals in our population. These individuals' overpayments totaled \$68.1 million.

SSA did not collect \$13.5 million in overpayments from 936 individuals (11.8 percent). Of these, we determined there were individuals whose overpayments SSA did not have adequate time to take such action as responding to a waiver request, resuming collection after denying a waiver, or establishing an installment agreement. Also, there were some individuals whose Federal, and sometimes additional, earnings were below poverty levels.

SSA needs to identify the outstanding issues that prevent it from recovering those overpayments it had not recovered during our audit period, and start or resume collection where applicable. We recognize that SSA has periodic reviews that identify individuals who have outstanding overpayments, and its competing workloads sometimes take precedence over its recovery efforts. Nevertheless, SSA has a responsibility to effectively manage its overpayment recovery efforts, and should avoid allowing overpayments to remain uncollected for an extended period. Finally, while we defer to the Agency on whether it will pursue collection of overpayments from individuals whose earnings are below the poverty level, it should immediately respond to those individuals with waiver or explanation requests that had been pending longer than 6 months.

Recommendation: Pursue all available methods to recover the 740 overpayments and process the 73 outstanding waiver requests (62 individuals with earnings above and 11 below poverty level) identified in our review.

Agency Response: SSA agreed with our recommendation.

Valued at: \$12,494,862 in questioned costs.

Corrective Action: As of February 2019, SSA planned to release another 70 cases to the Payment Service Centers that were not previously addressed in the first release it issued last fiscal year (FY). Those cases are aged debts with no activity since prior to the initiation of the audit, which is why SSA plans to release them again to ensure it acted on all the cases involved.

STATUTORY BENEFIT CONTINUATION DURING THE APPEALS PROCESS FOR MEDICAL CESSATIONS (A-07-17-50127, 5/11/17)

Results of Review: We project SSA overpaid approximately \$682.5 million to individuals in our population who continued receiving disability benefits during the appeals process but for whom ALJs upheld the cessation determinations from October 1, 2013 through July 8, 2016. This comprised \$138.5 million overpaid to Disability Insurance (DI) beneficiaries and \$544 million overpaid to SSI recipients.

We estimate, as of August 2016, SSA was in the process of collecting 28 percent of the amount overpaid to DI beneficiaries. It had collected only 4 percent, waived or terminated collection action on 17 percent, and posted another 37 percent to the beneficiaries' records but did not take action to collect, waive, or deem them uncollectible. SSA had not posted about 14 percent to the beneficiaries' records for collection. Likewise, for the amount overpaid to the SSI recipients, SSA was in the process of collecting 61 percent. It had collected 2 percent, waived or terminated collection action on 13 percent, and had posted another 17 percent to the recipients' records but did not take action to collect, waive, or deem them uncollectible. SSA had not posted 7 percent to the individuals' records for collection.

The average processing time for medical cessation appeals had increased from our prior reviews. Specifically, processing times were 766 days for sampled DI beneficiaries and 831 days for sampled SSI recipients—increases of 18 percent and 20 percent, respectively. If SSA prioritizes medical cessation appeals, it could increase the DI and SSI programs' financial performance. For example, we project SSA could have avoided \$69.7 million in DI overpayments and \$266 million in SSI overpayments had it completed the appeals process for medical cessations within its processing time goals totaling 394 days.

Recommendation: Evaluate the results of SSA's actions for the individuals we identified, and determine the feasibility of identifying the remaining individuals in our populations who should have additional overpayments posted.

Agency Response: SSA agreed with our recommendation.

Valued at: \$60,252,538 in questioned costs.

Corrective Action: As of February 2019, SSA stated it is evaluating the population identified to determine if they are Overdue Medical Cessation and Unprocessed Medical Cessation cases. Once SSA completes its evaluation, it will determine if the cases will be addressed in SSA's current business process, or if there are other actions for it to take.

OVERPAYMENTS COLLECTED THROUGH LONG-TERM REPAYMENT PLANS (A-07-16-50082, 5/3/17)

Results of Review: SSA uses a variety of methods to recover overpayments, including repayment agreements that provide for monthly installment payments to SSA. The SSA employee processing the overpayment negotiates the agreement. SSA policy directs employees to establish a rate that would permit recovery of the entire overpayment within 36 months. If this is not possible, the SSA employee may approve a longer repayment period after it evaluates an individual's income, expenses, and assets.

Based on repayment agreements at the time of our review, we determined that 7,222 (11 percent) of the 64,978 individuals in our population will not repay their entire overpayment balance before they reach life expectancy. This situation exists because SSA entered into long-term repayment agreements with these individuals that resulted in an average repayment period of 55 years. We estimate to all segments of the Recovery of Overpayments, Accounting and Reporting System (ROAR) and Supplemental Security Record (SSR) that over \$971 million (44 percent) of the more than \$2.2 billion outstanding overpayment balance may never be collected.

From the 7,222 individuals, we identified all individuals who would not repay their entire overpayment before reaching their life expectancy. Additionally, we conducted analysis to identify the potential impact on overpayment recovery if SSA established a minimum repayment amount based solely on the individual's income. We could not consider the individual's assets and household expenses, as required under current overpayment recovery policy. Negotiating repayment plans based on the individual's income, the outstanding overpayment balance at life expectancy could be reduced by over \$623 million (64 percent)— from \$971 million to approximately \$348 million.

Recommendation: Evaluate SSA's existing program debt repayment policy to reduce long-term repayment arrangements.

Agency Response: SSA agreed with our recommendation.

Valued at: \$971,212,348 in questioned costs.

Corrective Action: SSA agreed with our recommendation and included the proposal in the President's FY 2019 Budget. SSA will continue to submit this legislative proposal until Congress decides to act on it. In addition, SSA is continuing to examine its existing policies regarding overpayments collected through long-term repayment plans to determine where there may be opportunities to reduce long-term repayment agreements.

BENEFICIARIES SERVING AS REPRESENTATIVE PAYEES WHO HAVE A REPRESENTATIVE PAYEE (A-09-16-50109, 8/10/16)

Results of Review: SSA needs to improve its controls to prevent the selection of representative payees who are incapable of managing their own benefits. SSA needs to ensure it records representative payees' correct SSN on the MBR/SSR/Representative Payee System (RPS), and, when required, retain representative payee applications. Based on our random samples, we estimated that SSA paid

- \$6.3 million to 381 incapable beneficiaries who were serving as representative payees; and
- \$53.6 million to representative payees who did not have a verified SSN, RPS record, or application supporting their selection as representative payees for 812 beneficiaries.

Recommendation: Evaluate the results of its corrective action for the sampled beneficiaries, and take appropriate action to address the remaining populations of beneficiaries identified by our audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$57,711,460 in funds put to better use.

Corrective Action: SSA released cases to the regions on February 5, 2019. Regional responses are due by July 12, 2019.

CONCURRENTLY ENTITLED BENEFICIARIES RECEIVING REPRESENTATIVE PAYEE AND DIRECT PAYMENTS (A-09-16-50093, 5/5/16)

Results of Review: SSA needs to improve controls to ensure it does not make direct payments to concurrently entitled beneficiaries who have a representative payee. Based on our random sample, we estimated 10,912 beneficiaries received approximately \$78 million in direct payments, and their representative payees received about \$137 million on their behalf.

Furthermore, we estimated SSA will pay \$91.1 million in benefits, annually, if it does not determine whether it should pay the 10,912 concurrently entitled beneficiaries directly or through a representative payee. This includes approximately \$36.8 million that SSA will pay



directly to the beneficiaries.

Recommendation: Conduct timely matches of the Master Beneficiary Record (MBR) and the Supplemental Security Record (SSR) to identify and correct discrepant payment information.

Agency Response: SSA agreed with our recommendation.

Valued at: \$114,820,087 in funds put to better use.

Corrective Action: As of February 2019, SSA stated it is continuing its review of cases and plans to rerun cases with similar criteria to determine if recent improvement to the eRPS will prevent the need to create an MBR and SSR match.

OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD PENDING A WINDFALL OFFSET DETERMINATION (A-09-15-15041, 3/21/16)

Results of Review: We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending a windfall offset determination. We estimated that:

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimated approximately \$71.9 million was payable to these beneficiaries; and,
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall-offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

Recommendation: Evaluate the results of its actions for the 58 beneficiaries and take appropriate action to address the remaining population of 61,734 beneficiaries identified during the current audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$71,596,964 in questioned costs.

Corrective Action: SSA determined as of December 2017, 11,000 of the original 61,000 still have a Windfall. SSA is working to determine the best approach to resolve the cases. These records are part of the FY 2019 Processing Center Work Plan. SSA originally stated it would provide a status of this work by April 2019, but is now stating it cannot provide a status until September 2019.

COST-BENEFIT ANALYSIS OF PROCESSING LOW-DOLLAR OVERPAYMENTS (A-07-14-14065, 7/1/15)

Results of Review: Generally, SSA attempted to collect overpayments regardless of the amount. Sometimes, the value of the overpayment was less than what SSA spent to collect it. Therefore, for some overpayments, collection was not always cost-beneficial.

SSA collects data on the average costs to collect Retirement and Survivors Insurance (RSI), DI, and SSI overpayments via its Cost Analysis System (CAS). The average cost to collect RSI and DI overpayments reported in CAS includes the total cost for all actions related to collecting overpayments from beneficiaries under each program during an FY. However, the average cost to collect an SSI overpayment as reported in CAS represents the cost of a single action taken to collect an SSI overpayment during an FY. Therefore, the average cost to collect an SSI overpayment does not represent the cost of collecting the overpayment when multiple actions are required. This results in an understatement of the average cost to collect an SSI overpayment when multiple collection actions are required.

Based on our analysis using average cost data from CAS, we estimated SSA spent over \$323 million to collect low-dollar overpayments in FYs 2008 through 2013. Using SSA's overpayment collection percentages for these FYs, we estimated SSA collected approximately \$109.4 million of the low-dollar overpayments. This resulted in SSA spending over \$213.6 million more than it collected.

Recommendation: Re-evaluate SSA's process for collecting overpayments where the value of the overpayment is less than what SSA spends to collect the overpayment to ensure that it expends resources on activities that result in the greatest return on investment.

Agency Response: SSA agreed with our recommendation.

Valued at: \$3,175,601,911 in funds put to better use.

Corrective Action: As of November 2018, SSA stated it continues to work internally on developing a way to determine the cost for collecting overpayments from individuals who are in current pay status and non-pay status.

ACCURACY OF AUXILIARY PAYMENTS TO CHILDREN AFTER DIVORCE (A-13-11-21100, 5/12/14)

Results of Review: SSA issued payments to auxiliary beneficiaries after the parents' divorce. We identified 1,390 stepchildren whom SSA determined were entitled to auxiliary OASDI benefits, and the beneficiary's marriage ended in divorce in or after June 2007. We randomly selected 60 of the 1,390 stepchildren to determine whether SSA properly terminated their benefits after the parents divorced.

Of the 60 beneficiaries sampled, we found SSA did not take appropriate action to terminate OASDI benefits for 11 stepchildren. Based on our analysis, we estimated SSA overpaid about \$3.1 million to 248 stepchildren. Unless SSA takes action to identify and correct these errors, we estimated the stepchildren would receive additional overpayments of approximately \$479,000 until they reach age 18 or are older and a full-time student.

Recommendation: Determine and implement the most cost-effective process to prevent and detect overpayments to stepchildren after the parents' divorce.

Agency Response: SSA agreed with the recommendation.

Valued at: \$2,942,001 in questioned costs and \$448,299 in funds put to better use.

Corrective Action: SSA stated that as of December 2018, it has completed its identification of the population of stepchildren possibly overpaid after a parents' divorce. SSA is currently determining the next steps it will take for the cases. Based on its review of the issue, SSA is finalizing its plan to develop actions that are suitable for closing out the recommendation.

HIGHER BENEFITS FOR DUALY ENTITLED WIDOW(ER)S HAD THEY DELAYED APPLYING FOR RETIREMENT BENEFITS (A-09-18-50559, 2/14/18)

Results of Review: SSA needs to improve controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits. Based on our random sample of 50 beneficiaries, we estimate 11,123 would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70. Of these, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70.

We did not find any evidence SSA had informed claimants of the option to delay their retirement application when they applied for benefits, as required. We also found that SSA did not have systems controls in place to alert its employees when they should inform widow(er)s of their option to delay their applications for retirement benefits.

Recommendation: Evaluate the results for the 41 beneficiaries in our sample and determine whether it should review the remaining population of 13,514 beneficiaries.

Agency Response: SSA agreed with our recommendation.

Valued at: \$131,332,025 in questioned costs and \$9,811,164 in funds put to better use.

Corrective Action: Based on SSA's analysis of the 41 cases from recommendations, which precluded the Agency from taking action based on its POMS administrative finality rules, SSA is not taking action to reopen these 13,514 decisions.

Recommendation: Take action, as appropriate, for the 41 beneficiaries identified by our audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$485,911 in questioned costs and \$36,300 in funds put to better use.

Corrective Action: SSA reviewed the records, and determined based on its POMS rules of administrative finality, it is precluded from reopening these 41 initial decisions.



OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS TO INDIVIDUALS REMOVED FROM THE UNITED STATES (A-13-17-34105, 12/29/17)

Results of Review: SSA did not always timely suspend benefits to beneficiaries whom the Department of Homeland Security (DHS) removed from the United States, resulting in overpayments.

Each month, DHS provides SSA an electronic list of individuals it deported from the United States. SSA matches these data against its records and generates systems alerts for staff to review specific records. Using data SSA maintains on individuals DHS reported to SSA as deported, we identified beneficiaries who were listed as deported but continued receiving OASDI benefits. We selected 247 records for review in 3 sampling frames based on our 3 objectives.

- Of 24 beneficiaries in our first sampling frame, we determined SSA overpaid \$180,930 in OASDI benefits to 14.
- Of the 68 beneficiaries in our second sampling frame, SSA potentially overpaid 1 beneficiary \$43,460 and overpaid 4 beneficiaries \$188,850 in OASDI benefits who were not lawfully admitted for permanent residence in the United States according to SSA's payment records.
- Of the 155 beneficiaries in our third sampling frame, we determined SSA overpaid 6 beneficiaries \$247,397 in OASDI benefits who were deported after July 31, 2010 and did not meet criteria for continued eligibility.

Recommendation: Take action, if appropriate, on the remaining 1,746 beneficiaries we identified who were still receiving benefits.

Agency Response: SSA agreed with our recommendation.

Valued at: \$2,803,833 in questioned costs.

Corrective Action: SSA is waiting for one more Payment Center to complete its correction actions. SSA anticipates the cases being completed by the end of June 2019.

THE COST-EFFECTIVENESS OF VOCATIONAL REHABILITATION SERVICES (A-02-17-14048, 10/20/17)

Results of Review: Overall, the vocational rehabilitation (VR) services provided to the beneficiaries we reviewed were cost-effective. The Agency saved more funds when beneficiaries returned to work after they received VR services than it paid for those services.

However, of the 33,006 beneficiaries reviewed, 17,431 incurred more costs for the VR services than savings realized for forgone benefits because of work. We could not identify any savings for 6,894 of the 17,431 beneficiaries after they exited the VR programs. SSA reimbursed State VR agencies for the services provided to these beneficiaries even though they did not achieve savings.

We asked SSA what steps it took to help ensure beneficiaries work after exiting VR programs. SSA reported that it encourages VR agencies to refer successful clients to Employment Networks or other community rehabilitation providers so they can continue to receive post-employment support services. SSA also reported that its Ticket to Work Program Manager contacts beneficiaries whose cases were successfully closed to make them aware of additional employment support. Neither SSA nor its Ticket to Work Program Manager contacted beneficiaries whose cases were closed as unsuccessful after they exited the VR program.

Finally, while we determined that, overall, all the States' VR programs were cost-effective, some States served beneficiaries more cost-effectively than others did.

Recommendation: Determine whether the Agency should revise how it determines whether VR services led to Social Security DI trust and/or the SSI general revenue fund savings before reimbursing VR costs.

Agency Response: SSA agreed with our recommendation.

Valued at: \$94,883,352 in questioned costs.

Corrective Action: In FY 2018, SSA developed several recommendations that would ensure that no cost reimbursement payments exceed actual program savings. However, SSA determined the recommended changes would require legislative action. SSA is pursuing the necessary changes to the *Social Security Act*.

APPENDIX E: SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR FISCAL YEARS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

CROSS-REFERRED SOCIAL SECURITY NUMBERS (A-06-13-23091, 7/17/17)

Results of Review: The Social Security Administration (SSA) issued improper payments to individuals under multiple cross-referred Social Security numbers (SSN) and did not develop a method to ensure death information input on numberholders' Numident records was also input on cross-referred Numident records. Based on our sample results, we estimate that SSA issued approximately \$171 million in improper payments to about 2,000 beneficiaries who had multiple cross-referred SSNs. If the Agency does not correct these errors, we estimate it will improperly issue about \$21.2 million over the next 12 months.

SSA also recorded death information on approximately 2.7 million non-beneficiary numberholders' Numident records but did not input death information on their cross-referred SSNs. As a result, we estimate SSA erroneously excluded more than 2 million deceased numberholders' SSNs from the Death Master File.

Recommendation: Resolve any cases where SSA identifies an individual who receives benefit payments under more than one of his or her own properly assigned SSNs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: This recommendation will be satisfied through the Agency's activities for other recommendations, which pertain to reviewing and taking action on all cases where numberholders simultaneously receive benefit payments under cross-referred SSNs, including all cases where one of the cross-referred SSNs contains death information. SSA will provide an updated status in July 2019.

Recommendation: Implement system controls to prevent simultaneous issuance of payments under cross-referred SSNs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In November 2018, the Agency stated it planned to conduct analysis to determine the feasibility and appropriateness of controls as they relate to this recommendation. However, at the time, the Agency stated all of its available resources were being utilized for its IT modernization efforts.

Recommendation: Add death information to the Numident records of non-beneficiary numberholders whose SSNs are cross-referred to SSNs that contain the numberholders' death information.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The first step in determining the feasibility and appropriateness of adding death information to non-beneficiary records is to address any legal concerns. Once SSA addresses the legal concerns, if it determines it can take action on the cases, SSA will undertake extensive analysis on the records to determine which cases are actionable. As of April 26, 2019, SSA is still undergoing the necessary legal analysis, and provided the following update: "These cases involve complex death reporting and potential disclosure issues that require input and collaboration from multiple components across SSA to resolve; however, we are still simultaneously making significant progress regarding death data and in closing out other OIG recommendations through our IT Modernization efforts. To date, we have updated the Numident with over 10 million additional historical death records through our FY18 and FY19 efforts.

THE SOCIAL SECURITY ADMINISTRATION'S TELEWORK PROGRAM AND ITS EFFECT ON CUSTOMER SERVICE (CONGRESSIONAL RESPONSE REPORT) (A-04-17-50267, 7/12/17)

Results of Review: SSA did not restrict specific field office (FO) and teleservice center (TSC) job positions from participating in its telework pilot. However, SSA limited the number of FOs, TSCs, and employees that could participate in the pilot. When SSA began the FO telework pilot in December 2013, it restricted telework to 1 day per 2-week pay period. SSA subsequently increased FO telework to 1 day a week. The TSC telework pilot began in September 2015, and employees were eligible to telework 1 day a week. For hearing offices, SSA restricted only the contact representative position from participating in telework. Hearing office staff could telework up to 3 days per week; some decision writers could telework 4 days a week; and administrative law judges could telework up to 8 days per month, with the expectation of scheduling, on average, 50 hearings per month. Generally, FO, TSC, and hearing office staff could perform most of their duties while teleworking.



As of January 2017:

- 4,526 (16 percent) of the 27,530 FO employees were participating in the telework pilot at 317 (26 percent) of the 1,213 FOs;
- 831 (19 percent) of the 4,298 TSC employees were teleworking at 17 (68 percent) of the 25 TSCs; and
- 5,541 (64 percent) of the 8,725 hearing office employees were teleworking across all 164 hearing offices, National Case Assistance Centers, and National Hearing Centers.

SSA's management information showed that teleworking FOs performed slightly less well as the non-teleworking FOs while TSC teleworking staff performed slightly better than non-teleworking staff. Finally, as the number of hearing office teleworkers increased, hearing office productivity declined in three of the four metrics the Office of Hearings Operations (formerly the Office of Disability Adjudication and Review) monitored. SSA explained that multiple factors affect productivity, regardless of telework.

SSA managers and staff recognized various telework challenges, and SSA told us it was working to resolve them. SSA needs to establish a business plan that monitors telework productivity to ensure it will timely identify and correct trends that may negatively affect customer service.

Recommendation: Determine whether additional customer service or production metrics would assist in measuring how telework affects FOs' ability to provide customer service and employee productivity.

Agency Response: As SSA moves forward, it will continue its analysis of telework and determine ways to enhance it while continuing to meet its customer service obligations. SSA will continue to provide training to managers with a focus on strategies to manage employees in a telework environment. SSA will consider the Office of the Inspector General's (OIG) suggestions as it continues to assess the effect of telework on customer service and Agency productivity.

Corrective Action: SSA stated that as of March 2019 it continues to analyze existing workload metrics for indications of a telework effect in its FOs. The Analytics Center for Excellence (ACE) is currently assisting in a review of Processing Service Center metrics for teleworkers. SSA is also working with the national telework workgroup, which consists of executives, managers, and the National Council of Social Security Management Association representatives, to address these recommendations. SSA's survey of pilot managers is currently being updated to better gauge telework impact in offices. Multiple FO metrics are already available and SSA is continuing to evaluate and track how telework affects any of them.

Recommendation: Determine the effect telework has on customer wait times when an FO experiences an unusually high number of visitors.

Agency Response: As SSA moves forward, it will continue its analysis of telework and determine ways to enhance it while continuing to meet its customer service obligations. SSA will continue to provide training to managers with a focus on strategies to manage employees in a telework environment. SSA will consider OIG's suggestions as it continues to assess the effect of telework on customer service and Agency productivity.

Corrective Action: SSA stated that as of March 2019, it continues to analyze existing workload metrics for indications of a telework effect in its FOs. ACE is currently assisting in a review of Processing Service Center metrics for teleworkers. SSA is also working with the national telework workgroup, which consists of executives, managers, and the National Council of Social Security Management Association representatives, to address these recommendations. SSA's survey of pilot managers is currently being updated to better gauge telework impact in offices. Multiple FO metrics are already available so SSA is continuing to evaluate and track how telework affects any of them. In addition, local FOs analyze the impact of increased telework on waiting times, and have the option to reduce or curtail telework to improve its in-office customer service, if necessary.

CROSS-PROGRAM RECOVERY TO COLLECT OVERPAYMENTS (A-13-15-15029, 4/28/17)

Results of Review: SSA did not always exercise its authority to impose mandatory Cross Program Recovery (CPR) for recovery of Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) overpayments. As of October 2014, we had identified 20,731 individuals who had OASDI and SSI overpayments totaling about \$86.9 million that were potentially available for CPR.

We reviewed 100 individuals' overpayments and determined 99 were available for CPR as of October 2015.

In addition, we found instances where SSA had not updated its Supplemental Security Records (SSR) to (1) transfer overpayments from a terminated SSR to the current SSR so it could pursue collection efforts, (2) document its use of CPR to collect SSI overpayments that could prevent pursuit of collection efforts on a recovered debt, or (3) reestablish collection efforts after CPR was no longer available.

We provided the overpayments for the 99 individuals to the Agency for review. As of March 2017, SSA had initiated CPR actions for 80,

and overpayments for 19 individuals were no longer available for CPR.

Based on our sample results, we believe SSA should review the remaining individuals we identified who had OASDI and SSI overpayments and determine whether it should use CPR as a debt collection tool for the overpayments we identified.

We also found SSA had implemented corrective actions pertaining to our prior recommendations. However, SSA had not begun collection efforts for SSI overpayments for 11 individuals we identified in our prior audit. As of January 2017, SSA had initiated CPR actions for nine and overpayments for two individuals were no longer available for CPR.

Recommendation: Consider establishing automated alerts to notify staff to review certain overpayments when CPR should be used to collect overpayments.

Agency Response: SSA agreed with the recommendation.

Corrective Action: In August 2017, the Overpayment Redesign investment was approved by the IT Investment Review Board. Beginning Fiscal Year (FY) 2018, due to overlapping technical and business processes, the Overpayment Redesign and Remittance Modernization projects were combined into one investment, the Debt Management Product. With expected implementation in FY 2021, this modernization effort is an agile investment using modern technology to create an enterprise authoritative source of debt management data. In FY 2019, SSA will create a foundational view that, when released, will allow Agency technicians to search and view program debt details in the new Debt Management System.

UNDERPAYMENTS PAYABLE TO WIDOW(ER)S ELIGIBLE FOR A HIGHER MONTHLY BENEFIT AMOUNT (A-09-14-34103, 4/11/16)

Results of Review: SSA needs to improve its controls to ensure it establishes the correct primary insurance amount (PIA) for widow(er)s when deceased wage earners die before age 62. Based on our random sample, we estimated that SSA underpaid approximately \$224 million to 25,309 widow(er)s. We also estimated that SSA did not record on the Master Beneficiary Record (MBR) that 11,032 widow(er)s were entitled to benefits based on a Widow(er)'s Index (WINDEX) PIA.

This occurred because SSA employees did not identify that a WINDEX PIA applied when they processed claims outside the Modernized Claims System. In addition, SSA employees did not update the MBR to indicate that widow(er)s' monthly benefit amounts were based on a WINDEX PIA. Finally, SSA's systems did not detect when a WINDEX PIA applied for manually processed claims.

Recommendation: Determine whether it should develop a systems alert to detect when a WINDEX PIA should apply.

Agency Response: SSA agreed with our recommendation.

Corrective Action: As of February 2019, SSA stated that this recommendation will be addressed by the Benefits Domain portion of IT Modernization. SSA is continuing work to implement under those domain activities.

OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD PENDING A WINDFALL OFFSET DETERMINATION (A-09-15-15041, 3/21/16)

Results of Review: We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending a windfall-offset determination. We estimated that:

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimated approximately \$71.9 million was payable to these beneficiaries; and
- 19,587 beneficiaries' windfall-offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

Recommendation: Take appropriate action to address the population of 26,558 beneficiaries identified during our 2011 audit.

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA determined as of December 2017, 15,000 of the original 26,000 still have a Windfall. SSA is working to determine the best approach to resolve the cases. These records are part of the FY 2019 Processing Center Work Plan. SSA will be able to provide status of this work at the end of September 2019.



Recommendation: Periodically identify and select for review beneficiaries whose OASDI benefits are being withheld pending a windfall offset determination.

Agency Response: SSA agreed with our recommendation.

Corrective Action: As of February 2019, SSA stated it is continuing internal discussions and will continue to push for improvements as discussions and ideas surrounding Windfall offset continue to evolve.

SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS PENDING A COLLECTION DETERMINATION BY THE SOCIAL SECURITY ADMINISTRATION (A-07-15-15030, 9/22/15)

Results of Review: From a sample of 100 overpayments for individuals who were not receiving SSI payments, we found SSA had partially collected 8, was unable to collect 7 because of legal or policy restrictions, and took action to collect 58 (it appeared SSA could have taken additional actions for seven of these 58). SSA had not taken any collection actions on the remaining 27 overpayments since December 31, 2013. Accordingly, we project SSA had not taken recent actions to collect 16,240 overpayments, totaling more than \$128 million.

From a sample of 50 overpayments for individuals who were receiving SSI payments, we found SSA had partially collected two, was unable to collect four because of legal or policy restrictions, and took action to collect three. Further, SSA had not taken appropriate action since December 31, 2013 for one overpayment. SSA combined the remaining 40 overpayments with the recipients' prior and subsequent overpayments and was withholding all or a portion of the recipients' SSI payments to recover the total debt.

Recommendation: As resources allow, establish a plan to review remaining overpayments where no recent actions had been taken to collect overpayments from individuals no longer receiving SSI payments, focusing on the highest dollar overpayments first.

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA has continued its meetings with the stakeholders to determine feasibility of addressing the unbilled debts and the characteristics creating the discrepancies identified in this audit. In addition, SSA is identifying and updating the population of SSI debts, as well as developing a strategy to address the high volume of complex cases. SSA is considering developing a group of specialized employees to control the actions from the FO and payment center to correct the debts.

SSA estimates corrective actions on these cases will take until the end of FY 2019.

FOLLOW-UP: COLLECTION OF CIVIL MONETARY PENALTIES (A-06-14-14047, 3/10/15)

Results of Review: Section 1140 Civil Monetary Penalty (CMP) collection efforts were effective. All \$526,000 in CMPs imposed during the audit period were collected in full.

SSA's section 1129 CMP collection efforts still require improvement. SSA made progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

Our review of 50 randomly selected CMPs imposed from January 2010 through December 2012 indicated that SSA collected only 13 percent of the amounts imposed. Based on our sample results, we estimated that SSA had not initiated any collection action on approximately \$1.6 million of the \$19 million in CMPs imposed during that period.

SSA did not always collect CMP balances in accordance with approved collection terms from individuals who received SSA payments. Further, SSA did not initiate alternative collection action against individuals who did not receive SSA payments or voluntarily remit CMP restitution. Addressing and correcting these discrepancies could improve CMP recoveries.

Recommendation: Pursue alternative methods to collect section 1129 CMP balances due from individuals who do not receive SSA payments or voluntarily remit restitution.

Agency Response: SSA agreed with our recommendation.

Corrective Action: As of September 2018, SSA was preparing the Notice of Proposed Rulemaking for public comment and has not provided a more recent update.

SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING (A-15-12-11233, 2/6/14)

Results of Review: We determined Supplemental Security Income Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the SSR and the Modernized Supplemental Security Income Claims System. Although SSA reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process.

Additionally, we noted the following items, which we believe SSA should address.

For the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate SSITWR transactions; however, these transactions did not affect the benefit payments since SSA only posted the most recent transaction to the recipient's record.

We determined that 22 of 50 randomly sampled SSI recipients, their representative payees, and deemors, regardless of their association with SSITWR, did not report wages and incurred overpayments totaling \$21,388. The purpose of this comparison was to determine the importance of timely wage reporting.

We determined that SSA did not include language in the SSI overpayment notices, due to wages, to inform the individuals about the different methods available to report their wages.

Recommendation: Adopt a process to identify and report unique SSITWR classifications (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Based on the current IT Modernization roadmap for the Benefits Domain, SSA will consider OASDI and Hospital Insurance post-entitlement and SSI post-eligibility, including overpayments and underpayments, beginning FY 2021. SSA has done extensive work in prior years to address automation support for overpayment recovery, including from underpayments.

REPRESENTATIVE PAYEES AND BENEFICIARIES WHO WERE RESIDING IN DIFFERENT STATES (A-02-14-14044, 8/27/14)

Results of Review: Based on our observations during our visit, we believe that the representative payees were using beneficiaries' benefits to meet their food, clothing, and shelter needs in all but two cases. We referred these two cases to SSA to determine whether the representative payees were suitable to manage benefits for the beneficiaries they represented. SSA has taken action on one of these cases. Additionally, we were unable to determine whether 41 (23 percent) of the beneficiaries' needs were being met because the representative payees or their beneficiaries refused to participate in our review or we were unable to contact them. We also found that SSA did not mail Representative Payee Reports to all representative payees, as required, and did not always follow up with representative payees who did not submit their accounting reports.

Recommendation: Determine whether additional oversight is required for representative payees who reside in a State different from the beneficiaries they represent based on any action taken in response to recommendations 1 and 2.

Agency Response: SSA agreed with the recommendation.

Corrective Action: For FY 2019, SSA does not have the resources for enhancements to the Electronic Representative Payee System. The system alert referenced in this recommendation will not be implemented until SSA obtains adequate resources to fund the update.

USING NURSING HOME DATA TO DETERMINE SUITABILITY REPORT TITLE: OF REPRESENTATIVE PAYEES (A-03-16-50056, 3/21/18)

Results of Review: The Department of Health and Human Services' Centers for Medicare & Medicaid Services (CMS) data could help SSA determine the suitability of organizational payee applicants and existing organizational payees that are nursing homes. Generally, the Agency relies on information provided by organizational payees and monitoring reviews to assess 15 suitability factors. However, these sources were not sufficient in providing the Agency with reliable information to assess four of these factors. However, CMS' nursing home data could provide SSA with useful, relevant, timely, and independent information related to 11 of the 15 suitability factors, including the 4 factors for which the Agency did not have a reliable source for evaluation.

SSA determined that 38 organizational payees were suitable and qualified to serve beneficiaries even though CMS deemed them as chronically underperforming or assessed them the highest fines because of serious and uncorrected deficiencies. From 2012 to 2016, CMS assessed the organizational payees 1,675 deficiencies and issued them \$9.5 million in penalties. Further, CMS terminated six of the organizational payees from Medicare/Medicaid for providing substandard quality care; four subsequently closed. SSA conducts monitoring reviews for organizational payees that meet certain criteria. Since 2012, SSA had reviewed 3 of the 38 organizational payees and did not identify any issues that affected their suitability. One of the organizational payees had since closed.



Recommendation: Review and analyze CMS' nursing home data to determine whether it can be a tool to assess the suitability of organizational payees that are nursing homes to ensure they are serving beneficiaries' best interests, especially those organizational payees that might not meet SSA's monitoring criteria.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Based on legislation resource limitations, SSA anticipates completion for this review by the third quarter in FY 2019.

HIGHER BENEFITS FOR DUALY ENTITLED WIDOW(ER)S HAD THEY DELAYED APPLYING FOR RETIREMENT BENEFITS (A-09-18-50559, 2/14/18)

Results of Review: SSA needs to improve controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits. Based on our random sample of 50 beneficiaries, we estimate 11,123 would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70. Of these, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70.

We did not find any evidence SSA had informed claimants of the option to delay their retirement application when they applied for benefits, as required. We also found that SSA did not have systems controls in place to alert its employees when they should inform widow(er)s of their option to delay their applications for retirement benefits.

Recommendation: Determine whether it should develop additional controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The IT Modernization Benefits Domain is currently in the development phase for the Beta release of the new Preliminary Claims System. SSA will add this capability to its product backlog and evaluate the current preliminary and initial claims process to identify enhancements to assist technicians when informing beneficiaries of entitlements and eligibility options. SSA continually reviews its product roadmap to determine a potential implementation timeframe for this functionality. SSA's current roadmap for the IT Modernization project shows FY 2022 as a potential implementation timeframe.

APPENDIX F: OPEN RECOMMENDATIONS AND REPORTS WITH UNIMPLEMENTED RECOMMENDATIONS

SSA OIG has open recommendations dating from FY 2011. All recommendations from years prior to FY 2011 are closed. The chart below identifies the number of reports with unimplemented recommendations by year and the aggregate potential cost savings of those recommendations.

Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings
2011	1	1	\$0
2012	4	4	\$196,258,314
2013	3	3	\$0
2014	10	14	\$3,526,453
2015	10	14	\$3,175,947,788
2016	15	27	\$283,358,017
2017	22	38	\$2,212,179,146
2018	38	84	\$2,363,822,124
TOTAL	104	186	\$8,235,091,842



Below is additional detail for each report included in the Number of Reports column above containing an outstanding unimplemented recommendation. These report summaries are also on our website, <https://oig.ssa.gov>.

Report Title	Report Number	Report Issued
2011		
Recovery of Title II Payments Issued After Beneficiaries' Deaths	A-09-10-11037	1/4/2011
2012		
State Disability Determination Services' Employee and Contractor Suitability Program	A-15-11-21180	12/21/2011
Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident	A-09-11-21171	7/9/2012
Beneficiaries Who Had Not Cashed their Social Security Checks Within 1 Year	A-09-10-20133	7/19/2012
Management Advisory Report: Supplemental Security Income Payments to Multi-recipient Households	A-06-09-29149	8/7/2012
2013		
Benefit Payments Managed by Representative Payees of Children in Pennsylvania's State Foster Care Programs	A-13-12-11245	12/4/2012
Direct Deposit Changes Initiated Through Financial Institutions and the Social Security Administration's Internet and Automated 800-Number Applications	A-14-12-21271	12/20/2012
Access Controls for the Social Security Number Verification Service	A-03-12-11204	4/18/2013
2014		
Supplemental Security Income Telephone Wage Reporting	A-15-12-11233	2/6/2014
Improper Use of Children's Social Security Numbers	A-03-12-21269	3/31/2014
Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year	A-09-13-23023	4/7/2014
Accuracy of Auxiliary Payments to Children after Divorce	A-13-11-21100	5/12/2014
Access Controls over the Business Services Online	A-03-13-13015	6/5/2014

Report Title	Report Number	Report Issued
Payments to Individuals with Deaths Reported in California from 1980 to 1987	A-06-14-21416	8/14/2014
Representative Payees and Beneficiaries Who Were Residing in Different States	A-02-14-14044	8/27/2014
Payment Accuracy of Dually Entitled Title II Beneficiaries	A-04-13-13014	8/27/2014
Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number	A-01-14-14036	9/29/2014
Controls over Claimant Representative Fee Petition Payments	A-05-13-13061	9/29/2014
2015		
Self-employment Earnings Removed from the Master Earnings File	A-06-12-12123	1/30/2015
Follow-up: Collection of Civil Monetary Penalties	A-06-14-14047	3/10/2015
Using Medicare Data to Identify Disabled Individuals Who Are Deceased	A-08-13-13038	4/7/2015
Fraud Risk Performance Audit of the Social Security Administration's Disability Programs	A-15-15-25002	4/29/2015
Observations and Recommendations for the Disability Case Processing System	A-14-15-50008	5/4/2015
Reimbursement for Data Exchanges with Third Parties	A-03-14-24027	5/8/2015
Cost-benefit Analysis of Processing Low-dollar Overpayments	A-07-14-14065	7/1/2015
Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013	A-07-15-35031	7/30/2015
Oversight of the Benefit Offset National Demonstration Project	A-04-14-14078	9/22/2015
Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration	A-07-15-15030	9/22/2015
2016		
Accuracy of Disability Benefits to Beneficiaries Who Also Receive <i>Federal Employees' Compensation Act</i> Payments	A-02-15-22114	11/13/2015
Colorado Disability Determinations Service Administrative Cost Reporting	A-06-15-50033	12/31/2015



Report Title	Report Number	Report Issued
Higher Retirement Benefits Payable to Families of Disabled Beneficiaries	A-09-14-34080	2/2/2016
Households With Multiple Children Receiving Supplemental Security Income Payments Because of Mental Impairments	A-08-14-14098	3/2/2016
Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination	A-09-15-15041	3/21/2016
Underpayments Payable to Widow(er)s Eligible for a Higher Monthly Benefit Amount	A-09-14-34103	4/11/2016
Concurrently Entitled Beneficiaries Receiving Representative Payee and Direct Payments	A-09-16-50093	5/5/2016
The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program	A-13-15-50038	5/10/2016
Workload Oversight in the Miami Hearing Office	A-12-15-50041	6/9/2016
Beneficiaries Serving as Representative Payees Who Have a Representative Payee	A-09-16-50109	8/10/2016
Office of Personnel Management Deaths Not in the Social Security Administration's Systems	A-01-13-23032	8/29/16
Benefits Payable to Child Beneficiaries Whose Benefits Were Withheld Pending the Selection of a Representative Payee	A-09-16-50088	9/23/2016
The Social Security Administration's Plan to Achieve Self-Support Program	A-08-16-50030	9/27/2016
Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions	A-13-16-23006	9/29/2016
Access to the Social Security Administration's my Social Security Online Services	A-14-15-15010	9/29/2016
2017		
Pre-effectuation Reviews of Favorable Hearing Decisions	A-12-15-50015	2/7/2017
Individual Representative Payees Who Do Not Have a Social Security Number in the Social Security Administration's Payment Records	A-09-16-50159	2/17/2017
Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children	A-09-17-50200	2/24/2017
Manual Actions to Issue Old-Age, Survivors and Disability Insurance Underpayments Less Than \$6,000	A-07-17-50153	4/21/2017
Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2016	A-77-17-00007	4/21/2017
Cross-program Recovery to Collect Overpayments	A-13-15-15029	4/28/2017

Report Title	Report Number	Report Issued
Overpayments Collected Through Long-term Repayment Plans	A-07-16-50082	5/3/2017
The Social Security Administration's Compliance with the <i>Improper Payments Elimination and Recovery Improvement Act of 2012</i> in the Fiscal Year 2016 Agency Financial Report	A-15-17-50255	5/4/2017
Statutory Benefit Continuation During the Appeals Process for Medical Cessations	A-07-17-50127	5/11/2017
The Social Security Administration's Information Technology Costs of the National Support Center	A-04-16-50138	5/16/2017
Individuals Who Had Federal Earnings and Old-Age, Survivors and Disability Insurance Overpayments	A-04-16-50136	6/9/2017
Supplemental Security Income Overpayments Resulting from the Goldberg-Kelly Procedures	A-01-14-34091	6/12/2017
Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016	A-77-17-00010	6/15/2017
Supplemental Security Income Recipients Who Have Life Insurance Policies with Cash Surrender Values	A-02-16-21186	6/27/2017
Controls over Death Underpayments Paid to Non-beneficiaries	A-09-16-50114	6/29/2017
Manually Reduced Cross-program Recovery Overpayments	A-06-17-50225	7/5/2017
The Social Security Administration's Telework Program and Its Effect on Customer Service	A-04-17-50267	7/12/2017
Cross-referred Social Security Numbers	A-06-13-23091	7/17/2017
Beneficiaries Who Worked After Their Disability Onset Dates and Before Favorable Hearing Decisions	A-02-16-20132	7/18/2017
Widow(er)s Eligible for an Earlier Initial Month of Entitlement	A-09-17-50187	8/7/2017
The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims	A-08-16-50053	9/5/2017
Social Security Administration Employees Who Received Salary Increases While Working Under an Opportunity to Perform Successfully Plan	A-04-17-50208	9/14/2017
2018		
The Cost-effectiveness of Vocational Rehabilitation Services	A-02-17-14048	10/20/2017
The Social Security Administration's Compliance with the <i>Digital Accountability and Transparency Act of 2014</i> as of May 2017	A-15-17-50250	11/6/2017
Old-Age, Survivors and Disability Insurance Benefits to Individuals Removed from the United States	A-13-17-34105	12/29/2017



Report Title	Report Number	Report Issued
Claims-taking Systems Access Profiles	A-14-17-50096	2/5/2018
Information Technology and Related Staff Costs Claimed by the Minnesota Disability Determination Services	A-05-17-50284	2/14/2018
Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits	A-09-18-50559	2/14/2018
Council of the Inspectors General on Integrity and Efficiency Purchase Card Project	A-13-17-50266	2/21/2018
Using Nursing Home Data to Determine Suitability of Representative Payees	A-03-16-50056	3/21/2018
Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records	A-09-17-50259	3/26/2018
Undeliverable Social Security Number Cards	A-15-17-50279	4/2/2018
Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments	A-07-18-50294	4/9/2018
The Social Security Administration's Compliance with the <i>Improper Payments Elimination and Recovery Improvement Act of 2012</i> in the Fiscal Year 2017 Agency Financial Report	A-15-18-50566	5/1/2018
Master Beneficiary Record Death Information that Did Not Appear on the Numident	A-06-17-50190	5/3/2018
Incorrect Payments to Disabled Beneficiaries Who Return to Work	A-07-17-50131	5/15/2018
Follow-up: Payments to Individuals Whose Numident Record Contained a Death Entry	A-06-17-50232	5/24/2018
Old-Age, Survivors and Disability Insurance Debtors Who Were Not Current on an Installment Agreement	A-04-18-50265	5/25/2018
Controls over Supplemental Security Income Applicants/Recipients' Transferring Ownership of Resources	A-02-16-50066	5/29/2018
Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee	A-09-17-50202	6/1/2018
Payments to Aged Representative Payees	A-09-17-50246	6/22/2018
Overpayments Not Collected Through Benefit Withholding	A-07-18-50278	7/16/2018
Underpayments Paid on Supplemental Security Income Records with Outstanding Overpayments	A-07-17-50182	7/23/2018

Report Title	Report Number	Report Issued
Accuracy of Month of Entitlement Determinations for Supplemental Security Income Recipients Awarded Old-Age, Survivors and Disability Insurance Benefits	A-08-18-50582	7/27/2018
Envoy, a Representative Payee for the Social Security Administration	A-13-18-50292	7/27/2018
The Social Security Administration's Use of Administrative Tolerance Waivers	A-04-16-50145	8/1/2018
Follow-up: Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset	A-09-17-50252	8/1/2018
Institutionalized Beneficiaries Who Have Earnings	A-02-17-50140	8/20/2018
Supplemental Security Income Recipients Who Have Not Had a Redetermination in Longer than 10 Years	A-01-17-50219	8/24/2018
Match of Treasury Death Information Against Social Security Administration Records	A-06-18-50568	8/27/2018
Processing Times for Continuing Disability Review Pre-hearing Case Reviews at the Reconsideration Level of Appeal	A-07-18-50391	8/29/2018
Accuracy of Supplemental Security Income Payments to Recipients with Manually Deemed Income	A-07-18-50295	8/30/2018
Representative Payee Criminal Bar Policy	A-13-18-50154	8/31/2018
Controls over the Deletion of Prisoner Records	A-05-17-50256	9/5/2018
The Social Security Administration's Comprehensive Integrity Review Process	A-14-17-50097	9/10/2018
Interim Benefits Paid After a Disability Claim is Denied	A-02-18-50543	9/13/2018
The Cost of Administering Claimant Representative Fees	A-04-17-50238	9/19/2018
Effectiveness of the Social Security Administration's Medicare Non-utilization Project	A-08-17-50261	9/19/2018
Accuracy of the Determination of Workers' Compensation Offset During Disability Insurance Claims Processing	A-02-14-34090	9/25/2018
Employers Reporting Wages with Nonwork Social Security Numbers	A-03-18-50537	9/25/2018



REPORTS WITH RECOMMENDATIONS ISSUED BY SEPTEMBER 30, 2018 FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY THE END OF THIS REPORTING PERIOD

We do not have any reports with recommendations issued by September 30, 2018 for which no management decision had been made by the end of this reporting period.

REPORTS FOR WHICH NO ESTABLISHMENT COMMENT WAS RETURNED WITHIN 60 DAYS OF BEING PROVIDED THE REPORT

During this reporting period, SSA responded to all reports issued to it for comment within 60 days.

APPENDIX G: CLOSED AUDITS AND INVESTIGATIONS NOT AVAILABLE TO THE PUBLIC

OFFICE OF AUDIT

For this reporting period, we did not have any reviews not made available to the public.

However, the Office of Audit issued three reports as "limited distribution" during this timeframe:

- The Social Security Administration's Information Security Program and Practices for Fiscal Year 2018 (A-14-18-50505) – issued October 2018
- Verifying the Identities of Individuals Who File Internet Claims (A-14-18-50640) – issued November 2018
- Supplemental Security Income Underpayments (A-15-18-50612) – issued December 2018

While we did not make the full reports available to the public due to security concerns, we published the title, issue date, and a summary for these reviews on our website in an effort to be as transparent as possible.

OFFICE OF INVESTIGATIONS

OIG closed one case of alleged misconduct by senior government officials that was not disclosed to the public. Allegations in that case were unsubstantiated, as detailed below.

Description of Investigation: A senior government employee within SSA was alleged to have misused his position to arrange for an SSA contractor to hire and give a signing bonus to an individual who was subsequently hired for a senior position within SSA. It was also alleged that a portion of the signing bonus was provided as a kickback. It was further alleged that another senior government employee was pressured to add unjustified funds to an invoice to facilitate the signing bonus.

Status: Closed

Disposition: Allegations unsubstantiated.

DOJ Referral: No

DOJ Referral Date: N/A

DOJ Declination: N/A



APPENDIX H: PEER REVIEWS

OFFICE OF AUDIT

Generally accepted Government auditing standards requires that our Office of Audit undergo a peer review every 3 years to determine whether we suitably designed our system of quality control, and whether we are complying with that system, to provide us with reasonable assurance of conforming with applicable professional standards. There are three possible ratings: Pass, Pass with Deficiencies, and Fail.

- The Department of Veterans Affairs (VA) OIG conducted our last peer review and issued its final System Review Report in August 2018. We received a rating of Pass. The VA OIG did not identify any findings or make any recommendations as a result of their review.
- On June 12, 2015, we issued our System Review Report for the peer review we conducted of the Environmental Protection Agency OIG's audit organization. We issued a rating of Pass and did not make any recommendations. We are currently finalizing our peer review of the Department of Energy OIG's audit organization.
- There are no outstanding recommendations from prior peer reviews we completed of other OIGs, nor from prior peer reviews other OIGs completed of our Office of Audit.

OFFICE OF INVESTIGATIONS

Our Office of Investigations is required to undergo a peer review every three years to ensure general and qualitative standards comply with the requirements of the Quality Standards for Investigations adopted by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The peer review also ascertains whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers conferred by the 2002 amendments to the *Inspector General Act* are properly exercised pursuant to Section 6(e) of the *Inspector General Act* (as amended) and the U.S. Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority.

- During the reporting period, OI did not undergo a peer review.
- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

APPENDIX I: REVIEW OF LEGISLATION & REGULATIONS

Section 4(a)(2) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to review existing and proposed legislation as well as regulations relating to SSA's programs and operations, and to make recommendations concerning impact on such programs or on the prevention of fraud and abuse. We accomplish this in several ways:

- Our audits and other reports evaluate SSA's compliance with existing laws and regulations.
- We recommend, when appropriate, issuing regulations or seeking appropriate legislative authority, and we provide a status of those recommendations in our Semiannual Report to Congress.
- We provide Congressional Response Reports in response to direct requests.
- We describe planned reviews in our annual Audit Work Plan that will address issues related to laws and regulations.
- We communicate directly with congressional staff as needed to discuss legislative issues relating to our work.

CIGIE Legislation Committee

SSA OIG is an active member of the Legislation Committee of Council of the Inspectors General on Integrity and Efficiency (CIGIE). In this role, we serve on a small team of IGs, working in close coordination with CIGIE's Executive Officers to monitor, evaluate, prioritize, and develop legislative products that affect the IG community. The Committee is an essential liaison between the IGs and Congress, providing experience-based practical and technical support. To effectively identify, craft, and propose legislation to enhance the success of the IGs, the Committee maintains an open channel of informal communication with congressional staff, and provides formal comments on behalf of CIGIE.

During this period, the Committee, in consultation with all OIGs, developed and issued to the new Congress a [letter that outlines CIGIE legislative priorities](#). In addition, the Committee coordinated community-wide and agency-specific concerns of CIGIE members on a variety of issues, including IG testimonial subpoena authority, the *Program Frauds Civil Remedies Act*, proposed amendments to HR 135 to clarify Federal attorneys roles during the Equal Employment Opportunity investigation process, and an array of other proposed laws relating to good government.



APPENDIX J: INVESTIGATIONS INVOLVING SENIOR GOVERNMENT EMPLOYEES WHERE ALLEGATIONS OF MISCONDUCT WERE SUBSTANTIATED

During this reporting period, we closed an investigation in which we substantiated allegations that a senior OIG employee had made improper disclosures, engaged in ethical violations, and misused his/her official position. The employee was terminated from his/her position. We referred this matter to the Department of Justice for consideration of prosecution on September 24, 2018, and the case was declined for prosecution on October 1, 2018.

APPENDIX K: SSA INTERFERENCE WITH OIG INDEPENDENCE



MEMORANDUM

Date: April 26, 2019

To: Nancy Berryhill
Acting Commissioner

From: Gail S. Ennis 
Inspector General

Subject: Concerns Related to the Financial Statement and *Federal Information Security Modernization Act* Audits

The *Inspector General Act* of 1978, as amended, requires that we include in our *Semiannual Report to Congress*:

[A] detailed description of any attempt by the establishment to interfere with the independence of the Office, including... (B) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action.¹

The *Inspector General Act* authorizes the Inspector General to have “timely access to all records, reports, audits, reviews, documents, papers, recommendations, or other materials available to the applicable establishment which relate to the programs and operations with respect to which that Inspector General has responsibilities under this Act.”² In addition, according to the Government Accountability Office, without strong executive leadership “tone at the top” to support an internal control system, the entity’s risk identification may be incomplete, risk responses may be inappropriate, control activities may not be appropriately designed or implemented, information and communication may falter, and results of monitoring may not be understood or acted upon to remediate deficiencies.³

Our contractor, Grant Thornton, performs, on our behalf, the annual audit of the Social Security Administration’s (SSA) financial statements⁴ as well as the audit of the Agency’s information

¹ 5 U.S.C. App. 3 § (5)(a)(21).

² *Id.* at § (6)(a)(1)(A).

³ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G at 22, 32 (September 2014).

⁴ The *Chief Financial Officers Act* of 1990, as amended, 31 U.S.C. § 3521(e)(1).



security program and practices.⁵ The Deputy Commissioner for Budget, Finance and Management signed the financial statement audit engagement letter on March 13, 2019 and the Deputy Commissioner for Systems/Chief Information Officer signed the information security audit engagement letter on April 16, 2019. In the letters, they acknowledge their responsibilities for informing the contractor of all known matters (for example, known deficiencies in the design or operation of internal controls) that are significant within the context of the audit objectives. Agency officials also assert that they will: (1) provide unrestricted access to persons from whom the contractor needs to obtain information that is relevant to the program or audit objectives; and (2) disclose all known deficiencies in the design or operation of internal controls that are significant within the context of the audit objectives.

The Office of Disability Determinations, within the Office of Operations, provides oversight of the State Disability Determination Services (DDS). On March 26, 2019, my staff became aware of a meeting SSA held with DDS Administrators on February 19, 2019, to which it appears over 200 individuals were invited, including an Associate Commissioner, a Deputy Associate Commissioner, and several Division Directors. The meeting minutes included the following:

- Grant Thornton will be conducting the financial statement audit this year and is going to three DDS sites. The first two sites have already been chosen and those will be the weeks of March 4 and March 11. The third site will be selected and we will communicate with the region about that this Friday. That visit will take place March 25 to 27.
- I also want to give you just a few reminders about the financial statement audit. One, auditors should not be treated as your friends or in any way trying to assist you. When auditors ask a question please ensure that you only answer their specific question. If you are concerned about the answer you have to give you can clear it with either myself or [name removed] who is Operations lead for the financial statement audit. We do not want to give the auditors any additional information that they specifically do not ask that we provide.
- Finally, if you are chosen for a financial statement audit, you will receive a list of PBCs or Provided By Client which is essentially a list of [sic] that the auditors request you do prior to the visit. When we go over the PBC list with auditors, we ask that you keep all questions specifically about the PBC in question and do not talk to them about whether or not you actually keep that type of documentation. For these initial conversations they just want to know that you understand what the PBC is asking for they're not asking whether or not you actually have that available.

These instructions to the DDSs raise concern that the Agency is not providing “timely access” to all relevant material related to this audit activity, concern about the “tone at the top” at SSA, and raise doubts about Agency leadership’s assertions in the engagement letters. Instructing SSA and State personnel to not provide the auditors with any additional information that the auditors

⁵ The *Federal Information Security Modernization Act of 2014*, as amended, 44 U.S.C. §§ 3551-3559.

did not specifically request as part of the audit—and to not talk to the auditors about whether the Agency keeps certain documentation—hinders Grant Thornton’s ability to conduct its audits.

We are also concerned the instructions given to the DDSs in advance of Grant Thornton’s visits may have contributed to the resistance Grant Thornton encountered while performing their audit work. During visits to the Minnesota, New Mexico, and Connecticut DDSs, and the Dallas Regional Office, Grant Thornton and OIG auditors noticed that Agency personnel were more argumentative and confrontational than in prior years. For example, in meetings, SSA Headquarters and Regional Office personnel spent time debating language in agendas or arguing about criteria rather than discussing the root causes of the issues Grant Thornton identified. Grant Thornton also noted the following:

- Grant Thornton received an email from an SSA employee who stated, “You may have a lot of experience but you clearly do not understand the impact that your words have – even your preliminary words – within our organization.”
- DDSs were reluctant to admit to Grant Thornton when they did not have evidence or support for their control activities. Grant Thornton had to conduct extensive interviewing and vetting of findings for DDSs to confirm that documentation did not exist.
- Communication with the DDSs was largely filtered through SSA audit liaisons and SSA Headquarters and Regional Office contacts, and it appeared to Grant Thornton that DDS personnel were coached on how to interact with auditors.

Overall, the types of findings Grant Thornton noted during the DDS visits were consistent with those identified in prior year audits. However, Grant Thornton noted the tone this year is noticeably different, and there has been a decline in transparency from the DDSs and SSA’s Headquarters and Regional Office personnel.

On April 11 and 12, 2019, Grant Thornton met with Agency executives and management in the Office of Budget, Finance and Management and the Office of Information Security to inform them of these concerns. Those officials acknowledged the importance of the issues and committed to addressing them. We understand the Associate Commissioner for the Office of Disability Determinations provided new guidance to the DDSs at a meeting on April 16, 2019.

By May 10, 2019, please provide the Agency’s formal response to these issues, including SSA leadership’s explanation and plans for corrective action relating to both DDS and SSA employees, as we are required to include this information in our *Semiannual Report to Congress* for the 6-month period ended March 31, 2019.

If you have any questions about this matter, please contact me or have your staff contact Rona Lawson, Assistant Inspector General for Audit.

AGENCY RESPONSE



SOCIAL SECURITY

MEMORANDUM

Date: May 9, 2019

Refer To:

To: Gail S. Ennis
Inspector General

From: Nancy A. Berryhill
Acting Commissioner

Subject: REPLY-- Concerns Related to the Financial Statement and Federal Information Security Modernization Act (FISMA) Audits, Your Memo, Dated April 26, 2019

Thank you for bringing to my attention your concerns related to the financial statement and *Federal Information Security Modernization Act* audits. Please know that I take this matter very seriously and value the longstanding partnership the agency has shared with the Office of the Inspector General (OIG) in furtherance of protecting our programs from fraud, waste, and abuse. The actions described in your April 26, 2019 memorandum do not comport with my expectations for agency engagement with your office. I have taken several immediate steps to address this issue and to reinforce my expectation that all agency employees fully cooperate with the OIG and its contract auditors.

Upon being notified, the Acting Deputy Commissioner for Operations took immediate steps to clarify information shared during the February 19, 2019 call with the Disability Determination Services (DDS) Administrators by communicating a revised message that emphasizes our commitment to full and timely cooperation with OIG. As indicated in your memorandum, that message was conveyed on April 16, 2019. On April 24, 2019, the Acting Deputy Commissioner for Operations met with OIG and its contract auditors to address the seriousness of this situation, and discuss corrective actions to date. On April 30, 2019, my Acting Chief of Staff and Acting Deputy Chief of Staff led an Executive Staff Meeting (ESM) on my behalf to reinforce this message. During the ESM, which was attended by the Deputy Commissioners and other members of agency senior leadership, the Chief Financial Officer presented the importance of the financial statement audit and my very clear expectation regarding full cooperation and their role in establishing and reinforcing the proper tone at the top. Deputy Commissioners from all agency components were directed to share this message with their executives, audit coordinators, and staff

involved in the audit process. Subsequently, the Acting Deputy Commissioner for Operations held a call with our Regional Commissioners who provide oversight of the state DDSs to reinforce the expectation that SSA and DDS employees cooperate fully with OIG, and that they engage in transparent and respectful communications with the auditors at all times.

In addition to these immediate actions, I am continuing my review to evaluate additional steps or administrative actions that may be necessary to ensure that this matter is fully addressed and to prevent it from reoccurring. These potential actions may include, but not be limited to, the creation of attestation statements and clear performance expectations for agency senior executives, and communications to the state DDS Administrators reinforcing the requirement to cooperate fully in any OIG audit.

While I believe that this is an isolated incident, I have reinforced to all agency personnel my belief and commitment to *The Inspector General Act of 1978* and *The Inspector General Empowerment Act of 2016*. I stand behind the assertions we make in our financial statement audit engagement letters. As indicated by my response here, I will take strong action to address attempts by agency employees to interfere with the independence of the OIG, or its contractors. Agency leadership is committed to providing transparent and timely information in order to achieve your audit objectives.

Again, thank you for bringing this to my attention. I look forward to continuing to work with you toward our common goal of delivering quality Social Security services to the public.



GLOSSARY OF ACRONYMS

ACE	Analytics Center for Excellence
ALJ	administrative law judge
AMFED	Allegation Management and Fugitive Enforcement
CAS	Cost Analysis System
CDI	Cooperative Disability Investigations
CDR	continuing disability review
CIC	Child in Care
CMP	civil monetary penalty
CMS	Centers for Medicare & Medicaid Services
CPR	Cross Program Recovery
CSV	cash surrender value
DCF	Disability Control File
DDS	disability determination services
DHCS	Department of Healthcare Services
DHS	Department of Homeland Security
DI	Disability Insurance
DIB	Disability Insurance Benefits
DoJ	Department of Justice

EDCS	Electronic Disability Collect System
eRPS	Electronic Representative Payee System
FO	field office
FTC	Federal Trade Commission
FY	fiscal year
HSI	Homeland Security Investigations
IG	Inspector General
IT	information technology
MACADE	Manual Adjustment, Credit, and Award Data Entry
MATPSC	Mid-Atlantic Program Service Center
MBR	Master Beneficiary Record
MOU	memorandum of understanding
NH	numberholder
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OCIG	Office of Counsel to the Inspector General
OBWC	Ohio Bureau of Workers' Compensation
OI	Office of Investigations
OIG	Office of the Inspector General



PIA	primary insurance amount
PII	Personally Identifiable Information
POMS	Program Operations Manual System
POS	Post-Entitlement Online System
PSA	Public Service Announcement
RAU	Remittance and Accounting Unit
RIB	Retirement Insurance Benefits
RPS	Representative Payee System
RSI	Retirement and Survivors Insurance
SGA	substantial gainful activity
SSA	Social Security Administration
SSI	Supplemental Security Income
SSITWR	Supplemental Security Income Telephone Wage Reporting
SSN	Social Security number
SSR	Supplemental Security Record
TSC	teleservice center
UMC	Unprocessed Medical Cessation
VA	Department of Veterans Affairs
VR	vocational rehabilitation
WPCA	<i>Whistleblower Protection Coordination Act</i>