Inspector General's Report to the Congress

October 1, 1995 to September 30, 1996

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

Authority

The Inspector General (IG) 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 Inspector General 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 and in our own office.

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The OIG's Fiscal Year 1996 budget was $25,815, 000. We began the year with 241 staff on board and ended with 285. During the second half of the year, we launched an intense effort to hire criminal investigators to reach our approved staffing level of 315.

The OIG is organized into four main components:

Office of Investigations

The Office of Investigations conducts and coordinates investigative activity related to fraud, waste, abuse and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. The Office of Investigations frequently conducts joint investigations with other Federal, State, and local law enforcement agencies. The Office of Investigations has six regional field offices with numerous resident offices throughout each region.

In addition to the offices nationwide, the OIG has established the Joint Field Operations Program, staffed with highly experienced criminal investigators who draw upon their experience and established contacts within the law enforcement communities where they are stationed to focus on significant fraud and enumeration violations against SSA. Further, the OIG also established the Strategic Enforcement Section, staffed with senior investigators who conduct studies of emerging and chronic criminal violations. These studies are conducted in order to make recommendations to the Office of the Inspector General and the Social Security Administration on how to best prevent and detect fraud.

Office of Audit

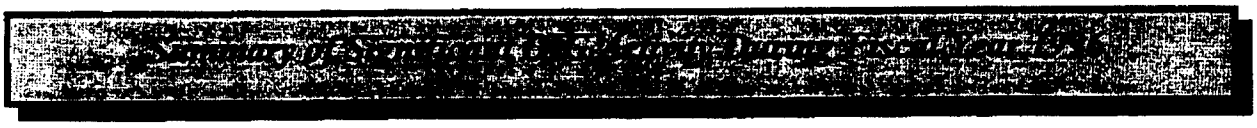
The Office of Audit conducts comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers (CFO) Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. The Office of Audit also conducts short-term management and program evaluations focused on issues of concern to SSA, the Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur. During this period, we reorganized our audit resources from geographic entities into issue area teams. Our goal is to build centers of expertise in each of SSA's program areas. We have issue area teams for Enumeration; Retirement and Survivors Insurance (RSI) Program; Earnings; Supplemental Security Income/Old-Age Survivors and Disability Insurance (OASDI); Field Office Operations; Office of Hearings and Appeals; State Disability Determination Services; Program Service Center/Teleservice Center Operations; Financial Management; Systems; General Management; and Performance Monitoring.

Office of Management Services

The Office of Management Services coordinates resource management needs for the OIG components by providing budgetary, administrative, facilities and equipment, human resources, information resources management, internal and external communications, and planning services. The office also manages the hotline, which is being expanded to receive allegations of fraud, waste, and abuse in SSA programs, as required by the Inspector General Act of 1978.

Office of the Counsel to the Inspector General

The Counsel to the Inspector General (IG) provides legal advice and counsel to the IG and senior staff on various matters, including: (1) statutes, regulations, legislation and policy directives governing the administration of SSA's programs; (2) investigative procedures and techniques; and (3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. Section 4(a) of the IG Act of 1978 requires the Inspector General to review existing and proposed legislation and regulations, and to make recommendations concerning the impact on the economy and efficiency of the administration of the Agency's program. The Counsel's office is also responsible for the implementation of the civil monetary penalty (CMP) program, and regulatory commentary under the Inspector General Act.



During FY 1996, OIG received 4,106 allegations of fraud, waste, and abuse; opened 1,354 and closed 1,042 investigations; and obtained 570 criminal convictions as a result of OIG investigations. We focused on assessing our investigative function and developing strategies for leveraging our limited resources by forming partnerships with other Federal, State, and local law enforcement entities. Through these partnerships, we have expanded our ability to identify, locate, investigate, and prosecute individuals who have defrauded SSA in a broad range of illegal activities.

In addition to strengthening our criminal investigative function, we developed mechanisms to pursue administrative action against those who defraud SSA programs. The IG has been delegated the authority to implement the CMP program. We developed regulations to implement the authorities to seek civil penalties from those who misuse SSA symbols and emblems, or who make false statements and representations of material facts for use in determining initial or continuing rights to Social Security benefits and payments. Final regulations were published in the Federal Register on November 27, 1995 and April 24, 1996.

Pursuant to Section 4(a) of the IG's Act, the Inspector General advised, on March 1, 1996, the SSA Deputy Commissioner for Human Resources that the Agency had no authority to expend appropriated funds, in the amount of $2.7 million, for the video display terminal (VDT) users vision program. The Agency provides up to $40 for an eye examination and up to $150 to cover the cost of corrective eyeglasses or contact lenses for employees requiring corrective eyeware to operate a VDT.

Approximately 40 percent of the criminal convictions obtained during FY 1996 were the result of schemes to defraud the Retirement, Survivors and Disability Insurance; the Supplemental Security Income; and the Black Lung programs. To commit fraud, individuals filed false claims, made false statements, or concealed factors affecting initial or continuing entitlement. Unscrupulous individuals also defrauded 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.

Although the 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. Twelve criminal convictions were obtained during FY 1996 involving dishonest SSA employees. Employee fraud cases usually fall within the following categories: (1) creating fictitious identities; (2) fraudulently issuing and selling Social Security number (SSN) cards; (3) misappropriating refunds during the collection and deposit of overpayments; and (4) abusing access to confidential information.

We have summarized our activities during FY 1996 under seven categories: Enumeration, Earnings, Initial Claims, Postentitlement, Financial Management, General Management and Representative Payee. The first four categories are the core business processes identified by SSA's General Business Plan for Fiscal Years 1996-1999. Financial Management, General Management and Representative Payee categories include cross-cutting issues that affect all of SSA's operations.

1. Enumeration

The expanded use of SSNs as identifiers has given rise to the practice of counterfeiting SSN cards, obtaining SSN cards based on false information, and misusing SSNs fraudulently to obtain benefits and services from Government programs, credit card companies, retailers and other businesses. Additional concerns relate to improperly issuing SSNs for illegal work activity by noncitizens, to issuing multiple SSNs to individuals, and to controls over third party involvement (i.e. hospitals, relatives, and other governmental agencies) in the enumeration process. In FY 1996, 332 of our criminal convictions involved SSN fraud. Some of our significant work included:

Investigations:

A teleservice representative at the Jamaica, New York Teleservice Center fraudulently processed approximately 48 new SSNs for which the corresponding applications could not be found. The OIG investigation disclosed that the employee illegally processed 50 fraudulent SSN cards within the past 2 years. The employee surrendered for arrest and resigned from SSA.

A Virginia man obtained an SSN for a fictitious son and used it to obtain a passport. The information the subject used to establish the fictitious son was the same information assigned to another person who died before being assigned an SSN. The subject subsequently pleaded guilty to making false statements and was sentenced to 30 days in jail, ordered to pay a $5,000 fine, and received 2 years probation.

After a 4-week trial, a jury returned guilty verdicts on two Florida subjects for using false SSNs. The subjects used false SSNs, employment, earnings, assets, and credit histories to qualify customers for loans to purchase new and repossessed mobile homes. For this scheme the subjects were each sentenced to 2 ½ years in prison, 1 year probation, fined $6,000, and ordered to make a bank restitution of $33,309.

A New York City woman entered into a deferred prosecution program for a period of 6 months for accepting a package that contained two counterfeit SSA rubber stamps. The investigation established that one stamp showed the address of the SSA Washington Heights District Office and the other was a date stamp. The package had been sent to the subject by Airborne Express from the Dominican Republic.

A Texas woman assumed the identity of another woman, utilizing the victim's SSN, and obtaining various other types of false identification. The woman was subsequently identified, located, and arrested. She pleaded guilty to the State charge of falsifying records and was sentenced to 20 years in prison and ordered to make $923 in restitution.

An Ohio woman applied for and received Aid to Families with Dependent Children and food stamps using two different names and SSNs. At the same time the subject was receiving Supplemental Security Income payments which she had not reported in the past. The overpayment amount was $39,000. The subject pleaded guilty to local charges and was sentenced to 2 years incarceration, 5 years probation, and ordered to pay $13,421 in restitution.

Audits:

Identification of Reported Name Changes that Affect Auxiliary Benefits under Title II of the Social Security Act, A-01-94-02001, June 14, 1996

The objective of this review was to identify auxiliary beneficiaries who reported a name change to the Social Security Administration and for whom entitlement was not redetermined, resulting in benefit overpayments.

We estimated $4.2 million in benefit payments have been overpaid to beneficiaries whose name changes were not annotated in the Master Beneficiary Record (MBR). We also estimated an additional $5.7 million will be overpaid over the next 5 years if the system is not corrected. We recommended SSA implement computerized matches of its MBR with State marriage records to identify unreported changes in marital

status; conduct a one-time match to identify name changes on the numident record not posted to the MBR; redetermine entitlement for name change cases due to marriage or divorce; pursue recovery of overpayments; and build into its Title II redesign a way to inform claims representatives when individuals reporting name changes are beneficiaries. SSA agreed with our recommendations regarding computerized matches and the Title II redesign concerning name changes for beneficiaries. The SSA will conduct pilot matches with five States late 1996.

2. Earnings

Earnings is the process by which each individual's earnings subject to Social Security and Medicare taxes are reported to SSA and posted to individual accounts. It is through this process that SSA establishes and maintains a record of an individual's earnings for use in determining an individual's entitlement to benefits and for calculating benefit payment amounts.

Reviews in this area have identified problems with unidentified earnings items, omitted earnings reports, duplicate posting of earnings, and poor controls over the earnings correction process. Fraud related to earnings usually involves deception, such as false identity cases where an individual uses another person's identity or SSN that distorts the true SSN holder's earnings records and income tax records. Some of our significant work included:

Investigations:

An Iowa woman received 5 years probation, and was ordered to make restitution of $3,574 and to pay court costs of $72 for falsely stating that she was not working, because she knew that her earnings would have affected her disabled son's entitlement to Supplemental Security Income (SSI) benefits. The subject had knowledge of her responsibility to report family income because of several small overpayments that had previously occurred when she failed to properly report her husband's earnings.

A Texas woman pleaded guilty to making false statements in connection with a SSI claim. She failed to notify SSA that she had received a check for $402,000 in settlement of a civil suit, while continuing to receive SSI benefits. The defendant is awaiting sentencing and restitution will be determined.

Audits:

Improvements Are Needed to Resolve Overpayments Identified Through the Automatic Earnings Reappraisal Operation, A-13-95-00601, June 14, 1996

The 1965 amendments to the Social Security Act require the Social Security Administration to recompute a recipient's benefits to reflect additional earnings or earnings adjustments occurring after becoming entitled to benefits. The Automatic Earnings Reappraisal Operation (AERO) software performs this recomputation. The software also identifies cases to be reviewed for potential underpayments and overpayments. In May 1995, we issued a report discussing our audit of underpayments identified by AERO. The objective of this most recent audit was to determine if SSA had taken the appropriate action on overpayment alerts generated by AERO.

The SSA agreed to send all overpayment alerts not subject to administrative finality to the Program Service Centers (PSC). SSA also agreed to code the Master Beneficiary Record with an administrative finality indicator that can be read by AERO software. However, SSA believes the earliest these recommendations could be implemented would be with the 1996 earnings AERO scheduled for processing in October 1997. The SSA agreed to wait until March before executing AERO for overpayment alerts. This delay would allow time for "lag" earnings to be recorded. SSA plans to implement this recommendation with Phase 1 of the 1995 earnings AERO scheduled for October 1996. SSA also agreed to issue reminder items to the PSCs that emphasize the proper procedures to follow when processing overpayment alerts. SSA advised that effective February 1995, the Earnings Modernization Item Correction was instituted. This procedure allows claims authorizers to make on-line corrections to the records and is more efficient and reliable than the previous process of preparing paper forms.

3. Initial Claims

SSA programs may be defrauded by persons who file false claims, make false statements, or conceal factors affecting initial or continuing entitlement. For initial claims, OIG's emphasis is on timely and accurate payment. Our major concerns in this area are delays in processing disability claims, reliability of disability determinations, benefit computation payment errors, and inadequate internal controls. Some of our significant work included:

Investigations:

A New Jersey man applied for and was granted Supplemental Security Income benefits in 1982. The OIG investigation disclosed that the subject used his son's SSN to conceal his employment from May 1983 to September 1992. The subject worked as a Corrections Officer for the State of New Jersey. In April 1996, the man pleaded guilty and was sentenced to 4 months imprisonment, 2 years probation, ordered to pay restitution in the amount of $38,299 and a $50 special assessment.

A Florida woman was engaged in work activity that she purposely concealed in order to continue her eligibility for disability benefits. The OIG investigation determined that subsequent to her initial claim the woman obtained employment at various jobs for extended periods of time. OIG also found that the subject concealed her earnings activity by working under her former roommate's SSN. In September 1996, she was indicted on three counts of false statements by a Federal Grand Jury in Jacksonville, Florida.

Audits:

Review of Asset Transfers for Supplemental Security Income Eligibility, A-09-95-01017, September 13, 1996

The basic purpose of the Supplemental Security Income (SSI) program is to ensure a minimum level of income to people who are aged, blind, or disabled and have limited income and resources. To determine if an applicant's income and resources fall under these limits, the SSI program has established criteria to determine eligibility. One test that applies to resources establishes maximum asset limits of $2,000 for an individual and $3,000 for a couple.

The objective of our audit was to assess provisions of the Social Security Act for individuals who transfer assets in order to become eligible for the SSI program. The Act currently contains no prohibition against an individual transferring some or all of his or her assets in order to become eligible for SSI. The benefits of the transfer to individuals are that the assets can be retained by family members and individuals receiving benefits retain their eligibility for SSI. The cases we reviewed disclosed that individuals were transferring valuable assets to family members, generally close to the time of applying for or while receiving SSI benefits. The practice of transferring assets to gain eligibility for SSI is inconsistent with the program's intent of providing benefits to financially needy aged, blind, and disabled individuals.

The spirit of the SSI program is being abused by individuals transferring assets to qualify for benefits. In some cases, assets worth up to $400,000 were transferred; and, in about 90 percent of the cases, assets were transferred to relatives. We recommended that SSA consider proposing a legislative change that penalizes applicants who apply for SSI benefits and transfer assets for less than the fair market value.

Actions Needed to Strengthen Controls to Deter Fraudulent Transactions at Program Service Centers, A-02-95-00003, September 23, 1996

The objective of our review was to identify the specific actions taken by a Benefit Authorizer to generate fraudulent payments and avoid detection for an extended period of time as well as the control weaknesses which allowed the payments to occur.

We identified several control weaknesses which permitted a misappropriation of benefit payments at the Northeastern Program Service Center to occur. The fraudulent actions were committed between

April 1994 and March 1995 by a Benefit Authorizer who allegedly misappropriated 114 benefit payments totaling about $332,000. The Benefit Authorizer was able to change and manipulate computer records to direct payments to bank accounts controlled by himself and accomplices.

We recommended that the Social Security Administration put in place controls over all prior month accrual (PMA) payments until the Comprehensive Integrity Review Program (CIRP) is implemented in 1998/1999. The CIRP is a computer selection that will target all PMA payments with a Payment History Update System null action. SSA agreed and put an interim solution in place to address the type of fraud identified in the report. We also recommended that SSA examine the feasibility of revising the Manual Adjustment Credit and Award Process to automatically generate a confirmation notice to the beneficiary of significant changes to his/her account, such as a change from check payment to a direct bank deposit or vice versa. SSA agreed to put such a confirmation notice into practice in 1997.

4. Postentitlement

Postentitlement fraud includes the concealment of changes which are material to the beneficiary's or recipient's entitlement to SSA benefits. This concealment sometimes involves representative payees who defraud SSA benefit programs either by filing fraudulent applications for persons not in their care or custody or through misuse of the benefits received on behalf of another. Individuals may also conceal facts affecting the beneficiary's continuing eligibility or entitlement such as incarceration or death. Some of our significant work included:

Investigations:

A California man concealed his work activities to SSA while receiving disability benefits. The OIG investigation found that the subject received $150,000 of disability benefits by assuming a dual identity. The subject pleaded "no contest" to Social Security and Worker's Compensation fraud. In September 1996, he was sentenced to 1 year incarceration, 5 years probation, and was ordered to pay restitution to SSA and the City of Lynwood, California.

A Wyoming man was sentenced to 1 year probation and ordered to pay a $75,000 fine for making false statements to SSA in order to receive disability benefits. The investigation disclosed that he was managing a construction company while receiving benefits. He had received approximately $75,000 in benefits.

An Iowa man was given a 5 year suspended prison sentence and placed on 2 years probation for fraudulently obtaining and misusing $2,278 in SSI benefits that he received as the representative payee for his son. The son had been removed from custody because of physical abuse complaints. The investigation found that the man continued to receive and cash the checks, failed to report that the son was not in his custody and did not use the benefits for his son's needs.

An elderly woman agreed to repay the Government $95,000 for falsely stating to SSA that she was entitled to benefits on the account of a deceased husband when she knew that her remarriage precluded her entitlement to widow's benefits. She falsely received $84,168 in widow's benefits, of which $41,231 was paid for the period within the Federal statute of limitations. She agreed to pay SSA $95,000 to settle the complaint under the False Claims Act. She made an initial payment of $5,000 and agreed to pay $250 per month. This settlement agreement is binding and the Government can satisfy the judgment from the proceeds of her estate should she die before completing payment.

An Arkansas man continued to receive the benefit checks of his deceased wife after remarriage. The man received his deceased wife's benefits for 15 years until his death in 1996. The OIG investigation found that the wife had been deceased since 1981 and the husband had remarried 3 months after her death, resulting in an overpayment of $55,240. Prosecutive action was not warranted because the husband is deceased. However, SSA will recover the overpayment from the second wife, who has also applied for widow's benefits.

Audits:

Effectiveness in Obtaining Records to Identify Prisoners, A-01-94-02004, May 10, 1996

The objective of this review was to determine whether SSA had adequate procedures to obtain complete and timely information for individuals who were confined in a Federal, State, or county and local correctional facility.

We found that not all prisoners in correctional facilities were being identified by SSA's present method of obtaining prisoner information. Of those that are identified, the information is not being received in a timely manner. The delay in receiving the information resulted in an estimated overpayment of $48.8 million from the onset of incarceration until SSA began processing the information. We recommended that SSA: institute computer matching agreements or memorandums of understanding (MOU) with correctional agencies to obtain information on all prisoners; monitor the compliance of correctional agencies submitting information in accordance with negotiated computer matching agreements and MOUs; report instances of noncompliance to Congress; and search for improved information sources in order to obtain timely State, county, and local prisoner information.

We also recommended that SSA seek Congressional support to require State criminal history repositories to maintain information which enables SSA to identify prisoners receiving benefits and provide the prisoner information necessary to perform initial identification matches, or require direct reporting by the courts to SSA when the sentence is handed down.

Also, the maintenance of computer matching agreements with Federal, State, and county and local correctional departments is an administrative burden for SSA. The constant negotiation, renewal, and extension of computer matching agreements is a slow process that often delays the receipt of prisoner information. Improvements in the present system are needed and alternative sources of prisoner information should be explored to make the process more effective.

We recommended that SSA pursue the following legislative initiatives to make the administrative process more effective: seek exemption from the Computer Matching and Privacy Protection Act for renegotiating computer matching agreements for computerized prisoner information; require reporting agencies to provide prisoner information on a monthly basis; and provide a single standard for stopping payments to prisoners receiving Retirement, Survivors and Disability Insurance and Supplemental Security Income benefits. The SSA agrees that it should seek more effective means for identifying prisoners who are receiving benefits. It has aggressively pursued solutions in this area over the last 15 months and is well on its way to resolving the more significant problems.

5. Financial Management

OIG reviews SSA's financial activities including SSA's accounting systems and financial operations. Our audit activities included:

Inspector General's Report on the Social Security Administration's Financial Statements, A-13-95-00604, December 8, 1995

On December 8, 1995, we issued our audit of SSA's Fiscal Year (FY) 1995 Financial Statements. The SSA was the first Federal agency to issue an audited Accountability Report disclosing its financial position and results of operations. The Accountability Report included the OIG's unqualified audit opinion on SSA's FY 1995 financial statements. We found that the year-end accrued benefit liability for the Retirement, Survivors, and Disability Insurance program did not include $1.4 billion of Medicare premiums expected to be withheld from benefit payments on October 3, 1995. As a result of our finding, SSA adjusted its FY 1995 financial statements to reflect the accrual. We also recommended that SSA require supervisory review of the accrued benefit liability calculation and provide clear written instructions for determining the amounts used to calculate the accrued benefit liability.

We noted that SSA systems which generate the Agency's accounts receivable data continue to constitute material weaknesses under the reporting criteria of the Federal Managers' Financial Integrity Act. The SSA's overpayment systems cannot identify how much is owed or collected. To compensate for these systemic problems, SSA uses an alternative method for deriving the accounts receivable balance reflected in its financial statements.

Management Letter–Audit of the Social Security Administration's Fiscal Year 1995 Financial Statements, A-13-96-51002, April 8, 1996

The Office of Audit issued the Fiscal Year (FY) 1995 Management Letter to communicate matters that warrant the Social Security Administration's (SSA) attention but do not materially impact the presentation of the annual financial statements. The management letter is provided as a supplement to the Office of the Inspector General's (OIG) report dated December 8, 1995 on the SSA's Fiscal Year 1995 financial statements.

We identified several areas for improvement including: (1) the potential understatement of the Retirement, Survivors, and Disability Insurance (RSDI) accrued benefit liability of approximately $700 million; (2) reconciliation of RSDI cash disbursements; and (3) suggested improvements to the SSA's Accountability Report. Also, we identified a system processing limitation that did not always notify Supplemental Security Income (SSI) recipients of new overpayments and collection decisions. SSA estimates that a maximum of 3 million SSI recipients have not been notified of approximately $345 million of overpayments posted to their records since 1983.

The Social Security Administration's Title II Index of Dollar Accuracy Review, A-13-96-54012, September 24, 1996

The Social Security Administration conducts annual quality assurance reviews of its programs. One such review, the Title II Index of Dollar Accuracy (IDA), provides SSA with an ongoing assessment of the payment accuracy of newly awarded retirement and survivors' claims. The SSA also develops the life cycle accuracy rate which shows the dollar accuracy of adjudicative decisions over the expected life of the beneficiary. Both rates are reported each year in SSA's Accountability Report as measures of SSA's success in achieving its goal of paying benefits correctly.

Our audit objectives were to evaluate (1) the effectiveness of the IDA review in helping SSA management administer the Title II program and (2) whether the review accurately measures and reports on SSA's performance in correctly paying initial claims.

We reported the IDA review can be improved to help management administer the Title II program. This improvement is necessary because SSA elected to exclude disability payments from the Title II IDA review. Consequently, the Disability Insurance program's payment accuracy is unknown. Management is limited in its insight to problems that may exist and is, therefore, disadvantaged in safeguarding the Disability Income trust fund.

We were unable to evaluate whether the Title II IDA review accurately measured and reported SSA's performance in paying Retirement and Survivors Insurance initial benefits for the following reasons: a programming error resulted in the inclusion of retroactive payments as current-month payments in the IDA data base; for cases involving a beneficiary who was also receiving another type of Social Security benefit, both benefits, rather than only the newly awarded benefit, were sometimes improperly counted in the sample; documentation supporting 34 percent of the cases in the first quarter of the IDA sample was unavailable due to the expiration of the case retention period; and the payment accuracy projections were not derived from a probability sample. The sample selection did not result in a probability sample because the primary sampling unit, the county, was selected using criteria, such as geographic travel conditions during the year, that precluded selection in certain months. Sample results were projected beyond the population from which the sample was taken.

The Social Security Administration's Title XVI Index of Dollar Accuracy Review, A-13-96-54013, September 24, 1996

The Social Security Administration's Office of Program and Integrity Reviews (OPIR) conducts an annual quality assurance (QA) review to assess the payment accuracy of the Title XVI initial claims and field office redeterminations. The Title XVI Index of Dollar Accuracy (IDA) involves OPIR's QA staff visiting each sampled recipient at his or her residence. For each case, a QA person interviews the recipient, completes a detailed questionnaire, and determines if the benefit payment amount is correct. The IDA review requires an examination of all nonmedical benefit eligibility criteria.

Our audit objective was to evaluate the effectiveness of the IDA review in accurately measuring and reporting SSA's performance in correctly paying initial and redetermined benefits. We reported the Title XVI IDA review correctly measured and recorded the accuracy of individual Supplemental Security Income (SSI) recipient benefit payments and correctly categorized the types of errors that occurred. However, the IDA dollar-based initial payment accuracy rates that SSA presents in its IDA report and Accountability Report do not adequately disclose the Agency's benefit payment performance. Although SSA reported a 94 percent dollar-based initial payment accuracy rate, 29 percent of the sampled SSI cases contained a payment error. While dollar accuracy focuses attention on errors in proportion to their overall dollar impact, case accuracy focuses attention on the frequency of occurrence. By providing only the 94 percent dollar accuracy rate and not the 71 percent case accuracy rate, SSA's reporting of error rates is incomplete and masks both the extent of the SSI benefit payment problem and the need for management's attention. The Agency did not agree that case accuracy should be reported because the Agency believes case accuracy measures can be misleading.

We also expressed concern about the sampling methodology. The selection was not a probability sample because not all counties had a chance to be selected each month and the sample results were projected beyond the population sampled.

6. General Management

Part of SSA's core business process involves the dissemination of information about the programs SSA administers and the processes and procedures used in administering these programs. Under this heading SSA includes extensive public information activities as well as data exchanges with other agencies and the statistical and program data SSA provides to support research and policymaking throughout the Government and in the private sector. The OIG also conducts customer service related evaluations and management improvement evaluations.

The quality of public service provided by SSA and the integrity of the SSA programs are significantly dependent upon SSA's automated systems. Particular areas of OIG emphasis are systems vulnerable to fraud, controlling access to and safeguarding of data, software development and maintenance, adequacy of systems capacity, and associated security risks of new technology. Significant activities during this reporting period included:

Investigations:

A service representative at the Camp Springs, Maryland District Office provided numident (attributing SSNs to individuals) information to an individual. The OIG investigation disclosed that the numident information was used to create false identification documents and establish credit. In August 1996, the service representative pleaded guilty to one count of bribery. He was sentenced to 3 years probation, 60 days home confinement with electronic monitoring, mandatory participation in a drug treatment program, and ordered to pay a $50 assessment.

Audits:

Review of Security Policies and Procedures for the Intelligent Workstation/Local Area Network at Social Security Administration's Field Offices, A-09-95-00058, August 7, 1996

The purpose of this audit was to assess SSA's efforts to provide adequate security for field offices in an expanding intelligent workstation/local area network (IWS/LAN) environment. The SSA data processing of programmatic and financial transactions is accomplished through the Agency's centralized mainframe computers located at the National Computer Center in Baltimore, Maryland. Field office employees use terminals to exchange information with SSA's mainframe computers which process the transactions. The SSA is replacing its 40,000 terminals with personal computers (intelligent workstations). These intelligent workstations will be connected to each other via LAN which will communicate through SSA's telecommunications network with SSA's mainframe computers. The IWS/LAN is partially in place with about 9,000 workstations and 165 LAN's currently operating. When fully implemented, IWS/LAN will include about 73,500 workstations and 2,400 LANS which will be integrated with SSA's mainframes and telecommunications systems.

SSA agreed to implement a number of policy and procedural changes to address: (1) computer virus protection, (2) disabling computer hardware and (3) training. These changes will ensure the integrity of IWS/LAN as SSA moves toward nationwide implementation of the system.

7. Representative Payee

If beneficiaries cannot manage their own finances, Congress has authorized SSA to pay their benefits to other individuals or organizations, known as representative payees. As of December 1994, approximately 6.6 million beneficiaries had payees. Payees may include, but are not limited to, parents, spouses, legal guardians, friends, social service agencies, and institutions.

A payee's responsibilities include frequently monitoring the beneficiary's current well being, informing SSA of changes in the payees's own circumstances that would affect the payee's performance, reporting events to SSA that could affect the beneficiary's entitlement or amount of benefits, and submitting an annual accounting to SSA reporting how benefits were used or conserved.

The representative payee accounting process is an expensive and labor intensive process which produces limited results. The process rarely detects misuse of benefits or other problems. The process cost SSA approximately $66 million in FY 1996. The SSA asked the Office of the Inspector General to conduct a series of studies that would review and recommend improvements to the process. A significant focus of those studies was to determine the relative risk of misuse of benefits by the various categories of representative payees. The following reports were issued during FY 1996:

Monitoring Representative Payee Performance: Misuse of Benefits, A-09-96-64203, September 30, 1996

We found 1.1 percent of beneficiaries have payees who misused benefits, used benefits in a questionable manner, or gave indications that misuse or questionable use of benefits occurred. Certain types of payees are more likely to misuse benefits. Two of the stronger indications of misuse or questionable use of benefits appear to be payees who (1) do not complete accountings for benefits received, and (2) falsify information about the custody arrangements of beneficiaries.

Monitoring Representative Payee Performance: Poor Payee Performance, A-09-96-64205, September 18, 1996

This report describes the frequency and characteristics of representative payees who exhibit poor performance in discharging the duties and responsibilities required of them. Poor performance, which occurs in approximately 3 percent of the cases, varies by type of payee and custody arrangement. Also, selected characteristics, such as failure to provide an accounting for benefits received, help detect poor

performing payees. Such characteristics could be used by SSA to target reviews of selected payees to identify poor performers.

Monitoring Representative Payee Performance: Demographic Characteristics of Beneficiaries, A-09-96-64207, September 13, 1996

Almost 80 percent of the beneficiaries cannot manage their own financial affairs because of their age or severe mental and/or physiological limitations. Of the remaining 20 percent, few beneficiaries demonstrated the skills necessary to manage their own financial affairs. Payees not only fill this vital need, but many do far more than simply manage the beneficiaries' financial affairs. Approximately 28 percent of the beneficiaries have no one other than the payees interested in their well being or willing to act on their behalf.

Monitoring Representative Payee Performance: Demographic Characteristics of Payees, A-09-96-64206, September 11, 1996

Payees are usually unemployed, moderately educated, middle-aged relatives. Few payees exhibit characteristics that should automatically exclude them from serving as payees. We also found that SSA data bases contain a significant incidence of error concerning type of payee and custody data.

Representative Payee Accounting: Systems Issues, A-13-96-52002, September 6, 1996

SSA's accounting system will continue to generate forms incorrectly, fail to properly address concurrently entitled beneficiaries, and generate forms with incorrect or incomplete information unless corrective action is implemented. We estimated that SSA spends approximately $109,100 annually producing and processing incorrectly generated accounting forms. This cost could be avoided by taking action to address the incorrect generation of forms.

OIG Participation in Study Groups and Task Forces

The prevention and detection of fraud is one of our key priorities. We are involved in defining issues and assigning responsibility for a number of fraud-related tactical plans proposed by SSA. In cooperation with SSA, we have established National and Regional Fraud Committees as a joint effort aimed at improving all aspects of fraud prevention, detection, and prosecution. Committee members will address a myriad of issues to eliminate fraud, waste and abuse in SSA programs. The National Fraud Committee held its first Annual Fraud Conference this year. This successful event was well attended by senior SSA and OIG managers.

The National Performance Review recommended that Inspectors General focus on how to help managers evaluate their management control systems and meet the changing expectations of Government. We are working closely with SSA to meet this goal and are addressing a wide array of issues through participation in study groups and task forces.

The use of electronic means to transfer information and benefits remains a key concern for the OIG because of privacy, security, and data integrity issues. We are assisting SSA in developing procedures for obtaining electronic medical evidence for processing Disability Insurance claims. We are also working with the Office of Management and Budget on fraud prevention techniques and audit and investigative responsibilities. The OIG's active participation has assisted in establishing internal control standards to prevent counterfeiting of cards to be used in providing Electronic Benefits Transfer services. The OIG's participation on this task force will prove to be an invaluable resource to the implementation of this service delivery technology. As a member of SSA's Electronic Service Delivery Steering Committee, we are involved in efforts to select, assess, and foster the innovative use of technology to improve service to the public, improve support for employees, and increase Agency efficiency.

We also participate in SSA's implementation of the Government Performance and Results Act (GPRA). For example, our staff participates in an SSA staff level work group to assist in developing Agency performance measures required by GPRA. Additionally, due to our longstanding involvement in financial statement auditing, members of our staff are serving in key roles in an interagency task force to implement the audit requirements of the Government Management Reform Act (GMRA). In FY 1997, the Federal Government will issue its first audited Federal financial statements. To prepare for the audit, we are working under the guidance of the General Accounting Office, the Office of Management and Budget, and the Department of the Treasury's Financial Management Service to develop the GMRA audit requirements and to identify related obstacles and issues.

The OIG is an active participant in the President's Council on Integrity and Efficiency (PCIE). Members of the OIG audit staff participated in a PCIE study which resulted in PCIE's issuance of a report entitled, "Review of Application Software Maintenance in Federal Agencies." This report was the result of a review performed by seven agencies as part of the PCIE Computer Security and Integrity Project (CSIP). The results of our work in this part of the CSIP will be used to plan future OIG reviews at SSA.

The Inspector General serves as PCIE's Chairman of the Professional Development Committee, which presents a series of educational forums for the Inspector General community. These forums cover a wide variety of technical and management topics and provide continuing professional education credits that meet the General Accounting Office's Yellow Book standards. In addition, the Inspector General edits the Journal of Public Inquiry, a semiannual publication that focuses on issues and topics of interest to the Inspector General community.

Audit Reports Issued in Fiscal Year 1996

Copies of the following reports are available and will be furnished upon request.

Audit Reports Issued

Date Issued	Title	Report Number
October 11, 1995	The Social Security Administration's Interim Efforts to Automate State Disability Determination Services Agencies	A-13-93-00416
November 3, 1995	Financial Audit of Administrative Costs Claimed by the Colorado Department of Human Services, Disability Determination Service	A-08-95-00829
December 8, 1995	Improving Service on Social Security Administration's "800" Telephone Number Network	A-09-94-00056
December 8, 1995	Inspector General's Report on the Social Security Administration's Financial Statements	A-13-95-00604
January 3, 1996	Audit of the Administrative Costs by the Mississippi Department of Rehabilitation Services, Office of Disability Determination Services	A-04-94-06008
January 25, 1996	Social Security Administration's Plans for Achieving Self-Support for Supplemental Security Income Recipients	A-13-93-00426

February 16, 1996	Follow-up Audit on Field Office Processing of Death Alerts	A-09-94-00074
March 29, 1996	Performance Review of the Colorado Disability Determination Service	A-08-95-00832
April 8, 1996	Audit of the Social Security Administration's Fiscal Year 1995 Financial Statements	A-13-96-51002
May 10, 1996	Effectiveness in Obtaining Records to Identify Prisoners	A-01-94-02004
June 14, 1996	Improvements Are Needed to Resolve Overpayments Identified Through the Automatic Earnings Reappraisal Operation	A-13-95-00601
June 14, 1996	Identification of Reported Name Changes that Affect Auxiliary Benefits under Title II of the Social Security Act	A-01-94-02001
June 17, 1996	Review of Supplemental Security Income Payments for Individuals Who Also Receive Aid to Families with Dependent Children Benefits in the State of Florida	A-04-94-06006
June 18, 1996	Review of the Social Security Administration's Software Development for the Distributed Data Processing Environment	A-13-95-00605
July 18, 1996	Follow-up Report on a Department of Health and Human Services, Office of Inspector General Audit Entitled, "Suspended Payments Need to Be Resolved Timely"	A-13-93-00421
July 24, 1996	Follow-up Audit on "Payments Under the Disability Determination Program for Medical Appointments Broken by Claimants of Disability Insurance and Supplemental Security Income Benefits"	A-01-95-02007
August 7, 1996	Review of Security Policies and Procedures for the Intelligent Workstation/Local Area Network at Social Security Administration's Field Offices	A-09-95-00058
September 13, 1996	Review of Asset Transfers for Supplemental Security Income Eligibility	A-09-95-01017
September 23, 1996	Actions Needed to Strengthen Controls to Deter Fraudulent Transactions at Program Service Centers	A-02-95-00003
September 24, 1996	The Social Security Administration's Title II Index of Dollar Accuracy Review	A-13-96-54012
September 24, 1996	The Social Security Administration's Title XVI Index of Dollar Accuracy Review	A-13-96-54013
September 27, 1996	Use of Seasonal Employees at the Teleservice Centers in Salinas and Albuquerque	A-09-96-62001
September 30, 1996	Audit of Interim Assistance Reimbursement to the Commonwealth of Massachusetts under the Supplemental Security Income Program	A-01-95-02006

Inspection Reports Issued

December 8, 1995	Monitoring Field Office Waiting Time: A Consultative Report	OEI-02-95-00110
February 28, 1996	Survey Report: Pathways for Suspected Fraud Referrals	A-15-96-0001
June 2, 1996	Twelfth Annual Social Security Customer Satisfaction Survey	A-02-96-02201
September 6, 1996	Representative Payee Accounting: Systems Issues	A-13-96-52002
September 11, 1996	Monitoring Representative Payee Performance: Demographic Characteristics of Payees	A-09-96-64206
September 13, 1996	Monitoring Representative Payee Performance: Demographic Characteristics of Beneficiaries	A-09-96-64207
September 18, 1996	Monitoring Representative Payee Performance: Poor Payee Performance	A-09-96-64205
September 30, 1996	Monitoring Representative Payee Performance: Misuse of Benefits	A-09-96-64203
September 30, 1996	Twelfth Annual Customer Satisfaction Survey: Supplemental Data	A-02-96-02205

RESOLVING OIG RECOMMENDATIONS

The following chart summarizes SSA's responses to OIG's recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs which are challenged because of a violation of law, regulation, grant, etc. Unsupported costs are those costs questioned because they are not supported by adequate documentation. This information is provided in accordance with the Supplemental Appropriations and Rescissions Act of 1980 (Public Law 96-304) and the Inspector General Act (IG) of 1978, as amended. The following tables are presented in the appropriate 6 month reporting periods pursuant to the IG Act.

TABLE I: REPORTS WITH QUESTIONED COSTS

For the Reporting Period April 1, 1996 to September 30, 1996

	Number	Dollar Value	
		Questioned	Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	6[1]	$362,681	$93,772
B. Which were issued during the reporting period:	0	$0	$0
Subtotals (A+B)	6	$362,681	$93,772
Less:			
C. For which a management decision was made during the reporting period:	6	$362,681	$93,772
(i) dollar value of disallowed costs.	6	$362,681	$93,772
(ii) dollar value of costs not disallowed.	0	$0	$0
D. For which no management decision had been made by the end of the reporting period.	0	$0	$0
E. Reports for which no management decision was made within 6 months of issuance.	0	$0	$0

[1] New York State Department of Social Services Office of Disability Determination Services for the Period Ending March 31, 1991 - (A-02-93-19670 - 2/5/93)
State of Oregon - (A-10-94-26730 - 12/21/93)
Audit on the Administrative Costs Claimed by the State of Rhode Island and Providence Plantations Disability Determination Service - (A-01-94-02005 - 8/3/95)
New Jersey Department of Labor - (A-02-95-34247 - 4/11/95)
Colorado Disability Determination Service - (A-08-96-38764 - 11/24/95)
Mississippi Department of Rehabilitation Services - (A-04-94-06008 - 1/3/96)

For the Reporting Period October 1, 1995 to March 31, 1996[2]

	Number	Dollar Value	
		Questioned	Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	7[3]	$0	$288,678
B. Which were issued during the reporting period:	2[4]	$362,681	$677
Subtotals (A+B)	9	$362,681	$289,355
Less:			
C. For which a management decision was made during the reporting period:	3	$0	$195,583
(i) dollar value of disallowed costs.	3	$0	$195,583
(ii) dollar value of costs not disallowed.	0	$0	$0
D. For which no management decision had been made by the end of the reporting period.	6	$362,681	$93,772
E. Reports for which no management decision was made within 6 months of issuance.	6	$362,681	$93,772

[2]Table reflects corrections to information reported in the prior semiannual report.

[3]Single Audit Report on New York for the Year Ending March 31, 1989 - (A-02-90-07542 - 10/15/90)
Single Audit Report on New York for the Year Ending March 31, 1990 - (A-02-91-15572 - 7/30/91)
New York State Department of Social Services Office of Disability Determination Services for the Period Ending March 31, 1991 - (A-02-93-19670 - 2/5/93)
Audit on Florida Department of Labor and Enforcement Security - (A-04-93-03025 - 9/30/93)
State of Oregon - (A-10-94-26730 - 12/21/93)
New Jersey Department of Labor - (A-02-95-34247 - 4/11/95)
Audit on the Administrative Costs Claimed by the State of Rhode Island and Providence Plantations Disability Determination Service - (A-01-94-02005 - 8/3/95)

[4]Colorado Disability Determination Service - (A-08-96-38764 -11/24/95)
Mississippi Department of Rehabilitation Services - (A-04-94-06008 - 1/3/96)

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

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

For the Reporting Period April 1, 1996 to September 30, 1996

	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	16[5]	$479,930,702
B. Which were issued during the reporting period:	4[6]	$63,791,000
Subtotals (A + B)	20	$543,721,702
C. For which a management decision was made during the reporting period:		
(i) dollar value of recommendations that were agreed to by management.	7	$133,914,702
(a) based on proposed management action.	7	$133,914,702
(b) based on proposed legislative action.	0	$0
Subtotals (a + b)	7	$133,914,702
(ii) dollar value of costs that were not agreed to by management.	0	$0
Subtotals (i + ii)	7*	$133,914,702
D. For which no management decision had been made by the end of the reporting period.	14	$409,807,000

*SSA Field Office Visitor Workload - (OEI-05-92-00043 - 8/22/95) Management disagrees with $32,500,000 of $35,000,000.

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[5]Payments Under the Disability Determination Program for Medical Appointments Broken By Applicants For Disability Insurance and SSI Benefits - (A-01-87-02004 - 12/29/87)
Collection of Nonresident Alien Taxes for Retroactive Periods - (A-13-86-62658 - 6/10/88)
Using Computerized Files to Detect Unreported Marriages - (A-09-87-00052 - 4/20/88)
Abandonment of Reclamation Actions for Incorrect Title II Payments - (A-04-89-03021 - 12/22/89)
Undeliverable Notices Need to Be Better Controlled - (A-13-88-00035 - 9/5/89)
Suspended Payments Need to Be Resolved Timely - (A-13-89-00027 - 9/26/90)
Follow Up on the Audit Collection of Nonresident Alien Taxes for Retroactive Periods - (A-13-90-00041 - 2/21/91)
New Cards for New Brides - (OEI-06-90-00820 - 2/28/91)
Audit of the Social Security Administration's Financial Statements for Fiscal Year 1990 - (A-13-91-00210 - 11/5/91)
Review of Child Dependents' Dates of Birth on the Master Beneficiary Records of Title II Beneficiaries - (A-01-92-02001 - 3/23/93)
Audit of Work-Related Payment Cessations for Disabled Beneficiaries - (A-13-92-00231 - 9/14/93)
The Social Security Administration's Efforts to Address the Backlog of Medical Continuing Disability Reviews for Disabled Beneficiaries - (A-13-93-00405 - 2/9/95)
SSA Field Office Visitor Workload - (OEI-05-92-00043 - 8/22/95)
Improving Service On Social Security Administration's "800" Telephone Number Network - (A-09-94-00056 - 12/8/95)
Follow-up Audit on Field Office Processing of Death Alerts - (A-01-94-00074 - 2/16/96)
Regulatory Commentary: Social Security Administration Vision Program - 3/1/96

[6]Effectiveness in Obtaining Records to Identify Prisoners - (A-01-94-02004 - 5/10/96)
Improvements Are Needed to Resolve Overpayments Identified Through the Automatic Earnings Reappraisal Operation - (A-13-95-00601 - 6/14/96)
Identification of Reported Name Changes That Affect Auxiliary Benefits Under Title II of the Social Security Act - (A-01-94-02001 - 6/14/96)
Follow-up on Payments Under the Disability Determination Program for Medical Appointments Broken by Claimants of Disability Income and Supplemental Security Income Benefits - (A-01-95-02007 - 7/24/96)

For the Reporting Period October 1, 1995 to March 31, 1996[7]

	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	16[8]	$473,494,702
B. Which were issued during the reporting period:	3[9]	$37,100,000
Subtotals (A + B)	19	$510,594,702
C. For which a management decision was made during the reporting period:		
(i) dollar value of recommendations that were agreed to by management.	4	$30,664,000
(a) based on proposed management action.	4	$30,664,000
(b) based on proposed legislative action.	0	$0
Subtotals (a + b)	4	$30,664,000
(ii) dollar value of costs that were not agreed to by management.	1	$32,500,000
Subtotals (i + ii)	5*	$63,164,000
D. For which no management decision had been made by the end of the reporting period.	16	$ 479,930,702

*SSA Field Office Visitor Workload - (OEI-05-92-00043 - 8/22/95) Management disagrees with $32,500,000 of $35,000,000.

[7]Table reflects corrections to information reported in the prior semiannual report.

[8]Payments Under the Disability Determination Program for Medical Appointments Broken By Applicants for Disability Insurance and SSI Benefits (A-01-87-02004 - 12/29/87)
Collection of Nonresident Alien Taxes for Retroactive Periods - (A-13-86-62658 - 6/10/88)
Using Computerized Files to Detect Unreported Marriages - (A-09-87-00052 - 4/20/88)
Undeliverable Notices Need to Be Better Controlled - (A-13-88-00035 - 9/5/89)
Abandonment of Reclamation Actions for Incorrect Title II Payments - (A-04-89-03021 - 12/22/89)
Suspended Payments Need to Be Resolved Timely - (A-13-89-00027 - 9/26/90)
Follow -Up on the Audit Collection of Nonresident Alien Taxes for Retroactive Periods - (A-13-90-00041 - 2/21/91)
New Cards for New Brides - (OEI-06-90-00820 - 2/28/91)
Audit of the Social Security Administration's Financial Statements for Fiscal Year 1990 - (A-13-91-00210 - 11/5/91)
Overpayments to Supplemental Security Income Recipients in Nursing Homes - (A-07-91-00376 - 3/16/92)
More Needs to Be Done to Comply with Procedures for Revoking Penalties Under Good Cause Policy -(A-13-91-00208-11/30/92)
Review of Child Dependents' Dates of Birth on the Master Beneficiary Record for Title II Beneficiaries - (A-01-92-02001 - 3/23/93)
Audit of Work-Related Payment Cessations for Disabled Beneficiaries - (A-13-92-00231 - 9/14/93)
The Social Security Administration's Efforts to Address the Backlog of Medical Continuing Disability Reviews for Disabled Beneficiaries - (A-13-93-00405 - 2/9/95)
Review of the Social Security Administration's Management of Claims Filed Under the Federal Employees Compensation Act - (A-13-92-00236- 5/25/95)
SSA Field Office Visitor Workload - (OEI-05-92-00043 - 8/22/95)

[9]Improving Service On Social Security Administration's "800" Telephone Number Network - (A-09-94-00056 - 12/8/95)
Follow-up Audit on Field Office Processing of Death Alerts (A-09-94-00074 - 2/16/96)
Regulatory Commentary: Social Security Vision Program - 3/1/96

APPENDICES[1]

[1]The following appendices are presented in the appropriate 6-month reporting period pursuant to the Inspector General Act of 1978, as amended.

APPENDIX A

Implemented OIG Recommendations to Put Funds to Better Use

The following schedule quantifies actions agreed to be 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. This information was provided by SSA's Management Analysis and Audit Program Support Staff who tracks and monitors OIG recommendations.

For the Reporting Period April 1, 1996 to September 30, 1996

The total savings for this period are approximately $133,914,702, which are derived from the following prior and current reports.

Payments Under the Disability Determination Program for Medical Appointments Broken By Applicants For Disability Insurance and SSI Benefits A-01-87-02004 - 12/29/87	$ 1,500,000
Audit of the Social Security Administration's Financial Statements for Fiscal Year 1990, A-13-91-00210 - 11/5/91	$ 37,231,368
Audit of Work-Related Payment Cessations for Disabled Beneficiaries A-13-92-00231 - 9/14/93	$ 3,233,334
Improving Service on Social Security Administration's "800" Telephone Number Network - A-09-94-00057 - 12/8/95	$ 26,400,000
Follow-up Audit on Field Office Processing of Death Alerts A-09-94-00074 - 2/16/96	$ 8,000,000*
Effectiveness in Obtaining Records to Identify Prisoners A-01-94-02004 - 5/10/96	$ 48,850,000*
Improvements Are Needed to Resolve Overpayments Identified Through the Automatic Earnings Reappraisal Operation, A-13-95-00601 - 6/14/96	$ 8,700,000
Total	$133,914,702

* These amounts have been modified due to developments that took place after issuance of the final reports.

For the Reporting Period October 1, 1995 to March 31, 1996

The total savings for this period are approximately $30,664,000, which are derived from the following prior and current reports.

Overpayments to Supplemental Security Income Recipients in Nursing Homes A-07-91-00376 - 3/16/92	$22,000,000
More Needs to Be Done to Comply with Procedures for Revoking Penalties Under Good Cause Policy - A-13-91-00208 - 11/22/92	$ 5,600,000
SSA Field Office Visitor Workload - OEI-05-92-00043 - 8/22/95	$ 2,500,000
Review of the Social Security Administration's Management of Claims Filed Under the Federal Employees Compensation Act - A-13-92-00236 - 5/25/95	$ 564,000
Total	$30,664,000

APPENDIX B

Implemented Program and Management Improvement Recommendations

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

For the Reporting Period April 1, 1996 to September 30, 1996

As a follow-up to a previous report issued on SSA's network services, the OIG recommended the following: (1) expand the use of telephone automation nationwide; (2) improve the use of automated responses for routine transactions; (3) expand the use of "gating" (routing calls to an answering source based on the subject matter) and teleservice representative specialization; and (4) expand the number of employees available for part-time telephone answering duties. (Improving Service on the Social Security Administration's "800" Telephone Number Network - A-09-94-00056 - 12/8/95)	Ongoing
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. (The Social Security Administration's Interim Efforts to Automate State Disability Determination Services Agencies - A-13-93-00416 - 10/11/95)	Ongoing
The SSA should develop, maintain and widely disseminate a software package for detecting invalid SSNs patterned after Project Clean Data. The Enumeration Verification System capacity has been expanded to process daily volumes of 3 million items. (Project Clean Data - OEI-12-90-02360 - 2/8/91)	November 1995
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 Supplemental Security Income program, OIG recommended that SSA initiate a review to determine the extent of the problem. (Delayed Notices of Planned Action - OEI-04-90-02160 - 8/28/91)	February 1996
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. (Wage Certification - A-13-93-00408 - 2/15/94)	March 1996

For the Reporting Period October 1, 1995 to March 31, 1996

As a follow-up to a previous report issued on SSA's network services, the OIG recommended the following: (1) expand the use of telephone automation nationwide; (2) improve the use of automated responses for routine transactions; (3) expand the use of "gating" (routing calls to an answering source based on the subject matter) and teleservice representative specialization; and (4) expand the number of employees available for part-time telephone answering duties. (Improving Service on the Social Security Administration's "800" Telephone Number Network - A-09-94-00056 - 12/8/95)	Ongoing
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. (The Social Security Administration's Interim Efforts to Automate State Disability Determination Services Agencies - A-13-93-00416 - 10/11/95)	Ongoing
The OIG recommended in a memorandum dated May 1, 1995 that for large Automatic Earnings Reappraisal Operation (AERO) underpayments, SSA should provide a breakdown of the retroactive payment by year for tax purposes starting with 1984. Current SSA policy for SSA Form 1099, Benefit Statements, only identifies retroactive payments for the previous 4 tax years and lumps the remaining tax years together. The SSA agreed starting September 18, 1995 to include in the "Notice of Changes in Benefits" letter, a breakdown by year for those AERO underpayments over $30,000. The payment breakdown will provide the beneficiary the necessary information for preparing income taxes. (Improvements Are Needed to Prevent Underpayments for Social Security Beneficiaries with Earnings Posted after Entitlement - A-13-94-00509 - 5/1/95)	September 1995
The SSA should develop, maintain and widely disseminate a software package for detecting invalid SSNs patterned after Project Clean Data. The Enumeration Verification System capacity has been expanded to process daily volumes of 3 million items. (Project Clean Data - OEI-12-90-02360 - 2/8/91)	November 1995
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. (Wage Certification - A-13-93-00408 - 2/15/94)	March 1996
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 Supplemental Security Income program, OIG recommended that SSA initiate a review to determine the extent of the problem. (Delayed Notices of Planned Action - OEI-04-90-02160 - 8/28/91)	February 1996

APPENDIX C

Significant Recommendations from Prior Reports

This schedule represents unimplemented recommendations from prior Reports to the Congress. Reports dated prior to March 31,1995 were issued by the Department of Health and Human Services, Office of the Inspector General.

For the Reporting Period April 1, 1996 to September 30, 1996

Follow-up Audit on Field Office Processing of Death Alerts - A-09-94-00074 - 2/16/96
The SSA should instruct all Field Offices (FO) to follow Program Operations Manual System procedures for verifying beneficiary deaths more closely and resolving death alerts more timely. Also, SSA should require FO management to ensure that a control log for the receipt and disposition of death alerts is kept by a person not authorized to process death alerts, and require security staff to routinely review deleted death alerts by sampling from the information available to the Audit Trail System.

Improving Service on SSA's "800" Telephone Number Network - A-09-94-00056 - 12/8/95
As a follow-up to a previous report issued on SSA's network services, the OIG recommended the following: (1) expand the use of telephone automation nationwide; (2) improve the use of automated responses for routine transactions; (3) expand the use of "gating" (routing calls to an answering source based on the subject matter) and teleservice representative specialization; and (4) expand the number of employees available for part-time telephone answering duties. The SSA plans call for expanding automation to all callers to the national "800" number. As of February 1996, callers using touchtone telephones have access to automated services. Approximately 60 percent of callers now have access to automated services during night time and weekend hours. The SSA plans to expand automated services to rotary telephone callers as well as touchtone callers in early 1997.

SSA Field Office Visitor Workload - OEI-05-92-00043 - 8/22/95
The SSA should eliminate the field office interview workload for noncitizens applying for an original SSN. The SSA is working with staff from the Department of State (DOS) to transfer the enumeration of aliens to the Immigration and Naturalization Service (INS), effectively eliminating the workload from SSA field offices. Plans require a phased-in approach, beginning with a memorandum of understanding with INS and DOS.

Improvements Are Needed to Prevent Underpayments for Social Security Beneficiaries with Earnings Posted after Entitlement - A-13-94-00509 - 5/1/95
The SSA should strengthen internal controls by improving sampling techniques to include random sampling, and quality assurance procedures of the automatic earnings reappraisal operation to test for beneficiaries with postentitlement earnings and who received no benefit increase. To the extent possible, the re-examination of the primary insurance amount will also be performed electronically. The new ongoing Postentitlement Earnings (PE) review is expected to be in place by mid-1997.

The SSA should identify and pay underpayments to all current and noncurrent beneficiaries that were due benefit increases for PE earnings. In July and August 1995, the Office of Systems (OS) processed payments for 60,000 accounts, totaling $42 million. The OS has identified an additional 315,000 beneficiaries who are potentially due benefit increases. These cases are expected to be processed manually by the program service centers. The OS automated payment on 10,000 accounts in April 1996 and will make payment on additional 50,000 accounts in 1996. The Office of Program Integrity and Review expects to complete automation of an additional 100,000 accounts after the end of calendar year 1996.

The Social Security Administration's Efforts to Address the Backlog of Medical Continuing Disability Reviews (CDR) for Disabled Beneficiaries - A-13-93-00405 - 2/9/95
The SSA needs to ensure that all beneficiaries overdue a continuing disability review (CDR) are included in the mailer process. To ensure that all beneficiaries overdue a CDR are included in the mailer process, SSA introduced a mailer and profiling system in 1993 which increased the number of CDRs. Also, SSA began conducting CDRs on 10,000 Title XVI cases to prepare for the legislative mandate to conduct 100,000 reviews of adults and children in each of the next 3 years and to review one-third of the children attaining age 18 (approximately 18,000) in each of the next 3 years. In 1996, SSA plans to conduct 430,000 reviews.

Identify Disabled Beneficiaries Working Under Another SSN - A-13-92-00235 - 9/9/94
The SSA should implement a computer match to identify cases where disabled beneficiaries may be working under different SSNs. The SSA agreed that a computer match would enhance existing controls and is examining the feasibility of implementing one.

Testing Equipment Used for Peripheral Vision Disability Assessments - A-13-93-00429 - 8/15/94
The SSA should allow the use of currently available and widely used automated peripheral vision testing devices for disability assessment. The SSA's ability to implement this recommendation depends upon the timely delivery of programming requirements from the manufacturers of the automated perimeters. On August 31, 1995, SSA obtained from Automated Perimetry Manufacturers instructions to allow administration of tests according to National Research Council (NRC) specifications and in September 1995, SSA issued interim program operating manual systems (POMS) instructions explaining how and when the results of automated perimetry tests not administered according to NRC specifications can be used to evaluate disability and blindness. Preliminary independent testing of several individuals' visual fields has produced results that bring into question the validity of the NRC specification. The Department of Veterans Affairs has agreed to the NRC specifications. If the testing results are comparable to Goldmann Perimetry, planned implementation of POMS instructions is expected by January 31, 1997.

Obtaining Medical Evidence Contributes Significantly to Claims Processing Delays - A-13-92-00106 - 2/9/94
The SSA needs to develop indicators to uniformly measure the performance of alternative methods of acquiring medical evidence of record. The SSA plans to collect data from the regions concerning projects involving alternative methods for processing disability claims, including obtaining medical evidence. This data collection report will be linked with the agency's disability process redesign plan. The implementation plan published in 1994 includes integrating the processes for requesting, storing, and retrieving medical records into the Reengineered Disability System (formerly the Modernized Disability System).

The SSA should expand use of the method or methods showing the greatest potential for improving claim processing time and cost effective operations. Expansion beyond the prototype/pilot stage of methods for improving the medical evidence of record acquisition process have been tied into SSA's redesign effort.

Processing of Death Termination Actions for Individuals Who Die Before or During Their Date of Entitlement Month - Northeastern Program Service Center - A-02-91-00002 - 9/27/93
The SSA should eliminate the system limitation that requires the manual processing of death termination actions in advance of filing cases when the beneficiary dies prior to the date of entitlement month. Implementation of this recommendation will be accomplished under the Title II Redesign Automatic Data Processing Plan.

Audit of the Office of Central Records Operations' Social Security Number Records Correction Process - A-13-92-00237 - 7/1/93
The SSA needs to ensure the automated system for SSN records corrections is modified to print the legend "not valid for employment" on SSN cards issued to aliens not authorized employment. The Division of Validation is now able to run modernized enumeration system batch tests. Implementation of this project was previously delayed due to validation limitations. The Office of Systems Requirements was expected to perform the validation during the summer of 1996.

The SSA needs to limit the number of access attempts to three. Forgotten personal identification numbers and passwords should be obtained through Systems Security Officers. Under the rehosting project, Top Secret will automatically control access attempts and tracking. However, the actual use of Top Secret to control access will involve substantial profile development and tuning.

In addition, the SSA needs to prevent lead clerks from changing transactions after they have been keyed. Further, the SSA needs to prohibit transactions from being changed from verify hold status when a lead clerk accesses the verified transactions.

State Reverse Offset Laws for Disability Benefits - OEI-06-89-00902 - 6/1/93
The SSA should seek legislation rescinding reverse offset laws, and requiring a reduction of the Social Security disability payment because of Workers' Compensation and public disability benefit payments in all States. The SSA deferred evaluation of this recommendation pending further study by the agency to determine the impact on affected States and on the beneficiaries residing in those States. In April 1994, the Office of Disability (OD) released its report on the statistical analysis of each State. The OD findings show that if reverse offset were to be rescinded, savings would accrue at SSA. The Agency included a proposal to rescind reverse offset in the current package of legislative proposals sent to the House Ways and Means Committee staff.

Audit of the System of Internal Controls for the Modernized Enumeration System - A-13-90-00045 - 4/12/93
The SSA needs to revise procedures for U.S. citizen applicants 18 years of age or older to include management or management designee review and authorization for issuance of an SSN card by input of reviewer's personal identification number (PIN) to complete the transaction. The integrated client data project will enhance the modernized enumeration system (MES) improving the processing of applications for original SSNs from U.S. citizens 18 years of age or older. Implementation is expected in August 1997.

The SSA needs to establish a MES edit for Enumeration Feedback Messages (EFM) vulnerable to erroneous SSN assignment: edit should require management/management designee review of EFM resolutions and input of the reviewer's PIN before the action can be processed. This recommendation will be addressed through release 2 of the integrated client data project. Implementation is expected to be completed in August 1997.

The SSA needs to establish a MES system edit to prevent issuance of a replacement SSN without deletion of the death record from numident. Deletion of the death record should require management authorization through input of the manager's PIN. This recommendation will be addressed through release 2 of the integrated client data project. The implementation is expected to be completed in August 1997.

Review of Child Dependents' Dates of Birth on the Master Beneficiary Record (MBR) for Title II Beneficiaries - A-01-92-02001 - 3/25/93
The SSA should review the universe of child dependents with incorrect dates of birth and identify and collect overpayments in cases where child dependents' dates of birth on the MBR understated their ages. The processing centers have made date of birth corrections on 5,889 of the 28,850 cases. The SSA has targeted January 1997 for completion of this review.

Work Incentives for Disabled SSI Recipients - OEI-09-90-00020 - 2/4/92
The Commissioner of SSA should take the lead in organizing efforts to identify and study ways to encourage employers to hire severely disabled workers. The SSA initiated a project network which tested four separate models for providing rehabilitation and job placement services for people who enter the work force. The models were completed in March 1995 with evaluation activities continuing through FY 1997. In May 1993, SSA implemented Project Able, a demonstration project which expands employment opportunities for Title II and Title XVI disability beneficiaries through the use of an automated system that links job-ready people with disabilities with employers seeking to fill vacancies. Project Able has been piloted in the Federal sector in Maryland, Virginia, and Washington, D.C. Based on feedback received during the pilot, SSA tested suggested improvements to the project in the third quarter of FY 1995 with California, Illinois, Pennsylvania, and Texas. Two improvements that should increase the opportunities for Project Able candidates are: (1) an automatic daily interface with the Office of Personnel Management's Federal Job Opportunities Listing, resulting in referral of Project Able candidates to any Federal agency with a vacancy; and (2) the addition of a resume bank resulting in employers receiving complete information about candidates. The SSA has developed proposals for a cost-effective employment strategy that would assist beneficiaries with disabilities returning to work. The key direction for the strategy is to enhance the security and smooth the transition of those who choose to work despite their impairments and provide greater incentives for public and private sector providers to hire SSA's beneficiaries with disabilities. The completion of the proposals is expected by May 1997.

Unreported Workers' Compensation - OEI-06-89-00900 - 11/14/91
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 Workers' Compensation (WC) information. If the pilot proves to be cost-effective, SSA should seek legislation to require States to identify WC recipients. 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 OIG believes that SSA should continue to pursue means to obtain unreported data. However, SSA believes that it should not expend further resources to pursue WC matching agreements.

Audit of the Social Security Administration's Financial Statements for Fiscal Year 1990 - A-13-91-00210 - 11/5/91
The SSA should pursue testing the automated matching of SSI benefits with the U.S. Department of the Treasury Cash Transaction Register (CTR). Testing should include individual case reviews of positive identifications to determine continued eligibility. If successful SSA could run the entire SSI rolls against the CTR data base regularly to increase the payment accuracy and efficiency of the SSI program. The SSA is working with the U.S. Department of the Treasury to establish the matching operation to identify SSI recipients allegedly making cash transactions of at least $10,000.

Better Controls Over Correspondence Process Would Help Post More Earnings to Wage Earners' Accounts - A-13-89-00040 - 4/1/91

The SSA should establish a separate category for responses where data submitted is the same as data initially supplied by the employer. The SSA is developing an enhancement to its oversight validation process which will eliminate the need to separate the responses. Due to system problems and resource constraints, the pilot for this operation has not yet begun.

The SSA should design postcards/form letters with different statements to follow-up on incorrect employer/employee responses. A new form is being designed to be used for follow-up with the proposed overnight validation process. A notice will instruct the employee to visit the field office for attempted resolution of the problem. If the employee does not respond, follow-up correspondence will provide more detailed information on the specific problem. The SSA should continue to house wage items in suspense files by employer identification number, with the capability for a secondary sort on the SSN. The inclusion of a suspense file has been deferred at SSA's request because of more urgent concerns.

First Month of Eligibility - OEI-12-89-01260 - 3/29/91

The SSA should submit a legislative proposal establishing a consistent definition of eligibility for age-based retirement and survivor payments. The SSA did not agree with the recommendation and thought that it should be supported with a stronger rationale.

New Cards for New Brides - OEI-06-90-00820 - 2/28/91

The SSA should actively pursue the acquisition of computerized marriage records from States and work with them to revise their marriage forms, adding the SSN and other needed data elements. The SSA's Office of Programs discussed feasibility and issues with the Association of Vital Records and Health Statistics Executive Board on July 16, 1991. The Board was uniformly negative but some members said they would provide cost estimates. Only one member has submitted information and that information related only to startup costs. The remaining steps continue to be delayed due to the competing demands of the Agency strategic plan and other priority activities.

Follow-up on the Audit of the Collection of Non-Resident Alien Taxes for Retroactive Periods - A-13-90-00041- 2/12/91

The SSA should expedite the development and implementation of procedures and system modifications needed to use automated systems to identify and collect retroactive alien taxes. The SSA has deferred this project because resources are committed to higher priority projects.

Suspended Payments Need to be Resolved Timely - A-13-89-00027 - 9/26/90

The SSA should institute a separation of duties function or compensating control to ensure that program service center and field office employees have adequate evidence that the beneficiary is alive before reinstating benefits. The SSA plan requires there to be an interface of Death Alert, Control and Update System information contained on the Numident System consistent with that found on the Post Eligibility Online System. The plan also requires an interface of the Modernized Data Input System for all posteligibility actions that can result in reinstating benefits to suspended beneficiaries. Implementation of this recommendation is expected to be completed in August 1997.

Abandonments of Reclamation Actions for Incorrect Title II Payments - A-04-89-03021 - 12/22/89

The SSA should conclude an agreement with the Department of the Treasury regarding abandonments. The Department of the Treasury began developing an electronic reclamation procedure in May 1996. The practicality of an abandonment reclamation feature will be addressed as part of the systems redesign. The SSA's successful implementation of the new automated clearing house (ACH) transaction standard, and the death notification entry (DNE), coupled with its implementation of a memorandum of understanding (MOU) with Treasury in July 1993, resulted in a substantial decrease in the number of reclamations being generated. The DNE allows SSA to notify banks immediately when a direct deposit customer dies. Banks have been responding by returning erroneous payments, thus eliminating the need for a reclamation. The MOU established an electronic funds transfer intercept hold process that allows SSA to stop erroneous payments up to 4 days before payment date. This has also contributed to the reduction in reclamations. The SSA and Treasury continue to explore ways to improve the reclamation process and to develop more streamlined procedures to handle reclamations.

Undeliverable Notices Need to Be Better Controlled - A-13-88-00035 - 9/5/89

The SSA should use 7 years after the date of the last contact with unable to locate cases to establish a presumed date of death and recover accrued benefits. The study on the feasibility of suspension and termination under various circumstances not covered under existing policy has been completed. A tactical plan proposal to implement recommendations made in the study of suspended cases has been approved, however no budget resources were devoted to it. However, development of regulation specifications to suspend and terminate benefits based on a presumption of death is continuing. Preparation of the regulation specifications has been delayed because of a decrease in available resources for this project.

Collection of Nonresident Alien Taxes for Retroactive Periods - A-13-86-62658 - 6/10/88
The SSA should use automated systems to identify retroactive nonresident alien taxes due. Procedures should be developed to facilitate collection by SSA's automation system. The SSA's Office of Systems Requirements led an intercomponent workgroup in the development of a comprehensive business plan analysis (BPA). The BPA outlines the scope, data and functionality of the project that will automate the taxation process for both prospective and retroactive cases. The data administrator (DA) is conducting meetings with the workgroup to discuss the method of calculating tax liability for cases containing overpayments and to present the DA's proposal. The BPA will be followed by the systems design alternative phase of the systems development life cycle. The Title II redesign will provide for expansion of the alien tax withholding data. Activities are being managed and monitored. The Office of Systems cannot provide a target date for implementing this recommendation because this project has been deferred due to resource constraints.

Using Computerized Files to Detect Unreported Marriages - A-09-87-00052 - 4/20/88
The SSA should periodically obtain computerized marriage data from the States identified in this report (Hawaii, Illinois, Maine, Michigan and Wisconsin) and match those files with the Master Beneficiary Record to identify cases of unreported marriages. The Office of Program and Integrity Reviews (OPIR) sent 53 questionnaires in mid-November 1993 to poll individual States to determine which of them would have compatible marriage data to SSA's benefit payment rolls and which were receptive to the idea of a match. Final selection of five representative States for the purpose of conducting a pilot has yet to be finalized. To ensure that the States selected are the best candidates possible, OPIR has obtained and reviewed statistical data from the Office of Research and Statistics (ORS) regarding the number and categories of both Title II and Title XVI recipients in each State. The SSA is in contact with the National Center for Health Statistics (NCHS) to ascertain whether it could provide information on unreported marriages from all the States. Dealing with the NCHS permits SSA to obtain the data from a single source in an automated form. Although NCHS is missing some key identifiers, the organization has expressed an interest in working with SSA on this effort. If NCHS can move in this area, SSA may be able to conduct the pilot with it instead of with the five individual States. The SSA is completing an electronic computer match agreement to facilitate data acquisition and comparison of State and Title II and Title XVI recipients.

For the Reporting Period October 1, 1995 to March 31, 1996

Improvements Are Needed to Prevent Underpayments for Social Security Beneficiaries with Earnings Posted after Entitlement - A-13-94-00509 - 5/1/95
The SSA should implement OIG recommendations which would correct software design and procedural 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. The SSA concurred with all OIG recommendations and has convened a work group to address the 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 OIG is continuing to monitor these actions.

The Social Security Administration's Efforts to Address the Backlog of Medical Continuing Disability Reviews for Disabled Beneficiaries - A-13-93-00405 - 2/9/95
The SSA should expand use of the mailer process for 1.2 to 1.4 million beneficiaries overdue for a continuing disability review (CDR) as recorded on the Master Beneficiary Record in 1993. This would augment savings and help SSA comply with legal requirements that it review the medical conditions of all disabled beneficiaries. It would also allow SSA to prevent the payment of disability benefits to ineligible individuals, and use the correct number of overdue CDRs when forecasting future resource needs and the ongoing cost of not performing CDRs. The SSA is also taking the following actions: continuously refining the profiling system and improving the efficiency of the process as experience is gained with completed CDRs; continuing to conduct CDRs on children with growth impairments as the diaries mature; planning to introduce a "scannable" automated method of processing mailers early in FY 1996 which will: (1) increase the SSA's capability of reviewing mailer responses; and (2) after scanning, use decision logic to determine whether a case should be: rediaried, reviewed to determine if a full medical review or rediarying is needed, or be scheduled for a full medical CDR. In 1996, SSA plans to conduct 430,000 reviews.

Identifying Disabled Beneficiaries Working Under Another Social Security Number - A-13-92-00235 - 9/9/94
The SSA should implement a computer match to identify cases where disabled beneficiaries may be working under different SSNs. The SSA agreed that a computer match would enhance existing controls and is examining the feasibility of implementing one.

Testing Equipment Used for Peripheral Vision Disability Assessments - A-13-93-00429 - 8/15/94
The OIG recommended that SSA allow the use of currently available and widely used, automated peripheral vision testing devices for disability assessments. The SSA agreed with the intent of OIG's recommendation and is moving forward to expand the use of automated testing.

Progress by the Social Security Administration in Implementing Its Debt Management System (Report Number 6) - A-13-93-00403 - 6/1/94
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 postentitlement. The SSA agreed with OIG's recommendations and is in the process of implementing corrective actions.

Obtaining Medical Evidence Contributes Significantly to Claims Processing Delays - A-13-92-00106 - 2/9/94
The SSA should develop indicators to uniformly measure the performance of alternatives for processing medical evidence of record. The SSA concurred and is taking corrective action. Data collected from SSA regions involving alternative methods for processing disability claims, including obtaining medical evidence, will be linked with SSA's Disability Process Redesign Plan. The collected data will be used to measure the performance of alternative methods of acquiring medical evidence of record.

Audit of the Effectiveness of Title II Disability Work Incentives - A-13-92-00223 - 2/12/93
The OIG recommended that SSA provide a subsequent trial work period to low-earning beneficiaries as an incentive to remain employed. This recommendation will be developed and further enhanced through employment proposals being developed as part of a strategy to increase the employment of current and potential disability beneficiaries to promote self-sufficiency.

Processing of Death Termination Actions for Individuals Who Die Before or During their Date of Entitlement Month - Northeastern Program Service Center - A-02-91-00002 - 9/27/93
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. Implementation of this recommendation will be accomplished under the Title II Redesign Automated Data Processing Plan.

Audit of Work-Related Payment Cessations for Disabled Beneficiaries - A-13-92-00231 - 9/14/93
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. 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 field office capability to effectuate suspension and termination actions was operating successfully. National implementation is expected by June 1996.

Audit of the Office of Central Records Operations' Social Security Number Records Correction Process - A-13-92-00237 - 7/1/93
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. The SSA is in the process of implementing the recommendations.

State Reverse Offset Laws for Disability Benefits - OEI-06-89-00902 - 6/1/93
The SSA should seek legislation rescinding reverse offset laws and requiring a reduction of the Social Security disability payment because of Workers' Compensation and public disability benefit payments in all States. This proposal was not included in the President's FY 1996 budget. However, SSA included a proposal to rescind reverse offset in the package of legislative proposals sent to Congress in November 1995.

Audit of the System of Internal Controls for the Modernized Enumeration System - A-13-90-00045 - 4/12/93
The SSA needs to improve controls for taking and entering SSN application information. Among other things, OIG recommended that the INS certify work eligibility of aliens applying for SSNs. 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 need SSNs.

Review of Child Dependents' Dates of Birth on the Master Beneficiary Record of Title II Beneficiaries - A-01-92-02001 - 3/25/93
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. The SSA agreed with this concept, but is studying quantitative and cost issues before agreeing to implement.

Work Incentives for Disabled SSI Recipients - OEI-09-90-00020 - 2/4/92
The Commissioner of SSA should take the lead in organizing efforts to identify and study ways to encourage employers to hire severely disabled workers. 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.

Unreported Workers' Compensation - OEI-06-89-00900 - 11/14/91
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 Workers' Compensation (WC) information. If the pilot proves to be cost-effective, SSA should seek legislation to require States to identify WC recipients. 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 OIG believes that SSA should continue to pursue means to obtain unreported data. However, SSA believes that it should not expend further resources to pursue WC matching agreements.

First Month of Eligibility - OEI-12-89-01260 - 3/29/91
The SSA should submit a legislative proposal establishing a consistent definition of eligibility for age-based retirement and survivor payments. The SSA did not agree with the recommendation and thought that it should be supported with a stronger rationale.

Better Controls over Correspondence Process Would Help Post More Earnings to Wage Earner's Accounts - A-13-89-00040 - 4/1/91
The SSA should implement OIG recommendations that would substantially improve SSA's capability for correcting name and SSN errors for reported earnings. The SSA has implemented most of the recommendations. The remaining recommendations will be resolved by full implementation of the earnings modernization system.

New Cards for New Brides - OEI-06-90-00820 - 2/28/91
The SSA should actively pursue the acquisition of computerized marriage records from States having this capability. The SSA agreed with this concept, but is studying quantitative and cost issues before agreeing to implement. Milestone dates are provided for the anticipated processes: (1) Obtain additional information from at least a sample of the 30 Bureaus of Vital Statistics with centralized data bases - August 15, 1995; (2) Prepare match agreement and select participating States for five possible pilots - September 1996; (3) Submit as a budget initiative (February 1997) to obtain resources needed to resolve issues and, as appropriate, set up pilots. Budget decision expected April 30, 1997 (if not approved, stop); (4) Resolve outstanding issues February 1998 (if issue resolution does not support doing pilot, stop); (5) Negotiate and begin pilots by August 1998 (if pilots do not show promise, stop); (6) Study pilots, decide whether to expand by August 1999 (if pilots do not show promise, stop); and (7) Negotiate with additional States - to be completed by February 2000.

Follow-up on the Audit of the Collection of Nonresident Alien Taxes for Retroactive Periods - A-13-90-00041- 2/12/91
Expedite the development and implementation of procedures and system modifications needed to use automated systems to identify and collect retroactive alien taxes. This project has been deferred because resources are committed to higher priority projects.

Suspended Payments Need to Be Resolved Timely - A-13-89-00027 - 9/26/90
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. 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 1994/1995 budget.

Abandonments of Reclamation Actions for Incorrect Title II Payments - A-04-89-03021 - 12/22/89
The SSA should conclude an agreement with the Department of the Treasury (Treasury) regarding abandonments. Accounting procedures for abandoned reclamations need to be improved. The SSA staff met several times with Treasury staff who are responsible for developing its new modernized system. The SSA has made it clear to Treasury that enhancements to the existing reclamation process are critical in the modernization payment and reconciliation system which is expected to become operational in 1996. The SSA's successful implementation of the new automated clearing house transaction standard, the death notification entry (DNE), on April 2, 1993, coupled with its implementation of a memorandum of understanding (MOU) with Treasury in July 1993, resulted in a substantial decrease in the number of reclamations being generated. The DNE allows SSA to notify

banks immediately when a direct deposit customer dies. Banks have been responding by returning erroneous payments, thus eliminating the need for a reclamation. The MOU established an electronic funds transfer intercept hold process that allows SSA to stop erroneous payments up to 4 days before payment date. This has also contributed to the reduction in reclamations. The SSA and Treasury continue to explore ways to improve the reclamation process and to develop more streamlined procedures to handle reclamations.

Develop Cost Standards for DDSs - OAI-06-88-00820 - 8/1/88
The SSA should adopt the reimbursement method for laboratory fees used by Medicare for use by the Disability Determination Services (DDS). 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 negotiated agreements and contacts between DDSs and consultative examination (CE) providers under the disability reengineering process. The SSA plans to expand contracting with large health care providers to furnish CEs.

Collection of Nonresident Alien Taxes for Retroactive Periods - A-13-86-62658 - 6/10/88
The SSA should use automated systems to identify retroactive nonresident alien taxes due. Procedures should be developed to facilitate collection by SSA's automation system. The SSA's Office of Systems Requirements led an intercomponent workgroup in the development of a comprehensive business plan analysis (BPA). The BPA outlines the scope, data and functionality of the project that will automate the taxation process for both prospective and retroactive cases. The data administrator (DA) is conducting meetings with the workgroup to discuss the method of calculating tax liability for cases containing overpayments and to present the DA's proposal. The BPA will be followed by the systems design alternative phase of the systems development life cycle. The Title II redesign will provide for expansion of the alien tax withholding data. Activities are being managed and monitored. The Office of Systems cannot provide a target date for implementing this recommendation because this project has been deferred due to resource constraints.

Using Computerized Files to Detect Unreported Marriages - A-09-87-00052 - 4/20/88
Periodically obtain computerized marriage data from the States identified in this report (Hawaii, Illinois, Maine, Michigan and Wisconsin) and match those files with the MBR to identify cases of unreported marriages. The Office of Program and Integrity Reviews (OPIR) sent 53 questionnaires in mid-November 1993 to poll individual States to determine which of them would have compatible marriage data to SSA's benefit payment rolls and which were receptive to the idea of a match. Final selection of five representative States for the purpose of conducting a pilot has yet to be finalized. To ensure that the States selected are the best candidates possible, OPIR has obtained and reviewed statistical data from the Office of Research and Statistics regarding the number and categories of both Title II and Title XVI recipients in each State. This data, combined with the information provided via the original questionnaires (and verified by phone with contacts in the various States) should enable SSA to choose the best States for the pilot. In addition to the pilot effort, SSA is in contact with the National Center for Health Statistics (NCHS) to ascertain whether it could provide information on unreported marriages from all the States. Dealing with the NCHS permits SSA to obtain the data from a single source in an automated form. Although NCHS is missing some key identifiers, the organization has expressed an interest in working with SSA on this effort. If NCHS can move in this area, SSA may be able to conduct the pilot with that organization instead of with the five individual States.

Recover SSI Benefits through Income Tax Refund Offset - OAI-12-86-00065 - 2/1/88
The SSA should take administrative action to recover certain SSI overpayments through income tax refund offsets (TRO). The SSA has implemented TRO to recover Retirement, Survivors and Disability Insurance overpayments. Expansion of TRO to SSI debt is currently under review.

Payments Under the Disability Determination Program for Medical Appointments Broken by Claimants of Disability Insurance and Supplemental Security Income Benefits - A-01-87-02004 - 12/29/87
The SSA should pursue a policy through regulatory change that would preclude paying for broken consultative examination (CE) appointments. The CE regulation was published in the Federal Register on August 1, 1991. The SSA deferred action on this recommendation until it acquired experience using the new CE regulation. In September 1994, SSA published its final plan for a new disability claim process. This plan gives primary emphasis to obtaining medical information from treating sources, using simplified procedures and more incentives for timely cooperation. The SSA will consider contracting with large health care providers to furnish CEs for specified geographic locations. The recommendation will be addressed in the context of implementing the new disability claims process. In the meantime, many States have either stopped paying for broken appointments or now pay in only limited circumstances.

Appendix D

Investigative Statistics

October 1, 1995 - March 31, 1996				
Allegations Received	Opened Investigations	Closed Investigations	Criminal Convictions	Funds Reported[2]
2,002	620	519	326	$9,667,912

April 1, 1996 - September 30, 1996				
Allegations Received	Opened Investigations	Closed Investigations	Criminal Convictions	Funds Reported[3]
2,104	734	523	244	$13,100,460

[2]Reported through fines, judgments, and restitutions.

[3]Reported through fines, judgments, and restitutions.