Semiannual Report

Office of the Inspector General

April 1, 1995 - September 30, 1995

June Gibbs Brown
Inspector General

Mission

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

Authority

The Inspector General Act created independent audit and investigati units, called the Office of Inspector General (OIG). The mission of th 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 a 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

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management.

FOREWORD

As required by the Inspector General Act of 1978, as amended, I am pleased to submit to you the first Office of the Inspector General (OIG) Semiannual Report to Congress since the Social Security Administration (SSA) became independent on March 31, 1995. The accomplishments achieved are highlighted in this report which covers the period April 1, 1995 through September 30, 1995.

The OIG conducts audits, evaluations, and investigations that address a number of programmatic activities, including: financial management, examination of the use of computer profiling, and SSA's customer service. Most significantly, the OIG found that SSA underpaid at least $159 million to at least 80,000 beneficiaries who receive retirement and survivors insurance benefits. Additionally, the OIG reported over $1.8 million that could be put to better use through management's implementation of OIG recommendations, secured 287 criminal convictions, and recovered more that $3 million in fines, judgments, restitution and recoveries.

The first 6 months of our work at the newly independent SSA have been challenging and rewarding. We look forward to continuing our work with SSA to achieve the highest level of integrity and accountability for SSA's programs and operations and the highest quality of service to SSA's customers.

June Gibbs Brown
Inspector General

Reporting Requirements of the Inspector General Act of 1978, as Amended

The specific reporting requirements of the Inspector General Act of 1978, as amended, are listed below with reference to the page on which each is addressed. Where there is no data to report under a particular requirement, this is indicated as "none." A complete listing of Office of the Inspector General audit and inspection reports can be found on page 23.

Section of the Act	Requirement	Page
Section 4(a)(2)	Review legislation and regulations	21
Section 5(a)(1)	Significant problems, abuses and deficiencies	Throughout
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	Throughout
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	Appendices B and D
Section 5(a)(4)	Matters referred to prosecutive authorities which resulted in prosecutions, convictions or assistance	Throughout
Section 5(a)(5)	Summary of instances where information was refused	None
Section 5(a)(6)	List of audit reports	23
Section 5(a)(7)	Summary of significant reports	Throughout
Section 5(a)(8)	Statistical table I - reports with questioned costs	25
Section 5(a)(9)	Statistical table II - reports with recommendations that funds be put to better use	25, Appendix A and B
Section 5(a)(10)	Summary of previous audit reports without management decisions	Appendix D
Section 5(a)(11)	Description and explanation of implemented management decisions	Appendix C
Section 5(a)(12)	Management decisions with which the Inspector General is in disagreement	Appendices B

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EXECUTIVE SUMMARY

On March 31, 1995, the Social Security Administration (SSA) became an independent agency. As part of the Social Security Independence and Program Improvements Act of 1994, Public Law 103-296, Congress provided SSA with its own statutory Inspector General (IG). In the interim period, until a new SSA IG is confirmed, the Department of Health and Human Services' (HHS) IG, June Gibbs Brown was appointed and manages both the HHS Office of Inspector General (OIG) and the new SSA/OIG organizations. The new SSA/OIG organization was initially created from HHS/OIG resources and staff. The HHS/OIG transferred 259 positions to SSA, including 3 senior executive service positions, necessary equipment and applicable funding.

The OIG is required by the Inspector General Act of 1978, as amended, to report program and management problems and recommendations to both the Commissioner of SSA and to Congress. This report, our first Semiannual Report to Congress, highlights our accomplishments for the period April 1, 1995 to September 30, 1995.

SUMMARY OF MAJOR ACCOMPLISHMENTS AND OIG ACTIVITY

During this period, the OIG received a total of 2,236 complaints from sources both within and outside SSA, opened 844 investigations, and closed 679 cases. The OIG obtained 287 criminal convictions and recovered almost $3.9 million through fines, judgments, restitution and recoveries. In addition, over $1.8 million was saved through implemented recommendations to put funds to better use.

Below are some of the more significant reports issued during this period:

AUDITS

- **Underpayment for SSA Beneficiaries with Earnings Posted after Entitlement** (See page 14)
- **Administrative Costs Claimed by the State of Rhode Island and Providence Plantations' Disability Determination Services** (See page 12)
- **SSA's Management of Federal Employees' Claims** (See page 12)

EVALUATIONS AND INSPECTIONS

- **Effectiveness of Computer Profiling to Detect False Identities** (See page 4)
- **SSA Field Office Visitor Workload** (See page 8)
- **Representative Payee Problems Discovered During Risk Assessment Inspection** (See page 10)
- **Social Security Client Satisfaction of 1995** (See page 15)

INVESTIGATIONS

The OIG works in partnership with a number of law enforcement agencies including the Federa Bureau of Investigation, U.S. Immigration and Naturalization Service, U.S. Secret Service and Federal, State and local law enforcement agencies. (See pages 4 - 11 and Appendix E)

REGULATORY DEVELOPMENT

The OIG developed regulations to implement SSA's civil monetary penalty (CMP) authorities fo misuse of symbols and emblems, and (2) false statements and representations of material facts v respect to SSA's programs. The regulations will soon be published in the Federal Register. Th will administer the SSA CMP program.

TASK FORCES AND STUDY GROUPS

The OIG management and staff are working closely with SSA to meet the changing expectations Government, and are addressing a wide array of issues through participation in study groups an forces. (See page 19)

OVERVIEW OF SOCIAL SECURITY ADMINISTRATION

The Social Security Administration (SSA) directly touches the lives of more people than any other public service entity. Sixty years after its creation in 1935, SSA has grown into an indispensable part of the American way of life. Today, the Retirement and Survivors Insurance (RSI) program, and the Disability Insurance (DI) program, both popularly called Social Security, are the largest of SSA's programs paying over $330 billion in cash benefits to more than 43 million beneficiaries each year. The program is financed almost entirely through payroll taxes paid by employees, their employers and the self-employed into the Social Security trust funds. Benefits are distributed to retirees and disabled persons, their spouses and dependent children, and certain surviving family members of deceased insured workers.

The SSA also administers the Supplemental Security Income (SSI) program. The SSI program is a means-tested assistance program that provides a nationally uniform, federally funded floor of income for the aged, blind and disabled. Beginning January 1974, SSI replaced State and county assistance programs for the aged, blind and disabled that were funded by a mix of general Federal and State money. Federalization of assistance permitted the establishment of uniform eligibility criteria. In FY 1995, SSA expects to pay SSI benefits of about $25 billion to over 6 million recipients.

SOCIAL SECURITY ADMINISTRATION GOALS

The Commissioner has established three overarching goals to guide SSA's mission in administering the Social Security programs:

1. **Rebuilding Public Confidence in Social Security**
2. **Providing World-Class Service**
3. **Providing a Supportive Environment for Employees**

Many of the activities described in this report support these goals and have been addressed by our audits, evaluations and investigations. To be consistent with the SSA's General Business Plan, the OIG's Congressional Budget Justification, and the OIG's Work Plan for FY 1996, the OIG's semiannual report is organized to support SSA's primary business activities.

The four critical and fundamental areas are:

- Enumeration
- Claims
- Earnings
- Postentitlement

In addition, the OIG is placing special emphasis on the areas of financial management, automated processing systems, and customer service related issues.

OVERVIEW OF THE OFFICE OF THE INSPECTOR GENERAL

The mission of the Office of the Inspector General (OIG), as mandated by the Inspector General of 1978, as amended, is to protect the integrity of SSA's programs. The OIG reports, to both tl Commissioner and the Congress, program and management problems and recommendations to c them. This mission is carried out through a nationwide network of audits, evaluations and investigations. To accomplish its charge, the OIG is comprised of the following operating components: Office of Audit (OA); Office of Evaluation and Inspections (OEI); and Office of Investigations (OI). Additionally, the components are supported by staff in the Immediate Offic the Inspector General and Office of Management Services (OMS).

Office of Audit (OA)

Within the Social Security Administration (SSA) OIG, the OA conducts comprehensive audits of SSA's programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. By definition, an audit is an independent, highly structured, systemat assessment of a Government organization, program, function, or activity.

There are two general types of audits - financial and performance. Financial audits are required the Chief Financial Officer's (CFO) Act. Its objective is to assess whether SSA's financial stater 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.

The OA has reviewed a number of areas within SSA's programs and operations, such as the qual of services provided by SSA's field offices, the effectiveness of the disability determination proc and the viability of the systems modernization process. Audit recommendations have led to legis changes in many program areas of SSA.

Office of Evaluation and Inspections (OEI)

The OEI within SSA/OIG conducts short-term management and program evaluations focused on issues of concern to SSA, the Congress, and the general public. Evaluations often focus on the "front-end" of the IG's mission by identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting and dealing with problems after they occur. Evaluations may be requested by the Commissioner, the Congress or the IG.

A program evaluation can combine several disciplines including survey research, compliance rev and program and system analysis. Evaluations frequently result in improvements in the cost, efficiency and integrity of SSA's programs.

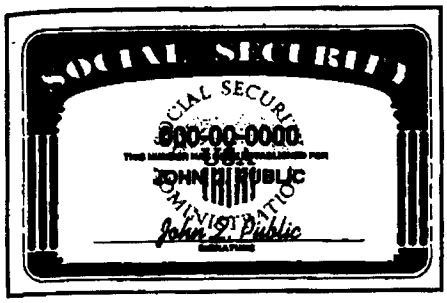
Office of Investigations (OI)

Fraud and abuse in SSA's programs have historically been based on two types of deception: concealment of a beneficiary's status and the issuance of a false SSN to obtain benefits. The OI within SSA/OIG usually works independently, but at times conducts joint investigations with other Federal law enforcement agencies. Each program administered by SSA, and each type of benefit within a program, presents its own vulnerabilities, and is therefore susceptible to particular types of fraudulent activities.

Although the vast majority of SSA's 65,000 employees are trustworthy and dedicated civil servants, a few corrupt employees can compromise the integrity of the Social Security system and undermine the public's confidence in the agency's programs. Employee fraud cases usually fall within the following categories: creation of fictitious identities; fraudulent issuance and sale of Social Security number (SSN) cards; weaknesses in SSA's internal control and software control systems; misappropriation of refunds in the collection and deposit of overpayments; and vulnerability and abuse of confidential information. The OIG obtained 12 convictions involving SSA employees during this reporting period.

Office of Management Services (OMS)

The OMS supports the Inspector General and OIG components in their pursuit of the OIG mission by providing the following services: preparing the OIG's independent budget formulation and execution; developing the OIG-wide administrative policies; coordinating, integrating and disseminating information such as the OIG's semiannual and monthly reports; serving as the primary liaison with SSA management, Congress, other Federal agencies and external organizations; managing personnel and human resources services; coordinating and providing information resources management; reviewing legislation and regulations; providing financial and information management services; providing Freedom of Information Act services; and coordinating procurement and all resource management.



ENUMERATION

Enumeration is the process by which SSA assigns original Social Security numbers (SSN), issues replacement cards to people with existing SSNs, and verifies SSNs for employers and other government agencies. The SSN is used to record earnings covered by Social Security and/or Medicare and to process claims for Social Security and Supplemental Security Income (SSI) benefits. Major concerns involving SSNs relate to improper issuance for illegal work activity by aliens, issuance of multiple SSNs to individuals, and controls over third party involvement (i.e., hospitals, relatives and other governmental agencies) in the enumeration process.

EVALUATION AND INSPECTIONS

Effectiveness of Computer Profiling to Detect False Identities - This inspection found that computer profiling is an important tool for detecting suspected fraudulent enumeration and claims activity. The computer profile the OIG developed found that fraud was strongly suspected in 5 percent of a sample number of cases the OIG reviewed. The OIG also found that computer profiling could be effective in detecting vulnerabilities in the implementation of SSA's enumeration procedures. The OIG recommended that SSA make broader use of computer profiling as another means to identify and ferret out fraud. The SSA generally agreed with the OIG's recommendations. (OEI-07-92-00150 - 9/95)

INVESTIGATIONS

SSN Fraud - The expanded use of SSN's as an identifier has given rise to the counterfeiting of SSN cards, obtaining SSN cards based on false information, and misusing SSNs fraudulently to obtain benefits and services from Government programs or to defraud banks, credit card companies, retailers and other businesses. Over the last 6 months, the OIG obtained 159 convictions in this area.

- An SSA employee in Florida was convicted and sentenced to 33 months incarceration, 3 years probation, and assessed $400 on seven counts of fraudulently issuing SSN cards. A co-conspirator, a Haitian attorney, was convicted at the same trial on eight counts of illegally obtaining identification and employment documents. Other co-conspirators included a former Haitian consulate employee, a supervisory computer specialist with Immigration and Naturalization Service (INS), and a travel agent in New York.

- An SSI recipient in Colorado was convicted of theft and criminal impersonation for receiving SSI and various welfare benefits under a false identity as well as her own. In the 1960's when no evidence of identity was required, the woman obtained an SSN in the name of her aunt. Armed with the false SSN, a valid birth certificate, and a Colorado identification card, she set up two households and fraudulently received $56,063 in benefits. She was erroneously paid $26,071 in SSI between 1989 and 1994. The balance of the fraudulent benefits were from Medicaid, food stamps, and other welfare programs. The scheme was discovered after she called the police to report that a housekeeper had impersonated her to get a telephone number, then skipped out on th bill. When the police questioned the housekeeper, she revealed that the complainant was using two identities.

- In a case worked jointly with the Federal Bureau of Investigation and the U.S. Border Patrol, a former SSA service representative in Florida was convicted for bribery and selling SSN cards. The 15-year employee conspired with another individual to sell valid, work-authorized SSNs to illegal aliens. The co-conspirator testified that he had paid the employee over $80,000 for SSNs over the duration of their scheme. The employee was sentenced to 21 months incarceration, 2 years probation, fined $7,100 and assessed $750. The Judge increased the incarceration time beyond the sentencing guidelines because she perjured herself at trial, thereby obstructing justice.

- A man in Ohio was sentenced to 8 months incarceration and 2 years probation for filing a false application for an SSN. He established a false identity to avoid child support. He was sentenced to an additional 18 months in State prison for violating his probation on earlier convictions for carrying a concealed weapon, domestic violence, and receiving stolen property.

- An illegal alien in Ohio was taken into custody after attempting to apply for a fraudulent SSN. Some SSA employees became suspicious when they learned the individual had no previous SSN, and his birth certificate was found to be fraudulent. The SSA placed a fraud indicator in its enumeration system and contacted the OIG when the party made a second attempt to apply for an SSN at a different SSA office. The man was identified as an illegal alien with a prior deportatior and was sentenced to 12 months incarceration and 3 years probation. The case was worked jointl with the U.S. Secret Service.

- Two Ohio men were sentenced to 121 months incarceration on SSN fraud and drug charges. The men were initially investigated for distribution of heroin. The case was referred by the U.S. Attorney's office after discovering that the men fraudulently applied for SSNs. In addition to incarceration, one man must serve 5 years probation and the other man 8 years. They were fined $17,500 and $10,000, respectively.

- A Wisconsin woman was sentenced to 41 months incarceration, 3 years probation, and was required to sell her house in order to repay credit card companies after she pled guilty to using false credit cards. The investigation revealed that she applied for numerous credit cards using SSNs not belonging to her. She then purchased over $50,000 worth of retail items. This case was referred by and worked jointly with the U.S. Secret Service and the U.S. Postal Service.

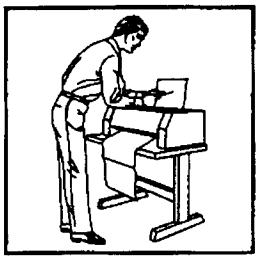
- Three Pennsylvania men were convicted of credit card fraud, bank fraud, conspiracy, and misuse of SSNs. The men participated in a scheme where they established fraudulent businesses and acquired good credit ratings using false SSNs. They then applied for credit cards and bank loans, defrauding those institutions of $400,000. This case was referred by and worked jointly with the U.S. Secret Service and the U.S. Postal Service.

- Three individuals were sentenced in a New Jersey case involving a massive scheme to pay unemployment benefits to illegal aliens. It is believed that $40 million in fraudulent unemployment benefits were paid over a 25-year period. False SSNs were used in the scheme. These individuals were all employees of the New Jersey Department of Labor (NJDOL). They were all sentenced to incarceration, ranging from 8 to 19 months. Two individuals were ordered to pay restitution of $5,000, and one was ordered to pay $10,000. Additional indictments are pending. This case was referred by and worked jointly with the NJDOL, plus DOL, and the U.S. Postal Service.

- An Illinois man was sentenced to 6 months and 1 day of incarceration for bank fraud and 6 months incarceration for obstruction of justice. The sentences will run consecutively. He was also sentenced to 3 years probation and a $50 special assessment. The man opened two bank accounts using a fraudulent Department of Health and Human Services (HHS) identification badge, then established bank accounts using a fraudulent SSN, and deposited stolen checks into the accounts. The man confessed, implicating the HHS employee who obtained the badge for him.

- A former SSA service representative in New York was sentenced after pleading guilty to charges of fraud against SSA. She admitted processing hundreds of SSN cards for aliens who did not have legal immigration status. The employee altered the district office code when she input the SSN application data, causing 28 other district offices to report missing SSN applications during security audits. The employee was sentenced in Federal court to 2 years probation, 250 hours community service, and was fined $50.

- A New York man pled guilty to State charges of grand larceny after collecting SSI and welfare benefits under two identities. The case was referred by the New York City (NYC) Bureau of Fraud. The man was arrested on drug charges and a search of his residence produced two NYC welfare photo identification cards using different identities. The man was erroneously paid $37,814 on the false record. Payments on the true identity have been suspended due to incarceration. He was sentenced to 1 to 3 years in jail. No restitution was ordered.



EARNINGS

Social Security benefits are based on an individual's earnings as reported to SSA. Reports of earnings must be filed annually with SSA by every employer who is liable for Social Security and Medicare taxes. It is through the earnings process that SSA establishes and maintains a record of an individual's earnings for use in determining insured status for entitlement to retirement, survivors, and disability benefits and for calculating benefit payment amounts.

Our major emphasis during this reporting period was to address discrepancies between the SSA's records and against those maintained by the Internal Revenue Service (IRS). Prior reviews have identified problems with unidentified earnings items, omitted earnings reports, duplicate posting of earnings and poor controls over the earnings correction process.

INVESTIGATIONS

Fraud related to earnings usually involves deception such as false identity cases where an individual uses another person's identity or SSN, thereby impacting the true SSN holder's earnings records, and fraudulent income tax returns.

- An Illinois certified public accountant was ordered by Federal court to serve 80 months incarceration, 3 years probation, and make restitution of $753,054 to the IRS after pleading guilty to filing 97 fraudulent tax returns since 1987 and claiming $2 million in refunds. He prepared the fraudulent returns for his clients using false documents that he had prepared, then would share in the refunds. He would also use false SSNs or the SSNs of his clients' children. The IRS initiated the investigation when they discovered he was filing returns for his deceased brother.

- A Florida man established a false identity to escape an arrest warrant on a probation violation. The man enlisted in the U.S. Coast Guard using a false identity after he had previously been dishonorably discharged from the U.S. Marines. He then deserted the Coast Guard and applied for another SSN using a different name. For 7 years the man called Coast Guard investigators, taunting them that they would never catch him. The man was subsequently arrested in Arizona and court martialed in Virginia by the Coast Guard. The man pled guilty to falsely applying for an SSN card, and other charges and was sentenced to 15 months incarceration, loss of rank and pay, and dishonorable discharge from the Coast Guard.

CLAIMS

In the SSA claims process, the agency determines an individual's eligibility for, or entitlement to, benefits. The process begins with an individual's initial contact with SSA and continues through payment effectuation or the administrative appeals process. The process for determining eligibility for benefits involves certain basic functions across each of the programs that SSA administers: outreach and information, intake, evidence collection, determination of eligibility or entitlement, notification of award or denial, and initial payment.

The OIG's emphasis is on timely and accurate payment of initial beneficiary claims. Our major concerns in this area are: delays in processing disability claims; reliability of disability determinations; benefit computation payment errors; and internal controls.

AUDIT

Analysis of SSI in Florida Showed that Related Household Payments Exceeded 120 Percent of HHS' Established Poverty-level Guidelines - This audit addressed the need to reduce and reexamine SSI program costs and the SSI Federal benefit standard. Data for the month of June 1993 showed 793 family households received $142,182 in SSI benefits that exceeded 120 percent of the poverty guidelines. Mental disorders were the most frequent qualifying disability for both children and adults. A probe selection of 10 families also showed that these families were receiving Medicaid services, 7 had applied for or received food stamps during the time frame, and at least 1 child in each of the families received special education. Also, one household received DI benefits and another received Veterans Administration benefits. (A-04-93-03031 - 4/95)

EVALUATION AND INSPECTIONS

SSA Field Office Visitor Workload - This report found that nearly 94,000 people visit SSA field offices each day and that 10 workload areas account for 2 out of 3 field visitors. Many visitors could potentially conduct their business using other service options. Some workloads might be avoided altogether. The OIG recommended six areas for improvement. Resource savings could be reinvested to provide more efficient and better services to that segment of the population that needs, or chooses, to conduct business in person at SSA field offices. Over a 5-year period, the OIG estimates SSA could save about $250 million by: modifying the way it conducts some business, shifting some field office workload to less expensive service options, and influencing customer behavior and service preferences.. After deductions for new technology and replacement services, the OIG projects that SSA could realize first year savings of about $35 million and approximately $54 million annually thereafter. The SSA is reviewing the final report. (OEI-05-92-00043 - 9/95)

INVESTIGATIONS

Program Fraud - The RSI, DI and SSI programs are defrauded by persons who file false claims, make false statements, or conceal factors affecting initial or continuing entitlement. Unscrupulous individuals also defraud these programs through theft and forgery of benefit checks, concealing the death of beneficiaries with intent to fraudulently continue receiving their payments, using fraudulent medical records and feigning disabilities. The OIG obtained 122 convictions in the areas of RSI, DI and SSI fraud.

- In a case referred by SSA, a former claims representative in New York pled guilty to Social Security fraud after it was discovered that she created multiple fictitious children on two number holders' records, one deceased and one retired. She processed claims for the children and named herself as their representative payee. She processed both the SSN applications and the benefit applications, receiving $120,000 over a 3-year period. The fraud was detected when the employee failed to complete a representative payee accounting form. The retired number holder was contacted about the accounting and indicated that the children were not hers.

- In a case referred by SSA and worked jointly with the U.S. Secret Service, a disability beneficiary in Michigan pled guilty to fraudulently obtaining $246,540 from SSA. The beneficiary was an illegal alien who, in the 1970s, assumed the identity of an unsuspecting Texas resident. The illegal alien became disabled in 1973 when he was involved in a police shoot-out. The man continued to used the false identity and received disability benefits for 15 years for himself and his family. The SSA was alerted when the true SSN holder contacted SSA for assistance. The beneficiary agreed to refund the money.

POSTENTITLEMENT

Once individuals become entitled to, or eligible for Social Security or SSI benefits, any changes in their circumstances that affect the amount or continuation of payment must be reflected in SSA's records. The postentitlement process encompasses actions that SSA takes, after an RSI, DI or SSI claim is processed as an initial award. This process ensures timely and correct payment of benefits. Examples of these actions include change of address, non-receipt of checks, change of payee, review of payee accounting information, benefit recomputations, overpayment and reviews of continuing eligibility or entitlement.

During the last 6 month period, the OIG focused on the timely and accurate identification of events or conditions which cause an adjustment or termination of benefits. The OIG has particular concerns with SSA's monitoring of representative payees, changes in disability, and benefit adjustments due to additional work and earnings.

EVALUATION AND INSPECTIONS

Representative Payee Problems Discovered During Risk Assessment Inspection - The OIG provided SSA with an early alert regarding problems encountered with a specific representative payee during an overall review to assess the risk of payee types. The payee was a State agency serving as payee for more than 2,400 Social Security beneficiaries. The early alert will enable SSA to take timely corrective action to ensure that the payee makes correct use of benefits to meet the beneficiaries' needs. (Early Alert - 8/95)

Concurrently Entitled SSA Beneficiaries With Representative Payees - This evaluation found that more than 50,000 beneficiaries receiving benefits have differing payee arrangements. This results in SSA not being able to account for $57 million in benefits, which requires SSA to initiate more than 32,000 contacts through extra mail, telephone and in-person each year. The OIG recommended that SSA ensure that the same payee is selected for each program or send accounting forms to all payees. This report was not included in the previous HHS OIG semiannual report. (OEI-09-92-00859 - 3/95)

INVESTIGATIONS

Postentitlement Fraud - Postentitlement fraud includes the concealment of changes which are material to the beneficiary/recipient's entitlement. This concealment sometimes involves representative payees who defraud SSA benefit programs by filing fraudulent applications for persons not in their care or custody, or through misuse of the benefits received on behalf of another. They may also conceal facts affecting the beneficiary's continuing eligibility or entitlement such as incarceration or death. The OIG obtained 20 convictions during this period that involved representative payees.

- A Louisiana woman serving as representative payee for a beneficiary continued to complete payee reports after the beneficiary died. She reported that the beneficiary had moved to Texas and she no longer wanted to be the payee. It was later learned that the beneficiary died years earlier and, as a result of her failure to report the death, the payee received $38,004 which was not due. She

was sentenced to 3 years probation, 12 months of which must be served as home confinement. She was also directed to perform 100 hours of community service.

- An Iowa woman pled guilty to representative payee misuse for concealing the death of her grandmother. The woman not only failed to report the death, but lied to SSA when asked to br her grandmother into the office. After ignoring three letters, the woman said she could not brin her grandmother in because her grandmother was traveling around the country visiting relatives. The woman was sentenced to 1 month incarceration, 2 years probation, and was ordered to mak restitution to SSA in the amount of $5,250.

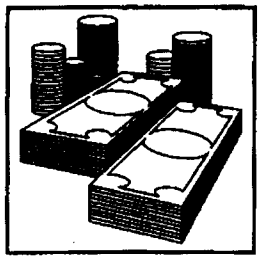
- A Cincinnati woman pled guilty to theft and was sentenced to 21 months incarceration, 3 years probation, and restitution to be determined later. The woman received SSI payments on behalf her son who died in 1986. She concealed her son's death and stated on several redetermination forms that he was still in her care. The total overpayment was $27,430.

- A Wisconsin woman was sentenced to 6 months incarceration, 3 years probation, and restitutio $20,614 as a result of her theft of Government funds. The woman was receiving SSA widows benefits and failed to report her 1989 remarriage. She continued to negotiate her benefit check for 5 years, resulting in the $20,614 overpayment.

- A mother and daughter in Nevada pled guilty to theft of Government funds after they buried th deceased grandmother in the desert and continued to convert her SSA retirement checks for the own use. They were each sentenced to 2 months incarceration, 6 months home detention, 2 y probation, and 50 hours of community service. The women were also ordered to make full restitution of the $12,092 overpayment.

- A Cleveland woman continued to convert her deceased grandfather's SSA benefits after he die The overpayment totaled $18,929 for a 2-year period. The SSA discovered the situation throu State death match. The woman pled guilty to a theft charge and agreed to make full restitutio

- The U.S. District Court for the District of Columbia affirmed a decision imposing $196,800 i fines and penalties against an individual who converted for her own use, her deceased mother benefit checks from 1971 to 1989. The court affirmed the imposition of $170,000 in penaltie $5,000 for each of the 34 checks - in addition to an assessment of $26,800.



FINANCIAL MANAGEMENT

The OIG reviews SSA's financial activities in the following areas: payroll, accounting transactions, and performs financial management audits under the CFO Act. The OIG also participates in interagency financial management efforts through the President's Council on Integrity and Efficiency and the President's Council on Management Improvement. Strong financial management is critical to achieving a high level of performance and maintaining accountability for Government resources.

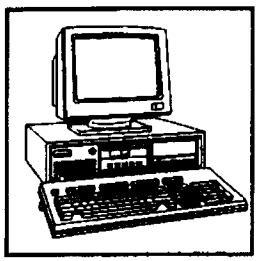
AUDITS

Administrative Costs Claimed by the State of Rhode Island and Providence Plantations (DDS) This audit disclosed of that the State agency that makes disability decisions for SSA requested reimbursement for $77,255 that was not supported by their accounting records. State officials had not reconciled Federal financial reports to official State records since April 1990. (The condition was reported in two prior HHS/OIG reports.) The OIG recommended that officials reconcile the reports and submit amended claims for the unreconciled variance. The OIG also found that the costs of performing disability determinations under a State program were improperly charged to the DI and SSI programs. The OIG recommended that officials adjust State records and reduce Federal financial reports to reflect the $6,749 of direct costs allocable to the State program for FY 1993 and for overhead costs allocable to the State program based on a method negotiated with SSA. The OIG is awaiting the State's response to the report. (A-01-94-02005 - 8/95)

The SSA's Management of Federal Employees' Claims - This audit found that SSA's workers' compensation costs increased twice as rapidly as those of other Federal agencies from 1988 to 1993. For the year ended June 30, 1994, SSA was billed about $15.1 million. This increased cost was the result of not analyzing the Department of Labor chargeback report which accumulates payment information and generates an annual report of benefits paid. In some instances, it was found that an employee did not attempt to return to work even though the employee's physician indicated the employee was capable of returning to work. The OIG reviewed 178 claims folders and identified 11 cases where information indicated that third-party liabilities, i.e. insurance companies, contractors and other individuals should have been pursued. The OIG estimated potential third-party recoveries from those 11 cases could total $564,000. This occurred because SSA had not implemented procedures requiring that accident or injury reports be investigated when there is indication that a third party was responsible. (A-17-95-00049 - 6/95)

Audit of SSA's FY 1994 Financial Statements - The FY 1994 management letter discussed i: relating to SSA's financial operation but having no material impact on the presentation of SSA annual financial statements. The OIG made recommendations which will result in further improvement of SSA's financial management, such as SSA's need to assess the agency's effec in resolving suspended wage records, ensure accuracy and completeness of financial informati work closely with its offices to address problems with accounting and financial management information distributed to user components.

Administrative Costs Claimed by the Connecticut DDS - This audit determined that costs cl for the period of October 1, 1991 through September 30, 1994 were allowable and properly a and internal controls provided reasonable assurance that administrative costs were properly ac for and accurately reported. Additionally, no instances of noncompliance were found, and the took appropriate action to implement recommendations of a prior audit report. Consequently, recommendations resulted from this review. (A-01-95-02005 - 7/95)



AUTOMATED PROCESSING SYSTEMS

The quality of public service provided by SSA and the integrity of the SSA programs is significantly impacted by SSA's automated systems. The OIG has reviewed selected systems activities at SSA since the beginning of its modernization effort in the 1980's. The OIG will continue to review these systems. Particular areas of emphasis are systems vulnerable to fraud, controlled access to and safeguarding of data, software development and maintenance, adequacy of systems capacity, and associated security risks of new technology. During this period the OIG audited SSA's Automated Earnings Reappraisal Operation (AERO) and found underpayments for beneficiaries with earnings posted after entitlement.

AUDIT

Underpayment for SSA Beneficiaries with Earnings Posted after Entitlement - This audit established that SSA underpaid at least $159.5 million to at least 80,000 beneficiaries who received RSI benefits. The underpayments ranged from a few dollars to over $38,000 and covered approximately a 15-year period ending March 1994. The median underpayment for individuals in the sample was about $1,130. These errors occurred in SSA's AERO system which recomputes beneficiaries' payments when earnings are posted after entitlement. The OIG estimated that $130.6 million of the underpayment was attributable to computer software logic errors that prevented cases from being processed. Manual processing errors at program service centers caused another $9.4 million to be underpaid or 6 percent of the total. However, because of insufficient documentation, reasons for the remaining $19.5 million or 12 percent of the underpayment could not be determined.

The SSA is to be congratulated for, upon notification of the problem, publicly announcing the underpayment error and immediately initiating corrective action before our draft report was issued. The OIG consulted with SSA's work group led by the Deputy Commissioner for Systems who developed a plan to accelerate efforts to identify and process timely refunds to beneficiaries. (A-13-94-00509 - 5/95)

CUSTOMER SERVICE

Over the past few years, the OIG has conducted a number of customer service related evaluations.

EVALUATION AND INSPECTIONS

Social Security Client Satisfaction - The HHS OIG has conducted annual client satisfaction surveys of Social Security beneficiaries since 1987. The 1995 survey, conducted by SSA OIG, indicates that 79 percent of the respondents rate service as good or very good. This is a slight improvement over last year, and the last four ratings indicate a leveling off after a decline from earlier years. Ratings from non-English speaking clients have steadily risen over the years, to 84 percent this year. As in previous years, disabled clients' ratings continue to lower the overall satisfaction ratings. Staff job performance and courtesy continue to promote satisfaction, while service delays continue to lower individual satisfaction ratings. (OEI-02-94-00370 - 3/95)

Monitoring Social Security's Customer Service - This inspection provided SSA with information to help SSA to achieve their goal, world-class service status. The OIG contacted six organizations recognized as the best in the business for monitoring the quality of customer service. The organizations advised that setting standards, identifying and addressing causes of customer dissatisfaction, and monitoring employee satisfaction are critical aspects in monitoring customer service. Based on this information, SSA identified the conclusions of the report as a good example of meeting the terms of Executive Order 12862, "Setting Customer Service Standards." (OEI-02-94-00780 - 4/95)

LEGISLATIVE AND REGULATORY REVIEW AND DEVELOPMENT

As required by the Inspector General Act of 1978, the OIG reviews existing and proposed legislation and regulations, and makes recommendations to the agency's programs on the prevention of fraud, waste, and abuse. Recommendations made by the OIG for legislative and regulatory change can be found throughout this report.

REGULATORY DEVELOPMENT

The OIG developed regulations to implement SSA's civil monetary penalty (CMP) authorities for: (1) misuse of symbols and emblems, and (2) false statements and representations of material facts with respect to SSA's programs. The regulations will soon be published in the Federal Register. The OIG will administer the SSA CMP program.

LEGISLATIVE PROPOSALS

The OIG provided the following proposals for SSA's consideration in developing its FY 1997 legislative agenda:

- Enhance Trial Work Period Provisions
- Expand Tip Reporting Requirements
- Federal Insurance Contributions Act (FICA) Coverage for Permanent Lodging for Workers
- FICA Coverage for Cafeteria Plan Benefits
- Deny FICA Coverage for Illegal Work of Aliens
- Exemption from Computer Match Renegotiations
- Allow SSA to Better Match Income Sources against SSI Benefit Payment Files
- Automate the Recomputation of Survivor's Benefits
- Eliminate the Attorney's Fee Program
- Include Benefits Received on Behalf of Children in Family Taxable Income
- Terminate Title II Benefits to Former Stepchildren
- Recover Social Security Overpayments through Federal Salary Offset
- Recover SSI Overpayments through Cross-Program Adjustment
- Recover Value Lost from Past Due Debts
- Establish a Consistent Eligibility Date for All Age-Based Title II Payments
- Reduce Social Security Benefits in All States Where Workers' Compensation Payments Are Received
- Expand CMP Authorities to Cover SSN Fraud
- Confer Basic Law Enforcement Authority on OIG Investigators

LIST OF REPORTS ISSUED DURING THIS PERIOD

AUDITS AND EVALUATIONS

Concurrently Entitled SSA Beneficiaries With Representative Payees
(OEI-09-92-00859 - 3/95)

Social Security Client Satisfaction
(OEI-02-94-00370 - 3/95)

Monitoring Social Security's Customer Service
(OEI-02-94-00780 - 4/95)

Analysis of SSI in Florida Showed That Related Household Payments Exceeded 120 Percent of the HHS' Established Poverty-level Guidelines
(A-04-93-03031 - 4/95)

Underpayment for SSA Beneficiaries with Earnings after Entitlement
(A-13-94-00509 - 5/95)

Review of SSA's Management Claims Filed Under the Federal Employees' Compensation Act
(A-13-92-0036 - 5/95)

Audit of SSA's FY 1994 Financial Statements
(A-17-95-00049 - 6/95)

Administrative Costs Claimed by the Connecticut Disability Service
(A-01-95-02005 - 7/95)

SSA Field Office Visitor Workload
(OEI-05-92-00043 - 8/95)

Audit of the Administrative Costs Claimed by the State of Rhode Island and Providence Plantations (DDS)
(A-01-94-02005 - 8/95)

Effectiveness of Computer Profiling to Detect False Identities
(OEI-07-92-00150 - 9/95)

Incorporating CDR Review Questionnaires with Interviews Performed by the Office of Program and Integrity Review
(A-17-94-00521 - 9/95)

RESOLVING OIG RECOMMENDATIONS

The following chart summarizes SSA's responses to OIG's recommendations for the recovery or redirection of questioned and unsupported costs.

TABLE I: REPORTS WITH QUESTIONED COSTS[1]

	Number	Dollar Value
A. For which no management decision had been made by the beginning of the reporting period.	0	$ 0
B. Which were issued during the reporting period.	1	$77,000
Subtotals (A+B)	1	$77,000
Less:		
C. For which a management decision was made during the reporting period.	0	$ 0
(i) dollar value of disallowed costs	0	$ 0
(ii) dollar value of costs not disallowed	0	$ 0
D. For which management decision had been made by the end of the reporting period.	1	$77,000
Reports for which no management decision was made within 6 months of issuance.	0	$ 0

During this reporting period, the only report the OIG had in this category was the "Audit of the Administrative Costs Claimed by the State of Rhode Island and Providence Plantations (DDS)" A-01-94-02005 - 8/95.

The following chart summarizes reports which include recommendations that funds be put to better use through cost avoidances, budget savings, etc.

TABLE II: REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE[2]

	Number	Dollar Value
A. For which no management decision had been made by the beginning of the reporting period.	0	$ 0
B. Which were issued during the reporting period.	1	$35,000,000
Subtotals (A+B)	1	$35,000,000
Less:		
C. For which a management decision was made during the reporting period.	1	$ 0
(i) dollar value of recommendations that were agreed to by management	0	$ 0
(a) based on proposed management action	0	$ 0
(b) based on proposed legislative action	0	$ 0
Subtotals (a+b)	0	$ 0
(ii) dollar value of recommendations not agreed to by management	1	$35,000,000
Subtotals (i+ii)	1	$35,000,000
D. For which no management decision had been made by the end of the reporting period.	0	

During this reporting period, the only report the OIG had in this category was, "SSA Field Office Visitor Workload" OEI-05-92-00043 - 8/95.

[1] The chart is included to facilitate comparison with "Questioned Costs" from other periods.

[2] The chart is included to facilitate comparison of "Funds Put to Better Use" from other periods.

PARTICIPATION IN STUDY GROUPS OR TASK FORCES

The National Performance Review (NPR) raised concerns about the role of Inspectors General. The NPR recommended that IGs focus on how to help managers evaluate their management control systems, not inhibit innovation and risk taking. The OIG management and staff are working closely with SSA to meet the changing expectations of Government, and are addressing a wide array of issues through participation in study groups and task forces.

SSA Fraud and Abuse Tactical Plans - The OI worked with the SSA Deputy Commissioner for Finance, Assessment and Management (DCFAM) in defining issues and assigning responsibility for a number of fraud-related tactical plans proposed by DCFAM.

Duplicate SSN Cards by Telephone - The OI worked with SSA's Office of Program Evaluation and Communication staff in providing fraud prevention advice to the task force developing a pilot project to issue replacement SSN cards by telephone.

Disability Reengineering Task Force - The OIG is participating in monthly meetings concerning SSA's task force on reengineering the disability process.

Customer Satisfaction for FY 1996 Government Performance and Results Act (GPRA) Annual Performance Plan - Members of the OIG staff presented data from the annual SSA client satisfaction survey correlating improved service with improved customer satisfaction. This intercomponent team is designed to predict expected improvements in customer satisfaction for FY 1996 GPRA annual performance plan measures.

SSA Regional Restructuring Task Force - The OIG participated with SSA in studying the consolidation and reductions of a number of regional offices.

Cost Effectiveness Measurement System (CEMS) Assessment - The OA participated in a national work group addressing the use of CEMS for measuring the performance of State DDSs. Representatives from central and regional offices, as well as State DDSs met and identified a number of problems with CEMS, and developed suggestions for its improvement. The OIG involvement was based on a recently initiated audit to assess the reliability and usefulness of CEMS. The experience provided valuable insights into underlying issues involving CEMS from both the SSA and State perspective.

Electronic Benefits Transfer (EBT) Risk Management Advisory Forum - The OIG has provided advice to the Office of Management and Budget (OMB) relating to internal controls and other audit and investigative concerns which should be included in the EBT prototype system. Discussions have centered around fraud prevention techniques and audit and investigative responsibilities. The OMB EBT Task Force is looking to the OIG to provide leadership in meeting the goals of the NPR.

Government Management Reform Act (GMRA) - The OIG is working with OMB and other agencies to assist in the implementation of GMRA. Recently, the OIG has worked with OMB's GMRA Task Force to develop a unified timeline for agency financial managers and auditors in preparing Governmentwide audited financial statements in FY 1997. The OIG will continue its leadership role to help less experienced agencies implement GMRA requirements.

Program Benefits - The OIG participates in weekly meetings concerning SSA activities to implement SSA's program benefits software. This software encompasses claims development, eligibility and entitlement determinations, payment computations, postentitlement processing, and notice generation for Social Security, SSI and Black Lung benefits.

Commissioner's Representative Payment Advisory Committee - The OEI provided oral testimony to the Committee concerning ten completed evaluations in addition to work underway concerning a risk assessment of various categories of payees. Copies of completed reports concerning various representative payee issues were provided to each Committee member.

Management Work Group on Accountability - The OIG staff are participating in a work group charged with the responsibility for developing design specifications for an executive information system to be used for tracking initiative and performance elements.

Team Building Training - Several OIG representatives from management and staff participated in SSA's team building training.

APPENDICES

APPENDIX A

Implemented Office of the Inspector General Recommendations to Put Funds to Better Use

The following schedule quantifies actions taken in response to OIG recommendations to prevent unnecessary obligations for expenditures of agency funds or to improve agency systems and operations. The amounts shown represent funds or resources that will be used more efficiently as a result of documented measures taken by the Congress or by management to implement OIG recommendations, including: actual reductions in unnecessary budget outlays; deobligations of funds; reductions in costs incurred or preaward contracts and grant reductions from agency programs or operations.

Legislative savings are annualized amounts based on Congressional Budget Office estimates for a 5-year budget cycle. Administrative savings are calculated by OIG using agency figures for the year in which the change is effected. Total savings for this period amount to $1.86 million.

OIG RECOMMENDATION	STATUS	SAVINGS IN MILLIONS
Workers' Compensation for SSA Employees: The SSA should review the chargeback report to assure the accuracy of DOL charges, maintain case folders for the required period, review cases to return employees to work as soon as possible, review all cases for potential third-party liability (TPL) and track recoveries by DOL. (A-13-92-00236 - 5/95)	The SSA strengthened both employee verification procedures and the review of charges for accuracy and agreed to maintain case folders as appropriate, increase efforts to identify employees able to work, and revise TPL guidelines. Implemented in August 1995.	$.56
Improve Controls Over Duplicate Postings of Self-Employment Income to the Master Earnings Records: The SSA needs better controls to provide reasonable assurance that self-employment income transactions are not duplicated when posted to the master earnings file. (A-13-92-00228 - 8/93)	Software to implement this recommendation was run in May 1995.	$1.3

APPENDIX B

Unimplemented Office of the Inspector General Recommendations to Put Funds to Better Use

This schedule represents potential annual savings or one-time recoveries which could be realized if OIG recommendations were enacted by the Congress and the Administration through legislative or regulatory action, or policy determinations by management. It should be noted, however, that the Congress normally develops savings over a budget cycle which results in far greater dollar impact statements. Savings are ba on preliminary OIG estimates and reflect economic assumptions which are subject to change. The magnitu of the savings may also increase or decrease, as certain proposals could have interactive effects if enacted together.

OIG RECOMMENDATION	STATUS	SAVINGS IN MILLIONS
Unreported Workers' Compensation (WC): The SSA should expedite current negotiations and consider expansion of information exchange agreements with several States. A pilot exchange should be conducted to determine the most efficient method of obtaining WC information. If the pilot proves to be cost-effective, SSA should seek legislation to require States to identify WC recipients. (OEI-06-89-00900 - 1/92)	The SSA has attempted to negotiate WC information exchanges with several States since the mid-1980's. Each time the States were either unable or unwilling to enter into a matching agreement. The SSA has concluded that it should not expend further resources to pursue WC matching agreements. However, the OIG believes that SSA should continue to pursue means to obtain unreported WC data.	$11.7
State Reverse Offset Laws for Disability Benefits: The SSA should seek legislation rescinding reverse offset laws, and requiring a reduction of the Social Security disability payment because of workers' compensation (WC) and public disability benefit payments in all States. (OEI-06-89-00902 - 6/93)	This proposal was not included in the President's FY 1996 budget. However, SSA plans to seek legislation rescinding State reverse offset laws.	$40.5
First Month of Eligibility: The SSA should submit a legislative proposal establishing a consistent definition of eligibility for age-based retirement and survivor payments. (OEI-12-89-01260 - 3/91)	The SSA did not agree with the recommendation and thought that it should be supported with a stronger rationale.	$40

Develop Cost Standards for DDSs: The SSA should adopt the reimbursement method for laboratory fees used by Medicare for use by the DDSs. (OAI-06-88-00820 - 8/88)	The SSA had been considering a proposed rulemaking which would apply the Medicare laboratory fee schedule for use by DDSs, but deferred action until more experience was gained using a new consultative examination regulation. However, recent feedback on the regulation indicates that there is not enough information to implement the Medicare fee schedule. The SSA has worked to reduce the costs of laboratory fees by encouraging negotiating agreements and contacts between DDS and consultative examination (CE) providers under the disability reengineering process. The SSA plans to expand contracting with large health care providers to furnish CEs.	$15.3
Recover SSI Benefits through Income Tax Refund Offsets (TRO): Take administrative action to recover certain SSI overpayments through income tax refunds. (OAI-12-86-00065 - 3/88)	The SSA has implemented TRO to recover Old Age, Survivors and Disability Insurance overpayments. Expansion of TRO to SSI debt is currently under review.	$6
Revoking Penalties Under Good Cause Policy: The SSA should provide for independent and/or supervisory review of penalty revocation decisions before final authorization of such transactions and entry of the results into the automated system. (A-13-91-00208 - 11/92)	The SSA selected a sample of 1,151 earnings enforcement actions to use in its continuing review of the earnings enforcement operations and to evaluate actions related to the establishment and subsequent disposition of penalties. The information for the 1993 enforcement operations will be compared to study results from earlier enforcement operations to test effectiveness of operational initiatives concerning penalties and reviews. The SSA's Office of Program and Integrity Reviews expects the results of the analysis and preparation of its summary report later in 1995.	$5.6
New Cards for New Brides: The SSA should actively pursue the acquisition of computerized marriage records from States having this capability. (OEI-06-90-00820 - 2/91)	The SSA agreed with this concept, but is studying quantitative and cost issues before agreeing to implement.	$5.5

Child Dependents' Dates of Birth: The SSA should review the universe of child dependents with incorrect dates of birth; identify and collect overpayments; create mandatory edits to preclude processing a claim when dates differ on the payment record and SSN record; and modify alert verification processes to better identify date of birth discrepancies. (A-01-92-02001 - 3/93)	The SSA agreed with this concept, but is studying quantitative and cost issues before agreeing to implement.	$5.3
Make Work Incentives Sufficient for Low-Earning Beneficiaries: Defer any benefit increases based on the trial work earnings of a disabled beneficiary until he or she reaches age 62 and can receive retirement benefits, or until his or her disability benefits period is up and he or she refiles for disability. (A-13-92-00223 - 2/93)	This proposal will be developed by SSA and further enhanced through employment strategy proposals being developed as part of a strategy to increase the employment of current and potential disability beneficiaries to promote self-sufficiency.	$3.7

APPENDIX C

Implemented Office of the Inspector General Program and Management Improvement Recommendations

This schedule represents recent OIG findings and recommendations which will result in substantial nonmonetary benefits. The benefits relate primarily to effectiveness rather than cost-efficiency.

OIG RECOMMENDATIONS	DATE IMPLEMENTED
Establish Better Controls to Help Prevent or Detect Duplicate Payments to Attorneys: The SSA should: document a procedure instructing employees to look up attorney fee payments that may have been previously recorded before making any payment; modify the automated system with a control to detect duplicate payments to attorneys; review all potential duplicates identified by OIG for Calendar Year 1991 and begin recovery procedures; and periodically identify and review cases that contain two or more identical attorney fee payments to determine if a duplicate payment was made. (A-13-92-00219 - 9/92)	March 31, 1995
Improve Controls Over Duplicate Postings of Self-Employment Income to the Master Earnings Records: The SSA needs better controls to provide reasonable assurance that self-employment income transactions are not duplicated when posted to the master earnings file. (A-13-92-00228 -8/93)	August 16, 1995
Efforts to Automate State DDS before Implementation of a Reengineered Disability System in 1998: The SSA should encourage States requesting new systems or system upgrades to include in their analysis of alternative solutions commercially developed personal computer-based claims processing software that will operate on an industry-standard token ring local area network. States should work closely with commercial software vendors to identify personal computer (PC) software applications that can be developed as alternative solutions which are more cost effective than minicomputer-based software solutions. (A-13-93-00416 - 10/95)	Ongoing
Field Courtesy Telephones: The SSA should determine where the installation of courtesy telephones in field offices could improve service delivery. (A-09-92-00072 - 8/93)	March 31, 1995

APPENDIX D

Unimplemented Office of the Inspector General Program and Management Improvement Recommendations

This schedule represents recent OIG findings and recommendations which, if implemented, would result in substantial benefits. The benefits relate primarily to effectiveness rather than cost-efficiency.

OIG RECOMMENDATIONS	STATUS
Suspended Payments Need to be Resolved Timely: The SSA should, in direct deposit cases where the beneficiary is placed in suspense status, institute stronger controls to ensure that timely action is taken to resolve these suspensions so that SSA can either terminate or reinstate payments. (A-13-89-00027 - 9/90)	System changes, including identification of cases and generation of controlled alerts, have been included in an approved tactical plan to implement recommendations made in a study of suspended cases. However, no resources were devoted to the plan in the FY 1994/FY 1995 budget.
Project Clean Data: The SSA should develop, maintain and widely disseminate a software package for detecting invalid SSNs patterned after Project Clean Data. (OEI-12-90-02360 - 2/91)	The SSA agrees with the objective but believes greater use of the enumeration verification system (EVS) would be more effective. After conducting a pilot test, SSA is currently developing the necessary system and procedures to substantially expand the use of EVS by employers.
Delayed Notices of Planned Action: Because of the potential cost implications of field office failure to maximize opportunities for overpayment avoidance by using manual notices of planned action in the SSI program, OIG recommended that SSA initiate a review to determine the extent of the problem. (OEI-04-90-02160 - 8/91)	The SSA is conducting a comprehensive review of the subject.
Work Incentives for Disabled SSI Recipients: The Commissioner of SSA should take the lead in organizing efforts to identify and study ways to encourage employers to hire severely disabled workers. (OEI-09-90-00020 - 2/92)	The SSA believes that coordination of agency efforts is a good idea, but that it should not assume the lead for such a Governmentwide effort. However, SSA has initiated several pilots to test different approaches to encourage the disabled workers to return to work.
Wage Certification: The SSA should expeditiously seek congressional guidance on the proper method for certifying wages so that proper revenue amounts are credited to the trust funds. (A-13-93-00408 - 2/94)	The SSA has drafted a legislative proposal to address this issue.

Integrated Debt Management System: The SSA should develop a plan detailing how the debt management system software modernization effort will be integrated with SSA modernization initiatives for RSI/DI post-entitlement. (A-13-93-00403 - 6/94)	The SSA agreed with OIG's recommendations ar is in the process of implementing corrective actions.
Ensure that Earnings are Properly Posted to Wage Earners' Accounts: The SSA should implement 29 OIG recommendations that would substantially improve SSA's capability for correcting name and SSN errors for reported earnings. (A-13-89-00040 - 1/91)	The SSA has implemented most of the recommendations. The remaining recommendations will be resolved by full implementation of the earnings modernization system.
Strengthen Modernized Enumeration System Controls: The SSA needs to improve controls for taking and entering SSN application information. Among other things, OIG recommended that the INS enumerate aliens applying for original SSNs. (A-13-90-00045 - 4/93)	The SSA generally agreed with OIG's recommendations. The SSA has initiated discussions with INS about ways to provide one-stop services to foreign-born customers that nee SSNs.
Act Timely on Work Related Payment Cessations: The SSA needs to take steps to stop disability payments in a timely manner and prevent overpayments when disabled beneficiaries complete a trial work period. (A-13-92-00231 - 9/93)	The SSA generally agreed with the recommendations, but did not agree to shorten from 60 days to 30 days diaries for receipt of statements describing work. A pilot test of fiel office capability to effectuate suspension and termination actions was operating successfully. National implementation is expected October 19
Improve the SSN Records Correction Process: The SSA needs to improve the automated SSN records correction system controls; improve security over sensitive documents; ensure that SSN records correction workloads are processed in a timely manner; and better monitor the processing of emergency SSN requests. (A-13-92-00237 - 7/93)	The SSA is in the process of implementing the recommendations.
Death Termination Actions: The SSA should eliminate the system limitation that requires the manual processing of death termination actions in advance filing cases when the beneficiary dies prior to the date of entitlement month. (A-02-91-00002 - 9/93)	Implementation of this recommendation will be accomplished under the Title II Redesign Automatic Data Processing Plan.

New Approaches for Obtaining Medical Evidence: The SSA should develop indicators to uniformly measure the performance of [illegible] processing medical evidence of record. (A-13-92-00106 - 2/94)	The SSA concurred and is taking corrective acti Data collected from SSA regions involving alternative methods for processing disability claims, including obtaining medical evidence, w be linked with SSA's Disability Process Redesig Plan. The collected data will be used to measur the performance of alternative methods of acquiring medical evidence of record.
Disability Work Incentives: The OIG recommended that SSA provide a subsequent trial work period to low-earning beneficiaries as an incentive to remain employed. (A-13-92-00223 - 2/94)	This proposal will be developed and further enhanced through employment strategy proposal being developed as part of a strategy to increase the employment of current and potential disabilit beneficiaries to promote self-sufficiency.
Identify Disabled Beneficiaries Working under Another SSN: The SSA should implement a computer match to identify cases where disabled beneficiaries may be working under different SSNs. (A-13-92-00235 - 9/94)	The SSA agreed that a computer match would enhance existing controls and is examining the feasibility of implementing one.
Peripheral Vision Disability Assessment: The OIG recommended that SSA allow the use of currently available and widely used, automated peripheral vision testing devices for disability assessments. (A-13-93-00429 - 8/94)	The SSA agreed with the intent of OIG's recommendation and is moving forward to expa the use of automated testing.
Improvements Are Needed to Prevent Underpayments for Social Security Beneficiaries with Earnings Posted after Entitlement: The SSA should implement 3 OIG recommendations which would correct software design and procedure errors that caused over $159.5 million in benefit underpayments, strengthen internal controls over the integrity of these processes, and identify and pay underpayments to all current and noncurrent beneficiaries who were due benefit increases which were not received. (A-13-94-00509 - 5/95)	The SSA concurred with all OIG recommendatic and has convened a working group to address th recommendations. Currently, policies and procedures have been developed for paying underpayments due and SSA is in the process of making payments to resolve these cases. The O is continuing to monitor these actions.

APPENDIX E

Investigative Statistics

April 1, 1995 - September 30, 1995				
Complaints Received	Opened Investigations	Closed Investigations	Criminal Convictions	Funds Recovered[3]
2,236	844	679	287	$3,893,360

[3] Recovered through fines, judgements, restitutions and recoveries.

APPENDIX F

Acronyms

ALJ	administrative law judge
AERO	Automated Earnings Reappraisal Operation
CE	consultative examination
CEMS	Cost Effectiveness Measurement System
CDR	continuing disability review
CFO	Chief Financial Officer's Act
CMP	civil monetary penalty
DDS	disability determination service
DI	disability insurance
EBT	electronic benefits transfer
FBI	Federal Bureau of Investigation
FICA	Federal Insurance Contributions Act
FMFIA	Federal Managers' Financial Integrity Act
FY	fiscal year
GAO	General Accounting Office
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
HHS	U.S. Department of Health and Human Services
INS	Immigration and Naturalization Service
NPR	National Performance Review
NPRM	notice of proposed rulemaking
OASI	old age and survivors insurance
OA	Office of Audit
OAI	Office of Analysis and Inspection
OEI	Office of Evaluation and Inspections
OHA	Office of Hearings and Appeals
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OMS	Office of Management Services
PCFRA	Program Fraud Civil Remedies Act
RSI	retirement and survivors insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	social security number
TPL	third party liability
TRO	tax refund offset
WC	workers' compensation