

**SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE INSPECTOR GENERAL
SEMIANNUAL REPORT TO
CONGRESS**

APRIL 1 – SEPTEMBER 30, 2008



Social Security Administration Office Of The Inspector General

MISSION STATEMENT

BY CONDUCTING INDEPENDENT AND OBJECTIVE AUDITS, EVALUATIONS AND INVESTIGATIONS, WE INSPIRE PUBLIC CONFIDENCE IN THE INTEGRITY AND SECURITY OF SSA'S 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 STRIVE FOR CONTINUAL IMPROVEMENT IN SSA'S PROGRAMS, OPERATIONS AND MANAGEMENT BY PROACTIVELY SEEKING NEW WAYS TO PREVENT AND DETER FRAUD, WASTE AND ABUSE. WE COMMIT TO INTEGRITY AND EXCELLENCE BY SUPPORTING AN ENVIRONMENT THAT PROVIDES A VALUABLE PUBLIC SERVICE WHILE ENCOURAGING EMPLOYEE DEVELOPMENT AND RETENTION AND FOSTERING DIVERSITY AND INNOVATION.

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A MESSAGE FROM THE INSPECTOR GENERAL

Once again I am pleased to present the Social Security Administration Office of the Inspector General's *Semiannual Report to Congress*, which highlights some of our most significant accomplishments over the last 6 months. I am honored to lead an organization that strives to maintain the integrity of the Social Security system, which aids the most vulnerable of our citizens in these times of increasing challenges and uncertainties.



During this reporting period, our employees have continued to address existing concerns and taken the lead on tackling new ones. For example, our auditors released eight reports assessing aspects of SSA's disability programs. Three of those reports targeted the disability appeals backlog that continues to garner the attention of Congress as well as the thousands of claimants waiting for decisions. In an effort to clarify some possible reasons for the backlog, I testified in September before the Subcommittee on Social Security of the House Committee on Ways and Means. The OIG will continue to respond to the Agency, Congress, and all Americans with an objective eye focused on eliminating the backlog and improving the claims process from beginning to end.

Our investigators have also devoted their energies to improving the integrity of SSA's disability programs, by targeting those who perpetrate fraud against them. This office not only fights disability fraud as it occurs, but our investigative analysts also identify trends and patterns to better respond to new challenges as they arise. For example, during this reporting period they identified and pursued individuals who were earning disability benefits under one Social Security number while reporting earned wages under another. At the heart of all the OIG's efforts are our 576 employees nationwide—agents, auditors, attorneys, and others with a remarkable commitment to serving the public good. With this report, this office and all who make it successful renew our dedication to working alongside our partners in the Social Security Administration and the Congress to fulfill our mission of improving and protecting the vital Social Security programs upon which so many Americans depend.

Patrick P. O'Carroll, Jr.
Inspector General





SOCIAL SECURITY ADMINISTRATION OFFICE OF THE INSPECTOR GENERAL



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EXECUTIVE SUMMARY

This report presents the significant accomplishments of the Social Security Administration (SSA) Office of the Inspector General (OIG) from April 1 – September 30, 2008. The report is organized according to three major goals—impact, value, and people—set forth in the *OIG Strategic Plan: Fiscal Years 2006 – 2010, Third Edition*.

Impact

We work to have a positive impact on SSA programs and operations by enhancing their integrity, efficiency, and effectiveness. During this reporting period, we received more than 68,000 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources. Our agents closed more than 5,000 criminal investigations, resulting in 800 arrests, more than 500 indictments and informations, and more than 1,400 criminal prosecutions and civil monetary penalty (CMP) assessments. Our Cooperative Disability Investigative (CDI) Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. During this reporting period, the efforts of our CDI Units resulted in more than \$108 million in SSA program savings.

Our auditors also had a significant impact during this reporting period, issuing 68 reports and making recommendations on a wide variety of challenges facing the Agency. Our audit work over the past 6 months included a review of the erroneous release of living individuals' personally identifiable information (PII) when SSA's Death Master File (DMF) is made

available to the general public. In addition, our auditors completed four congressional response reports, including an assessment of factors affecting administrative law judge (ALJ) and hearing office performance; and an analysis of financial institutions (FI) deducting service fees and garnishments from beneficiaries' accounts.

Value

Our organization strives to provide valuable products and services in a timely manner to Congress, SSA, and other key decision makers while sustaining a positive return for each tax dollar invested in OIG activities. During this reporting period, our auditors identified more than \$1.7 billion in questioned costs and more than \$808 million in Federal funds that could be put to better use. Highlighted audits include an analysis of whether information obtained from FIs could help SSA identify Supplemental Security Income (SSI) recipients who no longer meet the requirements for eligibility, and an analysis of whether SSA had properly imposed benefit offset provisions to the records of individuals who earned benefits based on both their spouses' and their own earnings.

In the second half of FY 2008, we are reporting over \$170 million in investigative accomplishments, with over \$31 million in SSA recoveries, restitution, fines, settlements, and judgments, and over \$138 million in projected savings from investigations resulting in the suspension or termination of benefits. In addition, we participated in multi-agency investigations that resulted in over \$39 million in savings, restitution, and recoveries for other agencies. Highlighted investigations in this section



uncovered evidence of disability program fraud, representative payee fraud, and Social Security number (SSN) misuse.

During this reporting period, our attorneys initiated 234 CMP actions (Section 1129 cases) that involved 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*). Included in our investigative accomplishments above is over \$3.4 million in penalties and assessments that our attorneys imposed through our CMP program.

People

The collective efforts of our employees continues to be the driving force behind this organization's success in meeting its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. Each year, OIG components hold training conferences to inform their employees about new procedures and share best practices. In addition, the OIG Organizational Health Committee conducts an annual assessment of employee satisfaction levels and addresses employee concerns.



INTRODUCTION TO OUR ORGANIZATION

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

IMMEDIATE OFFICE OF THE INSPECTOR GENERAL

The Immediate Office (IO) provides the Inspector General with staff assistance on the full range of his responsibilities. IO staff provides liaison with all agencies sharing common interests with OIG and ensures coordination with congressional committees, SSA, the Social Security Advisory Board, and the President's Council on Integrity and Efficiency. IO includes the Office of Quality Assurance and Professional Responsibility (OQAPR), which performs two critical functions. First, 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. Second, OQAPR conducts thorough and timely investigations into allegations of misconduct by an OIG employee.

OFFICE OF AUDIT

The Office of Audit (OA) conducts and supervises financial and performance audits of SSA programs and operations, and makes recommendations to ensure that program goals are achieved effectively and efficiently. Financial audits determine whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy,



efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations, and other projects on issues of concern to SSA, Congress, and the general public.

OFFICE OF COUNSEL TO THE INSPECTOR GENERAL

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

OFFICE OF EXTERNAL RELATIONS

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

OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, as well as by

SSA employees while performing their official duties. This office serves as the OIG's liaison to the Department of Justice (DoJ) on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

OFFICE OF TECHNOLOGY AND RESOURCE MANAGEMENT

The Office of Technology and Resource Management (OTRM) provides administrative support to the Inspector General and OIG components. OTRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OTRM develops and maintains the OIG's administrative and management policy and procedures, and performs human resource support activities. OTRM also maintains hardware, software, and telecommunications networks to support the OIG's mission. Finally, OTRM manages the OIG's allegation management and fugitive enforcement programs and Electronic Crimes Division.



IMPACT

The first goal of the *OIG Strategic Plan* is Impact. We are committed to enhancing SSA's effectiveness and efficiency through our investigative, audit, and legal activities. We strive to have maximum impact on SSA's programs and operations to ensure their continued integrity and reliability.

During this reporting period, we completed numerous audits, investigations, and legal initiatives covering major SSA program and management areas, which had a significant impact on the detection and prevention of fraud, waste, and abuse. The summaries presented below are indicative of our work over the past 6 months.

Legal/Investigative Impact Initiatives

Owner of Federal Security Guard Contractor Sentenced to Prison for Bribery

We served as the lead investigative agency in a complex procurement fraud investigation of a now-defunct security guard contractor. The company provided armed and unarmed security guards for 18 Federal agencies at 120 installations in 32 States and territories. In terms of the value of Federal contracts secured through bribery, this case represented the largest corruption case ever prosecuted in Maryland.

The company's former owner and former Chief Operating Officer, as well as a long-time General Services Administration (GSA) employee, were sentenced during this reporting period, following guilty pleas to various charges. The company's former owner was

sentenced in July 2008 to 48 months in prison, followed by 3 years of supervised release, for bribery and tax evasion in connection with the fraud scheme involving three Federal contracts, and for transporting child pornography. He was also ordered to make restitution to the Internal Revenue Service (IRS) of \$400,000, and to register as a sex offender upon his release from prison.

The company's former Chief Operating Officer was sentenced in June 2008 to 33 months in prison, followed by 3 years of supervised release, for engaging in a scheme to conceal material facts from Federal agencies to obtain Federal security contracts worth over \$150 million and attempting to evade Federal income taxes. He was also ordered to forfeit \$1.25 million related to his illegal activities and to make restitution to the IRS of \$290,360.

The GSA employee was found guilty of accepting over \$100,000 in bribes accepted for her assistance in awarding three Federal contracts worth over \$130 million, and for evading income taxes on the bribe payments. She was sentenced in July 2008 to 60 months in prison, followed by 3 years of supervised release. She was also ordered to forfeit \$138,500 and to make \$38,780 in restitution to the IRS.



Audit Impact Initiatives

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

Personally Identifiable Information Made Available to the General Public Via the Death Master File

As a result of a *Freedom of Information Act* lawsuit, SSA maintains a record of reported deaths known as the DMF. SSA provides the DMF data to the Department of Commerce (DoC), which sells the data to various government, industry, and public customers—including customers who make the information available at no cost to the general public through the Internet. At the time of our review, the DMF contained PII on over 82 million deceased individuals.

Our audit found that since January 2004, publication of the DMF had resulted in the breach of PII for more than 20,000 living individuals erroneously listed as deceased. SSA attempted to retract these disclosures by deleting the individuals' information from the DMF. While these deletion transactions prevented the PII from being included in subsequent versions of the DMF, the deletions had no effect on the PII previously made available to DMF subscribers. Further, we found that SSA did not provide notification to either the U.S. Computer Emergency Readiness Team or the affected individuals.

Our recommendations to SSA included limiting the information included in the DMF version sold to public customers, initiating breach notification procedures, and providing appropriate notification to individuals whose PII is released in error. SSA is considering limiting the information included in the DMF version sold to the public to the absolute minimum required and will explore alternatives to the use of the full SSN. The Agency also stated it faces several challenges to limiting the information it provides.

Congressional Response Report: Financial Institutions Deducting Fees and Garnishments from Social Security Benefits

In August 2007, the Senate Committee on Finance and the Senate Special Committee on Aging requested that we determine whether FIs were deducting service fees and garnishments from Social Security beneficiaries' direct deposit personal accounts. This request came as a result of media coverage detailing instances in which FIs assessed fees and froze accounts into which Social Security benefits were being electronically deposited.

We selected a sample of the 12 largest FIs and randomly selected 13 small, medium, and large FIs, and requested information from them for the period September 1, 2006 – August 31, 2007. The data we received indicated that some FIs deducted service fees and garnishments from beneficiaries' direct deposit personal accounts. The FIs garnished \$30.4 million associated with nearly 8 million beneficiaries in our sample—an average of nearly \$4 per account.

Assuming all Social Security beneficiaries and all FIs in the United States exhibit similar characteristics, we estimate about



\$177.7 million in total garnishments for the 45.9 million direct deposit beneficiaries in the United States as of February 2008. Although Congressional Response Reports do not include formal recommendations, we did identify potential safeguards to protect Social Security recipients from garnishments.

Congressional Response Report: Administrative Law Judge and Hearing Office Performance

We received a request from the chair and ranking member of the House Committee on Ways and Means, Subcommittee on Social Security to provide statistics related to ALJ and hearing office performance along with any factors that affect performance.

To identify factors that may impact ALJ and hearing office productivity and processing times, we interviewed the Chief ALJ, 9 Regional Chief ALJs, 143 ALJs, and 146 hearing office staff in 49 hearing offices. Our interviews disclosed that ALJs had both high and low levels of productivity for reasons such as motivation and work ethic. We also identified factors that were part of the case adjudication process, including disability determination services' (DDS) case development, staff levels, hearing dockets, favorable rates, individual ALJ preferences, and Agency processes.

Chief ALJs use management tools and practices to oversee ALJ performance. While SSA can take disciplinary actions against ALJs, the actions taken in the past 3 years have been primarily related to conduct rather than performance. However, two pending actions and one recent reprimand against ALJs involve issues related to performance.

We did not make any recommendations. However, SSA has undertaken 37 initiatives to eliminate the backlog and prevent its recurrence.

Many of these initiatives directly relate to the factors identified during our interviews. SSA expects these initiatives to improve the productivity and efficiency of ALJs and hearing offices.

Quick Response Evaluation: Timeliness of Medical Evidence at Hearing Offices

In October 2007, SSA issued a notice of proposed rulemaking (NPRM) that stated, "Our program experience has convinced us that the late submission of evidence to the [ALJ] significantly impedes our ability to issue hearing decisions in a timely manner."

To remedy this situation, the NPRM listed a number of potential changes to the appellate process, including (1) requiring at least 75 days' notice for hearings and (2) requiring the submission of evidence at least 5 days before the hearing to ensure the ALJ has time to review the evidence. After the NPRM was issued, the Commissioner requested that we evaluate the extent to which delays in the submission of evidence affects the timeliness of the appeals process.

In response to his request, we reviewed information in the Office of Disability Adjudication and Review's (ODAR) Case Processing and Management System related to the receipt of medical evidence and scheduling of hearings. Our review found no evidence that the late submission of medical evidence was a significant issue affecting the timeliness of case adjudication. We reviewed all medical evidence delays in the hearing process, as well as claimant-related issues before the hearing. We did find that as much as 7.2 percent of the workload in-process was significantly delayed because of late medical evidence. However, since most of these medical evidence issues occur before the claimant's hearing is scheduled, they are neither directly associated with the medical evidence



problems noted in the NPRM nor likely to be remedied by the hearing process changes proposed in the notice. We did not make any recommendations.

Quick Response Evaluation: The Social Security Administration's Electronic Government Services

We conducted this review to determine SSA's electronic services (eServices) that are currently available to the public and determine how future eServices can be expanded. We focused our review on the Internet retirement application portion of SSA's Internet Social Security Benefit Application.

We interviewed operations supervisors in 54 SSA field offices on their experiences in processing Internet benefit applications. We also compared SSA's available online services and usage rates with other Federal agencies. As of the end of FY 2007, SSA had provided 17 eServices to the public. Its Internet retirement application has been available for about 8 years, but as of March 2008, only 13.6 percent of SSA's FY 2008 retirement applications were filed online. SSA has plans to expand its online services. However, the Agency must overcome several challenges to meet its Internet services goals including increasing its use, implementing planned enhancements, and addressing critical issues.

While SSA has a history of providing face to face service, it is desirable given budget constraints and technological opportunities that SSA expand its electronic services to meet increased demand. We made several recommendations, including that SSA (1) determine what would be required to make online filing more attractive; (2) use larger customer focus groups to test proposed online screens; (3) promote the online process as the

preferred mode for filing for retirement; and (4) continue testing kiosk terminals and computers in field office reception areas. SSA generally agreed with our report and its findings.

Social Security Number Misuse for Work and the Impact on the Social Security Administration's Master Earnings File

In this audit, we determined (1) whether wage items associated with SSN misuse for work purposes were being erroneously posted to the Master Earnings File (MEF), SSA's repository for earnings data; and (2) whether SSA had established effective controls to detect such postings and prevent future occurrences.

We found that for Tax Year 2004, SSA removed from the MEF approximately 111,000 wage items for about 49,000 numberholders (NH), representing about \$1.1 billion in wages from 36,000 employers. SSA had procedures to assist NHs whose identities were being misused, such as placing fraud indicators on their records and issuing new (different) SSNs. However, the correspondence sent to these individuals neither advised them about the effects of SSN misuse nor encouraged them to report suspected misuse to the Federal Trade Commission and law enforcement.

We also found that SSA needed to strengthen its controls to help prevent SSN misuse from continuing once identified. We found the Agency's employer correspondence processes and employer liaison services did not inform employers about potential SSN misuse cases. Further, the Agency had not established an automated process that would remove subsequent wage items associated with SSN misuse. We recommended that SSA (1) revise the correspondence sent to NHs who disclaim wages; (2) generate a standard letter to employers notifying them of



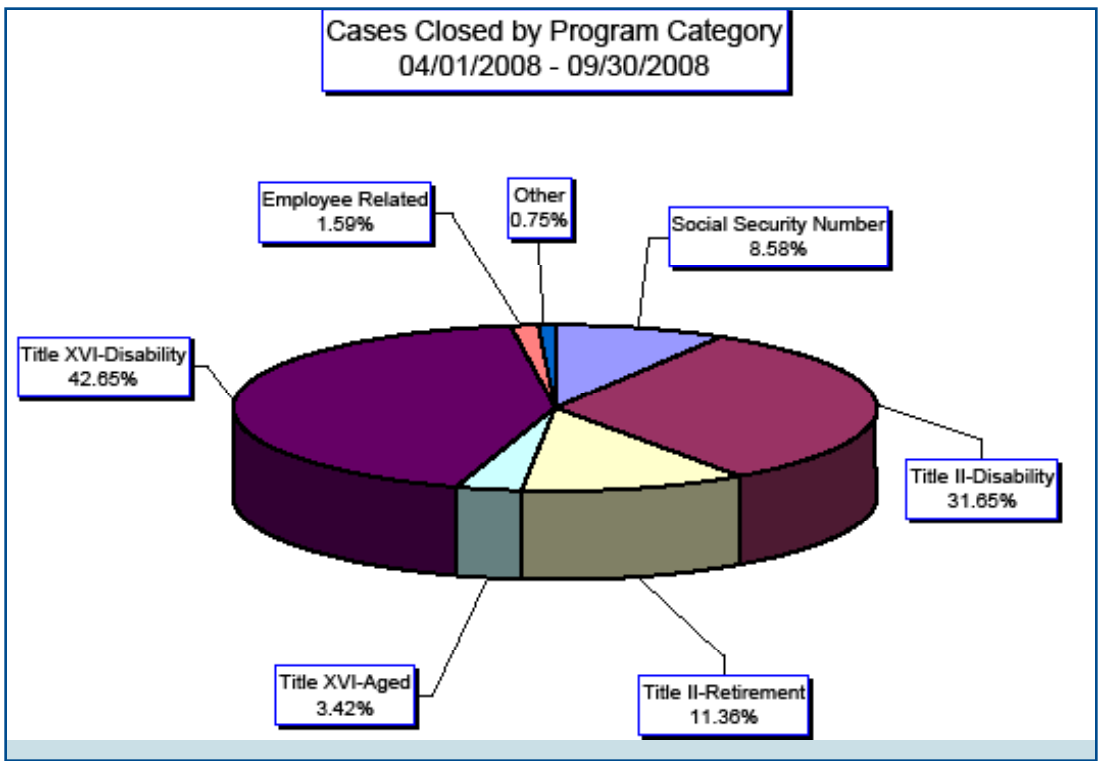
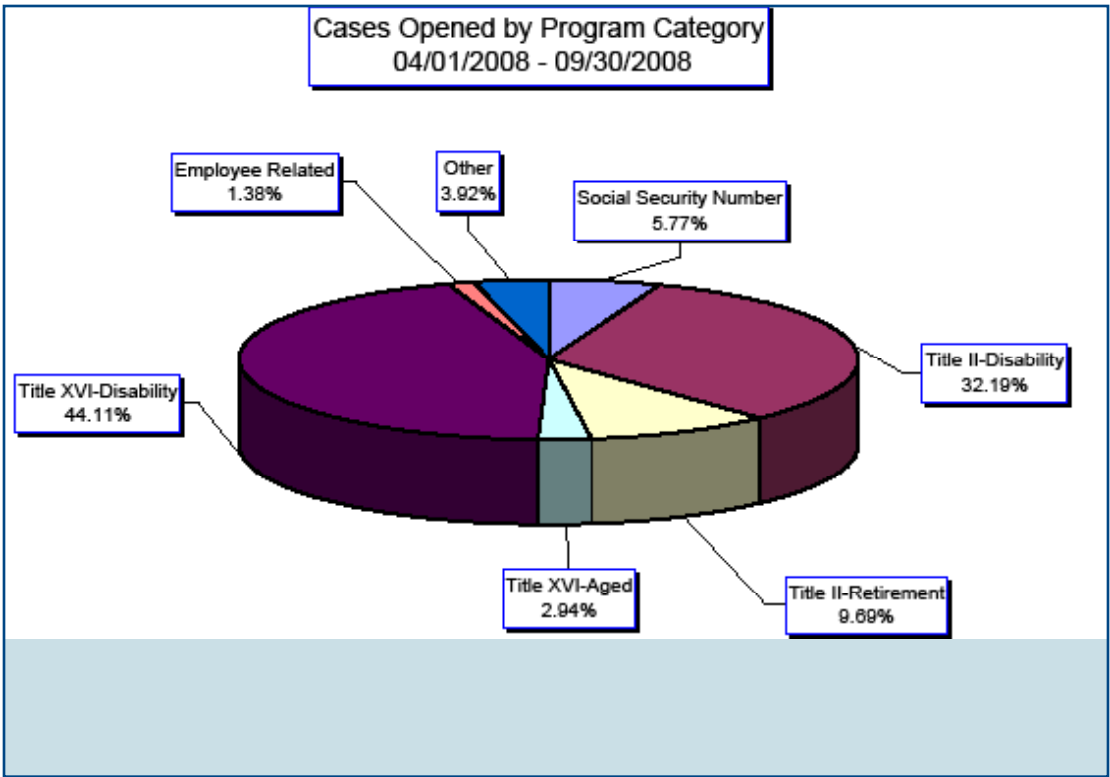
employees with disclaimed wages; (3) provide disclaimed wage information to Employer Service Liaison Officers; and (4) consider the development of a cost-effective method to automatically post subsequent wage items that have the same characteristics of previously disclaimed wage items. SSA agreed with our recommendations.

against offenders. These investigative efforts impact SSA program integrity by deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and employee misconduct ensures the reliability of SSA programs and their future operations.

Investigative Impact Initiatives

OI examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions and the imposition of CMPs

FY 2008 Investigative Results			
	10/01/07 – 3/31/08	4/01/08 – 9/30/08	FY 2008
Allegations Received	52,381	68,950	121,331
Cases Opened	5,122	5,203	10,325
Cases Closed	5,417	5,176	10,593
Arrests	1,078	800	1,878
Indictments/Informations	695	595	1,290
Criminal Prosecutions	946	1,157	2,103
Civil/CMPs	221	251	472





Allegations Received by Source			
	10/01/07 – 3/31/08	4/01/08 – 9/30/08	FY 2008
Law Enforcement	20,092	23,772	43,864
SSA Employees	12,874	21,038	33,912
Private Citizens	8,537	11,029	19,566
Anonymous	6,293	9,903	16,196
Other	2,979	1,714	4,693
Beneficiaries	1,000	1,027	2,027
Public Agencies	606	467	1,073
TOTAL	52,381	68,950	121,331

Allegations Received by Category			
	10/01/07 – 3/31/08	4/01/08 – 9/30/08	FY 2008
SSI Disability	20,488	27,526	48,014
Disability Insurance	18,134	24,344	42,478
SSN	5,785	8,434	14,219
Old-Age, Survivors Insurance	3,364	3,897	7,261
Other	2,716	3,619	6,335
Employee	1,430	582	2,012
SSI Aged	464	548	1,012
TOTAL	52,381	68,950	121,331



Employee Fraud: SSA Employee Convicted in Fraud Scheme Involving SSA's National 800 Number

Our New York office investigated an SSA teleservice representative for altering the records of at least 17 SSA beneficiaries. The investigation revealed that after the employee received legitimate telephone calls from Title II beneficiaries, she then called the SSA national 800 number to change the beneficiaries' direct deposit information to either a bank or a pre-paid debit card account. After querying SSA records to ascertain that the benefit payment was diverted into that account, the employee reinstated the original FI information.

The former employee pled guilty to wire fraud, and was sentenced in June 2008 to time served followed by 2 years of supervised release and community service. She was also ordered to pay restitution of \$22,556 to SSA. The employee resigned in June 2007.

Employee Fraud: SSA Employee Convicted of Fraudulently Issuing SSN Cards

Based on a referral from SSA's Center for Security and Integrity in New York, our Iselin, New Jersey office investigated an SSA employee involved in the fraudulent issuance of Social Security cards. In May and June 2004, the employee fraudulently issued five Social Security cards to various individuals. One of the individuals was illegally residing in the U.S. with an outstanding warrant for his deportation. Another individual was a previously deported felon who had illegally re-entered the country.

In April 2008, after pleading guilty to bribery of a public official, the former employee was sentenced to 12 months' home confinement with

electronic monitoring and 3 years' probation. In addition, the employee was ordered to refrain from employment with a government agency where she would be responsible for issuing identification documents or other credentials. SSA terminated the employee in January 2005.

Employee Fraud: SSA Employee Convicted of Concealing Living Arrangements From SSA

Our Charleston, West Virginia office investigated an SSA employee for failing to notify SSA that she and her spouse, an SSI disability recipient, had resumed living together. We found that the employee and her spouse separated in March 2002, but reconciled in July 2002. The employee's wages affected her spouse's SSI payments. He received \$26,018 in SSI payments to which he was not entitled.

The employee and her spouse pled guilty to conspiracy, aiding and abetting, theft of Government funds, and misprision of a felony. They were sentenced in April 2008 to 5 years' probation, and were ordered to jointly pay restitution of \$26,018 to SSA. The employee resigned from SSA in April 2007.

Fugitive Felon Program

The OIG's Fugitive Felon Program identifies fugitive felons and parole and probation violators through automated data matches between SSA's beneficiary rolls and Federal and State warrant databases. The impact of this program reaches beyond Social Security to local communities across the United States. Our data-sharing efforts with local, State, and Federal law enforcement agencies contributed to the arrest of over 5,400 fugitives during this



reporting period, over 12,100 in FY 2008, and over 71,000 arrests since the program's inception in 1996. The following are highlights of our fugitive felon activities during the past 6 months.

Fugitive Felon Program: Murder Suspect Arrested in Louisiana

Agents from our Baton Rouge, Louisiana office worked with Louisiana State and local police to arrest a man residing in Bogalusa, Louisiana who was wanted for second-degree murder and distribution of a controlled dangerous substance. The original warrant was issued in March 2008. At the time of his arrest, the suspect had a pending application for Title II disability benefits.

Fugitive Felon Program: Suspect Charged with 20 Counts of Child Molestation in Texas Arrested in Seattle

Agents from our Seattle office, working with the U.S. Marshals' Fugitive Task Force in Seattle, arrested a suspect wanted in Comal County, Texas on 20 counts of aggravated sexual assault on a child. Due to the seriousness of the charges, bail for the suspect was set for \$1,050,000. Extradition proceedings were initiated to return the suspect to Texas to face the charges.

Fugitive Felon Program: Suspect Arrested by Task Force Targeting Guns, Drugs, and Gang Enforcement Project in Michigan

Agents from our Detroit office, along with Wayne County Sheriff Task Force investigators, arrested a suspect on a weapons offense. The outstanding warrant was dated February 2002. The project was part of the Wayne County Sheriff's Office Guns, Drugs, and Gang Enforcement Task Force. This task

force was directed toward the apprehension of offenders who commit felonies involving guns and drugs and represent a high risk to public safety in the Detroit metropolitan area.

Cooperative Disability Investigative Program



Our CDI Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability

programs. CDI is a joint effort of the OIG, SSA, DDS, and State and local law enforcement personnel. Our 19 CDI Units in 17 States work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims. The following table highlights the successes of the CDI program, which yielded over \$108 million in SSA program savings during this reporting period, and more than \$214 million during FY 2008.



Cooperative Disability Investigative Program Results

April 1 – September 30, 2008

State	Allegations Received	Confirmed Fraud Cases	SSA Savings ¹	Non-SSA Savings ²
Arizona	111	92	\$6,166,184	\$1,835,420
California ³	510	344	\$19,651,895	\$15,180,687
Colorado	90	68	\$4,522,000	\$1,590,384
Florida	58	54	\$2,832,780	\$2,437,356
Georgia	131	100	\$6,829,180	\$1,873,876
Illinois	61	53	\$3,203,830	\$1,283,045
Louisiana	74	49	\$3,175,140	\$1,814,532
Massachusetts	81	64	\$4,112,854	\$1,805,800
Missouri	102	56	\$3,656,464	\$1,268,580
New Jersey	87	53	\$3,591,000	\$2,926,880
New York	163	155	\$8,686,804	\$7,976,724
Ohio	368	82	\$5,160,560	\$2,986,050
Oregon	167	127	\$8,434,980	\$7,361,460
Tennessee	113	87	\$5,687,916	\$2,878,640
Texas ⁴	267	153	\$10,161,808	\$4,877,902
Virginia	95	71	\$4,721,500	\$4,313,331
Washington	113	135	\$7,988,282	\$6,469,535
Totals 4/1/2008 – 9/30/2008	2,591	1,743	\$108,583,177	\$68,880,202
Totals 10/1/2007 – 3/31/2008	2,349	1,721	\$106,056,017	\$68,681,574
FY 2008 Grand Totals	4,940	3,464	\$214,639,194	\$137,561,776

¹ SSA program savings are reported at a flat rate of \$66,500 for initial claims that are denied as a result of CDI investigations. When a CDI investigation 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 a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

³ California has two units, one in Los Angeles, and the other in Oakland.

⁴ Texas has two units, one in Dallas, and the other in Houston.



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

CDI: Accountant Conceals Employment to Obtain Disability Benefits

An investigation conducted by our Cleveland CDI Unit revealed that a Title II disability beneficiary concealed his employment. From September 1998 – September 2005, the man was actively working as an accountant from his home. SSA determined that the man and his dependents were overpaid \$116,135. In addition, the man obtained a federally subsidized student loan for one of his children.

The man pled guilty to Social Security fraud and was sentenced in June 2008 to 12 months' incarceration. He was also ordered to pay restitution of \$116,135 to SSA and \$6,368 to the Department of Education.

CDI: Construction Company Owner Fraudulently Receives SSA Benefits

Our St. Louis CDI Unit investigated a 49-year-old man who had been receiving Title II disability benefits since September 2004 due to leg fractures suffered in a motorcycle accident. SSA contacted the man regarding self-employment earnings posted to his record, but he claimed that the earnings belonged to his spouse. The man amended his tax returns for the past 4 years showing his wife as the sole proprietor of the family's construction company, but State records indicated the man was the registered agent of the business. SSA again contacted the man about his employment and was advised, in writing, that the self-employment earnings posted were

incorrect and the income was from "sales of existing inventory."

However, when our CDI Unit investigators interviewed the claimant, he stated that he was working at a custom home job site hanging cabinets. The man indicated that he was the owner of the construction company and went back to work the previous year on a limited basis. The man voluntarily provided a written statement regarding his business and the unreported work.

The man's Title II disability benefits were terminated. In addition, SSA assessed a \$14,641 overpayment to the man's record, and he agreed to repay the money.

CDI: Company Owner Fraudulently Collects \$104,501 in Title II Benefits

Our Baton Rouge CDI Unit, acting on a referral from the Morgan City, Louisiana SSA office, investigated a Title II beneficiary receiving disability benefits due to disorders of the autonomic nervous system. Our investigators found evidence showing that from January 1997 – February 2007, the man owned and operated his own business, and made numerous false statements to SSA denying his employment.

In July 2008, after pleading guilty to theft of Government funds, the man was sentenced to 13 months' imprisonment and 3 years of supervised release. In addition, he was ordered to pay restitution of \$104,501 to SSA.

CDI: Disability Applicant Found Working in Clinic, Riding Motorcycles

Our Seattle CDI Unit investigated a 37-year-old woman who applied for Title II and SSI disability benefits due to depression, memory problems, hearing problems, and night terrors. The woman reported that she was unable



to perform any physical activities. She also reported alleged that her significant other helped her with all daily functioning, and indicated that her disabilities had rendered her unable to work since 2002.

Witness interviews revealed that the woman and her significant other were active in riding motorcycles, boating, and were observed hitching and unhitching a boat. Our investigation found that the woman's significant other had received Title II disability benefits since 2002 for a back impairment. After further investigation, it was revealed that the woman and her significant other both worked at a foot and ankle clinic.

The Washington State DDS denied the woman's claim for Title II and SSI disability benefits. In addition, the Seattle CDI Unit is

conducting an investigation on the woman's significant other, who is currently receiving disability benefits.





VALUE

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

Value Attained Through Audits

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

During this reporting period, our auditors issued 68 reports, identifying over \$1.7 billion in questioned costs and over \$808 million in Federal funds that could be put to better use. Some of our most notable audits are summarized below.

Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States

In July 2003, the Government Accountability Office recommended that a study be done on the feasibility of expanding the type of information that SSA obtains from FIs, such as

Automated Teller Machine (ATM) withdrawal records, to help identify SSI recipients who may be accessing their SSI payments outside the United States. We initiated this review to determine whether ATM withdrawal data could be used to identify SSI recipients who were outside the U.S. for more than 30 days which would render them ineligible for benefits for that period of time.

We obtained a file of all foreign-born United States citizens receiving SSI payments via direct deposit as of May 2006. Then, we randomly selected 250 SSI recipients from one of the most commonly used banking institutions. Based on our sample results, we estimated that overpayments totaling approximately \$226.2 million went undetected because about 40,560 recipients did not inform SSA of their absence from the United States. Additionally, we estimated that SSA will continue to not detect approximately \$100.5 million each year if action is not taken.

SSA relies on individuals self-reporting their absences from the United States, but because reporting such events may result in ineligibility for SSI payments, there is no incentive for recipients to report. Therefore, we recommended, and SSA agreed, to assess the feasibility of obtaining electronic bank statement information to include transaction-level data so that foreign transactions may be identified and investigated for possible residency violations.

Supplemental Security Income Recipients with Excess Income and/or Resources

In this audit, we assessed whether bank data can be used to identify SSI recipients who may have income and/or resources that exceed the allowable limits. Generally, individuals with countable resources of more than \$2,000



in any given month are not eligible for SSI payments for that month.

Based on our sample results, we estimated that SSA failed to detect overpayments totaling approximately \$408.9 million because 68,966 recipients did not inform SSA of their changes in income and/or resources. Additionally, we estimated SSA will not detect approximately \$169.2 million each year to recipients who have income and/or resources above the maximum allowable amounts, if the Agency does not take action.

Therefore, we recommended SSA obtain electronic bank statement information so that excess income and resources may be identified and investigated for possible violations. SSA partially agreed with the recommendation. Moreover, the Agency is in the planning and analysis phase of a project called **Access to Financial Institutions**, which could enable SSA to obtain and analyze electronic bank data and use it to identify possible income/resource violations.

Accuracy of Title II Disability Insurance Benefit Triennial Redeterminations for 2006

Workers injured on the job may qualify for Disability Insurance (DI) benefits in addition to workers' compensation (WC) benefits. However, Federal law requires that SSA offset DI benefits against WC benefits, by computing the beneficiary's average current earnings every 3 years. In this audit, we determined the accuracy of the Title II Triennial Redeterminations SSA performed in 2006.

We found that SSA did not consistently process these redeterminations accurately. In fact, we found 24 (9.6 percent) of the 250 sampled DI claims had payment errors. Of those, 19 had payment errors totaling \$219,610 related

to the WC offset calculation. Based on this error rate, for the 21,976 redeterminations in our population, we estimate approximately 1,670 DI claims totaling about \$19.3 million had payment errors related to the WC offset calculation. Also, 16 of the 24 redetermination claims had payment errors that continued after August 1, 2007. Accordingly, we estimated that for the 12 months following our audit period, approximately 1,406 claims had payment errors totaling about \$4.8 million.

We also found that SSA's controls for monitoring the accuracy and completion of redeterminations could be improved. Specifically, 81 (32.4 percent) of the 250 DI claims lacked proof of current WC rates. Although SSA obtained current WC documentation for 28 of these claims at our request, we could not test the accuracy of the redeterminations for the 53 remaining claims. Additionally, we did not find evidence that SSA completed 35 of these 53 claims.

We recommended that SSA (1) issue a reminder to staff that all current WC benefits be documented and (2) improve controls for monitoring the redetermination process. SSA agreed with our recommendations.

Underpayments Payable on Behalf of Terminated Title II Beneficiaries

In this audit, we determined whether SSA had taken appropriate actions to pay underpayments on behalf of terminated beneficiaries. SSA policy states that an underpayment due a living beneficiary will be paid to the beneficiary or representative payee, and that an underpayment due to a terminated beneficiary should be issued to the beneficiary's or representative payee's last address on record.

Based on our review, we estimated that SSA needed to take corrective actions



to pay approximately \$358.7 million in underpayments payable to 391,844 eligible beneficiaries and individuals. We also found that SSA needed to remove from its payment records about \$86.7 million in erroneous underpayments for 109,712 terminated beneficiaries. We found that these payment errors occurred because SSA did not always take appropriate actions to locate beneficiaries or eligible individuals, manually process underpayment alerts, retain documentation of corrective actions taken, or review its records for prior underpayments.

We made several recommendations for SSA to improve its controls and procedures to ensure it appropriately pays underpayments on behalf of terminated beneficiaries. SSA agreed with most of our recommendations. However, SSA disagreed with our recommendation to revise its underpayment procedures, citing budgetary constraints and the legal sufficiency of its efforts to obtain valid addresses to locate individuals.

Dually Entitled Beneficiaries Who Are Subject to Government Pension Offset and the Windfall Elimination Provision

In this audit, we determined whether SSA properly imposed the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP), which offset benefits to some individuals based on receipt of a Government pension from employment not covered by Social Security. This audit looked at dually entitled beneficiaries, who received both spousal benefits and benefits based on their own earnings. These beneficiaries are subject to both the GPO and WEP.

To identify individuals who may be subject to WEP and GPO, SSA primarily relies on

applicants to report whether they are receiving or will in the future receive a pension based on non-covered earnings. Our audit found that SSA needs to improve its controls and procedures to ensure that the GPO and WEP are properly imposed. Specifically, our review identified an estimated 8,500 beneficiaries who were overpaid about \$269.8 million in retirement benefits because WEP was not properly applied and 8,460 beneficiaries who were overpaid about \$184.8 million in spousal benefits because GPO was not properly imposed. Finally, unless SSA takes corrective action to identify and correct these payment errors, we estimate it will pay approximately \$53.2 million in overpayments annually. These errors occurred because SSA did not have controls in place to ensure the pension information it maintained for dually entitled beneficiaries was annotated to all its records.

We made four recommendations to SSA, including that it (1) identify and take corrective action on the population of dually entitled beneficiaries who may be overpaid because WEP or GPO was not properly imposed; and (2) take corrective action to establish overpayments for the beneficiaries identified by our audit or determine whether a GPO or WEP exception applies. SSA agreed with our recommendations.

Title II Benefits to Fugitive Felons and Probation or Parole Violators

In this audit, we quantified the savings achieved as a result of the suspension of Title II benefits to fugitive felons and probation or parole violators. Beginning January 1, 2005, *the Act* prohibits the payment of Title II benefits to a beneficiary who, for a period of 30 days or more, is fleeing to avoid prosecution, custody, or



confinement for a felony—or to a beneficiary who is violating probation or parole—unless the Agency determines that good cause exists for paying such benefits.¹

We estimate that the Title II program saved about \$404.3 million through March 2008 due to benefits suspension to fugitive felons and probation or parole violators. This includes (a) \$47.3 million in benefit overpayments recovered from the fugitives; (b) \$218.6 million in ongoing monthly benefits that was withheld; and (c) \$138.4 million in monthly benefits that was withheld while the beneficiaries were incarcerated. In addition, we estimate that SSA had the potential to save an additional \$249.6 million as of March 2008. This includes (a) \$89.5 million in benefits that will likely be withheld over the next 12 months from beneficiaries whose warrants remain unsatisfied; and (b) \$160.1 million in benefit overpayments that had not yet been recovered from the fugitives. Finally, we estimate that SSA did not save/recover approximately \$60.3 million, which included \$41.8 million in unrecovered overpayments and \$18.5 million that SSA will not recover because of the *Fowlkes v. Adamec* decision in the 2nd Circuit. We did not make any recommendations.

Ticket to Work and Self-Sufficiency Program Cost Effectiveness

The Ticket to Work Program was established by the Ticket to Work and Work Incentives Improvement Act of 1999 to promote the economic self-sufficiency of disabled beneficiaries. In this audit, we assessed whether

the Ticket Program led to sustained economic self-sufficiency for disabled beneficiaries and determined whether the program generated savings for SSA.

SSA made a Ticket Program-related payment in FY 2005 for approximately 3,800 of the 10 million beneficiaries, or less than one-tenth of 1 percent, who had received a Ticket by the beginning of FY 2005. These roughly 3,800 Ticket Program participants appeared to have limited success in maintaining economic self-sufficiency. Approximately one-third of them did not have earnings from work from October 2004 – December 2006. Of the remaining two-thirds who had earnings for at least some of these months, half were not employed as of December 2006.

Beneficiaries who participated in the Ticket Program and disabled beneficiaries who received vocational services outside the Ticket Program showed similar work activity patterns. While the two groups had similar outcomes, SSA incurred additional costs for the Ticket Program. It appeared the Ticket Program implementation neither increased the percentage of disabled beneficiaries who returned to work, nor realized the outcomes and savings envisioned by Congress.

We recommended that SSA (1) evaluate the continued viability of the Ticket Program and (2) work with Congress to reform or end the Ticket Program if the Agency determines it is not having the desired impact and/or it is not cost-effective. SSA agreed with our recommendations.

¹As a result of a ruling in the 2nd Circuit Court of Appeals, in the matter of *Fowlkes v. Adamec*, SSA is no longer suspending Title II payments to fugitive felons residing in the Second Circuit.



Value Attained Through Investigations



During this reporting period, the efforts of our investigators yielded significant results arising from the successful prosecution of cases that we developed. Our investigators achieved over \$170 million in investigative accomplishments,

with over \$31 million in SSA recoveries, restitution, fines, and settlements/judgments, and over \$138 million in projected savings from investigations resulting in the suspension or termination of benefits.

The table below represents the efforts of OI personnel nationwide to recover SSA funds paid in fraudulent benefits or through other illegal actions.

SSA Funds Reported			
	10/01/07 – 3/31/08	4/01/08 – 9/30/08	FY 2008
Recoveries	\$23,576,850	\$16,463,364	\$40,040,214
Fines	\$2,383,206	\$2,898,795	\$5,282,001
Settlements/Judgments	\$605,530	\$1,027,212	\$1,632,742
Restitution	\$11,635,333	\$11,339,812	\$22,975,145
Estimated Savings	\$162,227,111	\$138,354,986	\$300,582,097
TOTAL	\$200,428,030	\$170,084,169	\$370,512,199

The following case summaries are indicative of the more than 5,000 investigations that we closed during this reporting period. The cases we have highlighted illustrate the many instances where our investigative efforts have resulted in a significant return on investment.

SSN Misuse: Fugitive Attempts Murder While Using a False Identity

Our Baton Rouge, Louisiana office investigated a man based on a referral received from the

Amarillo, Texas SSA office. We determined that the 61-year-old man escaped from the Florida Department of Corrections in 1975 after serving 7 years of an 11-year sentence for burglary and grand theft. After his escape, the man assumed the identity of a Texas resident. Under the assumed identity, the man was convicted of attempted murder and was incarcerated for 26 years in Louisiana. Upon release from prison in 2003, the man continued to use the false name and SSN to prevent discovery of his fugitive status in



Florida. Subsequently, the man was arrested based on a Florida fugitive warrant. In addition, he was charged in Louisiana for maintaining false public records.

In July 2008, after pleading guilty to the Louisiana charge, the man was sentenced to 2 years' incarceration. Upon his completion of the Louisiana sentence, the man will be extradited to Florida to serve the remainder of his sentence with the Florida Department of Corrections, as well as face pending charges related to his escape from prison in Florida.

SSN Misuse: Manager of Auto Dealership Uses Customers' Identities to Open Fraudulent Accounts

Agents from our Kansas City office, U.S. Postal Inspection Service, U.S. Secret Service, and the St. Louis, Missouri Police Department (PD) participated in a joint investigation conducted by the St. Louis Identity Theft Task Force. An allegation was received from the Missouri PD alleging that a floor manager in a local automobile dealership was using customers' identities to open fraudulent credit accounts. During an interview, the dealership manager admitted to using at least four customers' identities to obtain credit cards. Also, the manager stated that he targeted customers over the age of 70, because he believed that they would die before the fraud was discovered.

The man pled guilty to aggravated identity theft and fraudulent use of an unauthorized access device and was sentenced in April 2008 to 36 months' incarceration and 3 years' supervised release. In addition, he was ordered to pay restitution of \$20,810 to various FIs.

SSN Misuse: Man Uses Individuals' PII to Obtain Replacement Credit Cards

Our New York office conducted a joint investigation with the United States Postal Inspection Service, the United States Secret Service, and the Federal Bureau of Investigation involving a man who fraudulently obtained credit cards for existing accounts. Using the account holder's name, date of birth, and Social Security number, as well as credit information obtained over the Internet, the man posing as the account holder would contact the credit card company and request a replacement card. He would then use the fraudulently obtained credit cards to purchase goods on the Internet which he would then sell at a discounted rate.

In April 2008, after pleading guilty to credit card fraud and aggravated identity theft, the man was sentenced to 24 months' incarceration and 3 years' supervised release. In addition, he was ordered to make restitution of \$125,000 to various FIs.

Representative Payee Fraud: Personal Care Owner Diverts \$350,000 of Residents' SSA Funds

Agents from our Philadelphia office investigated the owner-operator of multiple personal care homes throughout Philadelphia. Our investigation determined that the owner was the representative payee for various residents of the homes, and that the residents were subjected to structurally unsafe residences, inadequate personal care, and unsanitary and substandard living conditions. Additionally, the representative payee diverted \$350,000 in Social Security payments designated for the care of the residents to her own use and benefit.



In June 2008, the representative payee signed a civil settlement agreement agreeing to never again own or operate a residential care facility. Additionally, she agreed to a monetary settlement payment of \$700,000 in damages to the Federal Government. SSA will receive \$350,000 of the settlement.

Representative Payee Fraud: Organizational Representative Payee Employee Steals \$247,078

Acting on a request for assistance received from the U.S. Secret Service, our Jacksonville, Florida office investigated an organizational representative payee employee and her accomplice. The organizational representative payee served as the payee for numerous Title II and SSI beneficiaries in the Savannah, Georgia area. From October 2003 to June 2007, the employee transferred approximately \$247,078 from the organizational representative payee accounts to her accomplice. Once these funds were negotiated, the employee received kickbacks from the accomplice.

The employee pled guilty to theft of Government funds, and was sentenced in June 2008 to 4 years' incarceration and 3 years' supervised release. The accomplice also pled guilty to theft of Government funds, and was sentenced in July 2008 to 27 months' incarceration and 3 years of supervised release. Both were ordered to make joint restitution of \$200,000 to an insurance company and \$47,078 to the organizational representative payee. The organizational representative payee refunded the \$247,078 to SSA.

Representative Payee Fraud: Mother of Disabled Child Conceals Marriage and Income

Acting on a referral from the Petersburg, Virginia SSA office, our Richmond office

investigated the mother and representative payee of a child receiving SSI disability benefits. The investigation revealed that the representative payee failed to notify SSA of her marriage and the receipt of child support payments.

In July 2008, after pleading guilty to representative payee misuse, the woman was sentenced to 1 month in prison and 5 months' home confinement, and 3 years' supervised release. She was also ordered to pay restitution of \$72,692 to SSA.

Disability Program Fraud: Man Assumes Half-Brother's Identity

Our Baltimore office initiated this investigation based on a referral received from the Baltimore (Rossville) Maryland SSA office. The investigation revealed that a man stole the identity of his half-brother to conceal his own criminal history. Later, using his half-brother's name and SSN, he obtained Title II disability benefits and auxiliary benefits for his wife and two children. SSA determined that the man and his family fraudulently received \$216,797 in SSA benefits.

The man pled guilty to theft of Government money, and was sentenced in July 2008 to 5 years' probation and was ordered to pay partial restitution of \$60,532 to SSA. He was also ordered to pay restitution of \$3,707 to his half-brother.

Disability Program Fraud: Woman Uses Spouse's Benefits During His Incarceration

Our Clearwater, Florida office conducted an investigation of an SSI disability recipient for concealing information from SSA. The woman failed to report that she shared a joint bank account with her husband who, from April 2001 – November 2006, fraudulently received Title II disability benefits while incarcerated. The



failure to notify SSA of the bank account and her continued use of her husband's income resulted in an overpayment of \$102,073.

In June 2008, the woman entered into a pretrial diversion agreement, which required the woman to make full restitution to SSA.

Disability Program Fraud: Website Operator Conceals Income

Acting on a referral from the Gilroy, California SSA office, our Fairfield, California office conducted an investigation of a Title II disability beneficiary for failing to report his work activity. The investigation revealed that from January 2000 – December 2004, the man operated two different websites and repaired all-terrain vehicles. Bank records showed that the man made \$175,000 in unreported income.

The man pled guilty to theft of Government property, and was sentenced in June 2008 to 5 months in prison and 5 months' home detention. The man was also ordered to pay restitution of \$89,072 to SSA.

Disability Program Fraud: Beneficiary Conceals Employment from SSA and the Department of Veterans Affairs

Our agent in Swansea, Illinois investigated a Title II disability beneficiary for concealing his employment. The investigation revealed that the man was employed at his father's business, while receiving disability benefits from SSA and the Department of Veterans Affairs (VA).

In August 2008, the man pled guilty to Social Security fraud and false statements and was sentenced to 10 months' incarceration and 3 years' supervised release. He was also ordered to pay restitution of \$70,148 to SSA and \$116,000 to the VA.

Deceased Payee Project: Daughter Accesses Deceased Mother's Bank Account

Our New York office initiated this investigation as part of our National Deceased Payee Project, which identifies widows and widowers of Title II beneficiaries whose benefits continued to be paid after their death. This investigation confirmed that a widow receiving Title II benefits died in January 2003, and her benefits continued to be directly deposited into her bank account through May 2007. The deceased's daughter fraudulently accessed her mother's bank account and withdrew funds totaling \$53,954.

The woman pled guilty to theft of Government property, and was sentenced in April 2008 to 3 years' probation, including 6 months of home confinement. She was also ordered to pay restitution of \$53,954 to SSA.

Deceased Payee Project: Daughter Fraudulently Withdraws SSA Funds from Deceased Mother's Bank Account

Investigators from our Chicago office conducted this investigation as part of our National Deceased Payee Project. Our investigation confirmed that Title II benefits continued to be directly deposited to a widow's bank account although she had died in September 2003. The bank identified the widow's daughter as making withdrawals from her mother's account. Our agents contacted the Illinois Healthcare and Family Services Bureau of Investigations, which confirmed that the daughter also fraudulently received \$5,154 in food stamps, because she failed to list the Social Security income on a food stamp application.

In July 2008, after pleading guilty to theft of Government funds, the woman was sentenced to 5 years' probation, with the first 6 months to be served as home confinement. She was also



ordered to pay restitution of \$31,790 to SSA and \$5,154 to the State of Illinois.

Double Check Negotiation Project: Milwaukee Woman Claims Non-Receipt of SSI Checks on 29 Occasions

An investigation conducted by our Milwaukee office revealed that a woman receiving SSI disability payments had claimed non-receipt of her benefit check, and then cashed both the original and replacement checks, on 29 occasions. This case was opened as part of the Milwaukee Double Check Negotiation Project. During the interview with our agents, the woman provided a sworn statement confessing to 29 offenses, totaling \$13,389 in overpayments.

The woman pled guilty to Social Security fraud, and in July 2008 was sentenced to 2 years' probation. She was also ordered to pay restitution of \$3,107 to SSA (the remainder of the overpayment was administratively recovered by SSA).

Double Check Negotiation Project: Woman Convicted of Alleging Non- Receipt of SSI Checks on 38 Occasions

Our Cleveland, Ohio office investigated a woman who alleged non-receipt of her and her four children's SSI checks. The woman then cashed both the original and replacement checks on 38 different occasions, resulting in a fraud loss of \$20,646. As part of the investigation, the woman provided a written statement admitting that she cashed two checks for the same month on numerous occasions for both herself and while acting as representative payee for her four children.

In June 2008, after pleading guilty to theft of public money, the woman was sentenced to 1 year of probation. Restitution was not ordered because SSA had already administratively recovered the overpayment by withholding monthly benefits.

Value Attained Through Legal Initiatives

OCIG's efforts to administer that portion of the CMP program which deals with violators of Section 1129 of *the Act* maximize the resources available to us and create a positive return on 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*. In addition, CMPs may be used to penalize representative payees for wrongful conversion of payments made under the Social Security programs, and to penalize individuals who knowingly withhold a material fact from SSA. After consultation with the DoJ, OCIG is authorized to impose penalties of up to \$5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment.

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



False Statements Under Section 1129 Results			
	10/01/07 – 3/31/08	4/01/08 – 9/30/08	FY 2008
Cases Received	372	1,771	2,143
Cases Initiated	273	234	507
Cases Closed	412	740	1,152
Penalties and Assessments	\$3,089,931	\$3,450,425	\$6,540,356
Number of Hearings Requested	16	10	26

California Woman Conceals Work to Collect Over \$80,000 in Disability Benefits

A California woman made four false statements in documents submitted to SSA between February 2003 and March 2006 regarding her work activity. The woman consistently indicated that she had not performed any work since becoming entitled to disability benefits in 1997. An OIG investigation revealed that she worked for at least six different employers between 1999 and 2003. In some cases, she had worked multiple jobs at one time.

Due to her false statements, the woman received benefits totaling \$81,875 for which she was not eligible. Although OCIG attempted to enter into settlement negotiations with the woman, she failed to cooperate. OCIG attorneys eventually imposed a penalty of \$10,000 and an assessment in lieu of damages for \$81,875, for a total CMP of \$91,875.

Woman Assessed \$52,227 CMP for Collecting Deceased Mother's Benefits for 3 Years

A Massachusetts woman who shared a bank account with her mother continued to receive her mother's Social Security benefits via direct deposit into a joint account after the mother died in October 2004 until July 2007. The woman failed to notify SSA of her mother's death or the continuing deposits, and she used the benefits for her own personal gain.

We were alerted to the misuse and initiated a CMP action. The woman ultimately entered into a settlement agreement in which she agreed to pay a penalty of \$15,000, in addition to an assessment in lieu of damages of \$37,227, for a total CMP of \$52,227.

Man Assessed \$50,000 CMP for Concealing Work while Receiving SSI Disability

A Texas man concealed his work activity and income to continue receiving SSI benefits.



The subject operated an auto repair shop in Texas from September 2001 – September 2006. During this time, he attested to SSA on four separate occasions that he had no income, no significant resources, and that he was not working. We were alerted to the fraud and initiated an investigation. Ultimately, OCIG attorneys imposed a penalty of \$20,000, and an assessment in lieu of damages of \$30,000, for a total CMP of \$50,000. The man did not challenge the imposition of the penalty, and it was therefore finalized by default in August 2008.

Man Assessed \$25,000 CMP for Feigning Disability

Our Baton Rouge CDI Unit investigated a 31-year-old man who applied for SSI disability due to back, nerve, and learning disabilities. The man said his condition prevented him from driving a car and going out alone. In addition, he claimed to have trouble walking and reported that he had to rest often. The Louisiana DDS referred this case because at a previous consultative examination the doctor said the claimant appeared to be malingering.

Our CDI unit investigators observed the man walking several blocks and driving a vehicle alone. The man appeared to drive in a confident manner and to have no difficulty driving or walking. In addition, investigators were informed by local police officers that the man was frequently observed driving a vehicle. The DDS denied the claim, and in April 2008, OCIG attorneys imposed a \$25,000 CMP.

Woman Assessed CMP of \$34,000 for Numerous False Statements

Since 2003, a SSI recipient had submitted false statements to SSA regarding her marital status, living arrangements, investments/resources, and income. When questioned by SSA, she stated

that in order to pay her mortgage, her friends had deposited money into her checking account for her. SSA collected official documentation that indicated that her claims were false. Although the overpayment was only \$5,900, the woman ultimately agreed to a settlement of \$34,000, which included a substantial penalty due to the egregiousness of her numerous false statements.

Representative Payee Assessed CMP of \$35,000 for Fraudulently Collecting Benefits

A woman who served as representative payee for her nephew continued to cash his SSI checks after he had left her custody. The payee not only fraudulently accepted SSI payments to which she was not entitled, but she also double-negotiated eight of the checks; that is, she claimed she had never received the check, and then she cashed both the original and replacement checks, causing an overpayment. The representative payee told SSA that she cared for the child “every day,” and that the child only visited his father (who actually had custody) on the weekends. After being personally served with a CMP penalty letter by an OIG special agent, the woman failed to appeal a \$35,000 penalty, which became final by default.

New Jersey Nursing Assistant Agrees to CMP of \$30,000 for Engaging in Double Check Negotiation

OCIG assessed a \$30,000 penalty against a nursing assistant in New Jersey who engaged in double-check negotiation on behalf of her two minor children who received SSI. On nine occasions, the woman falsely stated that she had not received her children’s SSI benefit checks. An OIG investigation revealed that the woman had endorsed and negotiated both the original and replacement checks, causing a total overpayment



of \$21,972. During an interview, she admitted that she not only double-negotiated benefit checks, but also failed to report her earned income to SSA.

The woman agreed to make full restitution to SSA. OCIG then negotiated a CMP settlement in which the subject agreed to pay a \$30,000 penalty based on her false statements. Finally, SSA adjusted her children's continuing benefits based on the woman's unreported work activity as a certified nursing assistant.





PEOPLE

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

Budget

For FY 2008, our annual appropriation was \$92 million, which supported an end-of-year staffing level of 576. The salaries and benefits of our employees accounted for approximately 89 percent of our spending. We used the remaining 11 percent for necessary expenses such as travel, training, communications, reimbursable work authorizations and general procurements, as well as to provide for basic infrastructure needs such as rent and interagency service agreements. The FY 2008 budget supported our efforts to meet and exceed our expectations set forth in our *Strategic Plan for Fiscal Years 2006 – 2010, Third Edition*. The goals and accomplishments measured in our Strategic Plan are also published in the Annual Congressional Budget Justification.

Human Capital Planning and Management

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

Our human capital specialists and recruiters participate in job and career fairs nationwide. These events target underrepresented groups in the labor market, allowing us to maintain a truly diverse workforce. Once we identify the best candidates, we employ a structured interview process to fairly assess their qualifications. Through these efforts, we hired 49 employees during FY 2008.

Also during this reporting period, five participants in the inaugural OIG Leadership Development Program started their first rotational assignments.

Information Technology

We provide and maintain most of our own information technology (IT) systems. Our IT specialists value state-of-the-art tools and place a high priority on ensuring that our employees have the latest proven technologies with which to perform their work.

During this reporting period, OIG software specialists worked to improve mission critical OIG applications including implementation of additional enhancements to our National



Investigative Case Management System, which is already a model for investigative case management across the Federal Government. We have also automated other administrative and business processes and will continue to proceed in this direction to save both time and money.

In support of the President's goal to expand electronic services, we maintain an Internet website that is both informative and useful to the public. Citizens using our web-based services will find them easy to understand. A workgroup comprised of auditors, investigative personnel, attorneys, and administrative specialists continuously monitors the OIG website to ensure that all information is accurate and up-to-date.

Finally, our IT staff analyzes industry trends to find new technologies which may enhance our business processes. In FY 2008, for example, we have upgraded our systems infrastructure to provide ample, secure storage for application and user data. During this reporting period, we expanded our offsite data replication and failover capabilities in support of Continuity of Operations Planning. As part of these initiatives, we are utilizing virtual server technologies for reduced cost and increased efficiency.

Outreach Efforts

We are always seeking new ways to reach out to the wider Federal community as well as to members of the public. In a variety of venues, we share our mission of promoting integrity and excellence in Social Security programs and operations. These occasions are important opportunities to exchange information and forge partnerships. They also give us the chance

to educate and inspire public confidence in Federal programs.

During this reporting period, Inspector General Patrick P. O'Carroll spoke to conference attendees at SSA, as well as the National Association of Disability Examiners and the Association of Government Accountants. The following are other examples of outreach conducted by OIG officials and personnel.



An analyst in our Manpower and Administration Division assisted wounded military personnel at the Walter Reed Army Medical Center in Washington, D.C. He met with disabled soldiers who are preparing to leave the military and re-enter civilian life, and provided employment-related assistance as well as provided emotional support to these often severely wounded individuals.



Agents from our Des Moines, Iowa office participated in the development of the Iowa Public Safety Officers Welfare Fund. The fund is designed to financially help public safety officials and their families in times of crisis. Public safety officers include law enforcement, fire service, emergency medical technicians, and other first responders whose job is to provide the community with protection in times of danger, injury, or distress. Last year, during the fund's inaugural year, over \$5,000 was raised for the welfare fund, and \$1,500 was donated to needy families of public safety officers.



A member of our Atlanta office identified various families in West Virginia and provided clothing and other necessary items to supplement the Helping Hands Outreach efforts.



The Special Agent-in-Charge of the New York Field Division and the Resident Agent-in-Charge of our Iselin, New Jersey office gave a presentation on “Identity Theft and Crimes Against the Elderly” to senior citizens of the Crane’s Mills Retirement Community in West Caldwell, New Jersey as part of the community outreach project of the West Caldwell Police Department.



An agent from our Milwaukee office helped organize and participated in the 2008 Wisconsin Police Unity Tour. This activity was established to raise money for and provide awareness of the National Law Enforcement Memorial in Washington, D.C.

Hurricane Response Efforts

We continue to be actively involved in pursuing investigations of fraud related to Hurricanes Katrina and Rita and helping SSA prepare for similar events in the future. Because the SSN is a key identifier for various disaster assistance programs, we have been a critical partner in multi-agency investigations of this type of fraud. In fact, we have assigned an agent to the DOJ’s Hurricane Katrina Fraud Task Force in Louisiana, where we have been involved in numerous joint investigations of hurricane-related fraud.

As part of the Task Force, OI has secured six indictments and seven convictions of individuals for hurricane-related fraud during this reporting period. Since the inception of the Task Force, OI has opened 71 investigations, and secured 58 indictments and 52 convictions of individuals for hurricane-related fraud. Following are highlights of our

hurricane-related investigative activity during this reporting period.

California Woman Fraudulently Applied for Hurricane Katrina Disaster Assistance

Acting on information received from the Department of Homeland Security (DHS) OIG, our Fairfield office investigated a woman for using another person’s SSN to apply for and receive Hurricane Katrina disaster assistance from the Federal Emergency Management Agency (FEMA). The woman was living in California and receiving public assistance at the time of the disaster.

The woman pled guilty to making false claims to a Federal Government agency and credit application fraud, and was sentenced in July 2008 to 25 months in prison and 60 months’ probation. She was also ordered to pay restitution of \$4,358 to FEMA.

Louisiana Woman Files False Disaster Unemployment Assistance Claims

As part of the Hurricane Katrina Task Force, our Baton Rouge office participated in a joint investigation with the Department of Labor OIG, U.S. Postal (LDOL) during FEMA relief efforts. The woman filed false Disaster Unemployment Assistance claims for herself and others using false names and SSNs. Moreover, she conspired with a LDOL employee to process the fraudulent applications. Three additional co-conspirators participated and benefited from the scheme.

The woman and three co-conspirators pled guilty and were sentenced in April 2008. The ringleader pled guilty to mail fraud and aggravated identity theft and was sentenced to 4.5 years in prison and 3 years’ supervised



release. She was also ordered to pay restitution of \$150,233 to LDOL. The first co-conspirator pled guilty to wire fraud and SSN misuse, and was sentenced to 4 months in prison, 4 months of home detention with electronic monitoring, and 3 years' supervised release. She was also ordered to pay restitution of \$61,347 to LDOL. The second co-conspirator pled guilty to wire fraud and SSN misuse, and was sentenced to 4 months' home detention and 5 years' probation, and was ordered to pay restitution to LDOL of \$32,772. The third co-conspirator pled guilty to access device fraud, and was sentenced to 5 years' probation and ordered to pay restitution of \$7,742 to LDOL. The LDOL employee is scheduled to be sentenced at a later date.

Man Cashes Original and Replacement Disaster Assistance Checks

Acting on a referral from the DHS OIG, our Birmingham office investigated a 68-year-old man entitled to Title II retirement and SSI aged benefits. The investigation revealed that the man received and cashed FEMA disaster assistance checks and then claimed that the checks were never received. He then negotiated the original and replacement checks. Investigators also determined that the man worked in 2007 for an automotive company and failed to report his work activity to SSA. Due to his work, the man was overpaid \$1,866 in SSI benefits.

The man pled guilty to making a false claim, and was sentenced in June 2008 to 5 years' probation, and as a special condition of probation he was ordered to serve 60 days at a Residential Re-Entry Center. He was also ordered to pay restitution of \$9,739 to FEMA. The SSI overpayment will be administratively recovered by SSA.

A SPECIAL THANK YOU

THE DILIGENT WORK,
OUTSTANDING EFFORTS,
AND MANY CONTRIBUTIONS
OF OUR ENTIRE OIG STAFF
MAKE THE ACCOMPLISHMENTS
HIGHLIGHTED IN THIS
SEMIANNUAL REPORT TO
CONGRESS POSSIBLE.

WE WOULD LIKE TO THANK
THEM FOR THEIR DEDICATED
SPIRIT AND MANY
SUCCESSSES.



REPORTING REQUIREMENTS
AND
APPENDICES



REPORTING REQUIREMENTS

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

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies	8-35
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	9-12, 20-23
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	8, 12-19, 24-28, 34-35
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	9-12, 20-23
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, 2008 – September 30, 2008			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	13	\$649,135,765	\$1,822,600
B. Which were issued during the reporting period.	19 ^a	\$1,777,001,594	\$272,795
Subtotal (A + B)	32	\$2,426,137,359	\$2,095,395
Less:			
C. For which a management decision was made during the reporting period.	14	\$1,101,143,831	\$0
i. Dollar value of disallowed costs.	12	\$401,417,863	\$0
ii. Dollar value of costs not disallowed.	2	\$699,725,968	\$0
D. For which no management decision had been made by the end of the reporting period.	19	\$1,324,993,528	\$2,095,395

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



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

Reports with Recommendations that Funds Be Put to Better Use Reporting Period April 1, 2008 – September 30, 2008		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	7	\$313,655,191
B. Which were issued during the reporting period.	12 ^a	\$808,874,654
Subtotal (A + B)	19	\$1,118,414,597
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.	6	\$238,893,183
(a) Based on proposed management action.	6	\$238,893,183
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	3	\$325,607,380
Subtotal (i + ii)	9	\$564,500,563
D. For which no management decision had been made by the end of the reporting period.	10	\$553,914,034

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, 2007 – September 30, 2008		
Audit Number	Report	Issue Date
A-02-07-17049	The Effectiveness of the Social Security Administration's 800-Number Automation Service	10/19/2007
A-14-07-17102	Follow-up on the Social Security Administration's Monitoring of Potential Employee Systems Security Violations	10/29/2007
A-77-08-00002	Management Advisory Report: Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2006	11/1/2007
A-02-08-18061	Inspector General Statement on the Social Security Administration's Major Management Challenges	11/7/2007
A-15-07-17124	Fiscal Year 2007 Financial Statement Audit Oversight	11/7/2007
A-07-07-17055	Social Security Administration's Controls over Rediscounts of Sensitive Information in the Kansas City Region	11/28/2007
A-77-08-00003	Management Advisory Report: Single Audit of the State of Washington for Fiscal Year Ended June 30, 2006	11/28/2007
A-77-08-00004	Management Advisory Report: Single Audit of the State of Wisconsin for Fiscal Year Ended June 30, 2006	11/28/2007
A-77-08-00005	Management Advisory Report: Single Audit of the State of Colorado for Fiscal Year Ended June 30, 2006	11/28/2007
A-04-07-27112	Controls for Issuing Social Security Number Verification Printouts	12/5/2007
A-77-08-00006	Management Advisory Report: Single Audit of the State of Alabama for Fiscal Year Ended June 30, 2006	12/21/2007
A-77-08-00007	Management Advisory Report: Single Audit of the State of New Jersey for Fiscal Year Ended June 30, 2006	12/21/2007
A-15-08-28105	Congressional Response - Unimplemented Audit Recommendations Since January 2001	1/31/2008
A-05-07-17082	Compliance with Disability Determination Services Security Review Requirements	2/6/2008
A-07-07-17072	Administrative Law Judges' Caseload Performance	2/6/2008
A-77-08-00008	Management Advisory Report: Single Audit of the State of Illinois for Fiscal Year Ended June 30, 2006	2/13/2008
A-77-08-00009	Management Advisory Report: Single Audit of the State of New York for Fiscal Year Ended March 31, 2006	2/13/2008
A-77-08-00010	Management Advisory Report: Single Audit of the State of Connecticut for Fiscal Year Ended June 30, 2006	2/13/2008
A-15-07-17061	Process for Awarding Sole Source Acquisitions	2/14/2008
A-08-07-17151	Administrative Costs Claimed by the Alabama Disability Determination Service	2/29/2008



Reports with Non-Monetary Findings October 1, 2007 – September 30, 2008		
Audit Number	Report	Issue Date
A-15-07-27176	Administrative Costs Claimed by the Connecticut Disability Determination Services	2/29/2008
A-04-07-17084	Partnership for Strong Families, an Organizational Representative Payee for the Social Security Administration	3/14/2008
A-06-08-18005	The Appeals Process for Medicare Part D Low-Income Subsidy Eligibility Determinations	3/14/2008
A-08-07-17143	Follow-up: Assessment of the Enumeration at Entry Process	3/20/2008
A-15-08-28012	Performance Review of the Social Security Administration's Contract with E-Structors, Inc. For the Disposal of Sensitive Documents (Limited Distribution)	3/20/2008
A-77-08-00011	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2004	3/28/2008
A-77-08-00012	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2005	3/28/2008
A-13-07-17074	Follow-up: The Social Security Administration's Management of Its Federal Employees' Compensation Act Program	3/31/2008
A-12-08-28037	Association of Administrative Law Judges' Training Conference Costs	4/7/2008
A-03-07-17064	On-site Security Control and Audit Reviews at Program Service Centers	4/17/2008
A-06-07-17047	Social Security Administration Employees Acting as Representative Payees	4/18/2008
A-15-07-17132	Performance Indicator Audit: Hearings and Appeals	4/18/2008
A-15-07-17155	Assessing the Application Controls for the Social Security Administration's Modernized Claims Systems and National Disability Determination Services System	4/23/2008



Reports with Non-Monetary Findings October 1, 2007 – September 30, 2008		
Audit Number	Report	Issue Date
A-01-05-25124	Joint Social Security and Canadian Beneficiaries Residing in the United States	5/2/2008
A-08-08-18026	Removing Social Security Numbers from Medicare Cards	5/2/2008
A-15-07-17126	Performance Indicator Audit: Earnings Information	5/2/2008
A-08-07-17044	Assignment of Social Security Numbers to Noncitizens with Fiancé Visas	5/6/2008
A-15-07-17130	Performance Indicator Audit: Postentitlement Actions	5/16/2008
A-08-08-18058	The Social Security Administration's Compliance with Intelligence Reform and Terrorism Prevention Act of 2004	5/21/2008
A-06-08-18042	Personally Identifiable Information Made Available to the General Public Via the Death Master File	6/4/2008
A-13-07-27164	Follow-up: The Social Security Administration's Internal Use of Employees' Social Security Numbers	6/9/2008
A-05-08-28106	Quick Response Evaluation: Timeliness of Medical Evidence at Hearing Offices	6/13/2008
A-03-07-17067	Follow-up: The Social Security Administration's Processing of the Internal Revenue Service's Overstated Wage Referrals	6/16/2008
A-06-07-27156	Benefit Payments in Instances Where the Social Security Administration Removed a Death Entry from the Beneficiary's Record	6/19/2008
A-06-08-28112	Congressional Response Report: Social Security Administration Payments Sent to Payday Loan Companies	6/24/2008
A-15-08-28031	Congressional Response Report: Financial Institutions Deducting Fees and Garnishments from Social Security Benefits	7/2/2008



Reports with Non-Monetary Findings October 1, 2007 – September 30, 2008		
Audit Number	Report	Issue Date
A-02-07-17131	Performance Indicator Audit: Disability Determination Services Processing	7/11/2008
A-13-08-18029	The Social Security Administration Field Offices' Training of Staff	7/28/2008
A-13-08-30117	Quick Response Evaluation: Evaluation of the Knowledge Management Website	7/31/2008
A-15-08-28120	Quick Response Evaluation: Connecticut Department of Social Services' Request for Additional Funding	7/31/2008
A-14-08-18020	The Social Security Administration's Consulting Services Contract for the Time Allocation System	8/5/2008
A-07-08-28094	Congressional Response Report: Administrative Law Judge and Hearing Office Performance	8/8/2008
A-14-08-28113	Quick Response Evaluation: The Social Security Administration's Electronic Government Services	8/11/2008
A-15-08-28114	Congressional Response Report: Disability Determination Services Disability Decisions	8/14/2008
A-06-08-18015	Beneficiary and Recipient Use of "In Care of" Addresses	8/19/2008
A-09-07-27154	Social Security Cards Mailed to the Social Security Administration's Field Offices	8/19/2008
A-15-08-18086	Cherry Engineering Support Services, Inc., Indirect Cost Rate Proposal for Fiscal Year 2006 (Limited Distribution)	8/21/2008
A-14-08-18064	The Social Security Administration's Implementation of Internet Protocol Version 6	8/27/2008
A-15-07-17089	Effectiveness of the Social Security Statement in Correcting Earnings Records	8/27/2008



Reports with Non-Monetary Findings October 1, 2007 – September 30, 2008		
Audit Number	Report	Issue Date
A-14-08-18014	The Social Security Administration's Enterprise-Wide Infrastructure Contract	9/2/2008
A-08-08-28118	Quick Response Evaluation: Controls Over the Social Security Administration's Celebrity File (Limited Distribution)	9/9/2008
A-13-08-18030	Social Security Administration Field Offices' Management of Allegations	9/15/2008
A-06-08-28076	Risks Posed by Digital Photocopiers Used in Social Security Administration Offices	9/18/2008
A-13-08-28009	Administrative Wage Garnishment	9/18/2008
A-06-08-18035	Automated One-Time Payments	9/19/2008
A-14-08-18063	Fiscal Year 2008 Evaluation of the Social Security Administration's Compliance with the Federal Information Security Management Act	9/19/2008
A-15-08-18033	The Social Security Administration's Contract with Unified Consultants Group, Inc., Contract Number SS00-05-60015	9/26/2008
A-77-08-00013	Management Advisory Report: Single Audit of the State of Iowa for the Fiscal Year Ended June 30, 2007	9/26/2008
A-03-07-27152	Social Security Number Misuse for Work and the Impact on the Social Security Administration's Master Earnings File	9/29/2008
A-06-08-18034	Administrative Costs Claimed by the New Mexico Disability Determination Services	9/29/2008
A-12-08-28036	Hearing Office Remand Processing	9/29/2008
A-05-08-28110	Quick Response Evaluation: Individuals Withdrawing Title II Benefit Applications	9/30/2008
A-14-08-18018	Reliability and Accuracy of the Social Security Administration's Exhibit 300 Submissions to the Office of Management and Budget	9/30/2008



Reports with Questioned Costs October 1, 2007 – September 30, 2008			
Audit Number	Issue Date	Report	Dollar Amount
A-09-07-17119	10/25/2007	Controls over Miscellaneous Payments Made Through the Single Payment System	\$105,690,039
A-77-08-00001	11/1/2007	Management Advisory Report: Single Audit of the State of Florida for the Fiscal Year Ended June 30, 2006	\$47,065
A-01-07-27116	12/12/2007	Social Security Administration Employees Receiving Benefits	\$245,311
A-01-06-15069	12/13/2007	Administrative Costs Claimed by the Rhode Island Disability Determination Services	\$1,751,060
A-06-06-16135	2/19/2008	The Social Security Administration's Income and Resource Verification Process for Individuals Applying for Help with Medicare Prescription Drug Plan Costs	\$473,494,350
A-01-07-17038	3/14/2008	Follow-up on the Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers	\$7,577,002
A-09-07-17134	3/14/2008	Adjustment of Disabled Wage Earners' Benefits at Full Retirement Age	\$43,074,961
A-15-08-18019	3/20/2008	The District of Columbia Disability Determination Division's Internal Controls over the Accounting and Reporting of Administrative Costs	\$224,354
A-02-07-27077	3/27/2008	The Henry Ittleson Center - An Organizational Representative Payee for the Social Security Administration	\$32,700
A-01-06-15068	4/23/2008	Organizational Representative Payees Reporting Beneficiaries' Deaths	\$901,040
A-01-07-17036	4/23/2008	Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States	\$226,231,618



Reports with Questioned Costs October 1, 2007 – September 30, 2008			
Audit Number	Issue Date	Report	Dollar Amount
A-01-07-27109	5/19/2008	Supplemental Security Income Recipient Marriages Not Reported to the Social Security Administration	\$24,753,496
A-01-08-28116	5/22/2008	Quick Response Evaluation: Underpayments to Widows	\$95,061,451
A-09-07-17160	6/9/2008	Underpayments Payable on Behalf of Terminated Title II Beneficiaries	\$445,337,353
A-07-07-17170	6/19/2008	Administrative Costs Claimed by the Nebraska Disability Determination Services	\$229,519
A-01-07-17039	7/2/2008	Title II Benefits to Fugitive Felons and Probation or Parole Violators	\$78,850,962
A-01-08-18022	7/23/2008	Supplemental Security Income Recipients with Excess Income and/or Resources	\$408,904,995
A-04-07-17059	8/13/2008	Accuracy of Title II Disability Insurance Benefits Processed with Workers' Compensation Settlements	\$26,000
A-03-07-17090	8/14/2008	Unprocessed Manual Recalculations for Title II Payments	\$4,954,180
A-07-08-18039	8/28/2008	Individual Volume Representative Payee in Topeka, Kansas	\$33,521
A-09-08-28045	9/2/2008	Hawaii Department of Human Services – An Organizational Representative Payee for the Social Security Administration	\$730,750
A-02-08-18074	9/5/2008	Status of Title II Installment Agreements	\$15,371,240
A-04-07-17078	9/9/2008	Accuracy of Title II Disability Insurance Benefit Triennial Redeterminations for 2006	\$19,304,580
A-04-08-28040	9/9/2008	Help Group Services, Inc., a Fee-for-Service Representative Payee for the Social Security Administration	\$229,792



Reports with Questioned Costs			
October 1, 2007 – September 30, 2008			
Audit Number	Issue Date	Report	Dollar Amount
A-09-07-27010	9/10/2008	Dually Entitled Beneficiaries who are Subject to Government Pension Offset and the Windfall Elimination Provision	\$454,662,520
A-02-08-18050	9/11/2008	Controls Over the Social Security Administration's Transit Subsidy Program	\$3,530
A-09-07-17135	9/22/2008	The Social Security Administration's Computation of Delayed Retirement Credits	\$1,658,839
A-02-07-17050	9/30/2008	Medical Consultant Contracts	\$29,003
TOTAL			\$2,409,411,231



Reports with Funds Put to Better Use

October 1, 2007 – September 30, 2008

Audit Number	Issue Date	Report	Dollar Amount
A-01-07-27116	12/12/2007	Social Security Administration Employees Receiving Benefits	\$124,176
A-15-07-17095	1/11/2008	The Social Security Administration's Ability to Reach Individuals Using the Social Security Statement	\$1,911,000
A-04-07-17028	1/22/2008	Adjustment of Overpayment Balances Related to Title II Critical Payments	\$14,040,881
A-06-06-16135	2/19/2008	The Social Security Administration's Income and Resource Verification Process for Individuals Applying for Help with Medicare Prescription Drug Plan Costs	\$223,594,840
A-09-07-17134	3/14/2008	Adjustment of Disabled Wage Earners' Benefits at Full Retirement Age	\$68,088,960
A-09-07-17103	3/20/2008	Administrative Costs Claimed by the Washington Disability Determination Services	\$1,516,055
A-15-08-18019	3/20/2008	The District of Columbia Disability Determination Division's Internal Controls over the Accounting and Reporting of Administrative Costs	\$264,031
A-07-07-17136	4/14/2008	Administrative Costs Claimed by the Colorado Disability Determination Services	\$77,659
A-01-07-17036	4/23/2008	Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States	\$100,496,485
A-01-07-27109	5/19/2008	Supplemental Security Income Recipient Marriages Not Reported to the Social Security Administration	\$7,112,193
A-01-08-28116	5/22/2008	Quick Response Evaluation: Underpayments to Widows	\$211,325,654



<p style="text-align: center;">Reports with Funds Put to Better Use October 1, 2007 – September 30, 2008</p>			
Audit Number	Issue Date	Report	Dollar Amount
A-01-08-18022	7/23/2008	Supplemental Security Income Recipients with Excess Income and/or Resources	\$169,162,807
A-02-07-17048	8/11/2008	Ticket to Work and Self-Sufficiency Program Cost Effectiveness	\$138,000,000
A-03-07-17090	8/14/2008	Unprocessed Manual Recalculations for Title II Payments	\$1,237,060
A-04-08-18013	8/20/2008	Administrative Costs Claimed by the Georgia Disability Adjudication Services	\$29,914
A-04-07-17078	9/9/2008	Accuracy of Title II Disability Insurance Benefit Triennial Redeterminations for 2006	\$4,753,686
A-09-07-27010	9/10/2008	Dually Entitled Beneficiaries who are Subject to Government Pension Offset and the Windfall Elimination Provision	\$53,219,100
A-07-07-17052	9/19/2008	The Social Security Administration's Use of Administrative Sanctions in the Old-Age, Survivors and Disability Insurance Program	\$123,458,884
A-02-07-17050	9/30/2008	Medical Consultant Contracts	\$1,212
TOTAL			\$1,118,414,597



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

To meet the requirements of the *Omnibus Consolidated Appropriations Act of 1997*, P.L. 104-208, we are providing requisite data for the second half of FY 2008 from the Offices of Investigations and Audit in this report and aggregate data for FY 2008.

OFFICE OF INVESTIGATIONS

We are reporting over \$38 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	\$5,731,555	\$5,903,778	\$5,308,404	\$6,031,408	\$22,975,145
Recoveries	\$13,420,798	\$10,156,052	\$9,338,825	\$7,124,539	\$40,040,214
Fines	\$990,585	\$1,392,621	\$1,490,091	\$1,408,704	\$5,282,001
Settlements/ Judgments	\$305,704	\$299,826	\$704,369	\$322,843	\$1,632,742
TOTAL	\$20,448,642	\$17,752,277	\$16,841,689	\$14,887,494	\$69,930,102

OFFICE OF AUDIT

SSA management has informed us that it has completed implementing recommendations from 17 audit reports during this time period valued at over \$803 million.

QUICK RESPONSE EVALUATION: UNDERPAYMENTS TO WIDOWS (A-OI-08-28116, 5/22/2008)

No Recommendation – SSA took action during the audit on actual findings. The implemented value of this recommendation is \$211,325,654.



SUPPLEMENTAL SECURITY INCOME RECIPIENTS WITH AUTOMATED TELLER MACHINE WITHDRAWALS INDICATING THEY ARE OUTSIDE THE UNITED STATES (A-01-07-17036, 4/23/2008)

We recommended that SSA assess the feasibility of obtaining electronic bank statement information to include transaction-level data so that foreign transactions may be identified and investigated for possible residency violations. The implemented value of this recommendation is \$100,496,485.

THE DISTRICT OF COLUMBIA'S DISABILITY DETERMINATION DIVISION'S (DC DDD) INTERNAL CONTROLS OVER THE ACCOUNTING AND REPORTING OF ADMINISTRATIVE COSTS (A-15-08-18019-04, 3/20/2008)

We recommended that SSA request the DC DDD to reduce the unliquidated medical obligations by \$176,846 and the unliquidated occupancy obligations by \$87,185.

SOCIAL SECURITY ADMINISTRATION EMPLOYEES RECEIVING BENEFITS (A-01-07-27116, 12/12/2007)

No Recommendation – SSA took action during the audit on actual findings. The implemented value of this recommendation is \$124,176.

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

We recommended that SSA determine whether Office of Quality Performance (OQP) should continue the practice of removing records selected by the Earnings Enforcement Operation (EEO). If SSA determines OQP should continue this practice, it needs to establish management oversight of this workload to ensure it is accurately processed in a timely manner.. The implemented value of this recommendation is \$116,226,713.

AN INDIVIDUAL REPRESENTATIVE PAYEE FOR THE SOCIAL SECURITY ADMINISTRATION IN THE SAN FRANCISCO REGION (A-09-07-17063, 7/3/2007)

We recommended that SSA ensure that the Representative Payee use actual rather than estimated expenses to complete the Representative Payee Reports for all beneficiaries in its care. The implemented value of this recommendation is \$3,349.

CROSS-PROGRAM RECOVERY OF BENEFIT OVERPAYMENTS (A-13-06-16031, 6/22/2007)

We recommended that SSA comply with its policy for mandatory cross-program recovery of Supplemental Security Income (SSI) overpayments. The implemented value of this recommendation is \$4,563,657.



CONTRACT FOR THE MIGRATION OF I.LEVY SOFTWARE AT DISABILITY DETERMINATION SERVICES (LIMITED DISTRIBUTION) (A-07-07-17033, 5/24/2007)

We recommended that SSA continue to monitor the interest payments made on contracts and make additional improvements to its oversight process, when appropriate. The implemented value of this recommendation is \$3,000.

ADJUSTMENT OF WIDOW'S INSURANCE BENEFITS AT FULL RETIREMENT AGE (A-01-07-27122, 5/14/2007)

We recommended that SSA review the 10,210 cases in our population and take action to pay the additional amounts due the widows. The implemented value of this recommendation is \$137,808,597.

ADMINISTRATIVE COSTS CLAIMED BY THE COMMONWEALTH OF PUERTO RICO DISABILITY DETERMINATION PROGRAM (A-06-06-16117, 3/26/2007)

We recommended that SSA ensure unliquidated obligations totaling \$465,323 in FY 2004 and \$641,927 in FY 2005 are reviewed and obligations no longer valid are deobligated.

DIRECT DEPOSITS FOR MULTIPLE TITLE XVI RECIPIENTS INTO THE SAME BANK ACCOUNT (A-02-06-25141, 3/23/2007)

We recommended that SSA pursue recovery efforts, as warranted, for overpayments identified in this report. The implemented value of this recommendation is \$264,390.

IMPACT OF STATUTORY BENEFIT CONTINUATION ON DISABILITY INSURANCE BENEFIT PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15094, 12/21/2006)

We recommend that SSA enhance the business process to allow more timely decisions on medical cessation appeals. The implemented value of this recommendation is \$44,997,323.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHOSE MEDICARE BENEFITS WERE TERMINATED DUE TO DEATH (A-01-06-26105, 11/14/2006)

We recommended that SSA review the cases in our audit population and take appropriate action to terminate the Supplemental Security Income (SSI) payments for the deceased individuals and remove the erroneous death information for those individuals who are alive and reinstate their Medicare benefits. The implemented recommendation is valued at \$237,103.



SURVIVOR BENEFITS PAID IN INSTANCES WHEN THE SOCIAL SECURITY ADMINISTRATION REMOVED THE DEATH ENTRY FROM A PRIMARY WAGE EARNER'S RECORD (A-06-06-26020, 9/26/2006)

We recommended that SSA perform death verifications for each of the 307 records with survivor benefit payments identified in the report and take appropriate action. The implemented value of this recommendation is \$4,600,155.

IMPACT OF STATUTORY BENEFIT CONTINUATION ON SUPPLEMENTAL SECURITY INCOME PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15095, 5/10/2006)

We recommended that SSA remind SSA components of the proper procedures for terminating SSI benefits following medical cessation decisions. We also recommended that SSA components enhance the business process to allow more timely decisions on medical cessation appeals. The implemented value of these recommendations are \$172,648,516.

COLLECTION OF OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS TO REPRESENTATIVE PAYEES FOR DECEASED BENEFICIARIES (A-13-03-13049, 7/21/2004)

We recommended that SSA identify and refer all eligible delinquent representative payee OASDI overpayment debts to Treasury's Financial Management Service for tax refund and administrative offset. The implemented value of this recommendation is \$2,278,241.

AUDIT OF THE ADMINISTRATIVE COSTS CLAIMED BY THE KANSAS DISABILITY DETERMINATION SERVICES (KS DDS) (A-07-02-22003, 10/23/2002)

We recommend that SSA instruct KS-DDS and Kansas Department of Social Rehabilitation Services (KS-SRS) to amend the KS-SRS Cost Allocation Plans for FYs 2001, 2002, and future years to reflect an equitable distribution of indirect costs to SSA. The implemented value of this recommendation is \$6,138,225.



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
2006	578	\$18,817,909	\$1,447,402
2007	655	\$26,435,626	\$898,764 ¹
2008	765	\$22,975,145	See Footnote ²
TOTAL	1,998	\$68,228,680	\$2,346,166

¹Reflects collection for October 1, 2006– June 30, 2007.

²DOJ advised it is currently migrating collection data to a new computer system and the data is unavailable at this time. Last available collection data is for the period ending June 30, 2007.

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2006	1,865	\$35,492,314
2007	2,514	\$44,081,776
2008	1,862	\$40,040,214
TOTAL	6,241	\$119,614,304



OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA's management officials and was current as of September 30, 2008.

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
2006	24	\$1,373,740,596	\$1,245,415,125	\$1,235,508,053	\$129,567,145	\$8,665,398
2007	36	\$1,261,104,045 ¹	\$878,975,863	\$495,515,015	\$363,745,310	\$401,843,720
2008	28	\$2,409,411,231	\$397,388,047	\$177,244,085	\$699,725,968	\$1,532,441,178
TOTAL	88	\$5,044,255,872	\$2,521,779,035	\$1,908,267,153¹	\$1,193,038,423	\$1,942,950,296

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



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

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

Results of Review: Our audit disclosed that SSA did not adjust the benefit payments for all beneficiaries who were subject to AET. Based on a random sample of 250 beneficiaries for Calendar Years 2002 through 2004, we found SSA overpaid \$393,117 to 112 beneficiaries and underpaid \$44,264 to 16 beneficiaries. As a result, we estimate SSA overpaid about \$313 million to 89,300 beneficiaries and underpaid about \$35 million to 12,800 beneficiaries. These payment errors primarily occurred because SSA did not process all records identified by its Earnings Enforcement Operation.

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

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

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that its draft strategy for handling pending TIER II enforcement selections for tax years before 2004 continues to be evaluated. SSA developed a plan to process TIER II selections for tax years 2004 – 2005.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS ELIGIBLE AS DISABLED ADULT CHILDREN (DAC) UNDER THE OLD-AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM (A-13-07-17073, 4/30/2007)

Results of Review: Our objective was to determine whether Supplemental Security Income (SSI) recipients who previously received Old-Age, Survivors and Disability Insurance (OASDI) benefits as child beneficiaries were eligible for additional OASDI benefits.

Our analysis of information in SSA's Supplement Security and Master Beneficiary Records found there were SSI recipients who received OASDI benefits as child beneficiaries who appeared to be eligible for additional OASDI benefits. Of the 200 SSI recipients we reviewed, 137 appeared to be DAC cases and eligible for additional OASDI benefits. As such, we estimate about 4,047 of the 5,908 SSI recipients we identified may be eligible for additional OASDI benefits. In 2007, we estimated the OASDI underpayments due was about \$23 million.

Recommendation: SSA should determine whether the 5,908 Supplemental Security Income (SSI) recipients are eligible for Old Age Survivors and Disability Insurance (OASDI) benefits as Disabled Adult Children (DAC), and calculate the OASDI underpayments due the recipients as appropriate.



Valued at: \$22,937,603 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that its Office of Operations has recently identified a similar workload with much of the same criteria as that used to detect the 5,908 recipients included in this audit. All cases were released to the regions to work. As of December 31, 2007, approximately 30 percent of the cases are complete. Because of the complexity of these cases, the Agency has extended its deadline for completion of these cases to the end of calendar year 2008.



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

IMPACT OF STATUTORY BENEFIT CONTINUATION ON DISABILITY INSURANCE BENEFIT PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15094, 12/21/2006)

Recommendation: SSA should enhance the business process to allow more timely decisions on medical cessation appeals.

Valued at: \$44,997,323 in funds put to better use.

Corrective Action: SSA responded that its Office of Disability and Adjudication Review began the implementation of Electronic Continuing Disability Review (eCDR) decision processing beginning March 2008. Now implemented, Agency disability processing components will be electronically notified on hearing level Continuing Disability Review (CDR) decisions. Because the eCDR is now part of the broader Hearings Backlog Initiative Plan, the Agency is closing this recommendation.

IMPACT OF STATUTORY BENEFIT CONTINUATION ON SUPPLEMENTAL SECURITY INCOME PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15095, 5/10/2006)

Recommendation: SSA should enhance the business process to allow more timely decisions on medical cessation appeals.

Valued at: \$158,778,983 in funds put to better use.

Corrective Action: SSA responded that in his testimony to Congress on May 23, 2007, Commissioner Astrue announced that the Social Security Administration developed a plan to eliminate the backlog of hearing requests and prevent its recurrence. Since the Commissioner's presentation of his plan, the Office of Disability Adjudication and Review (ODAR) has taken an aggressive approach to implementing the numerous initiatives focused on improving hearing office procedures, increasing adjudicatory capacity, and increasing efficiency with automation and improved business processes. ODAR continues the commitment to implementing and developing the Commissioner's initiatives in important initiatives to support the electronic folder initiative, which is the centerpiece of process improvements and efficiencies.

Because the eCDR is now part of the broader Hearings Backlog Initiative Plan, the Agency is closing this recommendation.



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

CONTROLS OVER EMPLOYEE VERIFICATION PROGRAMS (A-03-06-15036, 9/4/2007)

Results of Review: We assessed the controls over SSA's employee verification programs. We found that SSA's Social Security Number Verification Service (SSNVS) had adequate access and monitoring controls. However, we found that SSA needed to establish more effective controls over access to its Employee Verification Service (EVS) programs, and that the Department of Homeland Security (DHS) needed to establish more effective controls over E-Verify. In addition, we determined that feedback responses provided to employers were inconsistent among the verification programs. Finally, we found that both EVS programs and DHS' E-Verify lacked effective controls related to monitoring employers' use of the programs. Because of the vulnerabilities and inconsistencies we found among these programs, SSA's data could be susceptible to unauthorized access as well as inadvertent disclosure of personally identifiable information to unauthorized users.

Recommendation: SSA should ensure feedback responses provided to employers for the four verification programs are consistent as it relates to (a) name and SSN matches and (b) death indicator responses.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that its current disclosure policy allows us to share the same data with employers via any SSN verification process. The routine use established for the applicable Privacy Act system of records, the SSN Master File (that is, Numident records), allows information from that system to be disclosed to employers consistent with their wage reporting responsibilities. Please note that feedback response differences between the Employment Eligibility Verification System (EEVS) and the various SSN verification processes were established for different purposes; therefore, it may be appropriate to maintain different matching protocols. EEVS was designed to verify work eligibility status (determined by citizenship status) and is driven by Department of Homeland Security needs. The other programs verify only the SSN, name and date of birth match (and check for death information) for wage reporting; citizenship status is not checked. We do note, however, that a future release of the Social Security Number Verification System (SSNVS) will return successful and unsuccessful matches to the user. This brings the functionality of EEVS and SSNVS in line with each other.

Lastly, the implementation of this recommendation could be affected by the outcomes for several pending developments concerning the EEVS program, as several States are enacting legislation requiring that employers use EEVS. Although comprehensive immigration reform



legislation did not pass, there are other pending legislative proposals mandating the use of EEVS. If the legislation is passed, or EEVS is otherwise implemented, the need for other SSN verification programs for employers may diminish, as all employers will be required to use EEVS for new hires.

THE SOCIAL SECURITY ADMINISTRATION'S INCIDENT RESPONSE AND REPORTING SYSTEM (A-14-07-17070, 8/3/2007)

Results of Review: We reviewed SSA's system and processes for detecting, reporting, and responding to security incidents to determine its compliance with Federal regulations and established standards and guidelines. We found SSA had established a framework for its incident response and reporting system. However, SSA did not appropriately identify and report all security incidents and had not appropriately included OIG in the incident response process.

Recommendation: SSA should align policy, procedures and practices for reporting personally identifiable information (PII) incidents including the Agency's escalation policy to the US- CERT.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that it will work to ensure practices and procedures for reporting and escalation of PII incidents align.

SOCIAL SECURITY ADMINISTRATION'S MANAGEMENT OF INFORMATION TECHNOLOGY PROJECTS (A-14-07-17099, 7/26/2007)

Results of Review: Our objective was to determine whether SSA received intended value for its information technology (IT) investment. We determined whether SSA had a process in place to determine whether its IT projects achieved planned functionality and cost savings. We found that SSA had developed an evaluation process to verify the planned functionality was delivered; however, its IT investment results were not independently verified after project completion to ensure the functionality and cost savings were ultimately achieved. SSA has not conducted full post-implementation reviews for its IT projects, as required by the Office of Management and Budget.

Recommendation: SSA should implement a Post Implementation Reviews (PIR) process as required by the Office of Management and Budget (OMB) and, to the extent possible, leverage SSA's current processes.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that its Office of the Chief Information Officer (OCIO) remains committed to carrying out PIRs subject to the availability of resources. OCIO intends to develop a PIR process that follows information technology (IT) investment throughout its life cycle, assessing the return on investment along the way, so incremental investment decisions are based on current assessments of resources invested and value returned, as well as better informed forecasts of future costs and benefits.



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

THE SOCIAL SECURITY ADMINISTRATION'S PROGRAM FOR ISSUING REPLACEMENT SOCIAL SECURITY CARDS TO PRISONERS (A-08-06-I6025, 7/I3/2006)

Recommendation: SSA should perform a review at each prison with which it is considering executing a Memoranda of Understanding (MOU) to ensure its procedures for establishing prisoner identity are sufficient to ensure SSN integrity and compliance with the intent of the *Intelligence Reform and Terrorism Prevention Act of 2004*.

Corrective Action: SSA responded that they will perform an onsite review at each prison facility during the negotiation process. Once SSA negotiates an agreement covering multiple facilities, as in an agreement with a State Department of Corrections, a site visit will be performed at one location that is representative of all State-run facilities.

SSA also reported that the prisoner enumeration workgroup developed a negotiators guide to use when SSA visits a prison facility. The guide contains specific guidelines to follow to ensure the facility maintains sufficient evidence of each inmate's identity in the prison files.

THE SOCIAL SECURITY ADMINISTRATION'S PROGRAM FOR ISSUING REPLACEMENT SOCIAL SECURITY CARDS TO PRISONERS (A-08-06-I6025, 7/I3/2006)

Recommendation: SSA should require that field offices perform annual onsite reviews of prison procedures for submitting prisoner replacement SSN applications and required evidence and take corrective action as needed.

Corrective Action: SSA responded that the prisoner enumeration workgroup decided to require an in depth investigation of the prison's procedures during the negotiation process. All MOUs are effective a maximum of 5 years. After implementation of the MOU, SSA will perform an audit of the facility when:

A schedule has been agreed upon (negotiable based on past relationship and familiarity with facility; or recommended after one year);

There is reason to believe that terms of MOU are not being followed; or

The MOU is scheduled to expire in 4 months and the facility is interested in renewing the agreement.

Given the limited resources in the regional and field offices, the workgroup considers this option to be a practicable alternative to scheduled annual audits.



GLOSSARY OF ACRONYMS

ALJ	Administrative Law Judge
ATM	Automated Teller Machine
CDI	Cooperative Disability Investigative
CMP	Civil Monetary Penalty
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
DMF	Death Master File
DoC	Department of Commerce
DoJ	Department of Justice
eServices	Electronic Services
ESF	Earnings Suspense File
FEMA	Federal Emergency Management Agency
FI	Financial Institution
FY	Fiscal Year
GPO	Government Pension Offset
GSA	General Services Administration
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
LDOL	Louisiana Department of Labor
MEF	Master Earnings File
NH	Numberholder
NPRM	Notice of Proposed Rulemaking
OA	Office of Audit
OCIG	Office of Counsel to the Inspector General
ODAR	Office of Disability Adjudication and Review
OER	Office of External Relations



GLOSSARY OF ACRONYMS (CONTINUED)

OI	Office of Investigations
OIG	Office of the Inspector General
OQAPR	Office of Quality Assessment and Professional Responsibility
OTRM	Office of Technology and Resource Management
PD	Police Department
PII	Personally Identifiable Information
REDET	Redetermination
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
the Act	Social Security Act
VA	Department of Veterans Affairs
WC	Workers Compensation
WEP	Windfall Elimination Provision





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