OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

PERFORMANCE INDICATOR AUDIT: HEARINGS AND APPEALS PROCESS

May 2007 **A-15-06-16113**

AUDIT REPORT

Mission

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.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- **Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- **Promote economy, effectiveness, and efficiency within the agency.**
- **Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- **Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- **Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- **Independence to determine what reviews to perform.**
- **Access to all information necessary for the reviews.**
- **Authority to publish findings and recommendations based on the reviews.**

Vision

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.

SOCIAL SECURITY

MEMORANDUM

Date: May 17, 2007 Refer To:

To: The Commissioner

From: Inspector General

Subject: Performance Indicator Audit: Hearings and Appeals Process (A-15-06-16113)

We contracted with PricewaterhouseCoopers, LLP (PwC) to evaluate 15 of the Social Security Administration's (SSA) performance indicators established to comply with the Government Performance and Results Act. The attached final report presents the results of three of the performance indicators PwC reviewed. For the performance indicators included in this audit, PwC's objectives were to:

- Assess the effectiveness of internal controls and test critical controls over data generation, calculation, and reporting processes for the specific performance indicator.
- Assess the overall reliability of the performance indicator's computer processed data. Data are reliable when they are complete, accurate, consistent and not subject to inappropriate alteration.
- Test the accuracy of results presented and disclosed in SSA's Fiscal Year 2006 Performance and Accountability Report.
- Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

This report contains the results of the audit for the following indicators:

- Number of SSA hearings processed.
- Average processing time for SSA hearings.
- Average processing time for hearings appeals.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

Patrick P. O'Carroll, Jr.

Attachment

MEMORANDUM

Date: May 3, 2007

To: Inspector General

From: PricewaterhouseCoopers, LLP

Subject: Performance Indicator Audit: Hearings and Appeals Process (A-15-06-16113)

OBJECTIVE

The Government Performance and Results Act (GPRA)[1] of 1993 requires the Social Security Administration (SSA) to develop performance indicators that assess the relevant service levels and outcomes of each program activity.[2] GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance.[3]

Our audit was conducted in accordance with generally accepted government auditing standards for performance audits. For the performance indicators included in this audit, our objectives were to:

1. Assess the effectiveness of internal controls and test critical controls over the data generation, calculation, and reporting processes for the specific performance indicator.

2. Assess the overall reliability of the performance indicator's computer processed data. Data are reliable when they are complete, accurate, consistent and not subject to inappropriate alteration.[4]

3. Test the accuracy of results presented and disclosed in SSA's Fiscal Year (FY) 2006 Performance and Accountability Report (PAR).

4. Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

[1] Public Law Number 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 United States Code (U.S.C.), 31 U.S.C. and 39 U.S.C.).

[2] 31 U.S.C. § 1115(a)(4).

[3] 31 U.S.C. § 1115(a)(6).

[4] Government Accountability Office (GAO), GAO-03-273G, *Assessing Reliability of Computer Processed Data*, October 2002, p. 3.

BACKGROUND

We audited the following performance indicators as stated in SSA's FY 2006 PAR:

Performance Indicator	FY 2006 Goal	FY 2006 Reported Results
Number of SSA Hearings Processed[5]	560,000	558,978
Average Processing Time for SSA Hearings[6]	467 days	483 days
Average Processing Time for Hearings Appeals[7]	242 days	203 days

SSA administers the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) and Supplemental Security Income (SSI) programs. The OASI program, authorized by Title II of the Social Security Act, provides income for eligible workers and for eligible members of their families and survivors.[8] The DI program, also authorized by Title II of the Social Security Act, provides income for eligible workers who have qualifying disabilities and for eligible members of their families before those workers reach retirement age.[9] The SSI program, authorized by Title XVI of the Social Security Act, is a needs-based program providing income to aged, blind, and/or disabled individuals with limited income and resources.[10]

To determine eligibility for both Title II and Title XVI programs, applicants must first file a claim with SSA. This is typically accomplished through an appointment in 1 of SSA's approximately 1,300 field offices (FO), through the SSA telephone network, or online via the Internet Social Security Benefit Application. Interviews with the applicants are conducted by FO personnel via the telephone or in person to determine the applicants' non-medical eligibility. When applicants are filing for benefits based on disability, basic medical information concerning the disability, medical treatments and identification of treating sources (e.g. a Doctor's office) is obtained.

After applicants submit claims, they receive an initial determination of benefits. If a claimant disagrees with the initial determination, they may appeal within 60 days of

[5] SSA, PAR FY 2006 p. 75.

[6] *Id.* p. 78.

[7] *Id.* p. 78.

[8] The Social Security Act, §§ 201-234, 42 U.S.C. §§ 401-434.

[9] *Id*.

[10] The Social Security Act, §§ 1601-1637, 42 U.S.C. §§ 1381-1383f.

notification (plus 5 days for mailing purposes). During FY 2006, SSA's appeals program provided four levels of appeal for claimants:[11] [12]

- Reconsideration;
- Hearing;
- Appeals Council (AC) Review; and,
- Federal District Court.

Reconsideration

The first level of appeal was a reconsideration.[13] The Disability Determination Service will make a determination based on the available information when the claimant files for a reconsideration of an initial medical determination. All of the evidence initially submitted by the claimant, and any new evidence, was re-evaluated during the reconsideration process. The determination of eligibility for benefits was made, and the claimant was notified of the reconsideration decision. Upon receiving the reconsideration decision, the claimant could request a hearing if they disagreed with the reconsideration decision.[14]

Hearing

The second level of appeal was a hearing conducted by an Administrative Law Judge (ALJ), in the Office of Disability Adjudication and Review (ODAR). The ALJ reviewed all the information related to the claim and made a hearing decision/dismissal. Upon receipt of the hearing decision, the claimant could request an AC review if they disagreed with the hearing decision/dismissal.[15]

AC Review

The AC evaluated all requests for review to determine if the requests were sufficient to require an AC level review. If the AC accepted the request for review, the AC either completed the review or remanded the case to an ALJ for further review. If the AC rejected the request for review, the AC indicated agreement with the ALJ's hearing decision. The claimant was notified of the AC's evaluation of the request for review, as well as the results of the AC review (if the request was reviewed by the AC). If the claimant disagreed with the AC's decision they could file in a Federal District Court.[16]

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[11] The Social Security Act, §§ 205 and 1631, 42 U.S.C. §§ 405 and 1383.

[12] SSA's appeal program is in the process of being modified. Refer to Social Security Regional Commissioner's Bulletin, May 19, 2006, No: 06-02.

[13] Social Security Regional Commissioner's Bulletin, May 19, 2006, No: 06-02. In FY 2006, 10 States removed the reconsideration phase. If a claimant disagreed with the initial determination in these States, the claimant would appeal to the hearings level, bypassing the reconsideration phase.

[14] Program Operations Manual System (POMS): GN 03102.000 The Reconsideration Process.

[15] Hearings, Appeals and Litigation Law Manual (HALLEX), Volume I, Division 2. Administrative Law Judge Hearings.

[16] HALLEX, Volume I, Division 3. Appeals Council Review.

Federal District Court

The Federal District Court could remand the court case to SSA's Commissioner for further consideration, or dismiss the case. If remanded to the Commissioner, the AC, acting on behalf of the Commissioner, could make a decision or remand the case to an ALJ.[17]

RESULTS OF REVIEW

Our assessment of the three indicators included in this report identified issues with internal controls. For the indicators, Number of SSA Hearings Processed and Average Processing Time for Hearings, the Case Processing and Management System (CPMS) did not require the entry of a date of death to close a case, and weaknesses were found in the configuration of UNIX operating systems that contains information used to calculate the performance indicator results.

However, for the indicator, Average Processing Time for Hearings Appeals, we noted issues with internal controls and the data reliability over the Appeals Council Automated Processing System (ACAPS) application.

Number of SSA Hearings Processed

Indicator Background

The performance indicator measured the number of SSA hearings processed by ODAR. If a claimant disagreed with the initial determination of benefits and reconsideration, the claimant could submit a request for hearing through an SSA FO or the Teleservice Center.

The disposition of benefits was determined after a claim had been through the hearings process. The disposition was entered into CPMS, which automatically established a disposition date for the claim.

The performance indicator was calculated from the CPMS Management Information (CPMS MI) system in the Monthly Activity Report (MAR) and Caseload Analysis Report (CAR). SSA personnel used the number of dispositions included in the CAR to determine the number of SSA hearings processed within a reporting period.

[17] HALLEX, Volume I, Division 2. Administrative Law Judge Hearings.

Performance Indicator Calculation

Number of SSA Hearings Processed	=	Sum of the 12 months (October 1, 2005 through September 29, 2006) of dispositions entered into CPMS during the reporting period.

Findings

Internal Controls and Data Reliability

During the prior audit,[18] we found it was not necessary to enter a date of death in CPMS to close a case based on death. This created the potential for open cases to be improperly classified as processed due to death in CPMS. As a result, the number of processed hearings could have been overstated in the PAR. Per SSA management, this edit deficiency is scheduled to be addressed in the June 2007 release of CPMS.

Finally, our review of the two CPMS UNIX systems identified nine security and compliance issues. This review was conducted on the SSA developed UNIX Risk Model configuration standard, National Institute of Standards and Technology (NIST) guidelines[19] and the Defense Information Security Agency (DISA) Security Technical Implementation Guides (STIGS).[20]

We were able to recalculate the interim and year-end indicator results and found them to be substantially accurate.[21] Despite these internal control weaknesses, we were able to determine that the data used to calculate this performance indicator was reliable.

We did not identify any significant exceptions related to the meaningfulness of this indicator or disclosure of the information related to this indicator contained in the PAR.

Average Processing Time for SSA Hearings

Indicator Background

The performance indicator measured the average processing time for SSA hearings processed by ODAR. As discussed earlier, if a claimant disagreed with the initial

[18] *Performance Indicator Audit: Hearings and Appeals Process* (January 2006 A-15-05-15113).

[19] The NIST guidelines 800-18 Section 6.MA.2 were used to perform the review.

[20] The DISA STIGS Security Checklist version 4R4, Section 3.8 was used to perform the review.

[21] The PwC year end recalculation of the performance indicator Number of SSA Hearings Processed was 552,742 records. This number differs by approximately 1 percent from the actual calculation of 558,978 records reported in the FY 06 PAR. For the purposes of this audit, this difference is deemed immaterial.

determination of benefits and the reconsideration, he/she could submit a request for hearing through an SSA FO or the Teleservice Center.

If the claimant requested a hearing through an SSA FO, the request for hearing was entered by a claims representative using the Modernized Claims System (MCS) or the Modernized Supplemental Security Income Claims Systems (MSSICS). After the request for hearing was entered, case data was transferred from MCS or MSSICS into CPMS. This process is known as the auto-establish process. The date the case is auto-established into CPMS is the case "start date." If the claimant requested a hearing through the Teleservice Center, the HA-501 form, *Request for Hearing by*

Administrative Law Judge, was completed and submitted by the claimant to SSA. In this instance, the case "start date" would be derived from the HA-501 form.

The disposition of benefits was determined after a claim has been through the hearings process. The disposition was entered into CPMS, which automatically established a disposition date for the claim.

The performance indicator was calculated from data contained in the MAR and CAR. The CAR displays the average processing time for SSA hearings as noted on the next page.

Performance Indicator Calculation

Total Processing Time for Hearings	=	Sum of the 12 months (October 1, 2005 through September 29, 2006) of the hearing offices' processing time.
Total Dispositions for Hearings	=	Sum of the 12 months (October 1, 2005 through September 29, 2006) of dispositions for hearings.
Average Processing Time for SSA Hearings	=	$\frac{\text{Total Processing Time for Hearings in FY 2006}}{\text{Total Dispositions for Hearings in FY 2006}}$

Processing time was defined as the number of days from the "hearing request date (or reopened date or remand date)" to the "disposition date."

Findings

Internal Controls and Data Reliability

Our findings related to this indicator are identical to those noted under the indicator Number of SSA Hearings Processed. Please refer to page 5.

We were able to recalculate the interim and year-end indicator results and found them to be accurate. Despite these internal control weaknesses noted on page 5, we were able to determine that the data used to calculate this performance indicator was reliable.

We did not identify any significant exceptions related to the meaningfulness of this indicator or disclosure of the information related to this indicator contained in the PAR.

Average Processing Time for Hearings Appeals

Indicator Background

The hearings appeals process begins when the application for benefits has been denied at the initial, reconsideration, and hearing levels. The claimant can file for AC review by using Form HA-520-U5, *Request for Review of Hearing Decision/Order*. Completed HA-520-U5 forms are submitted to an SSA FO. If legal counsel is submitting the appeal on behalf of the claimant, a letter can be submitted to SSA indicating the request for appeal. The start date for the hearing appeal was derived either from the date indicated on the HA-520-U5 form or the date indicated on the appeals request letter. This date was entered into ACAPS as the start date for the hearing appeal. Processing time began when the hearing appeal was entered into ACAPS.

Once an appeal was received, applicable case data was transferred from CPMS to ACAPS. If the case could not be found in CPMS, the case data was entered manually into ACAPS. An analyst prepared and entered an action document that summarized all the relevant case information and a decision recommendation into ACAPS. The decision recommendation and action document were reviewed by the Administrative Appeals Judge (AAJ). If the AAJ did not accept the recommendation or action document, the case was sent back to the analyst or remanded to an ALJ for further review and research. If the AAJ agreed with the action document and recommendation, a denial, dismissal or favorable decision was entered as the final disposition into ACAPS. Processing time ended when the disposition was entered into ACAPS.[22] The performance indicator results were calculated from the Monthly Office of Appellate Operations (OAO) - Wide Processing Time Report. This report contained the total number of dispositions issued during a reporting period and the average processing time for issuing dispositions. Each month, the number of dispositions issued and average processing time data from the OAO - Wide Processing Time Report was entered into the FY Average Processing Time Excel file which calculated the performance indicator results.

[22] The disposition is entered the day the decision is date stamped, released, and mailed. SSA, PAR FY 2006 p. 79.

Performance Indicator Calculation

$$\text{Average Monthly Processing Time} = \frac{\text{Total number of calendar days from the start date}^{23}\text{ to the end date}^{24}\text{ for each disposition issued in the reporting month}}{\text{The number of dispositions issued within the reporting month}}$$

$$\text{Total Monthly Processing Time of Hearing Appeals} = \text{The average monthly processing time} \times \text{The number of dispositions issued within the reporting month}$$

$$\text{Average Number of Days Needed to Process Hearings Appeals}^{25} = \frac{\text{The sum of total monthly processing time of hearing appeals for FY 2006}}{\text{The number of dispositions issued for FY 2006}}$$

Findings

Internal Controls and Data Reliability

During a prior audit, we identified and reported significant deficiencies for ACAPS. PwC was informed by SSA management during this audit that these deficiencies had not been corrected. The following deficiencies had not been addressed by SSA management:

1. User ID and password settings were inadequate. Passwords were only required to be three characters in length, were allowed to be the same as the user ID, and user IDs and passwords were stored in a nonencrypted file within the applications. Additionally, there was no user ID lockout after invalid attempts to sign-on to the applications. This could have allowed unauthorized users to repeatedly attempt to log into the applications. Security incident reports and error logs were not generated by the applications and therefore could not be monitored by management. As a result, security violations and data

[23] The start date was derived from the request for review HA-520-U5 form or letter used to request the review.

[24] The end date was captured in ACAPS when the final disposition was entered into the system.

[25] Due to system limitations, ACAPS cannot automatically calculate the year-end performance indicator result. The year-end performance indicator result was manually calculated using the following system-generated reports: Average Monthly Processing Time and number of dispositions issued within each month.

2. errors/irregularities may have occurred without management detection or investigation.
3. We found that duplicate cases could be created in ACAPS if all identifying fields were not present when inputting the case. This could create duplicate counts of AC reviews.

During this year's audit we received an update from SSA management on the current status of the ACAPS findings from the prior audit. SSA's management provided the following response to the current status of the findings:

> "Appeals Council Automated Processing System (ACAPS) is an old stand-alone system that will eventually be replaced. In order to make any changes to this system, SSA would have to redirect systems resources that are being used for critical Case Processing and Management System (CPMS) enhancements. This would have a negative impact on the SSA hearings workload, so we are only considering operations essential changes to ACAPS at this time."

We were able to recalculate the interim and year-end indicator results and found them to be accurate. However, based on the internal control findings noted before, we could not consider the data to be reliable.

We did not identify any significant exceptions related to the meaningfulness of this indicator or disclosure of the information related to this indicator contained in the PAR.

General Findings

We previously identified issues related to the general controls at the ODAR office space in Falls Church, Virginia. These issues were reported in the OIG report, *Performance Indicator Audit: Hearings and Appeals Process* (A-15-05-15113), issued in January 2006.

During our FY 2006 general controls testing, we once again found that visitors to the ODAR space were not required to sign-in upon entry. In addition, there were no security guards at the entrance of the ODAR space. Management stated that security guards are in place throughout the facility, however during the course of fieldwork we did not note the presence of any guards. It should be noted that the ODAR space is located in a multi-tenant, privately owned building, and ODAR management does not have complete control over the physical security of the building. In addition, to gain access to the ODAR space a key card was required.

We recommended in the January 2006 report that ODAR "Ensure all visitors were required to sign in upon entry to restrict visitor access to the OHA buildings." SSA's management provided the following response to these findings and recommendation in the January 2006 audit report:

"We agree. The ODAR Headquarters building security could be improved. ODAR is working in conjunction with the Department of Justice to provide security enhancements at the ODAR facility in Falls Church, Virginia to bring the building in compliance with Level IV federal standards."[26]

RECOMMENDATIONS

Specific to performance indicators, Number of SSA Hearings Processed and Average Processing Time for SSA Hearings we recommend SSA management:

1. Enhance application input edits within CPMS, including controls to prevent users from disposing of cases due to death without entering a date of death.
2. Ensure that the CPMS UNIX systems are configured to be in compliance with the SSA UNIX Risk Model and Government guidelines from NIST and DISA.

Specific to the performance indicator, Average Processing Time for Hearings Appeals we recommend[27] SSA management:

3. Strengthen password parameters in ACAPS to require encryption of the passwords, lockout of users accounts after a set number of failed log in attempts, the use of alphanumeric passwords and passwords with a minimum of eight characters.
4. Strengthen the ACAPS application to include security incident reports for tracking inappropriate access attempts to ACAPS.
5. Generate error logs for ACAPS activities to ensure timely identification and follow-up of data entry errors.
6. Require ACAPS users to enter all identifying fields to prevent duplicate cases.

AGENCY COMMENTS

SSA agreed with recommendation number 1 and partially agreed with recommendation number 2. SSA stated that it disagreed with recommendation numbers 3, 4, 5, and 6; however, the actions planned by SSA show agreement with the intent of these recommendations.

[26] *Performance Indicator Audit: Hearings and Appeals Process* (A-15-05-15113), January 2006, p. E-2.

[27] If SSA management replaces the ACAPS system, the new system should include the recommendations noted for ACAPS.

PWC RESPONSE

In response to recommendation 2, we believe the approach that SSA has taken to address the risk presented by this finding is appropriate. In addition, we have modified the footnote on page 6 to exclude NIST 5153.

In regard to recommendation numbers 3, 4, 5, and 6, PwC continues to recommend that SSA strengthen password parameters, include and monitor a security incident report, generate error logs, and require users to enter all fields to prevent duplicate cases since the ACAPS data is used for calculation of the indicator results. However, in lieu of making these changes to ACAPS, SSA should ensure that the ACAPS replacement system is configured with the appropriate security controls. We support SSA's plan to replace the ACAPS system and OIG plans to verify implementation as part of its on-going work. We would not expect SSA to make these changes to a system that is being replaced, but would expect the recommendations to be included in the new system, as stated in footnote 27.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Process Flowcharts

APPENDIX D – Agency Comments

Appendix A

Acronyms

AAJ	Administrative Appeals Judge
AC	Appeals Council
ACAPS	Appeals Council Automated Processing System
ALJ	Administrative Law Judge
CAR	Caseload Analysis Report
CIS	Case Intake Specialist
CPMS	Case Processing and Management System
CPMS MI	Case Processing and Management System Management Information
DI	Disability Insurance
DISA	Defense Information Security Agency
EDCS	Electronic Disability Case System
FO	Field Office
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
HALLEX	Hearings, Appeals and Litigation Law Manual
MAR	Monthly Activity Report
MCS	Modernized Claims System
MSSICS	Modernized Supplemental Security Income Claims Systems
NIST	National Institutes of Standard and Technology
OAO	Office of Appellate Operations
OASI	Old-Age and Survivors Insurance
ODAR	Office of Disability Adjudication and Review
OSM	Office of Strategic Management
OTR	On The Record
PAR	Performance and Accountability Report
RH	Request for Hearing
SCT	Senior Case Technician
SSA	Social Security Administration
SSI	Supplemental Security Income
SSPP	Standardized Security Profile Project
STIGS	Security Technical Implementation Guides
U.S.C.	United States Code

Appendix B

Scope and Methodology

We updated our understanding of the Social Security Administration's (SSA) Government Performance and Results Act (GPRA) processes. This was completed through research and inquiry of SSA management. We also requested SSA to provide various documents regarding the specific programs being measured as well as the specific measurement used to assess the effectiveness and efficiency of the related program.

Through inquiry, observation, and other substantive testing, including testing of source documentation, we performed the following:

- Reviewed prior SSA, Government Accountability Office, and other reports related to SSA GPRA performance and related information systems.
- Reviewed applicable laws, regulations, and SSA policy.
- Met with the appropriate SSA personnel to confirm our understanding of each individual performance indicator.
- Flowcharted the processes. (See Appendix C).
- Tested key controls related to manual or basic computerized processes (e.g., spreadsheets, databases, etc.).
- Conducted and evaluated tests of the automated and manual controls within and surrounding each of the critical applications to determine whether the tested controls were adequate to provide and maintain reliable data to be used when measuring the specific indicator.
- Identified attributes, rules, and assumptions for each defined data element or source document.
- Recalculated the metric or algorithm of key performance indicators to ensure mathematical accuracy.
- For those indicators with results that SSA determined using computerized data, we assessed the completeness and accuracy of that data to determine the data's reliability as it pertains to the objectives of the audit.
- Performed a follow-up general computer control review as it relates to the Office of Disability Adjudication and Review.

As part of this audit, we documented our understanding, as conveyed to us by Agency personnel, of the alignment of the Agency's mission, goals, objectives, processes, and related performance indicators. We analyzed how these processes interacted with related processes within SSA and the existing measurement systems. Our understanding of the Agency's mission, goals, objectives, and processes were used to determine whether the performance indicators being used appear to be valid and appropriate given our understanding of SSA's mission, goals, objectives and processes.

We followed all performance audit standards in accordance with generally accepted government auditing standards. In addition to the steps previously noted, we specifically performed the following to test the indicators included in this report:

NUMBER OF SSA HEARINGS PROCESSED

- Inspected 60 HA-501 forms, *Request for Hearing by Administrative Law Judge*, to ensure the start date was included in the Case Processing and Management System (CPMS) completely and accurately.
- Inspected 60 HA-5051-U3 forms, *Transmittal of Decision or Dismissal by Administrative Law Judge*, to ensure the mail date was included in CPMS completely and accurately.
- Re-performed the calculation of the number of hearings processed and average processing time.
- Determined the adequacy of the programming logic used by SSA to calculate the Number of SSA Hearings Processed and the Average Processing Time for SSA Hearings.
- Obtained the status of prior year issues.

AVERAGE PROCESSING TIME FOR SSA HEARINGS

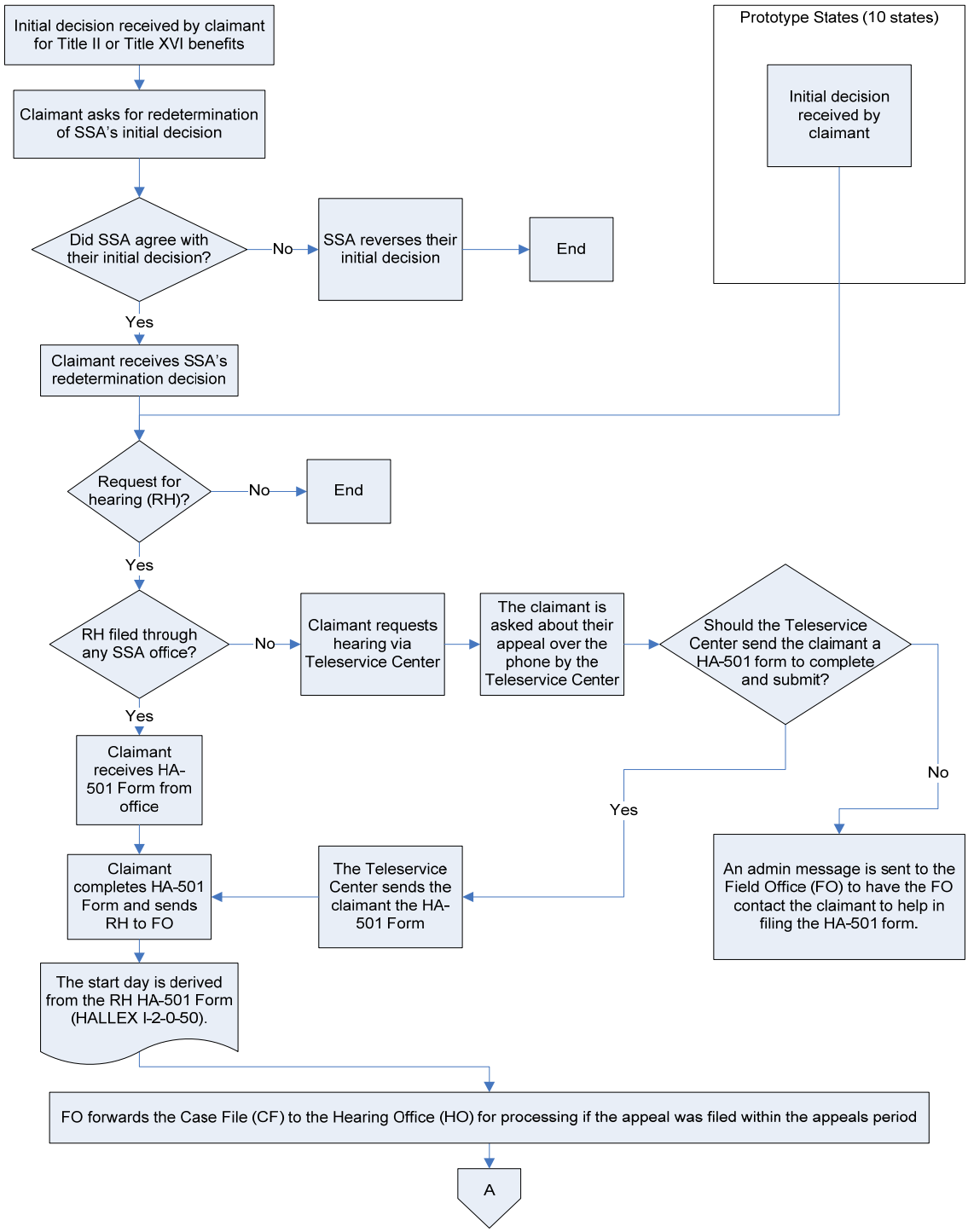
The same tests were performed for this indicator as were for the Number of SSA Hearings Processed.

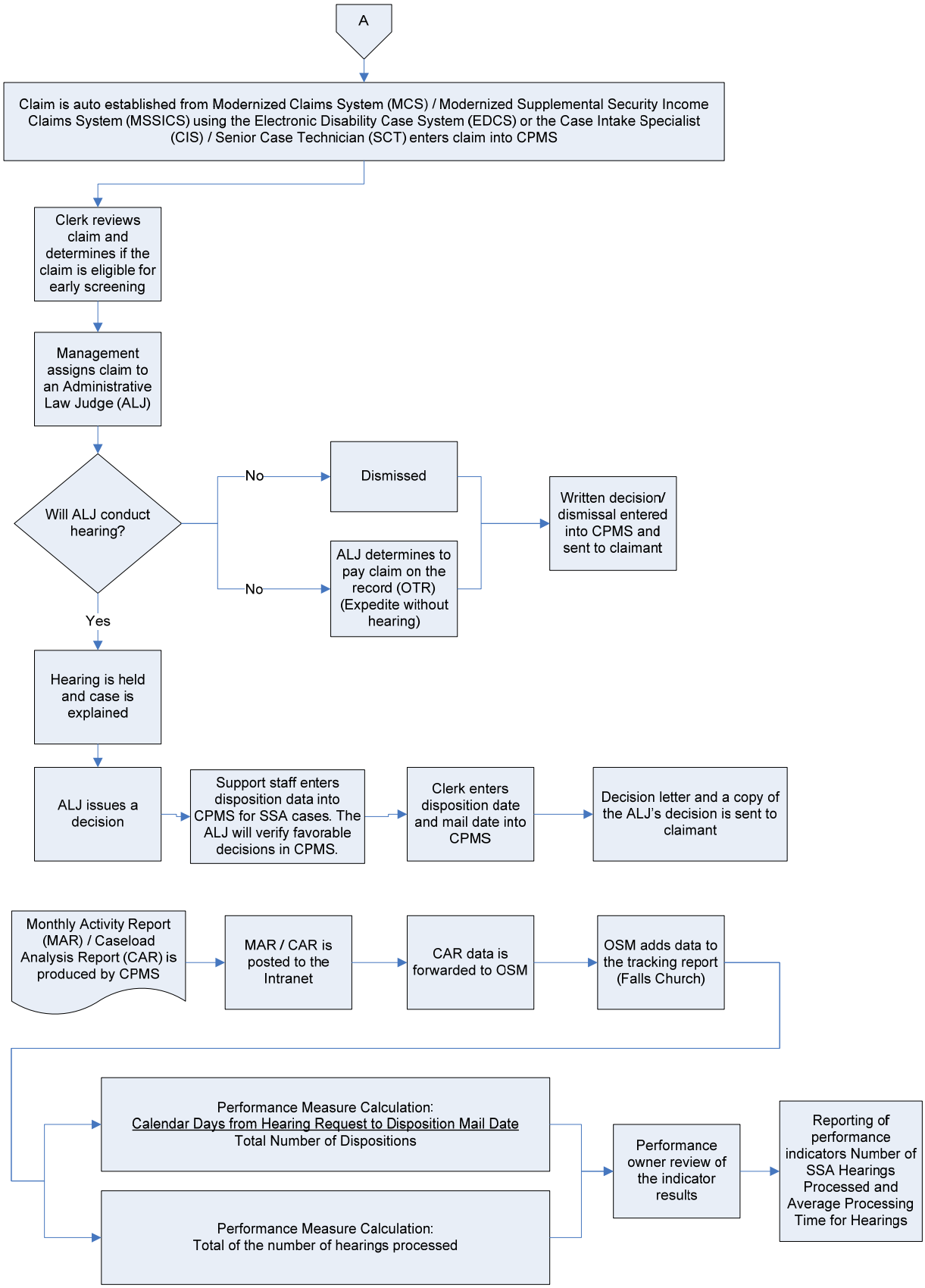
AVERAGE PROCESSING TIME FOR HEARINGS APPEALS

- Re-performed the calculation of the Average Processing Time for Hearings Appeals.
- Observed Appeals Council Automated Processing System code for reasonableness.
- Obtained the status of prior year issues.

Appendix C

Flowchart of Number of SSA Hearings Processed and Average Processing Time for SSA Hearings



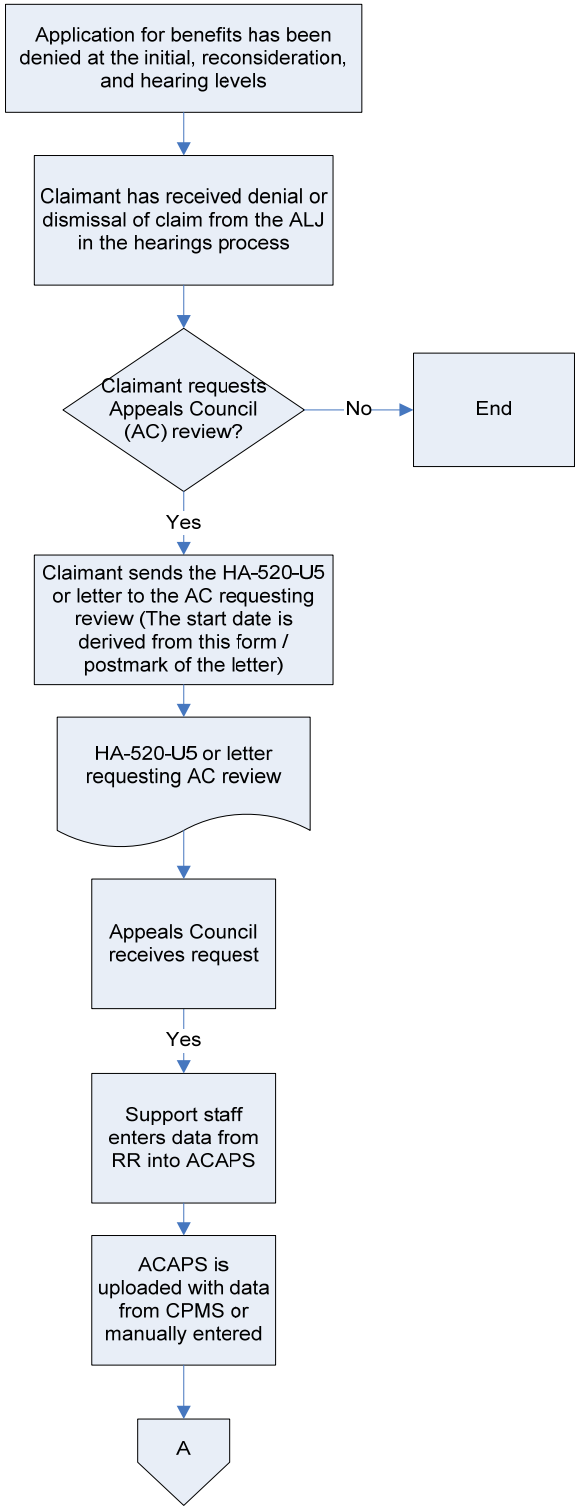

A
Claim is auto established from Modernized Claims System (MCS) / Modernized Supplemental Security Income Claims System (MSSICS) using the Electronic Disability Case System (EDCS) or the Case Intake Specialist (CIS) / Senior Case Technician (SCT) enters claim into CPMS
Clerk reviews claim and determines if the claim is eligible for early screening
Management assigns claim to an Administrative Law Judge (ALJ)
Will ALJ conduct hearing?
No
Dismissed
No
ALJ determines to pay claim on the record (OTR) (Expedite without hearing)
Written decision/ dismissal entered into CPMS and sent to claimant
Yes
Hearing is held and case is explained
ALJ issues a decision
Support staff enters disposition data into CPMS for SSA cases. The ALJ will verify favorable decisions in CPMS.
Clerk enters disposition date and mail date into CPMS
Decision letter and a copy of the ALJ's decision is sent to claimant
Monthly Activity Report (MAR) / Caseload Analysis Report (CAR) is produced by CPMS
MAR / CAR is posted to the Intranet
CAR data is forwarded to OSM
OSM adds data to the tracking report (Falls Church)
Performance Measure Calculation:
Calendar Days from Hearing Request to Disposition Mail Date
Total Number of Dispositions
Performance Measure Calculation:
Total of the number of hearings processed
Performance owner review of the indicator results
Reporting of performance indicators Number of SSA Hearings Processed and Average Processing Time for Hearings

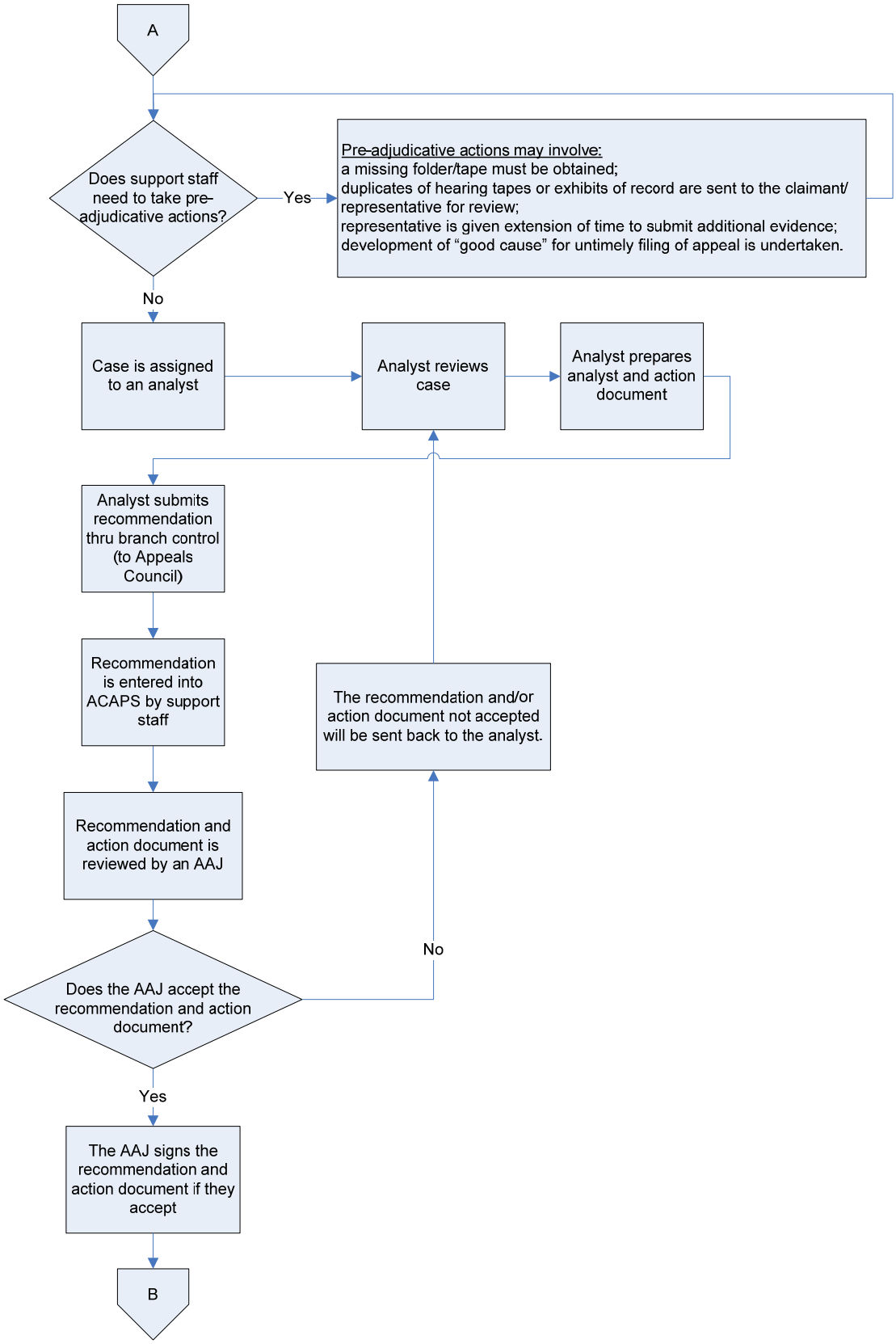
Number of SSA Hearings Processed and Average Processing Time for SSA Hearings

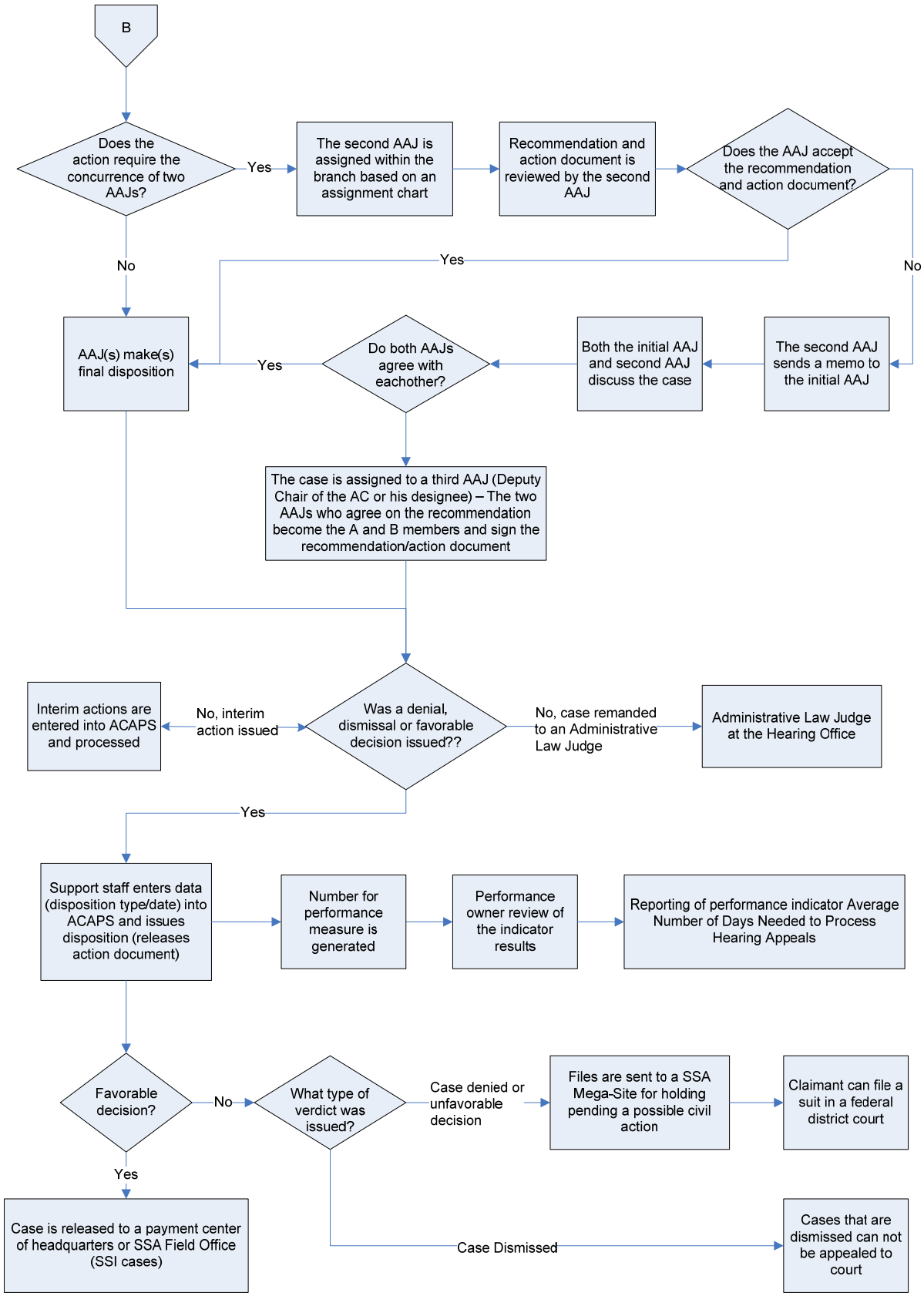
- Initial decision of benefits is received by claimant.
- The claimant asks for redetermination of SSA's initial decision.
    - If SSA disagrees with their initial decision, SSA will reverse their initial decision and the process ends.
    - If SSA agrees with their initial decision, the redetermination decision is sent to the claimant.
- After the redetermination decision is received by the claimant they may file a Request for Hearing (RH). If they do not, the process ends.
- The request for hearing can be filed through any SSA office or the form can be sent to the claimant by mail.
    - The claimant requests a hearing via the Teleservice Center.
    - The claimant is asked about their appeal over the phone by the Teleservice Center.
    - If the Teleservice Center believes that the claimant should be assisted in completing the HA-501 form, an administrative message is sent to the FO to have the FO contact the claimant to help in filing the HA-501 form.
    - If the Teleservice Center believes that the claimant can file the HA-501 form themselves the HA-501 form is mailed to the claimant.
        - The claimant completes the HA-501 form and sends the RH to the FO.
- The start date is established by using the RH in accordance with HALLEX I-20-0-50.
- The FO forwards the Case File to the Hearing Office for processing if the appeal was filed within the appeals period.
- The claim is auto established from MCS/MSSICS using Electronic Disability Case System (EDCS) or the Case Intake Specialist (CIS) / Senior Case Technician (SCT) enters claim into CPMS.
- The clerk reviews the claim and determines if the claim is eligible for early screening.
- Management assigns the claim to an ALJ (Administrative Law Judge).
- The ALJ decides whether to conduct a hearing or not.
    - If the ALJ does not conduct a hearing, the case may be dismissed or the ALJ can determine to pay the claim on the record (OTR - to expedite without a hearing).
    - The written decision/dismissal is then sent to the claimant.
- If the ALJ decides to hear the case, the hearing is held and the case is explained.

-
- The ALJ issues a decision.
- Support staff enters disposition data into CPMS for SSA cases.
- The ALJ will verify favorable decisions in CPMS.
- The clerk enters the disposition date and mail date of the case into CPMS.
- A decision letter and a copy of the ALJ's decision are sent to the claimant.
- The Monthly Activity Report (MAR) / Caseload Analysis Report (CAR) are produced by CPMS.
- MAR/CAR are posted to the SSA Intranet.
- CAR data is forwarded to the Office of Strategic Management (OSM).
- OSM adds data from the CAR to the tracking report.
- Performance Measure Calculation: Total number of SSA hearings processed.
- Performance Measure Calculation: Calendar days from Hearing Request to Disposition Mail Date for all dispositions issued / Total Number of Dispositions issued.
- The performance owner reviews the indicator results.
- The reporting of the performance indicators Number of SSA Hearings Processed and Average Processing Time for SSA Hearings.

Flowchart of Average Processing Time for Hearings Appeals




A
Does support staff need to take pre-adjudicative actions?
Yes
Pre-adjudicative actions may involve:
a missing folder/tape must be obtained;
duplicates of hearing tapes or exhibits of record are sent to the claimant/ representative for review;
representative is given extension of time to submit additional evidence;
development of "good cause" for untimely filing of appeal is undertaken.
No
Case is assigned to an analyst
Analyst reviews case
Analyst prepares analyst and action document
Analyst submits recommendation thru branch control (to Appeals Council)
Recommendation is entered into ACAPS by support staff
The recommendation and/or action document not accepted will be sent back to the analyst.
Recommendation and action document is reviewed by an AAJ
No
Does the AAJ accept the recommendation and action document?
Yes
The AAJ signs the recommendation and action document if they accept
B


B
Does the action require the concurrence of two AAJs?
Yes
The second AAJ is assigned within the branch based on an assignment chart
Recommendation and action document is reviewed by the second AAJ
Does the AAJ accept the recommendation and action document?
No
Yes
No
AAJ(s) make(s) final disposition
Yes
Do both AAJs agree with eachother?
Both the initial AAJ and second AAJ discuss the case
The second AAJ sends a memo to the initial AAJ
The case is assigned to a third AAJ (Deputy Chair of the AC or his designee) – The two AAJs who agree on the recommendation become the A and B members and sign the recommendation/action document
Interim actions are entered into ACAPS and processed
No, interim action issued
Was a denial, dismissal or favorable decision issued??
No, case remanded to an Administrative Law Judge
Administrative Law Judge at the Hearing Office
Yes
Support staff enters data (disposition type/date) into ACAPS and issues disposition (releases action document)
Number for performance measure is generated
Performance owner review of the indicator results
Reporting of performance indicator Average Number of Days Needed to Process Hearing Appeals
Favorable decision?
No
What type of verdict was issued?
Case denied or unfavorable decision
Files are sent to a SSA Mega-Site for holding pending a possible civil action
Claimant can file a suit in a federal district court
Yes
Case is released to a payment center of headquarters or SSA Field Office (SSI cases)
Case Dismissed
Cases that are dismissed can not be appealed to court

Average Processing Time for Hearings Appeals

- The process starts by the application for benefits being denied at the initial, reconsideration, and hearing levels.
- The claimant has received denial or dismissal of claim from the ALJ in the hearings process.
- If the claimant does not request Appeals Council review the process ends.
- If the claimant requests Appeals Council review, the request is made through the HA-520-U5 form or a letter can be submitted to SSA.
- The start day is derived from the HA-520-U5 form or the postmark of the letter is used. Refer to HALLEX for instructions.
- The claimant sends the request to the Appeals Council.
- The Appeals Council receives the request.
- Support staff enters data from the request for review into ACAPS.
- Data is uploaded from CPMS or manually entered into ACAPS.
- Support staff takes pre-adjudicative actions, if applicable.
    - Pre-adjudicative actions involve: a missing folder/tape must be obtained; duplicates of hearing tapes or exhibits of record are sent to the claimant/representative for review, representative is given extension of time to submit additional evidence; development of "good cause" for untimely filling of appeals is undertaken.
- The case is assigned to an analyst.
- The analyst reviews case.
- The analyst prepares a recommendation and action document.
- The recommendation is entered into ACAPS by support staff.
- The analyst submits the recommendation thru batch control to the Appeals Council.
- The recommendation and action document is reviewed by an Administrative Appeals Judge (AAJ).
- The AAJ makes a decision to accept the recommendation and action document. If the AAJ does not accept the recommendation and/or action document, the case is sent back to the analyst to review the case.
- The AAJ signs the recommendation and action document if they accept.
- If the action document requires the concurrence of two AAJs, the second AAJ is assigned within the branch based on an assignment chart.
    - The recommendation and action document is reviewed by the second AAJ.

  - If the second AAJ agrees with the first AAJ, the second AAJ will make a final disposition.
  - If the second AAJ does not agree with the first's decision, both the initial and second AAJs will discuss the case. If they still do not agree, the case is assigned to a third AAJ (Deputy Chair of the Appeals Council or his/her designee). The two AAJs who agree on the recommendation become the A and B members of the case and sign the recommendation document.
- AAJ(s) make(s) final disposition.
- If an interim action was issued, the interim actions are entered into ACAPS and processed.
- If the case was remanded to an Administrative Law Judge (ALJ) the case is transferred to an ALJ at the Hearing Office.
- If the case was a denial, dismissal or favorable decision, the support staff enters the data (disposition type/date) into ACAPS and issues a disposition (releases action document).
  - The performance measure, "Reduce the Average Number of Days Needed to Process Hearings Appeals," is generated from this data.
  - The performance owner reviews the indicator results.
  - Reporting of the performance indicator "Reduce the Average Number of Days Needed to Process Hearings Appeals" is performed and submitted to OSM.
- If the disposition was a favorable decision, the case is released to a payment center or SSA Field Office (SSI cases).
- If the disposition was not a favorable decision, the type of verdict decides the next action.
  - If the case was dismissed, it cannot be appealed to court.
  - If the case was denied or an unfavorable decision was issued, the files are sent to an SSA Mega-Site for holding, pending a possible civil action. In this circumstance, the claimant can file a suit in Federal district court.

Appendix D

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: May 2, 2007 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/

Subject: Office of the Inspector General (OIG) Draft Report, "Performance Indicator Audit: Hearings and Appeals Process" (A-15-06-16113)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "PERFORMANCE INDICATOR AUDIT: HEARINGS AND APPEALS PROCESS" (A-15-06-16113)

Thank you for the opportunity to review and comment on this draft report. Our responses to the specific recommendations are provided below.

Recommendation 1

Enhance application input edits within the Case Processing and Management System (CPMS), including controls to prevent users from disposing of cases due to death without entering a date of death.

Comment

We agree. The June 2007 release of CPMS will require the user to enter the claimant's date of death when the case disposition indicates the claimant's death.

Recommendation 2

Ensure that the CPMS UNIX systems are configured to be in compliance with the Social Security Administration (SSA) UNIX Risk Model and Government guidelines from the National Institutes of Standard and Technology (NIST) and the Defense Information Security Agency (DISA).

Comment

We agree with ensuring our compliance with the SSA UNIX Risk Model. SSA has a functional workgroup that meets monthly to address various issues related to UNIX configuration and security, which includes ensuring that systems are configured based on the UNIX Risk Model.

We disagree with the inclusion of NIST guidelines 5153 Section 3.2.2 in the footnote on page 6 of this report. NIST has a note in the 5153 document that states: "THIS DOCUMENT HAS BEEN SUPERSEDED BY THE FEDERAL CRITERIA." NIST's *Guide for Developing Security Plans for Federal Information Systems*, publication 800-18, is more current and, therefore, more relevant to this audit. Also, while the DISA Security Technical Implementation Guide provides a checklist that minimizes the security risks associated with computer hardware or software systems, Federal law does not require SSA to comply with this guide as this recommendation implies.

Recommendation 3

Strengthen password parameters in the Appeals Council Automated Processing System (ACAPS) to require encryption of the passwords, lockout of user's accounts after a set number of failed log in attempts, the use of alphanumeric passwords with a minimum of eight characters.

Comment

We disagree. ACAPS was implemented in 1995. Since that time, the system has undergone several upgrades. Technologically, ACAPS is now outdated and recent enhancements to the system have been limited to emergency requirements, pending a full replacement of the system. The first Appeals Council (AC) system release to replace ACAPS is scheduled for January 2008. Once fully implemented, the architecture of the new AC system will support the above recommendation and ACAPS will be retired.

In addition, the Office of Management and Budget Circular A-11, section 230.2e, states "Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data will exceed the value of any data so obtained." We believe this directive applies to this situation.

Recommendation 4

Strengthen the ACAPS application to include security incident reports for tracking inappropriate access attempts to ACAPS.

Comment

We disagree. See our response to recommendation 3.

Recommendation 5

Generate error logs for ACAPS activities to ensure timely identification and follow-up of data entry errors.

Comment

We disagree. See our response to recommendation 3.

Recommendation 6

Require ACAPS users to enter all identifying fields to prevent duplicate cases.

Comment

We disagree. See our response to recommendation 3.

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

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, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Resource Management

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.