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APPROPRIATION LANGUAGE

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$30,000,000, together with not to exceed \$77,113,000, to be transferred and expended as authorized by section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the “Limitation on Administrative Expenses”, Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: Provided, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House of Representatives and the Senate.

Note. – A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended).

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2012 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$107,113,000 in total budget authority and 590 full-time equivalents (FTE). This is \$991,000 above the funding requested for the FY 2011 President's Budget.

The FY 2012 request provides resources needed to maintain the FY 2011 staffing level. The FY 2012 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for a 590 FTE staffing level, mandatory payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2012, and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security number (SSN) misuse. OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). This budget includes \$850,000 for training, which satisfies all FY 2012 training requirements for OIG. The Council of the Inspectors General on Integrity and Efficiency did not request a contribution for FY 2012 to support their activities. Additional funding under the American Recovery and Reinvestment Act of 2009 (ARRA) will provide OIG with resources to monitor the agency's use of ARRA funding for workload processing, Economic Recovery Payments, and replacing the NCC. This funding is available through 2012.

Table 4.1—Justification

	FY 2010 Actual ¹	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
FTE	583	590	590	+ 0
Appropriation	\$ 102,621,000	\$ 106,122,000	\$ 107, 113,000	+ \$ 991,000
ARRA ²	\$ 432,000	\$ 500,000	\$ 465,000	-\$ 35,000

¹ This column reflects actual obligations for FY 2010.

² The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligation for FY 2009 is \$603,000 and \$432,000 for FY 2010. The planned obligations for FY 2011 and FY 2012 are \$500,000 and \$465,000 respectively.

ONGOING INITIATIVES

Computer Forensic Investigations

Over the past several years, there has been a heightened awareness of the need for robust measures in the protection of government networks and the investigation of incidents of cyber crimes against those networks. With the creation of National Security Presidential Directive 54 and the emphasis placed on the Government's Trusted Internet Connection initiative, the protection of government networks has become a priority. OIG's Electronic Crimes Division (ECD) is charged with providing computer forensic support to the Office of Investigations and SSA. ECD is a partner in the agency's effort to protect Personally Identifiable Information (PII) stored within SSA's networks. However, with the increased focus on network security, ECD must enhance its abilities in the area of Computer Security and Incident Response. ECD seeks to develop the skills and hire personnel to maintain an effective Computer Security Incident Response Team. This team will provide investigative and security support to SSA in the event of a network intrusion.

OIG recognizes the potential for fraud against SSA through the use of computer technology. Techniques used to compromise computer systems are on the rise nationally as computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2012 budget request includes funds to provide our computer forensic investigators with the equipment, training, and software needed to combat computer crimes.

Homeland Security

OIG continues to make homeland security issues a priority with audit and investigative work that has both a direct and indirect impact on the Government's effort in this area. OIG's audits address the security of SSA's facilities and information, SSA's process for issuing SSNs, and the use and protection of SSNs. OIG investigates SSN misuse and identity theft and works to secure critical infrastructure sites, ensuring that individuals with access are not misrepresenting their identities and backgrounds. The widespread use of the SSN and the critical role that Social Security benefits play in the lives of so many Americans make OIG's efforts critical to the Government-wide fight against terrorism.

Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2010, these processes contributed significantly to the mission of OIG and Social Security. AMFED received 84,102 allegations. Through the development of referred allegations, SSA identified \$3,379,530 in benefit overpayments. AMFED matched 119,688 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for

apprehension and warrant verification. AMFED referred 43,382 fugitive subjects for benefit suspension. Through data-sharing efforts, 6,603 fugitives were apprehended.

Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of Sections 1129 and 1140 of the *Social Security Act*. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining Disability Insurance benefits or Supplemental Security Income (SSI) payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a misleading manner that falsely implies SSA's approval, endorsement, or authorization. In FY 2010, OIG's CMP program successfully closed 1,658 cases, resulting in penalties and assessments of almost \$4 million. In addition, OIG, in conjunction with the Department of Justice, successfully concluded a case under Section 1140, resulting in an agreement to pay a \$325,000 civil monetary penalty.

SSA'S SIGNIFICANT MANAGEMENT ISSUES

OIG annually identifies the most significant management issues facing SSA based on congressional mandates and its audit and investigative work. These issues are:

1. Implement the *American Recovery and Reinvestment Act* Effectively and Efficiently
2. Improve Customer Service
3. Improve the Timeliness and Quality of the Disability Process
4. Improve Transparency and Accountability
5. Invest in Information Technology (IT) Infrastructure to Support Current and Future Workloads
6. Reduce Improper Payments and Increase Overpayment Recoveries
7. Reduce the Hearings Backlog and Prevent its Recurrence
8. Strengthen the Integrity and Protection of the Social Security Number

A summary of each is discussed below:

Issue #1: Implement the *American Recovery and Reinvestment Act* Effectively and Efficiently

On February 17, 2009, the President signed into law the *American Recovery and Reinvestment Act of 2009* (ARRA) (Pub. L. No. 111-5). SSA was provided funds under ARRA to address three major efforts.

- \$500 million to replace SSA's NCC.
- \$500 million to process disability and retirement workloads, including IT acquisitions and research in support of these workloads.

- \$90 million to reimburse costs for processing a one-time economic recovery payment (ERP) of \$250 to millions of qualified individuals receiving Social Security and Supplemental Security Income (SSI) payments. (On August 10th, section 318 of Public L. No. 111-226 rescinded \$47,000,000 of the funds SSA received to administer the initial \$250 Economic Recovery Payments.)

We believe the timely replacement of the NCC and the capacity of SSA's computer systems continue to be major challenges for the agency. In FY 2010, we issued multiple reports on SSA's efforts to replace the NCC with a new data center. The timely completion of the new NCC is critical to SSA's ability to provide the level of service the American public expects and needs.

The agency used ARRA funds to hire staff and fund overtime work to address critical workloads. SSA's challenge was to hire and train sufficient personnel in a short period of time to enhance the agency's ability to eliminate the hearings backlog and prevent its recurrence, improve the speed and quality of its disability process, improve retiree and other core services, and preserve the public's trust in its programs. SSA also had a challenge to ensure its contractors paid with ARRA funds reported accurate information to FederalReporting.gov. Finally, SSA's assistance in providing one-time ERPs of \$250 to certain adult Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and SSI recipients continues to be a challenge. SSA had to ensure the beneficiaries met a number of criteria. SSA is also responsible for handling post-certification actions (for example, non-receipt reports, returned payments, and stop-payment actions) for the ERPs issued to its beneficiaries.

Issue #2: Improve Customer Service

SSA touches the lives of virtually all Americans. SSA provides benefits when there is the loss of a loved one, at the onset of disability, or during the transition from work to retirement. Therefore, we agree with SSA that a high level of customer service is essential to meet the public's needs and expectations.

SSA acknowledges that it has struggled to maintain the level of service the American people deserve. Many factors challenge SSA including shifting demographics, growing workloads, changing customer expectations, and an aging workforce. SSA is receiving increasing numbers of retirement and disability claims. In addition, SSA is finding that the public expects it to provide services in new ways made possible by technology. SSA is realigning several components and combining applications to address the changing needs of its customers and to balance workloads and resources.

Representative Payee Process

Providing oversight to ensure representative payees properly manage Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. SSA appoints a representative payee to receive and manage the benefits of beneficiaries who are incapable of managing or directing the management of their finances because of their youth, mental, or physical impairment.

SSA reported it revised the Representative Payee Monitoring Application to capture better management information about the problems it found and the outcomes of its reviews of representative payees. Additionally, SSA reported it developed a new model for the

representative payee accounting form, misuse, and monitoring processes. Finally, SSA took action to increase its oversight of representative payees who employ beneficiaries in their care by awarding a contract for 350 site reviews of employer-payees.

Automated Services

One of SSA's priorities is to provide the public with more service options through a wide range of online and automated services. In FY 2010, SSA introduced an online Medicare-only application. Also, SSA released a simplified electronic version of the Adult Disability Report, which has increased completion rates and cut the average completion time in half. In response to the President's Securing Americans' Value and Efficiency Award, SSA plans to implement an employee suggestion, which would allow individuals to schedule appointments for service online.

SSA's national 800-number, which handles about 68 million calls a year, now offers speech recognition that allows callers to speak their request to reduce time spent navigating through menu prompts and error-prone, touch-tone commands. In addition, SSA is using technology to forecast call volumes, anticipate staffing needs, and better distribute calls across the network.

Staffing

The projected retirement of its employees continues to present a challenge to SSA's customer service capability. SSA estimates that 50 percent of its employees, including 66 percent of its supervisors, will be eligible to retire by FY 2018. This loss of institutional knowledge may adversely affect SSA's ability to deliver the quality service the public expects.

To meet this challenge, SSA reported it hired about 8,600 new employees in FY 2009—the largest hiring effort since the creation of the SSI program over 35 years ago. In FY 2010, SSA again hired approximately 8,600 new employees. In addition, our review of SSA's hiring and training of IT specialists found that SSA uses a multitude of activities to attract, hire, train, and retain IT specialists.

Issue #3: Improve the Timeliness and Quality of the Disability Process

SSA is facing a considerable increase in initial and reconsideration claims. At the end of FY 2008, there were over 565,000 initial claims pending. In FY 2010, initial claims pending had grown to over 842,000, an increase of 49 percent over the FY 2008 year-end pending level. In addition, reconsideration claim receipts at the end of 2010 were 12 percent higher than the same period in FY 2009.

In addition to the increased receipts, some DDSs are facing high attrition rates, hiring freezes, and employee furloughs, all of which affect SSA's ability to process the disability workload. The increase in initial disability applications also forces the dedication of DDS resources to processing initial applications rather than conducting full medical continuing disability reviews. In April 2010, the Commissioner testified that SSA's plan is to reduce the initial claims backlog by FY 2014.

OIG will continue to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations (CDI) program. The CDI program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. The program is managed in a cooperative effort between SSA's Offices of Operations, the Inspector General, and State Disability Determination Services. Since the program's inception in FY 1998 to the end of

FY 2010, the 22 CDI units, operating in 19 States, have resulted in \$1.6 billion in projected savings to SSA's Title II and XVI disability programs and over \$967 million in projected savings to non-SSA programs.

Issue #4: Improve Transparency and Accountability

There have been a number of efforts to make Federal agencies more transparent and accountable. For example, the *Chief Financial Officers Act of 1990* (Pub. L. No. 101-576) provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and Congress in the financing, management, and evaluation of Federal programs. The *Government Performance and Results Act of 1993* (GPRA) (Pub. L. No. 103-62) sought to improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. Lastly, the President issued a memorandum on Transparency and Open Government on January 21, 2009. The memorandum instructed OMB to issue an Open Government Directive.

Transparency

SSA continued to develop GPRA-required Annual Performance Plans (APP), which include the agency's annual performance measures and goals. Over half of SSA's current performance measures do not measure the agency's progress on achieving its strategic goals and objectives. Also, while SSA defined some very specific long-term outcomes in its strategic plan, it is difficult for the public to understand SSA's progress in achieving those outcomes because performance measures and related goals are not tied to the long-term outcomes. We also found that some of SSA's key programs and activities were not addressed by performance measures. Neither SSA's *Strategic Plan* nor the APP contained a performance measure to publicly track SSA's progress in constructing a new data center, even though the *Strategic Plan* states that all the agency's plans depend on a strong 21st century data center to replace the aged NCC.

Accountability

Sound internal controls help ensure the agency is accountable to its mission and relevant laws, regulations, and policies. Internal control comprises the plans, methods and procedures used to meet missions, goals, and objectives. We reported a significant deficiency in SSA's internal control over information security in our FY 2010 *Report on Management's Assertion about the Effectiveness of Internal Control*. Specifically, SSA had not consistently complied with the policies and procedures on periodic reassessments of the content of security access profiles. Additionally, security permissions provided to some employees and contractors were in excess of access required to complete their job responsibilities. Lastly, SSA's mainframe operating system contained configurations that increased the risk of unauthorized access to key financial data and programs.

SSA must also ensure its contractors are held accountable to provide the services for which they were contracted. SSA enters into a number of contracts and provides a number of grants each year that help SSA obtain services and research, such as the development and the implementation of demonstration projects, digital document services, and research on disability and retirement issues. In FY 2010, SSA obligated over \$1.4 billion for contracts and grants. While OIG reviews found that SSA received what it paid for based on the contracts reviewed, OIG also found that SSA's oversight of contracts and grants could be improved.

Issue #5: Invest in Information Technology Infrastructure to Support Current and Future Workloads

Managing its current and future workloads will not be possible for SSA without the proper IT infrastructure. SSA faces the challenge of how to best use technology to meet its increasing workloads. Congress, SSA's Advisory Board, OIG, and others have concerns regarding the agency's IT infrastructure, systems continuity and availability, system modernization efforts, IT strategic planning, and IT service delivery.

SSA's primary IT investment over the next few years is the replacement of the NCC. Increased workloads and growing telecommunication services have severely strained the NCC's ability to support the agency's business. SSA estimates that by 2012, the NCC as a stand-alone data center will no longer be able to support the expanding workloads. The design and age of the NCC, as well as the increasing workload due to the retirement of the baby boom generation, has raised concerns about SSA's ability to address future processing requirements. Because of the critical systems SSA supports, an NCC outage would have a devastating effect on both the agency and the people it serves.

Another major challenge facing SSA is the modernization of its systems and applications. SSA's systems modernization is constrained by multiple underlying problems. The first problem is that the foundation of SSA's IT infrastructure is an outdated database management system called the Master Data Access Method (MADAM). SSA developed MADAM in the 1980s. There is a concern that future operating system changes may render MADAM unusable, and the technical knowledge and skills needed to timely remedy the situation may not be available. Further, some of SSA's legacy applications are programmed in Common Business Oriented Language (COBOL). The use of COBOL adds additional constraints to SSA's modernization efforts. Studies of SSA's use of COBOL have identified challenges including cumbersome maintenance, lengthy redevelopment time, and the potential loss of institutional knowledge as experienced COBOL programmers retire.

Finally, SSA must provide additional electronic services to meet the growing needs of its customers. SSA's telephone services and field offices are overwhelmed by increased workloads. Currently, 37 percent of all retirement applications and 27 percent of initial disability applications are filed online. In December 2009, Commissioner Astrue testified that to keep field offices from being overwhelmed by increasing workloads, SSA would need to increase electronic filing to 50 percent by 2013. SSA has researched Internet authentication solutions to secure such online initiatives as Ready Retirement, SSN replacement card, and other automated services. SSA is developing Registration of Most Everyone to register and authenticate users and provide controlled, single sign-on access.

Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries

Workers, employers, and taxpayers who fund the SSA and SSI programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the agency administers, some payment errors will occur.

In FY 2010, SSA issued over \$740 billion in federal benefit payments to more than 57 million people. Given the large amount of dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In November 2009, the President issued Executive Order 13520 on reducing improper payments, and in March 2010, OMB issued implementing guidance. As a result, SSA was required to prepare a report on its high-priority programs by May 19, 2010 containing the agency's plans for identifying and measuring improper payments, meeting improper payment reduction targets, and ensuring that initiatives undertaken did not unduly burden program access and participation by eligible beneficiaries. SSA met this deadline.

Additionally, in July 2010, the *Improper Payments Elimination and Recovery Act of 2010* (Pub L. No. 111-204) was enacted. As a result, all agencies with high-priority programs—because they have significant improper payments—are required to intensify their efforts to eliminate payment errors. The reduction of improper payments is one of SSA's key strategic objectives. SSA has identified the major causes of improper payments and has taken steps to address them. SSA has also worked to improve its ability to prevent over- and underpayments by implementing our audit recommendations.

Issue #7: Reduce the Hearings Backlog and Prevent its Recurrence

At the forefront of congressional and agency concern is the timeliness of SSA's disability decisions at the hearings adjudicative level. The average processing time at the hearings level has increased over the years—from 293 days at the end of FY 2001 to 426 days at the end of FY 2010. Additionally, the pending hearings workload grew to approximately 705,000 by the end of FY 2010—up from about 392,000 cases at the end of FY 2001. SSA also faces an increasing workload due to a rise in the number of initial disability applications, which eventually leads to an increase in the number of hearing requests.

Since May 2007, the agency has been implementing the Commissioner's plan to eliminate the backlog of hearing requests and prevent its recurrence. The Commissioner's plan focuses on: (1) compassionate allowances, (2) improving hearing office procedures, (3) increasing adjudicatory capacity, and (4) increasing efficiency with automation and improved business processes. The agency's goal is to eliminate the hearings backlog by 2013 and improve average processing time to 270 days. Achieving these goals will depend on a number of factors, including available resources and expected workloads. Continued assessment of the key factors (hearing level receipts, Administrative Law Judge (ALJ) availability levels, ALJ productivity levels, and senior attorney adjudicator decisions), appropriate adjustments, and communication of agency needs to other parties, including Congress and the Office of Personnel Management, will be essential to keep this endeavor on track.

Issue #8: Strengthen the Integrity and Protection of the Social Security Number

In FY 2010, SSA issued approximately 17 million SSN cards and received approximately \$647 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits due them.

Since its inception, SSN collection and use has significantly increased nationwide. These unique nine-digit numbers have become commonly used identifiers and, as such, valuable as illegal

commodities. Over the last decade, SSA has made significant strides to strengthen controls in the enumeration process. Additionally, SSA has worked to better protect SSNs in its records. However, once an SSN is assigned, SSA has little control over the collection, use, and disclosure of this number by external entities. To better protect SSNs and assist SSA in improving the accuracy of its earnings records, we believe Congress and the agency should continue seeking measures to limit the collection, use, and disclosure of SSNs—in addition to other measures discussed below.

We commend the agency for the numerous improvements in its enumeration process. Nevertheless, we continue to have concerns regarding SSN assignment and protection. For example, the agency has no authority to curb the unnecessary collection and use of SSNs. Our audit and investigative work has taught us that the more SSNs are unnecessarily used, the higher the probability they could be used to commit crimes throughout society. We are also concerned that some noncitizens who are authorized to work by the Department of Homeland Security, but will only be in the United States for a few months, are permitted to obtain SSNs that are valid for life. Further, we believe controls over the issuance of SSN Verification Printouts are not sufficient to prevent improper attainment of these sensitive documents and disclosure of personally identifiable information.

Finally, SSA is devoting resources to develop an online system for issuing replacement SSN cards. While we support the agency's decision to offer more services online to enhance customer service, we are concerned about the potential for unscrupulous individuals to manipulate such a system. As such, we encourage the agency to proceed carefully with this initiative until proper authentication controls are in place.

MONETARY BENEFITS

In FY 2010, OIG issued 108 audit reports with recommendations, identifying over \$1.4 billion in questioned costs and over \$3.1 billion in Federal funds that could be put to better use. OIG also received over 158,000 allegations of fraud, effected over 1,400 criminal prosecutions, and obtained a return of over \$358 million in investigative accomplishments, comprised of over \$65 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$293 million in projected SSA savings. Our FY 2012 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2010 was the fifth year under OIG's 5-year Strategic Plan. OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 14 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2010, OIG successfully met all 14 performance measures. The specific results for FY 2010 are as follows:

Table 4.2—2010 Performance Measure Results

Goal	Target	Result
<i>Impact</i>		
1. Maintain an annual acceptance rate of at least 88% for all recommendations.	88%	95%
2. Through FY 2010, achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA.	85%	86%
3. Achieve a positive action on at least 75% of all cases closed during the FY.	75%	80%
<i>Value</i>		
4. Generate a positive return of \$6 for every tax dollar invested in OIG activities.	\$6 to \$1	\$48 to \$1
5. Evaluate and respond to 90% of all allegations received within 45 days.	90%	97%
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	86%
7. Respond to 90% of congressional requests within 21 days.	90%	96%
8. Take action on 90% of CMP subjects within 30 days of receipt.	90%	97%
9. Achieve a positive external user assessment rating of 85% for product-service quality.	85%	95%
10. Issue 78% of final audit reports within 1 year of the entrance conference with SSA.	78%	94%
11. Complete 85% of requests for legal advice and review within 30 days.	85%	99%
<i>People</i>		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	4%
13. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	75%	75%
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	98%

TRANSFER AUTHORITY

The budget request includes language providing authority to transfer an amount of up to 3 percent of the total OIG appropriation from SSA's Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and to ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriations from both the general fund and the trust funds. The President's budget request for FY 2012 consists of \$30,000,000 appropriated from the general fund and \$77,113,000 which will be transferred and expended as authorized by Section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

**Table 4.3—Amounts Available for Obligation
(in thousands)**

	FY 2010 Actual ¹	FY 2011 Estimate	FY 2012 Estimate
General Funds Annual	\$ 28,983	\$ 30,000	\$ 30,000
Trust Funds Annual Transfer	\$ 73,638	\$ 76,122	\$ 77,113
Total Appropriation	\$102,621	\$ 106,122	\$ 107,113
ARRA (Planned Obligations)	\$ 432	\$ 500	\$ 465
Total Budgetary Resources	\$ 103,053	\$ 106,622	\$ 107,578
Obligations	\$103,053	\$ 106,622	\$ 107,578
Unobligated balance lapsing	\$ 0	\$ 0	\$ 0

ANALYSIS OF CHANGES

The FY 2012 request represents a \$991,000 increase over the FY 2011 President's Budget level. These increases can be attributed to an increase in base expenses for employee benefits, as well as an increase in training, rent, and support services.

Table 4.4—Summary of Changes

	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
General Fund Appropriation	\$ 30,000,000	\$ 30,000,000	\$ 0
Trust Fund Appropriation	\$ 76,122,000	\$ 77,113,000	+ \$ 991,000
Total Appropriation	\$ 106,122,000	\$ 107,113,000	+ \$ 991,000
ARRA (Planned Obligations)	\$ 500,000	\$ 465,000	- \$ 35,000
Total Obligations	\$ 106,622,000	\$ 107,578,000	+\$ 956,000

¹ This column reflects actual obligations for FY 2010.

Table 4.5—Explanation of OIG Budget Changes

	FY 2011 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN INCREASES</u>				
Base Payroll Expenses	596 (590)	\$ 90,572,000	0 (0)	+ \$ 1,527,000
<ul style="list-style-type: none"> Change in base payroll expenses related to career ladder promotions and within-grade increases 	---	---	---	+ \$761,000
<ul style="list-style-type: none"> Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS) 	---	---	---	+ \$680,000
<ul style="list-style-type: none"> All other payroll changes, including overtime and awards 	---	---	---	+ \$ 86,000
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	\$ 10,495,000	---	---
<ul style="list-style-type: none"> Rent 	---	\$ 5,300,000		+ \$ 1,020,000
<ul style="list-style-type: none"> CIGIE Contribution 	---	\$ 255,000	---	---
Subtotal, Built-in increases	596 (590)	\$ 106,622,000	0 (0)	+ \$ 2,547,000
<u>PROGRAM INCREASES</u>				
Increase for operations and maintenance of facilities and equipment	---	---	---	\$ 0
Subtotal, Program Increases	---	---	---	\$ 0
Total Increases	596 (590)	\$ 106,622,000	0 (0)	+ \$ 2,547,000

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	FY 2011 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses —Decrease in all other payroll costs, including one less paid day	---	---	---	---
Non-Payroll Costs	---	---	---	- \$ 1,336,000
CIGIE Contribution	---	---	---	- \$ 255,000
Subtotal, Built-in decreases	---	---	---	- \$ 1,591,000
<u>PROGRAM DECREASES</u>				
Decrease in costs for training, other support, services, and supplies				
Subtotal, Program Decreases				
Total Decreases		\$ 0		- \$ 1,591,000
Net Change	596 (590)	\$ 106,622,000	0 (0)	+ \$ 956,000

BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes FTEs.

**Table 4.6—Budget Authority by Activity
(in thousands)**

	FY 2010 Actual ¹	FY 2011 Estimate	FY 2012 Estimate
General Funds	\$ 28,983	\$ 30,000	\$ 30,000
OASDI Trust Fund Transfers	\$ 73,638	\$ 76,122	\$ 77,113
Total Appropriation	\$ 102,621	\$ 106,122	\$ 107,113
ARRA	\$ 432	\$ 500	\$ 465
Total Budgetary Authority	\$ 103,053	\$ 106,622	\$ 107,578
Obligations ²	\$ 103,053	\$106,622	\$ 107,578
FTEs	583	590	590

¹ This column reflects actual obligations for FY 2010.

² The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligation for FY 2009 is \$603,000 and \$432,000 for FY 2010. The planned obligations for FY 2011 and FY 2012 are \$500,000 and \$465,000 respectively.

BUDGET RESOURCES BY OBJECT

The table below displays the breakdown of budget resources by object class.

Table 4.7—Budget Resources by Object

	FY 2010	FY 2011	FY 2012	<i>FY11 to FY12 Change</i>
Full-time permanent	\$ 61,532,000	\$ 65,064,000	\$ 66,152,000	+ \$ 1,088,000
Other than full-time permanent	\$ 1,209,000	\$ 1,278,000	\$ 1,300,000	+ \$ 22,000
Other compensation	\$ 1,500,000	\$ 1,587,000	\$ 1,613,000	+ \$ 26,000
Subtotal, Personnel Compensation	\$ 64,241,000	\$ 67,929,000	\$ 69,065,000	+ \$ 1,136,000
Civilian personnel benefits	\$ 24,017,000	\$ 22,643,000	\$ 23,034,000	+ \$ 391,000
Total, Compensation and Benefits	\$ 88,258,000	\$ 90,572,000	\$ 92,099,000	+ \$ 1,527,000
Travel	\$ 3,279,000	\$ 3,300,000	\$ 3,000,000	- \$ 300,000
Transportation of things	\$ 47,000	\$ 60,000	\$ 50,000	- \$ 10,000
Rental payments to GSA	\$ 5,051,000	\$ 5,300,000	\$ 6,320,000	+ \$ 1,020,000
Rental payments to others	\$ 31,000	\$ 50,000	\$ 40,000	- \$ 10,000
Communications, utilities, and others	\$ 404,000	\$ 450,000	\$ 400,000	-\$ 50,000
Printing and reproduction	\$ 15,000	\$ 5,000	\$ 3,000	- \$ 2,000
Other services ¹	\$ 4,129,000	\$ 5,084,000	\$ 4,265,000	- \$ 819,000
Supplies and materials	\$ 349,000	\$ 500,000	\$ 300,000	- \$ 200,000
Equipment	\$ 1,524,000	\$ 1,300,000	\$ 1,100,000	-\$ 200,000
Insurance Claims	\$ 0	\$ 1,000	\$ 1,000	\$ 0
Adjustments	- \$ 34,000	\$ 0	\$ 0	\$ 0
Total Budgetary Resources	\$ 103,053,000	\$ 106,622,000	\$ 107,578,000	+ \$ 956,000

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligation for FY 2009 is \$603,000 and \$432,000 for FY 2010. The planned obligations for FY 2011 and FY 2012 are \$500,000 and \$465,000 respectively.

BACKGROUND

AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978.

Table 4.8—Authorizing Legislation

	FY 2011 Authorized	FY 2011 Estimate	FY 2012 Authorized	FY 2012 Estimate
Office of the Inspector General (P.L. 103-296)	Indefinite	\$ 106,122,000	Indefinite	\$ 107,113,000

APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 2002 to FY 2012.

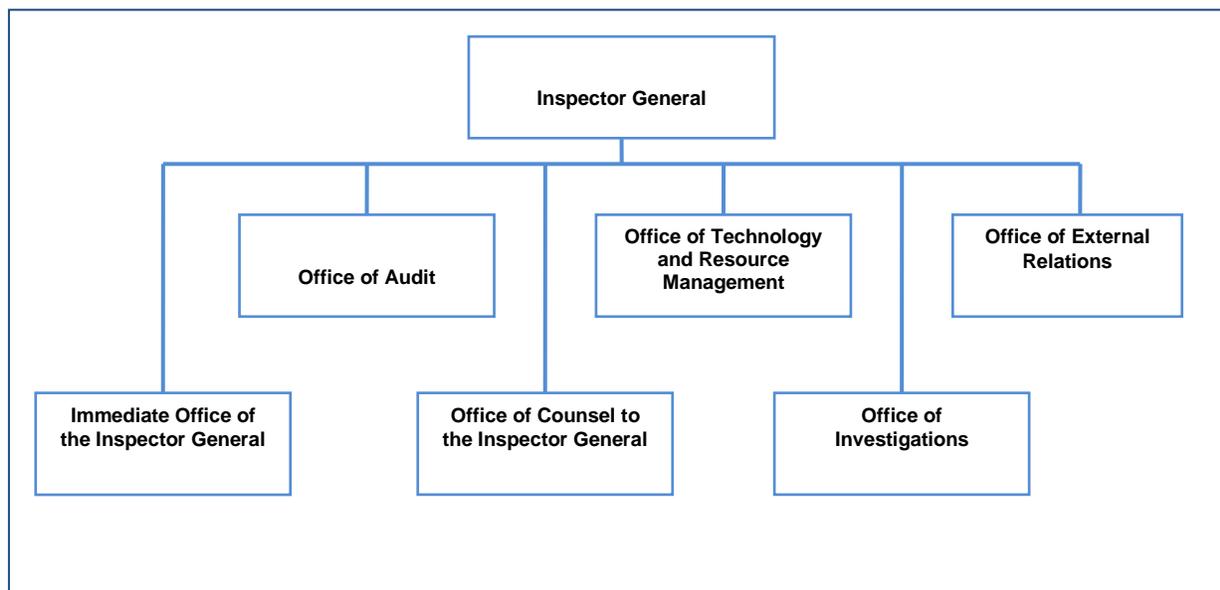
Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
General Funds	\$ 19,000,000	\$ 19,000,000	\$ 19,000,000	\$ 18,985,800
Trust Funds	\$ 56,000,000	\$ 56,000,000	\$ 56,000,000	\$ 55,958,200
2002 Total ¹	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 74,944,000
General Funds	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 20,863,500
Trust Funds	\$ 62,000,000	\$ 62,000,000	\$ 62,000,000	\$ 61,597,000
2003 Total ²	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 82,460,500
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	\$ 24,355,400
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	\$ 63,324,200
2004 Total ³	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	\$ 87,679,600
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	\$ 25,542,000
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	\$ 64,836,100
2005 Total ⁴	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	\$ 90,378,100
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	\$ 25,740,000
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	\$ 65,736,000
2006 Total ⁵	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	\$ 91,476,000
General Funds	\$ 27,000,000	\$ 25,872,000	\$ 25,740,000	\$ 25,902,000
Trust Funds	\$ 69,000,000	\$ 66,072,000	\$ 65,736,000	\$ 66,149,000
2007 Total	\$ 96,000,000	\$ 91,944,000	\$ 91,476,000	\$ 92,051,000
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	\$ 25,988,901
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	\$ 65,926,000
2008 Total ⁶	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	\$ 91,914,901
General Funds	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
Trust Funds	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000
2009 Total	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000
ARRA ⁷	N/A	N/A	N/A	\$ 2,000,000
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	\$29,000,000
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	\$73,682,000
2010 Total	\$ 102,682,000	\$ 102,682,000	\$ 102,682,000	\$102,682,000
General Funds	\$ 30,000,000			
Trust Funds	\$ 76,122,000			
2011 Total	\$ 106,122,000			
General Funds	\$ 30,000,000			
Trust Funds	\$ 77,113,000			
2012 Total	\$ 107,113,000			

- ¹ The \$19,000,000 in appropriated funds and \$56,000,000 in trust funds included in the language for this account for FY 2002 were reduced by \$14,200 and \$41,800, respectively, in accordance with P.L. 107-206.
- ² The \$21,000,000 in appropriated funds and \$62,000,000 in trust funds included in the language for this account for FY 2003 were reduced by \$136,500 and \$403,000, respectively, in accordance with P.L. 108-7.
- ³ The \$24,500,000 in appropriated funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.
- ⁴ The \$25,748,000 in appropriated funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.
- ⁵ The \$26,000,000 in appropriated funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with P.L. 109-148.
- ⁶ The \$26,451,000 in appropriated funds and \$67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by \$462,099 and \$1,172,000 respectively, in accordance with P.L. 110-161.
- ⁷ OIG received \$2,000,000 through ARRA, passed on February 17, 2009. OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, OIG's mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations and investigations, OIG works to ensure public confidence in the integrity and security of SSA's programs and operations and works to protect them against fraud, waste, and abuse. OIG provides timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

OIG is comprised of six components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Counsel to the Inspector General (OCIG), Office of Technology and Resource Management (OTRM), Office of Investigations (OI), and the Office of External Relations (OER).

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. The IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, the IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be an agent of positive change by discussing, evaluating, and presenting to senior management employee issues and proposed solutions that affect the operations, administration, and efficiency of OIG. In doing this, the committee acts as a representative of all OIG employees.

Office of Audit

OA conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers' Act of 1990*, assess whether SSA's financial statements fairly present the agency'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 focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

Office of Counsel to the Inspector General

OCIG provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the CMP program, including imposition of penalties and assessments and the settlement and litigation of CMP cases.

Office of Technology and Resource Management

OTRM provides administrative and management support to OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OTRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, and manages the Electronic Crimes program. In addition, OTRM is responsible for strategic planning, organizational performance management, and reporting.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

Office of the Inspector General

Office of External Relations

OER manages OIG's public affairs programs, develops OIG's media and public information policies, and serves as the primary contact for those seeking information about OIG. OER responds to inquiries from the media and the public and prepares OIG publications and presentations for internal and external organizations. OER coordinates interagency activities as well as OIG participation in SSA and other Federal events. OER also coordinates input on pending and proposed legislation, and prepares congressional correspondence and testimony.

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2012 is \$107,113,000 and 590 FTEs, which reflects an increase of \$991,000 from the FY 2011 President's Budget level. The FY 2012 funding increase will be used for personnel costs (such as within-grade increases and benefit-rate increases) for current staff and related support costs.

Table 4.10—Detail of Full-Time Equivalent Employment and Workyears

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
FTEs	583	590	590
Overtime/Lump Sum Leave	4	6	6
Total	587	596	596

Table 4.11—Average Grade and Salary

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	<i>FY11 to FY12 Change</i>
Average ES Salary	\$ 169,500	\$ 171,300	\$ 173,000	+ \$ 1,700
Average GS Grade	13	13	13	0
Average GS Salary	\$ 96,400	\$ 97,700	\$ 99,100	+ \$ 1,400