



A MESSAGE FROM THE INSPECTOR GENERAL

The Social Security Administration (SSA) operates with the mission to ensure the right person receives the right benefit payment at the right time. The SSA Office of the Inspector General (OIG) exists to protect and improve the Agency, strengthening SSA so that it can follow through on its mission. I am proud of this office's unwavering dedication to inspiring confidence in the integrity and security of SSA's programs, as we strive to guard them against fraud, waste, and abuse.

I am pleased, then, to present this *Semiannual Report to Congress*, covering the period April 1, 2011 through September 30, 2011. This report includes OIG's significant audit, investigative, and legal accomplishments during the second half of fiscal year 2011.



During this reporting period, we:

- Maintained a focus on persistent management challenges, such as reducing improper payments and increasing overpayment recoveries, as well as high-priority investigations, such as those targeting disability applicants who misuse a Social Security number to obtain Social Security benefits fraudulently.
- Conducted oversight and reviewed SSA's plan to reduce improper payments under Executive Order 13520 and the Improper Payments Elimination and Recovery Act of 2010.
- Continued the growth of the Cooperative Disability Investigations program by opening new investigative units in Salt Lake City, Utah, Oklahoma City, Oklahoma, and Lexington, Kentucky.
- Collected civil monetary penalties from several organizations to settle alleged violations of Section 1140 of the *Social Security Act*, which prohibits the use of SSA words and symbols in advertisements and communications in a manner that conveys that such item is approved, endorsed, or authorized by SSA, or that such person has some connection with, or authorization from SSA.
- Launched a redesigned OIG website at <http://oig.ssa.gov>, which we believe will improve the way we share our work and promote the OIG mission.

In everything we do, OIG aims to improve SSA and its operations so that the Agency maintains its excellent record of service. I assure you that my office will continue to work with SSA and the Congress to help the Agency fulfill its duty to the millions of Americans who turn to it for help.

Patrick P. O'Carroll, Jr.
Inspector General





SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE INSPECTOR GENERAL

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EXECUTIVE SUMMARY

This report presents the significant accomplishments of SSA's OIG from April 1, 2011 through September 30, 2011. The report is organized according to three major goals—impact, value, and people—set forth in the *OIG Strategic Plan: Fiscal Years (FY) 2011-2015*, first edition.

Impact

We work to have a positive impact on SSA programs and operations by enhancing their integrity, efficiency, and effectiveness. During this reporting period, we received more than 54,000 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources. Our agents closed more than 3,800 criminal investigations, resulting in over: 630 indictments and informations, 320 arrests, 670 criminal convictions (including pretrial diversions), and 50 civil judgments/civil monetary penalty (CMP) assessments. Our OIG agents also continued to work with law enforcement agencies to arrest subjects identified through the Fugitive Enforcement Program. Highlighted investigations in this section relate to Social Security number (SSN) misuse, employee misconduct, and threats against SSA employees.

Our auditors also had a significant impact during this reporting period, issuing 50 reports and making recommendations on a wide variety of challenges facing the Agency. Our audit work over the past six months included reviews of SSA's initiatives connected to the *American Recovery and Reinvestment Act of 2009*, SSA's efforts to reduce the hearings backlog and determining whether SSA has appropriate oversight for the Work Incentive Planning and Assistance (WIPA) Project.

Value

Our organization strives to provide valuable products and services in a timely manner to the Congress, SSA, and other key decision-makers, while sustaining a positive return for each tax dollar invested in OIG activities. During this reporting period, our auditors identified more than \$1.4 billion in questioned costs and more than \$1 billion in Federal funds that could be put to better use. Highlighted audits examine the accuracy of SSA's determinations of Supplemental Security Income (SSI) recipients' resources related to real property ownership and whether SSA had adequate controls to ensure it resolved death information on the Numident for suspended beneficiaries.

In the second half of FY 2011, we are reporting over \$223 million in investigative accomplishments, including over \$45 million in SSA recoveries, restitution, fines, settlements, and judgments, and over \$177 million in projected savings from investigations resulting in the suspension or termination of benefits. In addition, we participated in multi-agency investigations that resulted in over \$33 million in savings, restitution, and recoveries for other agencies.

Our Cooperative Disability Investigations (CDI) Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. During this semiannual period, the efforts of our CDI Units resulted in \$152.8 million in projected SSA program savings and \$100.1 million in savings to other programs.

During this reporting period, our attorneys initiated 240 CMP cases (Section 1129 cases) that involved false statements, representations, or omissions made in connection with obtaining or retaining benefits or payments under Titles II and XVI of the *Social Security Act (the Act)*. Included in our investigative accomplishments above is more than \$2.1 million in penalties and assessments that our attorneys imposed through our CMP program.



People

The collective efforts of our employees continue to be the driving force behind this organization's success in achieving its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. OIG components convene training sessions to inform their employees about new procedures and share best practices.

In addition, the OIG Organizational Health Committee annually assesses employee satisfaction levels and addresses employee concerns. SSA and the Office of Personnel Management (OPM) use a baseline of 65 percent of employees responding positively (e.g., strongly agree or agree) to measure the statistical strength of an organization. Using that definition of statistical strength, 12 of the 13 questions on the OIG survey had scores above 65 percent, demonstrating that the health of the OIG organization is strong. Question 12 of this survey asks, "Considering everything, how satisfied are you with your job?" Eighty-two percent of our employees indicated that they are either satisfied or very satisfied with their job, which is significantly higher than the 65 percent OPM baseline.





INTRODUCTION TO OUR ORGANIZATION

SSA OIG comprises the Immediate Office of the Inspector General and five major components: the Offices of Audit, Counsel, External Relations, Investigations, and Technology and Resource Management.

Immediate Office of the Inspector General

The Immediate Office of the Inspector General (IO) provides the Inspector General with staff assistance on the full range of his responsibilities. IO staff provides liaison with all agencies sharing common interests with the OIG and ensures coordination with congressional committees, SSA, the Social Security Advisory Board, and the Council of Inspectors General on Integrity and Efficiency (CIGIE). IO also includes the Office of Quality Assurance and Professional Responsibility (OQAPR), which performs two critical functions. First, it conducts detailed reviews of each of the OIG's component offices to ensure compliance with Federal laws and regulations, Agency policies, and relevant professional standards. Second, OQAPR conducts investigations into allegations of misconduct by OIG employees.

Office of Audit

The Office of Audit (OA) conducts and supervises financial and performance audits of SSA programs and operations, and makes recommendations to ensure that program goals are achieved effectively and efficiently. Financial audits determine whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations, and other projects on issues of concern to SSA, the Congress, and the general public.

Office of the Counsel to the Inspector General

The Office of the Counsel to the Inspector General (OCIG) provides independent legal advice and counsel to the Inspector General on a wide range of issues, including statutes, regulations, legislation, and policy directives. OCIG also administers the CMP program, and advises the Inspector General on investigative procedures and techniques, as well as on the legal implications of audit and investigative affairs.

Office of External Relations

The Office of External Relations (OER) develops the OIG's media and public information policies, directs OIG's external and public affairs programs, and handles congressional, media, and public requests for information. OER is responsible for preparing OIG publications and presentations to internal and external organizations and coordinating the OIG's presence at SSA and other Federal events. In addition, OER prepares the OIG Semiannual Report to Congress and congressional testimony, and coordinates with SSA's Offices of Communications and Legislation and Congressional Affairs.



Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, as well as by SSA employees while performing their official duties. This office serves as the OIG's liaison to the Department of Justice (DOJ) on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies, and it shares responsibility with the Department of Homeland Security's (DHS) Federal Protective Service (FPS) for investigating threats or occurrences of physical assault or endangerment directed against SSA employees, contractors, and facilities.

Office of Technology and Resource Management

The Office of Technology and Resource Management (OTRM) provides administrative support to the Inspector General and OIG components. OTRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OTRM manages a national human resources program, and develops and maintains the OIG's administrative policies and procedures. OTRM also maintains hardware, software, and telecommunications networks to support the OIG's mission. Finally, OTRM manages the OIG's Allegation Management and Fugitive Enforcement Division and Electronic Crimes Division.



IMPACT

The first goal of the OIG Strategic Plan is Impact. We are committed to enhancing SSA's effectiveness and efficiency through our investigative, audit, and legal activities. We strive to have maximum impact on SSA's programs and operations to ensure their continued integrity and reliability. During this reporting period, we completed numerous audits, investigations, and legal initiatives covering major SSA program and management areas, which had a significant impact on the detection and prevention of fraud, waste, and abuse. The summaries presented below are indicative of our work over the past six months.

Audit Impact Initiatives

OA contributes to this strategic goal by conducting and supervising comprehensive financial and performance audits, and by making recommendations to maximize the effective operations of Social Security programs. These audits, along with short-term management and program evaluations, focus on those SSA programs and activities most vulnerable to waste, fraud, and abuse.

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the President signed into law the *Recovery Act*, P.L. 111-5. The Administration is committed to investing *Recovery Act* funds with a high level of transparency and accountability so Americans know where their tax dollars are going and how they are being spent. During this semiannual period, we issued one report related to SSA's use of *Recovery Act* funds.

The Program of Requirements for the Social Security Administration's New Data Center

We initiated this review to determine whether the General Services Administration (GSA) and SSA followed best practices in developing the overall Program of Requirements (POR) for SSA's new Data Center. The POR provides the minimum design requirements that will assist qualified design-build contractors in generating and presenting conceptual designs, budgets, and schedules for complete turnkey construction of the new Data Center.

Our contractor found that, in general, the GSA/SSA team had developed a comprehensive list of requirements. The team was thorough in creating a document that effectively communicated the needs of the new Data Center and did an impressive job of conveying the expected performance requirements. However, our contractor did identify two notable design concerns.

1. The structural design limits for wind speed force were lower than expected for best practice standards.
2. The information related to the redundancy requirements for the air-handling units is not clearly defined to ensure a consistent understanding by bid contractors.

Our contractor recommended that SSA, working with GSA, should: (1) consider upgrading the specification for wind speed design loads to exceed the minimum code requirements, perhaps raising the designation to 120 miles per hour (MPH) from the current requirement of 90 MPH; and (2) provide further details about the methods for calculating and validating the minimum requirement for air handlers in the data center spaces. SSA agreed with Recommendation 2 and revised the POR. SSA did not agree with Recommendation 1, stating that current specification for wind speed of 90 MPH meets International Building Code Standards, and it is unnecessary to exceed these standards any further.



Senior Attorney Adjudicator Program

Our objective was to assess the role of the Senior Attorney Adjudicator (SAA) program in reducing the hearings backlog and evaluate the factors that affected SAA performance.

Under the program, the Agency permits SAAs to issue fully favorable on-the-record (OTR) decisions, thereby conserving administrative law judge (ALJ) resources for the more complex cases that require a hearing. The SSA program is one of a number of Commissioner-led initiatives to reduce the hearings backlog, using an approach similar to that of the SAA experiment of 1995 through 2000.

In FY 2010, 689 SAAs adjudicated approximately 54,000 decisions. This represents a 46-percent increase in the number of adjudicating SAAs, and a 120-percent increase in the number of SAA decisions, when compared to FY 2008. SAA decisions represented about 7 percent of all Office of Disability Adjudication and Review (ODAR) dispositions in FY 2010. The majority of the regional and hearing office managers we interviewed had a positive impression of the SAA program. The benefits cited by these managers included: (1) higher hearing office productivity; (2) greater retention of attorneys; and (3) increased advancement opportunities for productive SAAs. Managers also cited areas that could be improved, including (1) clearly defined performance measures and related awards; (2) a consistent method for promotions; (3) more developed attorney adjudicator worksheets; and (4) maintaining a sufficient number of decision writers.

We recommended that SSA: (1) establish uniform performance measures for SAAs to ensure workloads are processed consistent with clearly defined standards; (2) link SAA awards to uniform performance measures and ensure hearing office managers understand the administration of the SAA awards process; (3) provide managers and staff with clear criteria for all SAA promotions; and (4) provide SAAs with additional guidance and tools, such as a modified Attorney Adjudicator Worksheet, to ensure SAAs highlight pertinent case details when a case cannot be decided as an OTR. SSA agreed with all of our recommendations.

Representative Video Project

Our objective was to assess SSA's effectiveness in implementing the Representative Video Project (RVP).

In September 2008, under the Video Hearing backlog initiative, SSA expanded the use of video teleconferencing (VTC) through the RVP, allowing representatives and claimants to attend VTC hearings at claimant representatives' offices while the ALJ is at another location.

During the first 18 months of the RVP, the Chicago and Kansas City Regions used the RVP sites extensively; both Regions had experienced significant hearing backlogs. Four RVP sites in the Chicago and Kansas City Regions represented 71 percent of all activity among the 23 RVP sites. About 48 percent of the RVP sites had fewer than 10 hearings. While some of the low usage related to recent participation in the program, in other cases, the RVP participants experienced problems related to faulty equipment or scheduling issues. In terms of regional workloads, we found SSA used the RVP as part of service area realignments, allowing ALJs from one region to alleviate backlogs in another region.

Before SSA implemented RVP, we found the Agency had limited communication with the public about the project. In addition, better communication by SSA with its employees and the RVP participants would have allowed all parties to understand more fully how the program was to operate. Moreover, the Agency did not (1) conduct a test or pilot of RVP before its nationwide implementation or (2) monitor relevant the RVP trends, such as low use by participants. Finally, during the audit, some of the parties we interviewed raised potential legal issues related to RVP. We made five recommendations to SSA to enhance communication related to the RVP, and to monitor the RVP workloads and outcomes. The Agency agreed with four recommendations. In response to our fifth recommendation, the Agency stated it did not believe there were any unresolved RVP legal issues at this time.



Work Incentive Planning and Assistance Project

Our objective was to determine whether SSA had appropriate oversight and monitoring controls for the WIPA Project. In addition, we determined whether (1) expenditures for the WIPA were allowable, supported, and in accordance with the grant's terms and (2) grantees accomplished the grant objectives.

The *Ticket to Work and Work Incentives Improvement Act of 1999* required SSA to award cooperative agreements (grants) with community organizations to disseminate accurate information to disabled beneficiaries about work incentives programs. From 2006 through 2010, SSA awarded about \$93 million in grant funds to 103 WIPA grantees.

SSA was unable to determine how many beneficiaries were enrolled in WIPA because the data grantees reported on the beneficiaries were inconsistent and, thus, unreliable. SSA then implemented a centralized database to track and monitor beneficiary information. During the 6-month period beginning in October 2009, 12,574 beneficiaries enrolled in the WIPA; however, we found that only 95 percent were actually eligible. The remaining five percent of enrollees were not eligible because they had missing or invalid Social Security numbers, were not receiving benefits, or were deceased.

Also, it was unclear whether grantees were meeting WIPA objectives, because SSA had not established clearly defined, measurable performance goals. The Agency only required that each grantee provide direct WIPA services to beneficiaries who lived in designated areas grantees served, but did not designate a goal for the number of beneficiaries to be enrolled by each grantee. This issue contributed to a significant variation in the number of beneficiaries each grantee enrolled, ranging from 24 to 1,194 beneficiaries. As a result, the per-enrollee cost varied significantly among the 103 grantees, ranging from \$138 to \$5,230.

We made five recommendations to the Agency, including conducting periodic validity and integrity checks on the beneficiary data to ensure the data are reliable; and establishing performance goals for WIPA grantees. SSA agreed with all our recommendations.



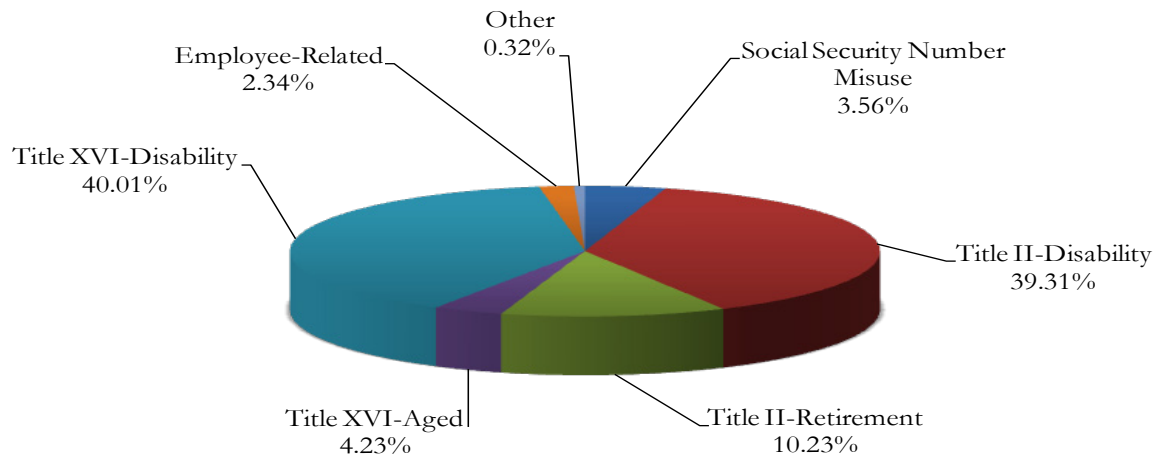
Investigative Impact Initiatives

OI examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve issues such as benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions or the imposition of CMPs against offenders. These investigative efforts improve SSA program integrity by recovering funds and deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and employee misconduct ensures the reliability of SSA programs and their future operations.

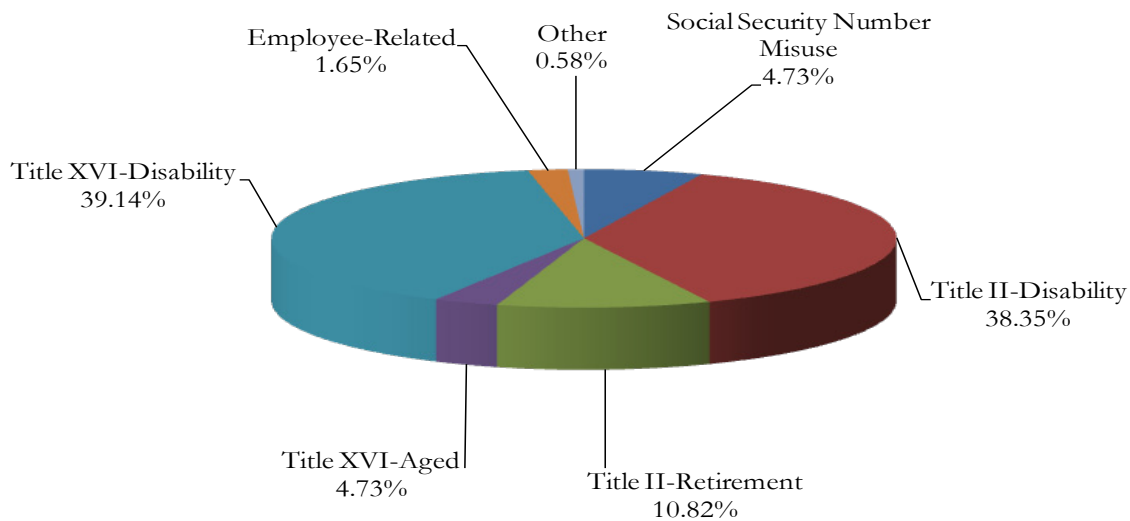
Investigative Results			
	10/1/10 - 3/31/11	4/1/11 - 9/30/11	FY 2011
Allegations Received	49,323	54,244	103,567
Cases Opened	3,482	3,714	7,196
Cases Closed	3,358	3,809	7,167
Arrests	262	327	589
Indictments/Informations	488	637	1,125
Criminal Convictions	698	676	1,374
Civil/CMPs	36	66	102
TOTAL	57,647	63,473	121,120



Cases Opened by Program Category April 1, 2011 - September 30, 2011



Cases Closed by Program Category April 1, 2011 - September 30, 2011





Allegations Received by Source			
	10/1/10 - 3/31/11	4/1/11 - 9/30/11	FY 2011
SSA Employees	16,855	20,185	37,040
Private Citizens	15,825	15,817	31,642
Anonymous	13,246	14,210	27,456
Law Enforcement ¹	1,741	2,374	4,115
Beneficiaries	1,117	1,105	2,222
Public Agencies	526	537	1,063
Other	13	16	29
TOTAL	49,323	54,244	103,567

Allegations Received by Category ²			
	10/1/10 - 3/31/11	4/1/11 - 9/30/11	FY 2011
Disability Insurance	21,472	22,968	44,440
SSI Disability	12,571	15,003	27,574
SSN Misuse	6,898	7,643	14,541
Old-Age and Survivors Insurance	3,803	4,201	8,004
Other	2,815	2,529	5,344
Employee-Related	1,182	1,076	2,258
SSI Aged	582	824	1,406
TOTAL	49,323	54,244	103,567

1 Effective FY 2011, OIG has excluded allegations related to the Fugitive Enforcement Program from our allegation count.

2 See footnote 1.



SSA Fraud: Married Couple Fake Husband's Death to Receive Survivor's Benefits

Acting on information provided by the Federal Bureau of Investigation and the U.S. Attorney's Office, our Sioux Falls, South Dakota office investigated a Ft. Lauderdale, Florida woman. The woman obtained survivor's benefits for herself and children, claiming that her husband and her children's father died on October 28, 2003 in Malaysia. The woman and her husband conspired to fake her husband's death, enabling her to receive SSA benefits from August 2004 through December 2009. In December of 2008, her husband informed U.S. Embassy officials in Jakarta, Indonesia, that he had faked his death. The husband had been hiding in Thailand and wanted to renew his U.S. Passport. In July 2011, after the woman pled guilty to conspiracy to commit mail fraud, a U.S. District Court judge sentenced her to 24 months' incarceration and 3 years' supervised release, and ordered her to pay restitution of \$56,703 to SSA. The judge also ordered her to pay restitution of \$1,500,000 and \$495,000 to two life insurance companies.

SSA Fraud: Oklahoma Woman Conceals Marriage to Receive SSA Benefits

Acting on information provided by the Moore, Oklahoma SSA office, our Oklahoma City office investigated a woman who began receiving Title II survivor's benefits as a mother with child in care in 1996. However, in 1998, she married and concealed this marriage from SSA. In March 2008, the SSA benefits ceased. She then re-applied and received Title II widow's benefits. From November 1998 through April 2011, she received \$107,591 in benefits for which she was not eligible. In June 2011, after she entered a Consent Judgment with the U.S. Attorney's Office, the woman agreed to repay \$107,591 to SSA.

SSA Fraud: Woman Conceals Mother's Death and Misuses her Mother's Retirement Benefits

In response to information provided by the U.S. Attorney's Office, Eastern District of Virginia, our Norfolk office investigated a Windsor, Virginia woman. The woman concealed her mother's death, and continued to receive her mother's retirement benefits. In May 2011, after the woman pled guilty to theft of Government property, a U.S. District Court judge sentenced the woman to 24 months' incarceration and 3 years' supervised release, and ordered her to pay restitution of \$74,108 to SSA and \$149,348 to OPM.

SSA Fraud: Employer and Employee Conspire to Conceal Employee's Work Activity from SSA

In response to a referral provided by the Scottsbluff, Nebraska SSA office, our Omaha office investigated a Bayard, Nebraska employer and his Mitchell, Nebraska employee. While the man received retirement benefits, the employer assisted the man in concealing his employment as a car salesman. From 2006 through 2008, the men concealed the work income and employment from SSA by paying the man in his wife's name. In May 2011, after a jury convicted the employer of aiding and abetting, a U.S. District Court judge, District of Nebraska, sentenced the employer to one-year of probation, a \$30,000 fine, and ordered him to pay joint restitution of \$44,614 to SSA. The employee was previously sentenced to five years' probation in February 2011, at which time, he was ordered to pay restitution in the amount of \$44,614.



SSN Misuse: Ohio Woman Pleads Guilty to Theft of Government Funds and Identity Theft

An Ohio woman fraudulently received disability benefits by using two identities and having two SSNs. She provided false information that made her eligible to receive SSI disability benefits for 15 years.

In May 2011, after the woman pled guilty to theft of government funds and identity theft, a U.S. District Court judge, Northern District of Ohio, sentenced her to 30 months' incarceration, 2 years' post-release control and a \$200 special assessment penalty, and ordered her to pay restitution of \$96,505 to SSA.

SSN Misuse: Facial Recognition Program Exposes Woman's Use of Multiple Identities

Acting upon a referral from the New York Department of Motor Vehicles Facial Recognition Project, our New York office determined that a woman fraudulently received SSI disability benefits. The woman, who had two New York State driver's licenses, received benefits from 1997 through 2006.

In June 2011, following the woman's plea of guilty to theft of Government funds, a U.S. District Court judge, Western District of New York, sentenced her to one year of probation and ordered her to pay restitution of \$62,357 to SSA.

Employee Fraud: SSA Employee Suspended for Accessing Friend, Relatives' Records

Our Iselin New Jersey office investigated an SSA employee for improperly accessing the SSA records of several former classmates, their parents, business acquaintances, and an individual with whom he allegedly has a personal relationship. He accessed these records multiple times without a business reason to do so.

Based on our investigation, SSA suspended the employee for 15 days.

Employee Fraud: Former SSA Employee Convicted of Attempted Extortion

Based on a referral from an SSA District Manager, our San Francisco office investigated an SSA claims representative for attempting to arrange a kickback of benefits from an SSI claimant who suffered a stroke. In May 2009, the employee met with the claimant's representative, at which time, the SSA employee stated he would arrange for the claimant to receive approximately \$4,000 in past due benefits if the claimant would refund him \$2,000. The claimant did not agree and reported the incident to a member of Congress.

In June 2011, following the employee's plea of guilty to attempted extortion by an employee of the United States, a U.S. District Court judge, sentenced the employee to three months in Federal custody, followed by one year of supervised release. SSA terminated the employee's employment in July 2010.



Threats and Assaults Against SSA Employees

Employee safety is of paramount concern to SSA and OIG. The OIG shares responsibility for investigating reports of threats of force or use of force against Agency employees with the DHS FPS, which has jurisdiction over physical property owned or leased by the Federal Government, and with local law enforcement if the activity occurs off federally owned or leased property.

During the reporting period, we received 492 allegations nationwide related to employee safety issues, of which 144 involved assault or harassment, and 348 were associated with threats against SSA employees or buildings. We opened 31 cases and closed 57 cases nationwide related to employee safety.

The following case summaries highlight significant investigations we conducted during this reporting period in which SSA employees were threatened by members of the public.

Dallas Man Sends Threatening Mail to U.S. Government Agencies

Our Dallas office initiated an investigation based on information provided by the United States Postal Inspection Service (USPIS). USPIS identified a suspicious substance in two envelopes with the same return address, one addressed to SSA in Baltimore, Maryland and the second addressed to the Internal Revenue Service (IRS) in Austin, Texas. Both of the envelopes contained a white powdery substance, later identified as baking soda. The investigation identified the subject, a Texas man, based on the return address. In May 2011, after the man pled guilty to intentionally conveying a hoax and a false threat, a U.S. District Court judge, sentenced him to three years' supervised release to include eight months in a halfway house and four months home confinement. In addition, the judge ordered him to pay restitution of \$2,838 to the IRS for employee productivity losses suffered during the agency's building evacuation.

she was going to return to the office with a weapon and "blow her away." In July 2011, after the woman pled guilty to attempting to interfere with the administration of *the Act*, a U.S. District Court judge, sentenced her to six months' incarceration, with credit for time served.

New York Man Pleads Guilty to 2nd-Degree Murder

Our New York City office, along with the New York Police Department and USPIS, participated in a joint investigation of an SSI disability recipient wanted for homicide. Our office notified USPIS that the man might appear at his local New York postal facility to claim his SSI check. In July 2010, the man appeared at the postal facility and was arrested. In August 2011, after the man pled guilty to murder in the second degree, a Kings County Supreme Court judge, Brooklyn, New York, sentenced the man to 20 years to life in prison.

Washington Woman Threatens SSA Employee

Based on a threat report filed by the Yakima, Washington SSA office, our Seattle office investigated a Yakima woman who was disruptive and threatening during her visit to the Yakima SSA office. Upon leaving the office, she threatened an SSA employee, yelling that



Fugitive Enforcement Program

The OIG's Fugitive Enforcement Program identifies individuals reported to have outstanding felony arrest warrants and outstanding warrants for parole and probation violations. SSA shares its location information for wanted felons with local law enforcement agencies to assist in their apprehension efforts. In turn, these agencies advise SSA on the disposition of the warrant so SSA can take appropriate administrative action on the benefits.

Our data-sharing efforts with law enforcement agencies contributed to the arrest of 53 subjects during the reporting period and more than 95,000 arrests since the program's inception in 1996. The following are some examples of our fugitive enforcement activities during the past six months:

- OIG agents and members of the United States Marshals Service and the Warwick, Rhode Island Police Department reported the arrest of an SSA beneficiary wanted on an outstanding warrant dated April 5, 2011. The subject was arrested for Felony Sexual Assault on an Impaired Person. The warrant was issued by the Warwick Rhode Island Police Department.
- OIG agents and members of the Boulder County Sheriff's Department reported the arrest of an SSA beneficiary wanted on an outstanding warrant dated August 12, 2011. The subject was arrested for Felony Menacing by Use of a Deadly Weapon. The warrant was issued by the Boulder County Sheriff's Office, Boulder, Colorado.
- OIG agents and members of the United States Marshals Service, Dallas Fort Worth, Fugitive Task Force reported the arrest of an SSA beneficiary wanted on an outstanding warrant dated March 28, 2011. The subject was arrested for Arson of a Habitation. The warrant was issued by the Dallas County Sheriff's Office, Dallas, Texas.
- OIG agents and members of the United States Marshals Service, New York/New Jersey Regional Fugitive Task Force reported the arrest of an SSA beneficiary wanted on an outstanding warrant dated July 14, 2004. The subject was arrested on a 2004 Second Degree Murder warrant and a related bail jumping charge. The subject was located living about one mile from the residence where the SSA checks were being mailed. The warrant was issued by the New York City Police Department.

In an effort to improve efficiency, the OIG has installed new scanning software that uploads the fugitive enforcement information received from law enforcement about the disposition of the felony warrant. The scanning software uses Optical Character Recognition and Intelligent Character Recognition to capture both computer-generated and handwritten data on the fugitive enforcement form. The software scans and translates the pertinent data, which is indexed into a text file and uploaded to the OIG database. The software also creates an electronic copy of the fugitive enforcement form, which eliminates the need to file a hard copy. This new automated process has allowed the OIG to significantly increase the number of fugitive enforcement forms it processes hourly.



Legal Impact Initiatives

Section 1140 Enforcement

Section 1140 of *the Act* is a consumer protection tool against misleading advertising. Section 1140 prohibits, in part, the use of SSA words and symbols in advertisements, solicitations, or other communications in a manner that conveys the false impression that such item is approved, endorsed, or authorized by SSA, or that such person has some connection with, or authorization from, SSA.

Communications running afoul of Section 1140 take many forms, such as deceptive paper-based mailers, misleading attorney advertising, and misleading Internet solicitations, as well as the Internet-based sale of Social Security forms. OCIG, using the authority delegated by the Commissioner and the Inspector General, aggressively enforces Section 1140. The statute provides for up to \$5,000 in civil monetary penalties for each separate violation of *the Act*. *The Act* also provides that a CMP of up to \$25,000 may be imposed for each time a violating broadcast or telecast is viewed.

With the proliferation of social media and the Internet, there has been an increase in allegations of Section 1140 violations involving the operation of websites. In particular, there is a disturbing upward trend of allegations concerning websites designed to appear as either the official SSA website or having an affiliation with SSA for the purpose of charging a fee for an otherwise free SSA Application for a Social Security card (Form SS-5). SSA provides this form at no cost on its website, as well as at SSA field offices and other SSA-approved locations throughout the nation. In addition to design schemes, website owners and operators often enter into advertising agreements with web-hosting entities and Internet search engines to ensure that Internet searches for terms related to obtaining a new or replacement Social Security card will result in potential customers being directed to the imitation SSA website instead of SSA's official website.

In response to the increase in Section 1140 allegations, OCIG has recently launched an aggressive plan designed to further proactive case development, to allow for more efficient and effective handling of a larger volume of Section 1140 cases, and to deter future fraudulent activity by not only enforcement, but also through educational outreach especially targeted to the Internet industry. We are committed to enforcing Section 1140 and expanding public awareness of these deceptive practices.





Maryland Investment Research Firm Agrees to \$55,000 Penalty for Misleading Advertising Alleging Insider Contacts at SSA

Stansberry & Associates Investment Research, LLC (Stansberry), of Baltimore, Maryland, a subsidiary of Agora, Inc., promoted a misleading “Get Social Security No Matter What Your Age” publication, falsely claiming to have “insiders” at SSA as a source of the publication’s information. OCIG contacted Stansberry after reviewing a publication in which Stansberry falsely implied that its publication was approved, endorsed, authorized, or officially connected to SSA. While not admitting that it violated Section 1140, Stansberry agreed to pay a CMP of \$55,000 to settle the claim. Stansberry also voluntarily ceased promotion of its misleading publication, removed all reference to SSA “insiders” on its website, and disabled all active links to these materials.

According to its website, Stansberry “is an independent investment research firm with subscribers in more than 100 different countries.” Stansberry claims to have approximately 315,000 paid, active, unique subscribers, and an additional 500,000 readers who subscribe to various free e-letters and other Stansberry publications.

Kentucky Law Firm Agrees to \$7,500 Penalty for Misleading Signage

A Kentucky law firm agreed to pay a \$7,500 CMP to settle the OIG’s claim that it had violated Section 1140 of *the Act*. The OIG contacted the law firm after learning that it had placed “Social Security Sign-Up Office” signs at two of its law office locations. Although the law firm did not admit to a violation, it voluntarily complied with OIG’s request to remove the signs.

New York Attorney Agrees to Remedy Section 1140 Violation

A New York attorney advertised his law firm in local newspapers using a replica of a Social Security card. The advertisements prominently displayed the words “Social Security” and “Disability,” conveying the false impression that the advertisements were authorized, approved, or endorsed by SSA. Additionally, the attorney used pictures of a Social Security card on the law firm website. The attorney voluntarily agreed to cease and desist from using a Social Security card in future advertisements, discontinued current newspaper advertisements, and redesigned his website.



Enforcement of IG Subpoenas

In early FY 2011, OIG's Office of Audit initiated a far-reaching audit to identify Title II beneficiaries whose payments may be affected by State or local government pensions. Pursuant to that audit, we issued numerous IG subpoenas to various State and local entities seeking financial information on certain individuals. Two State attorney general offices refused to comply, citing privacy and confidentiality provisions of State laws.

OCIG argued that State statutes do not provide a valid legal basis for withholding information relevant to a Federal law enforcement investigation, and that the IG's subpoena authority, set forth at 5 USC App. 3 §6(a)(4), is not subject to any limitations based on State laws, citing the Supremacy Clause. Nonetheless, both State agencies still declined to comply and advised the institutions involved to withhold release of the information.

OCIG worked closely with U.S. Department of Justice attorneys over several months to prepare, file, and litigate Petitions to Enforce IG Subpoenas in both Federal jurisdictions. Eventually, the OIG prevailed in both matters, and both entities have now fully complied with the IG subpoenas.



VALUE

The second goal of the OIG Strategic Plan is Value. All OIG initiatives strive to provide value to SSA, the Congress, other key decision-makers, and the public by delivering timely and reliable audit, investigative, and legal products and services. To achieve their intended value, these products and services must effectively meet the needs of those we serve while maximizing our available resources. To do this, we integrate best-practice strategies and the newest technologies to increase our productivity and maximize our return on investment to the public.

Value Attained Through Audits

Many of our audits focus on identifying SSA programmatic and operational areas where funds could be put to better use. In addition, we often question approaches and their accompanying costs, and we recommend alternatives to yield program and operational savings.

During this reporting period, our auditors issued 50 reports, identifying over \$1.4 billion in questioned costs and over \$1 billion in Federal funds that could be put to better use. Some of our most notable audits are summarized below.

Supplemental Security Income Recipients with Unreported Real Property

Our objective was to determine the accuracy of SSA's determinations of SSI recipients' resources related to real property ownership.

SSA's records on real property ownership matched public property records in LexisNexis for 298 of the 350 recipients we reviewed. Of the 52 records that did not match, SSA determined that 25 recipients did not own what appeared to be unreported properties listed in LexisNexis. For the remaining 27 recipients, SSA determined LexisNexis was accurate and the recipients owned unreported real property. Sixteen of these 27 recipients were improperly paid about \$112,000 when the value of their unreported real property was taken into account. The Agency could not recover approximately half of this because of its rules of administrative finality. Based on our sample results, we estimated that about 541,580 recipients misreported real property ownership, and SSA improperly paid 320,940 of these recipients over \$2.2 billion. Comparing the costs of using LexisNexis to the benefits gained, we concluded that the use of LexisNexis was cost-effective and would save about \$350 million annually.

We recommended, and SSA agreed to: (1) assess the costs/benefits of expanded LexisNexis use in determining the accuracy of recipients' allegations of resources through a pilot study requiring the use of LexisNexis when initial SSI applications are processed and SSI redeterminations are completed; (2) expand the use of LexisNexis if the pilot study demonstrates it is cost-beneficial to do so; (3) update the current policy on similar fault determinations to include the limitations listed in the Code of Federal Regulations, and ensure they are taken into account in determining whether a previous determination or decision was made with similar fault; and (4) train staff on the criteria of similar fault determinations to ensure improper payments made to SSI recipients with similar characteristics and circumstances are treated similarly when caused by SSI recipients not reporting their resources.



Minor Children Receiving Benefits Without a Representative Payee

Our objective was to determine whether SSA appointed representative payees for minor children in accordance with its policies.

SSA appoints representative payees for individuals who are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment.

SSA generally presumes minor children (that is, under age 18) to be incapable of managing their own benefit payments. SSA policy states children under age 15 must have a representative payee. However, policy also states children ages 15 through 17 may be paid directly if a certain condition exists.

SSA did not always appoint representative payees for minor children in accordance with its policies. We found that SSA did not appoint representative payees, as required, for 1,351 minor children under the age of 15. In addition, we estimate the Agency erroneously placed about 1,720 OASDI and 160 SSI beneficiaries ages 15 through 17 in direct pay.

We estimate approximately \$66.2 million in benefits were improperly paid to minor children.

We recommend SSA: (1) remind employees to follow policies and procedures when issuing direct payments to children under age 18; (2) follow up on 14 children under age 15 whose benefit payments were suspended pending appointment of payees; (3) identify pending representative payee applications for children under age 15 before completing database cleanups; (4) determine whether there is a cost-effective method for identifying undocumented representative payees and requiring such payees to account for the use of benefits they receive; and (5) determine whether it is cost-effective to periodically review children under age 18 in direct pay as a monitoring control. At a minimum, we believe SSA should periodically identify all children under age 15 without a representative payee.

SSA agreed with Recommendations 1 through 4 and partially agreed with Recommendation 5.

Debt Collection Activities in the Supplemental Security Income Program

Our objective was to identify the potential financial impact if SSA performed additional debt collection activities for SSI overpayments.

Most overpayments are recovered through benefit withholding, which, along with installment plans, are considered collection arrangements. Therefore, our review focused on SSA's collection arrangements in the SSI program. Since FY 2002, the percent of outstanding SSI debt in a collection arrangement has decreased. Specifically, between FYs 2002 and 2009, SSI debt in a collection arrangement decreased by more than 5 percent. SSA stated resource constraints in the SSI program have caused the Agency to shift focus from debt collection activities and other program integrity workloads to maintain front-line services.

We estimated, based on historical SSI collection rates, that during FYs 2008 through 2011, SSA could have recovered an additional \$200 million of SSI debt. This could have been accomplished had SSA placed an additional \$441 million of outstanding SSI debt into collection arrangements at the FY 2002 level during FYs 2008 through 2010. We recommended SSA identify a reasonable goal for the level of SSI debt that should be in a collection arrangement each year and dedicate the necessary resources to processing the debt collection workload to achieve the goal.

SSA disagreed with our recommendation. SSA stated it is directing its resources to more cost-effective program integrity work, and it is using more efficient methods for preventing, detecting, and recouping SSI overpayments. We applaud SSA for implementing new methods to prevent, detect, and recoup SSI overpayments, and understand that SSA must balance its resources between service delivery and program integrity. However, without a goal for the level of debt in a collection arrangement, the Congress and other stakeholders lack necessary information to assess whether sufficient resources are allocated to debt collection activities.



Title II Beneficiaries Whose Benefits Have Been Suspended and Who Have a Date of Death on the Numident

Our objective was to determine whether SSA had adequate controls to ensure it resolved death information on the Numident for suspended beneficiaries.

To identify and prevent erroneous payments to deceased beneficiaries, SSA's Death Alert Control and Update System (DACUS) matches reports of death against SSA's payment records. DACUS also records death information on the Numident, a master file that contains personally identifiable information (PII) for each individual with an SSN. SSA may suspend an individual's benefits for various reasons; for example, while it searches for a representative payee, or when it needs to verify a beneficiary's address.

SSA needs to improve controls to ensure it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimate that:

- 4,699 beneficiaries remained in suspended pay status despite the death information on their Numident.

Of these, we estimate 2,976 were improperly paid approximately \$23.8 million.

- 2,715 beneficiaries' PII was at risk of being released to the public.
- 157 beneficiaries whose benefits were terminated were improperly paid \$342,114.

We recommended that SSA: (1) take appropriate action to terminate benefits or remove erroneous death information from the Numident for the 180 beneficiaries identified by our audit; (2) identify and take corrective action on the population of 6,277 suspended beneficiaries with death information on their Numident; (3) take corrective action for the 7 beneficiaries terminated for death with unresolved improper payments; (4) evaluate its corrective actions for the 7 beneficiaries and determine whether it should review the estimated 150 deceased beneficiaries with unresolved improper payments; and (5) improve controls to ensure suspended beneficiaries with death information on their Numident are resolved in a timely manner. SSA agreed with all our recommendations.



Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations

The purpose of our audit was to determine whether SSA: (1) conducted childhood continuing disability reviews (CDR) at least every 3 years for children under age 18 whose impairments were likely to improve, in accordance with the Act provisions; (2) conducted age 18 redeterminations before recipients attained age 20; and (3) continued seeking special funding for CDR workloads.

Under Title XVI of *the Act*, SSA is required to:

- Perform CDRs at least every 3 years on all children under age 18 whose impairments are likely to improve.
- Redetermine, within 1 year of the individual's 18th birthday, their eligibility for SSI by applying the adult criteria for disability.

We determined that SSA had not completed all childhood CDRs and age 18 redeterminations in a timely manner. Based on our sample results, SSA did not complete 79 percent of childhood CDRs and 10 percent of age 18 redeterminations timely. As a result, we estimate:

- SSA paid about \$1.4 billion in SSI payments to approximately 513,300 recipients under age 18 that it should not have paid. Additionally, SSA will continue paying approximately \$461.6 million annually until these reviews are completed.
- SSA paid about \$5.7 million in SSI payments to approximately 5,100 recipients who did not have an age 18 redetermination completed by age 20. Additionally, the Agency will continue paying approximately \$6.3 million annually until these reviews are completed.

According to SSA, budget constraints and other priority workloads have forced the Agency to shift focus from conducting childhood CDRs and age 18 redeterminations.

We recommended SSA conduct childhood CDRs and age 18 redeterminations within the specific timeframes provided for in the Social Security Act.

SSA agreed to conduct childhood CDRs and age 18 redeterminations as its budget and other priority workloads will allow.



Value Attained Through Investigations

During this reporting period, the efforts of our investigators yielded significant results arising from the successful prosecution of cases that we developed and the disposition of claims we investigated. Our investigators achieved over \$223 million in monetary accomplishments, with over \$45 million in SSA recoveries, restitution, fines, and settlements/judgments; and over \$177 million in projected savings from investigations resulting in the suspension, denial or termination of benefits.

The following table represents the efforts of our personnel nationwide to recover SSA funds paid in fraudulent benefits or through other illegal actions, or through the denial of benefits.

SSA Funds Reported			
	10/1/10 - 3/31/11	4/1/11 - 9/30/11	FY 2011
Recoveries	\$19,737,838	\$26,251,181	\$45,989,019
Fines	\$396,187	\$780,158	\$1,176,345
Settlements/Judgments	\$684,151	\$2,030,771	\$2,714,922
Restitution	\$15,444,370	\$16,656,744	\$32,101,114
Estimated Savings	\$150,962,739	\$177,896,030	\$328,858,769
TOTAL	\$187,225,285	\$223,614,884	\$410,840,169

The following case summaries are representative of the more than 3,800 investigations we closed during this reporting period. They illustrate the many instances where our investigative efforts have resulted in a significant return on investment.

Disability Program Fraud: Man Sells Illegal Drugs While Receiving Disability Benefits

Acting on information provided by the United States Attorney's Office, our Manchester, New Hampshire office investigated a Title II disability beneficiary for failing to report the income he received from selling illegal drugs. From January 2005 through September 2009, the man fraudulently received \$41,648 in SSA benefits. In April 2011, after the man pled guilty to Social Security fraud, conspiracy to possess with intent to distribute controlled substances, and possession with intent to distribute controlled substances, a U.S. District Court judge sentenced him to 54 months' incarceration and 48 months' supervised release. In addition, the judge ordered him to pay restitution of \$41,648 to SSA, \$250 in *Recovery Act* funds, and a forfeiture of \$125,000 to the U.S. Government.

Disability Program Fraud: Man Misuses Identities and SSNs to Steal SSA Benefits

In response to a referral provided by a Los Angeles, California SSA office, our Los Angeles office investigated a Hollywood, California man. A joint investigation with the Los Angeles County District Attorney's Office/Bureau of Investigation determined that the man stole the identities of at least four individuals and obtained SSN cards as well as Title II and SSI disability payments. From November 1988 through August 2010, the man fraudulently received \$480,970 in Title II benefits. In May 2011, after the man pled guilty to identity theft and grand theft, a Superior Court judge sentenced him to four years' incarceration, and ordered him to pay restitution of \$480,970 to SSA.



Representative Payee Fraud: Woman Conspires with SSA Beneficiary to Conceal Work and Income from SSA

Based on information provided by the Hillside, Illinois SSA office, our Chicago office investigated a Bellwood, Illinois woman who acted as the representative payee for an SSA beneficiary's Title II and SSI disability payments. From 1993 through 2005, the beneficiary used one SSN to work, while using a different SSN to collect disability benefits. During this time, the beneficiary worked for various social service organizations, transportation companies, and temporary staffing companies, as well as a bank, a parcel delivery service, and the State of Illinois. The representative payee was aware of the beneficiary's work activities and earnings, and concealed this information from SSA. In April 2011, after the representative payee pled guilty to wire fraud, a U.S. District Court judge sentenced her to eight months' home confinement with electronic monitoring and five years' probation, and ordered her and the SSA beneficiary to jointly pay restitution of \$50,442 to SSA. In addition, the judge ordered the representative payee to continue mental health counseling, and to pay restitution of \$26,200 to DHS's Federal Emergency Management Agency for benefits she fraudulently obtained by falsely claiming that she was a Hurricane Katrina victim.

Representative Payee Fraud: Woman Conceals Disabled Son's Incarceration

Acting on information provided by the Inkster, Michigan SSA office, our Detroit office investigated a Detroit woman. Acting as the representative payee for her son's Title II and SSI disability payments, she concealed her son's 20-year incarceration under an alias identity and continued to collect his benefits. She provided false statements to SSA, and hired an individual to pose as her son at meetings with SSA. In April 2011, after the woman pled guilty to theft of Government funds, a U.S. District Court judge, Eastern District of Michigan, sentenced her to 2 years' probation, 4 months' home confinement, and 100 hours of community service; and ordered her to pay restitution of \$119,000 to SSA. The restitution order

included a one-time payment of \$250, pursuant to the *Recovery Act*.

Representative Payee Fraud: Maryland Woman Sentenced to 10 Years' Incarceration for Misusing Children's SSA Benefits

In response to information provided by our Fraud Hotline, our Baltimore, Maryland office investigated an Aberdeen, Maryland woman. Acting as the representative payee for her children's Title II auxiliary benefits, she failed to notify SSA that, since April 2009, her children had been in their father's custody. From April 2009 through March 2010, she fraudulently received and used her children's benefits for her own personal expenses. In June 2011, after the woman pled guilty to a State charge of theft over \$1,000, a Circuit Court judge sentenced her to 10 years' incarceration (5 years' suspended) and 3 years' supervised probation, and ordered her to pay restitution of \$31,042 to SSA.

Representative Payee Fraud: Nevada Woman Misuses Deceased Father's SSA Benefits

Based on information provided by the Las Vegas, Nevada SSA office, our Las Vegas office investigated a woman acting as the representative payee for her father's Title II retirement benefits. She intentionally provided a false statement to SSA, advising that her father was still living; however, her father had died in September 1988. From September 1988 through September 2009, she continued to receive her deceased father's benefits. In April 2011, after the woman pled guilty to theft of Government funds and false statements, a U.S. District Court judge sentenced her to 18 months' incarceration and 3 years' supervised release, and ordered her to pay restitution of \$207,401 to SSA.



Representative Payee Fraud: Georgia Woman Misuses her Children's SSA Benefits

Based on information provided by the Blue Ridge, Georgia SSA office, our Atlanta office investigated a Jefferson, Georgia woman. Acting as the representative payee for her two children's Title II survivors benefits, she provided false statements in the initial application for benefits, concealed the children's true living arrangements, and failed to use the SSA money for the children's care. In April 2011, after the woman pled guilty to providing false statements, a U.S. District Court judge sentenced her to five years' probation and six months' home confinement, and ordered her to pay restitution of \$189,180 to SSA.

Deceased Payee Project: Texas Man Obtains Deceased Mother's SSA Benefits

Our Houston office investigated a man who failed to notify SSA that his mother died in November 2006, and continued to receive her Title II widow's benefits. From December 2006 through September 2009, the deceased's son converted \$57,843 in SSA benefits to his own use.

The man pled guilty to theft, and in August 2011, a Harris County, Texas District Court judge sentenced him to three days' incarceration, and ordered him to pay restitution of \$57,843 to SSA.

Deceased Payee Project: Virginia Woman Collects Federal Retirement Benefits Intended for Deceased Relatives

Our Philadelphia office investigated a woman who concealed the deaths of two relatives and accessed more than \$220,000 from their Federal pension and Title II retirement benefits. Additionally, the woman and her husband filed for bankruptcy and failed to report the benefits.

The investigation revealed that after the deaths of her mother and mother-in-law in April 2000, the woman accessed her mother's Title II widow's benefits and her mother-in-law's Federal civil service pension for her personal use.

In May 2011, after the woman pled guilty to theft of Government property, a U.S. District Court judge sentenced her to 24 months' incarceration and 3 years' supervised release, and ordered her to pay restitution of \$74,108 to SSA and \$149,348 to OPM.





Cooperative Disability Investigations Program

Our CDI Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. CDI is a joint effort of the OIG, SSA, disability determination services (DDS), and State and local law enforcement personnel. Established in 1998 with units in just five states, our CDI program now has 24 Units in 21 States. The Units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims.

The following CDI case summaries highlight major investigations we conducted during this reporting period that enhanced SSA program integrity and the reliability of SSA's operations.

Missouri Man Fakes Vision Problems

Our Kansas City, Missouri CDI Unit investigated a 36-year-old man who applied for SSI disability payments based on vision problems. The applicant alleged that he was unable to see well enough to work or drive. He also stated that he had difficulty standing, walking, lifting, and climbing stairs. The Missouri DDS referred this case to the CDI Unit due to inconsistencies in the applicant's medical records.

The CDI unit's investigation revealed that the applicant had a revoked driver's license. Between July 2005 and May 2010, the applicant had been arrested and prosecuted five different times for driving offenses. Upon review of the man's prison records, investigators found that the applicant resided in general population housing units and not in a medical facility, and there were no special needs or limitations relating to the applicant.

Based on our investigation, the Missouri DDS denied the man's SSI application.

Oregon Teen Feigns Developmental Impairments

Our Salem, Oregon CDI Unit investigated a 17-year-old who applied for SSI disability payments based on developmental delays and memory problems. The Salem DDS referred this case because they suspected the applicant was feigning his impairments.

The CDI unit's investigation revealed that the police arrested the teen in March 2009 for assault and disorderly conduct and in July 2010 for interfering with public transportation. The CDI investigation also disclosed that the teen was reportedly selling drugs on the premises of the apartment complex where he resided and that he was a suspect in a prostitution investigation.

During an interview, CDI investigators observed and interviewed the teen about various aspects of his life and lifestyle. The teen was alert, well oriented to his surroundings, and had no trouble tracking or hearing conversation. The teen gave appropriate responses to the questions without difficulty and demonstrated that he had a good memory of past events in his life.

The teen advised that he is currently unemployed but seeking employment and trying to get back into school. The applicant advised that he gets out daily, socializes with friends, and gets around by walking or using public transportation.

Based on the investigation, the Salem DDS denied the teen's SSI application.



New Jersey Man Feigns Disability

Our Iselin, New Jersey CDI Unit investigated a 42-year-old man who applied for Title II disability benefits based on neck hernias, weakness in both arms, leg numbness, tremors in legs and arms, and poor vision. The man indicated that he had problems lifting, walking, sitting, remembering, and using his hands. A physician with the New Brunswick DDS referred this case due to discrepancies in the medical records, which indicated that his gait and station were normal.

The CDI unit investigators observed the applicant carrying paperwork in his left hand, as well as a plastic shopping bag and a metal cane hooked over his left forearm. The cane did not touch the ground, and the man did not appear to be wearing any form of brace. The man walked at what appeared to be a normal pace and stride without his cane.

Based on the investigation, the New Brunswick DDS denied the man's application for Title II benefits.

Georgia Man Feigns Disability to Receive SSA Benefits

Our Atlanta, Georgia CDI Unit investigated a 52-year-old man who applied for Title II and SSI disability payments based on allegations of diabetes, hypertension, high cholesterol, depression, back and knee pain, and memory loss. The applicant moved from Ethiopia as a refugee in 1999, and stated that he has had no formal education.

A staff psychologist from the Atlanta DDS referred this case due to inconsistencies in medical records. A treating physician had diagnosed depression and memory loss during a visit; however, there was never any follow-up or referrals to specialists.

The CDI unit's investigation revealed that the applicant does not walk with a cane or walker, has not displayed any abnormal behavior, mowed his lawn, appeared to be sociable with others, and played basketball with his children. Based on the investigation, the Atlanta DDS denied the man's application.

Chicago Woman's Social Media Website Account Belies Disability

Our Chicago, Illinois CDI Unit investigated a 21-year-old woman who applied for Title II disability benefits based on mental retardation. SSA denied the woman benefits twice previously based on the same alleged disability. On her most recent application, the woman reported being unable to drive a vehicle and having difficulty completing tasks, remembering, concentrating, understanding, and following instructions. The Springfield, Illinois DDS referred this case due to suspicions of malingering and indications of drug abuse.

The CDI unit's investigation revealed that the woman was able to maintain a social media website. When interviewed, the woman stated that she did not use a computer and denied having a social media account. She also stated that she did not work, but would like to work in a warehouse, and that she had submitted several applications for employment.

Based on the investigation, the Springfield DDS denied the woman's application for Title II benefits.



Cooperative Disability Investigations Program Results

State	Allegations Received	Confirmed Fraud Cases	SSA Savings ¹	Non-SSA Savings ²
Arizona	212	87	7,600,735	4,343,746
Arkansas	25	22	1,865,945	1,102,850
California ³	464	159	12,646,800	10,591,707
Colorado	114	60	5,407,500	3,280,516
Florida	78	49	4,030,063	2,518,355
Georgia	149	112	9,608,749	5,635,680
Illinois	99	66	4,993,758	2,974,912
Kentucky	32	0	0	0
Louisiana	146	66	5,732,128	3,654,026
Massachusetts	98	60	5,407,500	3,772,319
Missouri ⁴	265	117	9,960,961	6,054,409
New Jersey	131	60	5,405,274	3,536,871
New York	77	42	3,790,027	2,568,161
Ohio	298	158	13,593,894	10,277,222
Oklahoma	105	34	3,064,250	1,468,914
Oregon	154	144	12,803,602	8,736,044
South Carolina	173	110	9,078,717	5,580,499
Tennessee	130	55	4,956,875	2,575,753
Texas ⁵	306	189	15,510,823	10,290,723
Utah ⁶	164	36	3,244,500	1,825,680
Virginia	120	76	6,849,500	5,002,632
Washington	128	97	7,286,703	4,389,464
Total (10/1/10-3/31/11)	2,768	1,584	128,421,603	82,323,588
Total (4/1/11-9/30/11)	3,468	1,799	152,838,304 ⁷	100,180,483
FY 2011	6,236	3,383	281,259,907	182,504,071

1 SSA program savings are reported at a flat rate of **\$90,125** for initial claims that are denied as a result of CDI investigations. When a CDI investigation supports the cessation /termination of an in-pay case, SSA program savings are calculated using a formula that takes into account the average number of years that SSA has determined that a person remains on its rolls, as well as other factors.

2 Non-SSA Savings are also 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 California has two units, one in Los Angeles and the other in Oakland.

4 Missouri has two units, one in Kansas City and the other in St. Louis.

5 Texas has two units, one in Dallas and the other in Houston.

6 Three new CDI units became operational during this reporting period. The units are located in Salt Lake City, Utah; Oklahoma City, Oklahoma; and Lexington, Kentucky.

7 These monies are included in the estimated savings reported in the chart on page 25.



Value Attained Through Legal Initiatives

OCIG's efforts to administer the portion of the CMP program that deals with violators of Section 1129 of *the Act* maximize resources available to us and create a positive return on investment. Section 1129 of allows for the imposition of a CMP against those who make false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of *the Act*. In addition, CMPs may be used to penalize representative payees for wrongful conversion of payments and to penalize individuals who knowingly withhold a material fact from SSA. After consultation with the DOJ, OCIG is authorized to impose penalties of up to \$5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment. The following table and cases highlight the value achieved through our Section 1129 efforts for this reporting period:

Civil Monetary Penalty Activity Under Section 1129			
	10/1/10 - 3/31/11	4/1/11 - 9/30/11	FY 2011
Cases Received	907	1019	1926
Cases Initiated	72	240	314
Cases Closed	751	720	1471
Penalties and Assessments Imposed	\$697,913	\$2,100,259	\$2,798,172
Number of Hearings Requested	4	1	5
Cases Successfully Resolved (settled case, favorable judgment, or penalty imposed)	16	51	67



Massachusetts Business Owner Conceals Income and Disqualifying Overseas Residence

A Massachusetts man failed to inform SSA that he was living outside of the United States for at least 30 consecutive days each year from 2001 to 2009. This rendered him ineligible for the \$14,382 in SSI payments he received. During this period, he also failed to report excess resources and income, including an ice cream vending business, a house, and other real estate in the Middle East, and an overseas olive oil harvesting business.

The subject entered into a settlement agreement and agreed to pay a CMP of \$58,764, including a \$30,000 fine and an assessment of \$28,764.

Massachusetts Man Fails to Report Mother's Death in Order to Receive Her Widow's Benefit Checks

A Massachusetts man failed to report his mother's death, which allowed him to continue to receive her Social Security benefits for three years after her death, resulting in an overpayment of \$30,499. In January 2010, the subject sent a letter to SSA's Pittsfield office confessing that he had improperly received his mother's SSA benefits after her death. OCIG successfully negotiated a settlement of \$40,599, including a \$10,000 penalty.

Kansas City Woman Conceals Her Work Activity and Falsely Claims Misuse of Her SSN by a Third Party

A Kansas City woman received Title II and SSI payments from August 2005 through April 2010 by falsely advising SSA that someone else worked and reported earnings using her SSN. She successfully persuaded SSA to remove any earnings for calendar years 2005, 2006, and 2007 that were posted to her SSN account in order to ensure that her benefits would not be terminated. During questioning by OIG Special Agents, she admitted that the earnings from August 2005 through April 2010 were indeed hers, and she provided a written statement. Her earnings during this period made her ineligible to receive Title II disability or SSI payments. For this 17-month period, she cashed 17 checks that she was not eligible to receive.

OCIG imposed a CMP of \$42,500 and an assessment of \$35,447, for a total of \$77,947.

Virginia Woman Conceals Marriage and Husband's Earnings

A Virginia woman received SSI payments by concealing from SSA, on her 2002 benefit application, that she was married. SSA did not learn of her marriage until she applied for Title II retirement benefits on her husband's account in 2010. The OIG investigation confirmed that she had resided with her husband at all times and that her husband's wages made her ineligible for SSI. OCIG successfully negotiated a settlement of \$40,000, which included an assessment of \$35,000 and a penalty of \$5,000.



Texas Man Penalized for Falsifying and Concealing Work Activity

A Texas man received Title II disability benefits by concealing from SSA on his benefit application that he was working for approximately 44 months. An OIG investigation confirmed that the man was working while collecting disability benefits without notifying SSA of his work status. OCIG negotiated a settlement agreement including an assessment of \$31,848 and a penalty of \$13,500 for a total amount of \$45,348.

Ohio Woman Improperly Received \$110,710 in SSI Payments

The subject failed to report her marriage while receiving SSI. At the time she applied for SSI in 1991, she informed SSA that she was not married. In a Redetermination that she completed in 2009, she stated that she had never married. However, in 2010, when she applied for Title II spouse's insurance benefits, she stated that she was married and began living with her husband in 1968. Her failure to report her marriage and living arrangements from 1991 to 2010 caused SSA to pay her \$110,710 in benefits to which she was not entitled.

OCIG imposed a CMP of \$55,000 and an assessment of \$55,710 for a total of \$110,710.

Tennessee Woman Devises Fraudulent Living Arrangement Scheme in Order to Obtain Benefits for Disabled Child

A Tennessee mother who had served as her daughter's representative payee since 1996 concealed substantial changes in her family's income and living arrangements in order to continue receiving SSI on behalf of her daughter. For six years, on numerous forms she completed to update her daughter's SSI eligibility, she failed to report that the combined income from her job and her husband's job exceeded the limit for SSI, eligibility and falsely represented to SSA that she and her husband had separated and that she resided with her parents in another city. As a result, she received more than \$20,000 for which her daughter was not eligible. After a hearing, the ALJ upheld a penalty of \$61,000.

Kentucky Benefits Specialist Agrees to CMP Settlement of \$36,662 for Failing to Notify SSA of Aunt's Death

A Kentucky man, who served as the representative payee on behalf of his aunt, failed to notify SSA of her death for almost two years. As the representative payee, he was required to notify SSA of a change in circumstances. However, he continued to endorse and negotiate the monthly checks on twenty occasions as if his aunt were still alive.

During an interview with OIG Special Agents, he admitted that he deposited his aunt's checks into his personal bank account after her death. The subject, who worked as a benefits specialist in a community organization, admitted that he knew he was not entitled to receive the benefits after his aunt's death. He agreed to pay a \$20,000 CMP and a \$16,662 assessment, for a total recovery of \$36,662.



Illinois Woman Diverts Benefit Payments While Serving as Representative Payee

An Illinois woman serving as a representative payee converted benefit payments to her own use instead of for the care and support of her nephew. An OIG investigation revealed that she also concealed for more than three years that her nephew was no longer disabled and had returned to work. OCIG negotiated a settlement agreement including an assessment of \$15,507 and a penalty of \$7,000, for a total of \$22,507.

Georgia Woman Abuses Her Role as Representative Payee

A Georgia woman, who served as the representative payee for a friend since 2005, failed to report that the friend was in prison from 2007 to 2009 and was ineligible for SSI. She also made false statements on two annual representative payee reports, on which she inaccurately certified that she was spending the SSI payments on her friend's needs and that there had been no changes to her friend's living arrangements during the past year. As a result of her wrongdoing, the woman fraudulently received \$15,794 to which she was not entitled. Following an OIG investigation, OCIG negotiated a settlement agreement under which the woman agreed to repay SSA the full amount of the overpayment and a penalty of \$10,000.

Illinois Mom Lies to SSA About Baby's Whereabouts to Continue Receiving SSI

An Illinois mother applied for SSI payments on behalf of her newborn baby due to fetal alcohol syndrome-related low birth weight. The Illinois Department of Family Services, who also had custody of her seven other children, placed the infant into a foster home. Over the next 39 months, the mother filed several false documents with SSA certifying that the baby resided with her, that she cared for the child, and that she spent all the SSI she received on her baby's needs. Eventually, a roommate of hers reported the situation. OCIG imposed a CMP of \$66,260, including \$26,260 overpayment and a \$40,000 penalty.

Texas Representative Payee Assists His Son in Hiding Work From SSA

The owner of a service station in Texas served as representative payee for his son, who was collecting Title II disability based on his claim that he was unable to work. Based on an anonymous tip, an OIG Special Agent discovered that this beneficiary was actually working full-time at his father's service station and thus ineligible for benefits based on his income. In addition, because the beneficiary had been receiving Title II disability, his own son had also been improperly receiving Title II auxiliary benefits while residing with the beneficiary's estranged wife. Because of the representative payee's failure to notify SSA regarding his son's work activity, the representative payee was also determined to be responsible for his grandson's improper receipt of benefits.

The subject acknowledged his responsibility for failing to report that his son was no longer disabled and was working, and entered into a settlement agreement to pay a total CMP of \$25,410.

Washington Representative Payee Improperly Receives SSI on Behalf of Her Daughter

SSA OIG received information indicating that a Washington woman, acting as the representative payee for her daughter, negotiated 24 SSI payments while her daughter was not in her custody. She falsely indicated that she had used all of her daughter's benefits for her support, when, in fact, she had converted the benefits to her own use. The subject agreed to pay \$12,869 for the overpayment and a \$3,000 CMP, for a total recovery of \$15,869.



PEOPLE

The third goal of the OIG Strategic Plan is People. The collective effort of our employees continues to be the driving force behind our organization's success in meeting its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. OIG components convene training sessions to inform their employees about new procedures at various levels of our organization. In addition, the OIG Organizational Health Committee conducts an annual assessment of employee satisfaction levels and addresses employee concerns.

Budget

For FY 2011, our annual appropriation was \$102.4 million, which supported an end-of year staffing level of 573. The salaries and benefits of employees account for 87 percent of overall spending. The remaining 13 percent is used for necessary expenses such as travel, training, communications, reimbursable work authorizations, and general procurements, as well as to provide for basic infrastructure needs such as rent and interagency service agreements. The FY 2011 budget supports our efforts to meet and exceed the expectations set forth in the OIG *Strategic Plan for Fiscal Years 2011 – 2015*. The goals and accomplishments measured in the *Strategic Plan* are also published in the *Annual Congressional Budget Justification*.

Human Resource Planning and Management

We actively pursue and work to retain the best possible employees. First, our staffing plan forecasts employee departures based on historical trends and human resource data, which allows us to establish optimal timeframes for recruiting new employees. Moreover, OIG managers monitor staffing to ensure that vacant positions are filled promptly, ensuring that OIG components have the ability to fulfill their respective missions.

Our human resource specialists and recruiters actively seek out and participate in national and virtual career fairs in our ongoing effort to attract the best and brightest talent to OIG. Ongoing evaluation and updating of our recruitment displays and brochures continue to enhance our outreach efforts. These events enable us to actively recruit underrepresented groups in the labor market, enabling us to maintain a truly diverse workforce. OIG hired 12 employees during the second half of FY 2011. Of these 12, five individuals (42 percent of new hires) were from minority groups.

Once we identify the best candidates, we utilize a structured interview process to equitably assess candidates' skills and qualifications. This process has been instrumental in predicting the future success of new employees. Additionally, OIG completed its second Leadership Development Program in July 2011. This 18-month career development program is an outreach of our succession planning efforts. It provides participants with opportunities to acquire leadership skills through a variety of assignments, training and mentoring and ensures that OIG has a well-developed cadre of highly qualified candidates for future leadership positions. One program participant was permanently promoted; all other program participants successfully completed the program and are now well poised to accept the leadership challenges a Federal career can offer. Our succession planning and knowledge-transfer strategies focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership transition efforts, and reciprocal developmental programs. In addition to participating with agency developmental programs, OIG is working to expand current developmental programs to utilize knowledge transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement.



Information Technology

During this reporting period, OIG Information Technology (IT) specialists worked to further automate and streamline administrative and business processes. We implemented a new Property Management System, which incorporates workflows and approval chains to ensure that assets are assigned, tracked, and archived in accordance with policy. We also developed a process to streamline the reconciliation of travel, training, and procurement transactions in our automated budget system. We will continue to automate our existing business processes in an effort to decrease costs and increase efficiency.

To expand telework, we revised our existing Telework Program policy to strengthen definitions of eligibility expand participation and promote effectiveness of the program. During this reporting period, we expanded out telework participation by 200 percent, with plans for additional expansion by the end of the year. This expansion was made possible by considerable progress in the area of secure remote connectivity by our Information Technology Division. The virtual private network and virtual desktop technologies we implemented allow for a productive remote workforce without sacrificing the security of sensitive information. These steps align the OIG with the goals and requirements of the *Telework Enhancement Act of 2010*.

In support of the President's goal to expand electronic services, we maintain an Internet website that is both informative and useful to the public. A fraud reporting form is included on the site, which provides a secure and confidential mechanism for members of the public to report fraud, waste, and abuse within SSA's programs and operations. A workgroup comprised of administrative specialists, attorneys, auditors, and investigative personnel continually monitor the OIG website to ensure that information is accurate and up-to-date, and to identify enhanced capabilities and opportunities for improvement to the site.

Finally, our IT staff analyzes industry trends to find new technologies that may enhance our business processes. During this reporting period, we have continued to expand the use of virtual technologies and have begun to pilot virtual desktop infrastructure for both internal and remote use, to reduce hardware and deployment costs and enhance data security. We have also utilized virtualization to decrease the number of physical servers in use, which has reduced power consumption and increased system uptime. OIG IT specialists continue to meet the challenge of providing a variety of IT support services for more than 70 OIG offices throughout the country.





Outreach Efforts

We are always seeking new ways to reach out to the wider Federal community as well as to public citizens. In a variety of venues, we share our mission of promoting integrity and excellence in Social Security programs and operations. These occasions are important opportunities to exchange information and forge partnerships. They also give us the chance to educate and inspire public confidence in Federal programs. The following is an example of outreach conducted by OIG officials and personnel during this reporting period:

- The Deputy Assistant Inspector General for Audit serves as the IG representative to the Federal Audit Executive Council's Information Security and Privacy Advisory Board under the National Institute of Standards and Technology.
- OA's Boston office coordinated efforts on improper payments with OMB and CIGIE. The Deputy Assistant Inspector General for Program Audit and Evaluations gave an improper payments presentation for the Potomac Forum, Ltd., Washington, D.C.
- In September 2011, the Director for OA's Technical Services Division completed a presentation at an American Institute for Certified Public Accountants conference.
- Two auditors in Boston attended the Occupational Information Development Advisory Panel meetings in May, July, and September 2011. <http://mwww.ba.ssa.gov/oidap/>
- The Boston OA office represented the United States in the Windsor Fraud Group, a group consisting of six countries, and coordinated issues on social insurance type fraud with Australia, Canada, Ireland, New Zealand, and the United Kingdom.
- Agents from our field divisions (nationwide) continue to conduct security and fraud awareness training for SSA employees. The training includes employee safety, our fraud referral process, and helpful tips on how to complete a fraud referral form.
- An agent from our Seattle office provides on-going training sessions relating to fraud, waste, and abuse to a new investigative unit recently created by the Department of Disability Determination Services/Health and Human Services for the State of Washington.
- The Resident Agent-in-Charge of our Houston office attended and provided an overview of our operations at the initial meeting of the Financial Crime Working Group at the Federal Bureau of Investigation office in Houston.
- The representatives from our Richmond office met with members of the Commonwealth of Virginia, Office of the Attorney General, Medicaid Fraud Unit to discuss the importance of Federal, State and local partnerships when conducting Federal investigations.

REPORTING REQUIREMENTS AND APPENDICES





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	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies	8-38
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	8-10 21-24
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	14-20 25-36
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 particularly significant reports	8-10 21-24
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A
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



APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs that are challenged because of a violation of law, regulation, etc. Unsupported costs are those costs that are questioned because they are not justified by adequate documentation. This information is provided in accordance with P.L. 96-304 (the *Supplemental Appropriations and Recession Act of 1980*) and the *Inspector General Act of 1978*, as amended.

Reports with Questioned Costs for the Reporting Period April 1, 2011 – September 30, 2011			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	29	\$124,546,506	\$70,983,272 ^a
B. Which were issued during the reporting period.	11 ^b	\$1,434,659,412	\$599,685
Subtotal (A + B)	40	\$1,559,205,918	\$71,582,957
Less:			
C. For which a management decision was made during the reporting period.	23	\$101,799,623	\$70,919,095
i. Dollar value of disallowed costs.	18	\$98,272,760	\$100,366
ii. Dollar value of costs not disallowed.	5	\$3,526,863	\$70,818,729
D. For which no management decision had been made by the end of the reporting period.	17	\$1,457,406,295	\$663,862

^a This balance reflects an adjustment from prior semiannual reports.

^b See reports with Questioned Costs in Appendix B of this report.



The following chart summarizes SSA's response to our recommendations that funds be put to better use through cost avoidances, budget savings, etc.

Reports with Recommendations that Funds Be Put to Better Use Reporting Period April 1, 2011 - September 30, 2011		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	4	\$71,873,221
B. Which were issued during the reporting period.	7 ^a	\$1,097,518,118
Subtotal (A + B)	11	\$1,169,391,339
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.	5	\$138,093,609
(a) Based on proposed management action.	5	\$138,093,609
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	2	\$203,127,559
Subtotal (i + ii)	7	\$341,221,168
D. For which no management decision had been made by the end of the reporting period.	4	\$828,170,171

a. See reports with Funds Put to Better Use in Appendix B of this report.



APPENDIX B: REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2010 – September 30, 2011		
Audit Number	Report	Issue Date
A-08-10-20181	Congressional Response Report: The Social Security Administration's Financial Literacy Research Consortium	10/15/2010
A-77-11-00001	Management Advisory Report: Single Audit of the State of Montana for the 2-Year Period Ended June 30, 2009	10/21/2010
A-04-10-11034	Customer Waiting Times in the Social Security Administration's Field Offices	10/27/2010
A-14-10-21082	The Social Security Administration's Approval and Monitoring of the Use of Software	10/27/2010
A-14-11-21138	Congressional Response Report: The Social Security Administration's Disaster Recovery Capabilities (Limited Distribution)	11/1/2010
A-03-09-29114	Monitoring Controls for the Help America Vote Verification Program	11/5/2010
A-02-11-11131	Fiscal Year 2010 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/8/2010
A-15-10-10113	Fiscal Year 2010 Financial Statement Audit Oversight	11/8/2010
A-03-09-19052	Field Office Workload Related to Nonconfirmation Responses from the Employment Verification Program	11/9/2010
A-44-10-20101	Identifying Requirements for the Disability Case Processing System Based on Findings from Prior Audits	11/9/2010
A-77-11-00002	Management Advisory Report: Single Audit of the State of California for the Fiscal Year Ended June 30, 2009	11/9/2010
A-13-11-21110	Congressional Response Report: The Social Security Administration's Facilities Management	11/10/2010
A-14-10-11003	The Social Security Administration's Controls for Ensuring the Removal of Sensitive Data from Excessed Computer Equipment	11/10/2010



Reports with Non-Monetary Findings October 1, 2010 – September 30, 2011		
Audit Number	Report	Issue Date
A-14-10-20109	Fiscal Year 2010 Evaluation of the Social Security Administration's Compliance with the Federal Information Security Management Act	11/10/2010
A-02-09-19068	Office of Disability Adjudication and Review Decision-Writing Process	11/17/2010
A-77-11-00003	Management Advisory Report: Single Audit of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2009	11/24/2010
A-01-10-21024	Job Information Used in the Social Security Administration's Disability Claims Adjudication Process	11/30/2010
A-06-10-20123	Threats Against Social Security Administration Employees or Property	11/30/2010
A-15-09-19075	The Social Security Administration's Informing Beneficiaries of Domestic Electronic Banking Options	11/30/2010
A-77-11-00005	Management Advisory Report: Single Audit of the State of Colorado for the Fiscal Year Ended June 30, 2009	12/1/2010
A-06-09-19128	Accuracy of Diagnosis Codes in the Social Security Administration's Databases	12/8/2010
A-07-10-20171	Office of Disability Adjudication and Review Hearing Request Dismissals	12/14/2010
A-77-11-00006	Management Advisory Report: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2009	12/14/2010
A-77-11-00007	Management Advisory Report: Single Audit of the State of Arizona for the Fiscal Year Ended June 30, 2009	12/20/2010
A-77-11-00008	Management Advisory Report: Single Audit of the State of Ohio for the Fiscal Year Ended June 30, 2009	12/20/2010
A-15-10-11073	Performance Indicator Audit: Electronic Service Delivery	12/27/2010
A-15-10-21142	The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520	12/30/2010



Reports with Non-Monetary Findings October 1, 2010 – September 30, 2011		
Audit Number	Report	Issue Date
A-01-10-11010	The Social Security Administration's Electronic Claims Analysis Tool	1/5/2011
A-15-10-11074	Performance Indicator Audit: Disability Process	1/24/2011
A-06-10-20144	Supplemental Security Income Double Check Negotiations	1/28/2011
A-14-10-20184	The Social Security Administration's New Data Center Site Alternatives (Limited Distribution)	2/10/2011
A-08-10-20140	Impact of Alien Nonpayment Provisions on Field Offices Along the Mexican Border	2/15/2011
A-08-10-20183	The Social Security Administration's Month of Election Policy for Retirement Benefits	2/15/2011
A-15-10-11077	An Individual Representative Payee for the Social Security Administration in Grand Rapids, Michigan	2/23/2011
A-12-10-20169	Congressional Response Report: Office of Disability Adjudication and Review's Scheduling Procedures for Hearings	2/25/2011
A-15-10-11075	Performance Indicator Audit: Hearings and Appeals Backlog	2/25/2011
A-15-10-11089	The Social Security Administration's Guard Service Contract for Headquarters, the National Computer Center, and Security West	2/28/2011
A-05-10-21061	Consultative Examinations at the Indiana Disability Determination Bureau	3/1/2011
A-07-10-20167	Congressional Response Report: Applicant Experiences with Retirement Insurance Benefit Internet Claim Applications	3/7/2011
A-01-11-11116	The Social Security Administration's Response to State Furloughs Impacting its Disability Programs	3/22/2011
A-06-10-11069	Annual Representative Payee Accounting Report Non-responders	3/28/2011



Reports with Non-Monetary Findings October 1, 2010 – September 30, 2011		
Audit Number	Report	Issue Date
A-06-10-20173	Follow-up: Personally Identifiable Information Made Available to the Public Via the Death Master File (Limited Distribution)	3/31/2011
A-08-11-11121	The Social Security Number Application Process	4/15/2011
A-02-10-11076	Performance Indicator Audit: The Social Security Administration's Fiscal Year 2010 Performance Indicators	4/18/2011
A-03-10-11038	Supplemental Security Income Recipients with Wages in the Earnings Suspense File	4/18/2011
A-14-10-20122	The Social Security Administration's Time Allocation System	4/18/2011
A-15-10-20149	Cost Analysis System Background Report and Viability Assessment	4/20/2011
A-07-10-20165	Congressional Response Report: Internet Claim Applications for Retirement Insurance Benefits	4/22/2011
A-15-10-20137	The Handling and Destruction of Social Security Number Cards Deemed as Spoilage (Limited Distribution)	4/26/2011
A-07-10-20166	Congressional Response Report: Internet Claim Applications for Disability Insurance Benefits	5/4/2011
A-15-10-20150	Office of Disability Adjudication and Review Cost Allocation Process	5/5/2011
A-77-11-00011	Management Advisory Report: Single Audit of the State of New York for the Fiscal Year Ended March 31, 2009	5/10/2011
A-14-11-11144	The Program of Requirements for the Social Security Administration's New Data Center (Limited Distribution)	5/13/2011
A-06-10-20136	Follow-up: Social Security Number Cards Issued After Death	5/20/2011
A-09-10-21093	Failure to Cooperate Denials and Initial Claims Backlog at the California Disability Determination Services	5/25/2011



Reports with Non-Monetary Findings October 1, 2010 – September 30, 2011		
Audit Number	Report	Issue Date
A-01-10-10168	Overall Disability Claim Times for 2009	5/31/2011
A-07-10-10162	The Social Security Administration's Strategy for Reducing the Initial Claims Backlog	6/8/2011
A-09-09-29117	Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown	6/17/2011
A-07-10-20176	Congressional Response Report: Applicant Experiences with Disability Insurance Benefit Internet Claim Applications	6/28/2011
A-12-11-21192	Congressional Response Report: The Office of Disability Adjudication and Review's Hearings Backlog and Processing Times	6/29/2011
A-77-11-00013	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2009	7/6/2011
A-01-11-21193	The Effects of the Electronic Claims Analysis Tool	7/7/2011
A-14-10-20106	The Social Security Administration's Managing and Monitoring of Local Profiles	7/13/2011
A-07-11-01125	Congressional Response Report: The Social Security Administration's Customer Service Delivery Plan	7/29/2011
A-12-10-11018	Senior Attorney Adjudicator Program	7/29/2011
A-05-09-19101	Representative Video Project	8/4/2011
A-06-11-11153	South Dakota Disability Determination Services' Administrative Cost Reporting	8/4/2011
A-06-11-11136	Collection of Civil Monetary Penalties	8/12/2011
A-05-11-01124	Congressional Response Report: Electronic Services for Claimant Representatives	8/22/2011



Reports with Non-Monetary Findings October 1, 2010 – September 30, 2011		
Audit Number	Report	Issue Date
A-06-10-20135	Follow-up: Survivor Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record	9/1/2011
A-14-11-21137	The Social Security Administration's Simplified Disability Internet Application	9/6/2011
A-08-11-11114	H-1B Workers' Use of Social Security Numbers	9/7/2011
A-04-11-01118	Congressional Response Report: Social Security Administration Field Office User Fees	9/9/2011
A-15-11-21170	The Social Security Administration's Use of the Limitation on Administrative Expenses Appropriation	9/14/2011
A-05-09-19127	Administrative Costs Claimed by the Ohio Division of Disability Determination	9/16/2011
A-13-11-01141	Employee Retirement Income Security Act Related Notices	9/26/2011
A-15-11-01126	The Social Security Administration's Plan to Reduce Improper Payments Under Executive Order 13520, as Reported in March 2011	9/28/2011



Reports with Questioned Costs October 1, 2010 – September 30, 2011			
Audit Number	Issue Date	Report	Dollar Amount
A-15-09-19008	10/14/2010	Federal Employees Receiving Both Federal Employees' Compensation Act and Disability Insurance Payments	\$43,991,444
A-09-09-29110	11/10/2010	Dedicated Account Underpayments Payable to Children	\$34,976,646
A-09-10-11079	11/16/2010	Indirect Costs Claimed by the California Disability Determination Services	\$8,128,431
A-04-10-11026	11/24/2010	Claimant Representative Fees Paid Through the Social Security Administration's One-Time Payment System	\$7,482,710
A-77-11-00004	11/24/2010	Management Advisory Report: Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2009	\$12,772
A-02-09-29089	12/8/2010	Social Security Administration Employees' Use of Discounted Airfares	\$9,187
A-14-09-19045	12/28/2010	The Social Security Administration's Voice over Internet Protocol Contract	\$1,060,000
A-09-10-11037	1/4/2011	Recovery of Title II Payments Issued After Beneficiaries' Deaths	\$18,816,960
A-09-10-11099	1/10/2011	Economic Recovery Payments - Catch-Up Payments	\$153,750
A-01-10-20115	2/23/2011	Underpaid Disabled Widows	\$14,254,260
A-02-10-41084	2/23/2011	The Developmental Disabilities Association of New Jersey, Incorporated - An Organizational Representative Payee for the Social Security Administration	\$60,063
A-04-10-11014	2/23/2011	Accuracy of Fiscal Year 2009 Title II Disability Insurance Benefit Payments Involving Workers' Compensation Offsets	\$7,890,278



Reports with Questioned Costs October 1, 2010 – September 30, 2011			
Audit Number	Issue Date	Report	Dollar Amount
A-77-11-00009	2/23/2011	Management Advisory Report: Interim Audit of the State of California for Fiscal Year 2010	\$197,000
A-01-10-10160	2/25/2011	Implementation of Phase I of the Martinez Settlement Agreement	\$15,178,263
A-15-09-19062	3/3/2011	An Individual Representative Payee for the Social Security Administration in Michigan	\$96,971
A-08-10-11048	3/7/2011	Gateway Representative Payee Program, an Organizational Representative Payee for the Social Security Administration	\$5,275
A-13-10-21087	3/31/2011	Emerge, Incorporated, an Organizational Representative Payee for the Social Security Administration	\$31,347
A-77-11-00010	4/26/2011	Management Advisory Report: Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2009	\$9,722
A-09-10-10117	4/28/2011	Title II Beneficiaries Whose Benefits Have Been Suspended and Who Have a Date of Death on the Numident	\$24,124,659
A-04-10-10178	5/4/2011	Administrative Costs Claimed by the South Carolina Disability Determination Services	\$986,276
A-77-11-00012	6/14/2011	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2008	\$1,277,778
A-01-10-10177	6/20/2011	Disability Insurance and Supplemental Security Income Claims Allowed But Not Paid	\$8,921,121
A-09-10-11090	6/27/2011	Administrative Costs Claimed by the Nevada Disability Determination Services	\$548,978



Reports with Questioned Costs October 1, 2010 – September 30, 2011			
Audit Number	Issue Date	Report	Dollar Amount
A-07-11-11141	7/5/2011	Safe Harbor, a Fee-for-Service Representative Payee for the Social Security Administration	\$42,830
A-08-10-10138	7/11/2011	Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions	\$3,479,798
A-03-10-11054	8/11/2011	Work Incentive Planning and Assistance Project	\$40,985
A-06-10-10175	9/15/2011	Contract with Dell Marketing, L.P., for Microsoft Licensing and Maintenance	\$3,190,616
A-01-11-11118	9/23/2011	Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations	\$1,392,636,334
Total			\$1,587,604,454



Reports with Funds Put to Better Use October 1, 2010 – September 30, 2011			
Audit Number	Issue Date	Report	Dollar Amount
A-04-10-11014	2/23/2011	Accuracy of Fiscal Year 2009 Title II Disability Insurance Benefit Payments Involving Workers' Compensation Offsets	\$2,075,196
A-01-09-19055	3/31/2011	Improperly Titled Bank Accounts for Beneficiaries with Representative Payees	\$25,591,967
A-05-08-18070	4/22/2011	Use of Video Hearings to Reduce the Hearing Case Backlog	\$1,900,000
A-07-10-20139	4/22/2011	Debt Collection Activities in the Supplemental Security Income Program	\$199,647,761
A-13-10-10104	5/4/2011	Minor Children Receiving Benefits Without a Representative Payee	\$66,220,388
A-02-09-29025	6/1/2011	Supplemental Security Income Recipients with Unreported Real Property	\$356,428,515
A-09-10-11090	6/27/2011	Administrative Costs Claimed by the Nevada Disability Determination Services	\$1,976,890
A-08-10-10138	7/11/2011	Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions	\$3,479,798
A-01-11-11118	9/23/2011	Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations	\$467,864,766
TOTAL			\$1,125,185,281



APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FY 1997

To meet the requirements of the Omnibus Consolidated Appropriations Act of 1997, P.L. 104-208, we are providing requisite data for the first half of FY 2009 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over \$45 million in SSA funds as a result of our investigative activities in this reporting period (4/11/11-9/30/11). These funds are broken down in the table below.

Investigative Activities					
	1st Quarter 10/1/10-12/31/10	2nd Quarter 1/1/11-3/31/11	3rd Quarter 4/1/11-6/30/11	4th Quarter 7/1/11-9/30/11	Total
Court Ordered Restitution	\$5,814,165	\$6,057,189	\$7,371,154	\$9,285,590	\$32,101,114
Recoveries	\$5,683,723	\$5,159,791	\$10,904,775	\$15,346,406	\$45,989,019
Fines	\$468,642	\$1,035,035	\$260,704	\$519,454	\$1,176,345
Settlements/ Judgments	\$433,560	\$289,179	\$1,866,544	\$164,227	\$2,714,922
TOTAL	\$12,400,090	\$12,541,194	\$20,403,177	\$25,315,677	\$81,981,400

OFFICE OF AUDIT

SSA management has informed us that it has completed implementing recommendations from 6 audit reports during this time period valued at over \$159 million.

USE OF VIDEO HEARINGS TO REDUCE THE HEARING CASE BACKLOG (A-05-08-18070, 4/22/2011)

We recommended that SSA periodically evaluate video hearing equipment requirements at each location against historical and future expected usage. Such periodic evaluations should be conducted before any new equipment is ordered. The implemented value of this recommendation is \$1,900,000.



IMPROPERLY TITLED BANK ACCOUNTS FOR BENEFICIARIES WITH REPRESENTATIVE PAYEES (A-01-09-19055, 3/31/2011)

We recommended that SSA issue a reminder on proper bank account titling to staff who appoint representative payees and who assist representative payees to establish/change direct deposit information. The implemented value of this recommendation is \$25,591,967.

ACCURACY OF FISCAL YEAR 2009 TITLE II DISABILITY INSURANCE BENEFIT PAYMENTS INVOLVING WORKERS' COMPENSATION OFFSETS (A-04-10-11014, 2/23/2011)

We recommended that SSA implement a cost-effective, risk-based approach to identify error-prone workers' compensation (WC) offset cases. For these cases, SSA should require independent review before the offset decision is effectuated. The review should be conducted by a supervisor or experienced peer and ensure that acceptable WC data were obtained, correctly interpreted and recorded, and maintained in SSA's electronic records retention systems. The implemented value of this recommendation is \$2,075,196.

INDIVIDUAL REPRESENTATIVE PAYEES SERVING MULTIPLE BENEFICIARIES (A-13-08-28089, 7/31/2009)

We recommended that SSA review the concerns reported to OIG staff regarding the specific payees reviewed and take appropriate action. The implemented value of this recommendation is \$4,850.

PAYMENTS TO INDIVIDUALS WHOSE NUMIDENT RECORD CONTAINS A DEATH ENTRY (A-06-08-18095, 6/26/2009)

We recommended that SSA terminate benefits, recover improper payments, and refer potential instances of fraud to the Office of Investigations for all beneficiaries determined to be deceased during living status verifications. The implemented value of this recommendation is \$6,936,540.

THE SOCIAL SECURITY ADMINISTRATION'S USE OF ADMINISTRATIVE SANCTIONS IN THE OLD-AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM (A-07-07-17052, 9/19/2008)

We recommended that SSA evaluate the current administrative sanctions process and implement necessary changes to ensure that all potential administrative sanctions are identified and proactively considered. In doing so, SSA should consider implementing a risk-based approach that focuses on sanctionable actions that result in significant overpayments. The implemented value of this recommendation is \$123,458,884.



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

PERFORMANCE INDICATOR AUDIT: THE SOCIAL SECURITY ADMINISTRATION'S FISCAL YEAR 2010 PERFORMANCE INDICATORS (A-02-10-11076, 4/18/2011)

Results of Review: SSA continues to make progress in meeting *Government Performance and Results Act* (GPRA) objectives. While SSA has improved the overall quality of its Performance Indicators (PI), further refinements would create more results-based indicators.

Based on the results of audit procedures performed in our contractor's assessment of SSA's FY 2010 PIs, the contractor noted the following:

- Over half of SSA's current PIs did not measure the Agency's progress on achieving its strategic goals and objectives. Many of these measures were also identified as output-based indicators rather than being outcome-based indicators. Outcome-based indicators are more effective in measuring an agency's progress in achieving its strategic goals and objectives than output-based indicators.
- A number of the performance targets were based on the amount appropriated for the activity rather than focusing on actual performance. As a result, users of the Performance and Accountability Report (PAR) do not have a complete understanding of SSA's actual performance.
- While SSA had defined some very specific long-term outcomes in the Agency's strategic plan, it is difficult for the users of the PAR to understand SSA's progress in achieving those outcomes because performance targets are not tied to long-term outcomes.
- Some PIs do not support SSA's key programs.

Accordingly, our contractor recommended SSA consider 26 recommendations that relate to the following:

- Developing more outcome-based PIs.
- Developing performance targets based on SSA's long-term outcomes instead of annual budgets.
- Eliminating PIs that do not support SSA's key programs.

Recommendation: Consider creating a PI to track the number of disability hearings processed as a percentage of disability hearings requested during the FY. Implementation of this PI would help the readers of the PAR understand how process modifications and improvements have impacted SSA's ability to process disability hearing requests received during the current FY.

Agency Response: SSA disagreed with the recommendation, stating the current PI is a valid output measure. Each year, SSA continues to increase its capacity to hear and decide cases. SSA discussed this in the FY 2010 PAR, provided historical perspective, and discussed the improvements the Agency is making to its processes.



Contractor Response: We agree that this is a valid output measure. Our recommendation is focused on creating an outcome-based PI to further enhance SSA's reporting under GPRA and the GPRA Modernization Act and better focus on results.

Recommendation: Consider creating a PI to track the number of disability hearing requests pending as compared to the "long-term outcome" associated with this PI to "... reduce the number of pending hearings to 466,000 by FY 2013." Implementation of this PI would help demonstrate the progress SSA has made toward achieving its desired long-term outcome.

Agency Response: SSA disagreed with the recommendation. In the PAR, SSA states that eliminating the hearings backlog remains the Agency's top priority. This PI supports SSA's long-term goal of reducing its pending hearings to 466,000. SSA determined that it is the pending level necessary to ensure a sufficient "pipeline" of cases to maximize the efficiency of the Agency's hearings process.

Contractor Response: Achieving a number of hearings tied to the budget helps facilitate the goal of reducing the hearing backlog but is an output and not an outcome. The outcome is the progress SSA has made to reduce the backlog to meet its FY 2013 goal of having 466,000 pending disability cases and not how many hearings were completed in the current year.

Recommendation: Consider establishing long-term outcomes for the disability appeals process and present the outcomes in the Annual Performance Plan (APP). Base the target for the indicator on the long-term outcome.

Agency Response: SSA disagreed with the recommendation. SSA establishes long-term outcomes in the Agency's Strategic Plan (ASP), not the Annual Performance Plan (APP). As stated in the FY 2010 PAR, SSA will continue to focus on eliminating the oldest cases pending review by the Appeals Council.

Contractor Response: The OIG modified the final report to make clear that we are talking about presenting the outcomes in the APP and establishing the long-term goals that drive the outcomes in the ASP.

Recommendation: Consider defining the optimum processing time for Appeals Council requests for review and track the number of pending requests against that target. Implementation of this recommendation would help the readers of the PAR determine how SSA is managing its workload and preventing the recurrence of a backlog.

Agency Response: SSA disagreed with the recommendation. In the FY 2010 PAR, SSA reported on the record number of hearings requests processed. This led to a large influx of Appeals Council requests. This and other factors such as staffing constraints make it difficult to define an optimum processing time. The existing "target average processing time" is a sound measure, and the PAR contains sufficient information for the reader.

Contractor Response: We continue to believe that SSA should consider further refining this PI to be more outcome-oriented. Again, the fact that a record number of hearings occurred is an important achievement that we recognize in our report but, as SSA points



out in its comment on this recommendation, “. . . this led to a large influx of Appeals Council requests.” This is why progress against reducing the backlog and not how many cases were heard in a given year should be the central focus of the PI.

Recommendation: Consider creating a PI to track the number of initial disability claims processed as a percentage of initial disability claims received. The implementation of this PI would help the readers of the PAR determine how SSA is managing its current initial disability claim workload.

Agency Response: SSA disagreed with the recommendation. This PI is a valid output measure. SSA reports data on claims received and claims pending in the PAR and provides discussion to keep the reader informed.

Contractor Response: This PI focuses on outputs against the budget similar to our comments in Note 2. We continue to believe the focus should be outcome-oriented whenever possible.

Recommendation: Consider creating a PI to address the accuracy of case processing, which relates directly to the overall strategic goal of improving the speed and quality of the disability process. The PI could answer the question, “Are initial disability determinations not only completed more timely, but has the quality of the determinations improved as a result?” The public wants not only faster disability decisions, but the same or better quality of the decisions themselves. Implementation of this PI would help readers of the PAR determine how SSA is improving the quality of the services provided by its disability determination process.

Agency Response: SSA disagreed with the recommendation. This PI provides the reader with a good indicator of how long it takes the Agency to render a decision for initial disability claims. Longer processing times do not necessarily equate to increased complexity. The Agency delays case processing for many reasons including a claimant’s failure to cooperate; the need for additional medical evidence; or need for a consultative examination. From an accuracy standpoint, there is no direct correlation between longer and shorter processing times. Creating a PI as the OIG suggests might confuse readers of the PAR.

Contractor Response: We noted the need for an additional PI focused on quality that ties to the overall strategic goal of improving speed and quality of the disability process. We revised our recommendation to better focus on quality measures and to make clear that quality and timeliness are two separate but related measures.

Recommendation: Consider creating a PI to measure the efficiency improvements resulting from the online filing of disability claims, such as reduction of SSA resources (time, money, human capital, etc.). Implementation of this PI would help readers of the PAR determine whether SSA is using its resources efficiently.

Agency Response: SSA disagreed with the recommendation. This PI relates to the overall strategic goal of “Improve the Speed and Quality of Our Disability Process.” It is an outcome based indicator (as the OIG notes in its report) and provides the reader with direct information about SSA’s services. The OIG’s suggestion that a different measure would help readers of the PAR assess whether SSA is using the Agency’s resources effectively is outside the scope of the strategic goal.



Contractor Response: The ability to file a disability claim online is an important tool in promoting greater efficiency and effectiveness of the disability determination process. At the same time, the target percentage of initial disability claims filed online is an output. The outcome would be whether SSA has been able to “improve the speed and quality of its disability process,” as stated in SSA’s comments. Our recommendation is focused on adding an outcome-oriented measure related to whether SSA is saving resources as a result of online filing of disability claims. Given the large backlog of disability claims and the impact of long timeframes for disability determinations on the public, efficiency of SSA’s process is important. We view the percentage of online claims being filed as a subset of the broader goal related to speed and quality and continue to believe that SSA should consider adding a PI that measures the impact of greater online filing. We revised our recommendation to make clear the focus on efficiency.

Recommendation: Consider creating a PI to track the number of initial disability claims pending as a percentage of initial disability claims received. Implementation of this PI would correlate to the Agency’s strategic goal of improving the speed of the disability process.

Agency Response: SSA disagreed with the recommendation. Many non-performance related factors affect the number of initial disability claims pending—filing rates, staffing levels, the time it takes to train new employees, and changes in business processes. There are also other contributing factors such as when States unnecessarily furlough Disability Determination Service employees. We discuss this in the PAR and provide additional data on claims pending to keep the reader informed.

Contractor Response: We agree that this is a valid output measure. Our recommendation is focused on creating an outcome-based PI to further enhance SSA’s reporting under GPRA and the *GPRA Modernization Act of 2010* and better focus on results.

Recommendation: Consider creating a PI to track customer satisfaction with telephone service and tie this measure to the PI on how quickly calls are answered (3.4a).

Agency Response: SSA disagreed with the recommendation. This is an outcome-based PI and a sound measure of how quickly the Agency answers 800 number calls. SSA tracks customer satisfaction for all modes of service, including telephone service (3.4a).

Contractor Response: We clarified our recommendation to call for SSA to link performance information on the quality of the telephone service (3.4a) with what is being measured on the speed of answering the telephone (3.3a).

Recommendation: Consider developing a strategic objective that aligns with measuring SSA’s overall services, not just services received in field offices.

Agency Response: SSA disagreed with the recommendation. This is an outcome-based PI and it measures “overall services.” This includes field offices, hearings offices, 800 number services, and online services.

Contractor Response: Our understanding is that SSA has been measuring the results of overall services provided through the field offices. We are calling for such measurement to include services that are not provided in the field offices.



Recommendation: Consider eliminating PI 4.1a, “Complete the Budgeted Number of Supplement Security Income Non-Disability Redeterminations” and PI 4.1b, “Process the Budgeted Number of Continuing Disability Reviews,” as key PIs in its APP. These PIs only measure whether SSA performed redeterminations or continuing disability reviews rather than focusing on the outcome of those efforts. We noted that the outcomes of those efforts are reflected in PI 4.1c, “Percent of Supplemental Income payments free of overpayment and underpayments error,” and PI 4.1d, “Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error.”

Agency Response: SSA disagreed with the recommendation. The Administration has placed a priority on limiting improper payments, and SSA’s actions under PI 4.1a and PI 4.1b are vital to that effort. The PIs are outcome-based and relate directly to requirements of the Improper Payments Elimination and Recovery Act and Executive Order 13520, Reducing Improper Payments.

Contractor Response: These two PIs are output-oriented and tied to the budget, whereas two other related PIs are outcome-oriented. If SSA believes it should keep the two PIs we recommended be eliminated because of the increasing high priority the Administration and the Congress have placed on reducing improper payments, we recommend that it revise the PIs to instead focus on Supplemental Security Income Non-Disability redeterminations and Continuing Disability reviews as a percentage of the potential population of such redeterminations/reviews, as opposed to whether they met the budgeted number. We have modified our recommendation to recognize this second option.

THE SOCIAL SECURITY ADMINISTRATION’S STRATEGY FOR REDUCING THE INITIAL CLAIMS BACKLOG (A-07-10-10162, 6/8/2011)

Result of Review: We evaluated SSA’s ability to reduce the initial disability claims pending level to 525,000 by FY 2014. Based on SSA’s projection for initial claims receipts, work years, and productivity, it appears that it will meet the goal by FY 2014, if not sooner.

SSA’s ability to reach its goal is dependent upon SSA receiving funding that will enable it to achieve projections for work years and productivity. However, in FY 2011, funding is already a concern. With a FY 2011 budget nearly \$1 billion below the amount requested, Agency components and State disability determination services are under a full hiring freeze. Without the ability to replace employees lost through attrition, SSA will not be able to maintain the projected level of work years through 2014. Therefore, SSA will be in jeopardy of not achieving its goal.

We also found that the Strategy is not transparent regarding how SSA will balance its resources between initial claims, reconsiderations, and CDR workloads, and how the CDR and reconsideration workloads will be affected by SSA’s actions to achieve its goal for initial disability claims pending.

Recommendation: As the Strategy to Address Increasing Initial Disability Claims Receipts is reassessed each year, be transparent as to how workload decisions are developed, including how budgetary constraints affect initial claim, continuing disability review, and reconsideration workloads.

Agency Response: SSA disagreed with the recommendation. SSA disagreed with the conclusion that the Agency is not transparent about how it developed workload decisions. As noted above,



numerous published documents provide varying degrees of detail about how the Agency makes workload decisions.

OIG Response: We are aware that SSA publishes various reports and documents related to its program integrity activities. We also recognize that SSA's Strategy briefly acknowledges that any additional staff hired will balance time between processing initial disability claims and CDRs. However, given the current budget and hiring situation, we continue to have concerns with how staff will balance time between the initial claim, CDR, and reconsideration workloads and how current and future budgetary constraints will affect these workloads. Therefore, we continue to support our recommendation that SSA outline this information in its annual reassessment of the Strategy.

DEBT COLLECTION ACTIVITIES IN THE SUPPLEMENTAL SECURITY INCOME PROGRAM (A-07-10-20139, 4/22/2011)

Results of Review: Our review focused on SSA's debt collection arrangements in the SSI program. Since FY 2002, the percent of outstanding SSI debt in a collection arrangement has decreased. Specifically, between FYs 2002 and 2009, SSI debt in a collection arrangement decreased by more than 5 percent. SSA stated resource constraints in the SSI program have caused the Agency to shift focus from debt collection activities and other program integrity workloads to maintain front-line services.

We estimated, based on historical SSI collection rates, that during FYs 2008 through 2011, that SSA could have recovered an additional \$200 million of SSI debt. This could have been accomplished had SSA placed an additional \$441 million of outstanding SSI debt into collection arrangements at the FY 2002 level during FYs 2008 through 2010.

Recommendation: Identify a reasonable goal for the level of SSI debt that should be in a collection arrangement each year and dedicate the necessary resources to processing the debt collection workload to achieve the goal

Agency Response: SSA disagreed with the recommendation. SSA stated it is directing its resources to more cost-effective program integrity work. In addition, SSA believes SSI payment accuracy will continue to improve, thereby reducing the amount of SSI debt needing to be recouped. With less debt to recoup and the increased use of more efficient methods for preventing, detecting, and recouping SSI overpayments, SSA stated it will not establish a goal for SSI debt collection arrangements.

OIG Response: We applaud SSA for implementing new methods to prevent, detect, and recoup SSI overpayments. We also understand that SSA must balance its resources between service delivery and program integrity. Without a goal for the level of debt in a collection arrangement, Congress and other stakeholders lack necessary information to assess whether sufficient resources are allocated to debt collection activities. Therefore, we remain committed to our recommendation.

THE SOCIAL SECURITY ADMINISTRATION'S USE OF THE LIMITATION ON ADMINISTRATIVE EXPENSES APPROPRIATION (A-15-11-21170, 9/14/11)



Results of Review: We reviewed SSA's unobligated Limitation on Administrative Expenses (LAE) account balances at the end of FYs 2005 through 2010 and determined that none of the funds were needed to cover upward adjustments of prior recorded obligations or to provide funding for any unrecorded obligations at year-end. We found that recoveries of prior-year obligations exceeded the total upward adjustments and significantly increased the total unobligated balance available for transfer to the no-year appropriation. Therefore, the Agency had the opportunity to use more of its annual LAE funds to reduce the disability backlog and invest in program integrity workloads.

Recommendation: Review existing policy and procedures and make changes as needed to decrease the amount of unobligated LAE funds remaining at the end of each FY to cover potential upward adjustments in obligations for future years.

Agency Response: SSA disagreed with the recommendation. SSA stated it manages its appropriations in a sensible, robust manner, which allows the Agency to meet its financial obligations and have sufficient funds in prior year accounts to cover legitimate upward adjustments to contracts or other spending actions that may be chargeable to those years.

OIG Response: We are aware that SSA typically lapses 1 percent of LAE funding each year. We recognize that SSA is transferring its unobligated funds from prior year accounts to the no-year LAE appropriation in accordance with the language provided in the public law. However, we continue to believe that earlier in the budget process, SSA can do an even better job than it is doing to provide the most cost-effective use of resources for the Agency's growing workloads, reduce the disability backlog, and invest in program integrity workloads.



APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

The Omnibus Consolidated Appropriations Act of 1997 (P.L. 104-208) requires us to report additional information concerning actual cumulative collections and offsets achieved as a result of OIG activities each semiannual period.

OFFICE OF INVESTIGATIONS

Total Restitution Reported by DOJ as Collected for SSA			
FY	Total Number of Individuals Assigned Court Ordered Restitution	Court Ordered Restitution for This Period	Total Restitution Collected by DOJ
2009	603	\$24,126,913	See Footnote ¹
2010	447	\$20,670,938	See Footnote ¹
2011	550	\$26,408,142	See Footnote ¹
TOTAL	1,600	\$71,205,993	See Footnote ¹

¹DOJ migrated collection data to a new computer system and is working to generate reports that will provide us with this information.

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2009	954	\$23,376,566
2010	1,128	\$36,431,093
2011	1,310	\$45,989,019
TOTAL	3,392	\$105,796,678



OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA's management officials and was current as of September 30, 2011.

SSA's Responses to OIG's Recommendations						
Recovery or Redirection of Questioned and Unsupported Costs ¹						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance ²
2009	28	\$3,124,063,484	\$1,664,149,576	\$1,466,789,938	\$1,451,103,302	\$206,170,244
2010	21	\$1,416,191,419	\$1,383,853,158	\$1,354,912,520	\$5,146,091	\$56,132,808
2011	28	\$1,587,604,454	\$1,582,808,695	\$30,689,466	\$23,494,130	\$1,533,420,858
TOTAL	77	\$6,127,859,357	\$4,630,811,429	\$2,852,391,924	\$1,479,743,523	\$1,795,723,910

¹ The amounts in the table regarding collections, recoveries, and write-offs/adjustments were not verified by the OIG.

² Balance = Questioned/Unsupported Costs - Amount Collected or to be Recovered - Amount Written-Off/Adjustments



APPENDIX F: SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR FYs FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

BENEFITS PAYABLE TO CHILD BENEFICIARIES WHO NO LONGER NEED REPRESENTATIVE PAYEES (A-09-09-29116, 8/20/2010)

Results of Review: SSA needed to improve controls to ensure child beneficiaries who attained age 18 were paid benefits that had been previously withheld pending the selection of a representative payee. Based on a random sample of beneficiaries, we found that SSA did not pay an estimated 13,464 beneficiaries approximately \$31.2 million in withheld benefits.

Generally, these errors occurred because SSA did not generate a systems alert to identify beneficiaries who should have been paid withheld benefits when they attained age 18 or SSA employees did not take corrective actions to pay withheld benefits when processing student awards when a child attained age 18.

Recommendation: SSA should identify and take corrective action on the population of child beneficiaries over age 18 whose benefits were withheld pending the selection of a representative payee.

Agency Response: SSA agreed with the recommendation.

Valued at: \$31,052,839 in questioned costs.

Corrective Action: The volume of cases is over 13,000. SSA is determining the best method and most efficient method for handling these cases. SSA does not have an updated timeframe for completion.

RETROACTIVE TITLE II PAYMENTS TO RELEASED PRISONERS (A-06-08-38081, 7/14/2010)

Results of Review: SSA issued improper or questionable retroactive payments to beneficiaries after their release from prison. About half the retroactive payment transactions of \$10,000 or more we reviewed were either improper or issued without any explanation or justification being documented. SSA did not establish sufficient controls to ensure large retroactive payments to released prisoners were valid. Specifically, SSA payment systems allowed SSA personnel to compute and issue large retroactive payments without explanation or justification and without supervisory review. The lack of sufficient controls over these payments increased the potential for fraud, waste, or abuse.

Based on our sample results, we estimate that SSA issued approximately \$10.3 million in retroactive payments to prisoners that were either incorrect or could not be explained based on available documentation.

Recommendation: SSA should establish controls to ensure employees explain and justify large retroactive payments issued to released prisoners.



Agency Response: SSA agreed with the recommendation.

Valued at: \$6,468,914 in questioned costs.

Corrective Action: SSA's implementation of Recommendation 2 is tied to the implementation of Recommendation 3. Enhancements to the Prisoner Update Processing System (PUPS) screens are needed to force the user to document PUPS Remarks with the rationale for reinstating benefits when the reinstatement effective date is equal to or earlier than the confinement date or conviction date.

MANUAL COMPUTATIONS OF SUPPLEMENTAL SECURITY INCOME PAYMENTS (A-07-09-19060, 6/25/2010)

Results of Review: Our review found that manual computations were not always accurate or updated when necessary. Specifically, because of inaccurate calculations, we project that 14,393 recipients in our population were overpaid approximately \$7.7 million, and 18,453 recipients were underpaid approximately \$6.7 million. In addition, we project that 2,952 recipients in our population were overpaid approximately \$968,000, and 3,691 recipients were underpaid approximately \$608,000 because they did not have a new manually computed SSI payment amount when a subsequent event occurred.

Our review also found that manual computations were not always reviewed by a second employee, as required by SSA policies and procedures. In addition, we found that some manual computations that were reviewed by a second employee were still inaccurate.

Recommendation: SSA should take corrective action to properly resolve all SSI payment errors for recipients in OIG's sample.

Agency Response: SSA agreed with the recommendation.

Valued at: \$16,031,299 in questioned costs and \$8,015,650 in funds put to better use.

Corrective Action: SSA will review the cases by December 2011 and correct payment errors where appropriate.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS ELIGIBLE FOR VETERANS BENEFITS (A-01-09-19031, 1/6/2010)

Results of Review: We found that some Supplemental Security Income (SSI) recipients appeared potentially eligible for Department of Veterans Affairs (VA) benefits instead of SSI payments. Based on our review, we estimate SSA paid about \$1.3 billion to approximately 22,000 SSI recipients who appeared to meet the VA requirements for benefits. In addition, we estimate that SSA will continue to pay about \$126 million in SSI payments over the next 12 months to individuals who appeared eligible for VA benefits instead of SSI payments.

For example, in one case, a disabled SSI recipient had military earnings during the Vietnam era. This recipient served in the Army from October 1968 to July 1970 for approximately 640 days—with at least 1 day during wartime—and received an honorable discharge from the military. Therefore, he appeared to meet VA's requirements for benefits and received about



\$104,000 in SSI payments from January 1993 to June 2009. According to SSA's systems, there was no indication this individual had applied for VA benefits.

VA benefits are generally of greater monetary value than SSI payments—so it is usually more advantageous for the individuals to receive VA benefits. Specifically, in FY 2007, the average monthly VA benefit was \$709, whereas the average monthly SSI payment was \$468. Therefore, if these individuals are, in fact, eligible for VA benefits, they could receive higher monthly benefit payments.

Recommendation: SSA should continue the efforts to work with the VA to ensure individuals who should be receiving VA benefits instead of SSI payments are, in fact, receiving VA benefits.

Agency Response: SSA agreed with the recommendation.

Valued at: \$1,282,736,960 in questioned costs and \$125,579,060 in funds put to better use.

Corrective Action: SSA will continue to work with the VA to identify SSI recipients who may be eligible for VA benefits. In addition, SSA will ensure that those SSI recipients who are eligible for VA benefits take the necessary actions to apply and receive VA benefits.

SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO CONCURRENT BENEFICIARIES RESULTING FROM INCORRECT BENEFIT CALCULATIONS (A-06-09-29103, 9/24/2009)

Results of Review: In March 2009, we identified 338 concurrent beneficiaries from 1 of 20 payment record segments, who received excessive SSI payments because SSA erroneously offset their SSI payment using OASDI benefit amounts that were not adjusted to reflect recent benefit payment increases. SSA overpaid these beneficiaries \$18,604 per month in Federal SSI payments and another \$2,557 per month in State supplemental benefits as a result of these errors. Most of these errors involved instances where SSA was collecting OASDI overpayments from the beneficiaries. A specific systems input associated with these payments unintentionally froze the OASDI benefit amounts used in the SSI unearned income offset computations. Based on our audit results, we estimate SSA issued overpayments to approximately 6,800 concurrently entitled beneficiaries because SSA erroneously offset their SSI payments using OASDI benefit amounts that were not adjusted to reflect recent benefit payment increases. If these errors are not corrected, we estimate that SSA will issue approximately \$5.1 million in excessive SSI payments to these beneficiaries over the next 12 months.

Recommendation: SSA should review the 7,214 cases provided and take appropriate action to correct the errors and prevent future errors.

Valued at: \$5,078,640 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA received a work year for the resources needed to complete these cases. Corrective action has not been completed on these cases.



FOLLOW-UP: THE SOCIAL SECURITY ADMINISTRATION'S CONTROLS OVER SUSPENDING COLLECTION EFFORTS ON TITLE XVI OVERPAYMENTS (A-04-09-19039, 9/2/2009)

Results of Review: We found that SSA took action on three of the recommendations in our prior report. However, funding limitations delayed development of an automated system that would address the two remaining recommendations. SSA's corrective actions resulted in some improvements in the error rates we previously reported. However, we still found similar conditions identified in the prior report.

We also found that SSA did not always: (1) document the justification for the decisions to suspend overpayment collection efforts and (2) obtain the required management approval before suspending an overpayment. On occasion, SSA personnel suspended collection efforts when debtors or the debtors' representative payees had reported earnings that may have enabled some repayment. Also, SSA personnel suspended collections of some debts and classified the debtors as unable to locate or out of the country even though we did not find evidence that SSA attempted to contact the debtors or the debtors' representative payees through their current employer. Overall, we estimated for 6,500 cases, totaling \$52.2 million, SSA personnel did not follow policies and procedures when they suspended overpayment collection efforts.

Recommendation: SSA should consider revising the May 2009 policy to require the 2-PIN process (management approval) for suspension decisions controlled by the Recovery and Collection of Overpayment Process.

Valued at: \$22,639,420 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA discussed the feasibility of a 2-pin process for suspension decisions controlled by the Recovery and Collection of Overpayments System with the Agency's Office of Systems. Through those discussions, SSA determined that the 2-pin process is feasible but due to Office of Systems resources, the Agency is not sure when this process can be implemented but will continue to follow up with the Office of Systems.

FOLLOW-UP ON DISABLED TITLE II BENEFICIARIES WITH EARNINGS REPORTED ON THE MASTER EARNINGS FILE (A-01-08-28075, 4/15/2009)

Results of Review: Our audit found that the Agency made efforts to reduce overpayments resulting from work activity. However, we found that SSA did not evaluate all earnings, and, as a result, overpayments resulted from work activity.

Based on our review, we estimate that approximately \$3.1 billion was overpaid to about 173,000 disabled beneficiaries because of work activity. Although SSA identified about 58 percent of these overpayments, we estimate the remaining 42 percent—approximately \$1.3 billion—went undetected by the Agency to about 49,000 disabled beneficiaries. In addition, we estimate SSA will continue to incorrectly pay about \$382 million over the next 12 months to individuals who are no longer entitled to disability benefits if action is not taken by the Agency.



SSA performed 170,664 work-related CDRs in 2008 at a unit cost of \$397.45. Based on our review, we estimate about \$3.1 billion was overpaid to approximately 173,000 disabled beneficiaries (out of 518,080 in the estimated universe) because of work activity. To perform work-related CDRs for all 518,080 disabled beneficiaries, would cost SSA about \$206 million (assuming the \$397.45 unit cost remains the same). This results in a potential benefit-cost ratio of \$15.0 to \$1.0.

We recognize SSA's efforts to improve the work-related CDR process. In addition, we acknowledge the Agency's limited resources with which to perform this workload. However, we believe SSA may achieve greater savings in the long-term if the Agency could provide the resources to perform work-related CDRs for all disabled beneficiaries with substantial earnings reported on the Master Earnings File.

Recommendation: SSA should develop and implement a plan to allocate more resources to timely perform work-related continuing disability reviews and assess overpayments resulting from work activity for cases identified by the Agency's earnings enforcement process.

Valued at: \$1,335,815,580 in questioned costs and \$381,563,100 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA convened a workgroup in January 2010. Improvements were made as follows:

Management Information (MI)

- Thousands of extraneous items were deleted from the work CDR MI data source
- SSA established an Agency report to track work CDRs—currently being validated Strike Plan
- Strike teams were formed to streamline work CDR processing and reduce the pending aged cases
- Quarterly reports are made to track progress

Overpayments

- An overpayment report was developed and is now being validated
- Enforcement cases are now prioritized and processed by highest earnings

IMPROPER PAYMENTS RESULTING FROM THE ANNUAL EARNINGS TEST (A-09-07-17066, 8/31/2007)

Results of Review: Our audit disclosed that SSA did not adjust the benefit payments for all beneficiaries who were subject to Annual Earnings Test. Based on a random sample of 250 beneficiaries for Calendar Years 2002 through 2004, we found SSA overpaid \$393,117 to 112 beneficiaries and underpaid \$44,264 to 16 beneficiaries. As a result, we estimate SSA overpaid about \$313 million to 89,300 beneficiaries and underpaid about \$35 million to 12,800 beneficiaries.



These payment errors primarily occurred because SSA did not process all records identified by its Earnings Enforcement Operation.

Recommendation: SSA should review and process, as appropriate, all Earnings Enforcement Operation selections pending in the Office of Quality Performance since 1996.

Valued at: \$348,680,140 in questioned costs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA processed all selections from 2004 and is committed to addressing all selections from 2005 timely. All selections made prior to 2004 require manual review and processing by Operations staff. SSA thoroughly analyzed and evaluated the issues involved and determined that there is no possibility that these selections can be addressed via an automated solution. Additionally, Operations indicated that current resources could not be redirected from ongoing claims processing workloads to process these selections.

SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTIONS HAVE BEEN MADE

FOLLOW-UP: THE SOCIAL SECURITY ADMINISTRATION'S CONTROLS OVER SUSPENDING COLLECTION EFFORTS ON TITLE XVI OVERPAYMENTS (A-04-09-19039, 9/2/2009)

Recommendation: SSA should continue to urge staff compliance with existing policy when suspending Title XVI overpayments and hold accountable those employees who do not follow established criteria.

Valued at: \$29,642,820 in funds put to better use.

Corrective Action: Online training is available through the Office of Learning Intranet site for Title XVI overpayments. There is a specific section in the training that emphasizes when to suspend overpayment procedures.

FOLLOW-UP: THE SOCIAL SECURITY ADMINISTRATION'S PRISONER INCENTIVE PAYMENT PROGRAM (A-01-09-19029, 8/20/2009)

Recommendation: SSA should implement a system to pay incentive payments according to the Act to facilitate reporting inmate information.

Valued at: \$30,281,018 in questioned costs.

Corrective Action: The Agency agreed there is a discrepancy between the incentive payment provisions in the statute and the procedures SSA follows to issue incentive payments.

In June 2004, SSA developed a technical amendment to bring the language in *the Act* in line with its incentive payment policy. However, *the Act* has not yet been changed.



SUPPLEMENTAL SECURITY INCOME REDETERMINATIONS (A-07-09-29146, 7/14/2009)

Recommendation: SSA should establish a methodology to identify the number of redeterminations that are needed each year. To the extent the annual number of necessary redeterminations is not completed, identify the lost savings and document the reasons the number of needed redeterminations was not completed.

Valued at: \$3,255,531,018 in funds put to better use.

Corrective Action: SSA has conducted a statistical analysis of the impact of completing a redetermination of SSI eligibility with detecting overpayments in the SSI program. This analysis found that there would be a positive return on investment for performing redeterminations on virtually the entire SSI recipient population.

The methodology used to determine which SSI recipients to perform a redetermination on each year is based on a predictive model. This predictive model selects the most cost-effective cases to undergo an SSI redetermination. The model, which is continually monitored and re-estimated, has been in place for many years at SSA and has proven to be highly accurate and reliable in identifying likely overpayments. SSA stated that although its analysis found that completing redeterminations on nearly all segments of the SSI recipient population would be cost effective, the Agency's modeling methodology finds that there is a diminishing rate of return as additional redeterminations are performed.

There are no statutory requirements to complete redeterminations on a given number or percentage of SSI recipients each year. SSA determines the annual number of redeterminations to complete from the perspective of balanced utilization of its monetary and staffing resources. Each year, SSA assures resources are targeted to efficiently complete our various program integrity workloads while also meeting all the Agency's service delivery commitments to the public.

PAYMENTS TO INDIVIDUALS WHOSE NUMIDENT RECORD CONTAINS A DEATH ENTRY (A-06-08-18095, 6/26/2009)

Recommendation: SSA should terminate benefits, recover improper payments, and refer potential instances of fraud to the Office of Investigations for all beneficiaries determined to be deceased during living status verifications.

Valued at: \$40,258,680 in questioned costs and \$6,936,540 in funds put to better use.

Corrective Action: SSA terminated benefits where appropriate and established proper controls to recover all improper payments. Where appropriate, SSA referred potential instances of fraud to OIG's Office of Investigation.

CONTROLS OVER MISCELLANEOUS PAYMENTS MADE THROUGH THE SINGLE PAYMENT SYSTEM (A-09-07-17119, 10/25/2007)

Recommendation: SSA should establish an appropriate control to ensure the Form SSA-1724 or other written application for a death underpayment is retained.

Valued at: \$98,280,016 in questioned costs.



Corrective Action: SSA's current policy requires all incoming documents to be electronically entered into the paperless system. Therefore, underpayment applications including Form SSA-1724 are retained.



APPENDIX G: SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR FYs FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

DISABILITY IMPAIRMENTS ON CASES MOST FREQUENTLY DENIED BY
DISABILITY DETERMINATION SERVICES AND SUBSEQUENTLY ALLOWED BY
ADMINISTRATIVE LAW JUDGES (A-07-09-19083, 8/20/2010)

Results of Review: We identified the four impairments that were most often denied by DDSs in Calendar Years 2004 through 2006, appealed to the hearing level, and subsequently allowed. These impairments were Disorders of Back; Osteoarthritis and Allied Disorders; Diabetes Mellitus; and Disorders of Muscle, Ligament, and Fascia. Our analysis of cases with these four impairments disclosed:

- Claimant age impacted disability determinations.
- Determinations of claimants' ability to work resulted in differences at the DDS and hearing levels.
- Claimant representation was more prevalent in cases allowed at the hearing level than in cases decided at the DDS level.
- Cases were allowed at the hearing level based on a different impairment than that on which the DDS made its determination.
- States had both DDS denial rates and hearing level allowance rates above the national averages.
- ODAR regions, hearing offices, and ALJs had wide variations in allowance rates.

Recommendation: SSA should consider conducting a targeted review of disability determinations made in the six States we identified as having higher than average disability DDS denial rates and hearing level allowance rates for the four impairments we analyzed.

Agency Response: SSA agreed with the recommendation

Corrective Action: SSA's Office of Quality Performance continues its review with an expected completion date by the end of the year.

Recommendation: SSA should consider analyzing variances between the hearing offices and administrative law judges with high and low allowance rates for the four impairments we analyzed to determine whether factors are present that support the variances

Agency Response: SSA agreed with the recommendation

Corrective Action: The Office of Appellate Operations continues its quality review of unappealed fully and partially favorable hearing office decisions. This review began on September 27, 2010.



SSA plans on having enough data on which to issue a report early next fiscal year (based on this year's data).

FOLLOW-UP OF PENDING WORKERS' COMPENSATION (A-08-09-19167, 7/12/2010)

Results of Review: SSA had not taken corrective actions to address recommendations in our September 2005 report. Specifically, SSA had not (1) followed through with steps to reduce its backlog of Title II disability cases having pending Workers' Compensation (WC) claims; (2) developed and implemented an automated process to ensure it systematically and routinely follows up on new pending WC cases; or (3) explored systems enhancements that would detect situations in which WC is not applicable to prevent personnel from retrieving and analyzing cases that no longer require development. As a result, the volume of cases with WC claims pending for 2 or more years increased from 227,615 in January 2005 to 268,825 in November 2009, an 18-percent increase over the past 4 years. In addition, we estimated SSA had overpaid Title II beneficiaries between \$44 and \$58 million because of unreported WC payments since our June 2003 report.

Recommendation: SSA should explore systems enhancements that would detect situations in which WC is not applicable to prevent personnel from retrieving and analyzing cases that no longer require development.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA worked to establish an agreement with a private organization that supports insurance companies with information on WC. The Agency entered into negotiations with the company to develop a proof of concept test project, worked out the agreement, and set up a test run of data. However, just prior to the test run, the company backed out. Other avenues were explored, but businesses are reluctant to outlay resources without some return, and SSA has not been in a position to offer enticing quid pro quo opportunities. SSA also pursued changes to the law that would require organizations to provide this information to SSA, but nothing has been passed.

Given these circumstances, SSA cannot accommodate this recommendation. Without access to State and private WC data, SSA has no way of detecting situations where WC is not applicable. Because of this, SSA has no way of preventing personnel from retrieving and analyzing cases that no longer require development. (Flowers-56016)

REPRESENTATIVE PAYEES REPORTING CRIMINAL CONVICTIONS (A-13-09-19145, 6/17/2010)

Results of Review: Some individuals did not accurately report their criminal history to SSA when completing representative payee applications. Our review of information in the Prisoner Update Processing System (PUPS) found 92 individual representative payees—76 relatives and 16 non-relatives—were incarcerated for longer than 1 year even though they did not disclose this information on their applications to serve as payees. In addition, a comparison of information in PUPS with data in LexisNexis for 300 sampled representative payees found 28 payees who were incarcerated for longer than 1 year. Based on our sample results, we estimate about 900 payees were incarcerated for longer than 1 year and did not inform SSA of their criminal histories.



Recommendation: Determine and implement a cost-effective method to use PUPS incarceration data and/or third-party database information to assess individuals applying to serve as representative payees and use this information to determine the suitability of the payee applicants.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA will pursue enhancements to its PUPS/Representative Payee System data match to improve screening of current representative payees and new applicants. The Agency noted, however, that any actions taken in this area will require SSA to modify existing systems' processes. SSA determined that it cannot implement this change in FY 2011, given the Agency's limited IT resources. SSA will consider evaluating how the Agency can implement the modification as SSA considers which IT investments will provide the greatest return to the Agency, the public, and its stakeholders.

SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE

SOCIAL SECURITY NUMBER MISUSE FOR WORK AND THE IMPACT ON THE SOCIAL SECURITY ADMINISTRATION'S MASTER EARNINGS FILE (A-03-07-27152, 9/29/2008)

Recommendation: SSA should consider the development of a cost-effective method to automatically post subsequent wage items that have the same characteristics of previously disclaimed wage items to the Earnings Suspense File.

Corrective Action: Corrective software was released in the production environment December 2010.



APPENDIX H: OFFICE OF THE INSPECTOR GENERAL

PEER REVIEWS

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 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 United States Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.
- In November 2010, the U.S Postal Service Office of Inspector General (USPS/OIG) notified us that our Office of Investigations passed the peer review. In the opinion of the USPS/OIG, the system of internal safeguards and management procedures for the investigative function of SSA/OIG in effect for the year ending June 30, 2010, complied with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.
- OQPAR, on behalf of OI, initiated a peer review of the Treasury Inspector General for Tax Administration in September 2011, which is ongoing.
- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

Office of Audit

- Our Office of Audit is required to undergo a peer review every three years, in accordance with generally accepted government auditing standards. A copy of the System Review Report can be obtained from our website at <http://www.ssa.gov/oig/ADOBEPDF/externalreview.pdf>.
- The final System Review Report related to our last peer review, conducted by the Department of Justice OIG, was issued in November 2009. We received a rating of pass, which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Department of Justice OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations as a result of this peer review.
- During FY 2010, we conducted a peer review of the Department of Energy OIG, Office of Audit Services. We issued our report on March 5, 2010 and made no recommendations as a result of this peer review.
- There are no outstanding recommendations from prior audit peer reviews completed by us or from prior reviews of our organization.



GLOSSARY OF ACRONYMS

ALJ	Administrative Law Judge
APP	Advanced Procurement Plan
CDI	Cooperative Disability Investigative
CDR	Continuing Disability Review
CMP	Civil Monetary Penalty
DACUS	Death Alert Control and Update System
DDS	Disability Determination Services
DHS	Department of Homeland Security
DOJ	Department of Justice
FPS	Federal Protective Service
FY	Fiscal Year
GPRA	Government Performance and Results Act
GSA	General Services Administration
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
MPH	Miles Per Hour
OA	Office of Audit
OASDI	Old-Age, Survivors, and Disability Insurance
OCIG	Office of the Counsel to the Inspector General
ODAR	Office of Disability Adjudication and Review
OER	Office of External Relations
OI	Office of Investigations
OIG	Office of the Inspector General
OPM	Office of Personnel Management
OQAPR	Office of Quality Assurance and Professional Responsibility
OTR	on-the-record
OTRM	Office of Technology and Resource Management
PAR	Performance and Accountability Report
PI	Performance Indicators



GLOSSARY OF ACRONYMS (CONTINUED)

PII	Personally Identifiable Information
POR	Program of Requirements
PUPS	Prisoner Update Processing System
Recovery Act	American Recovery and Reinvestment Act of 2009
RVP	Representative Video Project
SAA	Senior Attorney Adjudicator
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
Stansberry	Stansberry & Associates Investment Research, LLC
the Act	Social Security Act
USPIS	United States Postal Inspection Service
VTC	Video Teleconferencing
WIPA	Work Incentive Planning and Assistance Project