



OIG

Office *of the* Inspector General
SOCIAL SECURITY ADMINISTRATION

Semiannual Report to Congress

October 1, 2017 – March 31, 2018

Spring Edition

TABLE OF CONTENTS

| | |
|--|----|
| A MESSAGE FROM THE ACTING INSPECTOR GENERAL | 3 |
| EXECUTIVE SUMMARY | 4 |
| INTRODUCTION TO OUR ORGANIZATION | 6 |
| SSA MANAGEMENT CHALLENGES | 8 |
| AUDIT | 12 |
| INVESTIGATIONS | 17 |
| LEGAL | 32 |
| SUPPORT | 41 |
| REPORTING REQUIREMENTS | 45 |
| APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS | 47 |
| APPENDIX B: REPORTS ISSUED | 49 |
| APPENDIX C: SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE INSPECTOR GENERAL DISAGREES | 53 |
| APPENDIX D: SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR FISCAL YEARS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED | 54 |
| SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORTS TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTIONS HAVE BEEN MADE | 62 |
| APPENDIX E: SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR FISCAL YEARS FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED | 69 |
| SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE | 76 |
| APPENDIX F: OPEN RECOMMENDATIONS AND REPORTS WITH UNIMPLEMENTED RECOMMENDATIONS | 78 |
| REPORTS WITH RECOMMENDATIONS ISSUED BY SEPTEMBER 30, 2016 FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY THE END OF THIS REPORTING PERIOD | 85 |
| REPORTS FOR WHICH NO ESTABLISHMENT COMMENT WAS RETURNED WITHIN 60 DAYS OF BEING PROVIDED THE REPORT | 85 |
| APPENDIX G: CLOSED AUDITS AND INVESTIGATIONS NOT AVAILABLE TO THE PUBLIC | 86 |
| APPENDIX H: PEER REVIEWS | 87 |
| APPENDIX I: REVIEW OF LEGISLATION & REGULATIONS | 88 |
| APPENDIX J: WHISTLEBLOWER RETALIATION | 90 |
| APPENDIX K: SSA INTERFERENCE WITH OIG INDEPENDENCE | 91 |
| GLOSSARY OF ACRONYMS | 92 |

A MESSAGE FROM THE ACTING INSPECTOR GENERAL

Nearly 40 years after President Jimmy Carter signed the *Inspector General Act* of 1978, inspectors general across the Federal Government remain committed to promoting the integrity of agency programs and operations. Objective and independent oversight of Federal agencies allows their leadership and Congress to identify ways to improve Government efficiency, effectiveness, and accountability.



The Office of the Inspector General (OIG) at the Social Security Administration (SSA) upholds this commitment by pursuing Social Security fraud investigations, to return stolen money to SSA and prevent future losses; and by conducting audits that identify Social Security program vulnerabilities and providing recommendations to address them. I am proud to present this *Semiannual Report to Congress*, which includes our significant investigative, audit, and legal accomplishments for the reporting period of October 1, 2017 through March 31, 2018. Our accomplishments during the reporting period include:

- **Marking 20 Years of Detecting and Preventing Disability Fraud, Waste, and Abuse**
During the reporting period, SSA and the OIG marked the 20th anniversary of the establishment of the Cooperative Disability Investigations (CDI) Program. CDI continues to focus on resolving questions of fraud in SSA's disability programs—and related benefit programs—to improve the integrity of these programs for all Americans. We do this through a joint effort of SSA and the OIG, in partnership with State disability determination agencies and State and local law enforcement agencies. Since its establishment, CDI has contributed to \$3.8 billion in projected savings to SSA's disability programs. This milestone in CDI's history speaks to the program's success and sustainability.
- **Estimating \$132 Million in Social Security Underpayments**
In a recent report, our auditors estimated about \$132 million in underpayments to people receiving widow(er)s benefits who could have delayed their own application for retirement benefits and then received a higher payment. We recommended SSA remind employees to discuss with widow(er) claimants the effect of delaying their retirement benefits, and to develop controls to ensure the agency informs these claimants about the option to delay their retirement benefits.
- **Protecting Consumers from Misleading Communications**
Our attorneys fulfilled their responsibility to enforce Section 1140 of the *Social Security Act*, which prohibits people and companies from misleading consumers by giving a false impression of association with or endorsement by SSA when the people and companies advertise, solicit services, or otherwise communicate with the public. In one case, the owner of a website that displayed SSA's official emblem and an image of a Social Security card cooperated with the OIG's inquiry of the site, disabling the site and agreeing to pay a \$35,000 penalty.

We remain committed to effective oversight of Social Security's programs and operations, as required by the *Inspector General Act*. I encourage you to learn more about our oversight in the pages that follow.

A handwritten signature in black ink, reading "Gale Stallworth Stone". The signature is fluid and cursive.

Gale Stallworth Stone
Acting Inspector General

EXECUTIVE SUMMARY

Our *Semiannual Report to Congress* presents the significant activities of SSA's OIG from October 1, 2017 through March 31, 2018, documenting the achievements of the OIG's Offices of Audit (OA), Investigations (OI), and Counsel (OCIG), and the OIG's support components.

| Key Accomplishments October 1, 2017 through March 31, 2018 | |
|---|---------------|
| Audit Reports Issued | 22 |
| Questioned Costs | \$283,769,643 |
| Funds Put to Better Use | \$10,021,154 |
| Allegations Received | 89,449 |
| Investigations Opened | 2,913 |
| Investigations Closed | 3,093 |
| Arrests | 110 |
| Indictments/Informations ¹ | 308 |
| Criminal Convictions | 404 |
| Civil Actions/Civil Monetary Penalties | 42 |
| Cooperative Disability Investigations | |
| --Claims Denied/Ceased | 1,679 |
| --Projected SSA Savings | \$91,747,249 |
| --Projected Non-SSA Savings | \$110,645,815 |

Audit

We issued 22 reports and made recommendations on various challenges facing SSA. In these reports, we identified over \$283 million in questioned costs and more than \$10 million in Federal funds that could be put to better use.

In one report, we identified 72,434 SSI recipients with over-reported earnings alerts pending longer than 6 months as of November 2016. From this population, we reviewed a random sample of 200 recipients. Of these, we determined that SSA made improper payments, totaling approximately \$139,000, to 104 recipients (52 percent). Based on our sample results, we estimated \$50 million in improper payments.

Investigations

During the reporting period, we received more than 89,000 allegations from SSA employees, Congress, the public, law enforcement agencies, and other sources. OIG agents closed more than 3,000 criminal investigations, and reported 110 arrests, over 300 indictments and informations, over 400 criminal convictions (including pretrial diversions), and over 40 civil judgments or Civil Monetary Penalty (CMP) assessments. We are reporting over \$165 million in investigative accomplishments, including over \$39 million in SSA recoveries, restitution, fines, settlements, and judgments.

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

Legal

During this reporting period, litigation assistance was a significant role of OIG attorneys – to Assistant U.S. Attorneys, agency counsel, and OIG staff. Another important effort was full implementation of the electronic IG Subpoena Tool. Our attorneys reviewed more than 1,000 investigative subpoenas for legal sufficiency, training our investigators in the new tool and ensuring the subpoenas complied with various statutory requirements. More than 200 OIG investigators submitted subpoenas in the e-tool and typically received one-day legal review feedback or submission to Office of Investigations management for issuance signature.

During this reporting period, our attorneys successfully resolved 111 CMP actions against individuals who made false statements, representations, or omissions to obtain or retain Social Security benefits (violating Section 1129 of the *Social Security Act*), imposing more than \$1.5 million in penalties and assessments.

We also pursued actions to protect the public from fraudulent schemes that make use of SSA's well-known name and reputation (violations of Section 1140). We deterred future violation through prevention and early detection efforts with the private and public sectors, and achieved voluntary compliance in one Section 1140 case, imposing penalties totaling \$35,000.

Outreach

During the reporting period, the OIG conducted numerous outreach efforts to communicate the organization's mission, functions, and accomplishments to various audiences. OIG leadership made presentations on organizational initiatives at special-interest conferences, responded to requests for information from national media entities, and met with outside groups to share best practices on detecting and preventing fraud, waste, and abuse.

For example, in December, the Special Agent-in-Charge of the OIG's Philadelphia Field Division joined representatives from the Department of Justice (DoJ), the Internal Revenue Service (IRS), and the Federal Bureau of Investigation (FBI) in Lexington, Kentucky, at a news conference related to the capture of Eric Conn, a former disability attorney who had been a fugitive since June 2017.

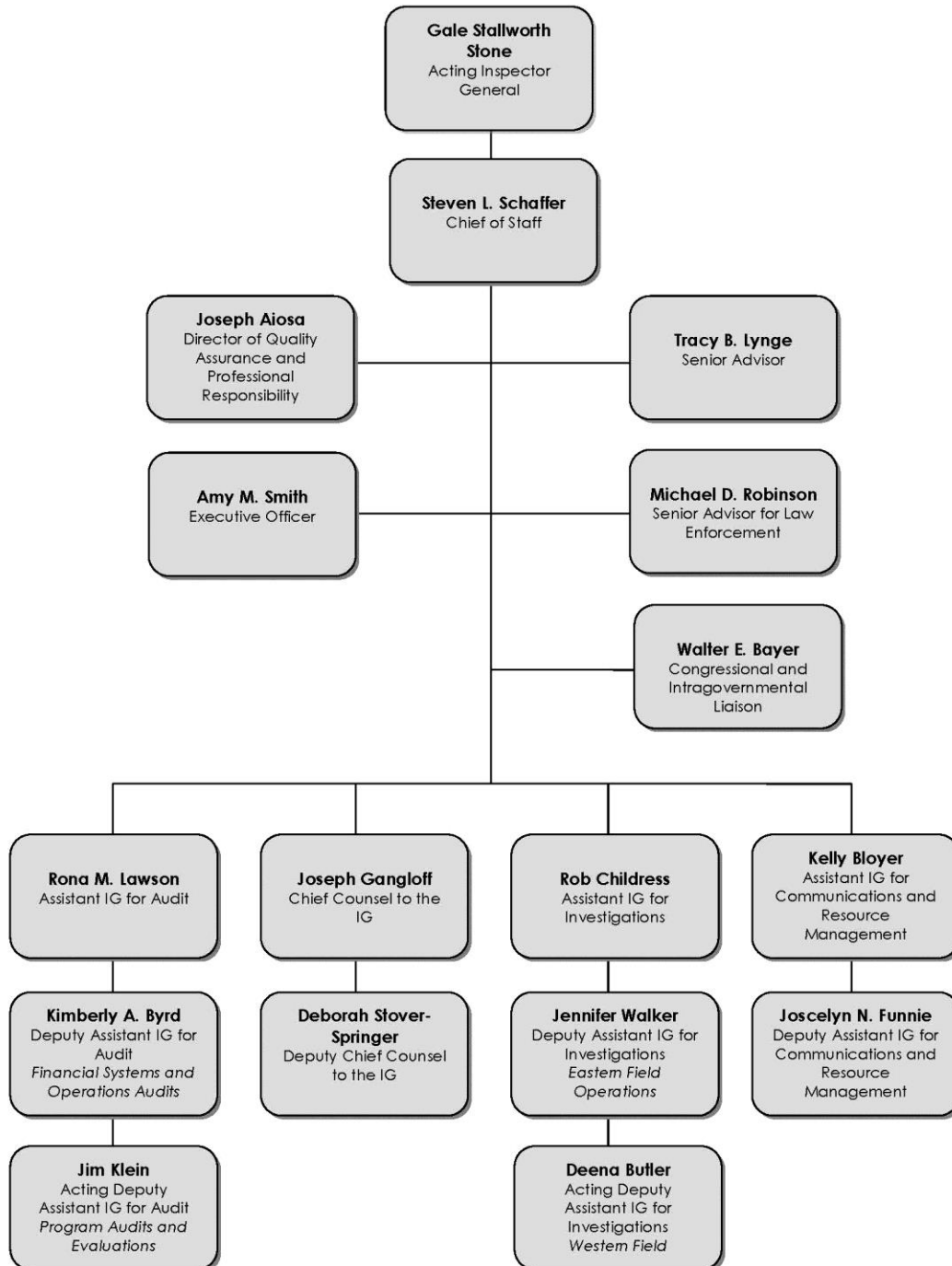
In January, OIG auditors participated in a roundtable discussion, hosted by the MITRE Corporation, about reducing improper payments in SSA's disability programs.

In February, the Acting Inspector General (IG) joined the National Science Foundation IG and the Department of Labor IG in a panel discussion about how IGs combat various forms of Government fraud at the third annual Dark Net conference in Fairfax, Virginia.

Also, a March episode of CNBC's "American Greed" told the story of the OIG's investigation of a Washington man who exaggerated claims about injuries he received during military services to receive disability benefits from various agencies—including SSA and the Department of Veterans Affairs. The OIG Special Agent who led the investigation discussed the case with the show's producers in Seattle in December.

INTRODUCTION TO OUR ORGANIZATION

As of March 31, 2018



SSA OIG comprises the Immediate Office (IO) of the IG and four major components: OA, OCRM, OCIG, OI.

Immediate Office of the Inspector General

IO staff assists the IG staff with the full range of his/her responsibilities and coordinates with external entities. Our IO includes the Office of Quality Assurance and Professional Responsibility, which ensures compliance with Federal laws and regulations, Agency policies, and relevant professional standards; staff members investigate OIG employee misconduct.

Office of Audit

OA staff conducts financial and performance audits of SSA programs and operations and make recommendations to ensure that SSA achieves program goals effectively and efficiently. Financial audits determine whether SSA's financial statements fairly represent 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 staff conducts short-term management and program evaluations on issues of concern to SSA, the Congress, and the public.

Office of Communications and Resource Management

OCRM provides administrative support to the IG and OIG components. OCRM staff formulates and executes the OIG budget and is responsible for strategic planning, performance reporting, and facility and property management. OCRM staff disseminates information about the OIG's accomplishments to Congress, the media, and the public and maintains the OIG web presence. OCRM staff manage OIG's human resources and develops administrative policies and procedures. OCRM maintains the hardware, software, and telecommunications networks that are integral to OIG's operations. Finally, OCRM staff manage the OIG's Fraud Hotline and Fugitive Enforcement Program, and analyze whistleblower allegations and allegations of retaliation.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG and OIG senior executives on a wide range of issues affecting audits, investigations and administration, including statutes, regulations, legislation and policy directives. Legal advice includes investigative procedures and techniques, *Freedom of Information Act* requests, *Privacy Act* disclosures, Congressional responses, and cooperative agreements between state and local law enforcement and SSA for the nation-wide CDI program. OCIG staff administer the CMP Program.

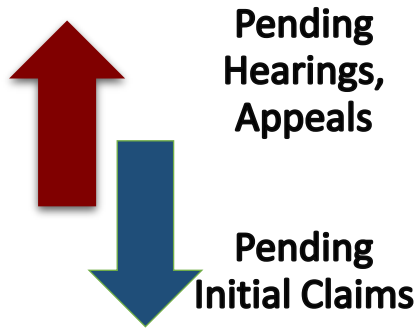
Office of Investigations

OI conducts investigations related to fraud, waste, abuse and mismanagement in SSA programs and operations, which includes wrongdoing by applicants, beneficiaries, contractors and third parties, and SSA employees. OI staff serve as the OIG's liaison to the Department of Justice (DOJ) on all investigative matters. OI staff conducts joint investigations with other law enforcement agencies, and share responsibility with the Department of Homeland Security's (DHS) Federal Protective Service for investigating threats or violence against SSA employees and facilities.

SSA MANAGEMENT CHALLENGES

The OIG annually identifies the most significant management and performance challenges facing SSA based on legislative mandates and our audit and investigative work. Listed below is a summary of each challenge.

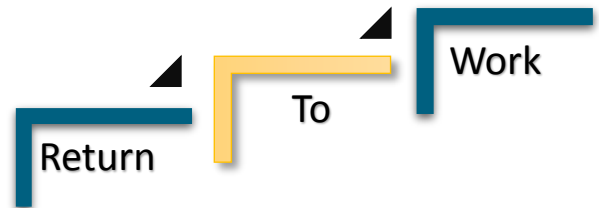
IMPROVE ADMINISTRATION OF THE DISABILITY PROGRAMS



While the number of pending initial disability claims has decreased, SSA still faces challenges with pending hearings and appeals. Continued focus is necessary to simplify work incentive regulations and create new opportunities for returning beneficiaries to work. SSA ended Fiscal Year (FY) 2017 with approximately 523,000 initial disability claims pending. SSA has had a backlog of full medical continuing disability reviews (CDR) since FY 2002. But with increased program integrity funding in recent years, the CDR backlog was reduced to about 64,000 cases at the end of FY 2017. SSA increased the number of full medical CDRs it completed, and expects to eliminate the backlog by the end of FY 2018.

Another part of the disability program, the hearings and appeals process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 42 percent from 426 days at the end of FY 2010 to 605 days at the end of FY 2017. During the same period, the pending hearing backlog grew 50 percent, from 705,367 cases at the end of FY 2010, to 1.06 million cases at the end of FY 2017.

As far as returning to work, our reviews have found that few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. Also, an independent evaluation failed to provide strong evidence of the Ticket Program's impact on employment and concluded that many successful Program participants might have been equally successful without SSA-financed services or with services provided by state vocational rehabilitation agencies under the payment system that predated the Ticket Program.



REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

SSA is responsible for issuing about \$1 trillion in benefit payments, annually, to about 71 million people on a monthly average. Given the large overall dollar amounts involved, even the slightest error in the process can result in millions of dollars in over- or underpayments. In its FY 2017 Agency Financial Report, SSA estimated it would make about \$7.8 billion in over- or underpayments in FY 2017, and it incurred an administrative cost of \$0.07 for every overpayment dollar it collected. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers some payment errors will occur.

Nonetheless, SSA has not met its payment accuracy goals. For example, in FYs 2012 through 2016, SSA's goal was to reach an SSI overpayment accuracy rate of 95 percent, but SSA fell short of this goal in each of these years. OIG noted in a May 2017 report that SSA was not compliant with the *Improper Payments*

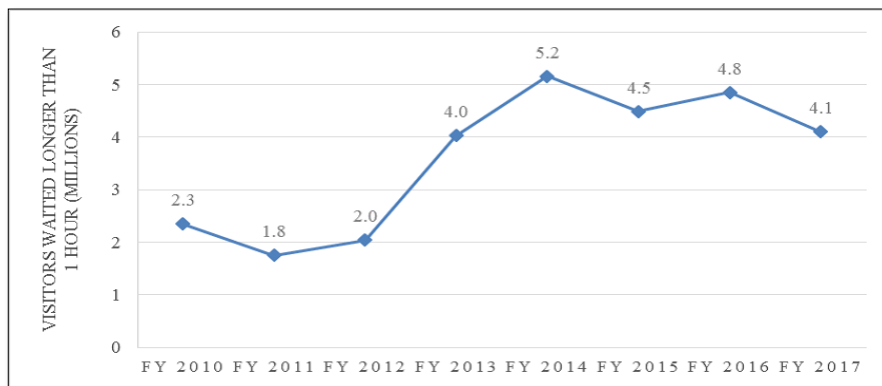
Elimination and Recovery Act of 2010 requirements for meeting its reduction targets for SSI and Old-Age, Survivors and Disability Insurance (OASDI) overpayments and for SSI underpayments.

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2017, it recovered \$3.9 billion in overpayments at an administrative cost of \$0.07 for every dollar collected, and it ended the FY with an uncollected overpayment balance of \$21.8 billion. SSA needs to develop analytical measurements to ensure a positive return on existing corrective action investments and further identify initiatives to reduce and recapture improper payments.

IMPROVE CUSTOMER SERVICE

SSA faces several challenges as it pursues its mission to deliver quality services, including an increase in workloads and a decrease in experienced employees as they are expected to retire. In FY 2017, SSA served over 42 million visitors in over 1,200 field offices nationwide, a 5-percent increase from over 40 million visitors in FY 2015. In 2017, SSA estimated the retirement of the baby boomer generation would

increase the number of beneficiaries through 2037, thereby increasing SSA's workload. Based on the estimates, SSA expected the number of beneficiaries to increase by 43 percent over the next 20 years. In addition, SSA stated that one of its greatest challenges is replacing the loss of its most experienced employees, especially in SSA's current leadership ranks. In its October



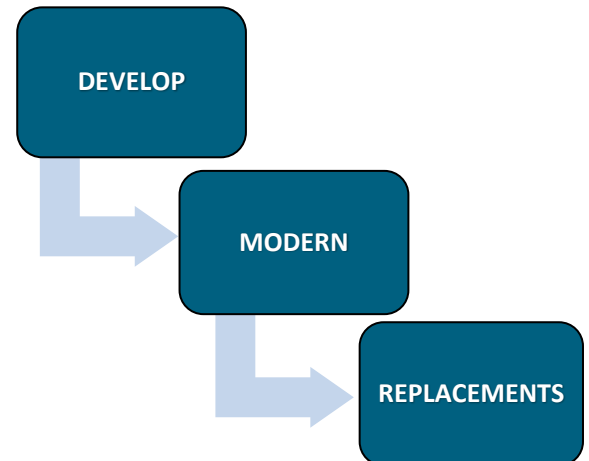
2017 issue of *Workforce at a Glance*, SSA reported about 31 percent of its employees were baby boomers or older and about 15 percent of its employees were eligible for retirement. As of the end of FY 2017, SSA expected about 1,952 of its 6,504 supervisors would be eligible for retirement in the next 5 years.

Further, the demand for online services is expected to increase as the baby boomer generation ages. SSA completed over 155 million transactions via SSA's online services in FY 2017, a 29-percent increase from FY 2016 and a 78-percent increase from FY 2015.

Finally, our audits continue to identify problems with SSA's administration of the representative payee program, and our investigations identified various types of representative payee fraud. SSA acknowledges representative payees play a significant role in many beneficiaries' lives, as it explores ways to better identify, screen, and appoint representative payees.

MODERNIZE INFORMATION TECHNOLOGY INFRASTRUCTURE

SSA must modernize its information technology (IT). SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. SSA continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. To ensure SSA can keep pace with increasing workloads, SSA must maintain its legacy systems while developing their modern replacements. One of SSA's priorities is to improve customer service and convenience by increasing online transactions. To achieve that goal, SSA continues enhancing its *my Social Security* online portal. For example, SSA plans to redesign the portal and expand the services within *my Social Security* to additional user groups, including representative payees, appointed representatives, and business users. In addition, SSA will enhance security and improve the portal's design to allow broader access from a variety of devices, such as smartphones and tablets. In September 2016, we recommended that SSA improve its access controls for *my Social Security*.



SSA also faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget. For example, to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA continues to develop the Disability Case Processing System (DCPS). Once implemented, DCPS is expected to be used by all disability determination services (DDS). Historically, the DCPS project faced schedule delays and increasing stakeholder concerns.

SECURE INFORMATION SYSTEMS AND PROTECT SENSITIVE DATA

SSA must secure its information systems and protect its sensitive data. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Therefore, SSA's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program. SSA is also developing systems in the cloud, which creates security concerns with housing sensitive Agency information in public clouds. It is important as SSA expands its services and systems that it implement security during the development process. Our prior audit and investigative work has revealed a number of concerns with the security of SSA's information systems. Since FY 2012, auditors have identified weaknesses that, when aggregated, resulted in a significant deficiency in SSA's overall information systems security program. Additionally, other recent audits and evaluations have identified concerns with SSA's information security program. While expanding its inventory of electronic services, SSA needs to ensure that those services are secure. Prior investigative and audit work has identified incidents of fraud committed through SSA's electronic services. For example, despite controls to prevent unauthorized access to *my Social Security*, we continue to receive fraud allegations related to *my Social Security* accounts. To ensure citizens' sensitive information is adequately protected, we believe SSA needs to strengthen the authentication process for the *my Social Security* portal.



STRENGTHEN THE INTEGRITY AND PROTECTION OF THE SOCIAL SECURITY NUMBER

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. While SSA has taken steps to improve its enumeration process, given the preponderance of SSN misuse and identity theft, we continue to believe protection of this critical number is a considerable challenge for SSA as well as its millions of stakeholders.

Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work has shown that the more SSNs are unnecessarily used, the higher the probability individuals could use them to commit crimes. Further, we remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA spends scarce resources correcting earnings data when employers report incorrect information.

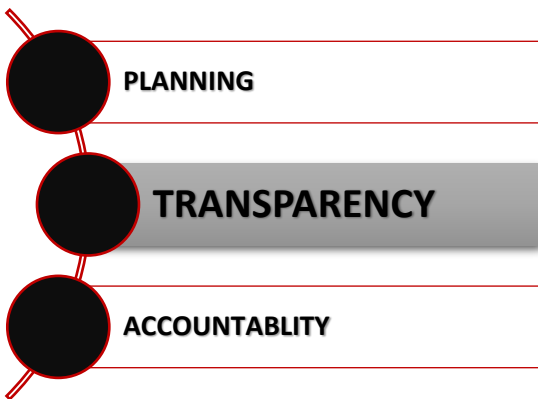


STRENGTHEN PLANNING, TRANSPARENCY, AND ACCOUNTABILITY

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. While SSA has created annual performance and

multiple-year strategic plans, we are concerned with the quality of its longer-term vision needed to ensure SSA has the programs, processes, staff, and infrastructure required to provide needed services for the next 10 to 20 years and beyond. In FY 2015, SSA published its Vision 2025 report, which SSA stated is a critical first step in planning how it will serve the public in the future. However, we question whether SSA's Vision 2025 provides a clear path to the organization SSA will need to be in the future to meet its mission. Vision 2025 does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. To show transparency, the Agency has a mixture of outcome and output performance measures on which it publicly reports.

However, many of the output measures relate to the completion of budgeted workloads and do not inform a reader whether the completion of the workloads equate to positive outcomes. Regarding accountability, the FY 2017 Independent Auditor's Report contained three significant deficiencies. The auditor identified four systems control deficiencies that, when aggregated, are considered to be a significant deficiency in "Certain Financial Information System Controls." The auditor also identified four deficiencies in internal control that, when aggregated, are considered to be a significant deficiency related to weaknesses in internal controls related to "Accounts receivable/Overpayments." Further, the auditor identified a significant deficiency in "Controls over the Reliability of Information Used in Certain Control Activities."



AUDIT

CUSTOMER WAIT TIMES IN SSA'S FIELD OFFICES

BACKGROUND: SSA administers its programs and operations through a network of approximately 1,220 field offices, which are SSA's primary point of face-to-face contact with the public. SSA's Visitor Intake Process Re-write (VIPr) collects information about office visitors and appointments. This information provides a picture of visitors and reception activities that helps field offices analyze the effectiveness of their customer service. In FY 2016, SSA field offices served 43.5 million visitors.



OBJECTIVE: We conducted this audit to assess (1) factors that affect customer wait times at SSA's field offices and (2) initiatives the Agency has taken to improve customer wait times.

CONCLUSION: In addition to the high volume of visitors, factors that affect field-office wait times include complex workloads, staffing issues, and shortened public operating hours. To improve customer wait times at field offices, SSA uses such strategies as promoting eServices; providing self-help personal computers in field offices; using Workload Support Unit capacity to assist the busiest field offices; using Video Service Delivery and work sharing; and approving overtime and sharing best practices among field offices.

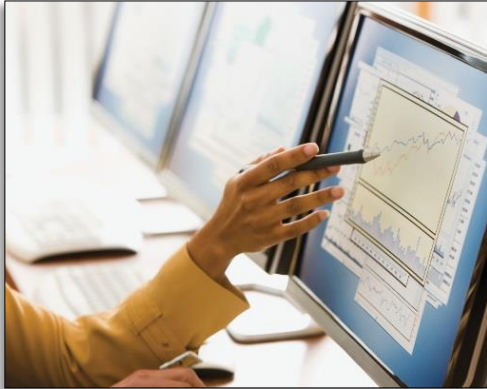
Although SSA monitors field-office wait times and uses many strategies to manage field office workloads, it still faces challenges in improving its level of service and needs to continue being proactive in managing wait times.

RECOMMENDATIONS: We recommended that SSA:

- 1) determine the feasibility of using technology, at an enterprise wide level, to identify high-stress offices and transfer eligible workloads, based on Agency priorities, on a real-time basis; and,
- 2) periodically track the use and effectiveness of ongoing initiatives and tools used to monitor and reduce visitor wait times, where possible.

SSA disagreed with our recommendations.

PENDING SUPPLEMENTAL SECURITY INCOME ALERTS RELATED TO OVER-REPORTED EARNINGS



BACKGROUND: SSI recipients must meet certain income and resource limits for eligibility. A recipient who has too much income in a particular month is not eligible for SSI in that month. SSI recipients or their representative payees are responsible for timely reporting changes that may affect their eligibility or payment amount. However, they do not always report necessary information timely. Thus, SSA established systems interfaces that generate alerts when recipients' earnings information does not match information from other agencies.

OBJECTIVE: We conducted this audit to identify SSI recipients who had alerts related to over-reported earnings pending longer than 6 months and the resulting improper payments.

CONCLUSION: We identified 72,434 SSI recipients with over-reported earnings alerts pending longer than 6 months as of November 2016. From this population, we reviewed a random sample of 200 recipients. Of these, we determined that SSA made improper payments, totaling approximately \$139,000, to 104 recipients (52 percent).

- SSA underpaid 57 recipients (29 percent) about \$78,000. We estimate about 21,000 recipients received approximately \$28 million less than their eligible monthly payments.
- SSA overpaid 47 recipients (24 percent) about \$61,000. We estimate over 17,000 recipients received approximately \$22 million more than their eligible monthly payments.

RECOMMENDATION: We recommended that SSA:

- 1) take appropriate action to address the 57 underpaid and 47 overpaid recipients we identified;
- 2) based on the results of the review of the error cases, determine the feasibility of reviewing the remaining 72,234 recipients in our population; and,
- 3) consider improving controls to ensure employees process over-reported earnings alerts more timely, or document why this is not cost-effective.

SSA agreed with our recommendations.

DECEASED BENEFICIARIES WHO HAD DIFFERENT DATES OF DEATH ON SSA'S NUMIDENT AND PAYMENT RECORDS

BACKGROUND: When SSA receives a death report, it terminates the decedent's benefits, records the date of death on the Numident² and payment records, and initiates recovery for any payments issued after death.

SSA uses the Death Information Processing System (DIPS) to add death information to the Numident, change death information already on the Numident, or remove erroneous death information from the Numident. Generally, a DIPS entry will automatically record the death information to a beneficiary's Master Beneficiary Record (MBR) or a recipient's Supplemental Security Record (SSR) if they exist. SSA employees must control and monitor the individual's record to ensure correct posting to the Numident and payment records.



OBJECTIVE: The purpose of our review was to determine whether SSA had adequate controls to resolve different dates of death recorded on the Numident and either the MBR or SSR.

CONCLUSION: In a 2012 audit, we found inconsistencies in dates of death among SSA's systems. For our current review, we identified 7,882 deceased beneficiaries who had a date of death month and/or year that was discrepant between the Numident and MBR/SSR.

We continue to find that SSA needs to improve controls to ensure it resolves date-of-death discrepancies between the Numident and MBR/SSR. Based on our random sample, we estimate 7,094 beneficiaries had unresolved date-of-death discrepancies between the Numident and MBR/SSR. Of these, we estimate the Numident was correct for 2,838 beneficiaries, and the MBR/SSR was correct for 4,256 beneficiaries. We also estimate 697 deceased beneficiaries had about \$1.4 million in undetected improper payments. SSA stated it produced alerts for the date-of-death discrepancies we identified; however, it had not taken action to resolve them.

Finally, SSA did not correct the date-of-death discrepancies for 9,500 (88 percent) of the 10,764 deceased beneficiaries identified during our 2012 audit.

RECOMMENDATIONS: We recommended that SSA:

- 1) determine whether it can efficiently resolve the population of beneficiaries identified by our audit in a cost-effective manner; and,
- 2) evaluate the feasibility of resolving future date-of-death discrepancies between the Numident and MBR/SSR.

SSA agreed with our recommendations.

² The Numident is an electronic file that contains such information as the name, date of birth, place of birth, parents' names, and date of death (if applicable) for each individual issued a Social Security number (SSN).

HIGHER BENEFITS FOR DUALY ENTITLED WIDOW(ER)S HAD THEY DELAYED APPLYING FOR RETIREMENT BENEFITS



BACKGROUND: An application for retirement or widow(er)'s benefits is an application for both benefits, unless it is restricted. When a widow(er)'s benefit is higher, claimants may delay filing their retirement application up to age 70 to increase their retirement benefits.

SSA employees must explain the advantages and disadvantages of filing an application so claimants can make an informed filing decision. SSA employees must discuss and document any unfavorable filing decisions.

OBJECTIVE: The objective of our audit was to determine whether SSA had adequate controls to inform widow(er) beneficiaries of their option to delay their application for retirement benefits.

CONCLUSION: We identified 13,564 beneficiaries in current pay who, according to the MBR, were dually entitled to widow(er)'s and retirement benefits before age 70 with the same initial month of entitlement.

Based on our random sample, we estimate 11,123 beneficiaries would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70. Of these, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70.

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

RECOMMENDATIONS: We recommended that SSA:

- 1) take action, as appropriate, for the 41 beneficiaries identified by our audit;
- 2) determine whether it should review the remaining population of 13,514 beneficiaries;
- 3) remind employees to discuss with widow(er) claimants the effect of delaying their retirement benefits and document the facts and decisions in accordance with SSA policy; and,
- 4) determine whether it should develop additional controls to ensure it informs widow(er) beneficiaries of their option to delay their retirement benefits.

SSA agreed with our recommendations.

OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS TO INDIVIDUALS REMOVED FROM THE UNITED STATES

BACKGROUND: The *Social Security Act* prohibits the numberholder on an SSR from receiving his/her retirement and/or disability benefits when SSA receives notice from DHS that it removed the numberholder from the United States.



OBJECTIVE: Our objectives were to determine whether SSA: (1) took timely and appropriate actions in response DHS deportation alerts; (2) paid OASDI benefits to individuals DHS reported as deported from the United States and were not lawfully admitted for permanent residence in the country; and (3) paid OASDI benefits to individuals DHS reported to SSA as deported from the United States after July 31, 2010 and did not meet criteria for continued benefit eligibility.

CONCLUSION: Using data SSA maintains on individuals DHS reported to SSA as deported, we identified beneficiaries who were listed as deported but continued receiving OASDI benefits. We sampled 247 records for review from three sampling frames, each addressing a specific audit objective.

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

Based on the results of our review, we estimate that SSA overpaid about \$2.8 million to 68 beneficiaries after DHS reported to SSA that it had deported them from the United States.

RECOMMENDATION: We recommended that SSA consider case development for 1,746 beneficiaries who are still receiving benefits and remind staff to comply with SSA policies when developing deportation cases.

SSA agreed with our recommendations.

INVESTIGATIONS

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 other Social Security-related fraud ensures the integrity of SSA programs.

| INVESTIGATIVE RESULTS | |
|---------------------------------|-----------------|
| | 10/1/17-3/31/18 |
| Allegations Received | 89,449 |
| Cases Opened | 2,913 |
| Cases Closed | 3,093 |
| Arrests | 110 |
| Indictments/Informations | 308 |
| Criminal Convictions | 404 |
| Civil Actions/CMPs | 42 |

| SSA FUNDS REPORTED | |
|------------------------------|----------------------|
| | 10/1/17-03/31/18 |
| Recoveries | \$24,531,795 |
| Fines | \$671,254 |
| Settlements/Judgments | \$797,168 |
| Restitution | \$13,614,889 |
| Estimated Savings | \$126,373,934 |
| TOTAL | \$165,989,040 |

| ALLEGATIONS RECEIVED BY SOURCE | |
|---|-----------------|
| | 10/1/17-3/31/18 |
| SSA and DDS Employees | 53,328 |
| Private Citizens | 20,868 |
| Anonymous | 9,736 |
| Law Enforcement | 1,385 |
| Beneficiaries | 2,814 |
| Public Agencies | 1,168 |
| Other (Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject) | 150 |
| TOTAL | 89,449 |

| ALLEGATIONS RECEIVED BY CATEGORY | |
|----------------------------------|-----------------|
| | 10/1/17-3/31/18 |
| Disability Insurance | 20,307 |
| SSI Disability | 10,886 |
| SSN Misuse | 7,839 |
| Old-Age and Survivors Insurance | 42,381 |
| Other | 3,376 |
| Threats/Employee Safety | 475 |
| Employee-Related | 3,304 |
| SSI Aged | 881 |
| TOTAL | 89,449 |

| | 10/1/17-3/31/18 |
|---|-----------------|
| Total number of investigative reports issued¹ | 2,684 |
| Total number of persons referred to the Department of Justice for criminal prosecution² | 589 |
| Total number of persons referred to State and local prosecuting authorities for criminal prosecution³ | 111 |
| Total number of indictments and criminal informations⁴ | 308 |

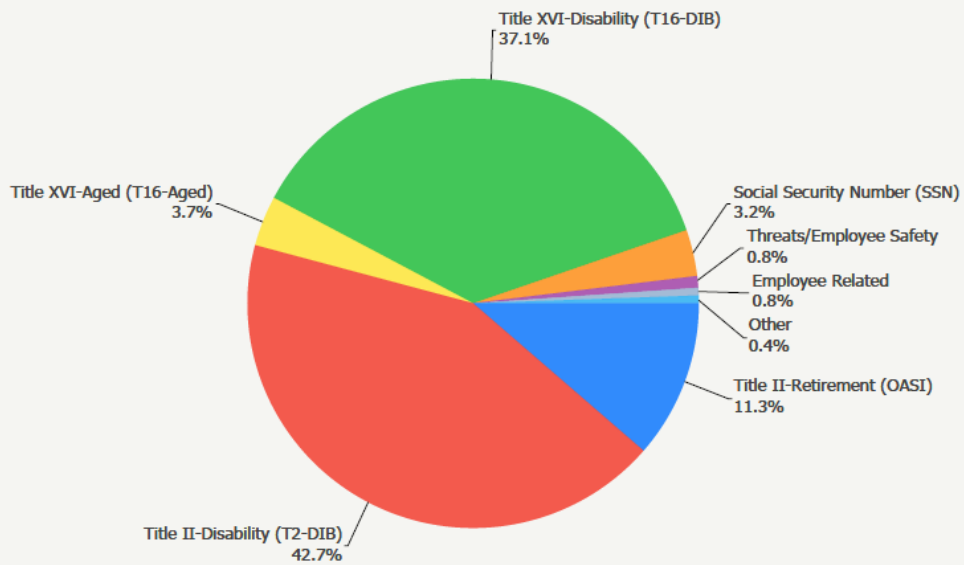
¹ This metric includes the total number of summative reports of investigative findings issued externally by the OI, including prosecution referrals, reports of employee investigation, reports of special investigation, and reports of findings by a CDI unit.

² This metric includes the total number of individual subjects or entities referred to DoJ where the investigative findings were not subject to pre-established prosecution declination guidelines.

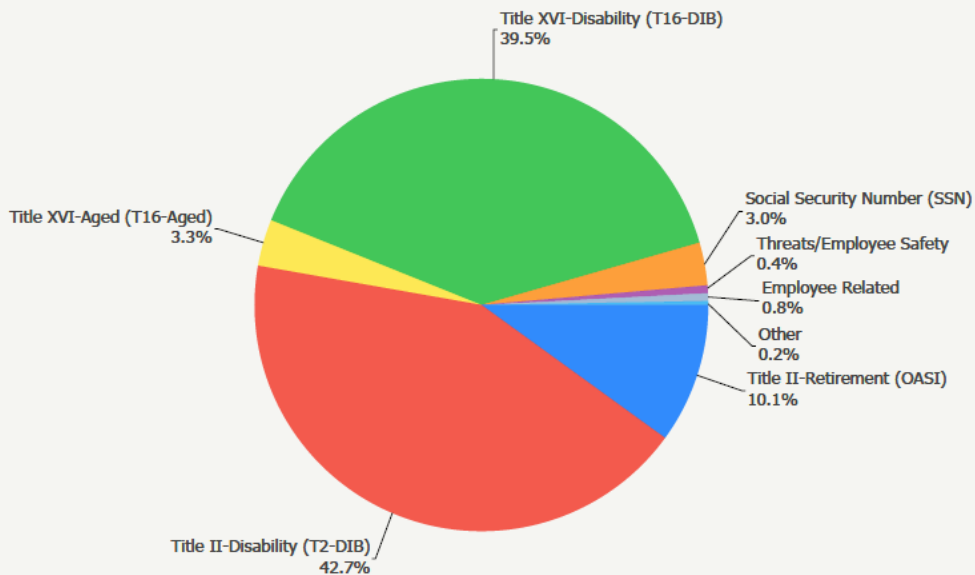
³ This metric includes the total number of individual subjects or entities referred to State and local prosecuting authorities where the investigative findings were not subject to pre-established prosecution declination guidelines. These persons may also have been referred to DoJ.

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

Cases Opened by Program Category 10/1/17 Through 03/31/18



Cases Closed by Program Category 10/1/17 Through 03/31/18



Significant Investigative Activities

Disability Insurance Fraud

WOMAN CONCEALS WORK ACTIVITY AS PRIVATE CARETAKER WHILE COLLECTING DISABILITY BENEFITS

Based on an allegation received from the Fraud Hotline, our Birmingham, Alabama office investigated a 62-year-old Disability Insurance (DI) beneficiary. The investigation determined that the woman worked as a private caretaker at a retirement community and, from September 2012 through January 2017, received DI benefits to which she was not entitled. The woman pleaded guilty to theft of government funds and, in October 2017, she was sentenced to 5 years' probation and was ordered to repay \$58,428 to SSA.

MAN EMPLOYED AT HARDWARE STORE WHILE COLLECTING DISABILITY BENEFITS

Acting on an allegation received from the West Plains, Missouri SSA office, our Kansas City, Missouri office investigated a 50-year-old DI beneficiary. The investigation revealed that the man worked at a hardware store and, from January 2008 through July 2010, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds and, in January 2018, he was sentenced to 5 years' probation and was ordered to repay \$66,915 to SSA.

BENEFICIARY DEFRAUDS SSA BY WORKING WHILE RECEIVING DISABILITY BENEFITS

After receiving information from the United States Secret Service, our Little Rock, Arkansas office investigated a 42-year-old DI beneficiary. The investigation found that the beneficiary concealed his employment as a broker for drilling equipment and, from July 2010 through November 2013, received DI to which he was not entitled. The man pleaded guilty to theft of Government property and, in November 2017, he was sentenced to 3 years' probation and was ordered to repay \$52,585 to SSA.

WOMAN CONCEALS WORK TO FRAUDULENTLY RECEIVE DISABILITY BENEFITS

After receiving an allegation from the Troy, New York SSA office, our Albany, New York office investigated a 58-year-old DI beneficiary. The investigation revealed that the woman concealed her employment with eight companies in various industries and, from 2006 through 2015, received DI benefits to which she was not entitled. The woman pleaded guilty to Social Security fraud and, in January 2018, she was sentenced to 14 months in prison and 3 years' supervised release. She was also ordered to repay \$108,866 to SSA.

WOMAN HIDES EARNINGS USING HUSBAND'S SSN

Based on information provided by the Washington State Attorney General's Office, our Seattle, Washington office investigated a 64-year-old DI beneficiary, her 64-year-old husband, and the DI beneficiary's former employer. The investigation determined that, while receiving DI benefits, the woman conspired with her husband and former employer to conceal from SSA her true earnings by having a portion of her pay reported under the SSN of her spouse. The woman and her husband both pleaded guilty to conspiracy to commit theft of Government property and, in October 2017, both were sentenced to 5 years' probation and were ordered to repay \$17,474 to SSA. The former employer pleaded guilty to conspiracy and, in September 2017, was sentenced to 2 years' probation and ordered to repay \$88,138 to SSA.

SSI Fraud

WOMAN CONCEALS LIVING ARRANGEMENT FROM SSA

Based on an allegation received from the Sault Sainte Marie, Michigan SSA office, our Grand Rapids, Michigan office investigated a 64-year-old SSI recipient. The investigation determined that the woman concealed that she was living with her husband and, from February 2011 through February 2016, received SSI payments to which she was not entitled. The woman was also determined to have received health and nutrition assistance

benefits from the State of Michigan to which she was not entitled. The woman pleaded guilty to SSI fraud and, in October 2017, she was sentenced to 4 months in prison and 1-year supervised release. She was ordered to repay \$37,656 to SSA and \$74,969 to the Michigan Department of Health and Human Services.

WOMAN CONCEALS MARRIAGE TO RECEIVE SSI

Based on information received from the Bangor, Maine SSA office, our Bangor, Maine office investigated a 62-year-old SSI recipient. The investigation determined that the woman concealed her marital status and, from January 2009 to October 2016, she received SSI payments to which she was not entitled. The woman pleaded guilty to SSI fraud and, in November 2017, she was sentenced to 5 years' probation. She was ordered to repay \$35,313 to SSA.

Representative Payee Fraud

MOTHER STEALS CHILD'S BENEFITS

Based on information received from the Greenbelt, Maryland SSA office, our Baltimore, Maryland office investigated a 35-year-old representative payee. The investigation revealed that, while receiving Retirement and Survivors Insurance (RSI) benefits on behalf of her child from October 2013 through May 2015, the payee failed to report that the child was not in her care or custody. The payee pleaded guilty to theft and, in February 2018, she was sentenced to 3 years in prison (suspended) and 5 years' probation. She was ordered to repay \$18,081 to SSA.

MOTHER DEFRAUDS SSA BY CONCEALING HER SON'S LIVING ARRANGEMENT

Based on a referral from the Muskegon, Michigan SSA office, our Grand Rapids, Michigan office investigated a 37-year-old representative payee of her son, an SSI recipient. The investigation revealed that, from September 2013 to October 2016, the woman concealed that her son primarily resided with his father in order to receive SSI payments on his behalf. The investigation also determined that the woman received benefits administered by the State of Michigan to which she was not entitled. The woman pleaded guilty to concealment of a fact affecting entitlement to SSI and, in October 2017, she was sentenced to 6 months in prison and 3 years' supervised release. She was ordered to repay \$27,537 to SSA and \$5,850 to the Michigan Department of Health and Human Services.

FATHER STEALS HIS CHILDREN'S BENEFITS

After receiving information from the Ottawa, Kansas County Prosecutor's Office, our Kansas City, Missouri office investigated a 53-year-old representative payee. The investigation revealed that, from June 2014 to December 2014, while receiving SI benefits on behalf of his two minor children, the payee failed to report that the children did not reside with him and that he did not provide them with financial support. The man pleaded guilty to theft of Government funds and, in October 2017, he was sentenced to 6 months in prison followed by 3 years of supervised release. He was ordered to repay \$24,136 to SSA.

DAUGHTER STEALS MOTHER'S RETIREMENT BENEFITS

Acting on a referral received from the Sedalia, Missouri SSA office, our Kansas City, Missouri office investigated a 51-year-old representative payee. The investigation determined that, from April 2011 through May 2014, the payee received Retirement Insurance (RI) benefits on behalf of her mother and utilized them for her own purposes. Additionally, SSA determined that because the payee failed to report the misused RI payments as unearned income, she was ineligible to receive her own SSI payments. The woman pleaded guilty to theft of Government funds and, in November 2017, she was sentenced to 3 years' probation and was ordered to repay \$54,406 to SSA.

MOTHER STEALS SON'S SSA BENEFITS

After receiving an allegation from the Monroe, Michigan SSA office, our Detroit, Michigan office investigated a 40-year-old representative payee. The investigation found that, while receiving SI benefits for herself and her son from October 2014 to November 2015, the payee concealed from SSA that she did not have custody of her son. The payee pleaded guilty to theft of Government funds and, in November 2017, she was sentenced to a year of probation. She was ordered to repay \$47,051 to SSA.

PAYEE STEALS BENEFICIARY'S PAYMENTS

Acting on a referral from the Baltimore, Maryland SSA office, our Baltimore office investigated a 39-year-old representative payee. The investigation revealed that the woman misused SI benefits paid to her on behalf of the beneficiary from June 2014 through April 2016. The woman pleaded guilty to theft and, in October 2017, she was sentenced to 5 years in prison (suspended) and 5 years' probation. She was ordered to repay \$18,272 to SSA.

Employee Fraud**SSA EMPLOYEE FALSIFIES RECORDS**

Acting on an allegation received from the Kennett, Missouri SSA office, our St. Louis, Missouri office investigated an SSA Claims Representative. The investigation found that the employee fraudulently altered beneficiary documentation and made false attestations on beneficiary records, in an attempt to meet workload deadlines and production standards. The employee pleaded guilty to identity theft and false statements and, in December 2017, the employee was sentenced to 3 years' probation and was fined \$1,000. The employee was subsequently removed from Government service.

SSA EMPLOYEE COLLUDES WITH BROTHER TO DEFRAUD SSA

Based upon information received from the U.S. Attorney's Office, our Grand Rapids, Michigan office investigated an SSA Claims Specialist suspected of structuring bank deposits in excess of \$200,000. Our Digital Forensics Team (DFT) conducted a forensic examination of the employee's work computer and electronic files and determined that the employee accessed financial institutions to conduct monetary transfers. The investigation revealed that the employee colluded with his brother to conceal resources while his brother applied for SSI and food assistance benefits. The man pleaded guilty to lying to a peace officer and was ultimately removed from Federal service. In September 2017, he was sentenced to 200 hours of community service and was ordered to repay \$4,041 to SSA and \$658 to the State of Michigan. The employee's brother pleaded guilty to false pretenses and welfare fraud and, in December 2017, was sentenced to 6 months in prison.

Deceased Payee Fraud**DAUGHTER FRAUDULENTLY COLLECTS MOTHER'S RETIREMENT BENEFITS**

Based on information received from the SSA Mid-America Program Service Center, our St. Louis, Missouri office investigated the 58-year-old daughter of a Retirement and Survivors Insurance (RSI) beneficiary. The investigation determined that, following her mother's death in February 2009, the woman received and converted to her own use the RSI benefits and St. Louis County Civilian Retirement Plan benefits intended for her mother, from approximately February 2009 through July 2013. The woman pleaded guilty to theft of government funds and bank fraud and, in November 2017, she was sentenced to 4 months in prison and 5 years' supervised release. The woman was ordered to repay \$74,587 to SSA and \$5,000 to the St. Louis County Retirement Office.

DAUGHTER COLLECTS DECEASED MOTHER'S RETIREMENT BENEFITS

Acting on a Medicare Non-Utilization Project (MNUP) referral received from the Downtown Cleveland, Ohio SSA office, our Cleveland, Ohio office investigated the 68-year-old daughter of an RSI beneficiary. The investigation revealed that the woman continued to receive and convert to her own use the RSI benefits intended for her mother, following her mother's death in July 1993. The woman pleaded guilty to theft of Government property and, in December 2017, she was sentenced to 3 years' probation and was ordered to repay \$335,114 to SSA.

SON COLLECTS DECEASED MOTHER'S RETIREMENT BENEFITS

Acting on an MNUP referral received from the Downtown Philadelphia, Pennsylvania SSA office, our Philadelphia, Pennsylvania office investigated the 68-year-old son of an RSI beneficiary. The investigation revealed that the man continued to receive and convert to his own use the RSI benefits intended for his mother following her death in July 2008. The man pleaded guilty to conversion of Government funds and, in January 2018, he was sentenced to 5 years' probation and was ordered to repay \$94,606 to SSA.

MAN TAKES HIS DECEASED BROTHER'S SSI PAYMENTS

Acting on information received from an anonymous complainant, our Birmingham, Alabama office investigated the 65-year-old brother of an SSI recipient. The investigation revealed that, following his brother's death in April 2013, the man received and converted to his own use the SSI payments intended for his brother. The man pleaded guilty to wire fraud and, in January 2018, he was sentenced to 1 month in prison and 4 years' supervised release. The man was ordered to pay \$32,659 to SSA.

SON COLLECTS DECEASED FATHER'S RETIREMENT BENEFITS

Acting on an MNUP referral received from the Chula Vista, California SSA office, our San Diego, California office investigated the 57-year-old son of an RSI beneficiary. The investigation revealed that, following the beneficiary's death in July 1997, the man received and converted to his own use the RSI benefits intended for his father. The man pleaded guilty to theft of overnment property and, in November 2017, he was sentenced to 12 months in prison followed by 3 years' supervised release. The man was ordered to repay \$271,925 to SSA.

WOMAN CONVICTED OF MURDERING HUSBAND, COLLECTS SURVIVORS BENEFITS ON HIS RECORD

Acting on a referral from the Birmingham East, Alabama SSA office, our Birmingham, Alabama office investigated a 72-year-old SI beneficiary. The investigation determined that, following the woman's conviction in the 1988 murder of her husband, SSA informed her that she was not entitled to receive SI benefits on his record. In 2009, the woman subsequently applied for and began receiving SI benefits on her deceased husband's SSA record to which she was not entitled. The woman pleaded guilty to wire fraud and theft of Government property. In October 2017, she was sentenced to 24 months in prison and 3 years' supervised release. The woman was ordered to repay \$167,803 to SSA.

MAN USES DECEASED BROTHER'S ATM CARD TO STEAL SSI MONEY

Acting on information provided by the Jacksonville South, Florida SSA office, our Jacksonville, Florida office investigated the 53-year-old brother of an SSI recipient. The investigation determined that, following the death of his brother in December 2014, the man used his deceased brother's ATM card to withdraw SSI payments made on behalf of his deceased brother. The man pleaded guilty to theft of Government property and, in October 2017, he was sentenced to time served of 7 months and 2 years' supervised release. The man was ordered to repay \$8,796 to SSA.

MAN COLLECTS DECEASED MOTHER'S RETIREMENT BENEFITS

Acting on an MNUP referral from the Downtown Cleveland, Ohio SSA office, our Cleveland, Ohio office investigated the 66-year-old son of an RSI beneficiary. The investigation determined that, following the death

of his mother in December 2007, the man received and converted to his own use the RSI benefits intended for his mother. The man pleaded guilty to theft of Government property and, in October 2017, he was sentenced to 5 months in prison and 2 years' supervised release. The man was ordered to repay \$144,466 to SSA.

SSN Misuse

INMATE COLLECTS SSI USING ANOTHER IDENTITY

Based upon information received from the Abingdon, Maryland SSA office, our Baltimore, Maryland office investigated a 53-year-old inmate of a public institution. The investigation determined that, beginning in approximately May 2012, the woman utilized the Personally Identifiable Information (PII) of another inmate to receive SSI payments to which she was not entitled. The woman pleaded guilty to theft of Government property and aggravated identity theft and, in December 2017, she was sentenced to 36 months in prison and 2 years' supervised release. She was ordered to repay \$49,442 to SSA.

WOMAN HIDES WORK USING SECOND SSN

Based on information provided by the Pennsylvania State Police, our Philadelphia, Pennsylvania office investigated a 56-year-old DI beneficiary. The investigation determined that the woman obtained a second SSN and used it to conceal her work from SSA while receiving DI benefits. The woman pleaded guilty to theft of Government funds and, in January 2018, she was sentenced to 3 months in prison and 3 years' supervised release. The woman was also ordered to repay \$118,152 to SSA.

MAN OBTAINS STUDENT LOANS WITH STOLEN IDENTITIES

Based on information provided by the U.S. Postal Inspection Service, our St. Louis, Missouri office investigated a 33-year-old man and his 31-year-old half-brother. The investigation determined the man and his half-brother used the PII of several victims to obtain federal student loans. The man pleaded guilty to conspiracy and aggravated identity theft and, in November 2017, he was sentenced to 45 months in prison and 3 years' supervised release. The man was ordered to repay \$50,610 to the U.S. Department of Education (DoE). The man's half-brother pleaded guilty to conspiracy and, in September 2016, he was sentenced to 7 months in prison and 3 years' supervised release. He was ordered to repay \$14,159 to DoE.

MAN USES IDENTITY OF ANOTHER TO RECEIVE SSI AND HOUSING ASSISTANCE

Based on information received from the Huntington Park, California SSA office, our Los Angeles, California office investigated a 66-year-old SSI recipient. The investigation determined that the man, a citizen of Mexico with no legal status in the United States, used the identity and SSN of another person to receive SSI payments and housing assistance benefits to which he was not entitled. The man pleaded guilty to grand theft and identity theft and, in October 2017, he was sentenced to 16 months in prison. The man was also ordered to repay \$169,565 to SSA and \$48,627 to the Los Angeles County Housing Authority.

MAN RECEIVES SSI UNDER ONE SSN, WORKS UNDER ANOTHER

Based on information provided by the Bloomingdale, Illinois SSA office, our Chicago, Illinois office investigated a 62-year-old SSI recipient. The investigation determined that the man utilized a fraudulently obtained SSN to conceal his employment from SSA while receiving SSI payments. The investigation also found that the man concealed his income from DoE to fraudulently obtain federal financial aid benefits for education. The man pleaded guilty to theft of Government funds, and in November 2017, he was sentenced to 3 months in prison and 1-year supervised release. The man was ordered to repay \$32,052 to SSA and \$11,580 to DoE and was fined \$10,000.

Digital Forensics

ACCOUNTING RECORDS PROVIDE EVIDENCE OF WORK CONCEALMENT

Our Dallas CDI Unit investigated a DI beneficiary alleged to be working under an alias while collecting benefits from SSA. The investigation determined that the woman engaged in substantial work activity at a dry cleaning business owned by her sister.

Following the execution of a Federal search warrant, our DFT conducted a forensic examination of electronic media seized from the business. The analysis provided evidence that the woman was working under both her real name, as well as an alias. In addition, accounting and banking records were identified that revealed payments to the woman as both an employee and a vendor of the company. The woman pleaded guilty to theft of Government funds and, in November 2017, was sentenced to 3 years' probation. She was ordered to repay \$92,345 to SSA, \$25,453 to the U.S. Department of Health and Human Services, and \$3,893 to the Texas Health and Human Services Commission.

Threats and Assaults against SSA Employees

Employee safety is of paramount concern to SSA and OIG. OI shares the responsibility for investigating reports of threats or use of force against Agency employees with the DHS Federal Protective Service, and with local law enforcement if the activity occurs off federally owned or leased property.

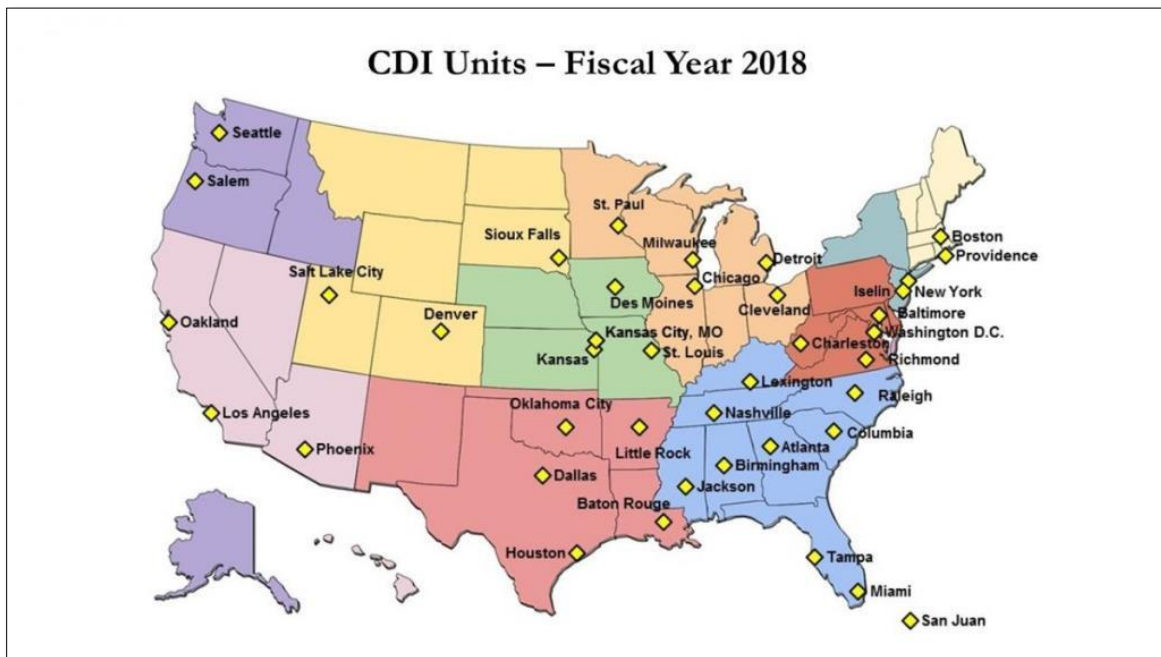
During the reporting period, OIG received approximately 475 allegations nationwide related to employee safety issues, of which over 100 involved assault or harassment, and over 300 were associated with threats against SSA employees or buildings. We also opened 24 cases and closed 13 cases nationwide related to employee safety. The following case summaries highlight significant SSA employee safety investigations we conducted during this reporting period.

DISABILITY APPLICANT THREATENS TO KILL

Based on information received from the hearing office in Creve Coeur, Missouri, under the Office of Hearing Operations (formerly the Office of Disability Adjudication and Review), our St. Louis, Missouri office investigated a 57-year-old applicant for DI benefits. On October 15, 2014, the Creve Coeur, Missouri hearing office received a letter signed by the man in which he threatened to kill people. The man pleaded guilty to attempting to interfere with the administration of SSA and, in December 2017, he was sentenced to 3 years' probation.

Cooperative Disability Investigations Program

The CDI program remains one of our most successful initiatives with SSA, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDS, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse at all levels of the disability process, reviewing initial disability claims, CDRs, and suspected third-party facilitator fraud. We established CDI in FY 1998 with units in just five States; currently, the program consists of 40 units covering 34 states, the District of Columbia, and the Commonwealth of Puerto Rico.



WIFE AND HUSBAND TEAM UP IN ATTEMPT TO OBTAIN DISABILITY BENEFITS

The Des Moines CDI Unit investigated a 40-year-old man who applied for SSI disability benefits, alleging extreme mental conditions, including severe paranoia, hearing voices, communicating with imaginary friends, a desire to kill animals, and playing with children's toys. During the investigation, investigators learned the man's 37-year-old wife was receiving SSA disability benefits and their 9-year-old child had a current claim pending for SSI disability benefits. The CDI Unit noted several similarities in their alleged disabilities, indicating a strong possibility the woman coached her husband and daughter. Based on the results of the investigation, the Des Moines DDS retroactively ceased the woman's disability benefits back to 2013, resulting in a fraud loss totaling \$29,531.50. In addition, the investigation resulted in SSA and non-SSA savings totaling \$116,199.80. The man and the daughter's claims were also denied, resulting in SSA and non-SSA savings totaling \$110,299 for each of them. The husband and wife both pleaded guilty to providing false information to SSA and, in January 2018, they were sentenced to 30 months and 27 months in prison, respectively. Both were ordered to serve 3 years' of supervised release. The woman was also ordered to repay \$29,531.50 to SSA.

WOMAN USES HUSBAND'S SSN TO CONCEAL WORK ACTIVITY FROM SSA

The San Juan CDI Unit investigated a 55-year-old woman who was receiving DI benefits for a mental disorder. The Manati, Puerto Rico SSA District Office received an anonymous complaint stating the woman was allegedly working at a medical center. The investigation revealed the woman was in fact working as the administrator of a medical office owned by her sister. Further investigation revealed the woman used her husband's name and SSN to conceal her earnings and work activity from the SSA. After pleading guilty to theft of Government property, in December 2017, the woman was sentenced to 3 years' probation and ordered to pay \$70,253 to SSA.

MAN SENTENCED TO HARD LABOR FOR DEFRAUDING SSA

The Baton Rouge CDI Unit investigated a 50-year-old man who was receiving DI benefits due to back problems, shoulder pain, and a panic disorder. The man alleged he was unable to go out in public, be around other people, or stand for very long periods. An anonymous source advised the Lafayette, Louisiana SSA office that the man was not disabled, led a very active social life, and operated several businesses. The investigation revealed the man sold cars and owned a company that installed home siding. Based on the results of the investigation, the Louisiana DDS ceased the man's disability benefits, resulting in SSA savings of \$89,730 and non-SSA savings of \$56,170. SSA determined a fraud loss of \$142,627, which included auxiliaries on the man's SSA record. The man pleaded guilty to filing false public records and theft of U.S. currency over \$25,000 and, in January 2018, he was sentenced to 6 years of hard labor. SSA will recover the fraud loss administratively.

CDI Program Results

October 1, 2017 – March 31, 2018

| State | Claims Denied/Ceased | Judicial Actions ¹ | SSA Savings ² | Non-SSA Savings ³ | SSA Recoveries ⁴ |
|-------------------------|----------------------|-------------------------------|--------------------------|------------------------------|-----------------------------|
| Alabama | 9 | 1 | \$484,017 | \$375,918 | \$10,182 |
| Arizona | 18 | 0 | \$880,544 | \$1,205,173 | \$126,336 |
| Arkansas | 50 | 1 | \$2,980,643 | \$2,540,539 | \$0 |
| California ⁵ | 186 | 0 | \$10,764,054 | \$14,106,666 | \$211,775 |
| Colorado | 11 | 0 | \$633,683 | \$574,759 | \$0 |
| District of Columbia | 3 | 0 | \$152,081 | \$206,185 | \$0 |
| Florida ⁶ | 104 | 0 | \$5,639,034 | \$5,893,337 | \$7,850 |
| Georgia | 79 | 0 | \$4,287,565 | \$4,425,577 | \$39,090 |
| Illinois | 23 | 0 | \$1,205,309 | \$1,035,552 | \$34,159 |
| Iowa | 36 | 4 | \$1,774,668 | \$2,451,860 | \$268,876 |
| Kansas | 46 | 1 | \$2,543,838 | \$3,157,382 | \$464,283 |
| Kentucky | 85 | 0 | \$4,041,506 | \$4,638,344 | \$18,178 |
| Louisiana | 31 | 2 | \$1,756,702 | \$1,768,707 | \$245,137 |
| Maryland | 16 | 0 | \$1,064,178 | \$1,015,486 | \$76,148 |
| Massachusetts | 18 | 0 | \$848,885 | \$1,167,182 | \$39,745 |
| Michigan | 51 | 1 | \$3,078,429 | \$3,789,730 | \$235,177 |
| Minnesota | 17 | 0 | \$982,694 | \$1,872,406 | \$0 |
| Mississippi | 48 | 0 | \$2,613,742 | \$2,625,508 | \$18,586 |
| Missouri ⁷ | 64 | 2 | \$3,657,330 | \$4,504,154 | \$133,443 |
| New Jersey ⁸ | 4 | 0 | \$176,596 | \$295,810 | \$4,099 |
| New York | 44 | 1 | \$2,384,119 | \$3,760,102 | \$25,000 |

| State | Claims Denied/Ceased | Judicial Actions ¹ | SSA Savings ² | Non-SSA Savings ³ | SSA Recoveries ⁴ |
|---------------------------|----------------------|-------------------------------|--------------------------|------------------------------|-----------------------------|
| North Carolina | 61 | 0 | \$3,769,228 | \$3,722,830 | \$11,176 |
| Ohio | 121 | 0 | \$6,153,967 | \$10,413,220 | \$23,168 |
| Oklahoma | 47 | 0 | \$2,380,974 | \$2,506,501 | \$0 |
| Oregon | 108 | 0 | \$5,134,699 | \$7,790,402 | \$11,748 |
| Puerto Rico | 8 | 2 | \$608,629 | \$282,263 | \$60,474 |
| Rhode Island | 7 | 1 | \$376,729 | \$402,857 | \$191,709 |
| South Carolina | 124 | 0 | \$7,186,337 | \$7,145,786 | \$0 |
| South Dakota ⁹ | 0 | 0 | \$0 | \$0 | \$0 |
| Tennessee | 5 | 1 | \$290,103 | \$400,231 | \$180,959 |
| Texas ¹⁰ | 42 | 1 | \$2,076,431 | \$2,989,838 | \$103,671 |
| Utah | 52 | 1 | \$3,082,941 | \$2,877,282 | \$191,965 |
| Virginia | 99 | 0 | \$5,138,869 | \$6,943,608 | \$183 |
| Washington | 33 | 0 | \$2,016,765 | \$2,052,641 | \$0 |
| West Virginia | 22 | 0 | \$1,109,999 | \$1,277,441 | \$11,939 |
| Wisconsin | 7 | 0 | \$463,682 | \$430,538 | \$85,537 |
| (10/1/17-3/31/18) | 1,679 | 19 | \$91,738,970 | \$110,645,815 | \$2,830,593 |

1 Judicial Actions include Sentencings, Pre-Trial Diversions, Civil Settlements, and CMPs.

2 CDI-related SSA program savings are calculated using a variable method that considers the type of program involved, and factors that account for nationwide denial/cessation rates.

3 Non-SSA Savings are projected over 60 months whenever another Governmental program withholds benefits because of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

4 SSA Recoveries include SSA recoveries, restitution, fines, settlements and judgments. Although this data is included in the reported OIG monetary accomplishments, the amount attributable to CDI was not previously included in this chart.

5 California has two units, one in Los Angeles and the other in Oakland.

6 Florida has two units, one in Tampa and the other in Miami.

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

8 The Iselin, New Jersey CDI Unit became operational in September 2017.

9 The Sioux Falls CDI Unit became operational in September 2016 and a Law Enforcement Partner joined in July 2017.

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

LEGAL

OIG attorneys provide legal support to all aspects of the OIG mission to ensure legal sufficiency, accuracy, and consistency. Principle areas are investigation, audit, litigation, legislation and fraud prevention. OCIG also maintains an attorney-on-call phone line to provide “real-time” legal advice. Among the legal support OIG attorneys provided this period included timely evaluating:

- New and modified CDI Unit agreements and a myriad of legal issues relating to CDI investigations;
- The legal sufficiency of 1,099 subpoenas, all of which were processed through the new automated Subpoena Tool;
- Requests for Special Agent testimony and investigative documents in Federal, State, and local courts and administrative proceedings, determining appropriate testimony and document production, and assisting in testimony preparation; and
- Addressed 41 *Freedom of Information Act* requests for OIG records for appropriate disclosure.

This period we provided litigation support in multiple Federal and administrative matters, including to Assistant U.S. Attorneys who are defending challenges to Civil Monetary Penalty decisions in the 2nd and 6th Circuit Courts of Appeal.

IG attorneys also had a significant legislative role – reviewing proposed statutes and ensuring compliance with those enacted. For example, in support of the Chief Counsel's role as the SSA Whistleblower Ombudsman, OIG attorneys ensured our internal administrative guidance complied with new whistleblower statutes and Office of Government Ethics guidance. We also reviewed and commented on numerous legislative proposals through SSA requests and participation in the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. Further, OIG attorneys communicated support of our previously proposed sentencing guidelines revisions to the U.S. Sentencing Commission for its hearing, and assisted in preparing the DoJ representative for his hearing testimony (see Appendix I).

Section 1140 Enforcement

We innovatively and effectively protect consumers under Section 1140 of the *Social Security Act*. Section 1140 establishes two broad prohibited activities:

- Prohibits people and companies from misleading consumers by giving a false impression of association with or endorsement by SSA when the people and companies advertise, solicit services, or otherwise communicate with the public. (Prohibited communications can take many forms, including mailed, emailed and televised advertisements, internet websites, social media, personally targeted advertisements, mobile apps, and text messages.)
- Prohibits reproducing and selling Social Security publications and forms without authorization, as well as charging for services SSA provides free.

Internet Entrepreneur Agrees to Pay \$35,000 Penalty

OIG reached an agreement with the owner of the website LocalSocialSecurityOffice.org. The owner's domain name "LocalSocialSecurityOffice.org" and operation of the related website, which incorporated an image of SSA's official emblem and Social Security card, conveyed, or reasonably could be interpreted or construed as conveying, the false impression that the website was an official SSA website or was otherwise approved, endorsed, or authorized by SSA. The owner fully cooperated with OIG's Section 1140 inquiry and immediately disabled the website upon receiving notification of the government's Section 1140 violation assertion. Without admitting that he violated the law, the owner agreed to pay a \$35,000 civil monetary penalty.

Section 1140 Prevention and Early Detection

The focus of our 1140 program is early intervention to minimize harm to the public and SSA's reputation, while also allowing violating individuals and entities the opportunity to bring their operations into compliance with Section 1140. A cornerstone of our prevention and early detection strategy is outreach to our private sector partners, who help identify potential violators.

Our prevention activities include outreach to both private and public sector groups, such as the DoJ Elder Justice Initiative, and collaborating with a major technology provider to provide a Social Security public service notice on its internet search engine and a link to SSA's official website when consumers conduct certain Social Security related Internet searches. These prevention efforts help protect consumers from mistakenly landing on unofficial websites and paying for services that are available free from SSA, and/or disclosing personal information under the mistaken belief that the consumer is at SSA's official website. They also protect consumers from mistakenly believing that SSA is endorsing a non-government product or service.

Our early detection activities with our public sector partner include identifying newly registered website names that suggest potential for violation—often before the websites become operational. Our goal is to prevent violations from actually occurring. When we identify potentially violative websites, OCIG sends an educational letter about Section 1140 to the website operator and, typically, they cease operations.

| SECTION 1140 | |
|--|-----------------------|
| | 10/1/2017 – 3/31/2018 |
| Allegations Received | 21 |
| • No CMP Action | 19 |
| • CMP Action Resolved <i>(Shutdown Violative Operation, Voluntary Compliance, Settlement Agreement or Referred to appropriate Agency)</i> | 1 |
| TOTAL | 20 |
| Prevention/Early Intervention Efforts | |
| • Contacts with Private Sector | 24 |
| • Contacts with Public Sector | 30 |
| TOTAL | 54 |

Section 1129 Enforcement

SSA programs are a critical safety net, providing retirement, disability, and survivors benefits to those who are eligible to receive them. One way we protect the integrity of Social Security programs from fraud, waste, and abuse is through CMPs.

Our CMP Program, which targets violations of Section 1129 of the *Social Security Act*, maximizes available resources, and creates a positive return on investment. Section 1129 authorizes a CMP to: (1) anyone who makes any false statements or representations to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*; (2) representative payees for wrongful conversion of payments; and (3) individuals who knowingly withhold a material fact from SSA.



A CMP consists of penalties of up to \$8,084 for each false statement, representation, conversion, or omission and an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment. When an OIG investigation finds fraud, we refer the matter to DoJ for possible criminal or civil prosecution. If DoJ declines to take action, we are authorized to propose CMPs actions against wrongdoers.

Among our accomplishments this reporting period, we assessed 1,175 cases referred from OI, opened 111 CMP cases for further development, successfully resolved 33 cases, and imposed more than \$1.5 million in assessments and penalties in CMPs. When we do not open a CMP case, we refer the matter to SSA for consideration of administrative action, including sanctions.

| SECTION 1129 | |
|--|-----------------|
| | 10/1/17-3/31/18 |
| Cases Accepted for CMP Development | 111 |
| Cases Successfully Resolved (imposed penalty through settlement, default of judicial order) | 33 |
| Assessments & Penalties | \$1,566,704 |
| Hearings Requested | 8 |

Section 1129 Case Highlights

Section 1129 cases fall within several general categories: deceased payees; false statements and/or omissions regarding material changes to a claimant's living arrangements, identity, disabilities, income, and/or resources; and representative payee conversion.

Deceased Payee Cases

LAS VEGAS MAN FRAUDULENTLY CONVERTED DECEASED FATHER'S RETIREMENT BENEFITS

A son fraudulently used \$47,740 of SSA retirement benefits paid to his deceased father. Unaware of the death, SSA continued depositing SSA retirement benefits into the deceased father's bank account for about a 2-year period. The man confessed to stealing the retirement benefits and surrendered the debit card he used to access the benefits. SSA reclaimed \$15,345 from the bank account. Upon referral to OCIG for CMP action, we settled the case for an assessment of \$32,395 (the remaining balance of the overpayment) and a penalty of \$10,000, for a total CMP of \$42,395.

VIRGINIA MAN WITHDREW AND USED DECEASED WIFE'S SOCIAL SECURITY BENEFITS

A husband failed to notify SSA that his wife, who received DI Benefits, passed away, and the husband continued to withdraw the Social Security benefits that were direct-deposited into a joint account for 14 months. We settled the case for an assessment of \$21,396 and a penalty of \$4,000, for a total CMP of \$25,396.

ILLINOIS SON WITHDREW AND USED DECEASED FATHER'S SOCIAL SECURITY BENEFITS

A son failed to notify SSA that his father, who received RI Benefits, passed away in Honduras. The son continued to withdraw the Social Security benefits that were direct-deposited into a joint account for 2 years and send the money by wire transfer to another relative in Honduras. We settled the case for an assessment of \$55,506 and a penalty of \$8,084, for a total CMP of \$63,590.

TEXAS WOMAN WITHDREW AND USED DECEASED MOTHER'S SOCIAL SECURITY BENEFITS

A daughter was the representative payee for her mother and failed to notify SSA that her mother, who received SSI, passed away. The daughter continued to withdraw the payments that were direct-deposited into her mother's account for more than 2 years. We imposed a penalty of \$31,000 plus an assessment in lieu of damages of \$22,000, for a total CMP of \$53,000.

False Statements and/or Omissions

MICHIGAN WOMAN FAILS TO REPORT WORK ACTIVITY

A Michigan woman failed to report her work activity operating a child day care center while she was receiving DI Benefits. Her misrepresentations and material omissions caused her wrongful receipt of \$44,380 in DI from October 2013 to September 2016. We settled the case for an assessment of \$44,380 and a penalty of \$5,620, for a total CMP of \$50,000.

PENNSYLVANIA WOMAN FAILED TO REPORT EXCESS RESOURCES WHILE RECEIVING SSI

A woman failed to notify SSA that she had excess resources while receiving SSI payments. The woman failed to notify SSA of the excess resources for over two years, even though she knew that she was required to notify SSA of a change in her resources. By failing to notify SSA that she had in excess of \$2,000 in resources, she falsely represented to SSA that she remained eligible for SSI payments. We settled the case for an assessment of \$21,632 and a penalty of \$2,000, for a total CMP of \$23,632.

NEWPORT COUPLE CONCEALS MARRIAGE AND LIVING ARRANGEMENTS TO FRAUDULENTLY RECEIVE SUPPLEMENTAL SECURITY INCOME

A Newport couple did not report their marriage and living arrangements to SSA while applying for and receiving SSI. As a result, the wife wrongfully received \$24,819 and the husband wrongfully received \$22,542 in SSI over about a 12-year period. During the OIG investigation, they both admitted to concealing their marriage and living arrangements from SSA for fear of losing their SSI. The wife agreed to pay a \$24,819 assessment as well as a \$6,000 penalty for a total CMP of \$30,819. The husband agreed to pay a \$22,542 assessment and a \$5,000 penalty for a total CMP of \$27,542.

*Representative Payee Conversion***RHODE ISLAND WOMAN AND REPRESENTATIVE PAYEE CONCEALED HER HUSBAND'S WORK ACTIVITY, INCOME, AND RESOURCES WHILE HE RECEIVED SOCIAL SECURITY BENEFITS**

A woman, who was the representative payee for her husband, exaggerated her husband's intellectual disability when she completed SSA forms. She further concealed her husband was self-employed and earned wages, restoring and repairing race cars, and received monthly cash resources from his mother and sister while he received SSI. We imposed a penalty of \$29,000 plus an assessment in lieu of damages of \$12,559, for a total CMP of \$41,559.

VIRGINIA WOMAN FAILS TO REPORT SON'S LIVING ARRANGEMENTS

While serving as her son's representative payee, a Virginia woman failed to report a change in her son's living arrangements while he was receiving SSI payments. Specifically, she failed to report that her son was no longer living with her and had moved to another state. Her false statements and misrepresentations caused her wrongful receipt of \$23,013 from September 2012 to May 2015. We settled the case for an assessment of \$23,013 and a penalty of \$5,000, for a total CMP of \$28,013.

Litigation Assistance

A significant part of OCIG's work is litigation assistance to Assistant U.S. Attorneys, OIG employees, and SSA counsel. We prepare OIG employees – primarily investigators – to testify in administrative hearings, such as the Merit Systems Protection Board (MSPB) and arbitration hearings, related to their work, and to coordinate with SSA attorneys who request OIG documents for use in such proceedings. This period was particularly active, including:

- Providing civil monetary penalty process expertise to two Assistant U.S. Attorneys (detailed below) in 2nd and 6th Circuit cases.
- Liaising with SSA's Office of General Counsel (OGC) to provide input and assistance with litigation-related documents in the SSA defense of a class-action lawsuit that alleges, in part, an OIG audit report supports the complainants' position that SSA improperly calculated certain benefits and attorney fees.
- Drafting assertions of privilege to object to a request for disclosure of OIG draft audit documents and work papers in an MSPB hearing, in which SSA was defending a removal action. For documents OCIG determined should be produced, we redacted the documents and ensured disclosures were filed under a Protective Order.
- Working with the DoJ to enforce five subpoenas in Federal district courts after OCIG voluntary compliance efforts were unsuccessful.

Litigation Support to U.S. Attorney in Second Circuit CMP Appeal

On December 15, 2017, the Second Circuit Court of Appeals heard oral argument on *Salvatore Cappetta v. Commissioner of Social Security Administration*. Mr. Cappetta was appealing the Commissioner's final decision, which upheld the Departmental Appeals Board's (DAB) decision to impose upon Mr. Cappetta a CMP of \$106,000 and an assessment in lieu of damages of \$47,583. At the request of the assigned Assistant U.S. Attorney, OCIG attorneys provided litigation assistance, including interpreting relevant SSA statutes and regulations, researching DAB decisions, explaining CMP and DAB processes, reviewing and commenting on the draft brief, and participating in the moot court prior to the Second Circuit hearing.

This matter came to the Second Circuit in a circuitous route. In 2012, OCIG proposed a CMP against Mr. Cappetta, a Title II recipient, due to his failure to report his work activity while he received benefits from November 2002 to April 2011. Mr. Cappetta requested a hearing before an ALJ who twice ruled against OCIG, determining that SSA could not consider the work activity of a beneficiary who had been receiving benefits for 24 months or more as a basis for determining continuing entitlement for benefits. OCIG twice appealed the ALJ's decisions to the DAB. In the DAB's second decision, it imposed a CMP of \$106,000 and an assessment in lieu of damages of \$47,583 against Mr. Cappetta – the same CMP OCIG had imposed in 2012. The DAB's second decision became the final decision of the Commissioner in March 2016.

We are awaiting the Second Circuit's decision. In a companion case, the ALJ was reversed on his interpretation of work activity, a CMP was imposed, and the subject appealed to the Sixth Circuit Court of Appeals. The Assistant U.S. Attorney handling that case has asked for OCIG's litigation assistance.

Inspector General Subpoena Tool – Improving Service to our Clients and Increasing Efficiency

We oversee an agency that is responsible for paying nearly one trillion dollars in benefits to nearly 70 million beneficiaries, on a monthly average. The foundation of that oversight is the ability to obtain information, often through IG subpoenas.

After our late FY 2017 full rollout of the web-based Inspector General Subpoena Tool (IGST), in this reporting period, we used the IGST to create, review and sign 100 percent of all Office of Investigations' IG subpoenas. We continued to update our IGST training materials and present training to Special Agents across the United States and in Puerto Rico.

Our data for this reporting period shows we:

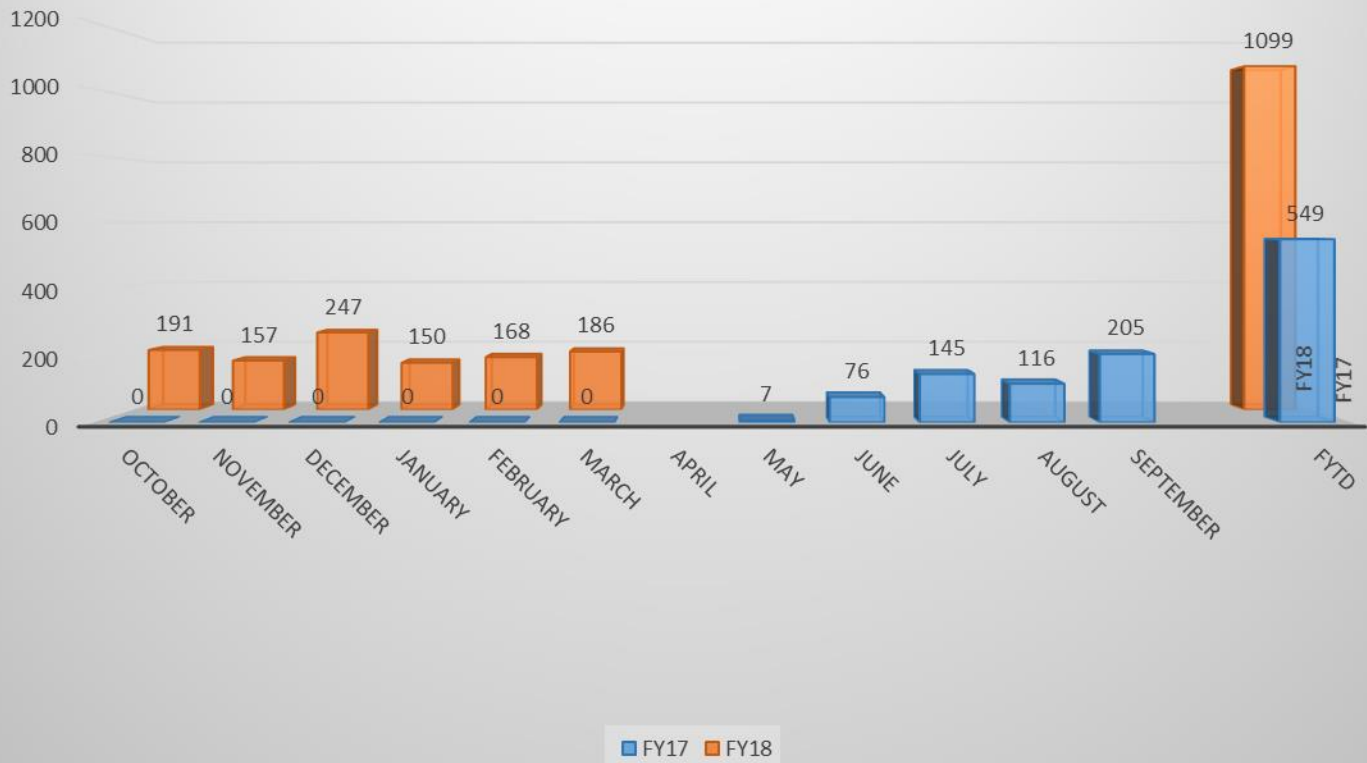
- Processed 1,099 subpoenas using the IGST – more than twice the total number of subpoenas that we processed during any previous reporting period.
- Reviewed subpoenas and provided legal sufficiency guidance within 3 days, typically within 1 day.
- Provided legal support to 232 discrete Office of Investigations IGST users.

Because the IGST uses subpoena templates and single-data entry, the subpoenas are more accurate and easier to complete, streamlining OI and OCIG business processes. The time and resource improvements resulted in significant taxpayer savings. Field Offices that avoided IG administrative subpoenas because of the paper-intensive process and lengthy time to get to a final subpoena now are some of the greatest users. Special Agents have told us:

"I have spoken to other agents across the country, and the consensus is that the IG Subpoena tool is probably one of the best tools that has been created for OI in the past decade. "

"In the past I would, as a last resort, consider using the IG subpoena as an investigative aid...due to the cumbersome process for requesting one and delays [through the] review process. Now, with the creation of the IG subpoena tool, it is super-efficient and easy to use – it's agent proof! Not only is the tool time efficient, it allows an increased productivity – which results in a better product for your end users."

Total Subpoenas Processed through IGST



Other IGST outcomes:

- As a result of the success of the stand-alone IGST, OIG management decided to build this subpoena tool into the new OI case management system that is under-development.
- Following our FY 2017 demonstration of the IGST to the OIG legal community, in this reporting period, two OIGs visited our offices for an in-depth interactive demonstration of the tool; at their request, we are sharing our technology for their use and implementation.
- Data analytics, facilitated by our refined subpoena process, prompted us to develop a new, mandatory "emerging issues" training program for special agents to enhance the effectiveness and efficiency of investigations. Currently, working with the Department of Justice, we have focused on opportunities and hazards presented by the complex framework of laws addressing the availability of electronically stored communications and the fight against cybercrime.

SUPPORT

Budget

For FY 2018, our annual appropriation is \$105.5 million, and we expect \$0.6 million in reimbursable work, which supports a staffing level of 517 employees. Salaries and benefits for our employees account for 87 percent of overall spending. The remaining 13 percent of spending provides for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the Office of Management and Budget mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs. As a result, we created and continuously update our plan to reduce the footprint of OIG offices over the next 5 years. Going forward, the cost savings in rent will allow us to support other initiatives within our organization. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the [OIG Strategic Plan for Fiscal Years 2016-2020](#). In addition, the goals and accomplishments measured in the OIG Strategic Plan are published in SSA's Annual Congressional Budget Justification.

Human Resource Planning and Management

The OIG actively pursues and works to retain our best employees. We focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership-transition efforts, and reciprocal developmental programs. During this reporting period, we continued to offer a series of professional development opportunities in the form of competitive temporary assignments to use knowledge-transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement. We continue to expand our internal OIG Mentor Program, and we revised our existing mentor program to focus on strengthening employee core competencies. The program is designed to ensure that every participant is assigned a more experienced staff member in furtherance of his or her own professional career development.

Whistleblower Allegations

The *Inspector General Act* authorizes the OIG to receive and investigate whistleblower allegations, or allegations from SSA employees, contractors, and job applicants concerning alleged mismanagement, waste of funds, abuse of authority, specific danger to public health or safety, or other violations within the Agency. Federal law protects government employees, contractors, and job applicants who submit whistleblower allegations from certain prohibited personnel practices, including, for example, a significant change in duties or a disciplinary action.

OIG's human resources department evaluates all incoming whistleblower disclosures—and allegations of retaliation—from SSA employees, contractors, and job applicants and determines if OIG action is necessary. These allegations are often complex in nature and require several communications with the complainant(s) to fully develop the facts and take appropriate action. During this reporting period, we received and processed 7 whistleblower allegations; we closed 5, and 2 remain open.

Information Technology

OIG IT specialists continued their efforts to update and improve our systems environment. We initiated upgrades to our current hardware and software infrastructure that houses our National Investigative Case Management System (NICMS) and Business Process Management applications. We continued efforts to develop a NICMS replacement called the Investigative Case Management system that utilizes a customer relationship management platform and operates in a cloud environment. Further, we plan to upgrade our Lines of Business to operate in a cloud environment. These upgrades will provide better redundancy and failover support. We have started to consolidate data centers by utilizing virtualization and SSA's DCVI environment. This will reduce our need to replace equipment and eliminate the need for physical hardware at many of the remote sites. Our IT staff analyzes industry trends to identify new technologies that may enhance our business processes. A complete upgrade from Windows 7 to Windows 10 is planned for this year. Finally, our IT specialists continue to meet the challenge of providing various IT support services for more than 70 OIG offices throughout the country.

Allegation Management and Fugitive Enforcement

OIG's Allegation Management and Fugitive Enforcement Division manages the Social Security Fraud Hotline, which during this reporting period, received 34,585 allegations via telephone, mail, fax, and the internet. Hotline referrals to SSA offices resulted in the identification of \$1,271,883 in Social Security overpayments. The following is a notable investigation from the past 6 months that resulted from a Hotline referral:



- The Fraud Hotline received an allegation via the telephone alleging a Fort Lauderdale, Florida man failed to notify SSA about his mother's death in April 2014. OIG determined the man improperly received \$48,089 after his mother's death. The man was arrested and convicted of theft of government funds. The man was sentenced to 10 months incarceration and one year supervised probation. The man was also ordered to repay \$48,089 to SSA.

AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 68,249 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. We share location information for wanted felons or parole/probation violators with local law enforcement agencies to help with apprehending these individuals. The following is one example of our efforts:

- OIG agents and members of the United States Marshals Service, Capital Area Regional Fugitive Taskforce arrested an SSI recipient. The SSI recipient was wanted on a warrant for Probation Violation with an original charge of manufacturing Schedule 1 Narcotics in violation of Virginia Criminal Code (VCC) 19.2-306, dated September 14, 2017. The arrest warrant was issued by the Colonial Heights Circuit Court located in Colonial Heights, Virginia.

Outreach

Some of our notable outreach efforts during this reporting period included:

- The Acting IG and the Acting Deputy Assistant IG for Investigations gave a presentation on “Combatting Benefit Fraud through Law Enforcement Partnerships” at the Association of Inspectors General Conference in Austin, Texas in November.
- The Acting IG joined the National Science Foundation IG and the Department of Labor IG in a panel discussion about how their offices combat various forms of government fraud at the third annual Dark Net conference in Fairfax, Virginia in February.
- The Special Agent-in-Charge of the OIG's Philadelphia Field Division joined representatives from DoJ, the IRS, and the FBI in Lexington, Kentucky, to participate in a news conference related to the capture of Eric Conn, a former disability attorney who had been a fugitive since June 2017.
- A March episode of CNBC's “American Greed” told the story of the OIG's investigation of a Washington man who exaggerated claims about injuries he received during military services to receive disability benefits from various agencies—including SSA and the Department of Veterans Affairs. The OIG Special Agent who led the investigation discussed the case with the show's producers in Seattle in December.
- OA staff participated in a roundtable discussion about addressing improper payments in disability programs that was sponsored by the MITRE Corporation.
- Our Office of Counsel presented an interactive walk-through of the IG Subpoena Tool to the Office of Personnel Management OIG and State OIG, demonstrating the full subpoena life cycle from special agent creation to OCIG review to Deputy Assistant IG for Investigations signature.
- One of our attorneys in the CIGIE fellowship program participated in a group project in which the team surveyed and interviewed multiple OIGs regarding their training/academic partnership efforts and needs.
- OCRM staff worked hand-in-hand with SSA's facilities team members and the General Services Administration on OIG space actions throughout the country. These collaborative meetings are part of our on-going effort to reduce the Federal footprint and rent costs.
- The Human Capital Operating Plan (HCOP) work group convened in 2017 to draft a first-ever HCOP for the SSA OIG. The HCOP focuses on the areas of Workforce Management, Succession Management, and Performance Management. The work group proposed several proactive initiatives under the three main categories. When senior management determines which initiatives to accept and implement, the HCOP work group will again be involved in the planning and execution of initiatives.
- Our Fraud Hotline launched the SSA OIG Hotline Complaint (SOHC) form for the National Center for Disaster Fraud (NCDF). The NCDF utilizes the SOHC to facilitate the transmission of complaints from the public to AMFED for further development.

REPORTING REQUIREMENTS & APPENDICES

Note: We have streamlined our Appendices by eliminating two Appendices' sections that appeared in prior reports. These Appendices reported information already set out in the body of the report, or information that the OIG is not required to report. Accordingly, information included in Appendices C and E in prior years is no longer included in the Appendices. Current names/letters and content for the Appendices have been appropriately modified.

REPORTING REQUIREMENTS

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

| Section | Requirement | Page(s) |
|-----------------------------------|---|----------------|
| Section 4(a)(2) | Review of legislation and regulations | Appendix I |
| Section 5(a)(1) | Significant problems, abuses, and deficiencies | p. 12, p. 21 |
| Section 5(a)(2) | Recommendations concerning significant problems, abuses, and deficiencies | p. 12 |
| Section 5(a)(3) | Recommendations described in previous Semiannual Reports on which corrective actions are incomplete | Appendix D & E |
| Section 5(a)(4) | Matters referred to prospective authorities and the prosecutions and convictions that have resulted | p. 21 |
| Section 5(a)(5) & Section 6(b)(2) | Summary of instances where information was refused | N/A |
| Section 5(a)(6) | List of audits | Appendix B |
| Section 5(a)(7) | Summary of significant reports | p. 12 |
| Section 5(a)(8) | Table showing the total number of audit reports and total dollar value of questioned costs | Appendix A & B |
| Section 5(a)(9) | Table showing the total number of audit reports and total dollar value of funds put to better use | Appendix A & B |
| Section 5(a)(10) | Audit recommendations more than 6 months old for which no management decision has been made | Appendix A & B |
| Section 5(a)(11) | Significant management decisions that were revised during the reporting period | N/A |

| | | |
|----------------------|---|------------|
| Section 5(a)(10) | Table showing each audit report, inspection reports, and evaluation reports issued before the reporting period with unimplemented recommendations | Appendix F |
| Section 5(a)(12) | Significant management decisions with which the Inspector General disagrees | Appendix D |
| Section 5(a)(17)(18) | Table showing total number of investigative reports issued | p. 19 |
| Section 5(a)(19) | Detailed report on each investigation involving a senior Government employee where allegations of misconduct were substantiated | p. 23 |
| Section 5(a)(20) | Detailed description of any instances of whistleblower retaliation | Appendix J |
| Section 5(a)(21) | Description of any attempt by the establishment to interfere with the independence of the OIG | Appendix K |
| Section 5(a)(22) | Description of any audits or investigations that were not disclosed to the public | Appendix G |

APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes the Social Security Administration's (SSA) 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 Public Law (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, 2017 – March 31, 2018 | | | |
|--|-----------------|------------------------------|----------------------|
| | Number | Value Questioned | Value Unsupported |
| A. For which no management decision had been made by the commencement of the reporting period. | 33 | \$2,956,265,766 ¹ | \$0 |
| B. Which were issued during the reporting period. | 7 ² | \$283,769,643 | \$0 |
| Subtotal (A + B) | 40 | \$3,240,035,409 | \$0 |
| Less: | | | |
| C. For which a management decision was made during the reporting period. | | | |
| i. Dollar value of disallowed costs. | 16 ³ | \$1,115,740,508 | \$0 |
| ii. Dollar value of costs not disallowed. | 5 ³ | \$343,430,712 | \$0 |
| Subtotal (i + ii) | 21 | \$1,459,171,220 | \$0 |
| D. For which no management decision had been made by the end of the reporting period. | 26 ³ | \$1,780,864,189 | \$0 |

¹Amount updated to reflect current value of cases worked.

²See Reports with Questioned Costs in Appendix B of this report.

³Some reports have multiple monetary recommendations and are accounted for as follows: Two reports each have one recommendation reflected in section Ci and the other is reflected in section D. One report has one recommendation reflected in section Ci and the other is reflected in Cii. Two reports each have one recommendation split between sections Ci and Cii. One report has one recommendation reflected in section Cii and the other is reflected in section D. One report has two recommendations reflected in section Ci and the other recommendation is reflected in section D.

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

| Reports with Funds Put to Better Use for the Reporting Period October 1, 2017 – March 31, 2018 | | |
|---|-----------------|-------------------------------|
| | Number | Dollar Value |
| A. For which no management decision had been made by the commencement of the reporting period. | 20 ¹ | \$10,395,822,813 ² |
| B. Which were issued during the reporting period. | 2 ³ | \$10,021,154 |
| Subtotal (A + B) | 22 | \$10,405,843,967 |
| Less: | | |
| C. For which a management decision was made during the reporting period. | | |
| i. Dollar value of recommendations that were agreed to by management. | | |
| (a) Based on proposed management action. | 7 ⁴ | \$497,061,071 |
| (b) Based on proposed legislative action. | 0 | \$0 |
| ii. Dollar value of costs not agreed to by management. | 1 ⁴ | \$2,178,305 |
| Subtotal (i + ii) | 8 | \$499,239,376 |
| D. For which no management decision had been made by the end of the reporting period. | 17 ⁴ | \$9,906,604,591 |

¹Amount updated to reflect report omitted from prior submission.

²Amount updated to reflect omitted report value and current value of cases worked.

³See Reports with Funds Put to Better Use in Appendix B of this report.

⁴Some reports have multiple monetary recommendations and are accounted for as follows: Two reports have a recommendation reflected in section Ci and the other is reflected in section D. One report has a recommendation reflected in section Cii and the other is reflected in section D.

APPENDIX B: REPORTS ISSUED

| Reports with Non-Monetary Findings October 1, 2017 – March 31, 2018 | | |
|--|---|-------------------|
| Audit Number | Report | Issue Date |
| A-14-18-50258 | The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2017 (Limited Distribution) | 10/27/2017 |
| A-15-17-50250 | The Social Security Administration's Compliance with the Digital Accountability and Transparency Act of 2014 as of May 2017 | 11/6/2017 |
| A-02-18-50298 | Fiscal Year 2017 Inspector General's Statement on the Social Security Administration's Major Management and Performance Challenges | 11/9/2017 |
| A-15-18-50273 | The Social Security Administration's Financial Report for Fiscal Year 2017 | 11/9/2017 |
| A-15-18-50280 | The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2017 | 12/21/2017 |
| A-13-18-50457 | Fiscal Year 2017 Risk Assessment of the Social Security Administration's Charge Card Programs | 1/19/2018 |
| A-14-17-50096 | Claims-taking Systems Access Profiles | 2/5/2018 |
| A-14-18-50506 | Contractor's Market Research and Analysis for the Disability Case Processing System (Congressional Response Report) | 2/5/2018 |
| A-04-18-50260 | Customer Wait Times in the Social Security Administration's Field Offices | 2/6/2018 |
| A-05-17-50284 | Information Technology and Related Staff Costs Claimed by the Minnesota Disability Determination Services | 2/14/2018 |
| A-03-16-50102 | Removal of Self-employment Income and the Impact on Social Security Benefits | 2/22/2018 |
| A-09-18-50626 | Interaction Between the Social Security Administration's Representative Payment and State Guardianship Programs (Congressional Response Report) | 3/15/2018 |
| A-03-16-50056 | Using Nursing Home Data to Determine Suitability of Representative Payees | 3/21/2018 |

| | | |
|---------------|--|-----------|
| A-14-17-50291 | Progress in Developing the Disability Case Processing System as of February 2018 (Congressional Response Report) | 3/21/2018 |
| A-77-18-00001 | Single Audit of the State of New York for the Fiscal Year Ended March 31, 2017 | 3/27/2018 |

| Reports with Questioned Costs October 1, 2017 – March 31, 2018 | | | |
|---|-------------------|--|----------------------|
| Audit Number | Issue Date | Report | Dollar Amount |
| A-02-17-14048 | 10/20/2017 | The Cost-effectiveness of Vocational Rehabilitation Services | \$94,883,352 |
| A-01-17-50248 | 12/22/2017 | Match of Connecticut Death Information Against Social Security Records | \$1,946,060 |
| A-13-17-34105 | 12/29/2017 | Old-Age, Survivors and Disability Insurance Benefits to Individuals Removed from the United States | \$3,464,470 |
| A-07-17-50264 | 1/5/2018 | Pending Supplemental Security Income Alerts Related to Over-reported Earnings | \$50,191,703 |
| A-09-18-50559 | 2/14/2018 | Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits | \$131,817,936 |
| A-13-17-50266 | 2/21/2018 | Council of the Inspectors General on Integrity and Efficiency Purchase Card Project | \$22,804 |
| A-09-17-50259 | 3/26/2018 | Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records | \$1,443,318 |
| Total | | | \$283,769,643 |

| Reports with Funds Put to Better Use October 1, 2017 – March 31, 2018 | | | |
|--|-------------------|--|----------------------|
| Audit Number | Issue Date | Report | Dollar Amount |
| A-01-17-50248 | 12/22/2017 | Match of Connecticut Death Information Against Social Security Records | \$173,690 |
| A-09-18-50559 | 2/14/2018 | Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits | \$9,847,464 |
| Total | | | \$10,021,154 |

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

Nothing to report.

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

BENEFICIARIES WHOSE PAYMENTS HAVE BEEN SUSPENDED FOR NO CHILD IN CARE AND WHO ARE SERVING AS REPRESENTATIVE PAYEES FOR CHILDREN (A-09-17-50200, 2/24/17)

Results of Review: SSA needs to improve its controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in care. Based on our random sample, we estimate SSA improperly suspended 3,534 mother/father and spousal beneficiaries for no child in care. Of these, we estimate SSA underpaid 1,796 mother/father and spousal beneficiaries about \$40.2 million.

This occurred because SSA employees did not properly record the child-in-care data on the MBR to support payment to mother/father and spousal beneficiaries. Also, although SSA's automated system generated exceptions when there were no child-in-care data for the mother/father or spousal beneficiary, we found it did not generate exceptions when incorrect in-care data were on the MBR.

Recommendation: Evaluate the results of its actions for the mother/father and spousal beneficiaries in our sample and determine whether it should review the remaining population of 5,693 beneficiaries.

Agency Response: SSA agreed with our recommendation.

Valued at: \$39,492,597 in questioned costs.

Corrective Action: SSA agrees. It anticipates determining whether the remaining population will require review by April 2018.

INDIVIDUAL REPRESENTATIVE PAYEES WHO DO NOT HAVE A SOCIAL SECURITY NUMBER IN THE SOCIAL SECURITY ADMINISTRATION'S PAYMENT RECORDS (A-09-16-50159, 2/17/17)

Results of Review: SSA needs to improve controls to ensure it (a) records individual representative payees' SSNs in its payment records and (b) retains the application for representative payees who do not have an SSN. Based on our random sample, we estimate that 150,257 beneficiaries had an individual representative payee who had a valid SSN that SSA should have recorded on the MBR/SSR. Of these, 26,912 beneficiaries had representative payees whom, according to the Electronic Representative Payee System (eRPS), SSA had terminated or not selected. From October 2004 to September 2016, SSA paid these representative payees about \$853.1 million. Furthermore, unless it takes corrective action, we estimate SSA will pay these representative payees about \$189.6 million in benefits annually.

In addition, we estimate that 22,426 beneficiaries had an individual representative payee who did not have an SSN, and SSA had not followed its policy to retain the paper application. These representative payees were not in eRPS. From April 2006 to September 2016, SSA paid these representative payees about \$1 billion. Furthermore, unless it takes corrective action, we estimate SSA will pay these representative payees about \$182.5 million in benefits annually.

Recommendation: Evaluate the results of its actions for the 77 beneficiaries and determine whether it should review the remaining population of 224,164 beneficiaries we identified.

Agency Response: SSA agreed with our recommendation.

Valued at: \$371,962,319 in funds put to better use.

Corrective Action: SSA is reviewing its results from the cases from recommendation 1 of this report and by May 2018, SSA will determine whether it will take action on the remaining population.

ACTIVE REPRESENTATIVE PAYEES WHO ARE NOT IN THE SOCIAL SECURITY ADMINISTRATION'S ELECTRONIC REPRESENTATIVE PAYEE SYSTEM (A-09-14-34120, 2/15/17)

Results of Review: SSA needs to improve its controls to ensure it does not make payments to representative payees who are not in eRPS. In addition, we found that SSA did not always retain representative payee applications. Although a control exists in eRPS to ensure new representative payees selected after the system's implementation in April 2016 are recorded in both eRPS and the MBR/SSR, we estimate that 20,116 beneficiaries had representative payees recorded on the MBR/SSR as of January 2014 that SSA had not properly established in eRPS. Of these, we estimate that 5,084 beneficiaries had a representative payee for whom there was no paper application supporting SSA's selection of the representative payees. As of December 2015, SSA had paid these representative payees approximately \$218 million.

This occurred because SSA did not take appropriate action to record the representative payees in its representative payee system (the predecessor to eRPS), and they were subsequently excluded from eRPS. In addition, SSA employees did not always obtain or retain paper applications, as required. Finally, SSA's systems did not generate alerts when there was an active representative payee on the MBR/SSR for whom there was no eRPS record.

Recommendation: Evaluate the results of its corrective action for the 91 beneficiaries and determine whether it should take appropriate action to address the remaining population of beneficiaries identified by our audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$216,951,212 in funds put to better use.

Corrective Action: SSA is reviewing its results from the cases from recommendation 1 of this report and by May 2018, SSA will determine whether it will take action on the remaining population.

BENEFITS PAYABLE TO CHILD BENEFICIARIES WHOSE BENEFITS WERE WITHHELD PENDING THE SELECTION OF A REPRESENTATIVE PAYEE (A-09-16-50088, 9/23/16)

Results of Review: We continue to find that SSA needs to improve controls to ensure it pays child beneficiaries' withheld benefits pending the selection of a representative payee. Based on our random sample, we estimated that SSA did not pay 6,615 beneficiaries approximately \$9.2 million in withheld benefits.

We estimated that SSA only paid 2,423 of the 13,464 beneficiaries we identified during our 2010 audit. This occurred, in part, because SSA did not send letters to 4,233 beneficiaries and pay 214 beneficiaries who were in current pay on another record.

Recommendation: Evaluate the results of its actions for the 55 beneficiaries and determine whether it should review the remaining 11,927 beneficiaries identified by our current audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$9,124,990 in questioned costs.

Corrective Action: SSA is currently waiting for the results from the cases in recommendation 5 of this report to determine if the cases will be identified by the alert.

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

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

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

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

Agency Response: SSA agreed with our recommendation.

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

Corrective Action: SSA will take action to determine how many beneficiaries remain in pay, and based on the number, it will decide if action is needed to update representative payee information. SSA plans to review all cases that require action by December 2018.

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

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

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

Recommendation: Conduct timely MBR and SSR matches to identify and correct discrepant payment information.

Agency Response: SSA agreed with our recommendation.

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

Corrective Action: SSA released the cases to the Regions and anticipates completing the cases by the end FY 2018.

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

Results of Review: We continue to find that SSA needs to improve controls to ensure it accurately and timely pays Old-Age, Survivors and Disability Insurance (OASDI) benefits withheld pending a windfall offset determination. We estimated that:

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

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

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

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

Agency Response: SSA agreed with our recommendation.

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

Corrective Action: SSA is working to establish a new Regular Transcript Attainment and Selection Pass (RETAP) alert to identify S9 Windfall cases. Once this is completed, SSA will develop an action plan to address the outstanding records.

HIGHER RETIREMENT BENEFITS PAYABLE TO FAMILIES OF DISABLED BENEFICIARIES (A-09-14-34080, 2/2/16)

Results of Review: SSA needs to improve its controls to ensure it notifies disabled beneficiaries when total family benefits are higher if a disabled wage earner elected reduced retirement benefits. Based on our random sample, we estimated that 8,265 families of disabled beneficiaries were eligible for higher total family benefits of approximately \$27.9 million.

When these beneficiaries attained age 62, SSA should have informed them they were eligible for higher family benefits. However, we found no evidence in SSA's electronic files that SSA informed them they were eligible for a higher family benefit or that the beneficiaries had elected to continue to receive the lower family benefit.

Recommendation: Take appropriate action for the 159 beneficiaries and their families identified by our audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$537,737 in funds put to better use.

Corrective Action: In December 2016, SSA revised the Program Operations Manual System (POMS) RS 00615.110 and RS 00615.742. The POMS revision clarified a number holder simultaneously entitled to Disability Insurance Benefits (DIB) and reduced Retirement Insurance Benefits (RIB) should be notified, but only at the time of filing - not when they become eligible for reduced RIB months and/or years later.

Based on the revised policy, SSA determined 148 beneficiaries were entitled to disability benefits prior to age 61 years, 8 months. These 148 were not eligible for reduced retirement; therefore, no action was required to notify the numberholder (NH) of reduced RIB at the time of filing. The remaining 11 cases resulted in 3 open leads where the NH was eligible for reduced RIB at the time of DIB filing, the NH is alive, and was not receiving SSI. SSA contacted the NHs and two elected to receive the reduced RIB retroactively.

Recommendation: Evaluate the results of its actions for the 159 beneficiaries and their families and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher family benefits.

Agency Response: SSA agreed with our recommendation.

Valued at: \$27,436,497 in funds put to better use.

Corrective Action: The same criteria as recommendation 1, above, was used to reduce the total population from 20,600 to 3,284. SSA reviewed a 20 case sample of the 3,284 and determined no cases required action. Results of SSA's review are below.

- Three NHs declined reduced RIB on the application.
- Six NHs received reduced RIB before DIB.
- One NH received unreduced RIB before DIB.
- Four receiving SSI were ineligible to elect reduced RIB over DIB.
- Four total family benefit higher when auxiliaries became entitled when the NH was over Full Retirement Age.
- One auxiliary was a Disabled Adult Child living in a different household - no advantage to elect reduced RIB.
- One auxiliary child technically entitled on the NH's record was receiving higher benefit on other parent's record.

Based on the results in recommendation 1 and the cases sampled from this recommendation, SSA has decided not to review the remaining population of 20,600 cases.

RETIREMENT CLAIM DENIALS BECAUSE OF LACK OF INSURED STATUS (A-09-14-34107, 1/28/16)

Results of Review: SSA needs to improve its controls to ensure it does not deny retirement benefits to individuals who are fully insured. Based on our random sample, we estimated that SSA denied retirement benefits to 3,575 fully insured individuals from January 2004 to April 2014. Of these, 3,154 individuals were entitled to \$20.8 million in retirement benefits.

Generally, this occurred because (1) SSA employees did not review earnings or develop for lag earnings, and (2) claimants did not report, or provide proof of, earnings to SSA. We also found that SSA employees should have determined whether individuals whom it subsequently awarded retirement benefits should have had an earlier month of entitlement based on a prior application it had denied for lack of insured status.

Recommendation: Evaluate the results of its corrective action for the 68 individuals and determine whether it should review the remaining population of 5,157 individuals.

Agency Response: SSA agreed with our recommendation.

Valued at: \$20,433,391 in questioned costs.

Corrective Action: SSA released the cases to the Regions and anticipates completion by the end of April 2018.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN BANK ACCOUNTS OUTSIDE THE UNITED STATES (A-06-14-14037, 10/19/15)

Results of Review: We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimated that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimated that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit direct deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

Recommendation: Periodically re-verify the eligibility (residency status) of SSI recipients who receive SSA payments in bank accounts established in Puerto Rico or the Virgin Islands.

Agency Response: SSA agreed with our recommendation.

Valued at: \$1,088,598 in questioned costs.

Corrective Action: The workgroup has been working in concert with various components throughout 2016, assessing and looking to redefine the alert process of SSI recipients who receive direct deposit payments into banks, in Puerto Rico or the Virgin Islands. This includes the identification of SSI recipients and notification to field office staff, to allow for the investigation of identified SSI recipients. The workgroup concluded that the low priority "2J Diary" currently in place verifies residence of SSI recipients and the process to review and remove is a manual process within Operations.

In late 2016, SSA received monthly files, listing suspected foreign SSI cases. The Office of Anti-Fraud Programs recommended developing these beneficiaries' presence in the United States, by following existing policy (e.g. 2J Diary). After further analysis and based on limited resources to enhance current process, SSA will continue using the 2JDiary to review and verify SSI cases.

OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS PENDING COLLECTION (A-02-15-35001, 9/22/15)

Results of Review: While SSA had made some progress in recovering the long-term pending overpayments we reviewed, it could improve the effectiveness of its recovery efforts. In some cases, SSA did not recover any part of the overpayments due. In other cases, SSA recovered part of the overpayments but did not continue recovering the remaining balances. The longer these overpayments remain unresolved, the less likely SSA will be able to recover them.

Unresolved protests of the overpayments we reviewed were often the reason SSA had not recovered the debts owed. An overpayment with a pending protest or waiver request suspends further collection activity until it is resolved. While SSA's system generates alerts of the pending protest workload, SSA does not have controls in place to ensure that they are addressed timely, which allows protests to remain unresolved and overpayments unrecovered.

Based on our samples, we estimated that SSA has not resolved over \$172 million in overpayments.

Recommendation: Evaluate the results of its resolution of the 46 overpayments and determine whether it should review the remaining overpayment balances that had been outstanding for 12 months or longer.

Agency Response: SSA agreed with our recommendation.

Valued at: \$172,134,978 in questioned costs.

Corrective Action: SSA analyzed OIG's original population of 4,869 cases and determined that approximately half of the cases no longer show a debt on the record and no action is needed. SSA also excluded cases involving deceased beneficiaries due to the length of time since the death was reported and the low probability of recovering the funds from the estate. SSA released the remaining 1,597 cases to the Payment Centers in April 2018 and anticipates completion of the cases by February 2019.

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

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

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

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

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

Agency Response: SSA agreed with our recommendation.

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

Corrective Action: SSA will re-evaluate the process for collecting overpayments where the value of the overpayment is less than what the Agency spends to collect it. However, SSA believes that this evaluation should include other factors such as reporting deterrents; SSA must obtain the updated SSI data in order to complete this evaluation. SSA was evaluating how to address recommendation 1 of this report [capture in the CAS the average cost of collecting SSI overpayments using a similar methodology as it does for the RSI and DI programs] with the Overpayment Redesign effort. SSA will continue to pursue this recommendation in coordination with the completion of recommendation 1 of this report.

PAYMENT ACCURACY OF DUALY ENTITLED TITLE II BENEFICIARIES (A-04-13-13014, 8/27/14)

Results of Review: Of the 50 sample Title II beneficiaries who were receiving benefits on two Social Security records, we determined that SSA incorrectly paid 29 (58 percent) beneficiaries full benefits on both records.

Of the 29 payment error cases, 9 may have been barred from correction due to SSA's administrative finality regulations. When administrative finality regulations bar correction, SSA will not revise the determinations to assess any possible overpayments or correct the ongoing payments. For these payment error cases, we estimated, as of March 2013, SSA overpaid about 664 beneficiaries approximately \$7.6 million. SSA will continue paying the erroneous amount to child beneficiaries until they reach age 18 and are no longer entitled to benefits or the adult beneficiaries die, resulting in paying additional benefits of about \$10.3 million than what should have been due had the amounts been determined properly initially. In a previous report, we recommended that SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.

For the remaining 20 payment error cases, we estimated that, as of March 2013, SSA overpaid approximately 1,475 beneficiaries about \$6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. As such, we estimated that, for the 12 months following our audit, overpayments in our population totaled about \$4.3 million.

Recommendation: Review all cases in our population to ensure that all overpayments are identified, recorded, and pursued for recovery.

Agency Response: SSA agreed with the recommendation.

Valued at: \$13,557,247 in questioned costs and \$14,569,033 in funds put to better use.

Corrective Action: SSA's Payment Centers corrected benefit rates and established approximately \$12.8 million in overpayment debts. The recommendation is expected to be closed in May 2018.

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

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

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

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

Agency Response: SSA agreed with the recommendation.

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

Corrective Action: In August 2016, SSA completed its review of the additional 1,330 cases identified in this audit to determine what actions were feasible to prevent overpayments to stepchildren. In October 2017, SSA identified 824 stepchildren whose natural parent divorced the NH after June 20, 1996, but had not been terminated correctly. SSA is evaluating the action to correct these beneficiaries.

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

PRE-EFFECTUATION REVIEWS OF FAVORABLE HEARING DECISIONS (A-12-15-50015, 2/7/17)

Results of Review: The Division of Quality Review (DQ) in the Office of Appellate Operations (under the Office of Analytics, Review, and Oversight and previously under the Office of Disability Adjudication and Review, until a reorganization in October 2017), effectuated about four of every five cases selected for a Pre-effectuation Review (PER) in FYs 2011 through 2015 and set aside the remaining cases for additional review. In about 99 percent of the PER cases, DQ either effectuated the case or notified claimants within the required 60 days, though average processing time had steadily increased over the 5-year period.

For the PER cases (about one of every five) requiring further review, the majority was remanded to ALJs, with average processing time for remanded cases also increasing over this period. DQ managers and staff attributed the increase in remand processing time to a growing number of PER cases, DQ staff and management losses, DQ staff handling other workloads, and a lack of timeliness goals.

Of the FY 2011 cases that required further review and were subsequently denied/dismissed, the DQ did not timely terminate disability benefit payments to nine of these claimants. This figure fell to four claimants in FY 2014.

Overall, about 5 percent of the total PER cases processed in FY 2011 led to a denial or dismissal. Given the rate of denials and dismissals, we estimated the potential net program savings ranged from \$23 to \$25 million for that year. Overall, the Agency saved \$4 to \$5 on average per \$1 spent on the PER process in FY 2011.

Recommendation: Consider increasing the number of PERs performed per FY and focusing on cases with a greater likelihood of denial or dismissal.

Agency Response: SSA agreed with our recommendation.

Valued at: \$121,000,000 in funds put to better use.

Corrective Action: In FY 2017, SSA completed a selective sample review of 1,198 hearing abandonment dismissals and finished a selective sample review of favorable decisions based on the impairments medically equaling a listed impairment. SSA considers this recommendation closed.

SSA plans to continue to perform at least 3,500 random sample case reviews and approximately one selective sample study (involving approximately 1,000 cases) each year. SSA will perform additional reviews if resources allow. Given its current resources, SSA has no plans to permanently increase the number of random or selective sample cases it reviews each FY. SSA's selective sample reviews focus on cases with a greater likelihood of denial or dismissal, because those cases are selected based on issues the Agency identifies through random sample review and other data collected by the Agency.

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

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

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

Recommendation: Take appropriate action to verify and correct the representative payees' SSNs, establish an RPS record, obtain a paper application, or correct the type of payee for 50 beneficiaries identified by our audit.

Agency Response: SSA agreed with our recommendation.

Valued at: \$2,178,305 in funds put to better use.

Corrective Action: The Regions reviewed the 50 records and took appropriate action to select a new representative payee for 1 record and updated the representative payee number for 29 records, which required an update to eRPS to update the MBR; the representative payee information from the SSA-11 on file was loaded into eRPS.

Eleven records did not require action, as the beneficiary was no longer in pay status and nine cases either were unenumerated payees (no SSN) or children converted to disabled adult child and placed in direct pay.

CONTROLS OVER "SPECIAL PAYMENT AMOUNT" OVERPAYMENTS FOR TITLE II BENEFICIARIES (A-09-13-23098, 5/18/15)

Results of Review: Since our prior audit, SSA had reduced the number of overpaid beneficiaries and amount of special payment amount (SPA) overpayments for which it had not initiated recovery actions. Similarly, the number and amount of erroneous overpayments on the MBR had decreased. However, SSA's controls did not always ensure it initiated recovery actions timely and tracked overpayments only when recovered in a timely way or otherwise resolved.

Based on our random sample, we estimated that SSA:

- overpaid 9,222 beneficiaries about \$31 million for which it had not initiated recovery actions; and,
- should have removed from the MBR erroneous SPA overpayments, totaling about \$18.3 million, for 1,892 beneficiaries.

This occurred because SSA employees did not review the SPA overpayments or resolve the SPA overpayment alerts. We also found SSA could improve its overpayment collection efforts by producing follow-up alerts for SPA overpayments and/or by revising the clean-up project to identify and select SPA overpayments sooner.

Recommendation: Improve controls to ensure that employees properly resolve SPA overpayments in a timely manner.

Agency Response: SSA agreed with our recommendation.

Valued at: \$49,025,745 in questioned costs.

Corrective Action: In its attempt to identify a cost-effective approach for identifying SPA overpayments, SSA studied its annual SPA Lifecycle Clean-up Project that selects beneficiaries who have SPA overpayments on the MBR and there had been no action taken for at least 3 years. Although this was not cost-effective to reduce the selection criteria, SSA did identify an opportunity to improve its controls over the cases selected. During its study, SSA determined that although this project provides the necessary alerts, the Agency did not have the ability to track which cases were "repeat offenders" and therefore had not been completed in prior years.

As a result, SSA created a new report that lists cases that had been detected in previous years' SPA cleanup, and continued to appear in the current years' SPA clean-up project. This report provides SSA a tool to quickly identify cases that have remained pending for multiple years. The Agency will produce the report annually and within the same timeframe of the SPA clean-up project.

In addition, SSA has reminded the staff of the importance of timely handling. The Agency will continue to evaluate opportunities to prioritize its workloads to ensure timely handling of all workloads in an effort to improve its collection efforts.

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

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

SSA's section 1129 CMP collection efforts still require improvement. SSA made progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed

collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

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

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

Recommendation: Identify an accountable official responsible for developing a time-phased action plan to implement a process for monitoring section 1129 CMP collection status and ensuring CMP balances are posted and collected in accordance with approved settlement agreements or default determinations.

Agency Response: SSA agreed with our recommendation.

Valued at: \$1,554,390 in funds put to better use.

Corrective Action: On October 19, 2017, Operations granted access to all of the executives/analysts to ensure that they have the ability to track CMP cases throughout the month. Operations facilitated a Civil Monetary Penalty Tracking System (CMPTS) demo on November 3, 2017, which demonstrated to the executives, directors, and chiefs how the CMPTS application works.

ACCRUED BENEFITS PAYABLE ON BEHALF OF DECEASED BENEFICIARIES (A-09-14-14034, 8/20/14)

Results of Review: SSA needs to improve its controls to ensure that it pays accrued benefits on behalf of deceased beneficiaries. Based on our random sample, we estimated:

- 3,440 deceased beneficiaries accrued \$24.7 million in benefits that SSA should have paid to a surviving beneficiary in current pay, and
- 1,183 deceased beneficiaries' MBRs incorrectly showed they accrued unpaid benefits.

This occurred because (1) SSA employees did not take appropriate action to pay accrued benefits to surviving beneficiaries; (2) there was no systems alert that identified the accrued benefits that may have been payable; and (3) SSA did not remove temporary suspensions from the MBR after it paid or resolved the accrued benefits.

Recommendation: Evaluate the results of its corrective actions for the 86 beneficiaries and determine whether it should review the remaining population of 5,275 beneficiaries.

Agency Response: SSA agreed with the recommendation.

Valued at: \$24,272,227 in questioned costs.

Corrective Action: The Payment Center reviewed the full population of 5,275 beneficiaries identified.

Approximately \$9.6 million in accrued benefits was released to individuals on behalf of deceased beneficiaries for 2,215 records. The remaining 3,060 records resulted in a variety of actions such as: (1) development per SSA's policy, (GN 02301.030); (2) the underpayment was used to recover an overpayment; or (3) the record was updated to reflect accrued benefits were previously released.

ACCUMULATED FUNDS PAYABLE TO BENEFICIARIES OR THEIR REPRESENTATIVE PAYEES (A-09-12-21236, 12/11/12)

Results of Review: SSA needed to improve controls to ensure it properly and timely paid accumulated funds to Title II beneficiaries or their representative payees. Based on a random sample, we estimated that:

- 4,174 beneficiaries accumulated funds totaling approximately \$29.9 million that SSA had not paid to the beneficiaries or their representative payees;
- 909 beneficiaries had approximately \$18.6 million in accumulated funds that were correctly paid but not timely; and
- 248 representative payees were paid accumulated funds totaling approximately \$4 million, but SSA had not evaluated its ability to manage the funds, as required.

This occurred because SSA did not always (1) establish manual diaries to control the payment of accumulated funds, (2) pay accumulated funds to representative payees when required, or (3) pay all accumulated funds due and payable upon the selection of a representative payee.

Recommendation: Develop a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

Agency Response: SSA agreed with the recommendation.

Valued at: \$29,211,452 in questioned costs.

Corrective Action: SSA investigated and found that in September 2015, the Agency implemented the Ensuring Release of Withheld Benefits project (Prism ID #L6729). This project implemented controls to help ensure the release of benefits previously withheld pending capability/payee development (i.e. embedded periods of S8 suspense) for beneficiaries now in a terminated or current pay status. This project addressed the audit recommendation to develop a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

ANNUAL EARNINGS TEST UNDERPAYMENTS PAYABLE TO BENEFICIARIES (A-09-11-11128, 4/6/12)

Results of Review: SSA improperly paid beneficiaries whose MBR annual report data exceeded their earnings on the Master Earnings File (MEF). We estimated that SSA improperly paid 10,644 beneficiaries about \$15 million during Calendar Years 2005 through 2008. In addition, unless SSA revises the Earnings Enforcement Operation (EEO), we estimated it would improperly pay about \$3.7 million, annually, to 2,661 beneficiaries.

The improper payments occurred because SSA's policy is to exclude from the EEO beneficiaries whose MBR annual report data exceeded the earnings recorded on SSA's MEF. Finally, we found that SSA should not rely on the annual report data on the MBR to determine whether beneficiaries were properly paid. Specifically, we found that annual report data on the MBR (1) were estimated amounts, (2) contained obvious recording errors, and (3) included earnings that were not subject to the annual earning test.

Recommendation: Review its policies, procedures, and systems concerning earnings and benefit computations to provide accurate results for Title II beneficiaries.

Agency Response: SSA agreed with the recommendation.

Valued at: \$3,754,533 in funds put to better use.

Corrective Action: SSA does not identify or reconcile situations where there is an annual earnings report on the MBR that is greater than the amount posted to the MEF- (see RS 02510.026C.2.c). This may result in underpayments that go unrecognized. SSA has worked with its Systems, Policy, Operations, and Quality branches to create a solution that allows it to electronically isolate these cases, and if applicable, release any underpayment due to the beneficiary. SSA is also updating its policy to document and explain the process by which these particular cases will now be selected and accurately processed.

SSA found that Pass 3 of its earnings enforcement process, which occurs February of the following year, would be the optimal time to apply the new selection criteria and look for potential underpayments. As a result, SSA instructed its systems technicians to pull cases during Pass 3 and compare MBR earnings against the MEF record. If the MEF earnings are greater than the MBR earnings, SSA advised its systems staff to create a process to release an underpayment to the beneficiary.

A systems fix is underway, and beginning May 2018, SSA's enforcement system will be capable of selecting cases where earnings on the MBR are greater than those that post to the MEF. Once identified, they will be sent to SSA's Title II processing system in order for any existing underpayment to be released to the beneficiary. SSA anticipates that more than 95 percent of the cases will process in a fully automated fashion. Those that cannot be completed using an entirely electronic approach will be flagged and processed manually. Even though the system update will be in place by May 2018, as mentioned above, SSA will not begin enforcing cases until the following February.

SSA is also updating RS 02510.026C.2.c. Its current policy is to exclude cases with MBR earnings greater than MEF postings. SSA will modify the language to reflect the updated procedure. Moving forward, these cases will be identified and any underpayment due to the beneficiary will be released. This will allow for the earnings-related accuracy in Title II computations and payments that is at the core of this audit.

DISABLED BENEFICIARIES WHO ARE ELIGIBLE FOR HIGHER RETIREMENT BENEFITS (A-09-13-23054, 1/30/15)

Results of Review: SSA needs to improve its controls to ensure that it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimated that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

Recommendation: Evaluate the results of its corrective actions for the 66 beneficiaries and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher retirement benefits.

Agency Response: SSA agreed with our recommendation.

Valued at: \$105,188,265 in funds put to better use.

Corrective Action: SSA completed its work on the 66 cases and the Potential Entitlement Workgroup is taking the lead to address evaluating the results. SSA implemented an initiative in FY 2017, which automated identification and notification to disabled and auxiliary beneficiaries who are potentially entitled to retirement benefits. SSA releases notices to all identified beneficiaries in March and October of each year.

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

THE SOCIAL SECURITY ADMINISTRATION'S NATIONAL REMITTANCE PROCESS (A-04-16-50111, 3/14/17)

Results of Review: While SSA processed remittances accurately, it did not timely process all remittances timely. As of April 22, 2016, SSA's Remittance and Accounting Unit (RAU) had 84,253 unprocessed checks (those RAU received without a remittance coupon), some almost 8-months-old. Without a remittance coupon, RAU cannot scan, process, or deposit checks until it identifies the associated remittance record. RAU also had 57,636 pieces of unopened mail, some pieces almost 2-months-old.

The processing delays caused an increase in the number of customers calling to question why SSA had not cashed their checks and/or continued sending them collection notices for payments they had already submitted. It also caused SSA to take unnecessary debt-collection actions against some individuals who had remitted payments.

On May 23, 2016, we alerted SSA's Commissioner about the significant backlog. In its response, SSA outlined actions it planned to take to eliminate the backlog and improve remittance processing. For example, SSA increased overtime, added RAU staff, and continued efforts to automate the remittance process.

Although SSA had eliminated the backlog we identified, as of October 28, 2016, RAU still had a significant workload that included about 3 months of unprocessed checks. Given its workload and the uncertainties about future resources and automation enhancements, we are concerned about RAU's ability to timely process remittances.

Recommendation: Establish timeliness standards for remittance processing.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA is finalizing the timeliness goals and will communicate the information to the Regions and Payment Centers by May 2018.

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

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

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

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

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA anticipates submitting a proposal to the Information Technology Investment Project in March 2018 to make an enhancement to the Informational/Certified Earnings Record.

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

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

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

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

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

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

Agency Response: SSA agreed with our recommendation.

Corrective Action: Based on the results of the Skills Connect project, SSA anticipates continuing talks to develop a RETAP alert to identify S9 Windfall cases.

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

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA is currently evaluating an alternative solution that would not involve a RETAP alert. It will determine if the alternative is a viable solution; otherwise, it will move forward with a RETAP alert.

HOUSEHOLDS WITH MULTIPLE CHILDREN RECEIVING SUPPLEMENTAL SECURITY INCOME PAYMENTS BECAUSE OF MENTAL IMPAIRMENTS (A-08-14-14098, 3/2/16)

Results of Review: Neither we, nor SSA could identify all the households with multiple children receiving SSI because of mental impairments. As such, we were unable to satisfy that part of our audit objective. However, our interviews with individuals at selected field offices, State disability determination services (DDS), Cooperative Disability Investigations Units, and reviews of 42 households (193 children) with 4 or more mentally disabled children, raised some concerns about the potential for individuals to exploit vulnerabilities in program controls. Although our discussions and case reviews raised some program integrity issues, we did not project

our results to all households with multiple children receiving SSI. We recognize that more than one child in a household may have legitimate disabilities; however, we believe SSA should consider households with multiple children applying for, or receiving, SSI for mental impairments as high-risk.

To enhance program integrity, we believe field offices should routinely notify DDSs about households that have multiple children receiving SSI payments because of mental impairments, as the U.S. Government Accountability Office previously recommended. We determined that field offices did not notify DDSs of other children in the household in 150 (92 percent) of the 163 electronic case files, we reviewed. Without such information, DDS' ability to identify potential fraud and abuse is limited. In addition, 84 (44 percent) of the 193 cases we reviewed were overdue for a continuing disability review (CDR). When SSA does not conduct CDRs as scheduled, some children may receive payments for which they are no longer eligible.

Recommendation: Develop and implement a plan to identify households nationwide in which multiple children are receiving SSI payments because of mental impairments and ensure it conducts medical CDRs timely.

Agency Response: SSA partially agreed with this recommendation.

Corrective Action: SSA relies on a predictive model to analyze case characteristics and prioritize CDRs that are most likely to have medical improvements to use its limited resources on the CDRs with the best rate of return. SSA's models, which it developed and refined over many years, rely on data from all disability cases, including childhood SSI cases. The Office of the Inspector General (OIG) presented no evidence that this cohort would produce a better return on investment than CDRs currently completed, so there is no compelling reason to specifically focus CDRs on children receiving SSI due to mental impairments in households with multiple children receiving SSI benefits. SSA does agree, however, that all SSI children receiving SSI should receive CDRs timely and it is committed to taking action to ensure this happens.

Finally, as noted in SSA's general comments, contingent on adequate and sustained program integrity funding to complete the necessary CDRs, SSA expected to eliminate the CDR backlog of children receiving SSI benefits in FY 2017. With funding to work significantly more CDRs expected in FY 2018, SSA is committed to working all due medical CDRs for child SSI cases by the end of this period.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN BANK ACCOUNTS OUTSIDE THE UNITED STATES (A-06-14-14037, 10/19/15)

Results of Review: We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimated that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimated that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit direct deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

Recommendation: Modify the alert process to identify and notify field office staff to investigate when SSI recipients have SSA payments direct deposited in banks in Puerto Rico or the Virgin Islands.

Agency Response: SSA agreed with our recommendation.

Corrective Action: The workgroup has been working in concert with various components throughout 2016, assessing and looking to redefine the alert process of SSI recipients who receive direct deposit payments into banks, in Puerto Rico or the Virgin Islands. This includes the identification of SSI recipients and notification to field office staff, to allow for the investigation of identified SSI recipients. The workgroup concluded the low priority "2JDiary" currently in place verifies residence of SSI recipients and the process to review and remove the diary is a manual process within Operations.

In late 2016, SSA received monthly files, listing suspected foreign SSI cases. SSA's Office of Anti-Fraud Programs recommended developing these beneficiaries' presence in the United States, by following existing policy (e.g. 2J Diary). After further analysis and based on limited resources to enhance the current process, SSA will continue using the 2J Diary to review and verify SSI cases.

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

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

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

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

Agency Response: SSA agreed with our recommendation.

Corrective Action: Working the cases in this recommendation is contingent upon the actions being taken for recommendation 4 of this report. SSA is still in the process of reviewing the most recent group of cases. SSA will

be collaborating with Agency components to analyze the cases in an effort to make statistically significant conclusions about the unbilled debts and the characteristics creating the discrepancies as identified in the audit. SSA is continuing conversations and the investigation, but it does not have an exact timeframe for when it will have this analysis available because it is contingent on the resources of Agency components and data analytics partners.

QUALIFYING FOR DISABILITY BENEFITS IN PUERTO RICO BASED ON AN INABILITY TO SPEAK ENGLISH (A-12-13-13062, 4/3/15)

Results of Review: SSA has applied the medical-vocational guidelines nationally and does not make exceptions for claimants who reside in Puerto Rico where both Spanish and English are the official languages. The guidelines assume individuals who are unable to communicate in English are limited in their ability to find a job in the regional or national economy where English is the predominant language, even though residents of Puerto Rico may be able to find local work with their Spanish-speaking skills.

While SSA had incomplete management information (MI) on claimants allowed using the grid rules related to an inability to communicate in English, we identified 244 cases in Puerto Rico from Calendar Year 2011 to 2013 where DDSs used the aforementioned grid rules to grant benefits. Moreover, about 4 percent of the hearings we sampled involved these same grid rules.

SSA is preparing to issue an Advanced Notice of Proposed Rulemaking (NPRM) on the need to update the medical-vocational guidelines. This process should lead to changes in how SSA considers factors that may affect a claimant's ability to adjust to other work in the economy. SSA may also want to review other interpretations of the grid rules. For example, a U.S. District Court's earlier judgment, upheld by a U.S. Court of Appeals, found that, usually, it is the ability to communicate in Spanish, not English, which is vocationally important in Puerto Rico.

Recommendation: Evaluate the appropriateness of the grid rules related to an inability to communicate in English when determining eligibility for disability benefits in circumstances such as those we identified in our audit.

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA is pursuing an evidence-based approach to updating the grids to ensure it remains current with changes in medical and vocational practice, technology, and the work force. SSA has completed extensive outreach and gathered research findings and data for consideration. SSA established the multi-component Vocational Regulations Modernization (VRM) Workgroup, which issued preliminary recommendations for modernizing its vocational factors. In addition, SSA published an Advanced NPRM in the Federal Register on September 14, 2015, soliciting public comments on how SSA should consider the vocational factors of age, education, and past work experience to determine whether changes to modernize its vocational rules are warranted. This initiative includes evaluation of the appropriateness of the grid rules related to an inability to communicate in English when determining eligibility for disability benefits.

SSA has drafted an NPRM and is looking at whether it needs additional targeted research to support it. SSA expects to complete research and associated rulemaking processes by FY 2019.

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

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

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

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

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

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

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA agrees and is preparing the NPRM for public comment.

REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/14)

Results of Review: SSA did not always resolve representative payee selections that were pending in its RPS. Based on our random sample, we estimated that SSA:

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid \$132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.
- Improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries. Of these, SSA paid \$265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.
- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.
- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

Recommendation: Determine whether it should modify the RPS clean-up operation to ensure that it does not improperly change representative payee selections to a non-selected status.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Since the modifications to the clean-up process in April 2016, SSA re-wrote the process because it has a new database. SSA completed extensive analysis and worked with Agency stakeholders to develop a new process that would clean-up applications that are "stuck" in eRPS. In February 2018, SSA started running its process to clean-up the "stuck" applications. The Agency is running the process monthly – on the third Sunday of the month. SSA has completed two runs thus far. It is not running all of the stuck applications at once, as that would create work issues for the field offices. The Agency is working to determine what is the best approach for a controlled roll-out.

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

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

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

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

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

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

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: The first release of Bipartisan Budget Act 826/myWageReport was implemented on September 23, 2017. MI reports for Supplemental Security Income Mobile Wage Reporting and SSITWR will be incorporated into Bipartisan Budget Act 826/myWageReport, which is scheduled for the third quarter of FY 2018. During the next release, analysts will research what is necessary to obtain drillable MI to the field office level and to move SSITWR to MI Central so that all wage reporting MI is in a central location.

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

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

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: The first phase of eRPS was released in April 2016; the system alert referenced in this recommendation will not be implemented until a later system release date. The date of the release is still to be determined.

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

HOUSEHOLDS WITH MULTIPLE CHILDREN RECEIVING SUPPLEMENTAL SECURITY INCOME PAYMENTS BECAUSE OF MENTAL IMPAIRMENTS (A-08-14-14098, 3/2/16)

Results of Review: Neither we, nor SSA could identify all the households with multiple children receiving SSI because of mental impairments. As such, we were unable to satisfy that part of our audit objective. However, our interviews with individuals at selected field offices, State DDSs, Cooperative Disability Investigations Units, and reviews of 42 households (193 children) with 4 or more mentally disabled children, raised some concerns about the potential for individuals to exploit vulnerabilities in program controls. Although our discussions and case reviews raised some program integrity issues, we did not project our results to all households with multiple children receiving SSI. We recognize that more than one child in a household may have legitimate disabilities; however, we believe SSA should consider households with multiple children applying for, or receiving, SSI for mental impairments as high-risk.

To enhance program integrity, we believe field offices should routinely notify DDSs about households that have multiple children receiving SSI payments because of mental impairments, as the U.S. Government Accountability Office previously recommended. We determined that field offices did not notify DDSs of other children in the household in 150 (92 percent) of the 163 electronic case files, we reviewed. Without such information, DDS' ability to identify potential fraud and abuse is limited. In addition, 84 (44 percent) of the 193 cases we reviewed were overdue for a CDR. When SSA does not conduct CDRs as scheduled, some children may receive payments for which they are no longer eligible.

Recommendation: Conduct medical CDRs on the children in multi-recipient households we identified. If SSA identifies any potential fraud or abuse through these reviews, SSA should refer the cases to OIG.

Agency Response: SSA agreed with this recommendation.

Corrective Action: With the increase in program integrity funding in recent years, SSA already initiated CDRs on all of the cases identified. However, on one case it is due an age 18 redetermination this year, three permanently impaired children and four whose benefits were terminated for other reasons. Overall, 32 CDRs still pending. Of the remainder that have been completed, the cessation rate is about 20 percent, which is a very good cessation rate. SSA has not found any potential fraud found with these CDRs. Since SSA has either completed or initiated CDRs on all cases, the Agency believes it has taken the action required. SSA will continue to release CDRs on all SSI children's cases, as long as it continues to receive sufficient program integrity resources in its budget.

MANUALLY POSTED SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO SURVIVING SPOUSES (A-13-14-14058, 4/20/16)

Results of Review: Agency staff did not always transfer SSI overpayments to the surviving individual of an eligible couple. We identified 1,231 deceased SSI recipients who had approximately \$3 million in overpayments that SSA had not transferred to the surviving spouse. Based on the percentage of records SSA reviewed and reported was eligible, we estimated that approximately 948 deceased recipients' overpayments may have been eligible for transfer to the surviving spouses for collection. Because of the large finding rate we identified in our review, we believe SSA should review for potential transfer to the surviving spouses all outstanding overpayments for 1,231 deceased SSI recipients.

Recommendation: Consider establishing an alert to notify SSA staff when an overpayment exists on a deceased eligible spouse's SSI record or implement a process to periodically identify overpayments eligible for transfer to the surviving spouse's records.

Agency Response: SSA agreed with our recommendation.

Corrective Action: In March 2018, SSA published revisions to its instructions in SM 01211.631, SM 01311.639, and SM 01301.376.

DISABLED BENEFICIARIES WHO ARE ELIGIBLE FOR HIGHER RETIREMENT BENEFITS (A-09-13-23054, 1/30/15)

Results of Review: SSA needs to improve its controls to ensure that it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimated that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

Recommendation: Improve controls to ensure that disabled beneficiaries are informed when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.

Agency Response: SSA agreed with our recommendation.

Corrective Action: SSA agrees in concept with the recommendation. The Agency is committed to ensuring individuals receive benefits due. SSA currently has an Agency-wide initiative underway to identify potential entitlements (Potential Entitlements Workgroup), and included this recommendation as one of the items for analysis and assessment by the components working on this initiative. The Potential Entitlements Workgroup continues to consider this recommendation as part of its ongoing activities. SSA implemented an initiative in FY 2017, which automated identification and notification to disabled and auxiliary beneficiaries who are potentially entitled to retirement benefits. SSA releases notices to all identified beneficiaries in March and October of each year.

APPENDIX F: OPEN RECOMMENDATIONS AND REPORTS WITH UNIMPLEMENTED RECOMMENDATIONS

SSA/OIG has open recommendations dating back to FY 2001. All recommendations from years prior to FY 2001 are closed. In addition, there are no unimplemented recommendations from FYs 2002-2003, FYs 2005-2007, and FY 2010. The chart below identifies the number of reports with unimplemented recommendations by year and the aggregate potential cost savings of those recommendations.

| Year | Number of Reports with Unimplemented Recommendations | Number of Unimplemented Recommendations | Dollar Value of Aggregate Potential Cost Savings |
|--------------|--|---|--|
| 2001 | 1 | 1 | \$0 |
| 2004 | 1 | 1 | \$0 |
| 2011 | 1 | 1 | \$0 |
| 2012 | 5 | 5 | \$196,258,314 |
| 2013 | 4 | 4 | \$0 |
| 2014 | 12 | 18 | \$31,652,733 |
| 2015 | 16 | 22 | \$3,348,082,766 |
| 2016 | 18 | 34 | \$303,224,029 |
| 2017 | 33 | 66 | \$3,486,950,766 |
| Total | 91 | 152 | \$7,366,168,608 |

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

| Report Title | Report Number | Report Issued |
|--|---------------|---------------|
| 2001 | | |
| Approval of Claimant Representatives and Fees Paid to Attorneys | A-12-00-10027 | 8/21/2001 |
| 2004 | | |
| Conserved Funds for Deceased Beneficiaries with Non-Related Representative Payees | A-13-03-23085 | 3/18/2004 |
| 2011 | | |
| Recovery of Title II Payments Issued After Beneficiaries' Deaths | A-09-10-11037 | 1/4/2011 |
| Collection of Civil Monetary Penalties | A-06-11-11136 | 8/12/2011 |
| 2012 | | |
| State Disability Determination Services' Employee and Contractor Suitability Program | A-15-11-21180 | 12/21/2011 |
| Annual Earnings Test Underpayments Payable to Beneficiaries | A-09-11-11128 | 4/6/2012 |
| The Social Security Administration's Software Modernization and Use of Common Business Oriented Language | A-14-11-11132 | 5/17/2012 |
| Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident | A-09-11-21171 | 7/9/2012 |
| Beneficiaries Who Had Not Cashed their Social Security Checks Within 1 Year | A-09-10-20133 | 7/19/2012 |
| Management Advisory Report: Supplemental Security Income Payments to Multi-recipient Households | A-06-09-29149 | 8/7/2012 |
| 2013 | | |
| Benefit Payments Managed by Representative Payees of Children in Pennsylvania's State Foster Care Programs | A-13-12-11245 | 12/4/2012 |
| Accumulated Funds Payable to Beneficiaries or Their Representative Payees | A-09-12-21236 | 12/11/2012 |
| Direct Deposit Changes Initiated Through Financial Institutions and the Social Security Administration's Internet and Automated 800-Number Applications (Limited Distribution) | A-14-12-21271 | 12/20/2012 |
| Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset | A-09-12-11210 | 1/31/2013 |

| Report Title | Report Number | Report Issued |
|---|---------------|---------------|
| Access Controls for the Social Security Number Verification Service | A-03-12-11204 | 4/18/2013 |
| Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident | A-09-12-22132 | 5/3/2013 |
| Child Support and the Supplemental Security Income Program | A-01-12-11219 | 7/25/2013 |
| 2014 | | |
| Supplemental Security Income Telephone Wage Reporting | A-15-12-11233 | 2/6/2014 |
| Representative Payee Selections Pending in the Representative Payee System | A-09-12-11252 | 2/27/2014 |
| Improper Use of Children's Social Security Numbers | A-03-12-21269 | 3/31/2014 |
| Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year | A-09-13-23023 | 4/7/2014 |
| Accuracy of Auxiliary Payments to Children after Divorce | A-13-11-21100 | 5/12/2014 |
| Non-receipt of Social Security Benefits Due to Unauthorized Direct Deposit Changes | A-02-13-23004 | 5/13/2014 |
| Access Controls over the Business Services Online (Limited Distribution) | A-03-13-13015 | 6/5/2014 |
| Payments to Individuals with Deaths Reported in California from 1980 to 1987 | A-06-14-21416 | 8/14/2014 |
| Accrued Benefits Payable on Behalf of Deceased Beneficiaries | A-09-14-14034 | 8/20/2014 |
| Representative Payees and Beneficiaries Who Were Residing in Different States | A-02-14-14044 | 8/27/2014 |
| Payment Accuracy of Dually Entitled Title II Beneficiaries | A-04-13-13014 | 8/27/2014 |
| Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number | A-01-14-14036 | 9/29/2014 |
| Controls over Claimant Representative Fee Petition Payments | A-05-13-13061 | 9/29/2014 |
| 2015 | | |
| Underpayments Payable to Terminated Title II Beneficiaries | A-09-13-23099 | 12/17/2014 |
| Self-employment Earnings Removed from the Master Earnings File (Limited Distribution) | A-06-12-12123 | 1/30/2015 |

| Report Title | Report Number | Report Issued |
|--|---------------|---------------|
| Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits | A-09-13-23054 | 1/30/2015 |
| The Social Security Administration's Pre-release Procedures of Institutionalized Individuals | A-02-14-24085 | 2/3/2015 |
| Follow-up: Collection of Civil Monetary Penalties | A-06-14-14047 | 3/10/2015 |
| Qualifying for Disability Benefits in Puerto Rico Based on an Inability to Speak English | A-12-13-13062 | 4/3/2015 |
| Using Medicare Data to Identify Disabled Individuals Who Are Deceased | A-08-13-13038 | 4/7/2015 |
| Fraud Risk Performance Audit of the Social Security Administration's Disability Programs (Limited Distribution) | A-15-15-25002 | 4/29/2015 |
| Observations and Recommendations for the Disability Case Processing System (Limited Distribution) | A-14-15-50008 | 5/4/2015 |
| Reimbursement for Data Exchanges with Third Parties | A-03-14-24027 | 5/8/2015 |
| Controls over "Special Payment Amount" Overpayments for Title II Beneficiaries | A-09-13-23098 | 5/18/2015 |
| Cost-benefit Analysis of Processing Low-dollar Overpayments | A-07-14-14065 | 7/1/2015 |
| Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013 | A-07-15-35031 | 7/30/2015 |
| Old-Age, Survivors and Disability Insurance Overpayments Pending Collection | A-02-15-35001 | 9/22/2015 |
| Oversight of the Benefit Offset National Demonstration Project | A-04-14-14078 | 9/22/2015 |
| Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration | A-07-15-15030 | 9/22/2015 |
| Medical Denial Rates for Presumptive Disability Determinations | A-07-15-15032 | 9/23/2015 |
| Performance Review of US Investigations Services, LLC (Limited Distribution) | A-15-15-25034 | 9/24/2015 |
| 2016 | | |
| Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States | A-06-14-14037 | 10/19/2015 |
| Accuracy of Disability Benefits to Beneficiaries Who Also Receive Federal Employees' Compensation Act Payments | A-02-15-22114 | 11/13/2015 |

| Report Title | Report Number | Report Issued |
|--|---------------|---------------|
| Colorado Disability Determinations Service Administrative Cost Reporting | A-06-15-50033 | 12/31/2015 |
| Retirement Claim Denials Because of Lack of Insured Status | A-09-14-34107 | 1/28/2016 |
| Higher Retirement Benefits Payable to Families of Disabled Beneficiaries | A-09-14-34080 | 2/2/2016 |
| Households With Multiple Children Receiving Supplemental Security Income Payments Because of Mental Impairments | A-08-14-14098 | 3/2/2016 |
| Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination | A-09-15-15041 | 3/21/2016 |
| Underpayments Payable to Widow(er)s Eligible for a Higher Monthly Benefit Amount | A-09-14-34103 | 4/11/2016 |
| Manually Posted Supplemental Security Income Overpayments to Surviving Spouses | A-13-14-14058 | 4/20/2016 |
| Concurrently Entitled Beneficiaries Receiving Representative Payee and Direct Payments | A-09-16-50093 | 5/5/2016 |
| The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program | A-13-15-50038 | 5/10/2016 |
| Workload Oversight in the Miami Hearing Office (Limited Distribution) | A-12-15-50041 | 6/9/2016 |
| Payments to Individuals Incarcerated in Texas Department of Criminal Justice Facilities | A-06-15-50017 | 8/9/2016 |
| Beneficiaries Serving as Representative Payees Who Have a Representative Payee | A-09-16-50109 | 8/10/2016 |
| Benefits Payable to Child Beneficiaries Whose Benefits Were Withheld Pending the Selection of a Representative Payee | A-09-16-50088 | 9/23/2016 |
| The Social Security Administration's Plan to Achieve Self-Support Program | A-08-16-50030 | 9/27/2016 |
| Numident Death Information Not Included on the Death Master File | A-06-16-50069 | 9/28/2016 |
| Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions | A-13-16-23006 | 9/29/2016 |
| Access to the Social Security Administration's my Social Security Online Services (Limited Distribution) | A-14-15-15010 | 9/29/2016 |
| Using Medical Claim Data to Identify Aged Title XVI Recipients Who Are Deceased | A-08-14-24122 | 9/30/2016 |
| Compassionate And Responsive Service Plan to Reduce Pending Hearings | A-05-16-50167 | 9/30/2016 |

| Report Title | Report Number | Report Issued |
|---|---------------|---------------|
| 2017 | | |
| Pre-effectuation Reviews of Favorable Hearing Decisions | A-12-15-50015 | 2/7/2017 |
| Active Representative Payees Who Are Not in the Social Security Administration's Electronic Representative Payee System | A-09-14-34120 | 2/15/2017 |
| Individual Representative Payees Who Do Not Have a Social Security Number in the Social Security Administration's Payment Records | A-09-16-50159 | 2/17/2017 |
| Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children | A-09-17-50200 | 2/24/2017 |
| The Social Security Administration's National Remittance Process | A-04-16-50111 | 3/14/2017 |
| Manual Actions to Issue Old-Age, Survivors and Disability Insurance Underpayments Less Than \$6,000 | A-07-17-50153 | 4/21/2017 |
| Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2016 | A-77-17-00007 | 4/21/2017 |
| Accuracy of Critical Payment System Payments | A-02-17-34020 | 4/24/2017 |
| Security of the Social Security Administration's Public Web Applications | A-14-17-50152 | 4/25/2017 |
| Cross-program Recovery to Collect Overpayments | A-13-15-15029 | 4/28/2017 |
| Overpayments Collected Through Long-term Repayment Plans | A-07-16-50082 | 5/3/2017 |
| The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2016 Agency Financial Report | A-15-17-50255 | 5/4/2017 |
| Statutory Benefit Continuation During the Appeals Process for Medical Cessations | A-07-17-50127 | 5/11/2017 |
| The Social Security Administration's Information Technology Costs of the National Support Center | A-04-16-50138 | 5/16/2017 |
| Individuals Who Had Federal Earnings and Old-Age, Survivors and Disability Insurance Overpayments | A-04-16-50136 | 6/9/2017 |
| Supplemental Security Income Overpayments Resulting from the Goldberg-Kelly Procedures | A-01-14-34091 | 6/12/2017 |

| Report Title | Report Number | Report Issued |
|--|---------------|---------------|
| Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016 | A-77-17-00010 | 6/15/2017 |
| Vocational Rehabilitation Services Reimbursements for Supplemental Security Income and Disability Insurance Beneficiaries | A-15-14-14095 | 6/19/2017 |
| Supplemental Security Income Recipients Who Have Life Insurance Policies with Cash Surrender Values | A-02-16-21186 | 6/27/2017 |
| Controls over Death Underpayments Paid to Non-beneficiaries | A-09-16-50114 | 6/29/2017 |
| Manually Reduced Cross-program Recovery Overpayments | A-06-17-50225 | 7/5/2017 |
| The Social Security Administration's Telework Program and Its Effect on Customer Service | A-04-17-50267 | 7/12/2017 |
| Cross-referred Social Security Numbers | A-06-13-23091 | 7/17/2017 |
| Beneficiaries Who Worked After Their Disability Onset Dates and Before Favorable Hearing Decisions | A-02-16-20132 | 7/18/2017 |
| Individuals Barred from Serving as Representative Payees | A-03-16-50156 | 8/3/2017 |
| Widow(er)s Eligible for an Earlier Initial Month of Entitlement | A-09-17-50187 | 8/7/2017 |
| Follow-up: Termination of Disability Benefits Following a Continuing Disability Review Cessation | A-07-17-50213 | 8/21/2017 |
| Guard Services Provided in the New York Region in Fiscal Year 2015 | A-02-17-50186 | 8/21/2017 |
| Payments to Individuals Listed as Deceased in Department of Veterans Affairs' Records | A-06-16-50029 | 8/29/2017 |
| The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims | A-08-16-50053 | 9/5/2017 |
| Supplemental Security Income Payments to Confined Juveniles | A-08-17-50237 | 9/12/2017 |
| Social Security Administration Employees Who Received Salary Increases While Working Under an Opportunity to Perform Successfully Plan | A-04-17-50208 | 9/14/2017 |

REPORTS WITH RECOMMENDATIONS ISSUED BY SEPTEMBER 30, 2016 FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY THE END OF THIS REPORTING PERIOD

Management has not made a decision on two recommendations included in the report, *Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016*. This report was issued June 15, 2017. The recommendations have not yet been resolved with the Commonwealth of Puerto Rico Department of the Family and SSA requested an extension until June 2018 to respond to the recommendations.

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

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

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

OFFICE OF AUDIT

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

However, the Office of Audit issued one report as "limited distribution" during this timeframe:

- **The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2017 (A-14-18-50258) – issued October 2017**

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

OFFICE OF INVESTIGATIONS

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

| Description of Investigation | Status | Disposition | DOJ Referral | DOJ Referral Date | DOJ Declination |
|--|--------|-----------------------------|--------------|-------------------|-----------------|
| A Senior Government employee within SSA was alleged to have had improper contact with a claimant representative and improperly disclosed internal SSA information. | Closed | Allegations unsubstantiated | No | N/A | N/A |

APPENDIX H: PEER REVIEWS

OFFICE OF AUDIT

Our Office of Audit is required to undergo a peer review every 3 years, in accordance with generally accepted Government auditing standards.

- The final System Review Report related to our last peer review, conducted by the General Services Administration (GSA), was issued in September 2015. 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 GSA OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations because of this peer review.
- During FY 2015, we conducted a peer review of the Environmental Protection Agency OIG Audit Organization. We issued our report on June 12, 2015 and made no recommendations because of this peer review.
- There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

OFFICE OF INVESTIGATIONS

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

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

APPENDIX I: REVIEW OF LEGISLATION & REGULATIONS

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

- Our audits and other reports evaluate SSA's compliance with existing laws and regulations.
- We recommend, when appropriate, issuing regulations or seeking appropriate legislative authority, and we provide a status of those recommendations in our *Semiannual Report to Congress*.
- We provide *Congressional Response Reports* in response to direct requests.
- We describe planned reviews in our annual Audit Work Plan that will address issues related to laws and regulations.
- We provide comments on pending or proposed legislation to SSA's Office of Legislation and Congressional Affairs, for inclusion in its agency response to the Office of Management and Budget.

CIGIE Legislation Committee

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

During this period, the Committee coordinated community-wide and agency-specific concerns of CIGIE members to appropriately support, modify, and otherwise comment on a wide range of important legislative issues. Particularly significant issues include enhancement of whistleblower protections and IG testimonial subpoena authority.

We also communicate directly with congressional staff as needed to discuss legislative issues relating to our work.

Bipartisan Budget Act of 2015 Implementation Activities

U.S. Sentencing Commission Revised Sentencing Guidelines

As reported in previous *Semiannual Reports to Congress*, SSA OIG was successful in encouraging Congress, through legislative proposals, to include significant provisions combatting SSA disability fraud into the *Bipartisan Budget Act of 2015* (BBA), Pub. L. 114-74. BBA Section 813 amends Sections 208(a), 811(a), and 1632(a) of the *Social Security Act* (42 U.S.C. §§ 408(a), 1011(a), and 1383(a)) to provide for a specific charge of conspiracy for a violation of these statutes and an increase of criminal penalties for individuals in a position of trust who defraud SSA from 5 years to 10 years imprisonment.

During this period, SSA OIG continued working with the U.S. Department of Justice (DoJ) and the U.S. Sentencing Commission (USSC) to amend the Federal sentencing guidelines in accordance with the *Bipartisan Budget Act of 2015* (BBA) new charge of conspiracy to commit SSA fraud and increased

penalties for individuals in a position of trust. Following the USSC's re-publication of proposed BBA amendments to the sentencing guidelines, SSA OIG submitted additional views, comments, and suggestions in support of the proposed amendments on October 10, 2017. On February 8, 2018, the USSC held a hearing on the proposed BBA amendments to the sentencing guidelines. DoJ represented SSA OIG interests at the hearing. To assist DoJ in its testimony preparation, SSA OIG attorneys provided details about the BBA-related sentencing proposals. We are currently awaiting the USSC's final decision on amending the sentencing guidelines in accordance with the BBA.

BBA Reporting Requirements

BBA Section 845(a) amends Section 704(b) of the *Social Security Act* (42 U.S.C. § 904(b)), requiring the SSA OIG to report certain information to the Commissioner for inclusion in SSA's annual budget. However, most of the statutorily required information was not within SSA OIG's purview.

We noted that SSA independently gathers and stores the data SSA OIG is statutorily required to report. OIG attorneys reached an agreement with SSA that the Agency will directly report the statutorily required data that SSA OIG does not collect or store. We drafted a memorandum of understanding between OIG and SSA to memorialize the manner in which OIG is meeting its statutory reporting requirement.

BBA Implementation Regulations

BBA Section 813 establishes civil monetary penalties in Section 1129 of the *Social Security Act* against individuals in a position of trust that make false statements, misrepresentations, or omissions in connection with obtaining or retaining SSA benefits or payments. BBA Section 814 clarifies that electronic and internet communications are included in the prohibitions against misusing SSA's names, symbols and emblems to convey the false impression that such items are approved, endorsed, or authorized by SSA, as stated in Section 1140 of the *Social Security Act*. In addition, it treats each dissemination, viewing, or accessing of a communication as a separate violation.

Since enactment of the BBA in 2015, SSA OIG has consistently raised the need to amend the regulations at 20 C.F.R. Part 498 to implement the BBA. In February 2018, SSA OIG received notification that it may commence regulatory drafting activities and is working on these proposed rule drafts.

APPENDIX J: WHISTLEBLOWER RETALIATION

Section 5(a)(20) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to provide a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences the establishment imposed to hold that official accountable.

Nothing to report.

APPENDIX K: SSA INTERFERENCE WITH OIG INDEPENDENCE

Section 5(a)(21) of the Inspector General Act of 1978, as amended, requires the SSA OIG to provide a detailed description of any attempt by the establishment to interfere with the independence of the OIG, including:

- (a) with budget constraints designed to limit the capabilities of the Office; and
- (b) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action.

Nothing to report.

GLOSSARY OF ACRONYMS

| | |
|-------|---|
| ALJ | administrative law judge |
| AMFED | Allegation Management and Fugitive Enforcement Division |
| BBA | <i>Bipartisan Budget Act of 2015</i> |
| CAS | Cost Analysis System |
| CDI | Cooperative Disability Investigations |
| CDR | continuing disability review |
| CIGIE | Council of Inspectors General on Integrity and Efficiency |
| CMP | civil monetary penalty |
| CMPTS | Civil Monetary Penalty Tracking System |
| DAB | Departmental Appeals Board |
| DCPS | Disability Case Processing System |
| DDS | disability determination services |
| DFT | Digital Forensics Team |
| DHS | Department of Homeland Security |
| DI | Disability Insurance |
| DIB | Disability Insurance Benefits |
| DIPS | Death Information Processing System |
| DoE | Department of Education |
| DoJ | Department of Justice |
| DQ | Division of Quality |
| EEO | Earnings Enforcement Operation |
| eRPS | Electronic Representative Payee System |
| FBI | Federal Bureau of Investigations |
| FY | fiscal year |
| GSA | General Services Administration |
| HCOP | Human Capital Operating Plan |
| IG | Inspector General |
| IGST | Inspector General Subpoena Tool |
| IO | Immediate Office |
| IRS | Internal Revenue Service |
| IT | information technology |
| MBR | Master Beneficiary Record |
| MEF | Master Earnings File |
| MI | management information |
| MNUP | Medicare Non-Utilization Project |
| MSPB | Merit Systems Protection Board |
| NCDF | National Center for Disaster Fraud |
| NH | numberholder |
| NICMS | National Investigative Case Management System |

| | |
|--------|---|
| NPRM | Notice of Proposed Rulemaking |
| OA | Office of Audit |
| OASDI | Old-Age, Survivors and Disability Insurance |
| OCIG | Office of the Counsel to the Inspector General |
| OCRM | Office of Communications and Resource Management |
| OGC | Office of General Counsel |
| OI | Office of Investigations |
| OIG | Office of the Inspector General |
| PER | Pre-effectuation Review |
| PIA | primary insurance amount |
| PII | personally identifiable information |
| POMS | Program Operations Manual System |
| RAU | Remittance and Accounting Unit |
| RI | Retirement Insurance |
| RIB | Retirement Insurance Benefits |
| RPS | Representative Payee System |
| RSI | Retirement and Survivors Insurance |
| SI | Survivors Insurance |
| SOHC | SSA OIG Hotline Complaint |
| SPA | special payment amount |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |
| SSITWR | Supplemental Security Income Telephone Wage Reporting |
| SSN | Social Security number |
| SSR | Supplemental Security Record |
| USSC | U.S. Sentencing Commission |
| VIPr | Visitor Intake Process Re-write |