



An Investment in Integrity

Social Security Administration
Office of the Inspector General

Semiannual Report to Congress

April 1, 2002 Thru September 30, 2002



Social Security Administration Office of the Inspector General

Semiannual Report to Congress

MISSION STATEMENT

By conducting independent and objective audits, evaluations, and investigations, we improve the SSA programs and operations and protect them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

VISION AND VALUES

We are agents of positive change striving for continuous improvement in SSA's programs, operations, and management by proactively seeking new ways to prevent and deter fraud, waste, and abuse. We are committed to integrity and to achieving excellence by supporting an environment that encourages employee development and retention, and fosters diversity and innovation, while providing a valuable public service.





Message from the Inspector General

This has been a dramatic year for the Office of the Inspector General (OIG) of the Social Security Administration (SSA). The ongoing war against terrorism has added urgency to protecting the integrity of the Social Security number (SSN). The SSN has become a vital aspect of American life and of homeland security. Its reliability is a key element, not only in protecting against fraud, but also in protecting lives at home and abroad. I have testified before Congress six times during this reporting period concerning SSN misuse and I continue to support efforts to further protect the SSN.

OIG's accomplishments in combating fraud, waste and abuse have been achieved through the dedicated efforts of every OIG staff member. Because of this commitment, we continue to make significant progress in every area of our organization. Our investigators reported over \$206 million in investigative accomplishments with over \$22 million in SSA recoveries, restitution, fines, settlements, and judgments and over \$184 million in SSA savings. Our attorneys reported over \$664,000 in penalties and assessments imposed for persons making false statements. And finally, in Fiscal Year (FY) 2002 our auditors issued 88 reports with recommendations that over \$159 million in Federal funds could be put to better use and identified over \$15 million in questioned costs. Thus OIG returned \$8 in savings and recovered funds for every \$1 Congress appropriated.

Twice a year it is my privilege and responsibility as Inspector General to report to the Congress and SSA's Commissioner on OIG's accomplishments. This *Semiannual Report to Congress*, covering the period of April 1, 2002 through September 30, 2002, meets the requirements of the *Inspector General Act of 1978*, as amended, and includes information that is mandated by Congress. It outlines our mission, describes significant activities, and provides our assessment of SSA's top management issues for FY 2002. It also includes highlights of our accomplishments for each of these challenges, including several major cases and other organizational achievements.

Social Security remains an American cornerstone. As we continue to work with SSA to achieve measurable results, we strive to anticipate future challenges for ongoing and planned work to achieve our desired goals.

Sincerely,

A handwritten signature in black ink, appearing to read "James G. Huse, Jr.", is positioned below the word "Sincerely,".

James G. Huse, Jr.
Inspector General



**Inspector General
James G. Huse, Jr.**





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Introduction to Our Organization

OIG is comprised of five components: Office of the Chief Counsel to the Inspector General (OCCIG), Office of Audit (OA), Office of Investigations (OI), Office of Executive Operations (OEO), and the Immediate Office of Inspector General (IO).

Office of the Chief Counsel to the Inspector General

OCCIG reviews and evaluates legislation, regulations, and standard operating procedures in terms of their impact on program economy and efficiency or their prevention of fraud and abuse. It also provides legal advice and counsel to the IG on various matters, including: (1) statutes, regulations, legislation, and policy directives governing the administration of SSA programs; (2) investigative procedures and techniques; and (3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. OCCIG also administers the Civil Monetary Penalty (CMP) program, which the Commissioner of Social Security delegated to OIG.

Office of Audit

OA conducts comprehensive financial, performance, and systems audits and evaluations of SSA programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers (CFO) Act of 1990*, assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations and projects focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations, in accordance with the Quality Standards for Investigations published by the President's Council on Integrity and Efficiency; SSA OIG Special Agent Handbook; and other applicable laws, policies, and regulations. These activities include wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, other third parties, and SSA employees. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of Executive Operations

OEO supports OIG by providing information resource management; systems security and development; and the



coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act of 1993* (GPRA). Finally, OEO administers OIG's public affairs, media and interagency activities and coordinates responses to congressional requests for information.

Immediate Office of the Inspector General

IO consists of two principal functions: (1) the Office of Quality Assurance, which is responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA as well as conducting investigations of OIG employees when necessary, and (2) the Ombudsman Program which reports directly to the Inspector General (IG).



Deputy Inspector General Jane Vezeris, Assistant Inspector General (AIG) for Audit Steven L. Schaeffer, Chief Counsel to the IG Kathy A. Buller, AIG for Executive Operations Stephanie J. Palmer, and AIG for Investigations Patrick P. O'Carroll lead the IG staff.



Significant Activities

OIG's task is to help SSA work faster and smarter in its service and stewardship, and make the best use of technological benefits to ensure SSA's success. Naturally, we must do the same thing. We have made steady progress while expanding our role, and our effectiveness shows in the sustained accomplishments highlighted throughout this report.

This section details several of our most significant activities, including our

- ❑ Homeland Security Efforts
- ❑ Fugitive Felon Program
- ❑ Cooperative Disability Investigations Program
- ❑ Battle Against Senior Citizen Scams and False Statements.
- ❑ Investigative Accomplishments

Homeland Security Efforts



Our involvement in homeland security is mandated by the role the SSN plays in establishing false identities and in facilitating the commission of financial crimes which can be used to finance terrorism. The SSN must be protected at its source. Our core role is to protect the integrity of the SSN process and to ensure the accuracy of SSA's records.

With that in mind, our support for homeland security has taken several forms:

- ❑ Testimony before six congressional hearings in this reporting period on the threats to SSN integrity and measures we believe would reduce those threats significantly.
- ❑ Participation nationally, regionally, and locally in a variety of task forces that have combated various vulnerabilities to terrorism.
- ❑ Participation as well in airport security operations conducted across the country under the aegis of the Offices of United States Attorney, to help ensure that airport employees with access to secure areas are who they claim to be.
- ❑ Audits that have discovered and reported on areas where SSA's programs are working and where they need change with respect to securing the integrity of the SSN.



We reiterated to Congress our assessment of SSA's business processes for issuing and protecting SSNs -- an assessment we have been making for a number of years -- immediately after the attacks of September 11, 2001. We have given Congress our evaluation of new techniques to improve SSN verification and decrease identity theft.



Throughout our testimony and other responses to Congress, we have stressed the importance of interagency data verification and data matching agreements between Federal and State agencies.

Requiring SSA field offices (FO) to verify identification documents of non-citizens applying for SSNs has been a problem. The Immigration and Naturalization Service (INS) and SSA "should find a way to authenticate immigration documents before an SSN is issued," Inspector General Huse told members of the Senate Finance Committee in a July 11 hearing. "We must ensure that no SSN is issued based on INS documents that a simple interagency check could have revealed to be fraudulent. The lack of adequate controls over this process creates a national security risk that both the Commissioner and I find unacceptable."

SSA's OIG is part of various anti-terrorism task forces, along with such agencies as the Department of Justice (DOJ), Federal Aviation Administration (FAA), and INS. We became immediately involved and remained involved in the terrorist investigation following the events of September 11th because of the nature of our jurisdiction with respect to the integrity and use of SSNs and the records SSA maintains as a consequence of that activity.

Protecting the integrity of that identifier is as important to our homeland security as any border patrol or airport screening.

Our participation has been recognized as particularly helpful. For example, Federal Bureau of Investigation (FBI) Director Robert S. Mueller III presented a special award to OIG's Critical Infrastructure Division for its "commendable performance during a Joint Task Force investigation." Following the September 11th attacks, division personnel participated in a full-time investigative effort at the FBI Headquarters, providing assistance in intelligence and threat analysis. The award particularly cited their "outstanding cooperation and investigative talents" which enabled the Task Force to better achieve its objectives.

Also, OIG's World Trade Center Response Team was presented the prestigious Interagency Resources Management Conference (IRMCO) Award On September 2, 2002, at IRMCO's 41st annual conference. The award, sponsored by the General Services Administration (GSA) and the Federal Chief Information Officer Council, is granted annually to an individual and a team who have demonstrated exceptional ability to operate across organizational boundaries to improve the Government's service to its people. The World Trade Center Response Team responded to the challenges that emerged from the tragic events of September 11, 2001 with a high sense of duty and dedication. All 21 team members were from OI's New York Field Division.

Today it is unrealistic to believe that the SSN is simply a number for tracking workers' earnings and the payment of social insurance benefits. The SSN has become the *de facto* national identifier. Protecting the integrity of that identifier is as important to our homeland security as any border patrol or airport screening. We must protect the SSN that has become our national identifier, and is the key to social, legal, and financial assimilation in this country.

The following cases illustrate our efforts against terrorism.

The Anti-Terrorist Task Force (ATTF) arrested a man in Oregon who had trained with Palestinian guerrilla groups since he was 12. A convicted felon, he was



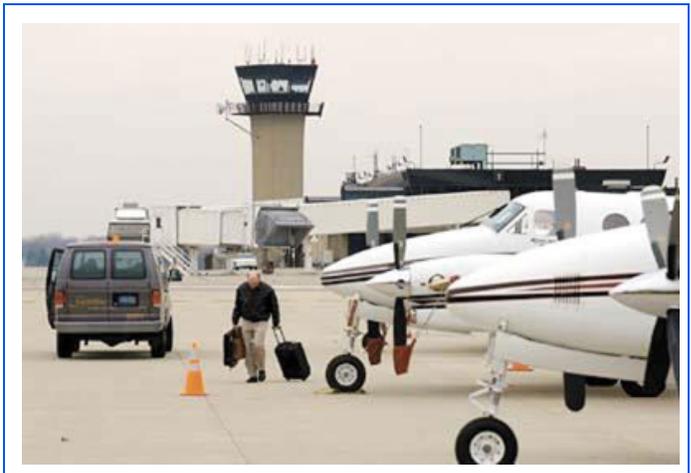
carrying a loaded assault rifle and pistol, along with hundreds of rounds of ammunition. In his home ATTF found a 2001 calendar with September 11th circled in red, three different Social Security cards in his name, evidence of credit card fraud and \$20,000 in cash, and indications he was connected to a terrorist group. OIG determined he had obtained three different SSNs from SSA by falsifying two of his three SSN applications. He was incarcerated and turned over to the INS for deportation. This case led to the arrest of a suspected al Qaeda cell in Oregon in September 2002.



A Jordan national gave a false Illinois driver's license with another person's name and SSN to obtain a Louisiana driver's license and secure a "Hazmat" endorsement on his commercial driver's license (CDL). He used another person's SSN to get a vendor's permit and a credit application. He was indicted and charged with three counts of illegal use of an SSN and one count of fraudulent use of identification documents. The indictment alleged he had misused another person's SSN for personal benefit on several occasions. He pleaded guilty to illegal use of an SSN and was incarcerated.



Since the first airport operation in Salt Lake City in December 2001, OIG has participated in 36 airport security operations across the country, 28 of those during this semi-annual period. Working with Joint Terrorism Task Forces and other Federal agencies under the aegis of the Offices of United States Attorneys, we have helped to ensure that no airport employee who has misrepresented his or her SSN and identity has access to secure areas of the Nation's airports. The primary charges have been related to SSN misuse, false statements and INS violations.



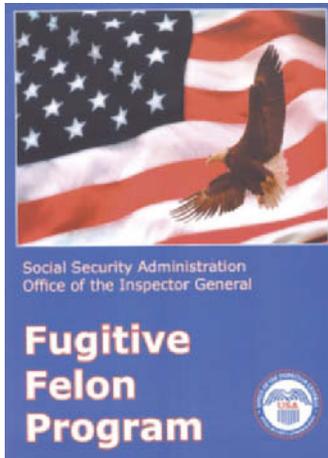
Fugitive Felon Program

The Fugitive Felon Program was established as a result of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law (P.L.) 104-193, commonly known as the Welfare Reform Act, on August 22, 1996. Generally, this law makes a person ineligible to receive Supplemental Security Income (SSI) payments during any month in which the recipient is

- Fleeing to avoid prosecution for a crime that is a felony.
- Fleeing to avoid custody or confinement after conviction, under the laws of the place from which the person flees, for a crime or an attempt to commit a crime which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a crime of the first through fourth degree.
- Violating a condition of probation or parole imposed under Federal or State law.

The Welfare Reform Act enables SSA to suspend SSI payments to fugitives and parole and probation violators, and allows us to provide vital information to law enforcement agencies. Investigators in our offices often work hand-in-hand with local law enforcement officers in locating and apprehending fugitive felons, and in developing fugitive cases from a variety of referral sources, such as fugitive task forces and SSA staff.

As shown in the following table, while the program has been very successful using manual data searches and direct referrals, our experience has shown that using automated data matches to compare warrant information at the Federal and State levels with SSA's SSI rolls is a much more efficient way to carry out the provisions set forth by the Welfare Reform Act. In an effort to obtain warrant information through an electronic medium, we have secured Memoranda of Understanding with the National Crime Information Center (NCIC), the FBI, and United States Marshals Service (USMS).



SSA has also entered into computer matching agreements with the States of California, New Jersey, South Carolina, Kentucky, Nebraska, Ohio, Tennessee, Massachusetts, Colorado, Rhode Island, Washington, Delaware, Illinois, Montana, Connecticut, New York, Pennsylvania, Indiana, Wisconsin, South Dakota, Michigan, Alaska, Alabama, Hawaii, and Oregon. In addition to the listed States, SSA has also entered into agreements with the New York City Police Department (PD), Baltimore County PD, and City of Philadelphia PD, and the Montgomery County, PA, Sheriff's

Office. SSA continues to pursue matching agreements with the balance of the States that do not enter all of their felony warrant data into NCIC and we continue to work with SSA to further refine and enhance the automated process.

As part of this Program, our investigators are able to assist local law enforcement in apprehending these fugitives. The following cases highlight our efforts in this area.



We were recently asked to join forces with USMS New York-New Jersey Regional Fugitive Task Force, which was created at the request of the Attorney General to locate and apprehend violent fugitives. As a direct result of information we provided, a fugitive who had been wanted for over 19 years for a series of violent sexual attacks on young boys was apprehended. The fugitive had moved from New York to the West Coast, where he began to receive SSI payments. This was one of the oldest open cases assigned to the task force.



Florida police arrested a man and held him for a week before discovering that the person they really wanted was a felon who had assumed and used the jailed man's identity for 12 years. The felon had married two women, held several jobs, amassed large debts, and violated numerous laws under the assumed identity. Our Atlanta Field Division, in a joint investigation, with the local sheriff's office and the Florida Department of Law Enforcement determined that the man was wanted on a felony charge in New Jersey and until his arrest, had received SSI benefits under the stolen identity. Investigators also found that he was also receiving Survivor's benefits under that identity, having



concealed his latest marriage from SSA. He was ordered to pay \$22,824 in full restitution to SSA, in addition to over \$32,000 restitution to the State government organizations and the individual victimized by his crimes



Our New York Field Division investigated a woman who was receiving SSI benefits, had outstanding warrants from 4 states, and was violating supervised release for bankruptcy fraud involving SSN misuse. Since her earlier conviction, she had used a fraudulent SSN to gain identification, open a bank account, get married, obtain a job, and defraud 2 financial institutions with a check-kiting scheme. She was incarcerated for fraud and violating supervised release, to be followed by additional supervised release.

The table below demonstrates the success of this Program for this reporting period and since its inception on August 1, 1996.

Fugitive Felon Program Statistics		
	April 1, 2002 - September 30, 2002	Since inception on August 1996
Fugitives Identified	22,887	88,744
Fugitives Arrested	3,320	10,310
Fraud Loss / Overpayment	\$86,296,377	\$223,711,158
Projected Savings	\$127,895,535	\$340,935,974

Cooperative Disability Investigations Program

SSA's Office of Operations and Office of Disability, along with our Office of Investigations, manage the Cooperative Disability Investigations (CDI) program. The mission of the CDI program is to obtain evidence that can resolve questions of fraud in SSA's disability programs. This supported SSA's FY 2002 strategic goal of ensuring the integrity of Social Security programs, with zero tolerance for fraud and abuse.

CDI units, consisting of OI special agents and personnel from SSA's Offices of Operations and Disability, the States' Disability Determination Services (DDS), and State or local law enforcement, rely on the combined skills and specialized knowledge of these personnel to

- ❑ Provide the DDS with investigative evidence for use in making timely and accurate disability eligibility determinations.
- ❑ Seek criminal and/or civil prosecution of applicants and beneficiaries and refer cases for consideration of CMPs and administrative sanctions when appropriate.
- ❑ Identify, investigate, and seek prosecution of doctors, lawyers, interpreters, and other third parties who facilitate and promote disability fraud.

The success of the CDI Program is directly attributable to this close collaboration. This cooperative venture has grown over time, and its continued successes garner significant support for future expansion of this program.

The mission of the CDI program is to obtain evidence that can resolve questions of fraud in SSA's disability programs.



Seventeen investigative units have been opened since Fiscal Year (FY) 1998. CDI units are located in Atlanta, Baton Rouge, Boston, Chicago, Cleveland, Dallas, Houston, Nashville, New York City, Trenton, Oakland (California), Phoenix, Richmond (Virginia), Salem (Oregon), St. Louis, Seattle, and Tampa, with 3 additional units planned for FY 2003.

The table on the following page outlines our CDI Program statistical accomplishments for this reporting period and for FY 2002.

Cooperative Disability Investigations Project Statistics April 1, 2002 through September 30, 2002

	Allegations Received	Confirmed Fraud Cases	SSA Recoveries & Restitutions	SSA Savings*	Non-SSA Savings*
Atlanta	133	92	\$23,755	\$5,730,582	\$1,834,058
Baton Rouge	83	27	\$121,878	\$1,567,722	\$501,820
Boston	64	22	-	\$1,241,476	\$607,998
Chicago	86	27	\$261,989	\$1,602,660	\$587,960
Houston	65	47	-	\$2,581,879	\$1,303,189
Nashville	83	27	-	\$1,652,528	\$931,825
New York City	180	42	-	\$2,592,400	\$3,053,640
Oakland	170	91	-	\$5,380,626	\$4,117,875
Richmond*	17	8	\$36,392	\$436,901	-
Salem	142	72	-	\$4,164,560	\$3,661,830
St. Louis	74	56	\$14,195	\$2,969,553	\$1,611,760
Tampa	104	42	\$138,909	\$2,596,744	\$1,056,881
Trenton	133	50	\$124,398	\$3,022,523	\$2,561,200
TOTALS	1,335	603	\$721,516	\$35,540,154	\$21,830,036
October 1, 2001 to March 31, 2002 TOTALS	923	462	\$826,889*	\$27,367,772	\$16,494,654
FY 2002 GRAND TOTAL	2,258	1,065	\$1,548,405	\$62,907,926	\$38,324,690
<p>* Roanoke CDI transferred to Richmond CDI effective August 2002. The four new sites in Seattle, Phoenix, Dallas and Cleveland were opened in September 2002 and are not included in the table. Figure reduced by \$47,512 due to reporting error. When a CDI investigation supports the cessation of an in-pay case, the SSA program savings are calculated by multiplying the actual monthly benefit times 60 months. Non-SSA savings are also projected over 60 months whenever another governmental program withholds benefits as a result of CDI investigations, using estimated or actual benefit amounts documented by the responsible agency.</p>					

CDI Case Highlights

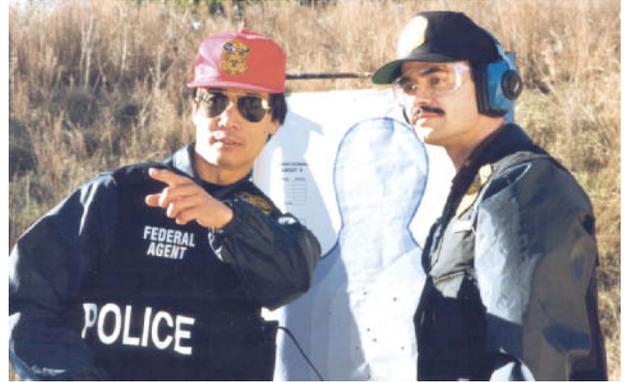
The following cases highlight the success story of cooperation and concerted efforts of team personnel in the CDI program in the quest to reduce and deter disability fraud.



Based on a DDS referral, our Houston CDI team investigated a 36-year-old man who filed for continuance of his disability insurance benefits alleging depression and uncontrollable shaking of his hands. During the psychiatric examination, the man was very dramatic, shook excessively, and reported that his brother-in-law had to help bathe him. He said he needed help with shopping, cooking, cleaning house, paying his bills, and other areas of daily living, and claimed all he did every day was sleep and watch television. Our investigators found he had been gainfully employed for the past eight years, shining shoes at an airport five days a week for eight to nine hours each day. The man's disability benefits were discontinued.



The New Jersey DDS notified our Trenton CDI unit of indications a man was faking blindness. He had filed for disability benefits, alleging that he was unable to read or drive due to visual impairment, and participated in very little social or recreational activity. Our investigation revealed he had recently enrolled in a college computer repair program. During the application process, he completed a 20-page exam with no visual aid, scoring with the highest possible score. Our investigation also revealed the man frequented the computer laboratory at the college, where he would use the computers without apparent visual aids. His claim was denied.



Based on a DDS referral, our Salem CDI unit investigated an Oregon man who had filed for disability benefits alleging back injury with medical need for forearm crutches or a wheelchair. CDI investigators observed the man walking without a cane, entering his vehicle with no apparent problems, and bending over in his vehicle to move or adjust an unknown item. At his doctor's office, however, he used crutches and a wheelchair. Our investigation resulted in the DDS denying the claim.



Our Boston CDI unit pursued a DDS referral regarding a 47-year-old Massachusetts man who filed for disability benefits, claiming to have back pain, stomach pain, headaches, insomnia, poor concentration and depression resulting from trauma he said he suffered while in a communist re-education camp from 1975 through 1980. CDI investigators observed him packaging products and building and labeling boxes for a local company, whose management described him as a highly productive employee with no performance issues. As a result, the DDS denied the claim.



In St. Louis our CDI team investigated a man who filed for disability benefits, alleging that he couldn't keep a regular job because he was unable to sit, stand, walk, or bend for any length of time. He claimed he had no strength in his arms and legs, that he couldn't sit to drive and didn't own a vehicle. However, the CDI unit found he was operating a tour bus company under his girlfriend's name. A CDI investigator, posing as a potential customer, went to the business and found three buses parked there. An employee told the investigator the man was a driver and co-owner of the bus company, and gave him a brochure outlining upcoming tours. Our investigators watched the man drive one of the buses, helping bus passengers disembark, and walking around the parking lot talking on a cell phone without difficulty. He had no apparent limp, his gait was normal, and he was able to maneuver the large bus with ease on the busy parking lot. The man's claim was denied.



The Tampa CDI Unit investigated a Florida man who had received disability benefits from 1996 to 2001. He had concealed his work activity and represented to SSA repeatedly that he was neither employed nor able to work. Our investigation disclosed that the man worked full time for the past five years. He was incarcerated and ordered to pay \$30,188 restitution to SSA.

False Statements and Misleading Advertising

OCCIG administers the CMP enforcement statutes under a delegation of authority from SSA's Commissioner, which allows OIG to impose CMPs against violators of sections 1129 and 1140 of the Social Security Act. Based on this delegation, we drafted and published regulations, trained legal and investigative staff and established an infrastructure that included placing attorneys in several OI Field Divisions to support this successful enforcement program.

False Statements Section 1129

Section 1129 prohibits making false statements or representations of material facts in connection with obtaining or retaining benefits or payments under titles II or XVI of the Act. After consultation with DOJ, we are authorized to impose penalties of up to \$5,000 for each false statement or representation, as well as an assessment of up to twice the amount of any resulting overpayment.

Our enforcement efforts have been enhanced as our investigative organization matures. Using our CMP enforcement tools, we have imposed over \$2 million in penalties since FY 1998 and Congress continues to introduce new legislation that would expand CMP authority.

The following table and cases highlight our accomplishments for this reporting period.



False Statements Case Highlights

 An SSI recipient told SSA his only asset was a 1986 Ford worth \$500. However, our investigation showed he and his wife held funds of over \$10,000, on which he failed to disclose the interest received. His false statements netted him over \$9,000 in SSI for which he was not eligible. We were able to impose a CMP and assessment of \$19,443.

 A Baltimore woman applied for disability benefits in 1995 stating that she could not work due to multiple medical disorders. Her claim was denied and she filed an appeal. Our investigation revealed that during her initial application and appeal, she made five false statements. We entered into a settlement agreement with her in which she admitted liability and is paying a \$10,000 CMP.

 We imposed a \$20,000 CMP against a man who had made three false statements regarding his work activity and one misrepresentation regarding his living expenses to SSA in order to receive SSI benefits. He started to receive SSI benefits in 1994 for a mental impairment, but became a taxi cab driver in 1996. Additionally, he was a shareholder in the cab company.

False Statements Section 1129 Statistics

	10/01/01 Through 03/31/02	04/01/02 Through 09/30/02	Totals
Cases Referred From Office of Investigations	56	45	101
CMP Cases Initiated	36	47	83
CMP Cases Closed	77	57	134
Penalties and Assessments	\$392,385	\$664,814	\$1,057,199
Number of Hearings Requested	4	4	8

Misleading Advertising Section 1140

Section 1140 prohibits the use of SSA's program words, letters, symbols, or emblems in advertisements or other communications in a manner that falsely conveys SSA's approval, endorsement, or authorization. Each misleading communication is subject to a maximum \$5,000 penalty.

Our nationwide enforcement efforts in this area are sending a clear message to those companies who deceive senior citizens under the name and reputation of Social Security. We report our accomplishments of this reporting period and briefly describe two of our many successful cases below.



Misleading Advertising Case Highlights



A Texas company was sending deceptive SSA-related mailings designed to develop insurance leads. These mailings violated Section 1140 of the Social Security Act by, among other things, using the phrase "Social Security Benefits Update" on the outside of the solicitation. This language led many elderly recipients of the mailings to conclude that the company was affiliated with, or approved, endorsed or authorized by, SSA. On April 9, 2002, we reached a settlement with the company in which it agreed to cease violating Section 1140 and agreed to pay a \$25,000 penalty for its past violations.



Working with the U.S. Attorney's Office, we were successful in obtaining a temporary restraining order against another Texas corporation and its principals to stop the mailing of misleading advertisements to seniors. The mailings, which were commissioned by insurance companies, and designed so that they appeared to be from or authorized by SSA, requested that seniors send the company personal information. The information was then turned over to the insurance company client, which would solicit the seniors. Many seniors did not realize what had happened until an insurance salesperson, rather than an SSA employee, showed up at their home. Under the temporary restraining order, no further solicitations may be mailed and we are screening the company's incoming mail. The defendants are also limited in their ability to expend personal and business funds so they remain available to pay any penalties that may be imposed.

Misleading Advertising Section 1140 Statistics

	10/01/01 Through 03/31/02	04/01/02 Through 09/30/02	04/01/02 Through 09/30/02
Complaints Received	32	88	120
New Cases Opened	14	19	33
Cases Closed	5	15	20
No Violation	4	10	14
Voluntary Compliance	0	4	4
Settlement Agreement (of cases/amount)	1/\$115,000	1/\$25,000	2/\$140,000
Penalty/Court Action (of cases/amount)	0	0	0
Number of Hearings Requested	1	1	2

Partnership with U.S. Attorneys

OCCIG continues to expand its partnership efforts with Offices of United States Attorneys in support of our investigative efforts. During this reporting period, OCCIG expanded its efforts to assist OI in obtaining criminal prosecutions by appointing two new Special Assistant United States Attorneys (SAUSA), in the Western District of Tennessee and the District of Connecticut. These two new



SAUSAs, whose prosecutive efforts are in addition to their day-to-day duties representing and advising the IG, bring to four the number of Districts in which we have attorneys prosecuting OIG investigative subjects, together with the District of Arizona and the Central District of California.

We will continue to explore the feasibility of these partnerships in other areas of the country in support of OI's investigative efforts and in furtherance of the IG's statutory mission.

An OCCIG attorney appointed last year as a SAUSA, having prosecuted several individuals with suspected connections to terrorism for misuse of an SSN, was asked by the Executive Office of United States Attorneys to prepare a memorandum on the use of the Social Security Act's felony SSN misuse provision in the overall homeland security effort. The memorandum was distributed to all United States Attorneys, the chiefs of their criminal divisions, and anti-terrorism coordinators nationwide, and ultimately expanded into an article published in the United States Attorney Bulletin. He has since lectured at the National Advocacy Center, and continues to respond to requests from around the country on this and related issues.

Investigative Accomplishments

The following tables represent the collective efforts of our OI headquarters and field divisions, including the SSA OIG Fraud Hotline. Overall for this reporting period, OI received 125,970 allegations received via telephone, correspondence, fax, or email. Our Hotline as well as our OI Field Divisions receive allegations from a variety of sources that cut across SSA programs as shown below. In addition, during this reporting period, our Fraud Hotline referrals to SSA offices resulted in the identification of over \$3,500,000 in overpayments that were posted to SSA records. These referrals frequently resulted in the suspension of benefits to individuals who were no longer entitled or eligible to receive these benefits.





Funds Reported

	October 1, 2001 through March 31, 2002		April 1, 2002 through September 30, 2002	
	SSA Funds	Non-SSA Funds *	SSA Funds	Non-SSA Funds*
Scheduled Recoveries	\$15,225,457	\$597,295	\$14,208,568	\$2,329,560
Fines	\$366,101	\$522,034	\$350,844	\$601,493
Settlements/ Judgments	\$475,304	\$1,100	\$99,250	\$26,250
Restitution	\$10,299,282	\$19,457,103	\$7,769,141	\$24,857,440
Estimated Savings	\$136,014,124	\$19,884,597	\$184,167,921	\$30,529,922
TOTALS	\$162,380,268	\$40,462,129	\$206,595,724	\$58,344,665
GRAND TOTALS	\$202,842,397		\$264,940,389	
FY 2002 TOTAL	\$467,782,786			

Investigative Statistics

	October 1, 2001 through March 31, 2002	April 1, 2002 through September 30, 2002	FY 2002 Grand Totals
Allegations Received	56,146	69,824	125,970
Cases Opened	7,151	9,188	16,339
Cases Closed	4,950	6,769	11,719
Arrests/Indictments	1,837	2,131	3,968
Total Judicial Outcomes	2,847	4,468	7,315
Criminal Convictions	739	850	1,589
Civil/CMP	33	37	70
Illegal Alien Apprehensions	103	241	344
Fugitive Felon Apprehensions	1,972	3,340	5,312



Allegations Received by Category

	FY 2002
SSN	73,765
SSI Disability	26,156
Disability Insurance	16,397
Old Age and Survivors Insurance	5,718
Other	3,045
SSI Aged	390
Employee	499
TOTAL	125,970

Allegations Received by Source

	FY 2002
Private Citizens	70,479
Anonymous	20,801
SSA Employees	14,132
Law Enforcement	15,668
Public Agencies	2,864
Beneficiaries	1,974
Other	52
TOTAL	125,970



Significant Management Issues Facing SSA

Each year we assess the most significant management issues facing SSA. This process is valuable in focusing congressional attention on mission-critical management problems and serves as a catalyst for resolving significant issues across the agency. These management issues are based upon discussions we have with SSA. We acknowledge the progress SSA has made in each of the areas.

Based on legislative mandates and our audit and investigative work, we determined that the 10 most significant management issues facing SSA in FY 2002 were

1. Fraud Risk
2. Improper Payments
3. Systems Security and Controls
4. Service Delivery
5. Human Capital
6. Performance, Management, and Data Reliability
7. Management of the Disability Process
8. Integrity of the Earnings Reporting Process
9. SSN Misuse and Privacy Concerns (Identity Theft)
10. Integrity of the Representative Payee Program

In the following pages, we discuss each of these critical management issues and our related audit and investigative work for this reporting period.





Issue 1: Fraud Risk

SSA's payments to beneficiaries are approaching half a trillion dollars annually, and its exposure to fraud has increased proportionately. Many unscrupulous individuals target SSA's programs for their own personal gain. Through a wide range of activities, OIG employees actively fight fraud in the Supplemental Security Income (SSI) program, Old-Age, Survivors and Disability Insurance (OASDI) programs, SSN integrity area, as well as the SSA employee fraud area.

Fraud is an inherent risk within all of SSA's core business processes—enumeration, earnings, claims and post-entitlement—as they each contain vulnerabilities that provide people the opportunity to defraud third parties, SSA, and/or its beneficiaries and recipients. Our focus on fraud risk is based on program eligibility factors that are misrepresented to attain or maintain eligibility. Other problems include the detection of beneficiary deaths and the monitoring of medical improvements for disabled beneficiaries.

If SSA is to succeed as a steward of public dollars, it must establish a baseline from which to estimate potential dollars lost to fraud. This issue area focuses on a subset of the overall fraud universe, specifically, on payments made to deceased individuals, Operation "Vulture Sweep," SSA employee fraud, and fraud-related reviews. For information on SSN integrity, identity theft, and related SSN misuse fraud, please see Issue 9. Additional OIG fraud prevention efforts are discussed in our Significant Activities section of this report.



Payments Made to Deceased Individuals

OIG, in conjunction with SSA, has taken aggressive action to stop erroneous payments to deceased individuals. This includes front-end detection of these improper payments, controls to prevent such payments, and detailed investigations to locate wrongdoers when the system breaks down. We believe that paying the right person the right amount of benefits is paramount. Payments made to deceased individuals undermine public trust and confidence in SSA's programs. In this area, we are currently conducting a national operation, as well as other investigative and audit activities as described below.

BIC "D" Project

Our BIC "D" Project is a national operation that focuses on deceased auxiliary Social Security beneficiaries who are in current payment status, even though the date of death has been posted in SSA's records. The project name signifies Beneficiary Identification Code "D" for widows and widowers.

The project originated in 2001 when one of our investigators identified a potential problem in SSA death records. Based on this information, our investigators and auditors conducted a pilot project during which they identified all current BIC "D" beneficiaries residing in the New England Region with a date of death posted to SSA's Numident, a history file that contains information on all valid SSN applications since 1936. Overall, the pilot project

resulted in the identification of 29 deceased individuals who were overpaid more than \$700,000.

Following the success of the pilot project, OI launched a national BIC "D" operation. OI identified 2,934 subjects who were considered likely to be deceased and in current pay status based on a records match of SSA's payment records against its Numident files. Our investigators are continuing their work with SSA FOs to verify the deaths, take administrative action, and open investigations, if appropriate. If the beneficiary is alive, our investigators notify the local SSA FO that the Numident record is in error.

In FY 2002, OI opened 1,481 cases and identified over \$22.9 million in fraud loss, over \$15.9 million in scheduled recoveries, and over \$29.5 million in projected savings. Our BIC "D" Project has resulted in recouping significant amounts of wrongly paid benefits, through a number of investigative cases, such as the following.



Our Philadelphia Field Division investigated a woman who received SSA and Office of Personnel Management (OPM) benefit payments that continued to be direct deposited in her mother's name into two separate bank accounts she had jointly owned with her mother, who died in 1992. She was incarcerated and ordered to pay full restitution totaling \$139,202, including \$24,723 to SSA and \$114,479 to OPM.



Our Chicago Field Division investigated an SSA beneficiary's son who continued to endorse his mother's Social Security benefit checks totaling more than \$178,000 after her death. He was incarcerated and ordered to make full restitution to SSA.

Medicare Non-Usage

The Medicare Non-Usage Project is an SSA anti-fraud initiative which is also designed to identify unreported deaths. SSA receives data from the Centers for Medicare and Medicaid Services identifying SSA beneficiaries who are 96 years old or older and have not used Medicare within 3 years. SSA FO employees attempt to contact the identified beneficiaries. If during the review, SSA determines that the case is suspicious, the FO refers the case to us for investigation.

During this reporting period, OI opened 95 cases and identified \$2,190,612 in fraud losses as a result of this project. The Medicare Non-Usage Project has also resulted in savings, restitution, and recoveries of \$1,941,247.

The following cases highlight our efforts under the Medicare Non-Usage Project.



Based on a referral by the Dallas Fair Park SSA Office, our Dallas Field Division investigated a woman SSA suspected of wrongly receiving \$152,732 in benefits. The investigation revealed that the woman had been forging her deceased mother's benefits checks since 1982. As a result of our



investigation, she was ordered to pay full restitution, of which \$142,536 is to be paid to SSA and \$10,196 paid to Bank One.



Our Atlanta Field Division investigated a man who continued to use his grandmother's Social Security benefits after her death. After her death in September 1988, her SSA benefits continued to be direct deposited into her account and the man withdrew the funds from the account. He was incarcerated and was ordered to pay SSA restitution of \$86,405.

Operation "Vulture Sweep"

The ongoing World Trade Center (WTC) Fraud Task Force investigation, called "Vulture Sweep," has charged 23 people with falsely filing for death certificates claiming that members of their family died in the attacks on the WTC on September 11, 2001. Of those charged, 15 actually received funds totaling \$760,465 from the American Red Cross, Safe Horizon, and SSA. Four claims involved Social Security benefits totaling approximately \$20,000. The Manhattan District Attorney has said that the multi-agency investigation, of which our New York Field Division was an active partner, "showed that con artists from New York and around the Nation took advantage of the country's generosity after the attacks on the WTC. This outrageous conduct will be met with the full force of the law."

The following cases illustrate the types of acts that occurred.



A mother claimed that her daughter, who is alive and was in Puerto Rico on that day, had died at the WTC. The woman received \$5,375 in Social Security benefits because she alleged she was the representative payee for her daughter's children, and she also received \$16,500 from the Red Cross. The investigation revealed that the woman was not caring for her grandchildren at any time and consequently, she was incarcerated.



Another woman alleged that her brother died in the WTC collapse while cashing a lottery ticket. She received \$16,381 from the Red Cross and Safe Horizon. The investigation revealed that the brother, an SSA disability recipient, was in fact alive in a long-term care facility where he has lived for many years. She pleaded guilty and was incarcerated.

SSA Employee Fraud

Although the vast majority of SSA's over 60,000 employees are trustworthy and dedicated civil servants, OIG remains vigilant, because a few corrupt employees can compromise the integrity of the Social Security system and undermine the public's confidence in SSA's programs. Due to the potential for widespread abuse, the detection of employee fraud is an investigative priority, although it comprises the fewest number of allegations and cases.

During this reporting period, we opened 126 new employee investigations, closed 110 employee investigations, arrested 14 employees, secured

OIG remains vigilant, because a few corrupt employees can compromise the integrity of the Social Security system and undermine the public's confidence in SSA's programs.

indictments of 25 employees, and participated in 26 judicial actions that resulted in the conviction of SSA employees.

SSA Employee Fraud Cases



In early February of 1997, an SSA service representative in Houston began taking money to fraudulently issue Social Security cards to over 2,000 illegal aliens. Over 2,700 SSN applications were seized in the employee's home. She resigned during the investigation by our Dallas Field Division, pleaded guilty to charges, and was incarcerated and fined \$3,000.



Three SSA employees conspired with a non-employee to issue Social Security cards fraudulently to approximately 150 illegal aliens, who paid from \$1,500 to \$2,000 per card. All the conspirators pleaded guilty to charges of conspiracy and bribery. The three employees lost their jobs and were incarcerated. The fourth co-conspirator was incarcerated and ordered to pay SSA \$106,000.



An audit performed by SSA's Integrity Staff in New York led our New York Field Division to investigate an SSA benefit authorizer who had diverted \$129,450 of SSA funds into various bank accounts. The employee got a co-conspirator to find four other people who agreed to receive SSA payments into their bank accounts. The six were arrested, and the employee was incarcerated and resigned from his position at SSA. In addition, he was ordered to pay full restitution to SSA; his co-conspirators received sentences that included home detention, probation, and paying restitution.

During this reporting period, we completed the following reviews.

Controls to Prevent SSI Payments to Recipients Living in Foreign Countries

Our objective was to determine whether specific SSA controls were effective in preventing SSI payments from being made to recipients living in a foreign country.



Although SSA has controls in place to prevent SSI payments to beneficiaries who have addresses outside the United States, further improvements could be made to enhance SSA's efforts in this area. Specifically, SSA's automated controls and special projects did not identify SSI recipients who had their payments direct-deposited into banks in Puerto Rico and the Virgin Islands. Also, SSA did not have a control in place to identify concurrent beneficiaries who had their OASDI benefits direct-deposited into a bank outside the United States, even though both their OASDI and SSI payment records showed addresses in the United States.

During our audit, we identified 64 recipients who inappropriately received approximately \$106,765 in SSI payments while outside the United States. We also identified 42 SSI recipients who may have received \$230,574 in SSI payments while outside the United States. However, as of September 2002, these 42 cases were still under investigation by either our Office of



Investigations and/or SSA FO staff. Therefore, the actual amount of improper payments is not yet known.

Additionally, although we found that SSA's automated control alerted FO staff to investigate concurrent beneficiaries who had addresses outside the United States on their OASDI records. Not all of these alerts were worked on a timely basis. We identified 15 cases which had unresolved foreign address alerts on their SSI payment records prior to January 2002. These alerts should have been resolved between September 1998 and December 2001.

While we recognize that the errors identified during our audit are a small percentage of the total payments SSA makes to SSI recipients, we believe that this area still needs management attention. Since the SSI program has been designated by the General Accounting Office as a high-risk area, every effort should be made to discontinue payments as soon as possible to recipients who are no longer eligible for them – including those who are paid SSI inappropriately while outside the United States.



To improve its controls in this area without expending significant agency resources, we recommended that SSA

1. Modify its alert process to investigate when
 - ❖ SSI payments are direct-deposited to banks in Puerto Rico and the Virgin Islands, or
 - ❖ concurrent beneficiaries have their OASDI benefits direct-deposited into banks outside the United States.
2. Remind staff to resolve foreign address alerts in a timely manner.

SSA agreed with the intent of recommendation one, but requested that we perform further analysis of the return on investment. SSA agreed with recommendation two.



Issue 2: Improper Payments

SSA is responsible for issuing benefit payments under the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) and SSI programs. In FY 2001, SSA issued \$456 billion in benefit payments to 52.4 million beneficiaries. Considering the volume and amount of payments SSA makes each month, even the slightest error in the overall process can result in millions of dollars in overpayments or underpayments. Both OIG and the Office of Management and Budget (OMB) have identified erroneous payments as a key concern.

Improper payments are payments that should not have been made or that were made for incorrect amounts. Examples of improper payments include inadvertent errors, payments for unsupported or inadequately supported claims, payments for services not rendered, or payments to ineligible beneficiaries. The risk of improper payments increases in programs with (1) a significant volume of transactions, (2) complex criteria for computing payments, and/or (3) an overemphasis on expediting payments. Because SSA is responsible for issuing timely benefit payments for complex entitlement programs to 50 million individuals, SSA is at risk of making significant improper payments.



“Working together with SSA,” Inspector General Huse told the House Ways and Means Committee’s Subcommittee on Social Security in a hearing on May 2, “we have made great strides in reducing all benefit payments to prisoners and SSI payments to fugitive felons over the past several years, and those efforts continue. But erroneous payments, including those to deceased beneficiaries, students, and individuals receiving state workers’ compensation benefits, continue to drain the Social Security Trust Fund even as solvency becomes an overarching issue.” OIG has made numerous recommendations, many of which SSA has adopted.

Each year, SSA reports payment accuracy rates for its OASI and SSI programs, as well as the amount of actual overpayments that are identified. SSA bases its payment accuracy rate on a detailed analysis of a sample of cases. However, while this analysis is more extensive than SSA’s normal processes, it still relies on beneficiary self-reporting events that can affect eligibility or payment amounts.

SSA’s payment accuracy review does not include the medical factors that affect benefit eligibility. Further, the review does not count all types of improper payments as “inaccurate” for purposes of payment accuracy. For example, payments made after a beneficiary’s death are not counted as “inaccurate” during the review.

As a result, SSA’s payment accuracy rates do not reflect the total improper payments that occur in SSA’s programs. A key reason for actual overpayments to be higher than expected is that once the accuracy rate is determined, SSA learns of beneficiary circumstances affecting program eligibility that it did not know prior to the case accuracy review. The lack of correspondence between





SSA's accuracy rates and actual overpayments is clearly demonstrated by comparing SSA's payment accuracy rate for FY 2000 to actual overpayment for FY 2000. Multiplying the payment accuracy rate against total OASI payments produced only \$140 million in overpayments for the OASI program. However, actual OASI overpayments identified and reported in SSA's audited financial statements were \$1.47 billion.

The OIG and SSA have differing interpretations of the term improper payments. SSA's payment accuracy rate does not count all types of improper payments as "errors." Specifically, SSA does not include (1) payments made after a beneficiary's death; (2) overpayments resulting from disability cessations where SSA is required to continue payments during the appeals process; (3) cases in which individuals who allege non-receipt of a payment cash both the original and replacement checks; or (4) overpayments occurring due to the Annual Earnings Test.

SSA and OIG agreed in October 2002 to meet with OMB to try to reach agreement on all items/events to be classified as improper payments. Further, if legislation such as H.R. 4878, the "Improper Payments Reduction Act of 2002," is enacted into law, the guidance from OMB under such legislation should resolve these differences.

During this reporting period, we conducted the following audits involving improper payments.

SSA Can Recover Millions in Medicare Premiums Related to Retirement or Disability Payments Made after Death

Our objective was to determine whether SSA recovered Medicare premiums withheld from retirement or disability payments made after a beneficiary's death and remitted to the Centers for Medicare and Medicaid Services (CMS). When SSA does not receive timely notification of a beneficiary's death, it may issue benefits for one or more months and continue to forward Medicare premiums to CMS.



We concluded that if SSA does not take a proactive role in recovering Medicare premiums paid after beneficiaries' deaths, the Social Security Trust Fund will lose millions of dollars in the future. We believe SSA should expeditiously implement an automated process whereby SSA can systematically and routinely recover Medicare premiums remitted to CMS after a beneficiary's death. To accomplish this, we recommended that SSA

- ❑ Establish a committee of SSA and CMS officials to discuss procedures and practices for recovering Medicare premiums and work toward a joint resolution of the issue.
- ❑ Develop and implement an automated process to ensure that SSA systematically and routinely recovers Medicare premiums remitted to CMS after a beneficiary's death.
- ❑ Calculate the amount of unrecovered Medicare premiums SSA has withheld from deceased beneficiaries and remitted to CMS, going back as far as data are available to determine this amount.



- Analyze the practicality and feasibility of CMS transferring the unrecovered Medicare premiums to SSA.

SSA agreed with our recommendations and provided information on actions planned that addressed implementation.

Management Advisory Report: SSA Employees With Title XVI Overpayment Write-offs

We conducted our review to determine whether SSA identified and properly resolved its employees' title XVI write-offs from overpayment debts. Additionally, we determined whether SSA should implement additional controls to prevent SSA employees from avoiding their Federal debt obligations.



From a data file of title XVI overpayments written off from October 1992 to February 2000, we identified 532 write-offs totaling \$291,998 belonging to 308 current and past SSA employees. These write-offs occurred before, during, and after SSA employment. We reported that SSA could have identified the outstanding debts and prevented additional debt if it had taken appropriate steps during the employment process. Additionally, SSA could have used its employer status to collect the outstanding debts that were previously written off, and could have prevented other overpayments and subsequent write-offs if it had considered the impact of future SSA wages on current benefits paid to new employees. Finally, by participating in the annual Governmentwide employee match to identify Federal employees indebted to SSA, the agency could have had an added opportunity to identify both SSA and other Federal employees with delinquent SSA debts.

We recommended that SSA

1. Match program overpayments against a list of SSA employees to identify current and former employees indebted to SSA, and enter into realistic repayment agreements with current and former employees, and use all available collection options.
2. Ensure that employees with repayment agreements remain in compliance, and take the necessary action for collection if the employees are not in compliance or refuse to enter into an agreement.
3. Review the SSI Record and the Master Beneficiary Record (MBR) for each new employee to identify any delinquent program debt, compare that information with statements made on the Declaration for Federal Employment, and determine whether a prospective employee is receiving title XVI or title II benefits to minimize or prevent potential overpayments due to future SSA wages.
4. Ensure that new employees with existing program debt or who are receiving benefits enter into realistic repayment agreements, and adjust continuing benefit payments to prevent future overpayments due to SSA wages.
5. Periodically match a list of active SSA employees against current title XVI and title II benefit payments to identify individuals who may have qualified for benefits while employed with SSA, and ensure that SSA wages were considered when the benefit payments were calculated.



6. Implement the match with the Department of the Treasury to identify all Federal employees who may owe SSA title XVI or title II overpayment debt and engage in authorized collection procedures.

SSA agreed with our overall recommendations. With regard to implementation of recommendations one and five, SSA stated that further information is needed to determine the benefits of computer matches to identify current and former employees with Federal debt obligations. SSA also stated that additional resources are needed to implement recommendations two and six related to Federal salary offset systems development.

Effectiveness of SSA's Death Termination Process

Our objective was to evaluate the effectiveness of SSA's controls and procedures for resolving death alerts and recovering payments after the death of a beneficiary, and the timeliness of death reporting by State agencies.



Based on a random sample of 200 death alerts from July to December 1999, we found that SSA disbursed \$216,327 in payments after the death of the beneficiaries. From this sample, we estimated that SSA disbursed about \$142.4 million in payments after death in Calendar Year 1999 and that SSA had not recovered about \$5.4 million as of March 2002.

We recommended that SSA

1. Modify its automated systems to support the electronic death registration (EDR) process, including the on-line verification of SSNs, processing of verified and unverified State death reports, and termination of benefits upon receipt of verified State death reports.
2. Encourage State bureau of vital statistics agencies to develop and implement EDR systems.
3. Work with other Federal and State agencies to obtain additional funding for EDR.
4. Issue a memorandum to reiterate that FOs should process death alerts as expeditiously as possible to minimize improper payments to deceased beneficiaries.
5. Evaluate the feasibility of systems modifications to simultaneously issue the "come-in" letter to the beneficiary when the death alert is sent to the FO, and automatically suspend benefits if the beneficiary does not respond.
6. Issue a memorandum to reiterate that processing centers (PC) should follow up on the status of reclamation actions with Treasury to ensure that payments after death are recovered.
7. Encourage PCs to maximize the use of debt collection tools available to SSA to recover payments after the death of a beneficiary.

SSA agreed with six of the seven recommendations. Specifically, SSA agreed to obtain systems support for EDR and stated that full implementation is scheduled for September 2003. SSA is working with the National Association for Public Health Statistics and Information Systems to develop and implement EDR systems and plans to award additional contracts to States in



September 2002. In addition, SSA is working with the National Centers for Health Statistics to obtain sources of funding for EDR. SSA agreed to issue a memorandum by September 2002 to remind its employees to process all death alerts in a timely manner and follow up on reclamation actions with Treasury to ensure that payments after death are recovered.

SSA also agreed that debt collection tools should be used to the extent possible. Furthermore, SSA initiated an information technology project to facilitate the use of authorized debt collection tools available to SSA. However, SSA disagreed with recommendation five because it believes that the corrective actions for the other recommendations should address the concerns raised in this recommendation. Although EDR may provide a solution for the long term, we believe SSA should evaluate other alternatives for the short term. Therefore, we encourage SSA to reassess the feasibility of systems modifications to further automate the death reporting process.

Impact on SSA's Programs When Auxiliary Beneficiaries Do Not Have Their Own SSNs



Our objective was to determine the impact on SSA's programs when auxiliary beneficiaries do not have their own SSNs on the MBR. SSA commonly refers to the auxiliary beneficiary's SSN as the Beneficiary's Own Account Number (BOAN).

In November 1988, P.L. 100-647 amended the Social Security Act to require that, as of June 1, 1989, an individual must present satisfactory proof of an SSN before receiving any Social Security benefits. To comply with this law, SSA established the missing BOAN alert process to detect when an auxiliary beneficiary's SSN is missing on the MBR.

We identified 126,471 auxiliary beneficiaries receiving benefits as of August 2001 whose SSNs were missing from the MBR. Also, 10,264 of the 126,471 auxiliary beneficiaries (8 percent) became entitled to title II benefits after enactment of P.L. 100-647. We identified possible SSNs for 61,195 beneficiaries' records and estimated that \$7.67 million in Social Security funds were incorrectly paid because SSNs were not on the MBR. We were unable to locate possible SSNs or analyze 52 percent of the 126,471 beneficiaries in our audit population, but expect results for the remaining 52 percent will show additional overpayments.

We recommended that SSA

1. Add the SSNs to the MBRs for the auxiliary beneficiaries currently receiving benefit payments.
2. Modify its missing BOAN alert process to include auxiliary beneficiaries who became entitled to benefits prior to June 1989.
3. Generate reports of auxiliary beneficiaries with missing BOAN alerts that have not been cleared timely to a higher level of management.
4. Review the remaining 702 auxiliary beneficiaries identified by an earnings match to adjust their payments as needed.



SSA generally agreed with three of our four recommendations. However, SSA did not agree with recommendation two. Specifically, while SSA agreed that the addition of missing SSNs for auxiliary beneficiaries will facilitate SSA's matching process and reduce erroneous payments, SSA did not agree to modify its missing BOAN alert process. SSA stated that it is not required to obtain SSNs for individuals entitled before June 1989 and it believes the issue can be addressed through additional policy instructions to its staff.

We believe our report demonstrates the need for SSA to modify its missing BOAN alert process to include auxiliary beneficiaries who became entitled before June 1989, and we urge SSA to implement our recommendation. We believe SSA will continue to make improper payments to these individuals until SSNs are added to the MBR. To ensure that SSNs are added to these records, SSA should issue missing BOAN alerts.

Issue 3: Systems Security and Controls

As the world's reliance on technology grows, the need for a strong information infrastructure is magnified. Protection of critical information and infrastructure is an issue that is significant not only to SSA, but to the entire Government. Presidential Decision Directive (PDD) 63, issued in 1999, requires Federal agencies to identify and protect their critical infrastructure and assets. As SSA increases its dependence on technology to meet the challenges of ever-increasing workloads, a secure agency information infrastructure is an essential requirement. The information SSA has been assigned to use to complete its mission is one of its most valuable assets.

Inspector General Huse told the House Ways and Means Committee's Subcommittee on Social Security at its May 2 hearing that SSA needs to confront issues of systems security. "Our own audit work," he said, "as well as audit work conducted by outside sources, has recognized SSA's efforts to provide for systems security, but has also revealed systems security weaknesses that still threaten both the sensitive data SSA stores and the business operations of the agency. SSA needs to take steps to strengthen its information security framework and improve its overall critical information infrastructure. As we come to rely more and more on technology, and as the demand for service delivery makes online services more and more tempting, it is absolutely critical that SSA's systems be protected from cyber-fraud."

Those who wish to disrupt or sabotage critical operations have more tools than ever. With the explosive growth in computer interconnectivity has come the risk of disrupting or sabotaging critical operations, reading or copying sensitive data, and tampering with critical processes.

SSA addresses critical information infrastructure and systems security in several ways. It created a Critical Infrastructure Protection workgroup that works continually toward compliance with PDD 63. The workgroup has created several teams to address agencywide systems security matters. SSA also routinely sends out security advisories to its staff of over 60,000 and has hired outside contractors to provide expertise in this area.



SSA has made significant progress in addressing the information protection issues that we have raised in prior years. Even so, SSA's systems environment is still threatened by security and integrity exposures that affect key elements of its distributed systems and networks.

During this reporting period, we conducted the following audit involving systems security.



Management Advisory Report: SSA's Data Exchange with Other Agencies (Limited Distribution)

Our objective was to evaluate the computer data matching agreement process, review compliance with laws governing data matching, and determine ways to improve the process.

We reviewed SSA's matching agreement process and its compliance with laws and regulations. In addition to interviewing staff and reviewing numerous current matching agreement files and reports maintained by SSA, we selected a sample of 22 matching agreements to test for compliance with OMB guidance and the Computer Matching and Privacy Protection Act (CMPPA).

We found that SSA is pro-active in developing and maintaining matching agreements, and is largely in compliance with laws and regulations concerning matching agreements. However, we believe SSA can improve its matching process by

- ❑ Resolving difficulties in initiating matching agreements.
- ❑ Increasing the duration of the matching agreements.
- ❑ Performing cost benefit analyses (CBA) in a timely manner.

We recommended that SSA

1. Create a policy that requires the Office of the Commissioner to be notified when matching agreements are taking excessive time to implement due to difficulties with other agencies.
2. Continue to work with OMB on passage of the legislative proposal to change or amend CMPPA to increase the duration of matching agreements.
3. Obtain CBA updates for all matching agreements every 30 months when a matching agreement is renewed.

Regarding recommendation one, SSA agreed that the Commissioner should be notified when extraordinary circumstances exist and agreements with other agencies are taking excessive time to implement. SSA provided information on actions taken by SSA to address implementation of recommendations two and three. Because of the sensitive nature of this audit, we cannot describe in detail the findings of this report. This report is not available for distribution.

System Security Case Highlights

OIG's Critical Infrastructure Division (CID) is dedicated to OIG's crucial mission of fulfilling the requirements of PDD 63 which pertains to the protection of critical SSA systems from cyber-crimes and terrorism.

The following cases conducted during this reporting period are an example of our successful efforts.





Our Dallas Field Division, including ECT support, investigated a subject who, while employed as an SSA service representative had been bribed to fraudulently produce identification cards and make improper entries into the SSA computer system. These actions caused the improper issuance of Social Security cards and related numbers to over 2,000 illegal aliens. As a result, the subject was arrested, sentenced to prison, and fined \$3,000.



Our Philadelphia Field Division investigated an SSA service representative who processed hundreds of applications for SSNs that were completed by aliens using fraudulent or incomplete documentation, producing an average of 15 to 20 questionable documents per month. She admitted performing over 500 illegal enumerations and receiving a fee for each one. We identified 241 such fraudulent SSNs properly coded in the SSA system. Citing extraordinary family circumstances of the defendant, a single parent who was troubled by a high school aged daughter's behavioral problem, a Federal judge sentenced her to 12 months' home confinement, 3 years' probation, and a \$1,000 fine. She resigned from SSA.



Issue 4: Service Delivery

SSA remains committed to providing citizen-responsive, world-class service. Many initiatives are in progress to achieve this goal, but steadily-increasing workload demands, changing user preferences, emerging technologies, and other factors require continual modifications to the way SSA delivers services in the future. Providing quality service to the public is a critical management issue facing SSA, and SSA recognizes there are several significant service delivery problems that need attention. One is the complexity of SSA programs. Another is that SSA's workloads will continue to increase as "baby boomers" reach retirement age, challenging SSA to keep pace.

The Social Security Advisory Board has reported that the result has been, and will continue to be, uneven service. People filing for OASDI are likely to be satisfied with the service provided. However, people with complicated cases, such as DI or SSI, may encounter problems. As workloads increase, the dimensions of SSA's problems are expected to grow. If this is unchanged, the public will face crowded reception areas, inadequate telephone service, long waiting times, and reduced quality of work.

The future of SSA promises significant technological advances and exponential expansion in workloads. This growth will occur at the same time SSA faces an atypical wave of staff and management retirements. Even at present staffing levels, SSA finds it challenging to maintain an acceptable level of service, especially in its most complicated workloads. To meet the expected increases in future public demands, SSA will need to explore new and creative ways to deal with service delivery problems and ensure the right people get paid accurately and expeditiously. However, increasing workloads and projected human capital shortages will surely test SSA as it moves to strengthen and re-energize its employee ranks while it addresses greater demands for its services. Related human capital issues are discussed later under Issue 5.

To address the issues surrounding service delivery, our auditors issued the following reports this period.

Case Folder Storage and Retrieval at SSA's Megasite Records Center

After receiving frequent complaints from various SSA operating components regarding long delays in obtaining requested folders and a high rate of "lost" folders, we evaluated SSA's management of title II case folder storage and retrieval at the Rolling Heights Megasite to determine the cause for folder request processing delays and missing case folders.

The Megasite houses active title II disability folders for individuals under 55 years old. FOs, DDSs, hearing offices (HO), and program service centers (PSC) routinely request case folders to facilitate initial and post-entitlement actions. Since August 1998, SSA has paid a contractor over \$24 million to provide all Megasite clerical and file support involved in filing and retrieving individual folders, filing loose documentation in folders, deactivating folders, and maintaining the overall integrity of the folder inventory. Included in this amount is almost \$1 million SSA paid the contractor during 1998 and 1999 to sequence and validate the Megasite folder inventory. The contractor tracks

Providing quality service to the public is a critical management issue facing SSA...





folder requests and movement through the Processing Center Action Control System (PCACS).

Our audit found that most complainants could not provide concrete evidence or data to support their allegations. However, one DDS did provide evidence supporting a lost folder rate of approximately 20 percent. We also encountered difficulty in obtaining requested folders when conducting financial and performance audits. We, and our contractors, experienced unfilled folder requests ranging from 7 to 52 percent. We concluded that case folder retrieval remains a significant problem for FOs, DDSs, HOs, and PSCs.

To ensure the integrity of the inventory and the inventory system, we recommended that SSA

1. Perform independent quality assurance (QA) reviews to ensure the integrity of the Megasite's folder inventory, including an assessment of the contractor's performance in accordance with the contract provisions.
2. Instruct the contractor to resequence and revalidate the Megasite inventory at the contractor's expense if, as a result of the review, SSA determines there are unacceptable numbers of misfiled and poorly controlled folders.
3. To help identify existing problems in the Megasite inventory, develop, as part of PCACS, an automated process to periodically identify all records in which a) both a primary folder and temporary folder(s) for a beneficiary are located at the Megasite; b) temporary folders exist but a primary folder record is not listed in PCACS; and/or c) the beneficiary is over 55 years of age.

SSA agreed with our overall recommendations. With regard to recommendation three, SSA stated that locating primary folders and reinstating them into PCACS is outside the contractor's scope of responsibility. However, SSA is developing a process whereby its Megasite employees can locate and reinstate primary folders into PCACS. Discussions between SSA and Kansas City Caves staff are ongoing to accommodate additional shipments of over age 55 folders. This will free much needed storage space at the Megasite.

SSA's Management of Congressional Inquiries

Our objective was to assess SSA's management of congressional inquiries.



SSA receives numerous congressional inquiries that may be delivered to any of SSA's components (regional offices, program service centers, SSA headquarters, the Office of Hearings and Appeals (OHA) and FOs). Congressional inquiries address such issues as the status of disability hearings and the quality of SSA services. SSA receives inquiries by mail, e-mail, fax and/or telephone.

We determined that SSA lacked an adequate system of internal controls related to its management of congressional inquiries. We found no agencywide automated system for controlling, monitoring, and tracking inquiries. SSA could not identify the total number of congressional inquiries it received. No component was designated with the responsibility for managing congressional



inquiries. Further, multiple components were not complying with agencywide policies and procedures when responding to congressional inquiries.

SSA advised us that it is in the process of procuring software and support services to implement a national system for controlling, monitoring, and tracking correspondence. Staff stated that in FY 2000, an initiative began to replace the Commissioner's Correspondence System. After reviewing several options for obtaining broader management information, agency staff reported that on February 15, 2002, SSA's Commissioner decided to expand this initiative to a Nationwide system.

We recommended that SSA

1. Develop and implement an agencywide information system that incorporates current technology to control, monitor, and track all congressional inquiries.
2. Designate a single component to oversee the agencywide management of congressional inquiries.
3. Develop and implement a management control process that gives reasonable assurance that agency congressional inquiry policies and procedures are followed.

SSA agreed with recommendations one and three and described actions taken to address them. Regarding recommendation two, SSA advised us that decisions regarding specific roles and responsibilities will be made as the functions are fully identified and developed.



Issue 5: Human Capital

The General Accounting Office (GAO) has designated strategic human capital management as a high-risk, Governmentwide issue requiring immediate attention. This issue involves four pervasive Federal agency human capital challenges:

1. *Acquisition and development of staffs whose size, skills, and deployment meet agency needs*—ensuring current and future human capital needs are identified and gaps are filled through such efforts as effective recruiting, training, and contracting.
2. *Leadership continuity and succession planning*—ensuring there are qualified people available to assume top leadership positions before they become available.
3. *Strategic human capital planning and organizational alignment*—ensuring human capital strategies support strategic and program goals so an agency's mission, vision, and objectives are realized.
4. *Creation of results-oriented organizational cultures*—ensuring staff is empowered and motivated in conjunction with workplace accountability.

The combined effect of employee attrition and increased demand for services will impose a significant challenge to SSA's management of its human capital. SSA estimates its workforce retirements will peak between 2007 and 2010—when about 2,500 employees will retire annually. Further, between 2000 and 2010, about 72 percent of SSA's managers and senior executives, about 60 percent of its supervisors, about 34 percent of claims representatives, and about 29 percent of SSA's computer specialists are projected to retire.



To provide the kind of service that has been SSA's hallmark, SSA recognizes it must maintain a highly skilled, high performing, and highly motivated workforce. A key requirement is also to have the right number of staff with the correct skills. According to the SSAB in its March 2002 report *SSA's Obligation to Ensure That the Public's Funds are Responsibly Collected and Expended*, many SSA employees believed there were not enough staff to accomplish all mandated tasks. The report further noted that SSA had appointed a work group to identify workloads in FOs that are underfunded. The objective was to develop short-term tools for identifying these workloads so they would be considered when the budget is formulated. SSAB also noted that this type of analysis was important to the credibility and usefulness of SSA's budget submissions.

Although SSA has taken initiatives to address its human capital challenge, many actions still need to be refined and then successfully carried out. For instance, as part of its effort to increase new hire retention, SSA began a study of why new hires leave. This study was to be completed in FY 2002 and will need to be analyzed to determine options SSA can take to meet its goals of increasing retention rates. Similarly, SSA is relying on desktop video training as an important aspect of its program to maintain a skilled workforce; however, this initiative is still in prototype stage, and its success will depend on future funding. SSA will need to continually monitor the effects of these actions and be able to quickly respond to changing employee and client service needs.



Issue 6: Performance, Management, and Data Reliability

To effectively meet its mission, manage its programs, and report on its performance, SSA needs sound performance and financial data. Congress, other external interested parties, and the general public also want sound and credible data to monitor and evaluate SSA's performance. SSA primarily relies on internally generated data to manage the information it uses to administer its programs and to report to Congress and the public.

The necessity for good internal data Governmentwide has resulted in the passing of laws and regulations to make Government more accountable. The Chief Financial Officers Act of 1990 (CFO Act) and the Government Performance and Results Act of 1993 (GPRA) were passed to create an environment of greater accountability within Federal agencies.

President Bush has highlighted the need to improve Government performance through the release of the President's Management Agenda. Within the agenda, the President calls for a Government that is citizen-centered, results-oriented, and market-based.



The President's call for improved Government performance compliments the existing laws that were enacted to create an environment of greater accountability with Federal agencies. The CFO Act and GPRA call for sound financial and performance management through the creation and use of reliable management information. Given the importance that good management has on SSA's stewardship and the services ultimately delivered to citizens, we have placed a great amount of resources in monitoring SSA's financial and performance management efforts.

Much of our work in this area focuses on SSA's implementation of the CFO Act and GPRA. The following summarizes our work in the performance and financial areas.

Performance Reviews

In FY 2002, we released 12 reports with the objective to determine the reliability of the data used to measure SSA's program performance. These reports also addressed the quality of the performance indicators supported by the performance data reviewed. In eight reports, we concluded that the data reviewed was reliable. In the remaining four reports, we could not opine on the reliability of the data since the data or documentation of the methods used to measure SSA's performance were not available.



Of the eight reports that found SSA's performance data reliable, seven evaluated the reliability of the data used to measure

- OHA Decisional accuracy.
- Employer satisfaction.
- Public knowledge of SSA.
- Anti-fraud performance



- Disability claims processing
- The timely processing of DI claims
- The quality of SSA's research

While these reports concluded that the data used to measure performance in the areas identified were reliable, we concluded that some indicators SSA uses to measure performance in these areas and management practices could be improved. For example, in our audit of the methods and data used to measure Office of Hearings and Appeals Decisional Accuracy we recommended that SSA document the methodology for calculating the performance measure and retain that documentation to allow for the timely verification of the performance measure values. Additionally, we recommended that SSA document the policy whereby a Reviewing Judge (RJ) is not assigned to review cases heard by Administrative Law Judges (ALJ) in the RJ's region.

We also found the eighth reliable performance indicator related to SSA's transition planning, "Create Agency change strategy to instill values," and "complete Agency plan for transitioning to the workforce of the future," to be limited and not in line with the intent of GPRA. We recommended that the former indicator be replaced with an indicator that would help SSA to indicate the quality of the change strategy and quantify the progress made in achieving that strategy over time. We also recommend that the second indicator be replaced with milestones specified in the workforce transition plan, so SSA can track whether it is actually creating a workforce able to serve its diverse customers in the 21st century.

We could not opine on the reliability of the performance measures and supporting data, due to a lack of the required data or documentation, in the four reports evaluating

- The reliability of the data used to measure SSI non-disability redeterminations.
- The methodology used to determine the number of hearings cases processed per work year.
- The increase in the number of disabled beneficiaries who are working.
- The reliability of the data used to measure electronic service delivery.

We have generally found in this and prior years, that SSA often lacks documentation of the methods and/or the data used to measure its performance. We have often recommended that SSA improve the documentation of the methods used to create its performance data.

Single Audits

On July 5, 1996, the President signed the *Single Audit Act Amendments of 1996*, which extended the statutory audit requirement to non-profit organizations and revised various provisions of the *1984 Single Audit Act* including raising the dollar threshold for requiring a single audit to \$300,000 in Federal awards expended.





As a result, OMB rescinded Circular A-128 and issued revised Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, to implement the amendments. We review the quality of these audits, assess the adequacy of the entity's management of Federal funds, and report single audit findings to SSA for audit resolution.

Summary of Single Audit Oversight Activities

SSA is responsible for the policies to develop disability claims under the DI and SSI programs. According to Federal regulations, disability determinations under the DI and SSI programs are performed by DDSs in each State. The DDS determines the claimants' disabilities and ensures adequate evidence supports its determinations. SSA reimburses the DDS for 100 percent of allowable expenditures.



There are 54 DDSs located in the 50 States, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The DDSs are subject to Single Audit except the federally administered Virgin Islands DDS.

The objective of our review was to summarize categories of internal control weaknesses at DDSs reported in State single audits and identified during our October 2000 through April 2002 single audit oversight activities.

Our findings are based on 103 single audits in the following categories: cash management, equipment and real property management, and allowable costs. Of the 103 audits, 25 reported direct findings (specific to the DDS) and 89 audits reported crosscutting findings (not specific to the DDS, but which could have an impact on the DDS.)

We recommended and SSA agreed to provide the following instructions to each DDS

- Adhere to the terms of the *Cash Management Improvement Act* agreement.
- Implement controls to prevent unauthorized computer access.
- Develop a formal contingency plan to be followed in the event of a disaster that adversely affects operations.
- Maintain complete and accurate equipment inventory records and perform periodic physical inventories.
- Ensure that costs charged to SSA benefit its programs and are properly authorized and documented.
- Implement controls to ensure that non-SSA work costs are properly accounted for and reported.



Issue 7: Management of the Disability Process

SSA administers the DI and SSI programs, which provide benefits based on disability. Most disability claims are initially processed through a network of Social Security FOs and State DDSs. SSA Claims Representatives in the FOs are responsible for obtaining applications for disability benefits and verifying non-medical eligibility requirements, which may include age, employment, marital status, or Social Security coverage information. The FO then sends the case to a DDS for evaluation of disability. The DDSs, which are fully funded by SSA, are State agencies responsible for developing medical evidence and rendering the initial determination on whether the claimant is legally disabled or blind. Once the DDS makes the disability determination, it returns the case to the FO for appropriate action depending on whether the claim is allowed or denied. In FY 2001, there were 2,166,623 initial disability claims processed, and the average processing time was 106 days.

After SSA establishes that an individual is eligible for disability benefits under either DI or SSI, SSA works to ensure that individuals continue to receive benefits only as long as they meet SSA's eligibility criteria. Disability benefits will not continue if

- ❑ Legislation or Federal regulations rescind a prior disabling condition from qualifying for benefits.
- ❑ A child turns 18-years-old and is no longer considered disabled under adult criteria.
- ❑ A beneficiary/recipient returns to work and has income over SSA's allowable amount.
- ❑ Or a continuing disability review (CDR) shows the individual is no longer disabled. In FY 2001, over \$603 million was expended to process 1.7 million CDRs.

It is the responsibility of OHA to hold hearings and issue decisions at two distinct stages in SSA's appeals process. OHA's field structure consists of 10 regional offices and 138 hearing offices. These offices are staffed by approximately 1,000 ALJs and 5,400 support staff. In FY 2001, HOs received 554,376 appeals and disposed of 465,228 cases.

The Appeals Council is the final level of administrative review for claims filed under DI and SSI. The Appeals Council reviews ALJ decisions and dismissals upon the claimant's timely request for review. In FY 2001, the Appeals Council received 83,590 requests for review and disposed of 115,589 cases.

Over the last several years, SSA has tested several improvements to the disability claims process as a result of concerns about the timeliness and quality of service. SSA's Disability Redesign Plan combines initiatives that have been tested and piloted over the last few years and includes all levels of eligibility determination—beginning with State DDSs and going through the hearings and appeals processes. The Hearings Process Improvement (HPI) Plan, when fully implemented, was expected to result in an overall reduction in processing time and increased productivity. The focus of the Appeals Council Process Improvement Action Plan is to reduce the time claimants wait for action from the Appeals Council.



During this reporting period, we conducted the following reviews in this area.

Continuing Disability Reviews for SSI Recipients Approved Based on Low Birth Weight

Our objective was to determine whether SSA conducted CDRs in a timely manner for children whose claims for SSI payments were approved based on low birth weight.

As of August 22, 1996, SSA was required under Public Law (P.L.) 104-193 to perform CDRs by age 1 for children whose claims for SSI payments were approved based on low birth weight. *The Balanced Budget Act of 1997* (P.L. 105-33) amended this earlier provision on August 5, 1997 by permitting SSA to schedule a CDR for a low birth weight child at a date after the first birthday if SSA determines that the impairment is not expected to improve by age 1.



We found that SSA did not conduct the required CDRs in a timely manner. Projecting the results of our sample to the population, we estimate that at least 4,078 of the 31,907 low birth weight cases approved in 1998 through 1999 did not have CDRs completed in a timely manner. Had these CDRs been performed timely, we estimate that SSA might have avoided paying at least \$4 million in SSI benefits. Additionally, we found that SSA did not always ensure CDRs were actually performed once cases were selected. For example, in one case, follow-up alerts were issued to the FO for over 2 years, but the CDR was not performed.

To improve SSA's low birth weight CDR selection and monitoring processes, we recommended that SSA

- ❑ Identify low birth weight cases requiring CDRs each month instead of the current semi-annual selection process.
- ❑ Include, in each month's selection, cases in which the medical review diaries mature 3 months after the month of CDR selection.
- ❑ Discontinue screening out cases in which the recipients are not currently receiving payments when the initial CDR selection is made.
- ❑ Improve the CDR follow-up alert process so that successive alerts are generated to higher levels of management at designated times.

SSA agreed in principle with our recommendations. Specifically, SSA agreed to select low birth weight cases for CDRs on a monthly basis beginning 3 months prior to the month the medical review diary matures. SSA also agreed to develop a paperless process to follow-up on CDRs not processed timely. With regard to recommendation three, SSA asserts that implementing recommendations one and two will also address our third issue—since cases that were not selected based on payment ineligibility will be reexamined each month and released for CDR development if the recipients begin receiving payments again. We concur with SSA that recommendation three will not be needed once SSA begins selecting low birth weight cases for CDRs on a monthly basis.



Status of SSA's Disability Process Improvement Initiatives



In September 1994, SSA released the *Plan for a New Disability Claim Process* (Plan) in response to increasing case workloads and processing times and concerns with reversal rates at the hearings level. Over the next few years, SSA made little progress in implementing the initiatives outlined in the plan. At the advice of GAO in 1996, SSA subsequently scaled back the number of initiatives that it would concentrate on completing.

In March 1999, the Commissioner announced several decisions about the initiatives for improving the disability claim process. Among his decisions were to

- Combine the most promising features from the Full Process Model initiative into a Prototype, and evaluate the combination of features.
- Develop a more comprehensive and uniform QA system that improves the review of disability determinations nationwide.
- Continue testing the Disability Claims Manager (DCM) position through FY 2000.
- Continue Process Unification efforts.
- Continue HPIs, eliminating numerous hand-offs and inadequate tracking of cases.

The objective of our evaluation was to determine the current status of these five disability process improvement initiatives.

We reported that SSA has not made as much progress implementing an improved disability determination process as originally envisioned in the *Plan*. The new disability claim process was to be fully implemented by FY 2001, but SSA's timelines have been revised frequently to accommodate changes in the initiatives. Of the five initiatives reviewed, the HPI and Process Unification initiatives have been implemented nationwide. Of the remaining initiatives, we reported

- The Prototype initiative is on hold pending the analysis of program costs and appeals rates to OHA.
- The plan for the QA initiative has not been fully developed.
- The DCM initiative did not show a significant overall improvement in claims processing and was not implemented.

We recommended that SSA

- Proceed with national implementation of Prototype only if the benefits of the process justify the increased program, DDS, and OHA costs.
- Evaluate disability examiner attrition at the 10 Prototype DDSs and take appropriate steps to reduce the rates and complete the evaluation before decisions are made on the national implementation of the Prototype.
- Develop, establish a timeline with milestones, and implement a comprehensive QA system that produces accurate and uniform disability determinations nationwide.



- ❑ Assess the impact of Process Unification when data on the OHA allowance rates for Prototype claims are available.
- ❑ Implement the enhanced automation at OHA as outlined in the HPI plan if this initiative continues.

SSA agreed with all the recommendations and provided information on the steps being taken to implement them.





Issue 8: Integrity of the Earnings Reporting Process

The integrity of SSA's process for posting workers' earnings is critical to ensuring eligible individuals receive the full benefits they are due.

Earnings information that is reported to SSA by employers and self-employed individuals forms the basis of all benefit calculations under both the OASDI and SSI programs. The integrity of SSA's process for posting workers' earnings is critical to ensuring eligible individuals receive the full benefits they are due. If earnings information is reported incorrectly, or not reported at all, SSA cannot ensure that all eligible individuals receive the correct payment amounts. In addition, SSA's disability programs under OASDI and SSI depend on this earnings information to determine whether an individual is eligible for benefits and the amount of the disability payment. SSA also spends its scarce resources trying to correct the earnings data when inaccurate information is reported.

The Earnings Suspense File (ESF) primarily consists of reported earnings that are put into suspense because the name/SSN combination does not match validation criteria within SSA's systems. Although SSA has accurately posted approximately 99 percent of all reported earnings, the remaining earnings that cannot be matched continue to accumulate in the ESF. Between 1937 and 2000, the ESF grew to about \$376 billion in wages, representing approximately 237 million wage items. Each year, SSA receives about 21 million wage items that have an invalid name/SSN combination. Through extensive computer matches and manual efforts, this number is reduced to about 6.5 million items annually. Further efforts to resolve invalid wage items can take years.

SSA's Tactical Plan consists of an overall strategy and several individual projects designed to reduce the ESF's rate of growth and size. For example, SSA expects to expand the use of the voluntary Employee Verification Service (EVS) to assist employers in verifying new hire names/SSNs. However, the changes called for in the tactical plan are long-term, and several factors—both internal and external to SSA—hinder the efforts with the most potential to reduce the ESF's size and growth.

Internal factors include a higher priority given to other automated system developments and the fact that SSA has not linked available information in its database to identify chronic "problem" employers who continually submit annual wage reports with multiple errors. External factors include other Federal agencies with separate yet related mandates, such as the reluctance of the Internal Revenue Service (IRS) to sanction employers for submitting invalid wage data and complicated INS employer procedures for verification of eligible employees.

Ensuring the integrity of earnings in the Master Earnings File (MEF), the repository of earnings related to specific individual accounts, is another critical audit area. An earlier OIG audit found the MEF contained over \$8.3 billion in duplicate earnings postings. These duplicate earnings errors caused over \$10.5 million in excess payments to about 31,800 beneficiaries. Another OIG audit found that SSA did not maintain sufficient controls over the wage reporting process to ensure employers were submitting quality earnings data. The audit noted that 285 employers submitted erroneous wage reports in which over 50 percent of their wages were in error 3 years in a row without



SSA taking any action, even though more than \$8.5 million in penalties could have been assessed by the IRS. Another 3,428 employers submitted similar erroneous wage reports in consecutive years.

SSA has developed additional processes to validate the earnings data in the MEF. In recent years, SSA has mailed Social Security statements to individuals who had earnings and were age 25 or older. In FY 2001, SSA mailed over 137 million of these statements, of which, over 7 million were returned as undeliverable. If an individual contacts SSA about missing earnings, these amounts are reinstated from the ESF to the MEF if they are currently in suspense, or they are added as new earnings to the MEF. The reasons behind these reinstated and/or new wages may provide examples of weaknesses in the overall earnings reporting process, as well as opportunities for correcting the problems.

Over the past few years, we have noticed some problems in the integrity of the Earnings Reporting Process and we are currently planning to conduct audits in this area.

During this period, our auditors issued the following reports on the integrity of the earnings reporting process.

Management Advisory Report: Recent Efforts to Reduce the Size and Growth of SSA's Earnings Suspense File

Our objective was to review SSA's recent ESF Contractor study and to determine the likelihood of its recommendations reducing the size and growth of the ESF, while maintaining earnings integrity.

In 1999, SSA hired a contractor, PricewaterhouseCoopers (PwC), to determine whether SSA should modify its existing practices in managing the ESF, to follow sound business and accounting practices, and more properly reflect SSA's activities regarding unidentified earnings. At the conclusion of its study, PwC made recommendations in three areas:

- Manage the ESF more effectively.
- Reduce the growth and size of the ESF.
- Provide the public with more information on the ESF.

We concluded that many of the alternatives and recommendations provided in PwC's study can assist SSA in reducing the size and growth of the ESF, while maintaining earnings integrity. We concurred with most of the recommendations related to managing the ESF. Regarding the alternatives for reducing the growth and size of the ESF, the data and associated analysis could have been expanded to provide SSA with a better understanding of the risks related to the more aggressive record removal alternatives. We also supported PwC's recommendation that SSA provide the public with more information on the ESF, as such information can assist both SSA and Congress in monitoring the status of suspended wages.

We recommended that SSA

- Implement the remaining PwC recommendations.





- ❑ Conduct additional analysis on two PwC recommendations with which we did not agree, before implementing.
- ❑ Implement PwC's recommendation for presenting ESF information in its performance reports, while also ensuring the measure provides a clear indication of real ESF growth.
- ❑ Limit its removal activities to the more conservative PwC alternatives until more is known about the costs and impact of record removal.

SSA stated it has already implemented a number of the recommendations. For the remaining recommendations, SSA is conducting a more in-depth analysis and will consider our recommendations as SSA makes final decisions. In addition, SSA is considering adding a measure to track the reduction in growth of the ESF as part of developing its FY 2004 performance goals and measures. Finally, SSA agreed with our recommendation to limit ESF removal activity until after it evaluated alternatives for archiving ESF items in terms of SSA's mission of maintaining accurate earnings records.

Effectiveness of SSA's Earnings After Death Process

Our objective was to determine the effectiveness of SSA's procedures for resolving earnings suspended due to the earnings after death (EAD) process.



Title II of the Social Security Act requires that SSA maintain the reported earnings records of individuals. To accomplish this, SSA uses the name and SSN on the reported earnings and compares this information to the Numident, SSA's database containing all issued SSNs. If the name/SSN combination is determined to be valid, SSA records the individual's earnings in his or her MEF account. Reported earnings that cannot be associated with a specific individual's name and/or SSN are placed in the ESF.

As part of the annual earnings reporting process, SSA also reviews the Numident to determine whether the individual is deceased. When a date of death is present on the Numident, all earnings items reported after the year of death are placed in the ESF. The earnings are also transmitted to an EAD investigate file so that notices can be printed and mailed to employers and/or earners.

We concluded that SSA's EAD process was not effective in resolving Tax Year 1998 suspended earnings items. While SSA has been able to reinstate some suspended earnings through the EAD process, we identified a significant number of items where wage earners are alive on SSA's records, but the earnings have not been reinstated.

To improve SSA's ability to reinstate wages suspended under the EAD process, we recommended that SSA

1. Resolve remaining cases in our sample where the individuals were incorrectly listed as deceased, or where another party earned the funds in the ESF.
2. Periodically match prior year EAD suspended items to the Numident to determine whether the individuals are still listed as deceased, reinstating earnings as appropriate.



3. Remind staff reinstating earnings suspended under the EAD process to remove the date of death on the Numident and determine whether additional items suspended for the same individual can be reinstated.
4. Maintain the annual EAD investigate files with unresolved suspended items for later review of potential SSN misuse.
5. As EAD notices are returned, remove from the ESF those specifically identified in the notice related to employees whose deaths are confirmed by employers.
6. Educate the top 10 contributors to the EAD investigate file, especially entertainment industry employers, that earnings reported after the year of death should be reported as miscellaneous income, not as wages.
7. Add language to the EAD notice to educate employers on the proper reporting procedures for wages after employees have died.

SSA provided a qualified concurrence with Recommendation five stating it agreed with the intent. However, it noted there is no mechanism for simply deleting items from the ESF. SSA disagreed with Recommendation six stating that the dollar amount of items placed into suspense is extremely low from these employers. SSA agreed with the rest of our recommendations.

SSA's Employee Verification Service for Registered Employers

Our objective was to evaluate the policies and procedures that SSA has in place for providing information to registered users of the EVS.

We concluded that while the number of employers registered for EVS has increased over recent years, the rate of usage actually decreased during the same period. We also concluded that the EVS program for registered users lacked the applicant information, and system controls necessary for SSA to properly monitor and evaluate the program and the EVS electronic data submissions.



We recommended that SSA

- Modify EVS to detect SSNs for deceased individuals, provide appropriate notification to employers, and issue an alert for necessary action by SSA staff.
- Modify EVS to detect SSNs for individuals in non-work status, provide appropriate notification to employers, and issue an alert for necessary action by SSA staff.
- Ensure EVS procedures for providing corrected SSNs to registered users are consistent with SSA's proposed SSN Verification System Program.
- Update the application form to include the SSN of the representative who signed the application, the total number of employees in its workforce and the identification numbers of related subsidiaries as well as the number of employees.
- Obtain signed privacy statements from all EVS users, including those users who applied for the service before 1993 and were not required to sign the statement.



- ❑ Archive EVS data for at least 3 years so user activity and trends can be monitored.
- ❑ Establish an annual or periodic reapplication process where EVS registered users are reauthorized to use the service. This process can also be used to re-contact EVS registered users who have not used EVS in the last 3 years, particularly the top 100 chronic problem employers, to encourage greater use of EVS.

SSA generally agreed with our findings and noted that EVS was one of SSA's original SSN verification processes developed almost 20 years ago. SSA advised us that any conclusions drawn regarding the small percentage of employers using the system (1 percent) need to be viewed with caution, given that SSA has added a number of other SSN verification services including the on-line SSN Verification System pilot, the Employer 800-Number, and local FOs services.



Issue 9: SSN Misuse and Privacy Concerns (Identity Theft)

The SSN's original sole purpose was to provide a method to record each U.S. worker's earnings accurately. Despite this narrowly-drawn purpose, use of the SSN as a de facto identifier in other record systems eventually grew. Today the SSN is the single most widely used identifier for Federal and State governments, as well as the private sector.

SSA issued over 18 million original and replacement Social Security cards in FY 2001. SSNs are a tempting tool that unscrupulous individuals acquire fraudulently and use for illegal purposes. The effects of using an SSN as a "breeder" document can be severe and far-reaching. In the wrong hands a genuine or false SSN can facilitate benefits fraud, check fraud, identity theft, and even terrorism. As such, protecting SSN integrity remains a top OIG priority.

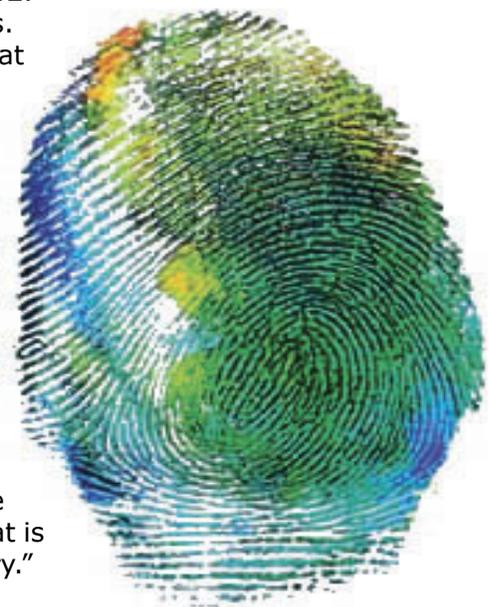
There continues to be growing public concern with identity theft. Congress enacted the *Identity Theft and Assumption Deterrence Act of 1998*, responding to the growing epidemic of identity thefts by imposing criminal sanctions for those who create a false identity or assume someone else's. *The Internet False Identification Prevention Act of 2000* enabled law enforcement organizations to pursue operators who could previously sell counterfeit Social Security cards legally by maintaining the fiction that such cards were "novelties."

Today the Federal Trade Commission (FTC) is the Federal clearinghouse for complaints by victims of identity theft. FTC has established a centralized complaint and consumer education service for victims. Though it will not investigate complaints, it will make them available to appropriate law enforcement agencies.

Our role in identity theft is focused on protecting the integrity and defending against the misuse of the SSN. Reports of SSN misuse increased from approximately 11,000 in FY 1998 to over 73,000 during FY 2002. These are not necessarily small operations with solitary victims. Increasingly, large-scale efforts to abuse the SSN aim not only at identity theft, but also at the wholesaling of fraudulent identities and documentation.

"We have long been aware that failure to protect the integrity of the SSN has enormous financial consequences for the Government, the people, and the business community," Inspector General Huse told a hearing of the House Judiciary Committee's Subcommittees on Immigration, Border Security, and Claims and Crime, Terrorism, and Homeland Security on June 25, 2002. "We now know that the burden that the enumeration process carries can have far graver consequences than previously imagined and as such, SSA can no afford to operate from a 'business as usual' perspective. Whatever the cost, whatever the sacrifice, we must protect the number that has become our national identifier; the number that is the key to social, legal, and financial assimilation in this country."

Under no circumstances, can we permit the SSN to be used by those who wish to camouflage their criminal activities against the United States...





Inspector General Huse testified on SSN integrity before six congressional hearings in this reporting period. He has reiterated that our audit and investigative work identifies three distinct approaches to SSN integrity for which legislation is critically needed. The first area is limiting the use and display of the SSN already in circulation in the public and private sectors. Second, the present arsenal of criminal, civil, and administrative penalties is clearly insufficient to deter and/or punish identity thieves. The third approach is requiring the cross-verification of SSNs through both governmental and private sector systems of records to identify and address anomalies in SSA's files, and in databases at various levels of government and the financial sector.

We recognize that SSA has a difficult task in balancing service and security. To adequately combat SSN misuse, it must employ effective front-end controls in its enumeration process. Additional techniques—such as data mining, biometrics, and enhanced systems controls—are critical in the fight against SSN misuse. In a recent policy change, SSA will now hold non-citizens' applications for new SSNs until their evidentiary documents can be verified with the INS. Furthermore, SSA has stopped issuing SSNs for the sole purpose of obtaining State driver's licenses. While SSA is justifiably proud of its reputation for timely service, these decisions underscore SSA's commitments to strengthen enumeration integrity and to support greater security of our Nation's borders.

Our auditors have conducted the following work in this area.

Management Advisory Report: Social Security Number Integrity: An Important Link in Homeland Security

Strengthening SSN integrity is one way SSA can make an important contribution to homeland security. As the report of the Office of Homeland Security, *Securing the Homeland, Strengthening the Nation*, stated, "The Government of the United States has no more important mission than fighting terrorism overseas and securing the homeland from future terrorist attacks." Federal agencies, including SSA, have embraced this monumental challenge.



As such, we issued this Management Advisory Report to provide information regarding

- How SSN integrity is a critical element in the protection of the homeland.
- What SSA and OIG have done to ensure the SSN's integrity.
- What tasks remain in this important effort.

In our report, we explained how SSN integrity impacts homeland security. As use of the SSN has grown, so has its misuse. Because the SSN is so heavily relied upon as an identifier, it is a valuable commodity for criminals. In FY 2001, the SSA OIG Fraud Hotline received over 115,000 allegations of fraud. Of this total, over 55 percent were allegations of SSN misuse. Given the magnitude of such allegations and competing priorities, OIG is regrettably unable to investigate a large percentage of the possible criminal violations involving SSN misuse. Nevertheless, in response to the September 11 attacks,



we have committed extensive resources to investigating cases in which SSNs may have been used to facilitate or camouflage terrorist crimes.

SSA Continues Assigning Original Social Security Numbers to Foreign-Born Individuals Who Present Invalid Evidentiary Documents

We completed an audit in which we reviewed SSA's procedures for verifying documents that are submitted with SSN applications. Results indicated that thousands of the 1.2 million original SSNs assigned to non-citizens in Calendar Year 2000 might have been based on invalid immigration documents.

In this report, we also discussed the steps SSA and the OIG have taken to address this critical issue. We outlined numerous initiatives SSA has started or planned based on recommendations made by its newly formed Enumeration Task Force. This committee was established to re-examine the entire enumeration process, including previous OIG recommendations, to identify ways SSA can strengthen its enumeration policies and procedures. As a member of this Task Force, we have shared many insights and ideas with SSA, which we believe will help increase the integrity of the enumeration process.



Finally, in the report, we provided insight into what more needs to be done to ensure SSN integrity in a post-September 11th environment. Our audit and investigative work has shown that there are three stages at which protections for the SSN must be put in place

- Upon issuance.
- During the life of the number holder.
- Upon that individual's death.

To address vulnerabilities at each of these three stages, we suggested that SSA or Congress should pursue the following actions

- Independently verify birth and immigration records submitted to support an SSN application.
- Limit the SSN's public availability to the greatest extent practicable, without unduly limiting commerce.
- Prohibit the sale of SSNs, prohibit their display on public records, and limit their use to valid transactions.
- Enact strong enforcement mechanisms and stiff penalties to further discourage SSN misuse.

Do more to protect the SSN after the number holder's death.

SSN Integrity Case Highlights

Assaults on the integrity of the SSN and the system behind it—as opposed to simple cases of SSN misuse and identity theft—have risen sharply in the past year. Examples of our work on such cases include:



INS, our Denver Field Division, and local law enforcement conducted a joint investigation into the operations of several traffickers of counterfeit Social Security cards and other documents working in the greater Salt Lake City, Utah, area. Investigators found that a family from Mexico City controlled an organization that manufactured and sold counterfeit documents primarily to illegal aliens. Its estimated income from the document sales was \$2-3 million annually. OIG and INS agents identified the organization's leaders and used search warrants to seize fake Government documents and equipment used to produce them. As a result, nine people received sentences for prison time and/or deportation, six others remain fugitives, and one leader's case is pending trial.



Our Chicago Field Division investigated an illegal alien from Mali who assisted about 250-300 other illegal aliens—as well as legal aliens without work authorization—to alter their visas to obtain legitimate Social Security cards at SSA offices. He was convicted of immigration document fraud, furnishing false information to SSA, making false statements, mail fraud, and possession of Government identification with intent to defraud and he was incarcerated.

Other SSN Misuse Case Highlights

People use fraudulently-obtained SSNs for a variety of criminal purposes, as demonstrated in the case examples below.



Our Chicago Field Division investigated a Michigan man who misused SSNs to establish credit. Over 2 years, he secured a credit card, obtained home loans, received construction loans to build properties, and purchased vehicles—all through providing false information during the application process. His fraud scheme victimized First Security Bank, American Honda Finance Corporation, Principal Residential Mortgage, Desert First Credit Union, Bank of Utah, and Calvary Investments. He was incarcerated and ordered to pay \$266,114 in restitution to six different financial institutions and private businesses.



Detectives in Connecticut told our New York Field Division about an organization using stolen identities to set up fraudulent checking accounts and pass bogus checks using false identification. Group members presented forged SSA forms to obtain State identification cards with their photographs and fraudulent identifiers. They printed counterfeit checks made out to the false identities, and cashed them at several banks. Total losses to financial institutions in this case exceeded \$400,000. Our agents in cooperation with CID's ECT, the Secret Service, USMS, and various police departments arrested all nine conspirators. They received sentences ranging from home confinement to incarceration, and have been ordered to pay restitution.



Our Philadelphia Field Division investigated a case where more than 40 victims had their identities stolen in a scheme involving 11 auto dealers as co-conspirators and 79 vehicles worth over \$2 million. A North Philadelphia businessman brought people with bad credit to area car dealerships, where the salesmen sold them cars using the victims' stolen identities. One salesman was incarcerated and ordered to pay \$300,225 in restitution. The businessman was sent to prison and ordered to pay restitution of \$1,155,591. The restitution was ordered to seven automobile dealerships, five insurance companies and other financial institutions.



In Illinois, a would-be car purchaser found his credit report showed approximately \$100,000 of debt associated with his SSN, but in another name. Our Chicago Field Division found the culprit, who had used several different SSNs and numerous aliases to get credit cards and bank loans. He told our agents that when he lost his job as a credit manager, he stole credit reports and used the SSNs to get credit cards, bank loans, homes, vehicles, computers and cash. He set up a business and then processed some \$500 in credit card transactions each day. He admitted buying two homes and three vehicles using aliases. He was incarcerated and ordered to pay \$383,000 in restitution to credit card companies and banking institutions. He also forfeited both homes and the vehicles.





Issue 10: Integrity of the Representative Payee Program

Representative payees are responsible for using benefits in the individual's best interests.

Some individuals cannot manage or direct the management of their finances because of their youth or their mental or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments. A representative payee may be an individual or an organization. SSA selects representative payees for OASDI beneficiaries or SSI recipients when representative payments would serve the individual's interests. As of July 2002, there were about 5.4 million representative payees who manage benefits for about 7.6 million beneficiaries.

Representative payees are responsible for using benefits in the individual's best interests. Their duties include

- Using benefits to meet the individual's current and foreseeable needs.
- Conserving and investing benefits not needed to meet the individual's current needs.
- Maintaining accounting records of how the benefits are received and used.
- Reporting events to SSA that may affect the individual's entitlement or benefit payment amount.
- Reporting any changes in circumstances that would affect their performance as a representative payee.
- Providing SSA an annual Representative Payee Report of how benefits were spent and invested.

Representative Payee Fraud Case Highlights

The following cases highlight our activity in this area.



Our Chicago Field Division determined that a Michigan representative payee made repeated false statements to SSA regarding household income and living arrangements with her husband. Our investigators found she was paid SSI benefits on behalf of her son for approximately 15 years, though he was not eligible to receive them. She was ordered to pay \$71,517 restitution to SSA.



Based on a referral from SSA's Syracuse, New York office, our New York Field Division investigated a fee-for-service representative payee. During a routine review of the company, SSA employees became concerned that the company appeared to be operating on a larger scale than its estimated income made possible. We found the company was using SSA beneficiaries' funds for operating expenses. As a result of our investigation, the company president turned \$359,122 over to SSA. He was also incarcerated and ordered to pay \$163,669 restitution to SSA.



Our St. Louis Field Division, along with the Department of Veterans Affairs (VA) OIG, investigated a Kansas man who was representative payee for several recipients of VA and SSA benefits for several years. He looted their benefits, telling agents after his arrest he needed the money to pay for his drinking habit. He also admitted selling at least three recipients' farms for more than \$70,000 each. He was sentenced to home confinement and ordered to pay \$490,625 in restitution.

Our auditors conducted the following reviews in this area.

Summary of Financial-Related Audits of Representative Payees for the Social Security Administration

In FY 2001, we performed six financial-related audits of representative payees. Our audit results showed that representative payees did not always meet their responsibilities to the beneficiaries they served. We identified deficiencies with the financial management of, and accounting for, benefit receipts and disbursements, poor monitoring and reporting to SSA of changes in beneficiary circumstances, inappropriate handling of beneficiary conserved funds and improper charging of fees.

We also identified issues related to SSA's oversight of representative payees. These issues concerned problems associated with the annual Representative Payee Reports (RPR) and the potential benefits of using stored value cards or similar technology.



Representative Payee Reports

During our reviews, we found several completed Representative Payee Reports that had questionable information that should have initiated a SSA review. For example, we found Representative Payee Reports with no reported beneficiary expenses. In addition, some Reports listed excess conserved funds for SSI recipients. In neither instance, did SSA take appropriate actions to review the questionable information.

We also found SSA could not always retrieve completed Representative Payee Reports when needed. As part of our FY 2001 audits, we requested SSA to provide the most recently completed Reports for 167 beneficiaries. However, SSA was only able provided 67 of the Representative Payee Reports. For the remaining 100, we could not determine whether the representative payee properly submitted the Reports.

Stored Value Cards

A stored value card is a prepaid spending card that can be used where most credit cards are accepted. Spending is limited to the amount of money transferred to the card. Stored value cards do not have a line of credit and can be used to make automated teller machine withdrawals. The use of the stored value cards could facilitate improved monitoring of representative payees spending and accounting for benefit payments. Some of the potential benefits include.



- ❑ Enabling SSA to obtain spending information directly from the stored value card company on the type and amount of expense incurred by the representative payee.
- ❑ Allowing SSA to identify instances of questionable expenses or unusual spending patterns and establishing merchant blocking for certain vendors.
- ❑ Tracking conserved fund balances that should be returned to SSA.
- ❑ Eliminating the Representative Payee Reports and providing significant administrative savings of costs for mailing and processing Representative Payee Reports. Almost 7 million Reports are mailed and processed annually at a cost of about \$52 million.

We recommended that SSA

1. Take appropriate follow-up actions to ensure the representative payees implement the 29 OIG recommendations made from the 6 FY 2001 audits.
2. Pilot the use of stored value card or similar technology for representative payees.

SSA agreed with recommendation one but disagreed with recommendation two. In its response, SSA concluded that stored value cards would be time-consuming and labor-intensive for representative payees. However, SSA is committed to improving the Representative Payment Program and is exploring other innovative approaches for monitoring representative payees.

Financial-Related Audits of Representative Payees

We completed four financial-related audits of representative payees. The four audits were



- ❑ Financial-Related Audit of Jackson County Public Administrator- An Organizational Representative Payee for SSA
- ❑ Financial-Related Audit of A. Holly Patterson Extended Care Facility – A Representative Payee for SSA
- ❑ Financial-Related Audit of Florida Department of Children and Families – District 6, an Organizational Representative Payee for SSA
- ❑ Financial-Related Audit of Denver Department of Human Services – An Organizational Representative Payee for SSA

The objectives of these audits were to determine whether the representative payees

1. Had effective safeguards over the receipt and disbursement of Social Security benefits.
2. Ensure Social Security benefits are used and accounted for in accordance with SSA policies and procedures.

We determined that the representative payees generally had effective safeguards over the receipt and disbursement of benefits and ensured they



were used and accounted for in accordance with SSA's policies and procedures. However, we identified the following deficiencies.

1. Three representative payees failed to monitor and report changes that affected benefit eligibility which resulted in an estimated \$145,453 in benefit overpayments for 54 beneficiaries.
2. One representative payee did not promptly return \$20,922 in conserved funds for five individuals who were no longer in its care, withholding the funds for an average of 8 months.
3. Two representative payees did not have adequate documentation to support the personal needs allowance of institutionalized beneficiaries.

The following summarizes the recommendations we reported to the appropriate SSA Regional Commissioner. We recommended that SSA require the representative payees to

- Return overpayment funds for recipients who were ineligible for SSI because their resources exceeded the eligibility limit.
- Re-emphasize procedures with the representative payee for notifying SSA when events occur that affect the eligibility of individuals in its care.
- Return conserved funds of beneficiaries no longer in its care to the appropriate responsible party.
- Maintain the proper level of documentation to account for and safeguard the monthly personal spending allowances of SSA beneficiaries living in institutions.

SSA agreed with all of our recommendations.

Analysis of Information Concerning Representative Payee Misuse of Beneficiaries' Payments

Our objective was to analyze information concerning representative payee misuse of beneficiaries' payments. Specifically, we were to determine whether common characteristics existed for representative payees who had misused beneficiary payments.

Based on our review of information contained in SSA's Representative Payee System, we did not statistically identify significant common characteristics that were unique to representative payees who misused benefit payments. However, our analysis of the Representative Payee System data identified several problems in SSA's monitoring and oversight of these representative payees. Specifically, we found the following.

- Misuse cases we reviewed were not always referred to the OIG for possible criminal, civil, and/or administrative remedies.
- Additional misuse cases may exist that should be referred to the OIG.
- SSA frequently retained representative payees who misused benefit payments.





- Representative payees who misused payments and were subsequently retained as representative payees did not always make mandatory repayment of misused benefit payments.
- Representative payees who were previously incarcerated misused benefit payments and continued as representative payees.
- Representative payees managed benefits of others when SSA had determined they could not manage their own benefits.

We recommended that SSA

1. Develop and implement a process to identify and refer prior known instances of representative payee misuse to the OIG for possible criminal, civil, and/or administrative remedies.
2. Follow existing policy for referring all future representative payee misuse cases to the OIG for possible criminal, civil, and/or administrative remedies.
3. Comply with Agency policy that representative payees are rarely retained after misuse has occurred.
4. Periodically assess the continued suitability of representative payees that previously misused benefit payments. SSA should closely monitor these representative payees to detect and prevent the misuse of benefit payments belonging to its most vulnerable beneficiaries.
5. Create and implement management controls to ensure compliance with mandatory repayment of misused benefit payments when representative payees are retained after benefit payment misuse has occurred.
6. Automate the process that identifies incarcerated representative payees. This process should alert SSA of the need to assess an individual's continued suitability to serve as a representative payee.
7. Implement management controls to prevent the appointment of individuals as representative payees who have a representative payee managing their own benefits, and identify individuals currently serving as representative payees that become incapable of managing their own benefits.

SSA agreed with all of our recommendations.

Audit of Information System Controls of the Social Security Administration's Representative Payee System (Limited Distribution)

Our objective was to assess the representative payee system's input, processing and output (application) controls.

We reviewed the significant application controls for the representative payee system. While we found many controls were strong and operating effectively, we also identified areas where controls should be improved. Our specific findings were as follows.



- Input controls are strong but should be improved.
- Processing controls needed to be strengthened.
- Processing alerts needed improvement.



Based on the information obtained from SSA and the tests we performed, we made 13 recommendations to SSA for improvements in the representative payee system. SSA agreed with our recommendations and is in the process of either implementing the recommended changes or evaluating the extent of system changes needed to implement the recommendations. Because of the sensitive nature of this audit, we cannot describe in detail the findings of this report. This report is not available for distribution.

A Special Thank You

We would like to thank our entire OIG staff for their outstanding efforts and contributions, without which this report would not have been possible.





Appendices





Appendix A

Resolving Audit Recommendations

The following chart summarizes Social Security Administration's (SSA) responses to Office of the Inspector General's 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 the *Supplemental Appropriation and Recession Act of 1980* (Public Law 96-304) and the *Inspector General Act of 1978*, as amended.

Reports With Questioned Costs for the Reporting Period April 1, 2002 Through September 30, 2002			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	8 ^a	\$4,753,130	\$6,086,943
B. Which were issued during the reporting period.	6 ^b	\$5,998,136	\$366,019
Subtotal (A+B)	14	\$10,751,266	\$6,452,962
Less:			
C. For which a management decision was made during the reporting period:	7 ^c	\$7,463,488	\$9,186
i. Dollar value of disallowed costs.	5 ^d	\$6,534,150	\$9,186
ii. Dollar value of costs not disallowed.	2 ^e	\$929,338	\$0
D. For which no management decision had been made by the end of the reporting period.	8 ^f	\$3,287,778	\$6,443,776

- a Single Audit of the State of Florida for the Fiscal Year (FY) Ended June 30, 2000 (A-77-01-00012, 8/24/01); Single Audit of the State of West Virginia for the FY Ended June 30, 2000 (A-77-01-00013, 8/29/01); Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the FY Ended June 30, 1997 (A-77-01-00014, 8/30/01); Single Audit of the State of Michigan, Family Independence Agency for the 2-Year Period Ended September 30, 2000 (A-77-02-00003, 11/20/01); Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the FY Ended June 30, 1998 (A-77-02-00006, 1/29/02); Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the FY Ended June 30, 1999 (A-77-02-00007, 1/30/02); Single Audit of the State of New York for the FY Ended March 31, 2000 (A-77-02-00008, 2/25/02); Review of Maximus Contract Numbers 600-94-10784 and 600-95-22666 (Limited Distribution, A-15-00-30015, 3/8/02).
- b See Reports with Questioned Costs in Appendix B of this report.
- c Review of Maximus Contract Numbers 600-94-10784 and 600-95-22666 (Limited Distribution, A-15-00-30015, 3/8/02) contained dollars that were disallowed and dollars not disallowed.
- d Single Audit of the State of Michigan, Family Independence Agency for the 2-Year Period Ended September 30, 2000 (A-77-02-00003, 11/20/01); Review of Maximus Contract Numbers 600-94-10784 and 600-95-22666 (Limited Distribution, A-15-00-30015, 3/8/02); Financial-Related Audit of A. Holly Patterson Extended Care Facility - A Representative Payee for the Social Security Administration (A-02-02-12034, 6/18/02); Financial-Related Audit of the Florida Department of Children and Families - District 6, an Organizational Representative Payee for the Social Security Administration (A-08-02-12007, 9/17/02); Effectiveness of the Social Security Administration's Death Termination Process (A-09-02-22023, 9/17/02).
- e Single Audit of the State of New York for the Fiscal Year Ended March 31, 2000 (A-77-02-00008, 2/25/02) and Review of Maximus Contract Numbers 600-94-10784 and 600-95-22666 (Limited Distribution, A-15-00-30015, 3/8/02).



- f Single Audit of the State of Florida for the FY Ended June 30, 2000 (A-77-01-00012, 8/24/01); Single Audit of the State of West Virginia for the FY Ended June 30, 2000 (A-77-01-00013, 8/29/01); Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the FY Ended June 30, 1997 (A-77-01-00014, 8/30/01); Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the FY Ended June 30, 1998 (A-77-02-00006, 1/29/02); Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the FY Ended June 30, 1999 (A-77-02-00007, 1/30/02); Management Advisory Report on the Single Audit of the State of Florida for the Fiscal Year ended June 30, 2001 (A-77-02-00014, 7/26/02); Representative Payee Investigation of Case Management Services (No Distribution Available, A-02-01-21041, 7/31/02); Controls to Prevent Supplemental Security Income Payments to Recipients Living in Foreign Countries (A-01-02-12013, 9/13/02).

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

Reports With Recommendations That Funds Be Put to Better Use for the Reporting Period April 1, 2002 Through September 30, 2002		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	0	\$0
B. Which were issued during the reporting period.	4 ^a	\$159,320,821
Subtotal (A+B)	4	\$159,320,821
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.	3 ^b	\$159,314,421
(b) Based on proposed legislative action.	0	\$0
Subtotal (a+b)	3	\$159,314,421
ii. Dollar value of costs that were not agreed to by management.	0	\$0
Subtotal (i+ii)	0	\$0
D. For which no management decision had been made by the end of the reporting period.	1 ^c	\$6,400

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

b Continuing Disability Reviews for Supplemental Security Income Recipients Approved Based on Low Birth Weight (A-01-02-12031, 6/26/02); The Social Security Administration Can Recover Millions in Medicare Premiums Related to Retirement or Disability Payments Made After Death (A-08-02-12029, 7/3/02); Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers (A-01-02-22006, 9/20/02).

c Review of Internal Controls for the Supplemental Security Income Immediate Payment Process (A-05-00-10045, 9/10/02).



Appendix B

Reports Issued

Reports With Non-Monetary Findings Reports Issued from October 1, 2001 through March 31, 2002		
Date Issued	Title of Report	Report Number
10/2/01	Performance Measure Review: Reliability of the Data Used to Measure the Timely Processing of Disability Insurance Claims	A-02-99-11001
10/3/01	Congressional Response Report: Social Security Number Misuse: A Challenge For the Social Security Administration	A-08-02-22030
10/11/01	Single Audit of the State of Georgia for the Fiscal Year Ended June 30, 2000	A-77-02-00001
10/22/01	Assessment of the Electronic Disability Project	A-14-01-11044
10/24/01	Financial-Related Audit of an Individual Representative Payee for the Social Security Administration in Region VI	A-06-00-10063
10/25/01	Congressional Response Report: Terrorist Misuse of Social Security Numbers	A-08-02-32041
10/31/01	Single Audit of the State of Alabama for the Fiscal Year Ended September 30, 2000	A-77-02-00002
11/6/01	Performance Measure Review: Reliability of the Data Used to Measure Disability Claims Processing	A-02-00-10017
11/6/01	Congressional Response Report: Social Security Administration's SmartPay Program	A-13-02-22059
11/14/01	Congressional Response Report: Select Social Security Administration Stewardship Efforts and Reported Savings	A-08-02-22028
11/26/01	Disability Determination Services' Budget Execution and Reporting of Limitation on Administrative Expenses Funds	A-15-99-52001
11/29/01	Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 2000	A-77-02-00004
12/7/01	Inspector General Statement on the Social Security Administration's Major Management Challenges	A-02-02-12054
12/11/01	Audit of the Fiscal Years 2001 and 2000 Financial Statements of the Social Security Administration and the Results of the Office of the Inspector General's Review Thereof	A-15-01-11036
12/17/01	Follow-up Review of the Social Security Administration's Implementation of Drug Addiction and Alcoholism Provisions of Public Law 104-121	A-01-01-11029
12/21/01	Single Audit of the State of Rhode Island for the Fiscal Year Ended June 30, 2000	A-77-02-00005
1/14/02	Disclosure of Personal Beneficiary Information to the Public (Limited Distribution)	A-01-01-01018
1/14/02	Performance Measure Review: Reliability of the Data Used to Measure Anti-Fraud Performance	A-02-01-11013
2/7/02	Performance Measure Review: Reliability of the Data Used to Measure Public Knowledge of the Social Security Administration	A-02-01-11015
2/7/02	Status of the Social Security Administration's Implementation of Fiscal Year 1999 Management Letter Recommendations	A-15-00-30056
2/27/02	Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2000	A-77-02-00009



Reports With Non-Monetary Findings Reports Issued from October 1, 2001 through March 31, 2002

Date Issued	Title of Report	Report Number
3/8/02	Performance Measure Review: Reliability of the Data Used to Measure the Quality of the Social Security Administration's Research	A-02-01-11011
3/12/02	Single Audit of the State of Wisconsin for the Fiscal Year Ended June 30, 2000	A-77-02-00010
3/18/02	Fact-Finding Report: The Office of Hearings and Appeals' Procedures for Addressing Allegations of Mismanagement (Limited Distribution)	A-13-02-22062
3/26/02	Single Audit for the State of New Mexico, Department of Education for the Fiscal Year Ended June 30, 2000	A-77-02-00011
3/27/02	Performance Measure Review: The Social Security Administration's Transition Planning	A-02-01-11014
3/29/02	Work Activity for Social Security Numbers Assigned for Nonwork Purposes in the State of Utah	A-14-01-11048

Reports With Non-Monetary Findings Reports Issued from April 1, 2002 through September 30, 2002

Date Issued	Title of Report	Report Number
4/15/02	Performance Measure Review: Reliability of the Data Used to Measure Employer Satisfaction	A-02-01-11012
4/17/02	Performance Measure Review: Reliability of the Data Used to Measure the Office of Hearings and Appeals Decisional Accuracy	A-12-00-10057
4/19/02	Defense Contract Audit Agency Report on Audit of Costs Incurred for Fiscal Years Ended December 31, 1997 and 1998 under Contract Number 600-93-0073, Cexec, Inc., Report No. 6151-2002-B17900101 (Limited Distribution)	A-15-02-22074
4/29/02	Congressional Response Report: The Social Security Administration's Policies and Procedures Concerning the Rural Development Act of 1972	A-13-02-22065
4/30/02	Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2000	A-77-02-00012
5/1/02	Review of Security Over Remote Access to the Social Security Administration's Main Processing Environment (Limited Distribution)	A-14-01-11010
5/9/02	Management Advisory Report: Social Security Number Integrity: An Important Link to Homeland Security	A-08-02-22077
5/9/02	Management Advisory Report: Fiscal Year 2001 Quick Response Activities Summary Report	A-13-02-12057
5/24/02	Management Advisory Report: Recent Efforts to Reduce the Size and Growth of the Social Security Administration's Earnings Suspense File	A-03-01-30035
5/31/02	Performance Measure Review: Increase in the Number of Disabled Beneficiaries Who Are Working	A-01-01-11022
6/10/02	Financial-Related Audit of Jackson County Public Administrator - An Organizational Representative Payee for the Social Security Administration	A-07-02-22002
6/18/02	Congressional Response Report: Noncitizen Enumeration at the Social Security Administration's Rochester, Minnesota Field Office	A-03-02-22078



Reports With Non-Monetary Findings Reports Issued from April 1, 2002 through September 30, 2002

Date Issued	Title of Report	Report Number
6/18/02	Status of the Social Security Administration's Disability Process Improvement Initiatives	A-07-00-10055
6/24/02	Management Advisory Report on the Single Audit of the State of Delaware for the Fiscal Year Ended June 30, 2001	A-77-02-00013
6/25/02	Analysis of Information Concerning Representative Payee Misuse of Beneficiaries' Payments	A-13-01-11004
6/26/02	Follow-up Evaluation of the Use of Official Time for Union Activities at the Social Security Administration	A-13-01-11005
7/3/02	Effectiveness of the Social Security Administration's Decentralized Correspondence Process	A-03-01-11034
7/30/02	Performance Measure Review: Reliability of the Data Used to Measure Electronic Service Delivery	A-14-01-11032
7/30/02	Management Advisory Report: Regional Reviews May Disclose State Disability Determination Services' Usage of Social Security Administration Computer Equipment for Non-Program Purposes	A-15-00-20050
7/31/02	Congressional Response Report: Washington, D.C., Office of Hearings and Appeals (Limited Distribution)	A-13-02-22070
8/1/02	Case Folder Storage and Retrieval at the Social Security Administration's Megasite Records Center	A-04-99-62006
8/1/02	Performance Measure Review: Assessing the Methodology Used to Determine the Number of Hearings Cases Processed Per Work Year	A-06-01-11037
8/5/02	Performance Measure Review: Reliability of the Data Used to Measure the Number of Supplemental Security Income Non-Disability Redeterminations Completed	A-02-99-11003
8/5/02	Management Advisory Report: Summary of Financial-Related Audits of Representative Payees for the Social Security Administration	A-13-00-10065
8/8/02	Congressional Response Report: Integrity of the Supplemental Security Income Program	A-01-02-22095
8/9/02	Internal Control Review of the Office of Earnings Operations Processing of Remittances and Handling of Mail (Limited Distribution)	A-15-01-21030
8/12/02	Issue Paper: Pilot Strategy for the Use of Stored Value Cards in the Social Security Administration's Representative Payment Program	A-13-02-22096
8/19/02	Effectiveness of the Social Security Administration's Earnings After Death Process	A-03-01-11035
8/21/02	Management Advisory Report: Single Audit of the State of Maryland for the Fiscal Year Ended June 30, 2001	A-77-02-00015
8/22/02	The Social Security Administration Continues Assigning Original Social Security Numbers to Foreign-Born Individuals Who Present Invalid Evidentiary Documents	A-08-02-12056
8/28/02	Congressional Response Report: Huntington, West Virginia, Office of Hearings and Appeals (Limited Distribution)	A-13-02-22090
9/12/02	The Social Security Administration's Employee Verification Service for Registered Employers	A-03-02-22008
9/12/02	Management Advisory Report: Social Security Administration Employees with Title XVI Overpayment Write-offs	A-04-99-64005



Reports With Non-Monetary Findings Reports Issued from April 1, 2002 through September 30, 2002

Date Issued	Title of Report	Report Number
9/12/02	The Social Security Administration's Compliance with the Government Information Security Reform Act (Limited Distribution)	A-14-02-12042
9/19/02	Administrative Costs Claimed by the Alabama Disability Determination Service	A-08-01-11050
9/20/02	Summary of Single Audit Oversight Activities	A-07-02-32035
9/20/02	Status of the Social Security Administration's Implementation of Fiscal Year 2000 Management Letter Issues	A-15-02-12046
9/23/02	Financial-Related Audit of Denver Department of Human Services - An Organizational Representative Payee for the Social Security Administration	A-05-02-12024
9/23/02	Social Security Administration's Management of Congressional Inquiries	A-13-02-12011
9/25/02	Administrative Costs Claimed by the North Dakota Disability Determination Services	A-15-02-12036
9/26/02	Management Advisory Report: Review of Social Security Administration's Data Exchange with Other Agencies (Limited Distribution)	A-14-02-12037
9/30/02	General Controls of the Alabama Disability Determination Services Claims Processing System Need Improvement (Limited Distribution)	A-14-02-22089
9/30/02	Amount of Information System Controls of the Social Security Administration's Representative Payee System (Limited Distribution)	A-44-01-31051

Reports With Questioned Costs—Reports Issued from October 1, 2001 through March 31, 2002

Date Issued	Title of Report	Report Number	Dollar Amount
10/25/01	Social Security Administration's Management of Its Federal Employees' Compensation Act Program	A-13-99-91003	\$1,286,969
11/20/01	Single Audit of the State of Michigan, Family Independence Agency for the 2-Year Period Ended September 30, 2000	A-77-02-00003	\$9,186
1/29/02	Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the Fiscal Year Ended June 30, 1998	A-77-02-00006	\$170,768
1/30/02	Single Audit of the Commonwealth of Puerto Rico, Department of the Family for the Fiscal Year Ended June 30, 1999	A-77-02-00007	\$5,286,119
2/25/02	Single Audit of the State of New York for the Fiscal Year Ended March 31, 2000	A-77-02-00008	\$4,263
2/27/02	Controls Over the Social Security Administration's Processing of Death Records from the Department of Veterans Affairs	A-01-01-21038	\$467,725
3/8/02	Review of Maximus Contract Numbers 600-94-10784 and 600-95-22666 (Limited Distribution)	A-15-00-30015	\$1,962,097
		Total:	\$9,187,127



Reports With Questioned Costs – Reports Issued from April 1, 2002 through September 30, 2002

Date Issued	Title of Report	Report Number	Dollar Amount
6/18/02	Financial-Related Audit of A. Holly Patterson Extended Care Facility - A Representative Payee for the Social Security Administration	A-02-02-12034	\$3,901
7/26/02	Management Advisory Report on the Single Audit of the State of Florida for the Fiscal Year Ended June 30, 2001	A-77-02-00014	\$366,019
7/31/02	Representative Payee Investigation of Case Management Services (No Distribution Available)	A-02-01-21041	\$163,669
9/13/02	Controls to Prevent Supplemental Security Income Payments to Recipients Living in Foreign Countries	A-01-02-12013	\$337,339
9/17/02	Financial-Related Audit of the Florida Department of Children and Families - District 6, An Organizational Representative Payee for the Social Security Administration	A-08-02-12007	\$135,717
9/17/02	Effectiveness of the Social Security Administration's Death Termination Process	A-09-02-22023	\$5,357,510
Total Questioned Costs for April 1, 2002 through September 30, 2002			\$6,364,155
Total Questioned Costs for Fiscal Year 2002			\$15,551,282

Reports With Funds Put to Better Use – Reports Issued from October 1, 2001 through March 31, 2002

Date Issued	Title of Report	Report Number	Dollar Amount
2/11/02	Review of the Social Security Administration's Cost Effectiveness Measurement System	A-07-00-10028	\$105,995
Total:			\$105,995

Reports With Funds Put to Better Use – Reports Issued from April 1, 2002 through September 30, 2002

Date Issued	Title of Report	Report Number	Dollar Amount
6/26/02	Continuing Disability Reviews for Supplemental Security Income Recipients Approved Based on Low Birth Weight	A-01-02-12031	\$3,859,588
7/3/02	The Social Security Administration Can Recover Millions in Medicare Premiums Related to Retirement or Disability Payments Made After Death	A-08-02-12029	\$146,549,181
9/10/02	Review of Internal Controls for the Supplemental Security Income Immediate Payment Process	A-05-00-10045	\$6,400

**Reports With Funds Put to Better Use – Reports Issued from
April 1, 2002 through September 30, 2002**

Date Issued	Title of Report	Report Number	Dollar Amount
9/20/02	Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers	A-01-02-22006	\$8,905,652
	Total Funds Put to Better Use for April1, 2002 through September 30, 2002		\$159,320,821
	Total Funds Put to Better Use for Fiscal Year 2002		\$159,426,816



Appendix C

Reporting Requirements Under The Omnibus Consolidated Appropriations Act For Fiscal Year 1997

To meet the requirement of the Omnibus Consolidated Appropriations Act for 1997 (Public Law 104-208), we are providing in this report requisite data for Fiscal Year (FY) 2002 from the Offices of Investigations (OI) and Audit (OA).

Office of Investigations

We are reporting \$48,793,947 in Social Security Administration (SSA) funds as a result of our OI activities in this reporting period. These funds are broken down in the table below.

OI Activities					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Court Ordered Restitution	\$4,929,214	\$5,370,068	\$4,104,013	\$3,665,128	\$18,068,423
Scheduled Recoveries	\$8,130,606	\$7,094,851	\$7,197,153	\$7,011,415	\$29,434,025
Fines	\$197,782	\$168,319	\$229,200	\$121,644	\$716,945
Settlements/ Judgments	\$240,992	\$234,312	\$20,960	\$78,290	\$574,554
Totals	\$13,498,594	\$12,867,550	\$11,551,326	\$10,876,477	\$48,793,947

Office of Audit

SSA management has informed OA that it has completed implementing recommendations from five audit reports during this fiscal year valued at over \$78 million.

Supplemental Security Income Underpayments Due Deceased Recipients (A-01-97-52006), May 8, 1998

We recommended that SSA correct the approximately 186,094 SSI records with underpayments worth an estimated \$72.37 million, which are not payable to anyone.

Implementation of Drug Addiction and Alcoholism Provisions of Public Law 104-12 (A-01-98-61014), May 12, 2000

We recommended that SSA ensure that the 3,269 cases it agreed to review are completed, the coding corrected, and the benefits terminated where appropriate. The implemented recommendation is valued at almost \$5.3 million.

Single Audit of the Illinois Department of Human Services for the 2-Year Period Ended June 30, 1999 (A-77-01-00009), July 17, 2001

We recommended that SSA remind the Disability Determination Service (DDS) to adhere to the terms of the Cash Management Improvement Agreement. The implemented recommendation is valued at \$12,994.



Audit of the Administrative Costs Claimed by the Arizona Department of Economic Security for its Disability Determination Services Division (A-15-99-51009), August 31, 2001

We recommended that SSA reduce the Fiscal Year 1997 Automated Investment Funds Form SSA-4513 expenditures by \$137,759, which could not be substantiated.

Financial-Related Audit of Outreach, Inc. - A Fee-for-Service Representative Payee for the Social Security Administration (A-09-00-10068), September 18, 2001

We recommended that SSA direct Outreach, Inc. to amend the title of its checking account to obtain Federal Deposit Insurance Corporation coverage of \$100,000 for each individual. The implemented recommendation is valued at \$565,062.

We also recommended that SSA direct Outreach, Inc. to take action to ensure: (1) any individuals with conserved funds in excess of \$100,000 are fully protected against loss; and (2) individuals earn interest on their conserved funds in accordance with SSA policy. The implemented recommendation is valued at \$67,832.



Appendix D

Collections From Investigations and Audits

This Fiscal Year (FY) 1999 appropriations language for this office requires us to report additional information concerning actual cumulative collections and offsets achieved as a result of Inspector General activities each semiannual period.

Office of Investigations

Total Restitution Reported by the Department of Justice (DoJ) as Collected for the Social Security Administration			
FY	Total Number of Individuals Assigned Court Ordered Restitution	Court Ordered Restitution for This Period	Total Restitution Collected by DOJ
2000	441	\$13,526,283	\$2,232,424
2001	670	\$23,067,026	\$25,565,712
2002	600	\$18,068,423	\$2,643,872
Totals	1,711	\$46,916,346	\$30,442,008

Funds Received			
FY	Total Number of Recovery Actions Initiated	Amount Scheduled for Recovery	Actual Amount Recovered at the Close of the Investigation
2000	445	\$12,722,135	\$4,320,432
2001	1,994	\$33,958,212	\$13,804,187
2002	2,202	\$29,434,025	\$8,765,025
Totals	4,641	\$76,114,372	\$26,889,644



Office of Audit

The following chart summarizes the Agency's responses to OIG's recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with the Agency's management officials and is current as of September 30, 2002.

Responses to OIG's Recommendations for the Recovery or Redirection of Questioned and Unsupported Costs						
FY	Number of Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance
2000	7	\$76,991,654	\$76,990,499	\$119,511	\$1,155	\$76,870,988
2001	23	\$135,100,905	\$131,165,106	\$87,438,417	\$595,443	\$47,127,831
2002	13	\$15,551,282	\$7,352,061	\$2,750,940	\$1,881,684	\$11,685,325
Totals	43	\$227,643,841	\$215,507,666	\$90,308,868	\$2,478,282	\$135,684,144



Appendix E

Significant Monetary Recommendations From Prior Fiscal Years for Which Corrective Actions Have Not Been Completed

Old-Age, Survivors and Disability Insurance Benefits Paid to Fugitives (A-01-00-10014), August 29, 2000

Recommendation: We recommended that the Social Security Administration (SSA) pursue legislation prohibiting payment of Old-Age, Survivors and Disability Insurance (OASDI) benefits to fugitives similar to the provisions pertaining to Supplemental Security Income (SSI) payments under Public Law 104-193.

Valued at: \$39,646,884 in funds put to better use, based on legislative action.

Agency Response: SSA agreed that the proposal to suspend OASDI benefits for fugitive felons, as is currently done in the SSI program, deserves serious consideration. Further, SSA recognized that it may be viewed as problematic to have different fugitive felon standards for the OASDI and SSI programs.

Corrective Action: A provision in H.R. 4070 introduced in March 2002, would deny title II benefits to fugitive felons.

Identification of Fugitives Receiving SSI Payments (A-01-98-61013), August 28, 2000

Recommendation: We recommended that SSA reach agreement with State agencies, which either do not enter all fugitive felon data into the National Crime Information Center (NCIC) or provide data to the United States Department of Agriculture, to obtain their fugitive information in an electronic format on a routine basis.

Valued at: \$76,418,468 in questioned costs and \$29,856,060 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA has matching agreements with Kentucky, Massachusetts, New Jersey, South Carolina, Tennessee and Baltimore City. However, SSA has learned that there are more sources than originally thought which do not submit fugitive felon data to the NCIC. Although it will take longer than expected, SSA's Regional Fugitive Coordinators and field office staff will continue setting up new matching agreements with State and local authorities until the task is completed. The staff resources available to identify reporting entities, negotiate agreements and analyze data will dictate the amount of time needed to complete all of the required agreements.

Payments to Child Beneficiaries Age 18 or Over Who Were Neither Students Nor Disabled (A-09-99-63008), May 18, 2000

Recommendation: We recommended that SSA modify its automated system to terminate benefits to child beneficiaries at age 18 if they are neither under a disability nor a full time student.

Valued at: \$435,282 in questioned costs.

Agency Response: SSA agreed that all child beneficiaries who are neither under a disability nor full-time students should have their benefits automatically terminated at age 18.



Corrective Action: SSA plans to more fully automate this workload with implementation of Release 3 of the Title II Redesign. Release 3 will provide the systems capability to: (1) terminate benefits to child beneficiaries at age 18 if they are neither under a disability nor full-time students; and (2) automate the processing of many of the complex cases now worked manually, such as those involving workers' compensation. Some cases will still require manual processing because of the level of complexity, e.g., triple entitlement. While it is not possible to predict exact numbers of cases at this point, we anticipate that the majority of this workload will be fully automated with Release 3, which is expected to be implemented by December 2003.

SSA Incorrectly Paid Attorney Fees on Disability Income Cases When Workers' Compensation Payments Were Involved (A-04-98-62001), March 8, 2000

Recommendation: We recommended that SSA review the cases in our sample to determine the proper attorney fee payment and take the required actions on the \$18,410 in errors of which \$17,238 were overpayments and \$1,172 were underpayments.

Valued at: \$33,852,529 in funds put to better use and \$17,238 in questioned costs.

Agency Response: SSA agreed. They will review the sample cases and take the appropriate action.

Corrective Action: SSA's Office of Operations continues working with the attorney on one remaining sample case as it requires additional time to resolve.



Appendix F

Significant Nonmonetary Recommendations From Prior Fiscal Years for Which Corrective Actions Have Not Been Completed

Audit of Enumeration at Birth Program (A-08-00-10047), September 27, 2001

Recommendation: We recommended that the Social Security Administration (SSA) re-invest some of the savings realized by the Enumeration at Birth (EAB) Program and provide necessary funding, during future contract modifications, for the Bureau of Vital Statistics to perform periodic, independent reconciliations of registered births with statistics obtained from hospitals' labor and delivery units and periodically verify the legitimacy of sample birth records obtained from hospitals.

Agency Response: SSA agreed in principle with the recommendation.

Corrective Action: The current EAB contracts expire on December 31, 2002. Negotiations for the new EAB contracts with the States began in March 2002 and are continuing. SSA recently received written confirmation of the EAB rate payable for 2003 and other contract terms from the National Association of Public Health Statistics and Information Systems. By December 2002, contract negotiations for EAB should be complete. SSA will propose the recommended review to the States during the contract negotiations. The new EAB contracts will take effect on January 1, 2003, and will most likely continue through December 31, 2007.

Recommendation: We recommended that SSA enhance its duplicate record detection and prior Social Security number (SSN) detection routines to provide greater protection against the assignment of multiple SSNs.

Agency Response: SSA agreed on the issue of duplicate record detection. They also agreed that there are cases where a subsequent SSN application is not identified due to minor changes in names.

Corrective Action: For EAB cases, the duplicate record detection routine currently considers two SSN applications to be duplicate only if the required data fields match exactly, including birth certificate numbers. For example, if the birth certificate numbers for two records are different, the records are not treated as possible duplicates even if the other data fields are identical. Agreement has been reached to have the routine consider two SSN applications to be duplicate if all of the required data fields match exactly, even if the birth certificate numbers are different. The Office of Operations prepared and submitted an Information Technology Plan on July 30, 2002, for which they must decide on whether Systems resources should be allocated. For non-EAB cases, the Office of Systems staff met and discussed this recommendation and determined it would be possible to modify the automated enumeration screening process to detect variations in the spelling of applicant names. However, while this would provide greater protection against the assignment of multiple SSNs, there would be undesirable consequences. It would create delays in the processing of multiple birth cases. The envisioned routine would catch some, but not all, of the 93 multiple SSN examples cited by the Office of the Inspector General (OIG). The findings have been shared with the user community.

Performance Measure Review: Reliability of the Data Used to Report 800-Number Performance (A-02-00-10019), September 18, 2001



Recommendation: We recommended that SSA formally document the process by which the 800-number performance measurements are derived.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The responsibility for maintaining the 800-number data used to report on the Agency's performance measures has been moved under one office, the Office of Telecommunications and Systems Operations (OTSO).

OTSO is in the process of building a staff to handle this and similar work in its Capacity Planning area. It is expected that production of statistics, along with commensurate controls to prevent unauthorized access will be completed within the first quarter of Fiscal Year (FY) 2003. Documentation of the process will follow and is expected to be completed by January 31, 2003.

Payments Made to Selected Representative Payees After the Deaths of Social Security Beneficiaries (A-13-01-21028), September 18, 2001

Recommendation: We recommended that SSA resolve beneficiary date-of-death discrepancies we identified and develop and implement procedures for the timely and accurate recordation of dates of death.

Agency Response: SSA has already begun to correct the records containing date-of-death discrepancies.

Corrective Action: SSA will review the procedures the payee has implemented to ensure compliance with our regulations and to prevent future occurrences of this nature. In addition, a new Death Alert, Control and Update System process is scheduled to be completed in FY 2003, which will identify deceased representative payees in the Representative Payee System.

Approval of Claimant Representatives and Fees Paid to Attorneys (A-12-00-10027), August 21, 2001

Recommendation: We recommended that SSA collect each attorney's SSN, name and address information so Internal Revenue Service (IRS) Form 1099 can be issued to attorneys.

Agency Response: SSA's Executive Task Force is addressing the issue of providing IRS Form 1099 to attorneys and is developing a business process for issuing these forms.

Corrective Action: The Executive Task Force has established a target of issuing Form 1099s to attorneys in January 2005 (representing attorneys fees received during tax year 2004). The Office of Systems is currently conducting planning and analysis sessions to plan and develop systems enhancements necessary to collect the appropriate attorney data and issue the Form 1099s.

Audit of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan (A-02-00-10038), June 18, 2001

Recommendation: We recommended that SSA coordinate with the Centers for Medicare & Medicaid Services to determine which Agency should establish performance goals for service to Medicare recipients.

Agency Response: SSA will explore the feasibility of establishing such a goal.

Corrective Action: SSA has had discussions with the Centers for Medicare & Medicaid Services regarding this recommendation. At this time an implementation date has not been set.



Obstacles to Reducing Social Security Number Misuse in the Agriculture Industry (A-08-99-41004), January 22, 2001

Recommendation: We recommended that SSA establish goals and measures, in accordance with the Government and Performance Results Act of 1993, which tracks SSA's success in reducing the growth and size of the Earnings Suspense File (ESF).

Agency Response: SSA agreed that a performance measure related to the steps being taken to limit the growth of the ESF may be appropriate.

Corrective Action: Senior Financial Executive (SFE) staff, working with the Earnings Team, are exploring a proposed performance indicator that would measure the percentage reduction in name/SSN mismatches compared to the total number of Forms W-2 received in a given tax year. Since the number of Forms W-2 vary each tax year, this would permit a measure to be based on total Form W-2s received. SFE will disseminate its proposed performance measure for Agency concurrence.

Procedures for Verifying Evidentiary Documents Submitted With Original Social Security Number Applications (A-08-98-41009), September 19, 2000

Recommendation: We recommended that SSA accelerate negotiations with United States Immigration and Naturalization Service (INS) and the United States Department of State (DOS) to implement the Enumeration at Entry Program. Once implemented, all non-citizens should be required to obtain their SSNs by applying at one of these Agencies.

Agency Response: SSA agreed that accelerated negotiations are necessary and SSA is committed to the implementation of the Enumeration at Entry Program.

Corrective Action: SSA established a Memorandum of Understanding (MOU) with the INS as of December 2000. The MOU establishes the provisions under which INS will initially transmit validation information to SSA for use in assigning SSNs to recently admitted immigrants (i.e., permanent resident aliens). It also identifies the long-term goals for INS assistance in meeting SSA's objective to prevent individuals from using fraudulently obtained documents to obtain valid SSNs. SSA, INS and DOS have discussed and finalized the technical aspects of the data transfer. DOS and INS are making the necessary changes to electronically provide the enumeration data to SSA. The target implementation date is October 31, 2002.

Recommendation: We recommended that SSA continue efforts and establish an implementation date for planned system controls that will interrupt SSN assignment when multiple cards are mailed to common addresses not previously determined to be legitimate recipients (for example, charitable organizations) and/or when parents claim to have had an improbably large number of children.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The Agency continues its efforts to implement enhancements in the Modernized Enumeration System (MES). The General Project Scope Agreement (PSA) for this initiative was signed in November 2000. It breaks the effort into three separate releases. The PSA for Release 1, which will handle the "too-many-children" issue, was signed December 2000 and scheduled for implementation in May 2003. Release 2 will interrupt processing for "too-many-cards" to the same address; and will likely be completed within 18 months of Release 1. Release 3 will expand the capabilities of the use of the development worksheets implemented in releases 1 and 2. Also, the MES process will be revised to include all alert conditions on the same feedback/investigate message.



The Social Security Administration is Pursuing Matching Agreements With New York and Other States Using Biometric Technologies (A-08-98-41007), January 19, 2000

Recommendation: SSA should pursue a matching agreement with New York, so that the Agency can use the results of the State's biometric technologies to reduce and/or recover any improper benefit payments.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA's Office of Disclosure Policy (ODP) developed a draft Computer Matching Privacy Protection Act agreement and sent it for component comments in June 2001. ODP met with OIG on January 24, 2002 to discuss the outstanding issues that need to be resolved before any match is undertaken. There is still a need for a component sponsor, a cost benefit analysis, and the development of a detailed workplan. Since the information OIG is working from is over 7-years old, this information needs to be reevaluated. A meeting was held in March 2002 with privacy experts to discuss the match and it was determined that a new submission for SSA's Data Integrity Board will be completed with OIG assistance.

Recommendation: SSA should initiate a pilot review to assess the cost efficiency of matching data with other States that have employed biometrics in their social service programs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: An MOU for applicants between SSA and the New York State Office of Temporary and Disability Assistance was signed June 2001 to use finger imaging data captured by New York State when individuals apply for public assistance. A biometric pilot in New York was scheduled to begin sometime in December 2001. ODP received comments from all SSA components on a proposed Federal Register notice that would have announced the changes to existing systems of record that are related to this project. Due to the reaction from SSA components, this project is on hold.

Since the MOU, the pilot methodology has been revised considerably. The new method of verifying claimant identity will be non-electronic. SSA will begin three State-level projects, which involve the verification, via photograph, of the identity of an individual at a consultative examination (CE) requested by the DDS. Photographs of claimants applying for disability benefits will be taken and made a part of the disability claims file. The evidence collected will be used both in initial claim situations and subsequently to verify a claimant's identity during redeterminations and continuing disability reviews. It is anticipated that the study will provide data regarding the rate of identity match/non-match at the time of the CE and the rate of claimants who have photographic identification available at the initial interview in the field office. The proposal included both title II and title XVI adult applicants. Because of the mandatory nature of the provisions, a new regulation is needed to deny claims if consent for being photographed is not given. A regulation has been drafted and will be sent to the Office of Management and Budget. Depending on the nature of public comments we will receive, and the actions required of SSA, the pilots could begin as early as October 2002.

Nonresponder Representative Payee Alerts for Supplemental Security Income Recipients (A-09-96-62004), September 23, 1999

Recommendation: We recommended that SSA develop procedures for employees to redirect benefit checks to field offices (and require representative payees to provide the accounting forms before releasing the checks) in instances where other attempts to obtain the required forms have been unsuccessful.



Agency Response: SSA agreed, in part. When a representative payee does not respond or will not cooperate after repeated attempts to obtain an annual accounting, the field office is required to consider a change of payee when necessary. When the field office determines that a change of payee is necessary, they develop for a successor payee. If a payee is not readily available, the beneficiary is paid directly or placed in suspense status under certain limited circumstances.

Corrective Action: In February 2000, SSA proposed legislation to redirect benefit checks when representative payees fail to complete the required accounting form as part of a package of improvements to the payee monitoring process. This change was included in H.R. 4857, as adopted by the Ways and Means Committee in September 2000. SSA has included this legislative change as part of the FY 2003 legislative package that was sent to the Office of Management and Budget in October 2001. A similar provision has been included in H.R. 4070, which passed the House of Representatives on June 26, 2002 and has been introduced in the Senate, which is expected to take up the bill later this year. SSA has expressed its support for this provision and no Agency actions will be targeted until the legislation has been approved.





Appendix G

Significant Management Decisions With Which The Inspector General Disagrees

Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers (A-01-02-22006), September 20, 2002

Recommendation: We recommended that the Social Security Administration (SSA) modify the missing Beneficiary's Own Account Number (BOAN) alert process to include auxiliary beneficiaries who became entitled to benefits prior to June 1989.

Agency Response: SSA disagreed since they are not required by statute to require a Social Security number for auxiliaries entitled before June 1989. However, SSA has addressed the need for SSA staff to make every effort to ascertain, verify and post missing BOANs, including those for auxiliary beneficiaries entitled before June 1989.

Measure Advisory Report: Summary of Financial-Related Audits of Representative Payees for the Social Security Administration (A-13-00-10065), August 5, 2002

Recommendation: We recommended that SSA pilot the use of stored value cards (SVC) or similar technology for Representative Payees.

Agency Response: SSA disagreed and believes the use of SVCs would be very time-consuming and labor-intensive for both large payee organizations and individuals serving multiple beneficiaries and for representative payees serving only a small number of beneficiaries.

As noted by OIG in the report, the elimination of the Representative Payee Report would require a legislative amendment to the Social Security Act. Without this change and a provision mandating the use of SVCs by all representative payees, the Agency would, in effect, have two accounting processes to maintain.

We continue to believe SSA should conduct a pilot of SVC use for Rep Payees. A pilot on the use of SVCs supports the President's Management and Performance Plan for electronic government and the Paperwork Reduction Act of 1995. In addition, the success of similar initiatives in other agencies has significantly reduced operating expenses (U.S. Military) as well as program fraud (Department of Agriculture).

The purpose of performing the pilot is to determine the feasibility, any limitations, necessary modifications, costs, benefits, legal implications, etc., of SVCs. Given the problems our audits and investigations of Rep Payees continue to identify, as well as SSA's inability to retrieve over 50 percent of the Representative Payee Reports, we believe SSA should determine whether such technology has limited or widespread potential use for SSA's Representative Payee Program.





Appendix H

Reporting Requirements

	Requirement	Pages
Section 4(a)(2)	Review of Legislation and Regulations	N/A
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	3-57
Section 5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	3-57
Section 5(a)(3)	Recommendations Described in Previous Semiannual Reports on Which Corrective Actions Have Not Been Completed	Appendices E & F
Section 5(a)(4)	Matters Referred to Prospective Authorities and the Prosecutions and Convictions Which have Resulted	14
Sections 5(a)(5) and Section 6(b)(2)	Summary of Instances Where Information Was Refused	N/A
Section 5(a)(6)	List of Audits	Appendix B
Section 5(a)(7)	Summary of Particularly Significant Reports	23-57
Section 5(a)(8)	Statistical Table Showing the Total Number of Audit Reports and Total Dollar Value of Questioned Costs	Appendix A
Section 5(a)(9)	Statistical Table Showing the Total Number of Audit Reports and Total Dollar Value of Funds Put to Better Use	Appendix A
Section 5(a)(10)	Audit Recommendations More Than 6 Months Old For Which No Management Decision Has Been Made	Appendix A
Section 5(a)(11)	Significant Management Decisions That Were Revised During the Reporting Period	N/A
Section 5(a)(12)	Significant Management Decisions With Which the Inspector General Disagrees	Appendix G





Appendix I

Glossary

Abbreviation	Definition
AIG	Assistant Inspector General
ALJ	Administrative Law Judge
AMD	Allegation Management Division
BOAN	Beneficiary's Own Account Number
CDI	Cooperative Disability Investigations Program
CDR	Continuing Disability Review
CE	Consultative Examination
CEMS	Cost Effectiveness Measurement System
CFO	Chief Financial Officers Act of 1990
CID	Critical Infrastructure Division
CMP	Civil Monetary Penalty
CMPPA	Computer Matching and Privacy Protection Act
DAA	Drug Addiction and Alcoholism
DDS	(State) Disability Determination Services
DI	Disability Insurance
DIG	Diagnosis Codes
DMF	Death Master File
DoJ	Department of Justice
DoL	Department of Labor
DoS	Department of State
EAB	Enumeration at Birth
ECT	Electronic Crimes Team
eDib	Electronic Disability
EF	Electronic Folder
ESF	Earnings Suspense File
EVS	Employee Verification Service
FECA	Federal Employees' Compensation Act
FO	Field Office
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act



Abbreviation	Definition
HEREIU	Hotel Employees and Restaurant Employees International Union
H.R.	House of Representatives
IG	Inspector General
INS	Immigration and Naturalization Service
IRS	Internal Revenue Service
MEF	Master Earnings File
MES	Modernized Enumeration System
MOU	Memorandum of Understanding
NCIC	National Crime Information Center
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OASI	Old-Age and Survivors Insurance
OCCIG	Office of the Chief Counsel to the Inspector General
OCSE	Office of Child Support Enforcement
ODP	Office of Disclosure Policy
OEO	Office of Executive Operations
OHA	Office of Hearings and Appeals
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OTSO	Office of Telecommunications and Systems Operations
PAL	Prague Assisted Living (Center)
PD	Police Department
PDD	Presidential Decision Directive
PIN	Personal Identification Number
P.L.	Public Law
PwC	PricewaterhouseCoopers LLP
POMS	Program Operations Manual System
PSA	(The General) Project Scope Agreement
RPR	Representative Payee Reports
RPS	Representative Payee System
SFE	Senior Financial Executive
SSA	Social Security Administration
SSI	Supplemental Security Income



Abbreviation	Definition
SSN	Social Security number
SSNVS	Social Security Number Verification Service
SVC	Stored Value Card
VA	Department of Veterans Affairs





Inspector General

James G. Huse, Jr.

Deputy Inspector General

Jane E. Vezeris

Immediate Office of
the Inspector General

Chief Counsel to the
Inspector General
Kathy A. Buller

Deputy Chief Counsel to
the Inspector General

Glenn E. Sklar

Assistant Inspector
General
for Audit
Steven L. Schaeffer

Deputy Assistant Inspector
General for Audit

Gale S. Stone

Assistant Inspector
General
for Investigations
Patrick P. O'Carroll

Deputy Assistant Inspector
General for Investigations

Steve W. Mason

Assistant Inspector
General
for Executive Operations
Stephanie J. Palmer

Deputy Assistant Inspector
General for Executive
Operations

Robert L. Meekins



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