



## A MESSAGE FROM THE INSPECTOR GENERAL

The Social Security Administration (SSA) endeavors to deliver services that meet the changing needs of the American public, always operating 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 it so that it can properly serve the millions of Americans who turn to SSA for help. 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 October 1, 2011 through March 31, 2012. This report includes OIG's significant audit, investigative, and legal accomplishments during the first half of Fiscal Year 2012. During this reporting period, we:

- Maintained a focus on persistent management challenges, such as improving the quality of the disability process, as well as on high-priority investigations, such as those targeting disability applicants who conceal their living arrangements and income and resources to obtain Social Security benefits fraudulently.
- Completed several notable reviews that examined the pending hearings backlog and the performance of administrative law judges, as the timeliness and accuracy of SSA's disability decisions at the hearing adjudicative level is at the forefront of congressional and Agency concerns.
- Investigated Social Security applicants who misused a Social Security number (SSN) to obtain benefit payments, and we offered recommendations to SSA and the Congress to strengthen the integrity and protection of the SSN.
- 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 items are approved, endorsed, or authorized by SSA; or that a person has some connection with, or authorization from, SSA.

In everything we do, this office aims to improve SSA and its operations so that the Agency can evolve with the changing times and maintain its excellent record of service. I assure you that we will continue to work with SSA and the Congress to help the Agency fulfill its obligation to millions of citizens across the country that depend on SSA for support.

Patrick P. O'Carroll, Jr.  
Inspector General





SOCIAL SECURITY ADMINISTRATION  
OFFICE OF THE INSPECTOR GENERAL

CONTENTS

A MESSAGE FROM THE INSPECTOR GENERAL ..... I

EXECUTIVE SUMMARY ..... 4

INTRODUCTION TO OUR ORGANIZATION..... 6

IMPACT ..... 7

VALUE.....21

PEOPLE ..... 32

REPORTING REQUIREMENTS AND APPENDICES .....35

GLOSSARY OF ACRONYMS..... 63



## EXECUTIVE SUMMARY

This report presents the significant accomplishments of SSA's OIG from October 1, 2011 through March 31, 2012. 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, second 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 63,000 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 280 arrests, 520 indictments and informations, 700 criminal convictions (including pretrial diversions) and 100 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 SSN misuse, employee misconduct, and threats against SSA employees.

Our auditors also had a significant impact during this reporting period, issuing 54 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 program for issuing replacement Social Security cards to prisoners, and SSA's review of Administrative Law Judge (ALJ) decisions.

### 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 billion in questioned costs and more than \$1.4 billion in Federal funds that could be put to better use. Highlighted audits examine SSA's effectiveness in applying the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

In the first half of FY 2012, we are reporting over \$253 million in monetary accomplishments, with over \$52 million in SSA recoveries, restitution, fines, settlements, and judgments; and almost \$201 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 \$27 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. The efforts of our CDI Units during this reporting period resulted in more than \$173 million in projected SSA program savings, and over \$115 million in projected savings to other programs.

During this reporting period, our attorneys initiated 96 CMP actions (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 (Supplemental Security Income) of the *Social Security Act* (the Act). Included in our investigative accomplishments above is more than \$4.5 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?" 82 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) disseminates information about the OIG's work to Congress, the media, and the public. To accomplish this, OER prepares speeches and presentations for OIG executives, coordinates the OIG presence at both government and public events, publishes a wide variety of informational materials, prepares the OIG's Semiannual Report to Congress, and acts as the national voice of the OIG in the news media. OER also maintains the OIG presence on the Internet, prepares responsive materials for stakeholders in Congress and throughout government, and supports the other OIG components with respect to critical external communications, ensuring that the OIG speaks with a single, unified voice.

### 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 that 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 an unprecedented level of transparency and accountability so Americans know where their tax dollars are going and how they are being spent. SSA was provided funds under the Recovery Act in the following areas:

- \$500 million designated for the replacement of SSA's National Computer Center (NCC);
- \$500 million designated for processing disability and retirement workloads, and information technology acquisitions and research in support of these workloads; and,
- \$90 million to reimburse costs for processing a one-time economic recovery payment (ERP) of \$250 to millions of qualified individuals receiving Social Security benefits and/or Supplemental Security Income (SSI).

Congress provided our office \$2 million to conduct oversight of SSA programs, projects, and activities funded by the Recovery Act. During this reporting period, we issued two reports related to contracts that were issued using Recovery Act funds.

#### 1) Recovery Act Exchange Contract with Lovelace Clinic Foundation - Contract SS00-10-60030

A section of the Recovery Act, the Health Information Technology for Economic and Clinical Health Act, provided that up to \$40 million allocated to SSA may be used for Health Information Technology (HIT) research and activities to facilitate the adoption of electronic records in disability claims. We initiated this review to determine whether (1) SSA properly



accounted for Recovery Act funds;(2) SSA achieved its objective of requesting and receiving medical information through health information technology; (3) the contractor complied with the contract terms and applicable regulations; and (4) SSA personnel properly monitored the contract. HIT allowed SSA to automate the authorized request and receipt of data and analyze received data electronically. On February 1, 2010, SSA awarded a HIT contract to Lovelace Clinic Foundation (LCF).

Our audit found that SSA properly accounted for Recovery Act funds related to this contract. In addition, we determined that the LCF contract is progressing. SSA stated LCF's progress is slower than planned, but SSA expects that LCF will successfully complete this contract. We determined that LCF performed all tasks required by the contract and complied with the contract terms and applicable regulations for the first contract milestone. Additionally, we verified there were 2.31 jobs created or retained for the third quarter of Calendar Year 2010; and LCF reported the jobs in a manner consistent with Office of Management and Budget guidance. Furthermore, we determined that SSA personnel were properly monitoring the contract. We made no recommendations in this report.

## 2) SSA's Recovery Act-funded Contract with International Business Machines, Inc., Blanket Purchase Agreement SS00-08-40004, Call Order 51

The purpose of this review was to determine whether (1) SSA properly accounted for Recovery Act funds for the purchase of International Business Machines, Inc. (IBM), System i® hardware, software, and development tools; (2) the contractor complied with the contract terms and applicable regulations; and (3) SSA personnel properly monitored the contract.

Based on our review at 10 Disability DDS locations and SSA Headquarters, we found that (1) SSA properly accounted for Recovery Act funds for the

purchase of IBM System i® hardware, software, and development tools; (2) the contractors complied with the contract terms and applicable regulations; and (3) SSA personnel properly monitored the contract. In addition, we also determined that 3.54 jobs were created in relation to this contract.

During our audit, we identified three minor issues that did not negate IBM's performance or SSA's oversight of the contract. We recommended SSA:

- verify that the Agency received all the IBM invoices and deobligate the \$28,958 in funds for the IBM contract that were not expended.
- request that IBM repay the Agency \$9,184 for the hardware and software overpayment on Call Order 51.
- encourage DDSs to continue to have personnel check the identification badges of contractors who enter DDS sites.

SSA agreed with our recommendations.

## Congressional Response Report: Oversight of Administrative Law Judge Workload Trends

Our objective was to identify Administrative Law Judges (ALJs) who were significant outliers in terms of either their productivity or their decisional allowance rates; examine factors that may account for variances; and determine the effectiveness of management controls over ALJ adherence to SSA policies and procedures.

In FY 2010, 1,398 ALJs issued between 1 and 3,620 dispositions. The majority of these ALJs met or exceeded the Agency's 500- to 700-case disposition benchmark. Additionally, while the average decisional allowance rate for ALJs in FY 2010 was 67 percent, it ranged from a low of 8.6 percent to a high of 99.7 percent, nationwide.

We reviewed the workload trends of the 24 ALJs



with the highest and lowest allowance rates to better understand potential causes for these variances. We also visited the hearing offices associated with these ALJs to discuss workload processing.

In our discussions with Office of Disability Adjudication and Review (ODAR) managers and visits to hearing offices, we learned that the variances in allowances can be attributed to many factors, most notably ALJ decisional independence and the demographics of claimants served by the hearing office, such as their age, education, and available work. We also found that ODAR established a new control to ensure proper case rotation, though we identified a number of case rotation exceptions at the hearing offices related to dismissals, on-the-record decisions, and frequency of claimant representation.

While ODAR managers monitored ALJ performance, this monitoring was limited to their progress in meeting established productivity benchmarks. We found only one instance in the last 5 years where the Agency had initiated disciplinary action related to an ALJ's workload performance, though SSA had taken other disciplinary actions against ALJs for insubordination of direct orders or directives to process hearing cases timely. We believe greater Agency attention is needed to ensure that ALJ outliers, high or low, are monitored, and that the underlying work processes are periodically reviewed.

### Congressional Response Report: SSA's Review of Administrative Law Judges' Decisions

At the request of the Committee on Ways and Means, Subcommittee on Social Security we evaluated (1) the constraints, including statutory limitations, SSA faces in reviewing ALJ decisions; and (2) SSA's quality review systems for ALJs' decisions.

If SSA determines an ALJ failed to comply with Agency policies and procedures, it can issue directives to the ALJ to comply. If the ALJ fails to

comply, SSA can seek disciplinary actions. SSA also uses post-effectuation reviews to identify training needs.

SSA has the authority to review ALJs' decisions but faces legal limitations in conducting its reviews. Federal regulations require that neither SSA's random sampling procedures nor its selective sampling procedures will identify ALJ decisions for the Appeals Council's (AC) pre-effectuation review based on the identity of the decisionmaker or the identity of the office issuing the decision. According to SSA, this requirement in its rules ensured that its case selection procedures did not stop ALJs from deciding cases impartially, free from Agency influence. Under the regulations, the AC has 60 days in which to decide whether to take own motion review of a claimant's case, and the decision is subject to change.

SSA also has the authority to conduct post-effectuation reviews of specific ALJ decisions based on anomalies. Post-effectuation reviews occur after the 60-day period within which the AC can take own motion review and ordinarily do not result in a decision change. The post-effectuation reviews determine whether ALJs followed SSA's policies and procedures. If SSA determines an ALJ failed to comply with Agency policies and procedures, it can issue directives to the ALJ to comply. If the ALJ fails to comply, SSA can seek disciplinary actions. SSA also uses post-effectuation reviews to identify training needs.

Most recently, SSA conducted three types of reviews of ALJs' decisions:

- In FY 2011, ODAR completed its first annual pre-effectuation review, which included 3,692 randomly selected ALJ allowance decisions.
- In FY 2011, ODAR conducted seven post-effectuation studies based on anomalies that came to its attention.



- In FY 2010, SSA's Office of Quality Performance began performing post-effectuation reviews of randomly selected ALJ decisions.

### Controls for Issuing SSN Printouts

Our objective was to determine whether (1) SSA had adequate internal controls over the issuance of SSN Printouts; and (2) field offices located near the United States-Mexico border issued an unusually high number of SSN Printouts.

Individuals have access to many SSA records, including SSN Printouts—which contain the same information as an SSN card, but with none of the same security features. The number of SSN Printouts SSA issues continues to increase. In FY 2009, SSA issued over 7 million SSN Printouts.

Despite some corrective actions SSA took in response to our previous report, we continue to believe the Agency should strengthen its controls for issuing SSN Printouts. Since our December 2007 report, we found an increase in the volume of numberholders obtaining more than 10 SSN Printouts in a day and a year and the occurrences of fraud involving SSN Printouts. Additionally, SSA managers still had little information to monitor the number of SSN Printouts issued and related anomalies. Finally, SSA field offices located near the United States-Mexico border did not issue an unusually high number of SSN Printouts.

We acknowledge the importance of SSA's compliance with Privacy Act and Office of Management and Budget guidelines to provide individuals appropriate and timely access to their SSN information. Nevertheless, we are concerned SSA continues to issue a high number of SSN Printouts with less stringent identity requirements and fewer controls than those for SSN cards.

We made six recommendations to SSA, including:

- establish a limit on the number of SSN Printouts an individual may obtain in a day, year, and lifetime

- develop and implement a cost-effective method and require specific management approval for requests that exceed that limit for controlling and accounting for the issuance of SSN printouts.

Because SSA agreed to implement improvements in processing SSN Printouts, we decided to withdraw one recommendation.

### Follow-up: SSA's Program for Issuing Replacement Social Security Cards to Prisoners

Our objective was to determine the status of corrective actions SSA had taken to address recommendations in our July 2006 report, *The Social Security Administration's Program for Issuing Replacement Social Security Cards to Prisoners* (A-08-06-16025); and assess the effectiveness of the Agency's controls for issuing replacement Social Security cards to prisoners under prison agreements.

Although SSA had taken steps to enhance controls for issuing replacement Social Security cards to prisoners, we determined that vulnerabilities still existed, and the Agency needs to address those vulnerabilities to improve SSN integrity and security. For example, our review disclosed that some SSA field offices continued to process prisoner replacement card applications without required Memorandums of Understanding (MoU). We also determined that some field offices improperly accepted prisoner identification (ID) cards as evidence of identity. Further, we determined that prisons routinely submitted incorrect or incomplete replacement card applications to field offices. We believe SSA can enhance SSN integrity and security by working with prison personnel to ensure they fully understand the prisoner enumeration process,



and by instructing field offices to review prisons when they do not comply with the terms of the MoU.

We recommended that SSA: (1) ensure all field offices that process replacement Social Security card applications on behalf of correctional facilities/prisoners do so under an approved MoU; (2) reemphasize to field office personnel that prisoner ID cards are not acceptable evidence of identity, and ensure they end this practice; (3) consider deleting "Prisoner ID" (third-level identity evidence) in Social Security Number Application Process and replacing it with less confusing language; (4) work with prison personnel to ensure they fully understand the prisoner enumeration process; and (5) instruct field offices to review correctional facilities when they do not comply with the terms of the MoU, in accordance with SSA policies and procedures. SSA agreed with our recommendations.

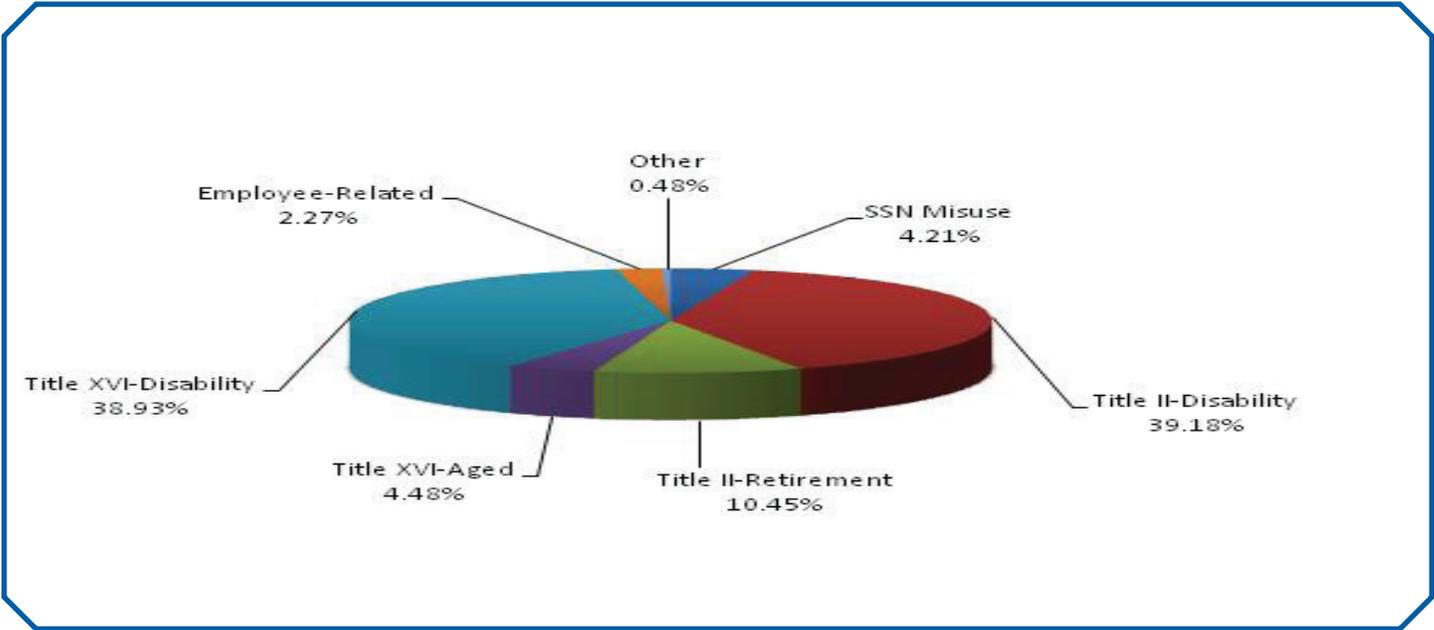
## Investigative Impact Initiatives

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.

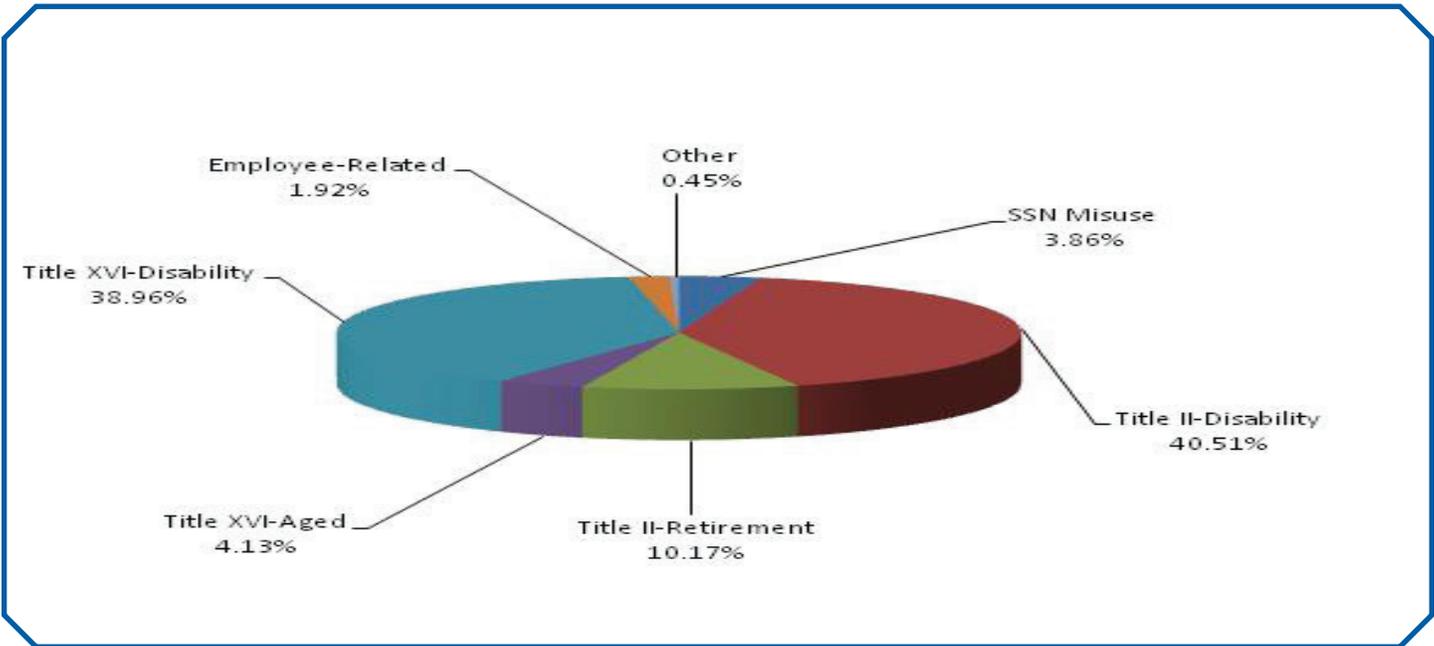
INVESTIGATIVE RESULTS	
	10/1/11-3/31/12
Allegations Received	63,368
Cases Opened	3,969
Cases Closed	3,804
Arrests	283
Indictments/Informations	521
Criminal Convictions	703
Civil/CMPs	108



Cases Opened by Program Category  
October 1, 2011 - March 31, 2012



Cases Closed by Program Category  
October 1, 2011 - March 31, 2012





### ALLEGATIONS RECEIVED BY SOURCE

	10/1/11-3/31/12
SSA Employees	25,081
Private Citizens	17,996
Anonymous	13,569
Law Enforcement <sup>1</sup>	1,735
Beneficiaries	1,221
Public Agencies	3,751
Other	15
<b>TOTAL</b>	<b>63,368</b>

### ALLEGATIONS RECEIVED BY CATEGORY<sup>2</sup>

	10/1/11-3/31/12
Disability Insurance	24,908
SSI Disability	14,560
SSN Misuse	6,451
Old-Age and Survivors Insurance	11,673
Other	3,412
Employee-Related	1,301
SSI Aged	1,063
<b>TOTAL</b>	<b>63,368</b>

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

<sup>2</sup> See footnote 1.

### Disability Fraud: Bookkeeper Used His Wife's SSN for Work

Based on a referral from an anonymous source, our Las Vegas, Nevada office investigated a Title II disability beneficiary for concealing his work activity from SSA by using his wife's SSN. From June 2002 through January 2012, the man concealed his operation of a bookkeeping business, while fraudulently receiving \$525,327 in SSA disability benefits.

In January 2012, after the man pled guilty to theft of government funds, a U.S. District Court judge, sentenced him to 24 months in prison, 3 years' supervised release, and ordered him to pay restitution of \$525,327 to SSA.

### Disability Fraud: Woman Assumes Sister's Identity to Receive Disability Benefits

Based on information provided by the Philadelphia, Pennsylvania SSA Mid-Atlantic Program Service Center, our Baltimore, Maryland office investigated a woman for assuming her sister's identity to obtain Title II disability benefits. From May 1995 through June 2011, the woman fraudulently received \$305,844 in SSA benefits, and caused her sister to apply for a second SSN as an identity theft victim.

In December 2011, after the woman pled guilty to theft of government property and aggravated identity theft, a U.S. District Court judge, sentenced her to 30 months in prison, 3 years' supervised probation, 50 hours of community service and ordered her to pay restitution of \$305,844 to SSA.



### Disability Fraud: Man Provides False Statements to Conceal Employment

Acting on information provided by the Nicetown, Philadelphia, Pennsylvania SSA office, our Philadelphia office investigated a Title II disability beneficiary for providing false statements to conceal his employment. From January 1995 through April 2010, the man fraudulently received \$209,424 in SSA benefits.

In December 2011, after the man pled guilty to conversion of government funds, false statements, and Social Security fraud, a U.S. District Court judge, sentenced him to 15 months in prison, 3 years' supervised release, and ordered him to pay restitution of \$209,424 to SSA.

### Disability Fraud: Army Reservist Conceals Employment

In response to information provided by the Morrow, Georgia SSA office, our Atlanta office investigated a man for concealing his ownership of a trucking company and employment as a U.S. Army National Guard reservist. From 2002 through 2009, the man fraudulently received \$199,280 in Title II disability benefits.

In October 2011, after the man pled guilty to wire fraud, a U.S. District Court judge, sentenced him to 18 months in prison, 3 years' probation and ordered him to pay restitution of \$199,280 to SSA.

### Representative Payee Fraud: Woman Recruits Imposter and Collects Payments

Acting on information provided by the East Birmingham, Alabama SSA office, our Birmingham office investigated a woman acting as a representative payee for her ex-daughter-in-law's Title II disability benefits. The woman recruited an imposter to apply for SSA benefits as the ex-daughter-in-law. From September 2002 through March 2011, the woman fraudulently collected \$67,941 in benefits on behalf of her ex-daughter-in-law.

In January 2012, after the woman pled guilty to mail fraud and aggravated identity theft, a U.S. District Court judge sentenced her to 35 months in prison and 3 years' supervised release, and ordered her to pay restitution of \$67,941 to SSA.

### Representative Payee Fraud: Father Misused Daughters Title II Survivor's Benefits

Acting on information provided by the Salinas, California SSA Teleservice Center, our Chicago, Illinois office investigated a man acting as the representative payee for his daughters' Title II survivors benefits. The man concealed that his daughters lived with family relatives and failed to provide financial support. From November 1997 through December 2008, the man improperly converted \$110,860 of his daughters' benefits to his own use.

In December 2011, after a jury found him guilty of theft of government property and wire fraud, a U.S. District Court judge, Northern District of Illinois, sentenced him to 4 years' probation, one year home confinement with electronic monitoring, and 180 days of community service; and ordered him to pay restitution of \$110,860 to SSA.



## Representative Payee Fraud: SSA Organizational Representative Payee Embezzled Clients' Funds

Based on a referral from the Cuyahoga County, Ohio Board of Developmental Disabilities, our Cleveland office investigated a man, along with his Chief Operating Officer (COO), who operated an SSA organizational representative payee business. From 2007 through October 2010, the man and his business associate embezzled \$118,600 in Social Security funds and \$34,204 in Board of Developmental Disabilities funds. In furtherance of his scheme, the man completed at least 30 electronic bank transfers per month, and forged bank account statements and client ledgers.

In January 2012, after the man pled guilty to engaging in a pattern of corrupt activity and theft, a Cuyahoga County judge sentenced him to 3 years in prison, 5 years' supervised probation, and ordered him to pay a \$10,000 fine and restitution of \$48,500 to SSA.

In February 2012, after the COO pled guilty to telecommunications fraud, a Cuyahoga County Court of Common Pleas judge sentenced her to 30 days in prison, 4 months' home confinement with electronic monitoring, 150 hours of community service, and 3 years' supervised probation.

## Representative Payee Fraud: Woman Conceals Son's Marriage to Continue His Benefits

In response to information provided by the Tulsa, Oklahoma SSA office, our Little Rock, Arkansas office investigated a woman acting as a representative payee for her son's Title II Disabled Adult Child benefits. The woman concealed her son's 2003 marriage and his living arrangement with his wife. From December 2003 through March 2011, the woman fraudulently received \$103,219 in SSA benefits intended for her son.

In December 2011, after the woman pled guilty to Social Security fraud, a U.S. District Court judge, Northern District of Oklahoma, sentenced her to 5 years' probation and 8 months' home detention

with electronic monitoring, and ordered her to pay restitution of \$103,219 to SSA.

## SSA Fraud: Oregon Woman Conceals Father's Death for 26 Years

Acting on information provided by the Anchorage, Alaska SSA office, our Salem, Oregon office investigated a Cottage Grove, Oregon woman. In 1984, the woman's father disappeared, and she began receiving his SSA Title II, civil service (OPM), and military pension benefits. Our investigation determined that the woman's father died in 1984. For over 26 years, the woman continued to receive monthly benefits intended for her father.

In October 2011, after the woman pled guilty to theft of government property, a U.S. District Court judge sentenced her to 18 months in prison and 3 years of probation, and ordered her to pay restitution of \$95,628 to SSA, \$302,632 to OPM, and \$405,074 to the Defense Finance and Accounting Service.

## SSA Fraud: Nutrition Store Owner Conceals Work

Based on information provided by the U.S. Department of Agriculture, Office of Inspector General, our Little Rock, Arkansas office investigated a Cecil, Arkansas woman. From November 2001 through February 2009, the woman concealed her work and earnings as the co-owner of a nutrition store, while receiving monthly Title II disability benefits.

In October 2011, after the woman pled guilty to concealing a material fact from the SSA and the United States Department of Agriculture, a U.S. District Court judge sentenced the woman to 24 months in prison and ordered her to pay restitution of \$91,065 to SSA and \$101,410 to the Arkansas Department of Health's Woman, Infant, and Children Program.



### SSA Fraud: Nevada Woman Uses Two Identities to Receive Benefits

Acting on information provided by the Nevada Department of Motor Vehicles, our Las Vegas office investigated a woman who assumed her deceased sister's identity during the 1960s. In 1992, the woman claimed SSA widows' benefits under her own identity, and from 1994 through 2011, she received SSI aged benefits using her sister's name and identity.

In November 2011, after the woman pled guilty to felony theft, a State of Nevada District Court judge sentenced her to 12-32 months in prison (suspended) and 5 years of probation, and ordered her to pay restitution of \$109,629 to SSA.

### Employee Fraud: Former SSA Employee Uses Fraudulent Documents to Secure Vehicle Financing for Friend

Based on information provided by the SSA Center for Security and Integrity, Atlanta Region, our Birmingham, Alabama office investigated an SSA teleservice representative who attempted to secure vehicle financing for a friend by using fraudulent documents. The investigation determined that the employee faxed falsified documents to the car dealership from her workplace. In addition, she accessed the SSA database regarding the fraudulent SSN listed on the loan application.

In October 2011, after she pled guilty to SSN misuse and aggravated identity theft, a U.S. District Court judge sentenced the employee to 29 months in prison, followed by 3 years' probation. As a special condition of probation, the judge ordered her to serve 5 months of home confinement.

SSA terminated the employee in February 2010.

### Employee Fraud: Former SSA Employee Convicted of Selling SSNs on Public Websites

Agents from our Cleveland, Ohio office and from the FBI conducted a joint investigation of an SSA District Office Manager for advertising the sale of valid SSNs on public websites, including Craigslist. The investigation determined that the employee who was authorizing and directing replacement SSNs to individuals who would not have otherwise been eligible to receive an SSN card. The employee falsely promised the applicants that the new SSN would secure them a new credit history.

In November 2011, after the former employee pled guilty to conspiracy to deceive the Commissioner SSA, a U.S. District Court judge, sentenced the former employee to 4 years' probation, 3 months' home detention, and 100 hours of community service. The judge also ordered the former employee to pay a \$500 fine and a \$100 special assessment fee.

SSA terminated the employee in April 2011.

### Employee Fraud: Former SSA Employee Convicted of Negotiating Fraudulent Checks

Based on information provided by the SSA Center for Security and Integrity, Philadelphia Region, our Philadelphia office investigated an SSA benefit authorizer for utilizing her official SSA HSPD-12 credentials as identification, while negotiating a fraudulent check, which she alleged to be an SSA payroll check. The investigation revealed that the employee successfully negotiated eight fraudulent checks totaling \$10,252.

In February 2012, following her plea of guilty to false financial instruments, a U.S. District Court judge sentenced the former employee to one day of prison, 5 years' supervised release, and ordered her to pay restitution of \$10,593 to two check-cashing businesses. The employee resigned from SSA in April 2011.



## Employee Fraud: Former SSA Employee Convicted of Operating an E-mail Pyramid Scheme

Based on information provided by the Knoxville, Tennessee SSA office, agents from our Nashville office investigated an SSA claims representative for operating an e-mail pyramid scheme while using his SSA e-mail address. Our agents set up a covert e-mail account and contacted the employee at his SSA e-mail address, requesting assistance in a business transaction. The employee agreed to the transaction, accessed SSA's database to obtain three SSNs, and subsequently provided those numbers to agents in exchange for \$300.

In January 2012, after he pled guilty to computer fraud, a U.S. District Court judge, Eastern District of Tennessee, sentenced him to 6 months' home detention and 3 years' probation, and ordered him to pay restitution of \$300 to SSA.

The SSA employee resigned from SSA in March 2011.

## Threats and Assaults Against SSA Employees

Employee safety is of paramount concern to SSA and the OIG. We share 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 746 allegations nationwide related to employee safety issues, of which 222 involved assault or harassment, and 524 were associated with threats against SSA

employees or buildings. We opened 49 cases and closed 17 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.

### Kentucky Man Attempts to Kill SSA Employee.

Our Lexington, Kentucky office initiated an investigation based on information provided by the Nicholasville, Kentucky SSA Area Director's Office. In August 2011, a former SSA employee broke into the home of an SSA employee, and shot the employee and another occupant, before fleeing the scene. A subsequent manhunt, involving SSA OIG personnel and other law enforcement agencies, led to the individual's arrest.

In October 2011, after the individual pled guilty to first-degree burglary and two counts of attempted murder, a State of Kentucky Circuit Court judge sentenced him to 12 years in prison on each count.

### Seattle Area Man Threatens to Shoot SSA Employees

Our Seattle, Washington office initiated an investigation based on information provided by the Auburn, Washington SSA Teleservice Center. In August 2011, an SSA recipient telephoned the SSA Teleservice Center and stated that he had better receive his money, or he would go into the SSA office and shoot everyone.

In December 2011, after the individual pled guilty to threatening a Federal official, a U.S. District Court judge, Western District of Washington, sentenced him to 5 months and 5 days in prison, and 3 years' supervised release.



## Employee Sends White Powder Mailings to SSA Office

Based on a threat report received from the U.S. Postal Inspection Service, our Birmingham, Alabama office investigated a former SSA employee for sending two suspicious letters containing a white powdery substance to two SSA supervisors. In September 2009, the U. S. Post Office in Boaz, Alabama received two white powder mailings from an anonymous source. Both letters were addressed to SSA officials in the same SSA office. Security footage from the post office eventually revealed that an SSA employee from the same office mailed the letters.

In January 2012, after the former SSA employee pled guilty to providing false information, a U.S. District Court judge sentenced her to 5 years' probation, and ordered her to pay a \$2,000 fine.

## 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 52 subjects during the reporting period, and more than 95,400 arrests since the program's inception in 1996. The following are some examples of fugitive felon activities during the past six months:

- OIG agents and members of the FBI Inland Regional Apprehension Team in Riverside, California arrested an SSA beneficiary wanted on a warrant dated January 2012 for 1st-Degree Robbery. During the arrest, methamphetamine,

and a smoking apparatus were found in the SSA beneficiary's possession. The felony warrant was issued by the State of California.

- OIG agents and members of the Hillsborough County, New Hampshire Sheriff's Office, fugitive unit, arrested an SSA beneficiary on a warrant dated December 2010 for Burglary, Simple Assault, and Receiving Stolen Property. The SSA beneficiary was also wanted on a warrant dated September 2011 by the Norwood, New Hampshire Police Department for Larceny and Criminal Trespass.
- OIG agents and members of the U.S. Marshals Service, Capital Area Regional Fugitive Task Force in Richmond, Virginia arrested an SSA beneficiary on a warrant dated September 2011 for failure to register as a violent sex offender. The beneficiary also had two other outstanding felony warrants dated October 2011, issued by the Virginia State Police, for violation of probation.
- OIG agents and the Boston Regional U.S. Marshals Service Sex Offender Apprehension Program, along with Boston, Massachusetts Police Department detectives, arrested an SSA beneficiary on a warrant dated January 2011, for Failure to Comply with the Sex Offender Registration Act (the SSA beneficiary's 3rd offense). The warrant was issued by the Maine Superior Court after an Indictment. The SSA beneficiary was also wanted in the State of Rhode Island on a warrant dated September 2011, for Failing to Register as a Sex Offender.



## 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 Social 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, and the Internet-based sale of Social Security forms. OCIG, using 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 "(CMP) 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.

#### Utah Company Agrees to Pay Civil Monetary Penalty to Settle Alleged Violation of the *Social Security Act*

Bennett & Gray, LLC of Lindon, Utah, agreed to pay a \$50,000 CMP to SSA to settle the SSA OIG claim that the company violated Section 1140 of the Act.

Bennett & Gray operated the websites [www.sscards.us](http://www.sscards.us) and [www.sscardapplication.com](http://www.sscardapplication.com). The websites offered for a fee, assistance in applying for a new or replacement Social Security card. The SSA OIG asserted that the websites' design, along with related domain names, created the false impression of a connection with SSA.

Bennett & Gray voluntarily, and on its own initiative, redesigned its website operation to bring it into compliance with Section 1140. While not admitting that it violated Section 1140 of the Act, Bennett &

Gray agreed to pay a CMP to settle the claim. Bennett & Gray also agreed to discontinue the use of the domain names [www.sscards.us](http://www.sscards.us) and [www.sscardapplication.com](http://www.sscardapplication.com).

### Section 1140 Outreach

OCIG has initiated an outreach program to combat an alarming increase in Internet-based violations of Section 1140 of the Act. Fraudsters develop misleading websites, utilize misleading domain names, and place deceptive advertisements with search engines to create a false impression of a connection to, an affiliation with, or endorsement by SSA, as part of a scheme for financial gain. Such schemes typically include charging a fee for an otherwise-free SSA Application for a Social Security card, or for procuring personally identifiable information. To combat this fraud, we have met with major search engine companies, domain registrar companies, and financial institutions that these fraudsters often use to conduct their schemes. We have educated these companies about Section 1140 and, in the process, gained valuable insight and knowledge of some of the key technical aspects of how fraudsters operate. These companies are now working with OCIG to establish mechanisms to quickly and efficiently identify and halt these schemes, and prevent them in the future.

Since October 2011, our 1140 outreach efforts have shut down 15 Internet-based fraud schemes. We are committed to enforcing Section 1140 and see tremendous potential in our outreach program.



## 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 54 reports, identifying over \$1 billion in questioned costs and over \$1.4 billion in Federal funds that could be put to better use. Some of our most notable audits are summarized below.

#### Old Age Survivors and Disability Benefits Affected by State or Local Government Pensions

Our objective was to identify OASDI beneficiaries whose payments may have been affected by state or local government pensions. We limited our review to those beneficiaries who may have been receiving state or local government pensions and for whom SSA had not determined whether the Windfall Elimination Provision (WEP) or Government Pension Offset (GPO) applied.

The Act includes two provisions—WEP and GPO—that reduce Social Security monthly benefits paid to individuals who receive a pension based on Federal, state, or local government employment not covered

by Social Security.

We identified OASDI beneficiaries who were overpaid because SSA had not reduced their benefits for non-covered work from state or local government pensions. Of the 250 beneficiaries sampled, 79 were receiving pension payments based on non-covered employment. Of our remaining 171 sample cases, 147 beneficiaries were not receiving pension payments based on their state or local government employment. The employers for the remaining 24 beneficiaries had not yet responded to our request for information.

Based on the results of our review, we estimate SSA overpaid about \$623.8 million in OASDI benefits to approximately 24,900 beneficiaries because Agency staff did not apply WEP and GPO provisions to the OASDI benefits. If SSA does not take action to identify and correct these payment errors, we estimate it will pay about \$869.9 million in future overpayments over the beneficiaries' lifetimes.

We recommended SSA (1) complete the determinations of whether the WEP or GPO provisions apply for the remaining beneficiaries identified during our review; (2) pursue legislation and alternative approaches for electronically obtaining state and local government pension data to enable application of the WEP and GPO provisions; and (3) evaluate characteristics of the beneficiaries we identified as overpaid to determine whether it is cost-effective for the Agency to identify similar overpayments to beneficiaries with unreported pensions subject to WEP or GPO. SSA agreed with our recommendations.

#### Spousal Beneficiaries Who Reported They Were Entitled to a Government Pension

Our objective was to evaluate the effectiveness of the SSA controls and procedures over spousal beneficiaries who reported they would be entitled to a government pension in the future.

Generally, Social Security benefits are reduced for



spouses, divorced spouses, and surviving spouses who also receive a pension based on their own work for a Federal, state, or local government that was not covered by Social Security. The reduction, known as the GPO, is equal to two-thirds of the government pension. When individuals apply for spousal benefits, SSA asks whether they receive or expect to receive a pension based on earnings not covered by Social Security.

SSA needed to improve its controls and procedures to ensure GPO was timely and accurately applied. Specifically, we found that in some cases, SSA did not; (1) follow up with spousal beneficiaries who stated they would receive a pension in the future; (2) timely or accurately impose GPO; or (3) update the Master Beneficiary Record (MBR) with revised pension information provided by beneficiaries. Based on our random sample, we estimate that:

- 255 beneficiaries were overpaid about \$6.6 million because SSA did not take follow up actions after these individuals reported they would receive a pension;
- 670 additional beneficiaries were overpaid about \$6 million because GPO was not timely or accurately imposed; and
- 1,276 beneficiaries had incorrect pension information on the MBR.

This occurred, in part, because SSA did not always monitor beneficiaries' pension entitlement dates or take prompt action to initiate GPO actions.

We recommended that SSA: (1) identify and take corrective action, as appropriate, for the population of beneficiaries who have a pension entitlement date before May 2007; (2) ensure Regular Transcript Attainment and Selection Pass generates follow up alerts until the future pension entitlement date on the MBR is updated or removed; and (3) remind employees to update the MBR when the future pension entitlement date has changed. SSA agreed with all our recommendations.

## Old-Age Survivors and Disability Benefits Withheld Pending Supplemental Security Income Windfall Offset

Our objective was to determine whether SSA had adequate controls to ensure OASDI benefits that had been withheld pending an SSI windfall offset determination were paid accurately and timely.

The SSI windfall offset is a provision that prevents an individual from receiving monthly OASDI and SSI payments in excess of the total amount that would have been paid if the OASDI benefits had been disbursed when they were due rather than retroactively. In potential windfall offset cases, when an OASDI claim is processed, past due benefits are temporarily withheld pending an SSI windfall offset determination.

SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending an SSI windfall offset determination. We estimate that:

- 35,398 beneficiaries had SSI windfall offset actions that were not processed. As a result, SSA withheld about \$306 million in OASDI benefits;
- 17,067 beneficiaries had SSI windfall offset actions that were incorrectly processed. As a result, SSA improperly withheld or overpaid about \$51.5 million in OASDI benefits; and
- 60,051 beneficiaries had SSI windfall offset actions that were correctly processed but not in a timely manner. As a result, these beneficiaries did not promptly receive about \$725.9 million in OASDI benefits.

We recommended that SSA: (1) take appropriate action to complete the SSI windfall offset determinations and release the withheld OASDI benefits for the 83 beneficiaries whose offset actions were not processed or incorrectly processed, as identified by our audit; (2) develop a plan to (a)



identify and resolve the backlog of OASDI beneficiaries with pending SSI windfall offset determinations; and (b) take corrective action on the remaining population of 52,382 OASDI beneficiaries whose SSI windfall offset actions were not processed or were incorrectly processed; and (3) implement additional controls to ensure SSI windfall offset actions are processed accurately and timely. SSA agreed with Recommendations 1 and 3, and partially agreed with Recommendation 2.





## 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 \$253 million in monetary accomplishments, with over \$52 million in SSA recoveries, restitution, fines, and settlements/judgments; and almost \$201 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	
	10/1/11-3/31/12
Recoveries	\$26,325,718
Fines	\$2,039,761
Settlements/Judgments	\$1,573,756
Restitution	\$22,835,877
Estimated Savings	\$200,659,741
<b>TOTAL</b>	<b>\$253,434,853</b>

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.

### Deceased Payee Fraud: Man Collects His Deceased Mother's Benefits for Over 39 Years

In response to information provided by the Bristol, Virginia SSA office, our Charleston, West Virginia office investigated a man who failed to notify SSA that his mother died in May 1971, and continued to receive her SSA Title II retirement benefits. For over 39 years, from May 1971 to April 2011, the man converted \$318,492 of his mother's benefits to his own use.

In January 2012, after the man pled guilty to false statements and theft of government money, a U.S. District Court judge sentenced the man to 2 years in prison, 3 years' probation, and ordered the man to pay restitution of \$318,492 to SSA.

### Deceased Payee Fraud: Dallas Woman Collects Title II Retirement Benefits Intended for Deceased Mother

Our Dallas office, with the cooperation of the U.S. Secret Service, initiated this case in response to information provided by the Pleasant Grove, Texas SSA office. The investigation revealed that a woman failed to notify SSA of her mother's death in November 1985, and continued to receive \$179,824 of her deceased mother's Title II retirement benefits.

On December 2, 2011, after the daughter pled guilty to theft of government property, a U.S. District Court judge sentenced her to 6 months in prison and 6 months' home confinement, and ordered the woman to pay restitution of \$179,824 to SSA.



## Deceased Payee Fraud: Woman Sentenced to Prison for Receiving Father's Benefits for 10 Years

Based on information provided by the Houston (Southeast), Texas SSA office, our Houston office investigated a Texas woman, who failed to inform SSA that her father died in December 1999. From January 2000 through January 2010, the woman used the SSA benefits deposited into the deceased's bank account.

In February 2012, after she pled guilty to felony theft, a Harris County, Texas District Court judge sentenced her to 2 years in prison, and ordered her to pay restitution of \$158,540 to SSA.

## Deceased Payee Fraud: Man Collects Deceased Grandfather's Retirement Benefits for 27 Years

Acting on a referral from the Oklahoma City, Oklahoma SSA office, our Oklahoma City office investigated a man who failed to notify SSA that his grandfather died in March 1983, and continued to collect the deceased's Title II retirement benefits through December 2010. The grandson, who was the deceased's representative payee, confessed to fraudulently receiving \$337,239 of his grandfather's SSA benefits.

In January 2012, following his plea of guilty to theft of Social Security monies and false statements, a U.S. District Court judge sentenced the grandson to 30 months in prison, 3 years' probation, and ordered him to pay restitution of \$78,945 to SSA (this represents the last 5 years of the deceased's benefits).

## SSN Misuse: 61-Year-old Florida Man Sentenced for ID Theft

Agents in our Atlanta field division investigated a 61-year-old Florida man who was using two identities. The individual, who concealed his work activity under one name, was receiving SSI under another name, and had two Florida driver's licenses in different names.

In November 2011, following his guilty plea to theft of government property, concealment of work activity, and SSN misuse, a U.S. District Court judge sentenced the man to 37 months in prison, 3 years' supervised release, and ordered him to pay restitution of \$272,897 to SSA. He was also ordered to pay a special assessment fee of \$300.

## SSN Misuse: Woman Used Sister's ID to Obtain SSA Disability Benefits

Our Philadelphia office investigated a woman who used her sister's identity to receive Social Security Title II disability benefits for approximately 16 years. As a result, the woman fraudulently received \$305,844 in benefits.

In December 2011, after the woman pled guilty to theft of government property and aggravated identity theft, a U.S. District Court judge sentenced her to 30 months in prison, 3 years' supervised probation, a psychiatric evaluation, participation in vocational and educational training, and 50 hours of community service. In addition, the judge ordered her to pay restitution of \$305,844 to SSA.

## SSN Misuse: Driver's License Photos Show Fraudster Using Two Identities

Agents from our Kansas City, Missouri office investigated a man who used his birth name and an adopted name to perpetrate Social Security fraud. The driver's license photographs of the man verified that he was using two different identities—one for employment and the other to obtain Title II disability benefits. The man received over \$160,000 in SSA benefits for which he was not eligible.

In January 2012, based on his guilty plea to Social Security fraud, a U.S. District Court judge sentenced the man to 3 years' probation, and ordered him to pay restitution of \$162,454 to SSA.



## SSN Misuse: False ID Scheme Leads to Sentence of 8 Years in Prison

Agents from our Seattle, Washington office, working in conjunction with agents from Homeland Security Investigations, the Department of State/Diplomatic Security Service, and local authorities, investigated an individual who used another person's identity to apply for Federal and state benefits including SSI food stamps, and medical assistance. Using fraudulent documents, the previously deported man obtained a U.S. passport, SSN and military service cards. The investigation revealed that this individual fraudulently received more than \$128,000 in SSI and \$27,000 in food stamps and medical assistance.

In December 2011, after a jury convicted him of SSI fraud, a U. S. District Court judge, sentenced him to 8 years in prison and 36 months' supervised release. He was also ordered to pay restitution of \$128,245 to SSA, \$27,185 to the Washington State Department of Social and Health Services, and a \$4,300 special assessment fee.

## SSN Misuse: Russian National Sentenced to 4 Years in Prison for ID Theft

Our Boston, Massachusetts office investigated a Russian national who stole the identity of an individual who resided in Ireland and held dual citizenship in the United States and Ireland. The Ireland resident discovered through Facebook that another person was using his identity. The investigation revealed that the Russian national fraudulently obtained a Rhode Island driver's license, SSN card, U.S. passport, a residential mortgage of \$260,000, and over \$14,000 in Federal student loans. He also married two Russian women who incorrectly received U.S. citizenship because of his scheme.

In December 2011, after a jury convicted the Russian national of SSI fraud, a U.S. District Court judge, District of Rhode Island, sentenced him to 48 months in prison and 3 years' supervised release. In addition, the judge ordered the man to pay restitution. of \$850 to the victim for wages lost due to his travel from

Ireland to testify at the trial, and a special assessment fee of \$700.

## SSN Misuse: Identity Thief Ordered to Pay Restitution to ID Theft Victim

Our Las Vegas, Nevada office investigated a man who assumed another person's identity. In 1979, the man left his wife and three children in Chicago, and assumed the name and the SSN of an Arizona resident. The man was declared dead, and SSA paid Title II survivors benefits to the man's family in Chicago. The Arizona resident received repeated demands from the IRS for unpaid taxes.

On January 31, 2012, after the man pled guilty to felony driver's license fraud, a Las Vegas District Court judge sentenced him to 48 months in prison (suspended), 3 years' probation, and ordered him to pay restitution of \$90,054; \$78,637 to SSA and \$11,417 to the victim.



## Cooperative Disability Investigations Program

The 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, the CDI program now has 25 units in 22 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.

### Man Remodeling House Claims Disability

Our Los Angeles, California CDI unit investigated a 30-year-old man who applied for Title II disability benefits due to a bulging disc and extrusion. The man's SSA Function report, indicated that he could not lift more than 10 pounds and that he needed help with household chores, such as making the bed, taking out the trash, mopping the floor, and cleaning the windows. The California DDS referred the case to the unit due to suspected malingering.

CDI unit investigators interviewed a witness, who saw the man with a construction worker who was remodeling the man's house. The witness stated that the man appeared normal and did not exhibit any physical difficulties or impairments. CDI unit investigators observed the man and an unidentified adult male shoveling concrete or cement with metal shovels for about 15 minutes in the man's yard. During a 20-minute interview, investigators observed that the man remained standing the entire time without difficulty, his hair was disheveled from working in his yard, and paint stains covered his clothes. The man was alert, coherent, focused, comprehended and spoke English, understood and responded to questions without difficulty, and recalled detailed information.

The California DDS denied the man's claim.

### Florida Woman Feigns Multiple Disabilities

Our Tampa, Florida CDI unit investigated a 49-year-old woman who applied for Title II disability benefits due to undifferentiated connective tissue disorder, fibromyalgia, post traumatic stress disorder (PTSD), agoraphobia, and depression. The Florida Division of Disability Determination (DDD) referred this case due to inconsistencies in the medical evidence and the alleged impairments.

The various SSA forms detailing the woman's functional limitations indicated that her limitations were severe and debilitating. She reported that she could not perform household chores due to pain and fatigue, and could only stand or walk for 15 minutes.

CDI unit investigators observed the woman leaving her house and talking on a cell phone, while retrieving her mail. She walked without any assistive devices and did not display any apparent discomfort. After retrieving the mail, she walked briskly back into her home. In addition, the woman was observed performing vigorous yard work, such as trimming hedges with a power saw for 20 minutes. During this time, she was walking, lifting, bending, squatting, and using both hands to clear shrubs and branches from her front yard.

The Florida DDD denied the woman's claim.

### Washington Man Feigns Mental Disorder While Applying for Disability Benefits

Our Seattle, Washington CDI unit investigated a 25-year-old man who applied for Title II disability benefits and SSI based on a mental disorder, low IQ, and difficulty reading and writing. The Washington DDS referred this case after becoming concerned about the inconsistent reports from several mental evaluations, which included variations of over 20 points in his IQ score. Additionally, there was information indicating that the man may be a full-time college student. He reportedly told the DDS that he was homeless.

During an interview with the CDI investigator, the



man admitted that he graduated with a bachelor of arts degree in business, and had been working full-time for the previous eight months as a bank teller. The man talked about playing basketball for the college he attended, and stated he is still an avid basketball player currently playing in several recreational leagues. The man was able to read and write without any difficulties, contrary to his alleged disabilities stated in his application for benefits. He stated that he manages his own financial affairs.

The Washington DDS denied the man's claim.

### Man Assumes Second Identity to Conceal Work Activity

After receiving an anonymous letter, our Seattle, Washington CDI unit investigated a 36-year-old man who pretended to be mentally retarded in order to receive SSI disability benefits. The letter further alleged that the man might have a second identity with a valid SSN. The CDI unit investigation confirmed that the man did have another SSN assigned to him, and that he used it to conceal his work activity of buying and selling cars, trucks, and recreational vehicles in an effort to continue to receive his disability benefits. In January 2012, after pleading guilty to Social Security fraud, a U.S. District Court judge, Western District of Washington, sentenced the man to serve 27 months in Federal prison and 3 years of supervised release. In addition, the judge ordered him to pay restitution of \$85,439 to SSA and \$112,686 to the State of Washington.

### Man Exaggerates Severity of His Conditions to Receive Disability Benefits

Our Denver, Colorado CDI unit investigated a 43-year-old man who applied for Title II and SSI disability benefits due to paranoia, PTSD, depression, anxiety, anger issues, blindness in the right eye, acute teeth grinding, sleep disorder, and back problems. The Denver CDI unit initiated this case due to suspicions that the man may be exaggerating the severity of his medical conditions because his allegations were inconsistent and he had limited medical treatment.

During an interview at the SSA office, the claims representative observed that the man had no marked difficulties and noted that the man's father accompanied him. The man stated that he wanted to work and filed for disability to avert financial distress to his parents. The man stated that he is attempting a career in music, and that he walks, drives a car, rides a bicycle, uses public transportation, and rides a horse. The man has several social networking sites, including a MySpace account, which references his membership in several different bands and an interview by a web blogger. On the band's web page, the man is listed as the booking agent and press contact, and his father is listed as the manager. Also, the investigation found that the man had received weekly unemployment benefits from July 2010 to May 2011.

When interviewed by CDI investigators, the man related well, was well-spoken, and he clearly understood his surroundings and the questions asked. The man was able to focus and was very friendly and helpful. He did not seem nervous or anxious about the investigators' presence.

The Colorado DDS denied the man's claim.



The following table highlights the successes of the CDI program, which yielded more than \$173 million in SSA program savings during this reporting period:

COOPERATIVE DISABILITY INVESTIGATIONS PROGRAM RESULTS				
State	Allegations Received	Confirmed Fraud Cases	SSA Savings <sup>1</sup>	Non-SSA Savings <sup>2</sup>
Arizona	172	74	\$6,395,965	\$3,932,699
California <sup>3</sup>	553	200	\$15,846,014	\$13,455,700
Colorado	112	81	\$7,249,832	\$4,220,726
Florida	84	32	\$2,411,146	\$1,686,674
Georgia	127	102	\$8,516,605	\$5,088,828
Illinois	71	65	\$5,339,957	\$2,873,761
Kentucky	138	68	\$5,585,177	\$3,164,751
Louisiana	130	68	\$5,912,976	\$3,725,303
Massachusetts	117	77	\$6,881,151	\$5,323,695
Mississippi <sup>4</sup>	23	6	\$504,365	\$239,005
Missouri <sup>5</sup>	255	141	\$11,163,709	\$7,591,926
New Jersey	88	34	\$3,064,250	\$2,154,408
New York	48	41	\$3,522,282	\$2,220,592
Ohio	318	120	\$9,877,155	\$7,362,016
Oklahoma	144	68	\$6,159,863	\$3,029,994
Oregon	167	143	\$12,544,695	\$8,602,924
South Carolina	160	146	\$11,390,590	\$7,646,654
Tennessee	69	99	\$8,922,375	\$4,982,465
Texas <sup>6</sup>	254	177	\$14,908,878	\$10,010,290
Utah	179	80	\$7,066,426	\$3,962,645
Virginia	134	102	\$9,282,875	\$7,139,554
Washington	185	151	\$11,018,184	\$7,169,434
Total (10/1/11-3/31/12)	3,528	2,075	\$173,564,470	\$115,584,044

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 the total percentage of CDRs that resulted in a suspension, termination, or reduction in benefits due to CDI investigations.

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 One new CDI unit became operational during this reporting period. The unit is located in Jackson, Mississippi.

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

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



## Value Attained Through Legal Initiatives

### Section 1129 Enforcement

OCIG's CMP program targeting violations of Section 1129 of the Act maximizes resources available and creates a positive return on investment. Section 1129 authorizes 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 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, we are 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	
	10/1/11 - 3/31/12
Cases Received	1,003
Cases Initiated	104
Cases Closed	941
Penalties and Assessments Imposed	\$4,615,334
Number of Hearings Requested	18
Cases Successfully Resolved (settled case, favorable judgment, or penalty imposed)	96

### California Home Health Aide Conceals Work Activity

A California home health aide applied for Disability Insurance Benefits (DIB) and failed to report that she returned to work three months later. For three years, she made numerous false statements and failed to notify SSA of her return to work. Instead, she continued to work and simultaneously collect improper benefits. Consequently, she unlawfully received disability benefits while engaging in substantial gainful activity (SGA).

As a result of an OCIG CMP 1129 action, she admitted that the state of California paid her a salary to provide in-home health services. OCIG negotiated a settlement in which she agreed to pay a \$10,000 penalty and an assessment of \$80,280, for a total recovery of \$90,280.

### Massachusetts Used Car Dealer Conceals Work Activity

A Massachusetts used car dealer applied for SSI and failed to report that he owned and operated his own business. He was deemed eligible and began receiving SSI based on his claims that he was unable to work due to a combination of mental and physical impairments. He made numerous false statements to facilitate his improper receipt of SSI benefits while engaging in SGA for more than four years.

He confessed to an OIG special agent that he owned and operated the business for the past four years. In a CMP 1129 action, OCIG negotiated a settlement in which he will pay a \$5,000 penalty and an assessment of \$30,029, for a total recovery of \$35,029.



## Nevada Man Fails to Notify SSA of Father's Death

A Nevada man failed to notify SSA of the death of his father for seven years. During that time, he continued to receive his father's Social Security retirement benefits by paper check in the mail. Each month, he endorsed and negotiated a check by forging his deceased father's signature.

Although he knew that he was not entitled to receive his father's retirement benefits, the subject failed to notify SSA of his father's death and used the benefits for his own benefit. After an OCIG CMP negotiation, he agreed to pay a \$15,000 civil monetary penalty and a \$15,794 assessment, for a total recovery of \$30,794.

## Texas Representative Payee Misrepresents Income, Resources, and Living Arrangements

A Texas woman serving as the representative payee for her two children repeatedly reported that her husband neither lived with her, nor provided any income to support the family. She made these false statements to facilitate her continued improper receipt of SSI on the children's behalf.

An OIG special agent interviewed the subject and her husband at their home. During the interview, the subject admitted that she failed to report her husband's income and his true living arrangements. Her husband admitted that he had an annual income in excess of \$100,000. After a CMP action, OCIG negotiated a settlement with the subject's attorney, under which the subject agreed to pay a \$5,000 penalty and an assessment of \$46,484, for a total recovery of \$51,484.

## A Florida Representative Payee Makes False Statements Regarding His Son

On two representative payee reports, a Florida disability beneficiary reported that his son resided with him and that he used all of the benefits for his son's care and support. Although the son was actually residing in another state with his mother, the subject made these false statements to continue

improperly receiving auxiliary benefits on behalf of his minor son. An OIG investigation confirmed that he did not send these benefits to his son.

During our CMP action, the subject admitted that his son did not reside with him. He agreed to pay a \$5,000 penalty and an assessment of \$24,954, for a total recovery of \$29,954.

## Oregon Woman Fails to Notify SSA of Mother's Death

An Oregon woman failed to notify SSA of her mother's July 2009 death. Between August 2009 and May 2011, SSA deposited more than \$18,000 in widow's benefits into a bank account jointly held by the woman and her deceased mother. She continued to withdraw her mother's widow's benefits from the joint account and used the funds for her own needs. OCIG initiated a CMP action and ultimately negotiated a settlement agreement in which the woman agreed to pay a total CMP of \$39,950, which included a \$22,000 penalty and a \$17,950 assessment in lieu of damages.

## California Woman Uses Benefits After Grandmother's Death

A California woman was a joint account holder on an account into which her grandmother's Title II benefits were deposited. After the beneficiary died in February 2007, the subject failed to notify SSA of her grandmother's death and transferred the money that continued to be deposited into that joint account into her own personal bank account until May 2010. She defrauded the government of \$36,575. OCIG imposed a \$10,000 penalty and an assessment of \$36,575, for a total CMP of \$46,575.



### Utah Woman Fails to Report Son was Removed from her Custody

While serving as the representative payee for her son, a Utah mother failed to notify SSA that the State of Utah took custody of her son. She received and spent almost \$8,000 in Survivor's benefits issued for her son's care over an 11-month period. OCIG negotiated a settlement agreement pursuant to which she agreed to pay a total CMP of \$35,600.

### Michigan Man Used Fake Identity to Receive Benefits

A Michigan man created a new identity to hide from a drug-related debt and receive Retirement Insurance benefits (RIB) before he was entitled. The man applied for RIB using a date of birth that made him immediately eligible for benefits. He improperly received more than \$21,000 from SSA. OCIG negotiated a settlement agreement pursuant to which the man agreed to pay \$31,403 CMP, including a \$10,000 penalty and a \$21,403 assessment in lieu of damages.

### Washington State Woman Conceals Marriage

A Washington State woman concealed her marriage in order to continue receiving SSI. During an investigation, we learned that the woman's husband earned substantial income and that the couple owned several luxury vehicles. As a result of concealing her five-year marriage, the woman received more than \$18,000 in SSI. OCIG negotiated a settlement in which the woman agreed to pay a \$38,844 CMP, including a \$20,000 penalty and an \$18,844 assessment in lieu of damages.

### Minnesota Woman Collects Benefits Under One SSN and Works Under Another

For more than 17 years, a Minnesota woman worked under one SSN and collected SSI under another. As a result, she received more than \$32,000 in improper SSI benefits. The woman agreed to pay a CMP of \$63,000, which included a \$30,000 penalty and a \$33,000 assessment in lieu of damages.

### South Carolina Man Fails to Notify SSA of Mother's Death

A South Carolina man continued to receive his mother's Title II Social Security benefits for more than three years after her death. The man was a joint bank account holder with his mother at a local bank. After she died in September 2006, the mother's Social Security benefits continued to be deposited into their joint account, and the subject wrongfully converted \$54,033 for his own use until the OIG detected his fraud in February 2010. OCIG was able to negotiate a settlement in which the man agreed to pay a \$5,000 penalty and a \$54,033 assessment, for a total CMP of \$59,033.



## PEOPLE

The third goal of the OIG Strategic Plan is enhancing the work experience of our employees. 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 2012, our annual appropriation is \$102.2 million, which supports an estimated end-of-year staffing level of 578. The salaries and benefits of our 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 2012 budget supports our efforts to meet and exceed the expectations set forth in the *OIG Strategic Plan for Fiscal Years 2011 – 2015*, second edition. 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.

We continuously work to recruit and retain a workforce representative of the civilian labor force. We hired 12 employees during the first half of FY 2012. 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.

The OIG recently announced a series of internal professional developmental assignment opportunities that supplement our formal Leadership Development Program. The OIG Professional Development Series offers competitive headquarters and field assignments of 120 days or longer and provides qualified employees with the opportunity to acquire new skills and talents.

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, we continue 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 have been working to update and improve the OIG systems environment. This includes migration to a new infrastructure platform to provide redundancy and failover for OIG applications and data including our National Investigative Case Management System, as well as an upgrade of our Business Process Management software which provides workflows and approval chains for automated OIG business processes. We are also working to implement business intelligence software to provide enhanced management information to OIG executives and managers. Once these upgrades have been completed, we will continue to automate our existing business processes in an effort to decrease costs and increase efficiency.

Additionally, we continued to expand our telework program, adding 50 percent more participants, with plans for additional expansion by the end of the year. We also made improvements to our telework infrastructure for increased capacity and improved performance. The 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*.

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 activities took place during the month of October, 2011:

- The resident agent-in-charge of our Denver field division gave a presentation, as part of the Identity Theft Discussion Panel, during the Utah White Collar Fraud Conference held in Salt Lake City.
- The special agent-in-charge (SAC) of our Chicago field division hosted the Chicago IG Council Meeting. In attendance were SACs from various IG offices based in the Chicago area, including Cook County. Also in attendance was a seven-member delegation from the Czech Republic (prosecutors, police officers, and judges) who were interested in the method offices of inspector general employ to combat governmental corruption.
- Our Seattle CDI unit hosted a meeting for the State of Washington DDS and the Department of State Health Services. One of our special agents provided a briefing and an outline of our CDI Unit program to new executives and state investigators.
- An agent from our Dallas field division was asked by the VA to provide a fraud presentation to their field examiners located at the Veterans Affairs regional office in Houston, Texas.

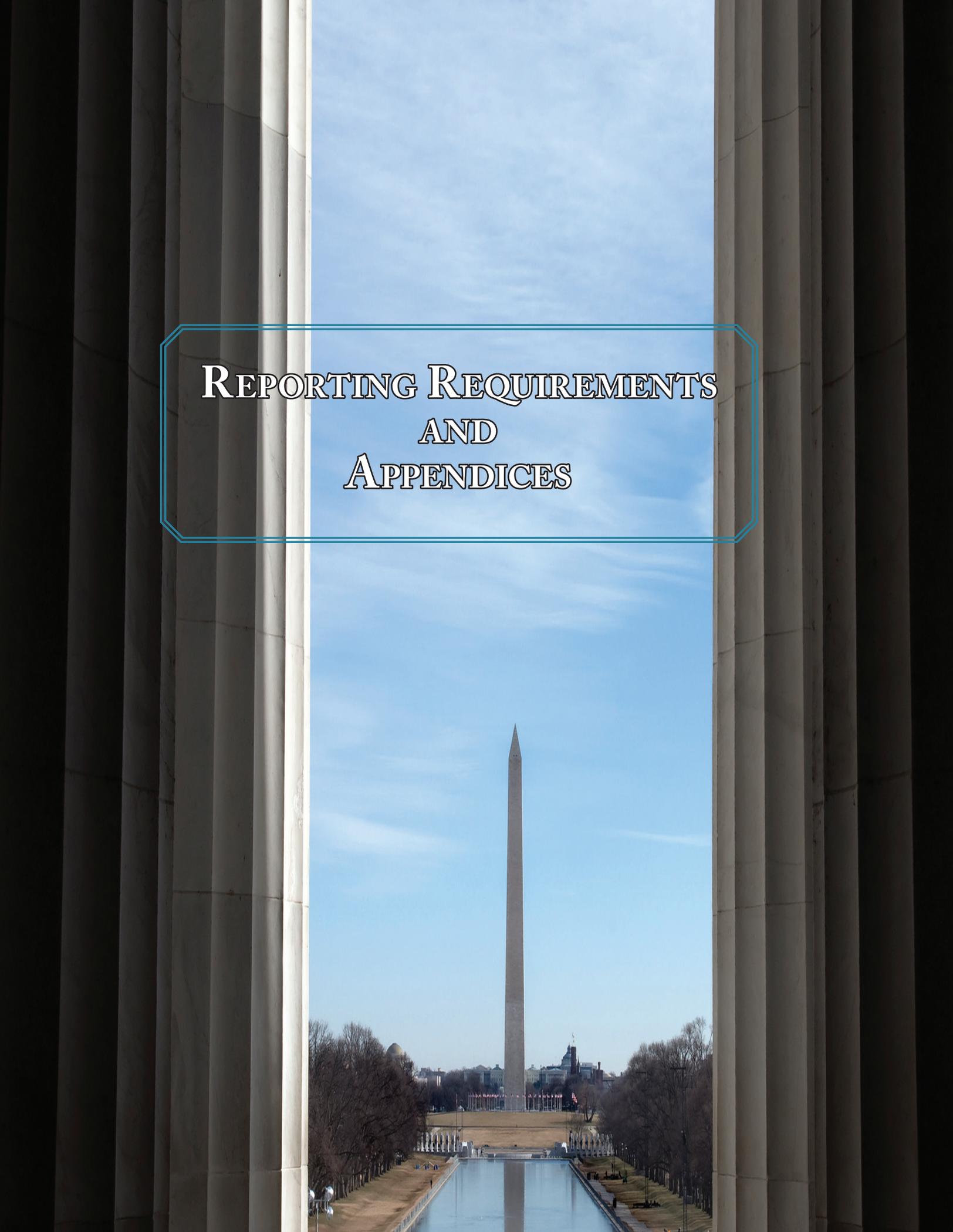


- A CDI team leader from our Kansas City field division provided information concerning our CDI program, including the referral of suspected cases of fraud, to the Organized Retail Crime Coalition in Overland Park, Kansas.
- The SAC of our Philadelphia field division attended the International Association of Chiefs of Police Conference in Chicago, Illinois and represented the SSA/OIG on the Police Investigative Operations Committee.
- The Atlanta Audit Division participated in numerous initiatives to assist victims of the April 2011 and January 2012 tornadoes in Alabama. These efforts included providing monetary support, as well as food, clothing, furniture, and other supplies for numerous families who lost their homes and all belongings.
- The Deputy Assistant Inspector General for Audit gave a presentation on audits the OIG has done to identify improper payments to the Federal Audit Executive Council.

## A Special Thank You

The diligent work, outstanding efforts, and many contributions of our entire OIG staff make the accomplishments highlighted in this *Semiannual Report to Congress* possible.

We would like to thank them for their dedicated spirit and many successes.

The background of the cover is a photograph taken from the Lincoln Memorial in Washington, D.C., looking down the National Mall towards the Washington Monument. The monument is a tall, slender, white obelisk that dominates the center of the frame. In the foreground, the reflecting pool of the Lincoln Memorial is visible, with its surface reflecting the monument and the sky. The sky is a clear, pale blue with some light, wispy clouds. The columns of the Lincoln Memorial are visible on either side of the frame, framing the view.

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	7-34
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	7-11 20-22
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	14-19 23-31
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	7-11 20-22
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 October 1, 2011 – March 31, 2012			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	17	\$1,457,406,295	\$663,862
B. Which were issued during the reporting period.	14 <sup>a</sup>	\$1,034,075,561	\$0
Subtotal (A + B)	31 <sup>b</sup>	\$2,491,481,856	\$663,862
Less:			
C. For which a management decision was made during the reporting period.	14	\$1,707,340,068	\$599,685
i. Dollar value of disallowed costs.	10	\$1,421,187,517	\$158,346
ii. Dollar value of costs not disallowed.	4	\$286,152,551	\$441,339
D. For which no management decision had been made by the end of the reporting period.	19	\$784,141,788	\$64,177

<sup>a</sup> See **Reports with Questioned Costs** in Appendix B of this report.

<sup>b</sup> For two reports, each have two recommendations; reflected in section Ci., Cii., and D.



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

<b>Reports with Recommendations that Funds Be Put to Better Use</b> <b>Reporting Period October 1, 2011 - March 31, 2012</b>		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	4	\$828,170,171
B. Which were issued during the reporting period.	8 <sup>a, b</sup>	\$1,473,298,938
Subtotal (A + B)	12	\$2,301,469,109
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	\$22,577,541
(a) Based on proposed management action.	5	\$22,577,541
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	1	\$3,753,490
Subtotal (i + ii)	6	\$26,331,031
D. For which no management decision had been made by the end of the reporting period.	7	\$2,275,138,078

<sup>a</sup> See **Reports with Funds Put to Better Use** in Appendix B of this report.

<sup>b</sup> One report has three recommendations; one reflected in section C and two reflected in section D.



## APPENDIX B. REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2011 – March 31, 2012		
Audit Number	Report	Issue Date
A-07-11-11140	Ahtna Engineering Services, LLC, Contract Number SS00-07-60063	10/4/2011
A-15-11-21129	MAXIMUS' Incurred Cost Proposals for Fiscal Years 2004 and 2005 (Limited Distribution)	10/11/2011
A-01-11-11117	Health Information Technology Provided by Beth Israel Deaconess Medical Center and MedVirginia	10/13/2011
A-12-11-11126	Training of New Administrative Law Judges at the Office of Disability Adjudication and Review	10/13/2011
A-15-11-11157	Recovery Act Exchange Contract with Lovelace Clinic Foundation - Contract SS00-10-60030	10/13/2011
A-14-11-11115	The Social Security Administration's eAuthentication Process	10/14/2011
A-03-11-21162	Controls for the Annual Wage Reporting Process (Limited Distribution)	10/18/2011
A-14-10-11004	The Social Security Administration's Agency-wide Support Services Contract with Lockheed Martin	10/28/2011
A-14-11-11112	The Social Security Administration's Electronic Services	10/28/2011
A-15-11-01117	Congressional Response Report. The Social Security Administration's Limitation on Administrative Expenses Appropriation's Transfer Authority	10/31/2011
A-02-12-11231	Fiscal Year 2011 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/4/2011
A-12-11-21190	Follow-up: Physical Security at the Office of Disability Adjudication and Review's Headquarters Building (Limited Distribution)	11/4/2011
A-15-11-11177	Fiscal Year 2011 Financial Statement Audit Oversight	11/7/2011



<b>Reports with Non-Monetary Findings</b> <b>October 1, 2011 – March 31, 2012</b>		
<b>Audit Number</b>	<b>Report</b>	<b>Issue Date</b>
A-14-11-01134	Fiscal Year 2011 Evaluation of the Social Security Administration's Compliance with the Federal Information Security Management Act of 2002	11/14/2011
A-08-10-10141	Follow-up: The Social Security Administration's Program for Issuing Replacement Social Security Cards to Prisoners	11/23/2011
A-08-11-11181	Collection, Use, and Disclosure of Social Security Numbers in States' Newborn Screening Programs	11/28/2011
A-09-11-21165	Controls over Social Security Internet Benefit Applications (Limited Distribution)	12/7/2011
A-15-10-20151	The Social Security Administration Cost Allocation Process	12/7/2011
A-04-11-11105	Controls for Issuing Social Security Number Printouts	12/13/2011
A-15-11-21180	State Disability Determination Services' Employee and Contractor Suitability Program	12/21/2011
A-77-12-00001	Management Advisory Report: Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2010	12/21/2011
A-77-12-00002	Management Advisory Report: Single Audit of State of New Jersey for the Fiscal Year Ended June 30, 2010	12/21/2011
A-15-11-01140	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2011	12/30/2011
A-77-12-00003	Management Advisory Report: Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2010	1/27/2012
A-15-11-11183	Performance Indicator Audit. Customer Service	2/7/2012
A-15-11-11176	Internal Control Review over the Processing of Social Security Number Cards at the Second Support Center (Limited Distribution)	2/9/2012
A-12-11-01138	Congressional Response Report. Oversight of Administrative Law Judge Workload Trends	2/14/2012



<b>Reports with Non-Monetary Findings October 1, 2011 – March 31, 2012</b>		
<b>Audit Number</b>	<b>Report</b>	<b>Issue Date</b>
A-01-12-21243	Summary of Inspector General Reports Related to Executive Order 13520 on Improper Payments	2/16/2012
A-02-10-20102	The Social Security Administration's Implementation of the Open Government Directive	2/17/2012
A-15-11-11197	Performance Indicator Audit. Improper Payments	3/1/2012
A-77-12-00006	Management Advisory Report. Single Audit of the State of Wisconsin for the Fiscal Year Ended June 30, 2010	3/6/2012
A-05-12-21254	Congressional Response Report. Oversight of the Year-end Hearings Process	3/7/2012
A-03-11-11111	Use of the E-Verify Program by the Social Security Administration's Contractors	3/8/2012
A-06-10-20174	Dacotah Foundation, an Organizational Representative Payee for the Social Security Administration	3/9/2012
A-01-11-21169	Training at Offices that Make Disability Determinations	3/14/2012
A-15-12-11244	The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2011 Performance and Accountability Report	3/14/2012
A-77-12-00005	Management Advisory Report. Single Audit of the State of California for the Fiscal Year Ended June 30, 2010	3/15/2012
A-07-12-21234	Congressional Response Report. The Social Security Administration's Review of Administrative Law Judges' Decisions	3/19/2012



<b>Reports with Questioned Costs October 1, 2011 – March 31, 2012</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-04-10-10119	10/11/2011	Accuracy of Title II Survivors Benefit Transactions Greater Than \$30,000 Processed Through the Manual Adjustment, Credit and Award Process System	\$1,861,481.00
A-01-11-11109	10/12/2011	Administrative Costs Claimed by the Maine Disability Determination Services	\$5,857.00
A-15-11-11113	10/13/2011	The Social Security Administration's Recovery Act-funded Contract with International Business Machines, Inc., Blanket Purchase Agreement SS00-08-40004, Call Order 51	\$9,184.00
A-01-10-11008	10/14/2011	Follow-up: Individuals Receiving Benefits Inappropriately Under Multiple Social Security Numbers at the Same Address	\$2,492,332.00
A-13-10-10143	11/9/2011	Old-Age, Survivors and Disability Insurance Benefits Affected by State or Local Government Pensions	\$710,119,660.00
A-09-11-11130	11/21/2011	Old-Age, Survivors and Disability Insurance Benefits Withheld Pending Supplemental Security Income Windfall Offset	\$283,410,290.00
A-01-11-11145	1/13/2012	Follow-up: Individuals Receiving Benefits Under Multiple Social Security Numbers at Different Addresses	\$2,890,697.00
A-77-12-00004	2/16/2012	Management Advisory Report. Single Audit of the State of Arizona for the Fiscal Year Ended June 30, 2010	\$191,709.00
A-06-10-21066	2/22/2012	Supplemental Security Income Recipients Receiving Social Security-administered Payments in Excess of Federal Limits	\$5,475,209.00
A-13-11-11149	3/2/2012	The District of Columbia's Child and Family Services Agency, an Organizational Representative Payee for the Social Security Administration	\$274,806.00



**Reports with Questioned Costs  
October 1, 2011 – March 31, 2012**

<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-01-11-21168	3/13/2012	Concurrent Beneficiaries Released from Incarceration Whose Title II Benefits Have Not Been Reinstated	\$14,402,813.00
A-06-11-21189	3/14/2012	South Dakota CARES, Inc., an Organizational Representative Payee for the Social Security Administration (Limited Distribution)	\$8,739.00
A-13-11-11173	3/19/2012	Benefit Payments Managed by Representative Payees of Children in the Florida State Foster Care Program	\$300,074.00
A-09-10-21071	3/21/2012	Spousal Beneficiaries Who Reported They Were Entitled to a Government Pension	\$12,632,710.00
<b>Total</b>			<b>\$1,034,075,561.00</b>



<b>Reports with Funds Put to Better Use</b> <b>October 1, 2011– March 31, 2012</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-15-11-11113	10/13/2011	The Social Security Administration's Recovery Act-funded Contract with International Business Machines, Inc., Blanket Purchase Agreement SS00-08-40004, Call Order 51	\$28,958.00
A-01-10-11008	10/14/2011	Follow-up: Individuals Receiving Benefits Inappropriately Under Multiple Social Security Numbers at the Same Address	\$528,655.00
A-13-10-10143	11/9/2011	Old-Age, Survivors and Disability Insurance Benefits Affected by State or Local Government Pensions	\$1,435,538,580.00
A-01-11-11145	1/13/2012	Follow-up: Individuals Receiving Benefits Under Multiple Social Security Numbers at Different Addresses	\$354,070.00
A-09-10-11065	2/13/2012	Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee	\$30,570,852.00
A-01-10-20120	2/21/2012	Unnecessary Medical Determinations for Supplemental Security Income Disability Claims	\$3,753,490.00
A-06-10-21066	2/22/2012	Supplemental Security Income Recipients Receiving Social Security-administered Payments in Excess of Federal Limits	\$2,194,103.00
A-13-11-11173	3/19/2012	Benefit Payments Managed by Representative Payees of Children in the Florida State Foster Care Program	\$330,230.00
<b>Total</b>			<b>\$1,473,298,938.00</b>



## 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 2012 from the Offices of Investigations and Audit in this report.

### OFFICE OF INVESTIGATIONS

We are reporting over \$52 million in SSA funds as a result of our investigative activities in this reporting period (10/1/11 – 3/31/12). These funds are broken down in the table below.

Investigative Activities			
	1st Quarter 10/1/11 – 12/31/11	2nd Quarter 1/1/12 – 3/31/12	Total
Court Ordered Restitution	\$7,905,505	\$14,930,372	\$22,835,877
Recoveries	\$13,019,445	\$13,306,273	\$26,325,718
Fines	\$945,438	\$1,094,323	\$2,039,761
Settlements/ Judgments	\$484,000	\$1,089,756	\$1,573,756
<b>TOTAL</b>	<b>\$22,354,388</b>	<b>\$30,420,724</b>	<b>\$52,775,112</b>

### OFFICE OF AUDIT

SSA management informed us that it has completed implementing recommendations from 7 audit reports during this time period valued at over \$154 million.

#### BENEFICIARIES IN SUSPENDED PAYMENT STATUS PENDING THE SELECTION OF THE REPRESENTATIVE PAYEE (A-09-10-11065, 2/13/2012)

We recommended that SSA remind employees to pay legally competent adult beneficiaries directly on an interim basis while it searches for a representative payee. The implemented value of this recommendation is \$18,143,038.



FOLLOW-UP. INDIVIDUALS RECEIVING BENEFITS INAPPROPRIATELY UNDER MULTIPLE SOCIAL SECURITY NUMBERS AT THE SAME ADDRESS (A-01-10-11008, 10/14/2011)

We recommended that SSA work with our Office of Investigations and assess overpayments where appropriate. The implemented value of this recommendation is \$2,492,332 in questioned costs and \$528,655 in funds to put to better use.

THE SOCIAL SECURITY ADMINISTRATION'S RECOVERY ACT-FUNDED CONTRACT WITH INTERNATIONAL BUSINESS MACHINES, INC., BLANKET PURCHASE AGREEMENT SS00-08-40004, CALL ORDER 51 (A-15-11-11113, 10/13/2011)

We recommended that SSA verify that the Agency received all of the International Business Machines, Inc., (IBM) invoices, and then deobligate \$28,958 of excess funds for the IBM contract that was obligated but not expended. The implemented value of this recommendation is \$28,958.

FOLLOW-UP. SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO RECIPIENTS IN TITLE XIX INSTITUTIONS (A-08-10-10138, 7/11/2011)

We recommended that SSA periodically monitor field offices' timeliness in processing D8 diary alerts and provide training and/or additional oversight to those offices that have difficulty processing these alerts timely. The implemented value of this recommendation is \$3,479,798.

ADMINISTRATIVE COSTS CLAIMED BY THE NEVADA DISABILITY DETERMINATION SERVICE (A-09-10-11090, 6/27/2011)

We recommended that SSA ensure the Nevada Disability Determinations Services monitors and properly adjusts unliquidated obligations timely. The implemented value of this recommendation is \$1,976,890.

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

We recommended that SSA continue the efforts to work with the VA to ensure individuals who should be receiving VA benefits instead of Supplement Security Income (SSI) payments are, in fact, receiving VA benefits. The implemented value of this recommendation is \$1,282,736,960 in questioned costs and \$125,579,060 in funds put to better use.

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

We recommended that SSA review the 7,214 cases provided and take appropriate action to correct the errors and prevent future errors. The implemented value of this recommendation is \$5,078,640.



## APPENDIX D. SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE INSPECTOR GENERAL DISAGREES

### CONTROLS OVER SOCIAL SECURITY INTERNET BENEFIT APPLICATIONS (LIMITED DISTRIBUTION) (A-09-11-21165, 12/7/2011)

Results of Review: SSA's Internet Claim (iClaim) application allows claimants to complete and electronically submit online applications for retirement, spousal, disability, or Medicare-only benefits. We found that SSA may not detect fraudulent iClaim applications submitted on behalf of another individual. We also found that SSA could take additional measures to enhance the integrity of the iClaim application. This report was issued Limited Distribution because it contains sensitive information regarding the online claims application process. Therefore, further details of our results are restricted to official use only.

Recommendation: Use the Internet Protocol (IP) address information to identify iClaim applications filed from foreign countries for applicants who state they live in the United States.

Agency Response: SSA disagreed with the recommendation. SSA believes using the IP address to determine an individual's physical location is unreliable, as those with malicious intent can mask their IP address in a variety of ways to avoid detection. Of the 898,888 retirement iClaims reviewed, approximately .003 percent were filed from an international IP address. The Agency is unable to justify the cost to integrate an automated geo-location feature into iClaim for such a small percentage.

OIG Response: SSA would not necessarily need to integrate an automated IP feature in the iClaim application; rather it could periodically identify the condition after the fact, as we did in our audit, for review and appropriate followup to verify their country of residence.

### THE SOCIAL SECURITY ADMINISTRATION'S ELECTRONIC SERVICES (A-14-11-11112, 10/28/2011)

Results of Review: As of January 2011, SSA had 22 Internet-based electronic services available to the public. The Agency plans to improve its authentication process and release several other services. The Agency had a tactical plan to develop and implement electronic services in Fiscal Year 2011 but no documented electronic services strategic plan beyond 2011.

To date, the marketing efforts for SSA's electronic services have primarily been through television and radio public service announcements, public affairs specialists, and print ads amongst others. SSA began using social media in 2007 and expanded its efforts in March 2010. The Agency can draw a cause and effect relationship between its electronic services marketing efforts and its online service use. However, SSA cannot demonstrate a cause and effect relationship between visitation to its social media sites and the number of online applications it receives.

Recommendation: Develop a strategic plan for its electronic services that will contribute to SSA's technology vision and customer service delivery goals.



Agency Response: SSA disagreed with the recommendation stating the Agency's commitment to electronic services is clear, as evidenced in the Agency Strategic Plan. However, SSA does not believe it is wise to commit to specific expansions or refinements of SSA's electronic services in future years given the constantly evolving needs of the Agency and its customers. SSA continuously evaluates the satisfaction of its customers and its available resources, and adjusts Agency electronic service plans accordingly.

OIG Response: We find it unusual that SSA responded in this manner since the Social Security Advisory Board recommended SSA develop a service delivery strategy that allows the public the option of interacting with the Agency in the way that best meets individuals' needs, in person, electronically, through the mail, or by telephone. In addition, the Future Systems Technology Advisory Panel recommended SSA move to an electronic customer self-service model with the goal of moving transactions to the Internet each year until 90 percent of its business takes place online.

Overall, we have stated in prior reviews the Agency lacks strategic planning for customer service and information technology (IT) processing needs. SSA does not have a long-term customer service delivery plan. We believe, as a part of its customer service delivery plan, the Agency should include a discussion of its future plans to develop and implement electronic services. As SSA implements solutions to address its customer service and IT processing requirements, it needs to have a more strategic and integrated approach to its planning efforts.



## 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
2010	447	\$20,670,938	See Footnote <sup>1</sup>
2011	550	\$26,408,142	See Footnote <sup>1</sup>
2012 (10/1/11 - 3/31/12)	292	\$17,970,789	See Footnote <sup>1</sup>
<b>TOTAL</b>	<b>1,289</b>	<b>\$65,049,869</b>	<b>See Footnote<sup>1</sup></b>

<sup>1</sup> DOJ 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
2010	1,128	\$36,431,093
2011	1,310	\$45,989,019
2012 (10/1/11 - 3/31-12)	689	\$26,325,718
<b>TOTAL</b>	<b>3,127</b>	<b>\$108,745,830</b>



## 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 March 31, 2012.

SSA's Responses to OIG's Recommendations						
Recovery or Redirection of Questioned and Unsupported Costs <sup>1</sup>						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance <sup>2</sup>
2010	21	\$1,416,191,419	\$1,415,034,260	\$1,355,091,671	\$21,327,969	\$39,771,779
2011	28	\$1,587,604,454	\$1,561,809,217	\$46,708,910	\$34,580,334	\$1,506,315,210
2012	14	\$1,034,075,561	\$4,368,854	\$4,368,854	\$282,961,935	\$746,744,772
<b>TOTAL</b>	<b>63</b>	<b>\$4,037,871,434</b>	<b>\$2,981,212,331</b>	<b>\$1,406,169,435</b>	<b>\$338,870,238</b>	<b>\$2,292,831,761</b>

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

<sup>2</sup>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

### RECOVERY OF TITLE II PAYMENTS ISSUED AFTER BENEFICIARIES' DEATHS (A-09-10-11037, 1/4/2011)

Results of Review: SSA needs to improve its controls and procedures to ensure that appropriate and timely actions are taken to recover payments issued after beneficiaries' deaths. Based on a random sample of 200 beneficiaries, we estimate about

\$18.8 million in payments after death was not recovered or properly resolved for approximately 25,940 deceased beneficiaries, and

\$34.8 million in payments after death that had been recovered or properly resolved needed to be removed as overpayments from SSA's records for approximately 17,520 deceased beneficiaries.

Recommendation: SSA should evaluate the results of its corrective actions for the 68 errors and determine whether the Agency should review the population of 6,486 deceased beneficiaries with payments after death.

Agency Response: SSA agreed with the recommendation.

Valued at \$18,787,948 in questioned costs.

Corrective Action: Based on the results of the review of the 68 errors, SSA determined that action on the population of 6,486 deceased beneficiaries is not necessary. SSA has a 3-year period to request a debit of an account for payments disbursed after death. If the Agency does not request the debit within 3 years, the request is rejected and not processed. This time has elapsed for many of these cases. It would not be cost effective to review over 6,000 cases when SSA would only be able to recover limited money.

### DEDICATED ACCOUNT UNDERPAYMENTS PAYABLE TO CHILDREN (A-09-09-29110, 11/10/2010)

Results of Review: SSA needs to improve controls to ensure it pays dedicated account underpayments to representative payees for the children in their care. Based on a random sample of 275 underpayments, we found SSA did not pay an estimated 7,775 underpayments totaling approximately \$35 million. This included 3 organizational representative payees who did not establish dedicated accounts for \$367,612 in underpayments for 47 children.

Generally, this occurred because SSA did not have adequate controls to ensure that representative payees established dedicated accounts. In addition, SSA staff did not notify representative payees about the existence of underpayments that required the establishment of dedicated accounts, or adequately control the issuance of installment payments.



Recommendation: Identify and take corrective action on the population of SSI recipients who have dedicated account underpayments.

Agency Response: SSA agreed with the recommendation.

Valued at \$34,229,920 in questioned costs.

Corrective Action: SSA may already be taking action independent of this audit on some of these cases. To avoid duplicating SSA efforts, the Agency will initially identify and take corrective actions for the population of SSI recipients who have dedicated account underpayments pending for more than 1 year.

#### FEDERAL EMPLOYEES RECEIVING BOTH FEDERAL EMPLOYEES' COMPENSATION ACT AND DISABILITY INSURANCE PAYMENTS (A-15-09-19008, 10/14/2010)

Results of Review: We confirmed with SSA that improper payments resulted when recipients whose Federal Employees' Compensation Act (FECA) compensation was not recorded or accounted for in the calculation of their Disability Insurance (DI) benefits. In addition, we estimated improper payments that resulted when SSA did not take into account recipients' FECA compensation in calculating their SSI payments. Based on our findings, we projected approximately \$43 million in estimated overpayments were paid to about 961 DI recipients for whom SSA did not consider FECA compensation in the initial calculation of their benefits. Furthermore, we estimate approximately \$603,140 in overpayments was paid to about 80 SSI recipients whose FECA compensation was not initially accounted for in the calculation of their payments.

Recommendation: Develop a computer matching agreement with Department of Labor to identify possible DI and SSI claimants whose benefits do not reflect the FECA compensation they received. A matching agreement will allow SSA to perform matching activities similar to what we performed in this review and take appropriate action for recipients who have overpayments that result from SSA not taking into account FECA compensation.

Agency Response: SSA agreed with the recommendation.

Valued at \$43,991,444 in questioned costs.

Corrective Action: SSA is currently drafting a computer matching agreement for this purpose and has started discussions with the Department of Labor (DOL). Under the agreement, SSA will ask DOL's Office of Workers' Compensation Programs to "... disclose Federal employee compensation benefit data to the Social Security Administration (SSA). The disclosure will provide SSA with information necessary to verify the accuracy of payment eligibility factors for the Supplemental Security Income (SSI) program ... and the Title II disability insurance program ...."

SSA determined that the legal authority to perform this computer match is included in the *Social Security Act*. This agreement will also be governed by the Computer Matching Privacy Protection Act of 1998 (CMPPA). Under CMPPA, SSA is required to have both agency's



Data Integrity Boards approve the agreement, publish a Federal Register Notice, and in addition, send notification to OMB and Congress.

#### 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: SSA received permission from the Agency's Office of Privacy and Disclosure on March 19, 2012 to use the W2-1040SE addresses to contact the individuals about possible underpayments. The 1040SE addresses will hopefully provide SSA with a productive way of reaching the individuals, many of whom terminated over 10 years ago. SSA's Office of the Chief Actuary is now working to edit the W-2/1040SE file and complete the match against OIG's list of SSNs.

SSA is awaiting guidance from the Agency's Office of Income Security Programs on certain policy questions related to this workload.

#### RETROACTIVE TITLE II PAYMENTS TO RELEASED PRISONERS (A-06-08-38031, 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 is in the midst of establishing a Prisoner Update Processing System (PUPS) remark screen establishing that it received proof of the beneficiary's release from incarceration. SSA believes this action will satisfy the recommendation by documenting the rationale for reinstating benefits. SSA will add this new step as an instruction in its Program Operations Manual System..

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

Corrective Action: 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.

#### 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 it 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, it 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 made the following improvements to the Agency's work-related continuing disability review (CDR) processes and management information.

- SSA established a dedicated staff, which targets the oldest cases.
- SSA now prioritizes enforcement alerts (for cases with unreported earnings) by the amount of earnings. SSA works the cases with highest earnings first to minimize overpayments.
- SSA improved communications between its field offices and processing centers for priority cases that must be transferred between components.



- SSA established an Agency standard report for work CDR management information and overpayments. It is currently in the final stages of validation.

- SSA is establishing streamlined earnings reporting processes via telephone and Internet.

In addition, as recommended by the Government Accountability Office, SSA is evaluating the feasibility of:

- Periodically matching disability beneficiaries and recipients to Federal payroll data.

- Using the Automated Earnings Reappraisal Operation to identify individuals who have returned to work.

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

### S U P P L E M E N T A L                      S E C U R I T Y                      I N C O M E R E C I P I E N T S   E L I G I B L E           F O R   V E T E R A N S           B E N E F I T S (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 Fiscal Year 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 Old-Age, Survivors and Disability Insurance (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 performed a special cleanup operation, which corrected the payment errors on these records.



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

### IMPACT OF ALIEN NONPAYMENT PROVISIONS ON FIELD OFFICES ALONG THE MEXICAN BORDER (A-08-10-20140, 2/15/11)

**Results of Review:** While we recognize current law requires that alien nonpayment provisions (ANP) beneficiaries routinely visit the United States to maintain their benefits, we believe this practice has a significant impact on some field offices along the Mexican border. For example, we found that over 1,000 ANP beneficiaries visit some field offices monthly to establish presence in the United States. Providing services to such a large volume of beneficiaries increases workload; adds to wait times; and, during high traffic days, results in some office space issues. Furthermore, field office personnel at each office we visited told us the number of ANP beneficiaries is increasing. For these reasons, some field office personnel we interviewed questioned the need for ANP beneficiaries to routinely visit field offices.

**Recommendation:** Continue to work with the Department of Homeland Security (DHS) to verify the identities of ANP beneficiaries at the border. To ensure consistency, we believe SSA should consider developing model language for field offices to use when establishing agreements with DHS. Once implemented, field office personnel should monitor the identity verification process to ensure that DHS personnel are complying with SSA policies and procedures.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** SSA agreed that its Biometric Identity Proofing Workgroup should continue to work with DHS to explore DHS' biometric technology options to develop pilot projects to help SSA identify the best approaches to servicing ANP beneficiaries. In addition, where SSA has informal partnerships with DHS at the local level, the Agency will develop formal interagency agreements that document both agencies' roles and responsibilities, including any funding requirements. SSA will also establish a process to monitor DHS compliance with the provisions of the interagency agreements.

### OFFICE OF DISABILITY ADJUDICATION AND REVIEW HEARING REQUESTS DISMISSALS (A-07-10-20171, 12/14/10)

**Results of Review:** We found that there were areas where improvements could be made for dismissing hearing requests.

-For untimely hearing requests, our review disclosed cases where dismissals were not (1) appropriate, (2) supported by the Office of Disability Adjudication and Review (ODAR) requests for claimants' explanations for untimely filing, (3) supported by an ALJ rationale, or (4) processed timely.



-For abandonment dismissals, we found cases where the dismissals were issued without the necessary attempts to contact claimants documented in the case folders.

-For withdrawal dismissals, we found one case where the claimant's case folder did not contain evidence the claimant or the claimant's representative requested the hearing request be withdrawn.

In addition, our analysis of dismissal rates identified wide variances among ODAR regions, hearing offices, and ALJs.

Recommendation: Determine whether factors are present that explain variances in dismissal rates among the Office of Disability Adjudication and Review's regions, hearing offices, and ALJs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is studying Administrative Law Judge (ALJ) dispositions. The Agency's Office of Quality Performance is completing a study on dismissal. SSA will draw samples and review dispositions at the national and regional level, but not at the ALJ level.

In addition, SSA's Office of Appellate Operations, which supports its Appeals Council (AC), is collecting structured data regarding each case the AC reviews, including data on dismissals. The Office of Appellate Operations' Division of Quality is considering whether to conduct a study on dismissals but has not yet decided whether to proceed with that initiative.

Irrespective of any studies SSA may do, it is important to understand that many factors drive variances. These factors, many outside of an ALJ's control, may include the number of claims filed, the number of informal remands granted by the State agency, and workload transfers between regions. Demographics and economic factors also affect the number and type of claims filed, which ultimately can affect dismissal rates.

#### 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 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 (OAO) has not issued a report on its quality review of unappealed fully and partially favorable hearing decisions.

Rather, OAO is currently compiling the data derived from its review. Projected finalization of the report is by the end of Calendar Year 2012.

#### 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: There is no legal requirement that States report WC benefit information to SSA. Therefore, SSA must rely on the disabled worker, the worker's attorney, or other outside sources to obtain WC verification. However, SSA continues to propose legislation mandating State reporting. In addition, SSA is currently in negotiations with other federal agencies to establish data matches to obtain federal WC benefit information on disabled workers who also receive Title II benefits.



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

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)

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 (OQP) reviewed the findings of the audit by the OIG on DDS denial determinations and allowance rates at the Administrative Law Judge (ALJ) level (Fiscal Years 2004-2006).

In response to the aforementioned report, OQP compiled data from SSA review samples to assess whether our findings were comparable with those of the OIG audit. Specifically, SSA looked at initial-level DDS denials and reconsideration affirmations reviewed by OQP (i.e., Quality Assurance (QA) initial denials, QA reconsideration affirmations, Random Denial Reviews and Targeted Denial Reviews). SSA compared data from the six states identified in the OIG report to all States, for the FY 2004 through FY 2006 as well as the latest full 3-year report periods (FY 2008 through FY 2010).

In addition to gathering data, SSA also had the OQP statistician review the data. The statistician concluded that the volume of cases in each sample when broken out by state and impairment was too limited to draw any valid conclusions. OAO is also reviewing the problems that OIG summarizes in the study but their report will not be available until later this year. If the sample size is too limited to make a valid conclusion in the study from OIG, then this may influence the OAO report as well. In any event, SSA combined data for the six states for each of the four impairments and compared them to the national returns rates for those same impairments. The data reveals that these states generally, in the random samples, contained lower substantive (Group I) error rates than the national average. The OIG findings of high ALJ allowance rates for these impairments implies that the DDSs may have made bad denial determinations in these cases. However, SSA's very limited data on these four impairments does not support this implication.

There is not sufficient information from any SSA samples for analyses to conclude why these impairments have a higher allowance rate at the hearing level. However, SSA contends that there are multiple factors that could account for the high allowance rates at the ALJ level.



## 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 (TIGTA) in September 2011. In November 2011, we notified TIGTA that they passed the peer review. In the opinion of the OIG, the system of internal safeguards and management procedures for the investigative function of TIGTA in effect for the year ending June 30, 2011, complied with the quality standards established by CIGIE and the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.
- 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. • 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 (CONTINUED)

<b>AC</b>	<b>Appeals Council</b>
<b>ALJ</b>	<b>Administrative Law Judge</b>
<b>ANP</b>	<b>Alien Nonpayment Provisions</b>
<b>CDI</b>	<b>Cooperative Disability Investigative</b>
<b>CDR</b>	<b>Continuing Disability Review</b>
<b>CIGIE</b>	<b>Council of Inspectors General on Integrity and Efficiency</b>
<b>CMP</b>	<b>Civil Monetary Penalty</b>
<b>CMPPA</b>	<b>Computer Matching Privacy Protection Act of 1998</b>
<b>COO</b>	<b>Chief Operating Officer</b>
<b>DDD</b>	<b>Division of Disability Determination</b>
<b>DDS</b>	<b>Disability Determination Services</b>
<b>DHS</b>	<b>Department of Homeland Security</b>
<b>DI</b>	<b>Disability Insurance</b>
<b>DMF</b>	<b>Death Master File</b>
<b>DOJ</b>	<b>Department of Justice</b>
<b>DOL</b>	<b>Department of Labor</b>
<b>ERP</b>	<b>Economic Recovery Payments</b>
<b>FBI</b>	<b>Federal Bureau of Investigations</b>
<b>FECA</b>	<b>Federal Employees' Compensation Act</b>
<b>FPS</b>	<b>Federal Protective Service</b>
<b>FY</b>	<b>Fiscal Year</b>
<b>GPO</b>	<b>Government Pension Offset</b>
<b>HIT</b>	<b>Health Information Technology</b>
<b>IBM</b>	<b>International Business Machines, Inc.</b>
<b>iClaim</b>	<b>Internet Claim</b>
<b>IO</b>	<b>Immediate Office</b>
<b>IP</b>	<b>Internet Protocol</b>
<b>IRS</b>	<b>Internal Revenue Service</b>
<b>IT</b>	<b>Information Technology</b>
<b>LCF</b>	<b>Lovelace Clinic Foundation</b>



## GLOSSARY OF ACRONYMS

<b>MBR</b>	<b>Master Beneficiary Record</b>
<b>MoU</b>	<b>Memorandum of Understanding</b>
<b>NCC</b>	<b>National Computer Center</b>
<b>OA</b>	<b>Office of Audit</b>
<b>OAO</b>	<b>Office of Appellate Operations</b>
<b>OASDI</b>	<b>Old-Age, Survivors, and Disability Insurance</b>
<b>OCIG</b>	<b>Office of the Counsel to the Inspector General</b>
<b>ODAR</b>	<b>Office of Disability Adjudication and Review</b>
<b>OER</b>	<b>Office of External Relations</b>
<b>OI</b>	<b>Office of Investigations</b>
<b>OIG</b>	<b>Office of the Inspector General</b>
<b>OMB</b>	<b>Office of Management and Budget</b>
<b>OPM</b>	<b>Office of Personnel Management</b>
<b>OQAPR</b>	<b>Office of Quality Assurance and Professional Responsibility</b>
<b>OQP</b>	<b>Office of Quality Performance</b>
<b>OTRM</b>	<b>Office of Technology and Resource Management</b>
<b>PII</b>	<b>Personally Identifiable Information</b>
<b>PTSD</b>	<b>Post-Traumatic Stress Disorder</b>
<b>PUPS</b>	<b>Prisoner Update Processing System</b>
<b>QA</b>	<b>Quality Assurance</b>
<b>Recovery Act</b>	<i>American Recovery and Reinvestment Act of 2009</i>
<b>SAC</b>	<b>Special Agent-in-Charge</b>
<b>SGA</b>	<b>Substantial Gainful Activity</b>
<b>SSA</b>	<b>Social Security Administration</b>
<b>SSI</b>	<b>Supplemental Security Income</b>
<b>SSN</b>	<b>Social Security Number</b>
<b>the Act</b>	<b>Social Security Act</b>
<b>VA</b>	<b>Department of Veterans Affairs</b>
<b>WC</b>	<b>Workers' Compensation</b>
<b>WEP</b>	<b>Windfall Elimination Provision</b>