



THE ROAD AHEAD



**Social Security Administration ~ Office of the Inspector General
Semiannual Report To Congress**

April 1– September 30, 2005

Social Security Administration Office Of The Inspector General

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.



A Message from the Inspector General

In our first Semiannual Report to the Congress for Fiscal Year (FY) 2005, issued in May 2005, we commemorated the 10th anniversary of the establishment of the Social Security Administration (SSA) Office of the Inspector General (OIG) by providing a detailed description of our organization and its operations, in addition to our significant accomplishments in the areas of audit, investigation, legal work, and management.

At that time, I noted that our organization had arrived at a crossroads. As we embarked upon our second decade of service to SSA's programs and to the American people, we found ourselves looking back over our efforts to develop robust audit and investigative capabilities and, at the same time, facing new and complex challenges we hardly could have imagined at the time of our creation in 1995.



To guide us along the road ahead, we have developed an excellent road map, our Strategic Plan for FYs 2006 – 2010. This Plan reflects our vision, values, goals, objectives and responsibilities for the coming years and sets the course to keep us focused on our ultimate destination, a comprehensive Social Security program as free as possible from fraud, waste, and abuse.

The primary goals presented in our new Strategic Plan have informed our actions for some time, both as part of our previous Strategic Plan and as a manifestation of the principles that have guided OIG since its inception. Thus, it only seems logical to present our accomplishments for the second half of FY 2005 in the framework of our new Strategic Plan goal areas—our **impact** on SSA's programs and operations; the **value** we provide to SSA, the Congress, and the public; and the strategies we undertake to enhance the work experience of our **people**. You will read more about these objectives, and how our efforts support them, in the narrative sections of this report.

As we undertake our journey on the road ahead, we do so eager to confront the challenges awaiting us and energized by the many ways we can reaffirm our commitment to assuring the integrity and reliability of the Social Security programs for the American people.

Sincerely,

A handwritten signature in blue ink, which appears to read "Patrick P. O'Carroll, Jr.".

Patrick P. O'Carroll, Jr.
Inspector General







Semiannual Report to Congress

The Road Ahead

Table of Contents

A Message from the Inspector General	1
Executive Summary	5
Introduction to Our Organization	7
Impact	8
Value	23
People.....	35
Appendices and Reporting Requirements	39
Glossary of Acronyms	56







Executive Summary

As we embark upon our second decade of service to the American people, we reemphasize our commitment to assuring the integrity and reliability of the Social Security programs upon which so many Americans depend for their economic security. In our efforts to prevent fraud, waste, and abuse in SSA's program and operations, we are focusing on three major strategic areas:

- Our **impact** on SSA's programs and operations;
- The **value** we provide to SSA, the Congress, and the public; and
- The initiatives we undertake to enhance the work experience of our **people**.

Our noteworthy achievements are documented in the sections of this report that correspond to our areas of strategic focus. Our combined efforts in the areas of audit, investigation, and legal work generated a positive return of \$9 for every dollar invested in OIG. The following information summarizes our achievements for this reporting period.

Our auditors issued 54 reports with recommendations identifying over \$184 million in questioned costs and over \$95 million in Federal funds that could be put to better use.

Our audit work covered areas ranging from wage reporting problems to Social Security number (SSN) protection. We reviewed the instances where workers had earnings posted to their records for years prior to the year in which they were enumerated and identified a number of remedial actions for SSA to pursue. We also performed several audits dealing with the Social Security and Supplemental Security Income (SSI) disability programs. In addition, we evaluated SSA's compliance with the *Federal Information Security Management Act* and addressed a number of important SSA management issues, such as physical security of SSA Hearing Offices (HO) and the removal of sensitive information from State Disability Determination Services (DDS) excessed computers.

Our investigators reported over \$132 million in investigative accomplishments, with over \$26 million in SSA recoveries, restitution, fines, settlements, and judgments and over \$105 million in projected savings from investigations resulting in the suspension or termination of benefits. We closed over 5,700 criminal and administrative investigations, resulting in over 2,600 arrests and indictments and over 1,600 convictions, civil monetary penalty (CMP) assessments and apprehensions of illegal aliens.

We built on the success of the Cooperative Disability Investigation (CDI) program, a joint effort of OIG, SSA, State DDSs and State and local law enforcement personnel, utilizing 18 CDI units located in 17 States to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims. During this reporting period, the efforts of our CDI teams resulted in almost \$68 million in SSA program savings. In addition, we opened our 19th CDI unit in Los Angeles on September 30, 2005.



Our efforts to identify fugitive felons and parole and probation violators via automated data matches between SSA's beneficiary rolls and a number of Federal and State warrant databases contributed to the arrest of over 6,700 fugitives during this reporting period—and a total of over 32,000 arrests since the program's inception in August 1996.

Included in the investigative accomplishments total is \$435,075 in penalties and assessments that our attorneys imposed through our CMP program. During this reporting period, we initiated 79 cases involving false statements or representations made in connection with obtaining or retaining benefits or payments under Titles II and XVI of the *Social Security Act (the Act)* (Section 1129 cases). In addition, we processed 14 complaints and closed 11 cases dealing with forms of misleading advertising and communication prohibited by Section 1140 of *the Act* because of improper use of SSA's program words, symbols, or emblems. We resolved almost all of these cases through voluntary compliance.

We continued our actions to strengthen Homeland Security through our audit and investigative activities which support a fortified enumeration process. Our efforts to combat SSN misuse to the greatest practical extent will discourage the establishment of false identities and will deter crimes that may be used to finance terrorism.

During this period, we were fortunate to obtain the services of a key executive to help guide OIG upon the road ahead. We are pleased to announce the appointment of James A. Kissko as Deputy Inspector General. A former senior executive at SSA, Mr. Kissko also possesses a wide range of experience from his work with other Federal agencies. His experience and expertise greatly enhance OIG's initiatives in planning, policy, and program development.





Introduction to Our Organization

SSA OIG is comprised of the Immediate Office of the Inspector General and four major components: the Office of Audit, the Office of Investigations, the Office of the Chief Counsel to the Inspector General, and the Office of Executive Operations.

IMMEDIATE OFFICE OF THE INSPECTOR GENERAL (IO)

IO provides the Inspector General with staff assistance on the full range of his responsibilities. IO staff provide liaison services with all agencies sharing an interest or a role with OIG and assure coordination with Congressional committees, SSA, the Social Security Advisory Board and the President's Council on Integrity and Efficiency. The Office of Quality Assurance and Professional Responsibility (OQAPR), part of the IO, is responsible for two critical functions—it conducts exhaustive reviews of each of the OIG's component offices to ensure compliance with Federal laws and regulations, Agency policies, and relevant professional standards and also performs OIG's Professional Responsibility function, conducting thorough and timely investigations should allegations of misconduct be lodged against an OIG employee.

OFFICE OF AUDIT (OA)

OA conducts and supervises financial and performance audits of SSA programs and operations and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits 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 and operations. OA also conducts short-term management and program evaluations, and other projects on issues of concern to SSA, the Congress, and the general public.

OFFICE OF INVESTIGATIONS (OI)

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, as well as by SSA employees while performing their official duties. This office serves as OIG liaison to the Department of Justice (DOJ) on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

OFFICE OF THE CHIEF COUNSEL TO THE INSPECTOR GENERAL (OCCIG)

OCCIG provides independent legal advice and counsel to the Inspector General on a wide range of issues, including statutes, regulations, legislation, and policy directives. OCCIG advises the Inspector General on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCCIG also administers the CMP program. This office manages OIG's external and public affairs program, preparing OIG publications and handling Congressional, media and public requests for information.

OFFICE OF EXECUTIVE OPERATIONS (OEO)

OEO provides administrative and management support to the Inspector General and OIG components. OEO formulates and executes the OIG budget and confers with the Office of the Commissioner, the Office of Management and Budget (OMB) and the Congress on budget matters. OEO is responsible for strategic planning and performance reporting, and facility and property management. OEO develops and maintains OIG's administrative and management policy and procedures and performs all human resource support activities for OIG. OEO also plans, designs, develops, tests, implements, and maintains hardware, software, and telecommunications networks to support OIG's mission.



Impact

OIG is committed to enhancing SSA's effectiveness and efficiency through our investigations, audits, and legal activities. Our efforts are designed to have maximum impact on SSA's programs and operations in order to best assure the continued integrity and reliability of the Social Security programs.

During this reporting period, we completed a number of audits, investigations, and legal initiatives, covering major SSA program and management areas, which have significant impact on the deterrence of fraud, waste, and abuse. The summaries presented below are indicative of our work in this area.

Audit Impact Initiatives

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

Wage Reporting: Reported Earnings Prior to the Issuance of an SSN

SSA provides Old-Age, Survivors and Disability Insurance (OASDI) benefits to individuals based on their lifetime earnings reported under a valid SSN. These earnings determine whether an individual has enough quarters of coverage, or work credits, to potentially qualify for SSA benefits. SSA issues a Social Security card displaying the name and SSN of the numberholder, as well as any restriction on the individual's right to work in the United States, where appropriate. While U.S. citizens are automatically entitled to work, noncitizens do not have this same right. Non-work SSNs may be issued to noncitizens who meet certain requirements, but are not authorized by the Department of Homeland Security (DHS) to work in the United States.

In FYs 2003 and 2004, we conducted reviews related to unauthorized work. At that time, SSA had been receptive to our recommendations to work with DHS to determine what information would be most beneficial for meeting organizational goals (particularly regarding the means to establish compatibility between agencies' data files and the importance of following all policies and procedures when enumerating individuals in the field offices (FOs)). Results of that audit were an indicator that further opportunities for improvement still exist. We performed this audit to determine why individuals' records indicated work activity prior to their being enumerated by SSA.

Our review found the majority of our 100 sample cases, where individuals were enumerated in Calendar Year (CY) 2000 and had earnings posted to their records for prior years, related to noncitizens who appeared to be: (1) working without proper authorization prior to CY 2000; and/or (2) misusing SSNs. Specifically, 85 of the 100 sample cases involved noncitizens who, according to available DHS records, were not authorized to work at the



time they earned their wages. (All of these noncitizens may be entitled to benefits related to those earnings if they meet all factors of entitlement, even under the new restrictions put in place by Congress.) We also found that 63 of the 85 noncitizens appeared to have committed some form of SSN misuse in the workplace. We identified other issues related to the individuals in our sample, including individuals with more than one SSN, an erroneous wage posting to a child's record before he was born, and data inconsistencies within SSA's records, as well as inconsistencies between SSA's and DHS' records.

To improve the quality of information within SSA's records, we recommended that SSA (1) discuss these potential violations of immigration laws with DHS officials; (2) review and correct (as appropriate) the earnings records from our sample cases where an individual had more than one SSN and wages still need to be transferred to the appropriate account; and (3) verify with DHS and correct (as appropriate) the records from our sample cases where the citizenship, work authorization, and other identifying information were inconsistent between SSA's and DHS' records.

Overall, SSA agreed with our recommendations. SSA acknowledged that the intentional misuse of SSNs by non-citizens not authorized to work is a major contributor to the growth of the Earnings Suspense File (ESF).

SSN Protection: SSN Cards Issued After Death

This audit assessed whether SSA complied with its policy concerning the issuance of original and replacement SSN cards for individuals who were deceased. Under limited circumstances, SSA may assign an original SSN after a person's death, such as when a parent requests an SSN for a deceased child because the SSN is needed to secure health insurance coverage to pay the child's expenses. In November 2002, SSA amended its policy by eliminating provisions that previously allowed for issuance of replacement cards on behalf of deceased numberholders.

From December 1987 through November 2003, SSA issued 13 original SSN cards and 12,069 replacement SSN cards on behalf of numberholders with a date of death recorded in SSA's records. While the original card issuances complied with SSA policy, the replacement card issuances did not comply with the policies for controlling or issuing replacement cards when SSA's records indicated the numberholder was deceased. Specifically, even after the November 2002 policy change, SSA issued 1,068 replacement cards with SSNs of individuals whose records contained a date of death. In addition, we identified 537 replacement card issuances where the name and date of birth information provided on the application did not match the information of the deceased person listed in SSA's records. We also reported that SSA paid \$1.6 million in survivors benefits to auxiliary beneficiaries of 19 individuals who applied in person and received 3 or more replacement cards after the date of death appearing in SSA records. In 15 of the 19 cases, SSA approved the applications and issued replacement cards at the same time survivors benefits were being paid to the applicant's auxiliary beneficiaries. In all 19 cases, SSA had either already paid or was currently paying survivors benefits to the auxiliaries of numberholders at the time the numberholder applied for and received at least three replacement cards.



In issuing replacement SSN cards on behalf of numberholders with a recorded date of death, we found that SSA employees: (1) accepted documentation that did not appear to sufficiently establish the identity of the individual who requested the card, and (2) could process and issue replacement cards without removing the death entry that appeared on the numberholder's record.

To assist SSA in ensuring the integrity of the enumeration process for deceased individuals, we recommended that SSA: (1) ensure compliance with SSA policy concerning the issuance of replacement SSN cards for individuals whose records indicate they are deceased; (2) determine whether information needs to be corrected in the individual records associated with the questionable issuances identified within the report and refer any potentially fraudulent cases to OIG for investigation; (3) determine the appropriateness of current survivors payments being made under the individuals' account discussed in the report; and (4) review its procedures for paying survivors payments to auxiliaries when evidence indicates that the numberholder is not deceased.

SSA agreed with our recommendations.

Representative Payee Issue: Nationwide Survey of Individual Representative Payees for SSA

In our Semiannual Report for the period October 2004 – March 2005, we reported on a nationwide review of individual representative payees who serve 14 or fewer beneficiaries. Our objective was to confirm that the beneficiaries were still alive and, through personal observation and interviews, determine that their food, clothing, and shelter needs were being met. To accomplish our objective, we selected a random sample of 275 representative payees.

At the time of our earlier FY 2005 edition, we issued reports on 5 of the 10 SSA regions. During this period, we completed our reports of the remaining 5 regions (Philadelphia, Atlanta, Chicago, Kansas City, San Francisco) and summarized the work completed in each of SSA's respective regions in 10 separate reports.

We confirmed the existence of all 359 beneficiaries who were in the care of 275 representative payees in our sample. We found, for most beneficiaries, that the food, clothing, and shelter needs were being met. For these individuals, nothing came to our attention that would lead us to believe that the representative payees did not use the Social Security benefits received for the beneficiaries' needs.

Although most of the beneficiaries' needs were being met, we found that eight representative payees acted as conduit payees (giving the funds directly to the recipient instead of administering the funds for their care and expenses), and that five payees failed to report to SSA events that may have affected a beneficiary's eligibility or payment amount.

We recommended that SSA: (1) increase outreach efforts to educate representative payees on their responsibility to manage the beneficiaries' funds appropriately and to report any changes that may affect their capacity to serve as the representative payee or that may affect beneficiaries' eligibility or benefit payment amounts, and (2) take appropriate follow-up actions to ensure the recommendations reported to the Regional Commissioners are implemented.

SSA agreed with our recommendations.



SSA Agency Operations: FY 2005 Evaluation of SSA's Compliance with the Federal Information Security Management Act of 2002 (FISMA)

The purpose of our audit was to determine whether SSA's overall security program and practices complied with the requirements of *FISMA*.

FISMA provides the framework for securing the Federal Government's information technology including both unclassified and national security systems. All agencies must implement the requirements of *FISMA* and report annually to OMB and the Congress on the effectiveness of their security programs.

OMB uses the information to help evaluate agency-specific and Government-wide security performance, develop its annual security report to Congress, assist in improving and maintaining adequate agency security performance, and inform development of the eGovernment Scorecard under the President's Management Agenda.

During our FY 2005 *FISMA* evaluation, we determined that SSA has generally met the requirements of *FISMA*. SSA continues to work towards maintaining a secure environment for its information and systems and has made improvements over the past year to further strengthen its compliance with *FISMA*. Among the elements of its secure environment are sound remediation, certification and accreditation, and inventory processes. To fully meet the requirements of *FISMA* and enhance information management in this area, we recommended that SSA should: (1) fully comply with its risk models and configuration guides; (2) ensure that the Continuity of Operations Plan is updated and tested appropriately; (3) improve monitoring of contractor security awareness training; and (4) formalize the policy and procedures for maintaining the systems inventory.

SSN Protection: SSN Misuse in the Service, Restaurant, and Agriculture Industries

Because SSA calculates future benefit payments based on the earnings an individual has accumulated over his or her lifetime, accuracy in recording those earnings is critical. SSA's ability to accurately record earnings greatly depends on employers and employees reporting names and SSNs correctly on Form W-2, WAGE AND TAX STATEMENT. SSA uses automated edits to match employees' names and SSNs with its records to ensure that earnings are properly credited to the Master Earnings File. SSA places wage items that fail to match name and SSN records into its ESF.

Our analysis of ESF data, and interviews with employers and industry associations, shows that SSN misuse in the service, restaurant, and agriculture industries is widespread. For example, for Tax Years (TYs) 1999 through 2001, the 300 employers we reviewed submitted over 2.7 million wage items for which the employee's name and/or SSN did not match SSA records. These wage items represented \$9.6 billion in suspended earnings over the 3-year period. In total, 14 percent of the wage items submitted by these 300 employers did not match names/SSNs contained in SSA files. For the 100 agriculture employers, about 48 percent of the wage items they submitted failed to match SSA records. We also identified various types of reporting irregularities, such as invalid, unassigned, and duplicate SSNs, as well as SSNs belonging to young children and deceased individuals.



Although we found that SSA had taken steps to combat SSN misuse, we believe SSA's ability to reduce such activity is hampered because employers do not routinely use the Agency's Enumeration Verification Service. Furthermore, we did not identify any instances where the Internal Revenue Service (IRS) had imposed available civil penalties against employers who submitted inaccurate wage reports. In addition, we believe that privacy and disclosure issues (that is, the inability to routinely share information regarding employers who filed large numbers or percentages of wage statements with inaccurate SSNs) have limited collaborative efforts between SSA and DHS.

We recommended that SSA (1) continue to collaborate with IRS regarding wage reporting issues; and (2) encourage IRS to require employers who file large numbers or percentages of wage statements with inaccurate SSNs to verify employees' SSNs.

SSA agreed with Recommendation 1, but disagreed with Recommendation 2. SSA stated it will continue to offer and encourage all employers to use the free verification services for wage reporting. Furthermore, SSA stated it will defer to IRS as to whether specific employers should be required to use the verification services. While we acknowledge that the IRS governs the wage reporting process, we continue to believe SSA should encourage the IRS to require employers who file large numbers or percentages of wage statements with inaccurate SSNs to verify employees' SSNs. As discussed in the report, the IRS is considering requiring egregious employers to verify employees' SSNs.

Wage Reporting: Unauthorized Work SSNs at the Department of Defense (DoD)

In conducting this audit, we wanted to determine whether: (1) employees of DoD reported earnings under nonwork SSNs during TYs 1999 – 2003 and (2) SSA has taken steps to assist DoD in identifying these employees.

SSA assigns nonwork SSNs to noncitizens lacking DHS work-authorization and who have valid nonwork reasons for the SSNs. In recent years, SSA has strictly limited the assignment of these numbers. Despite the fact that such SSNs are not to be used for work purposes, some noncitizens continue to work with these numbers and SSA posts the earnings reported under these nonwork SSNs. Furthermore, SSA annually sends DHS an electronic data file, called the Nonwork Alien (NWALIEN) file, providing information on noncitizens that have earnings recorded under SSNs assigned for nonwork purposes. This file is sent 6 – 18 months after the earnings occur.

For TYs 1999 – 2003, we found that 5,192 DoD employees were working under SSNs which were originally issued as nonwork SSNs. For these employees, DoD components submitted 19,777 WAGE AND TAX STATEMENTS totaling approximately \$573 million in wages. Approximately 69 percent of these DoD employees were born in 10 foreign countries—the top 3 countries being the Philippines, Taiwan, and China. SSA provided the names of these employees to DHS as part of the NWALIEN file because their wages were reported with SSNs that were assigned to noncitizens for nonwork purposes. It is possible that many of these employees were authorized to work in the U.S. economy because DHS does not routinely inform SSA when it changes a person's employment status from unauthorized to authorized. (Unless the person informs SSA directly of such a change, SSA's records will continue to show the person as not authorized for employment and SSA will continue to input his or her earnings on the NWALIEN file.)

DHS has also placed additional requirements on employers to verify the work-authorization of new employees, allowing employees to prove their legal right to work in the United States, regardless of



the type of SSN issued by SSA. In addition, DoD has agreements with SSA and DHS to verify the status of some DoD employees. Finally, SSA and DHS have a voluntary program, the Basic Pilot, to assist employers in verifying the SSN and work-authorization of employees. This program was designed to assist employers in verifying employment eligibility of newly hired employees. We found that the Army and Coast Guard are registered users of the Basic Pilot; however, we did not find evidence that the remaining DoD components were registered users.

To assist SSA in achieving its goal to increase the accuracy of its records, we recommended SSA: (1) work with DoD and DHS, as appropriate, to share information on all existing employees, military and civilian, working under nonwork SSNs so that SSA's records can reflect changes in an employee's work-authorization; and (2) encourage all DoD components to participate in the expanded Basic Pilot so they can verify the SSN and work-authorization of new employees against both SSA and DHS records.

SSA agreed in part with Recommendation 1, noting that it does not have the legal authority to disclose nonwork status to employers, including DoD. SSA agreed in full with Recommendation 2.

SSA Agency Operations: Access to Secured Areas in Regional HOs

In our first Semiannual Report for FY 2005, we reported on physical security audits we conducted at Office of Hearings and Appeals (OHA) HOs in four SSA regions. During this reporting period, we completed physical security audits at 12 OHA HOs – 2 HOs in each of six regions (New York, Chicago, Kansas City, Denver, San Francisco, and Seattle). The objective of our audits was to review controls over access to secured areas in the HOs. We have completed reviews in all 10 SSA regions.

OHA operates one of the largest administrative adjudicative systems in the world. Claims folders containing sensitive information about the claimant such as SSNs and private medical information are stored, reviewed, and moved throughout the HO. Both SSA employees and authorized non-SSA employees are onsite conducting work in many different capacities in HOs. OHA must ensure that its employees, facilities and records are safeguarded against security threats. OHA has policies and procedures for physical security to safeguard HO access, protect Government property, and protect onsite personnel and sensitive data.

Our findings and recommendations in the 12 hearing offices related to:

- Intrusion detection systems;
- Installing and testing duress alarm systems;
- Changing locks and pass codes when employees leave permanently;
- Controls over keys;
- Proper disposal of sensitive documents;
- Non-employees having access to employee work space; and
- Lack of peepholes on doors.



For example, with regard to intrusion detection systems: (1) HOAs were not changing the pass codes when employees left OHA employment; (2) management was not periodically testing the systems and recording the test results; and (3) HOAs were issuing the same system access codes to all employees, thereby limiting management's ability to properly monitor the use of the system.

Our 6 reports contained 47 recommendations. SSA agreed with our recommendations and has either taken or scheduled corrective actions for each recommendation.

Benefit Payment Issue: OHA Pre-Effectuation Review (PER) Process

This audit analyzed the effectiveness of the OHA Pre-Effectuation Review process.

In August 1998, SSA began the PER process of Administrative Law Judge (ALJ) decisions. The OHA PER process is a quality control review of a sample of cases having favorable decisions by ALJs, that is, those where the ALJs disagreed with SSA's initial determinations and found the claimants eligible to receive disability benefits. This process allows the Office of Quality Assurance and Performance Assessment (OQAPA) to review allowance decisions made by ALJs and, if it disagrees with the decision made by an ALJ, refer them to the Appeals Council (AC) for review. Once referred, the AC considers the case and OQAPA's reasons for believing the decision should be reviewed. After its review, it can affirm the decision or remand the case back to the ALJ who initially decided the case to allow for further review and a final disability determination.

Our review found the OHA PER process could be more effective in improving the implementation of the policies related to ALJ decision making. The process consistently identified cases where Social Security Rulings were not applied, or were improperly applied, from one year to the next. This condition led to a lack of evidence to support the ALJs' original decisions and prompted the AC to issue remand orders. Additionally, some ALJs did not address the concerns identified in the AC's remand orders before making revised decisions on the eligibility of claimants. Finally, less than 5 percent of the cases we reviewed ultimately resulted in a change to the original decisions made by ALJs, while the OHA PER process added an average of 342 days to the processing time of the cases.

We recommended that SSA should continue to work to improve the OHA PER referral process to ensure that cases forwarded by OQAPA to the AC, and those remanded by the AC to ALJs, have a higher probability of reversal.

SSA agreed, in part, with our recommendation. It agreed that it should continue efforts to improve the OHA PER process, but stated that the purpose of the process was not to ensure that the cases reviewed have a higher probability of reversal.

SSN Protection: DDSs' Use of SSNs on Third-Party Correspondence

Our objective in conducting this audit was to determine whether DDSs were complying with SSA's revised policy limiting the disclosure of SSNs to third parties.

Our December 2002 report, *Review of Social Security Administration Controls over the Access, Disclosure and Use of Social Security Numbers by External Entities*, identified instances in which DDS personnel unnecessarily displayed SSNs on documents and questionnaires sent to third parties. In response to this audit, SSA issued policy instructions to DDSs advising that SSNs should not be displayed on documents sent to external entities that do not need to know an individual's SSN. However, we found SSA's guidance did not specify which third parties would have a "need to know" the claimant's SSN.



As a result, DDSs inconsistently applied SSA's policy and have included the SSN on correspondence to various third parties, many of whom we believe did not need the SSN to locate and provide disability information to DDSs.

We determined that 51 (98 percent) of the 52 DDSs provide SSNs to at least one of the following third parties: medical providers, employers, educational sources, and friends and/or relatives of the claimant. In addition, many of the DDSs disclosed SSNs to interpreters who assisted claimants who did not speak English or were hearing impaired.

We recommended that SSA: (1) clarify existing policy to define which third parties may be provided a claimant's SSN as a part of the DDS' disability determination process; (2) evaluate the viability of eliminating a claimant's SSN from the Form SSA-827 (AUTHORIZATION TO DISCLOSE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION) or explore alternatives to displaying the entire SSN on the form; and (3) implement policy requiring DDSs to develop and use confidentiality agreements prohibiting language interpreters from disclosing SSNs and other personal information to unauthorized parties.

SSA agreed with our recommendations.

SSA Agency Operations: Removal of Sensitive Information from Excessed Computers by State DDSs

Our audit evaluated the policies and procedures that State DDSs follow when excessing computer equipment to ensure that sensitive information is removed prior to the computer's disposition.

The SSA DDS Security Document (DSD) requires DDSs to run an SSA-approved software utility on DDS equipment that was used for the storage of sensitive information (servers, workstations, laptops, etc.) prior to disposal or donation to another entity. To test whether equipment had been properly cleansed of sensitive data prior to being excessed, we selected four DDS sites and requested a list of computer equipment onsite ready for disposal.

We found that data had been removed properly from all excess servers, laptop and desktop computers that we tested forensically. However, we noted that there is not an appropriate method for ensuring that data is irretrievable from obsolete Wang computers. In addition, the DSD does not clearly mandate a method for removing data from other storage media, such as server tapes. As a result, we believe sensitive information on obsolete Wang computers and server tapes is at risk.

We recommended that SSA: (1) direct DDSs either to ensure data is irretrievable or physically remove and destroy the hard drives on computers to be excessed; (2) modify or update their guidance regarding the proper method of removing data from and disposing of obsolete server tapes; and (3) ensure DDS personnel are aware of the policy and procedures to dispose of any claimant data in such a manner as to make the data irretrievable to unauthorized personnel.

SSA agreed with our recommendations.

**Our OIG audit reports are available online on
our website at www.socialsecurity.gov/oig**



Investigative Impact Initiatives

Our OI examines allegations of fraud, waste, and abuse in SSA programs and operations. This includes benefit fraud, SSN misuse, violations by SSA employees, and grant and contract fraud. Our investigations often result in criminal or civil prosecutions and CMPs against offenders. These investigative efforts also impact SSA program integrity by deterring those contemplating fraud against SSA in the future. Our work in the areas of employee misconduct, program fraud, enumeration fraud and SSN misuse ensures the reliability of SSA programs and their future operations.

Investigative Results			
	10/01/04 – 3/31/05	4/01/05 – 9/30/05	FY 2005 Total
Allegations Received	38,171	46,748	84,919
Cases Opened	4,355	5,175	9,530
Cases Closed	4,233	5,770	10,003
Arrests/Indictments	1,896	2,636	4,532
Total Judicial Actions	1,128	1,641	2,769
Criminal Convictions	963	1,196	2,159
Civil/CMPs	37	56	93
Illegal Alien Arrests	128	389	517



Allegations Received by Category

	10/01/04 – 3/31/05	4/01/05 – 9/30/05	FY 2005 Total
SSI Disability	16,444	16,619	33,063
Disability Insurance	12,510	19,130	31,640
SSN	4,593	6,313	10,906
Old-Age and Survivors Insurance	2,956	2,971	5,927
Other	724	846	1,570
Employee	530	509	1,039
SSI Aged	414	360	774
TOTAL	38,171	46,748	84,919

Allegations Received by Source

	10/01/04 – 3/31/05	4/01/05 – 9/30/05	FY 2005 Total
Law Enforcement	10,104	15,146	25,250
Private Citizens	9,688	9,362	19,050
SSA Employees	8,562	10,671	19,233
Anonymous	8,516	10,020	18,536
Beneficiaries	782	840	1,622
Public Agencies	510	687	1,197
Other	9	22	31
TOTAL	38,171	46,748	84,919



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

Cooperative Disability Investigation: “Blind” Disability Claimant Drives Motor Vehicle

The Richmond CDI Unit investigated a 45-year-old man who filed for OASDI disability benefits. The man claimed he had glaucoma, rendering him disabled and unable to work. The man reported he was blind and was told by his doctor to stop working. He reported that his loss of vision prevented him from driving, handling finances, and performing basic self-care. The man's spouse stated he required assistance with shaving; was unable to use the stove and oven, handle money, or drive; and had difficulty walking due to his blindness. The Virginia DDS referred this matter to the Richmond CDI Unit due to inconsistent statements made by the claimant.

A CDI Unit investigator observed the man at his home independently walking down a flight of steps without the use of any assistive devices or handrails. The man was then observed entering a truck and driving away from his residence. Additional surveillance revealed the man driving throughout the Richmond area and making several stops, including a gas station, where he pumped gas, and a video store. On another occasion, the CDI Unit investigator observed the man carrying several plastic and canvas bags to his truck. The man drove to an elementary school, where he parked and went inside. He exited carrying a small child back to his truck. The man's disability claim was denied.

Fugitive Felon Program: Sexually Violent Predator Arrested in Massachusetts

OI agents from our Boston Office, along with the U.S. Marshals Service and the Quincy, Massachusetts Police Department, arrested a fugitive designated in the State of Maine as a sexually violent predator. The fugitive, who was receiving SSI disability benefits, had been convicted of molesting a 6-year-old girl and subsequently fled from Maine in violation of the terms of his probation. In addition, he failed to register as a sex offender in Massachusetts. As a result, warrants for his arrest were issued, but Maine law enforcement officials were unable to locate him. We identified this individual through our Fugitive Felon program. Subsequent to his apprehension for the outstanding Maine violations, the Norfolk County (Massachusetts) District Attorney's Office charged this individual with Failure to Register as a Sex Offender. His benefits were suspended and he was extradited to Maine to face the outstanding charges.

SSA Employee Fraud: Illegal Immigrants Purchase Social Security Cards from SSA Employee

The OI Office in Las Vegas initiated an investigation based on information from a local restaurant employee that undocumented aliens employed at the restaurant had purchased valid Social Security cards from an SSA employee. The restaurant employee identified one of the individuals who had allegedly purchased a Social Security card. Our investigation determined that the restaurant employee had provided fraudulent immigration documents with his SSN



application to an SSA employee, who knowingly verified them as genuine. Further investigation of this employee's transactions revealed that he had fraudulently issued at least 65 other Social Security cards. A number of the individuals who obtained these cards indicated that they had paid \$500 – \$1250 per card. A co-conspirator was identified and confessed to his participation in the scheme.

The SSA employee pled guilty; was sentenced in July 2005 to 22 months' incarceration, 3 years' supervised release and 200 hours of community service; and was assessed a \$20,000 fine.

Cooperative Disability Investigation: Undercover Investigator Discovers Disability Claimant Operating Flooring Business

The Boston CDI Unit investigated a 37-year-old man who filed for OASDI and SSI disability benefits based upon claims of back and neck pain, diverticulitis, depression, and anxiety. The man's application was initially denied, and he filed a request for reconsideration. The Boston DDS referred this allegation to the CDI Unit, alleging possible work activity. The man asserted on his STATEMENT OF CLAIMANT AND DISABILITY REPORT that he had not been gainfully employed since 2003, and that he had difficulty cleaning, showering, and working.

The CDI investigation revealed that the man operated his own flooring business. Upon being contacted by the CDI investigator under a pretext, the man provided an estimate for flooring work and indicated that he performed the work himself. The investigator further observed the man operating a company vehicle. The DDS denied the man's disability claim.

Representative Payee Fraud: Former Gang Member Receives Benefits for Child Not in His Custody

Our New Haven, Connecticut Office investigated a man who received SSI benefits from 1995 – 2002 on behalf of his son, despite the fact that his son was in the care of the State of Connecticut. In an interview with OI agents, this individual admitted concealing the fact that his son was not in his care during the relevant time period and misusing SSI benefit money intended for his son. It was determined that the child was not entitled to SSI payments because he was a ward of the State. Our investigation also revealed that the man was a former high-ranking member of an active gang based in the State. He pled guilty and was sentenced in June 2005 to 5 years' probation and ordered to pay \$36,856 in restitution to SSA.

SSA Employee Fraud: Former SSA Employee Applies for Credit Using Fraudulently Obtained SSN

Our Greensboro, North Carolina Office received an allegation claiming that an SSA Service Representative had improperly accessed the SSA mainframe to obtain a second SSN. The employee admitted to OI agents in an interview that he attempted to use the new SSN to apply for credit cards. He was placed on administrative leave by SSA and then removed from employment. After his removal, he attempted to open a bank account with the SSN he improperly issued to himself. The employee was indicted for furnishing false information to SSA for the purpose of fraudulently obtaining a second SSN. He later pled guilty and was sentenced to 2 years' probation and was ordered to serve 48 hours of community service while on probation.



Fugitive Felon Program: Long-Term Fugitive Apprehended after Applying for Retirement Benefits

In September 2005, a York, South Carolina man was arrested by OIG agents and other members of the Long Island, New York Division of the U.S. Marshals Service's Regional Fugitive Task Force. The fugitive was wanted on a 33-year-old warrant for assault, possession of a weapon, escape and trespass. In 1971, this individual shot a police officer during an attempted arrest and disappeared after the shooting. He remained missing and only recently reappeared to apply for Social Security retirement benefits in South Carolina. The man is expected to be extradited to New York to face trial proceedings.

Cooperative Disability Investigation: Woman Fraudulently Claims Mental Problems and Back Pain

The Houston CDI Unit investigated a 43-year-old woman who filed for SSI disability benefits, alleging disability due to mental problems and back pain. The Texas DDS referred this case to the CDI Unit because of conflicting information and suspicion of malingering at a consultative examination (CE). The woman reported that she could not do housework and was unable to take care of her personal hygiene because she was in pain. The woman also reported that she heard voices and could not remember things. At the CE, the woman stated that she lived in a nursing home due to her inability to function and care for herself independently.

CDI investigators conducted a preliminary investigation that revealed a history of criminal offenses, including prostitution, assault, and theft. When investigators spoke in an undercover capacity with the woman, she stated that she was a housewife for her husband of 20 years, and cooked daily for her family. Throughout the interview, she was very talkative and alert and seemed to have a good memory as she responded to all questions with accurate and appropriate responses. The investigators noted that the woman was neatly groomed. Although she mentioned having been in the hospital and having several surgeries on her shoulder, arm, and knee, the woman did not move about as though she were in pain. The woman told investigators that her mother owned a nursing home and occasionally stayed there. The woman's disability benefits were denied.

Legal Impact Initiatives

OCCIG assures SSA program integrity from a different perspective through our administration of the CMP program, which enables OIG to impose penalties against individuals or entities violating Section 1140 of the *Social Security Act (the Act)*. This section prohibits the use of SSA's program words, letters, symbols, or emblems in advertisements or other communications in a manner that falsely implies SSA's approval, endorsement, or authorization. An individual or entity that violates this provision is subject to a maximum penalty of \$5,000 for each misleading communication. Our nationwide enforcement efforts serve as a meaningful deterrent in this area and continue to positively impact SSA's mission. A pivotal case dealing with Section 1140 sanctions occurred during this reporting period.



U.S. Court of Appeals Upholds Penalty Amount Against Misleading Mailer

In a published decision, the U.S. Court of Appeals for the Fourth Circuit upheld a \$544,196 CMP that we imposed on the United Seniors Association, Inc. (U.S.A., Inc.), now doing business as USA Next, for misleading mailers it sent to the public. In its decision, the Court concluded that substantial evidence supported the ALJ's findings in the 2003 administrative hearing. Specifically, the Court found that the mailers' repeated references to "Social Security," their "Social Security Alert" border, their phony handling instructions, and other misleading features could reasonably lead recipients to believe the envelopes contained official information relating to their Social Security benefits which must be addressed expeditiously. The Court also found no merit in U.S.A., Inc.'s argument that Section 1140 is unconstitutionally vague or overbroad. The Court further found that misleading envelopes of solicitations may violate Section 1140 regardless of the contents of the solicitations.

The Court's Opinion Is Available At 2005 U.s. App. Lexis 18310 (August 25, 2005).



For every case that results in a monetary penalty, far more end in voluntary compliance with the law, which protects the public from falling victim to misleading and manipulative advertising. The following cases are representative of our work in this area.

Law Firm Ceases Misleading Advertising

A Texas law firm advertised its services on a billboard, in close proximity to a Social Security FO, using the image of a Social Security card. The use of this official image, in conjunction with the rest of the billboard design, contributed to conveying the false impression that the firm was endorsed or authorized by, or affiliated with, SSA. We issued a letter ordering the firm to cease and

desist from using the image of the Social Security card in such a misleading manner. The law firm agreed to redesign the billboard without the image of the Social Security card and erected a new billboard a short time later.

D.C. Non-Profit Agrees to Stop Mailing Misleading Solicitations

A Washington, D.C. non-profit organization mailed solicitations related to its lobbying efforts. On the solicitation envelopes, the organization did not identify itself by name as the sender and marked the envelope,

“SOCIAL SECURITY INFORMATION—FOR ADDRESSEE ONLY.”

This contributed to the impression that the mailer was endorsed or authorized by, or affiliated with, SSA. We contacted the organization about the misleading mailer. Its Director of Membership Programs agreed to discontinue use of the misleading design on their envelopes in the future. We will continue to monitor this organization for any similar complaints.



The following table presents our Section 1140 accomplishments for this reporting period.

Misleading Advertising Under Section 1140 Results			
	10/01/04 – 3/31/05	4/1/05 – 9/30/05	Total
Complaints Received	20	14	34
New Cases Opened	9	10	19
Cases Closed	11	11	22
No Violation Found	2	5	7
Voluntary Compliance	9	6	15
Settlement Agreement (of cases/amounts)	0	0	0
Penalty/Court Action (of cases/amounts)	0	0	0
Hearings Requested	0	1	1



Value

All OIG initiatives strive to provide value to SSA, the Congress, other key decision-makers, and the public by delivering timely and reliable audit, investigative, and legal products and services. To achieve the intended value, these products and services must effectively meet the needs of all whom we serve while at the same time maximizing our available resources. To do this, we integrate best-practice strategies and cutting-edge technology to maximize efficiency while producing a positive return on investment to the public.

Taken together, our audits, investigations, and legal efforts generated a positive return of \$9 for every dollar invested in OIG activities.

Value Attained Through Audits

The focal point of many of our audits is the identification of SSA program and operational areas where funds could be put to better use. In addition, we have often isolated situations where we have questioned approaches and their costs and have recommended alternatives to yield program and operational savings.

During this reporting period, our auditors issued 54 reports with recommendations identifying over \$184 million in questioned costs and over \$95 million in Federal funds that could be put to better use. Several of our more notable audits are summarized below.

Benefit Payment Audit: Follow-up of Pending Workers' Compensation: SSA Can Prevent Millions in Title II Disability Overpayments

In June 2003, we issued an audit report entitled *Pending Workers' Compensation: The Social Security Administration Can Prevent Millions in Title II Disability Overpayments*. That report determined that SSA had a significant backlog of pending workers' compensation (WC) cases. Based on a sample review of these cases, we estimated that SSA overpaid 17,890 OASDI beneficiaries almost \$121 million because of unreported WC payments. We concluded that if SSA did not take a proactive role in properly managing its pending WC workload, it would continue to build a significant backlog of pending WC cases and would pay millions of dollars in additional overpayments. SSA agreed to initiate actions to recover the overpayments we identified and to conduct a study of its pending WC workload.

During this reporting period, we decided to determine the status of the corrective actions SSA had taken to address the recommendations resulting from our 2003 report. We found that SSA had initiated actions to recover those OASDI disability overpayments we previously identified and had studied its pending WC workload. However, it had not taken corrective actions to identify and prevent such overpayments and manage its WC workload.

We encouraged SSA to fully implement the recommendations we made in our June 2003 report. Specifically, SSA needs to: (1) follow through with steps to reduce its backlog of OASDI disability cases having pending WC claims; (2) develop and implement an automated process to ensure that it systematically and routinely follows up on new pending WC cases; and (3) explore systems enhancements that would detect situations in which WC is not applicable to prevent personnel from retrieving and analyzing cases that no longer require development.



SSA agreed with the findings and conclusions presented in the report, as well as the remaining recommendations from our June 2003 report.

Benefit Payment Audit: Disabled SSI Recipients with Earnings

This audit evaluated whether SSA considered the earnings of disabled individuals when determining SSI eligibility and payment amounts. SSA relies primarily on recipient self-disclosure of all financial resources. To detect unreported earnings, the Agency compares earnings recorded on its Master Earnings File (MEF) to the earnings used to calculate SSI payments as shown on the Supplemental Security Record. When significant discrepancies are found, diaries are established to alert SSA's FO employees to the need for a review based on the match.

Based on SSA's administrative finality rules, determinations may be reopened and revised: within 1 year for any reason; within 2 years for good cause; or at any time if fraud or similar fault exists. When SSA discovers earnings discrepancies for prior years and administrative finality applies, revisions are limited to the time periods allowed under the rules. Even though individuals may have had earnings which would have caused SSI ineligibility if detected sooner, SSA does not pursue recovery of payments issued beyond these time periods and it does not record them as overpayments.

Based on the results of our sample, we estimated that approximately \$12.4 million in benefits was overpaid to about 11,880 recipients because SSA did not previously consider all of their earnings when calculating SSI payment amounts. We also estimated that, if SSA resolved the earnings discrepancies within the administrative finality periods, approximately \$74.7 million in overpayments to about 61,380 recipients also would have been recognized. Finally, we estimated that about \$8.1 million in underpayments to about 11,880 SSI recipients was not paid because administrative finality was invoked and their SSI records were not revised.

We recommend that SSA (1) ensure that earnings-related diaries resulting from computer matches are adequately controlled by management and resolved timely, and (2) remind FO employees of correct procedures regarding reviewing and recording earnings data.

SSA agreed with our recommendations.

SSA Agency Operations Audit: SSA's Match of Disability Insurance (DI) Records with Texas WC Payment Data

This audit examined the status of SSA's pilot project matching DI records with Texas WC payment data. Specifically, we evaluated procedures used to complete the matching process, summarized the impact of unreported and incorrectly reported Texas WC payments on DI benefits, and determined the status of collection and payment of over/underpayments identified during the matching process.

We concluded that SSA had determined that it was cost-effective to use the WC data provided by Texas and to match that data with its records. The actual results identified 2,054 DI beneficiaries who received \$11.49 million in benefits to which they were not entitled, while another 307 beneficiaries received \$1.80 million less than entitled. We determined that



SSA's process for conducting this match was effective and provided assurance that inaccurate DI payments to Texas residents were detected and resolved. However, at the time of this review, SSA had not extended its matching agreement with Texas, nor had the Agency aggressively pursued similar agreements with other States. We estimated that SSA could identify approximately \$87 million in additional overpayments if it were to conduct data matches with the nine States with the highest DI benefit payments and if the results of those matches were similar to those in Texas.

We recommended that SSA: (1) continue to work with Texas to periodically obtain updated WC data, and (2) pursue similar matching agreements with other States to obtain WC information.

SSA agreed with our recommendations.

Benefit Payment Audit: SSA's Administrative Finality Rules

Our objective in conducting this audit was to determine whether SSA consistently applied the rules of administrative finality under the SSI program.

SSI is a needs-based program whose recipients are required to report to SSA changes in living arrangements, income, or resources, which could impact monthly payments. According to SSA's rules of administrative finality, when a change occurs that impacts an individual's payment amount, the Agency limits revisions and overpayment assessments retroactively for up to 24 months unless fraud or similar fault is found.

Our review showed that SSA's administrative finality rules under the SSI program were not consistently applied. Although no fraud or similar fault was found, some recipients were held responsible for repaying SSI overpayments that were assessed beyond the 24-month period, while others were not assessed any overpayments for months beyond the administrative finality limit. Specifically, we estimated that approximately \$74.7 million in SSI payments to about 53,058 individuals was assessed as overpayments beyond the 24-month limit. Of this amount, we estimated that SSA recovered about \$4.3 million and was pursuing recovery of an additional \$24.2 million as of September 30, 2004.

Limitations in SSA's policies, procedures and computer systems—as well as misinterpretation of the rules by SSA staff—contribute to the inconsistent application of administrative finality. Therefore, to assist the Agency in ensuring that SSI recipients are treated equitably, we recommended that SSA: (1) develop specific policies and procedures for staff to follow when revising overpayments that involve administrative finality; (2) provide comprehensive training to SSA staff on the rules of administrative finality; and (3) enhance its computer systems to prevent the revisions to monthly payments that preceded the administrative finality period when neither fraud, nor similar fault, is found.

SSA agreed with our recommendations.



Benefit Payment Audit: SSA's Controls over the Suspension of SSI Overpayment Collection Efforts

This audit evaluated whether SSA's decisions to suspend collection efforts on SSI overpayments were made in accordance with its policies and procedures. Specifically, we reviewed overpayment suspension decisions for recipients that SSA classified as (1) unable or unwilling to pay or (2) unable to be located or out of the country. SSA can suspend collection of SSI overpayments in these situations.

Our review found that SSA staff did not always comply with Agency policies and procedures to ensure decisions to suspend collection efforts on SSI overpayments were appropriate. Specifically, our review of 250 FY 2002 overpayment suspensions that exceeded \$3,000 included a sample of 175 randomly selected unable or unwilling to pay decisions and a separate sample of 75 randomly selected unable to locate or out of the country decisions. We determined that SSA did not always document the (1) justification for the suspension decision or (2) required management approval before suspending an overpayment. Moreover, SSA employees suspended overpayments when debtors or debtors' representative payees had reported earnings that may have enabled some repayment of the debt. Finally, SSA personnel suspended debts and classified the debtor as unable to locate or out of the country, even though we found no evidence that SSA attempted to contact the debtor or representative payee through their employer. In total, 164 (65.6 percent) of the 250 suspension decisions reviewed had 1 or more noncompliance errors. As such, for FY 2002 overpayment decisions greater than \$3,000, we estimated that SSA personnel did not fully comply with SSA policies and procedures in 12,060 cases totaling about \$87.5 million.

Included in the above findings was a \$12,108 overpayment for an SSA employee. SSA collection records indicated that the debtor could not be located. SSA subsequently suspended collection efforts on the overpayment. However, we found that SSA earnings records available to SSA staff at the time of the suspension indicated the debtor was currently employed by SSA.

Based on our findings, we recommended that SSA: (1) issue a reminder to SSA debt collection staff to fully develop and document overpayment suspension decisions; (2) ensure all overpayment suspension decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials; (3) periodically match debtors' and representative payees' earnings to suspended overpayments to identify instances in which some repayment of the debt is possible; (4) consider issuing further guidance allowing the collection of overpayments from a representative payee who is a parent of a minor child/beneficiary; and (5) take action to collect the \$12,108 overpayment from a current SSA employee.

SSA agreed with our recommendations.

Benefit Payment Audit: Individuals Receiving Benefits Under Multiple SSNs at the Same Address

We conducted this audit to identify and prevent individuals from receiving OASDI benefits and/or SSI payments inappropriately under multiple SSNs. In January 2004, we were alerted to three cases where beneficiaries inappropriately received benefits under multiple SSNs at the same address. To identify the extent of this situation, we analyzed a data extract of approximately 54 million OASDI and SSI beneficiaries who received benefits in February 2004. Based on our



analysis of the SSNs, address information and benefit records, we identified 354 beneficiaries who may have received benefits inappropriately under at least two different SSNs at the same address.

Because of our review of these 354 cases, SSA assessed almost \$9.2 million in overpayments for 220 beneficiaries who inappropriately received benefits. We also believe SSA avoided paying an estimated \$1.4 million by stopping these incorrect payments.

We found that 182 of the 220 cases had overpayments totaling about \$8.6 million and these cases are being investigated for possible fraud on the part of the beneficiary. For example, we identified a 54-year old recipient who obtained a second SSN using a friend’s last name for the sole purpose of receiving a second SSI payment. From August 1991 until July 2004, SSA overpaid this recipient \$89,654. Additionally, 38 beneficiaries were overpaid \$565,403 for reasons other than possible fraud (such as staff keying errors).

We recommended that SSA improve its existing controls—the SSI Duplicate Payment Project and the Master File Duplicate Detection Operation—and enhance its efforts to identify and prevent beneficiaries from receiving both SSI and OASDI benefits under different SSNs. SSA agreed with our recommendations.

Value Attained Through Investigations

The efforts of our investigators similarly yielded a significant return on investment arising from the successful prosecution of cases we developed. During this reporting period, our investigators achieved over \$249 million in investigative accomplishments, with almost \$55 million in SSA recoveries, restitution, fines, settlements, and judgments and over \$194 million in projected savings from investigations resulting in the suspension or termination of benefits. The following table represents the efforts of OI personnel nationwide to recover SSA funds paid in fraudulent benefits or through other illegal actions.

SSA Funds Reported			
	10/01/04 – 3/31/05	4/01/05 – 9/30/05	FY 2005 Total
Recoveries	\$15,442,687	\$15,466,090	\$30,908,777
Fines	\$214,131	\$333,800	\$547,931
Settlements/Judgments	\$557,705	\$487,967	\$1,045,672
Restitution	\$12,055,687	\$10,237,070	\$22,292,757
Estimated Savings	\$88,950,961	\$105,540,502	\$194,491,463
Total	\$117,221,171	\$132,065,429	\$249,286,600



CDI Program Results

The following table highlights the successes of the CDI program for this reporting period.

Cooperative Disability Investigations Program Results April 1 – September 30, 2005				
State	Allegations Received	Confirmed Fraud Cases	SSA Savings ¹	Non-SSA Savings ²
Arizona	46	39	\$2,136,523	\$754,206
California	97	72	\$3,755,426	\$3,182,385
Colorado	73	55	\$3,509,622	\$2,386,428
Florida	79	62	\$4,053,472	\$3,102,924
Georgia	80	103	\$5,884,167	\$1,816,644
Illinois	54	45	\$2,455,727	\$1,123,515
Louisiana	57	32	\$1,768,660	\$696,070
Massachusetts	61	18	\$1,099,702	\$502,880
Missouri	123	58	\$3,455,630	\$1,235,450
New Jersey	102	67	\$4,180,224	\$3,523,935
New York	104	68	\$4,499,974	\$4,777,530
Ohio	218	128	\$8,353,510	\$4,436,070
Oregon	121	102	\$6,203,948	\$4,089,875
Tennessee	74	27	\$1,853,962	\$863,952
Texas ³	159	105	\$5,848,536	\$2,641,248
Virginia	77	39	\$2,344,620	\$1,249,911
Washington	113	110	\$6,497,445	\$5,420,970
Total	1,638	1,130	\$67,967,648	\$41,804,011
October 1, 2004 –March 31, 2005	1,560	929	\$55,540,184	\$36,032,112
FY 2005 Grand Total	3,198	2,059	\$123,507,832	\$77,836,123
¹ SSA program savings are reported at a flat rate of \$66,500 for initial claims that are denied as a result of CDIs. When a CDI supports the cessation of an in-pay case, SSA program savings are calculated by multiplying the actual monthly benefit times 60 months. ² Non-SSA savings are also projected over 60 months whenever another governmental program withholds benefits as a result of CDIs, using estimated or actual benefit amounts documented by the responsible agency. ³ Texas has 2 units, 1 in Dallas and the other in Houston.				



The following case summaries are indicative of the nearly 6,000 investigations we have closed during this reporting period. The cases we have highlighted illustrate the many instances where our investigative efforts have afforded a significant return on the investment of our staff and resources.

Disability Program Fraud: Author of Books About Benefiting from Government Loopholes Convicted of Fraud

Acting on an anonymous tip to the SSA OIG Fraud Hotline, agents from our Indianapolis Office began an investigation of a woman who had received disability benefits since 1985 for rheumatoid arthritis. Our investigation revealed that the beneficiary had been working as a university professor and published author under her husband's SSN and had failed to report her work to SSA. Using various pseudonyms, she wrote several books about ways to benefit financially from government loopholes.

In July 2003, SSA initiated a continuing disability review, and the woman denied she had been employed or had earned any income while receiving SSA benefits. In November 2003, a search warrant was executed at the woman's residence, and forensic analysis of her computer later confirmed her career as a professor. Additionally, items seized revealed that she had been paid by major book and magazine publishers under her husband's SSN.

SSA determined that the income earned under her husband's SSN made her ineligible to receive SSA benefits from January 1999 to February 2004. In July 2005, the beneficiary pled guilty and was sentenced to 545 days of home detention, 6 years' probation, and 40 hours of community service, and was ordered to pay \$77,180 in restitution to SSA.

Disability Program Fraud: Fishing Guide Fraudulently Collects \$71,567 in Disability Benefits Over 10 Years

An OASDI beneficiary defrauded SSA of \$71,567 by failing to disclose that he was working full-time as a prominent self-employed fishing guide while receiving benefits. The man first applied for disability benefits in November 1994, but an investigation by our Portland, Oregon Office revealed he had been a fishing guide since 1993.

During the course of the investigation, OI agents conducted an undercover operation that involved participating in a 7-hour fishing trip led by the subject. During the operation, agents observed him operating a non-motorized drift boat with no visible impairment. The operation was conducted jointly with the Washington Department of Fish and Wildlife, which subsequently seized the subject's boat and fishing equipment and cited him for guiding without a license.

The man was convicted in June 2005 of Social Security Fraud and sentenced to 5 months in prison, followed by 5 months in a community corrections center and 3 years' supervised probation. He was also ordered to pay full restitution to SSA.



SSA Employee Fraud: Claims Representative Generates Fraudulent Treasury Checks Totaling \$165,000

An investigation by our Milwaukee Office was initiated on referral from an SSA District Manager, who suspected fraud after reviewing the SSA records of two different SSI recipients regarding non-receipt of their benefit checks. The investigation revealed that an SSA Claims Representative diverted Government funds by generating and mailing fraudulent U. S. Treasury checks, in order to finance his drug habit. He altered electronic recipient files in order to create and mail bogus checks, which were then intercepted and cashed by the employee and his associates. Five other individuals were knowingly involved in the scheme, which caused a loss of approximately \$165,000.

The SSA employee pled guilty to a one-count indictment in April 2005 and was sentenced in August 2005 to 2 years in prison, 3 years of supervised release, and restitution to SSA of \$165,000. Four other participants were also sentenced on charges of Mail Fraud, one of whom was on Federal supervised release for drug trafficking. This individual's supervised release was revoked and he was sentenced to an additional 6 months in prison. An additional participant was charged with Theft of Government Property and has yet to be sentenced.

Representative Payee Fraud: Man Receives Benefits for 16 Years as Payee for Two Fictitious Individuals

Our Boston Office opened an investigation after we received information from a local police department regarding an individual who possessed multiple genuine Social Security cards. Our agents found that the man had fraudulently received \$140,644 in OASDI and SSI disability benefits over 16 years, after applying for and receiving benefits for himself as well as for two fictitious individuals as their supposed representative payee. He was arrested on drug charges in March 2005 by local police, and the Social Security cards were discovered during a search warrant.

Upon being interviewed by OI agents, the man confessed that he had provided counterfeit birth certificates and false statements to SSA in order to obtain SSA disability benefits for the two fictitious individuals. He was arrested by OI agents in February 2005 and pled guilty to one count of Theft of Government Property. He faced sentencing of up to 5 years in prison, but, due to an extreme medical condition, his sentence was limited to 2 years' probation in community confinement at an inpatient facility. He also was ordered to pay restitution to SSA of \$140,644.

Deceased Beneficiary Investigation: Woman Collects Deceased Mother's Benefits for 21 Years

An investigation by our Oklahoma City Office revealed that a daughter had been receiving and negotiating her mother's OASDI benefits from the time of her mother's death in December 1981 until September 2003, for a total of \$89,015. After her death, the woman's monthly Social Security benefits continued to be delivered to her home address. Her daughter subsequently reported a change of mailing address to SSA, first to her home address, and then to a post office box. From 1982 through 1994, these checks were cashed at a grocery store in Ardmore, Oklahoma. The checks contained an endorsement of the name of the deceased beneficiary and



a second endorsement of the beneficiary's daughter. From 1994 through 2003, the checks were negotiated at an Oklahoma bank.

The daughter pled guilty and, in May 2005, was sentenced to 5 months' incarceration, 5 months' home confinement, 1 year's probation, 56 hours of community service, restitution of \$89,015 to SSA, and participation in inmate financial responsibility courses while in prison.

SSN Fraud: Brothers Convicted of Stealing \$240,488 Through Identity Theft Scheme

Working with the U.S. Postal Inspection Service (USPIS), our Dallas Office undertook a joint investigation of two brothers who were revealed to be involved in a conspiracy to commit identity theft by obtaining SSNs and other personal identifiers of both living and deceased victims. They and other individuals whom they recruited used these personal identifiers and counterfeit identification documents to purchase luxury vehicles and obtain loans, and then defaulted on the loans and credit card accounts.

The brothers were indicted on counts of Conspiracy to Commit Bank Fraud, SSN Fraud, Fraudulent Use of Identification Documents and Bank Fraud. Each was sentenced in June 2005 to 60 months' incarceration and 97 months' incarceration, to be served concurrently, as well as 3 years' supervised release. In addition, each brother was ordered to pay \$240,488 in restitution. Nine other individuals were indicted in relation to this case, pled guilty to Conspiracy to Commit Bank Fraud, and were sentenced to varying terms of incarceration, supervised release, and restitution.

Double Check Negotiation: Fraud of \$12,452 Results in 15-Month Prison Term

The St. Louis, Missouri SSA FO referred a case in which a woman had received and negotiated both her original and replacement SSA benefit checks on multiple occasions from April 1998 to February 2004, for a total fraud loss of \$12,452. When OI special agents interviewed the beneficiary at her residence regarding this allegation, she admitted to knowingly requesting a replacement check and then cashing both checks. She also provided a sworn, written statement.

The beneficiary was indicted by the Eastern District of Missouri Grand Jury in September 2004 and was arrested by OI agents the following month. She pled guilty and was sentenced in April 2005 to 15 months' imprisonment and 3 years' probation. In addition, she was ordered to pay full restitution. The beneficiary's benefits have been suspended a result of her incarceration.

Deceased Beneficiary Investigation: Son Cashes \$134,000 of Deceased Mother's Benefit Checks

Our OI Office in San Juan, Puerto Rico initiated this investigation as part of the OIG National Medicare Non-Usage Project (an anti-fraud initiative designed to detect unreported deaths through a review of aged individuals with long periods of non-usage of Medicare). We found that a man had concealed his mother's death for over 20 years to continue receiving and cashing



her OASDI benefit checks. He pled guilty in December 2004 and was sentenced in March 2005 to 2 years' probation and restitution to SSA of \$134,000.

Double Check Negotiation: Los Angeles Woman Repeatedly Cashes Original and Replacement Benefit Checks

This investigation was initiated in November 2003 as a result of a national Double Check Negotiation project investigating individuals who repeatedly allege non-receipt of SSI benefit checks and proceed to negotiate both the original check and a replacement check issued by SSA. A Los Angeles beneficiary had defrauded SSA of \$9,605 by engaging in this practice of repeatedly cashing both her original benefit check and the replacement check. SSA had recorded the overpayments and had been administratively recovering a portion of the beneficiary's monthly SSI benefit prior to our investigation. She was indicted in July 2004 and arrested by agents of our Los Angeles Office, in coordination with the United States Secret Service. In May 2005, the beneficiary was sentenced to serve 1 day in custody as well as to pay \$9,605 in restitution to SSA.

SSN Fraud: Women Suspected of Using Elderly Individuals' SSNs to Commit Credit Card Fraud

Agents from our Memphis Office investigated three women, one of whom was an SSI beneficiary, who were suspected of obtaining SSNs and other identifying information from elderly individuals and using this information to obtain money and property by opening fraudulent credit card accounts. This case was based on a referral from the USPIS. Our investigation revealed that one of the individuals had been investigated by our office previously for similar activity, and had served 12 months in prison as a result of her conviction. This woman remains in the custody of the U.S. Marshals Service on new charges related to our investigation. A trial date has not yet been set.

One of her co-conspirators pled guilty and was sentenced in July 2005 to 12 months and 1 day in prison and 2 years' supervised release, and was ordered to pay restitution of \$46,293 to Discover Card and Household Bank Card. The other also pled guilty and was sentenced in July 2005 to 3 months' incarceration and 2 years' supervised release, and was ordered to pay restitution of \$6,636 to Discover Card.

Disability Program Fraud: Deputy Sheriff Collects Disability Benefits While Working Under False SSN

The OI Office in St. Louis was asked by the Missouri State Highway Patrol (MHP) to open a joint investigation of a Deputy Sheriff with the Mississippi County Sheriff's Department. MHP discovered that this individual had been working under an SSN that was not assigned to him. The investigation revealed that he was not only working as a Deputy Sheriff, but also was collecting OASDI disability benefits under his true SSN. During an interview, the man confessed to using another person's SSN and failing to report his work to SSA. He pled guilty to 7 counts and was sentenced in July 2005 to 3 years' probation and was ordered to pay an assessment of \$700 and restitution to SSA of \$66,120.



Value Attained Through Civil Monetary Penalties

Our efforts to administer that portion of the CMP program which deals with violators of Section 1129 of the *Social Security Act* also maximize the resources available to us and contributes to the return on that investment. Section 1129 of *the Act* allows for the imposition of a CMP against those who make false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of *the Act*. The *Social Security Protection Act of 2004*, (Public Law (P.L.) 108-203), extended CMP authority to penalizing representative payees for wrongful conversion of payments made under the Social Security programs as well as individuals for the knowing withholding of a material fact, when the individual should have come forward but did not.

After consultation with DOJ, OCCIG is authorized to impose penalties of up to \$5,000 against individuals for *each* false statement, representation, conversion or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any overpayment.

The following table and cases highlight the value achieved through our Section 1129 accomplishments for this reporting period.

False Statements Under Section 1129 - Results			
	10/01/04 – 3/31/05	4/01/05 – 9/30/05	Total
Cases Received	207	316	523
CMP Cases Initiated	77	79	156
CMP Cases Closed	135	238	373
CMP Penalties and Assessments	\$288,285	\$435,075	\$723,360
Number of Hearings Requested	2	11	13

Company President Collaborates With Employee to Deceive SSA

From 1993 – 1999, an Alabama man conspired with his employer at an excavating business to conceal wages that he earned in order to continue receiving Social Security retirement benefits. The employee/employer scheme involved fictitious payroll checks, whereby the company’s owner agreed to issue a check to the employee’s sister-in-law for the portion of the employee’s wages that exceeded the income amount allowable under Social Security retirement benefits. The sister-in-law was not an employee of the excavating company at the time the checks were issued to her.



The fraud committed by the employee and his employer resulted in an overpayment of benefits in the amount of \$12,326. SSA presently is recouping this overpayment. We imposed a \$10,000 CMP against the employee (which he has paid) as well as a \$10,000 CMP against the employer, in his individual capacity, and another \$10,000 penalty against the employer, in his capacity as the owner of the company, for a total penalty amount of \$30,000.

Millionaire Collects Almost \$50,000 in SSI

A woman was collecting SSI benefits for her son as his representative payee. In a series of STATEMENTS FOR DETERMINING CONTINUING ELIGIBILITY AND STATEMENT OF INCOME AND RESOURCES, she stated that her total household income did not exceed \$177 per month, and that her son received no income. This individual later stated that she did not receive or expect to receive any kind of income. However, an investigation revealed that the son had a \$1.25 million trust fund, from which he received \$6,057 per month, and from which the woman received \$2,500 per month as trustee of the fund. The woman was sentenced to 360 days in Sacramento County Jail, subject to 5 years' probation, and ordered to pay restitution of \$85,097. She repaid the total overpayment amount of \$85,097 (\$49,538 to SSA and \$35,559 to Sacramento County for benefits she and her family received from the Department of Human Assistance), and entered into a settlement agreement with OCCIG to pay a penalty of \$12,500.

Woman Uses False Name and SSN to Collect Benefits

A New York woman wrongfully collected Widow's Insurance Benefits (WIB) under one identity and SSN while working full-time under a false identity and fraudulent SSN. Upon retirement, she applied for Retirement Insurance Benefits (RIB) using her false identity and fraudulent SSN. At that time, she falsely stated that she had never been married and had never applied for benefits. This individual made these false statements to facilitate the continued improper receipt of WIB while simultaneously collecting RIB under the other identity. She was uncooperative with the CMP action and was unwilling to provide financial disclosure. Additionally, she was verbally abusive to an agent who had to personally serve the penalty letter when this individual refused to accept delivery by certified mail. Ultimately, the woman appealed this matter to the Departmental Appeals Board (DAB). OCCIG negotiated a settlement with her attorney prior to the DAB hearing for a \$5,000 penalty and \$32,338 in restitution to SSA.





People

OIG constantly strives to enhance the work experience of our people, who are the foundation of the OIG organization and are crucial to our success. Our management initiatives are designed to foster a skilled, motivated, and diverse workforce in a positive and rewarding work environment. We believe that commitment to our people returns results in terms of the efficiency and effectiveness of our work. The following initiatives support that commitment.

Budget

For FY 2005, our annual appropriation was \$90.4 million. Our end-of-year staffing level of 613 accounted for 79 percent of our spending. We expended the remaining 21 percent for “other objects” including travel, training, communications, reimbursable work authorizations and general procurements, as well as to provide for basic infrastructure needs such as rent and interagency service agreements.

As part of our recurring fiscal stewardship responsibilities, we conducted an annual evaluation of OIG work processes to determine if any positions could be deemed commercial in nature and subject to competitive sourcing. To date, OIG has not converted any Government positions, though we continue to make extensive use of private sector services through the contracting process.

Human Capital Planning and Management

OIG ended FY 2005 with staffing of 613. To achieve this success, we used a strategy that carefully tracked employment gains and losses by individual pay period. Using this data, along with historical trends, we worked to predict where future hiring would likely be required and took steps to begin the recruitment process. This enabled us to have qualified candidates in the pipeline to reduce the amount of time a position remained vacant. Our aggressive staffing and recruitment ensured that OIG components had the necessary human resources to fulfill their respective missions.

We believe that providing a quality work experience that includes excellent training and upward mobility is crucial for long-term retention of our employees. In addition to providing mandatory job-specific training, we encourage all employees to take a minimum of 40 hours of training annually. Given budget limitations, this goal is not always easy to meet, but we have explored many low or no-cost training opportunities to assist employees in meeting this goal. These options include computer-based training, blanket training agreements, and developmental assignments among others.

During this reporting period, the President’s Council for Integrity and Efficiency developed a pilot training program, in which we participated, using the private firm SkillSoft’s online interactive training facility to make thousands of courses and reference materials available to students anywhere at any time. Recommended courses were prescribed for each major job category of OIG employee including auditors, investigators, attorneys, support staff, and managers. In the short time that this program was available, 46 percent of our employees used the facility, making us one of the top five users in the Federal Inspector General community.



Information Technology (IT)

OIG provides and maintains most of its own IT systems. We recognize the importance of state-of-the-art tools and place a high priority on ensuring that our employees have the latest proven technologies to perform their work.

During this semiannual reporting period, we developed and installed custom Windows XP workstation and laptop operating system images on all OIG computers. Server operating systems were also upgraded. Our hardware specialists enhanced the Virtual Private Network to facilitate more reliable and secure remote connectivity. We are working to reduce the number of servers in our enterprise by replacing low-end servers with a few larger capacity servers that will also provide data storage to multiple locations. Depending upon bandwidth and other factors, our target is to cut the number of servers needed in our enterprise by at least half over the next two years.

In addition to supporting an IT infrastructure for over 600 employees in a variety of locations, our IT staff also provided software services in a number of areas. During this reporting period, we updated our online Employee Resource Center (ERC), a virtual facility that consolidates reference materials frequently used by OIG staff. The ERC includes contact information, administrative policies and procedures, forms, career development information, and a host of other employee-related resources. The newly enhanced facility includes improved organization of topics, customized search capabilities and site maps for ease of use.

Software developers also implemented the first phases of a new administrative database and system to improve the entry, storage, integration, and retrieval of crucial budget, personnel, and logistical information. The early components of the new system include a streamlined human resource data base and reporting system, training data for OIG employees, and easily accessible budget and accounting reports.

Finally, OIG software specialists continued to make enhancements to the National Investigative Case Management System (NICMS), the new software application that was implemented last December. NICMS is a robust system that provides enhanced case management functionality, improved query and reporting capabilities, and workflow based on business process management rules. NICMS uses intuitive screens and menus that eliminate redundant data entry. The system provides immediate notification to users when work requires their attention, thus eliminating potential delays in work processes. The application was designed using a commercial off-the-shelf business process management tool and uses the Agency's standard server-based database product, Oracle, for back-end data storage and retrieval.





A SPECIAL THANK YOU

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

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





Appendices



Reporting Requirements

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

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies	8-34
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	8-34
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendices F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	16-34
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of particularly significant reports	8-27
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D



Appendix A

Resolving Audit Recommendations

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

Reports with Questioned Costs for the Reporting Period April 1, 2005 through September 30, 2005			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	9	\$14,044,704	\$2,736,000
B. Which were issued during the reporting period.	11 ^a	\$183,027,720	\$1,285,313
Subtotal (A + B)	20	\$197,072,424	\$4,021,313
Less:			
C. For which a management decision was made during the reporting period.	15	\$101,713,480	\$618,653
i. Dollar value of disallowed costs.	10 ^b	\$101,207,103	\$543,203
ii. Dollar value of costs not disallowed.	5 ^c	\$506,377	\$75,450
D. For which no management decision had been made by the end of the reporting period.	7	\$95,358,944	\$3,402,660

- a. See *Reports with Questioned Costs* in Appendix B of this report.
- b. A management decision was made on only a portion of the dollars contained in the report, *Administrative Costs Claimed by the Pennsylvania Bureau of Disability Determination* (A-15-04-14080, 8/31/05).
- c. *Indirect Costs Claimed by the Arizona Disability Determination Services* (A-09-04-14010, 3/28/05) contained dollars that were disallowed and dollars not disallowed.



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

Reports with Recommendations that Funds Be Put to Better Use Reporting Period April 1, 2005 through September 30, 2005		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	4	\$4,720,157
B. Which were issued during the reporting period.	7 ^a	\$95,660,771
Subtotal (A + B)	11	\$100,380,928
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.		
(a) Based on proposed management action.	6	\$94,888,133
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	2	\$3,123,472
Subtotal (i + ii)	8	\$98,011,605
D. For which no management decision had been made by the end of the reporting period.	3	\$2,369,323

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



Appendix B

Reports Issued

Reports with Non-Monetary Findings October 1, 2004 through September 30, 2005		
Audit Number	Report	Issue Date
A-01-04-14091	The Social Security Administration's Procedures for Addressing Employee-Related Allegations in Region I	10/7/04
A-14-04-24099	The Social Security Administration's Compliance with the <i>Employee Retirement Income Security Act</i>	10/14/04
A-13-04-14047	Management of Allegations by the Social Security Administration's Office of Systems	10/15/04
A-02-04-14072	Performance Indicator Audit: Processing Time	10/25/04
A-03-03-13048	Employers with the Most Suspended Wage Items in the 5-Year Period 1997 through 2001	10/26/04
A-02-05-15092	Inspector General Statement on the Social Security Administration's Major Management Challenges	11/10/04
A-15-04-14074	Performance Indicator Audit: Disability Determination Services Net Accuracy Rate--Allowances and Denials Combined	11/10/04
A-15-04-34084	Oversight of the FY 2004 Financial Statement Audit	11/10/04
A-44-05-25111	Top Issues Facing Social Security Administration Management— FY 2005	11/10/04
A-15-04-14073	Performance Indicator Audit: Productivity	11/17/04
A-15-04-24103	Management Advisory Report: Proper Disposal of Sensitive Documents at the Social Security Administration's Headquarters (Limited Distribution)	11/17/04
A-15-04-34097	Disclosure Statement Review of Maximus, Inc. Home Office and Health Operations Divisions	11/23/04
A-77-05-00004	Management Advisory Report: Single Audit of the State of Colorado for the FY Ended June 30, 2003	12/7/04
A-01-05-15048	Individual Representative Payees for the Social Security Administration in the Boston Region	12/8/04
A-08-05-15034	Universities' Use of Social Security Numbers as Student Identifiers in Region IV	12/9/04
A-02-03-13079	Social Security Administration's Ticket to Work Program	12/20/04
A-77-05-00005	Management Advisory Report: Single Audit of the State of Idaho for the FY Ended June 30, 2003	12/28/04
A-15-05-25096	Performance Indicator Audit: General Observations	1/6/05
A-77-05-00006	Management Advisory Report: Single Audit of the State of New York for the FY Ended March 31, 2003	1/19/05



Reports with Non-Monetary Findings October 1, 2004 through September 30, 2005		
Audit Number	Report	Issue Date
A-01-05-15070	Access to Secured Areas in Region I Hearing Offices	1/31/05
A-07-05-15074	Universities' Use of Social Security Numbers as Student Identifiers in Region VII	1/31/05
A-77-05-00007	Management Advisory Report: Single Audit of the State of Wisconsin for the FY Ended June 30, 2003	2/9/05
A-77-05-00008	Management Advisory Report: Single Audit of the State of Illinois for the FY Ended June 30, 2003	2/9/05
A-06-05-15053	Individual Representative Payees for the Social Security Administration in the Dallas Region	2/11/05
A-77-05-00009	Management Advisory Report: Single Audit of the State of Oklahoma for the FY Ended June 30, 2003	2/22/05
A-12-05-35003	Access to Secured Areas in Region III Hearing Offices	2/25/05
A-08-05-25101	Congressional Response Report: Follow-up of Federal Agencies' Controls over the Access, Disclosure, and Use of Social Security Numbers by External Entities	2/28/05
A-06-05-15076	Access to Secured Areas in Region VI Hearing Offices	3/8/05
A-08-05-15033	Universities' Use of Social Security Numbers as Student Identifiers in Region X	3/8/05
A-77-05-00010	Management Advisory Report: Single Audit of the State of Minnesota for the FY Ended June 30, 2003	3/8/05
A-04-05-15039	Universities' Use of Social Security Numbers as Student Identifiers in Region VIII	3/21/05
A-07-05-15055	Individual Representative Payees for the Social Security Administration in the Denver Region	3/21/05
A-04-05-15066	Access to Secured Areas in Region IV Hearing Offices	3/28/05
A-03-04-14041	Department of Defense Wage Items in the Earnings Suspense File	3/29/05
A-07-05-15014	The Social Security Administration's Procedures for Addressing Employee-Related Allegations in Region VII	3/29/05
A-09-04-14089	The Social Security Administration's Regional Office Procedures for Addressing Employee-Related Allegations in Region X	3/30/05
A-12-04-14098	The Effects of Staffing on Hearing Office Performance	3/30/05
A-02-05-25089	Access to Secured Areas in Region II Hearing Offices	4/11/05
A-05-04-13058	Social Security Administration's Controls for Concurrently Entitled Beneficiaries with Representative Payees	4/11/05



Reports with Non-Monetary Findings October 1, 2004 through September 30, 2005		
Audit Number	Report	Issue Date
A-07-05-15054	Individual Representative Payees for the Social Security Administration in the Kansas City Region	4/11/05
A-07-05-15075	Access to Secured Areas in Region VII Hearing Offices	4/11/05
A-05-05-15052	Individual Representative Payees for the Social Security Administration in the Chicago Region	4/22/05
A-14-05-15050	Individual Representative Payees for the Social Security Administration in the Philadelphia Region	4/22/05
A-13-05-15083	Universities' Use of Social Security Numbers as Student Identifiers in Region III	4/26/05
A-08-05-25023	Social Security Number Misuse in the Service, Restaurant, and Agriculture Industries	4/29/05
A-13-05-15051	Individual Representative Payees for the Social Security Administration in the Atlanta Region	5/20/05
A-09-05-15068	Access to Secured Areas in Region X Hearing Offices	5/27/05
A-05-05-15081	Universities' Use of Social Security Numbers as Student Identifiers in Region V	6/7/05
A-07-04-14087	Administrative Costs Claimed by the Iowa Disability Determination Services	6/7/05
A-09-05-15069	Access to Secured Areas in Region IX Hearing Offices	6/7/05
A-12-05-15065	Access to Secured Areas in Region VIII Hearing Offices	6/7/05
A-14-04-24077	The Social Security Administration's Use of Deportation Data	6/10/05
A-15-05-25122	University of Illinois at Urbana-Champaign, College of Applied Life Studies, Disability Research Institute	6/27/05
A-13-05-25006	Nation-wide Review of Individual Representative Payees for the Social Security Administration	7/26/05
A-15-05-15043	Analysis of Undeliverable Social Security Number Cards (Limited Distribution)	7/26/05
A-02-05-25104	Universities' Use of Social Security Numbers as Student Identifiers in Region II	7/27/05
A-13-05-25140	Congressional Response Report: Review of Milwaukee Office of Hearings and Appeals	8/2/05
A-14-05-15063	State Disability Determination Services' Removal of Sensitive Information from Excessed Computers	8/4/05
A-03-04-14037	Reported Earnings Prior to the Issuance of a Social Security Number	8/5/05



Reports with Non-Monetary Findings October 1, 2004 through September 30, 2005		
Audit Number	Report	Issue Date
A-05-05-15082	Access to Secured Areas in Region V Hearing Offices	8/5/05
A-06-05-15024	The Social Security Administration's Match of Disability Insurance Records with Texas Workers' Compensation Payment Data	8/5/05
A-01-05-15071	Universities' Use of Social Security Numbers as Student Identifiers in Region I	8/12/05
A-02-05-15119	Performance Indicator Audit: Job Enrichment Opportunities	8/12/05
A-02-05-45097	Representative Payee Audit of the Rescue Mission of Utica (Limited Distribution)	8/12/05
A-06-05-15100	Universities' Use of Social Security Numbers as Student Identifiers in Region VI	8/19/05
A-08-05-15112	Follow-up: The Social Security Administration Can Recover Millions in Medicare Premiums Related to Retirement or Disability Payments Made After Death	8/24/05
A-12-05-15085	Office of Hearings and Appeals Megasite Information and Bar-Coding Systems	8/25/05
A-08-05-15073	Impact of Nonimmigrants Who Continue Working After Their Immigration Status Expires	9/9/05
A-08-05-15093	The Social Security Administration's Compliance with Presidential Executive Order 13224 Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism	9/9/05
A-08-05-25132	Follow-up of Pending Workers' Compensation: The Social Security Administration Can Prevent Millions in Title II Disability Overpayments	9/9/05
A-14-05-15060	Fiscal Year 2005 Evaluation of the Social Security Administration's Compliance with the Federal Information Security Management Act	9/16/05
A-02-03-13083	Office of Hearings and Appeals Pre-Effectuation Review Process	9/19/05
A-04-05-15098	Disability Determination Services' Use of Social Security Numbers on Third-Party Correspondence	9/19/05
A-03-05-25127	Unauthorized Work Social Security Numbers at the Department of Defense	9/20/05
A-14-05-15061	Follow-up Review of the Social Security Administration's Controls to Prevent and Detect Direct Deposit Fraud (Limited Distribution)	9/20/05
A-03-05-25010	Tax Information Related to the Social Security Administration's Contractors	9/23/05
A-03-05-25007	Usefulness of Decentralized Correspondence in Focusing Employer-Assistance Activities	9/30/05



Reports with Questioned Costs October 1, 2004 through September 30, 2005			
Audit Number	Issue Date	Report	Dollar Amount
A-04-04-14053	10/7/04	Administrative Costs Claimed by the South Carolina Disability Determination Services	\$8,600
A-06-03-13077	10/25/04	Social Security Administration's Controls Over the Title XVI Overpayment Waiver Process	\$64,818,500
A-09-04-14015	10/26/04	Seattle Mental Health Institute - An Organizational Representative Payee for the Social Security Administration	\$3,063,296
A-77-05-00001	11/16/04	Management Advisory Report: Single Audit of the State of Arizona for the FY Ended June 30, 2003	\$4,744
A-77-05-00002	11/17/04	Management Advisory Report: Single Audit of the State of Maine for the FY Ended June 30, 2003	\$633,282
A-77-05-00003	12/2/04	Management Advisory Report: Single Audit of the State of South Carolina for the FY Ended June 30, 2003	\$237,151
A-09-04-14013	1/31/05	School Attendance by Student Beneficiaries Over Age 18	\$109,455,000
A-15-05-20019	1/31/05	Westat Contract Close Out on Contract Number 0600- 99-36200 (Limited Distribution)	\$35,135
A-15-03-13060	2/25/05	Administrative Costs Claimed by the South Dakota Disability Determination Services	\$233,963
A-09-05-15057	3/8/05	Individual Representative Payees for the Social Security Administration in the Seattle Region	\$340
A-01-05-25015	3/28/05	Individuals Receiving Multiple Auxiliary or Survivor Benefits	\$2,003,320
A-09-04-14010	3/28/05	Indirect Costs Claimed by the Arizona Disability Determination Services	\$272,062
A-13-03-13065	3/28/05	Representative Payee Reports Indicating Excess Conserved Funds for Supplemental Security Income Recipients	\$9,852,007
A-01-04-14085	4/11/05	Disabled Supplemental Security Income Recipients with Earnings	\$95,268,520
A-09-05-15056	4/27/05	Individual Representative Payees for the Social Security Administration in the San Francisco Region	\$35,628
A-01-05-25002	4/29/05	Individuals Receiving Benefits Under Multiple Social Security Numbers at the Same Address	\$9,190,892
A-01-05-15012	5/27/05	Administrative Costs Claimed by the New Hampshire Disability Determination Services	\$28,654
A-05-04-14028	5/27/05	Administrative Costs Claimed by the Ohio Bureau of Disability Determination	\$132,154
A-09-05-15001	6/7/05	Indirect Costs Claimed by the Oregon Disability Determination Services	\$3,992,358



Reports with Questioned Costs October 1, 2004 through September 30, 2005			
Audit Number	Issue Date	Report	Dollar Amount
A-09-05-15025	7/7/05	Administrative Costs Claimed by the Alaska Disability Determination Services	\$177,092
A-01-04-24024	7/26/05	Social Security Administration's Administrative Finality Rules	\$74,668,057
A-15-05-25045	8/2/05	Independent Living Resource Center of Northeast Florida	\$27,050
A-13-05-15011	8/19/05	Administrative Costs Claimed by the Delaware Disability Determination Services	\$1,100
A-15-04-14080	8/31/05	Administrative Costs Claimed by the Pennsylvania Bureau of Disability Determination	\$791,528
TOTAL:			\$374,930,433



Reports with Funds Put to Better Use October 1, 2004 through September 30, 2005			
Audit Number	Issue Date	Report	Dollar Amount
A-13-04-14002	10/1/04	Family Services, Inc., of Charleston, South Carolina, A Fee-for-Service Representative Payee for the Social Security Administration	\$2,650
A-04-04-14053	10/7/04	Administrative Costs Claimed by the South Carolina Disability Determination Services	\$160,556
A-04-03-13042	10/14/04	The Social Security Administration's Clean-Up of Title II Disability Insurance Cases with a Workers' Compensation Offset	\$87,500,000
A-02-05-15049	1/31/05	Individual Representative Payees for the Social Security Administration in the New York Region	\$2,844
A-08-04-14093	3/15/05	Assessment of the Enumeration at Entry Process	\$3,285,960
A-01-05-25015	3/28/05	Individuals Receiving Multiple Auxiliary or Survivor Benefits	\$614,336
A-09-04-14010	3/28/05	Indirect Costs Claimed by the Arizona Disability Determination Services	\$610,000
A-04-04-24029	4/12/05	The Social Security Administration's Controls over the Suspension of Title XVI Overpayment Collection Efforts	\$87,505,968
A-06-03-13078	4/20/05	Social Security Number Cards Issued After Death	\$720,000
A-01-05-25002	4/29/05	Individuals Receiving Benefits Under Multiple Social Security Numbers at the Same Address	\$1,425,214
A-05-04-14028	5/27/05	Administrative Costs Claimed by the Ohio Bureau of Disability Determination	\$1,782,112
A-09-05-15025	7/7/05	Administrative Costs Claimed by the Alaska Disability Determination Services	\$1,341,360
A-15-04-14080	8/31/05	Administrative Costs Claimed by the Pennsylvania Bureau of Disability Determination	\$2,151,869
A-02-05-15079	9/19/05	The Effectiveness of the Social Security Administration's Controls over Title II Unnegotiated Checks	\$734,248
TOTAL:			\$187,837,117



Appendix C

Reporting Requirements Under the *Omnibus Consolidated Appropriations Act for FY 1997*

To meet the requirements of the *Omnibus Consolidated Appropriations Act of 1997*, P.L. 104-208, we are providing requisite data for FY 2005 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over \$26 million in SSA funds as a result of our investigative activities in this reporting period. These funds are broken down in the table below.

Investigative Activities					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Court Ordered Restitution	\$5,221,579	\$6,834,108	\$5,625,130	\$4,611,940	\$22,292,757
Recoveries	\$6,534,591	\$8,908,096	\$9,057,181	\$6,408,909	\$30,908,777
Fines	\$150,545	\$63,586	\$117,425	\$216,375	\$547,931
Settlements/ Judgments	\$146,682	\$411,023	\$395,636	\$92,331	\$1,045,672
TOTAL	\$12,053,397	\$16,216,813	\$15,195,372	\$11,329,555	\$54,795,137

OFFICE OF AUDIT

SSA management has informed us that it has completed implementing recommendations from 5 audit reports during this time period valued at over \$223 million.

The Social Security Administration's Controls over the Suspension of Title XVI Overpayment Collection Efforts (A-04-04-24029, 4/12/05)

We recommended that SSA ensure that all overpayment suspension decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by the Program Operations Manual System. The implemented recommendation is valued at over \$11 million.



Individuals Receiving Multiple Auxiliary or Survivor Benefits (A-01-05- 25015, 3/28/05)

We recommended that SSA remind employees to take the necessary action to stop any benefits being paid when beneficiaries become entitled to other, higher benefits. The implemented recommendation is valued at over \$614 thousand.

Use of State Bureaus of Vital Statistics Records to Detect Unreported Marriages and Divorces (A-09-00-30059, 6/2/03)

We recommended that SSA initiate corrective action, including termination of benefits and recovery of overpayments, for the 700 unreported marriages and 8 unreported divorces identified during our review. The implemented recommendations are valued at over \$51 million.

Internal Controls Over the Office of Hearings and Appeals Interpreter Services (A-12-00-10023, 8/8/01)

We recommended that SSA standardize hearing office procedures to ensure that all payments are fully supported by adequate documentation to include: (a) a record of the foreign language in which the interpreter's service was rendered; (b) the claimant's name; (c) the claimant's SSN; (d) the interpreter's signature; (e) a record of the hours worked and/or date and time the hearing was held; and (f) a signature from a presiding Office of Hearings and Appeals official who authorized the hours worked. The implemented recommendation is valued at over \$450 thousand.

Improvements Are Needed to Prevent Underpayment for Social Security Beneficiaries with Earnings Posted after Entitlement (A-13-94-00509, 5/1/95)

We recommended that SSA identify and pay underpayments to all current and noncurrent beneficiaries that were due benefit increases for post entitlement earnings. The implemented recommendation is valued at about \$160 million.



Appendix D

Significant Management Decisions With Which the Inspector General Disagrees

There are no significant management decisions with which the Inspector General disagrees.



Appendix E

Collections From Investigations and Audits

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

OFFICE OF INVESTIGATIONS

Total Restitution Reported by DOJ as Collected for SSA			
FY	Total Number of Individuals Assigned Court Ordered Restitution	Court Ordered Restitution for This Period	Total Restitution Collected by DOJ
2003	567	\$22,354,434	\$2,184,770
2004	700	\$24,309,652	\$2,307,487
2005	661	\$22,292,757	\$1,439,253 ^a
TOTAL	1,928	\$68,956,843	\$5,931,510

a. Reflects collection for October 1, 2004 – July 31, 2005

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2003	2,442	\$31,515,050
2004	1,861	\$32,706,653
2005	1,686	\$30,908,777
TOTAL	5,989	\$95,130,480



OFFICE OF AUDIT

The following chart summarizes SSA’s responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA’s management officials and is current as of September 30, 2005.

SSA’s Responses to OIG’s Recommendations Recovery or Redirection of Questioned and Unsupported Costs						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance
2003	18	\$56,602,321	\$53,002,556	\$21,576,978	\$3,709,842	\$31,394,168
2004	19	\$1,500,781,845	\$1,473,473,313	\$107,030,015	\$1,389,999,564 ^a	\$3,790,550
2005	24	\$374,930,433	\$278,967,089	\$163,346,599	\$590,427	\$210,993,407
TOTAL	61	\$1,932,314,599	\$1,805,442,958	\$291,953,592	\$1,394,299,833	\$246,178,125

a. This amount includes \$1,365,957,300 in adjustments that were contained in the report, *Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File (MEF)* (A-01-03-13019, 7/12/2004).

We recommended that SSA review past cases where significant earnings are present on the MEF and no determination has been made regarding trial work and/or substantial gainful activity (SGA). SSA agreed, where it is cost beneficial to do so and as its resources permit, to review the cases with significant earnings on the MEF where no determination has been made regarding trial work/SGA and take action. However, SSA subsequently informed us that it would not review the cases.



Appendix F

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

There are no significant monetary recommendations from prior FYs for which corrective actions have not been completed.



Appendix G

Significant Non-Monetary Recommendations From Prior FYs for Which Corrective Actions Have Not Been Completed

Work Activity for SSNs Assigned for Nonwork Purposes in the State of Utah (A-14-01-11048, 3/29/02)

Recommendation: We recommended that SSA work with the Immigration and Naturalization Service (INS), now incorporated into DHS, to resolve data compatibility problems associated with the nonwork earnings file provided by SSA and involve employees familiar with the problem.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Under the direction of the Enumeration Response Team, a subgroup is currently working on a proposal to expand the SSN electronic audit trail to capture information that could also be useful in resolving data compatibility problems between SSA and DHS. At this time, no milestone activities have been determined.

In the interim, SSA has implemented the “SS-5 Assistant” software program. The SS-5 Assistant Release 2 is a Microsoft Access-based application that has been developed to support processing of SSN applications. Working in conjunction with the existing Modernized Enumeration System, it assists users to correctly process applications, including electronically capturing evidence (such as document numbers, issue and expiration dates) and interfacing with DHS verification data.

Recommendation: We recommended that SSA work to establish an agreement with the Office of Child Support Enforcement (OCSE) whereby SSA submits nonwork SSN records to OCSE each quarter, and OCSE associates quarterly earnings with the records before returning them to SSA.

Agency Response: SSA believes this recommendation may have merit.

Corrective Action: SSA no longer issues an SSN solely for the purpose of securing a driver’s license or motor vehicle registration. This policy change closes opportunities for illegal work. Also, SSA is continuing to work with DHS on a number of fronts to improve the enumeration process. Once SSA has assessed the impact of these activities, SSA will revisit this recommendation and determine how to best proceed within the constraints of SSA’s disclosure/privacy regulations and policies on working with and sharing information with OCSE and DHS for the purposes of identifying persons who work illegally and employers who hire such persons.

Recommendation: We recommended that SSA use quarterly wage information or other suitable methods to prevent the issuance of replacement Social Security cards when there is evidence of illegal employment and to advise employers of nonwork status when verifying employee SSNs.

Agency Response: SSA agreed that there should be tighter controls for issuing replacement cards to aliens who are not authorized to work.

Corrective Action: SSA will investigate the best method for tightening controls, including the possibility of issuing revised instructions and reminders on the policy on issuing replacement cards and on updating Numident records. SSA will also explore appropriate mechanisms for helping DHS monitor employment



authorization. SSA will also be implementing the provisions of the *Intelligence Reform and Terrorism Prevention Act of 2005* related to limitations on replacement cards.

Recommendation: We recommended that SSA match the quarterly nonwork earnings file with the ESF to identify and report to DHS employers who consistently hire people who are not authorized for employment and individuals who use, for employment, nonwork SSNs and false identities.

Agency Response: SSA believed the recommendation may have merit.

Corrective Action: SSA will revisit the recommendation once an assessment of the impact of previously referenced activities that are underway or planned is complete.

Payments Made to Selected Representative Payees after the Deaths of Social Security Beneficiaries (A-13-01-21028, 9/18/01)

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 agreed with the recommendation.

Corrective Action: SSA has already begun to correct the records containing date of death discrepancies and will review the procedures to prevent future occurrences of this nature. In addition, a new Death Alert, Control and Update System (DACUS) process, which will identify deceased representative payees in the Representative Payee System, will be implemented in the DACUS Release II, which is not yet scheduled due to other systems priorities.

Approval of Claimant Representatives and Fees Paid to Attorneys (A-12-00-10027, 8/21/01)

Recommendation: We recommended that SSA collect each attorney's SSN, name and address information so that 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: SSA must develop the automation support necessary to meet the Internal Revenue Code requirement that SSA issue Form-1099s to attorneys who receive attorney fees of \$600 or more in a taxable year. The Attorney Fee Task Force has established a revised target of issuing Form-1099s to attorneys to January 2008 (representing attorney fees received during TY 2007). SSA has initiated planning and analysis required for development of the systems enhancements to collect and process the appropriate attorney data required for issuing the Form-1099s. Implementation of the attorney database is planned for the fall of 2006.



Glossary of Acronyms

Abbreviation	Definition
AC	Appeals Council
ALJ	Administrative Law Judge
CDI	Cooperative Disability Investigation
CE	Consultative Examination
CMP	Civil Monetary Penalty
CY	Calendar Year
DAB	Departmental Appeals Board
DACUS	Death Alert, Control and Update System
DDS	Disability Determination Service
DHS	Department of Homeland Security
DI	Disability Insurance
DoD	Department of Defense
DOJ	Department of Justice
DSD	DDS Security Document
ERC	Employee Resource Center
ESF	Earnings Suspense File
FISMA	<i>Federal Information Security Management Act of 2002</i>
FO	Field Office
FY	Fiscal Year
HO	Hearing Office
INS	Immigration and Naturalization Service
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
MEF	Master Earnings File
MHP	Missouri State Highway Patrol
NICMS	National Investigative Case Management System
NWALIEN	Nonwork Alien



Abbreviation	Definition
OA	Office of Audit
OASDI	Old-Age, Survivors, and Disability Insurance
OCCIG	Office of the Chief Counsel to the Inspector General
OCSE	Office of Child Support Enforcement
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
OQAPR	Office of Quality Assurance and Professional Responsibility
PER	Pre-Effectuation Review
P.L.	Public Law
RIB	Retirement Insurance Benefits
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
<i>the Act</i>	<i>Social Security Act</i>
TY	Tax Year
U.S.A., Inc	United Seniors Association, Inc.
USPIS	United States Postal Inspection Service
WC	Workers' Compensation
WIB	Widow's Insurance Benefits



How to Report Fraud

The SSA OIG Fraud Hotline offers a means for you to provide information on suspected fraud, waste, and abuse. If you know of current or potentially illegal or improper activities involving SSA programs or personnel, we encourage you to contact the SSA OIG Fraud Hotline.

Call 1-800-269-0271

Write Social Security Administration
Office of the Inspector General
Attention: SSA Fraud Hotline
P. O. Box 17768
Baltimore, MD 21235

Fax 410-597-0118

Internet www.socialsecurity.gov/oig

To obtain additional copies of this report please visit our website
at www.socialsecurity.gov/oig

SSA Pub. No. 85-007
Published November 2005



**Report Fraud,
Waste, and Abuse**

1-800-269-0271



www.socialsecurity.gov/oig

SSA OIG Pub. No. 85-007

Published November 2005

