

# AGENCY CHALLENGES

## MAJOR MANAGEMENT CHALLENGES

The Government Accountability Office (GAO) and Social Security's Office of the Inspector General (OIG) have identified several areas where the Agency can improve its operations. The tables below list the major challenges facing the Agency, the corresponding actions taken in response to these challenges, and actions planned for the future.

The major management challenges for FY 2007 included 11 items:

- I. Social Security Number Protection (OIG)
- II. Management of the Disability Process (OIG)
- III. Improve the Disability Determination Service Process and Return to Work (GAO)
- IV. Disability Insurance - High Risk (GAO)
- V. Supplemental Security Income (GAO)
- VI. Improper Payments and Recovery of Overpayments (OIG)
- VII. Service Delivery and Electronic Government (OIG & GAO)
- VIII. Internal Control Environment and Performance Measures (OIG)
- IX. Systems Security and Critical Infrastructure Protection (OIG)
- X. Information Security (GAO)
- XI. Human Capital (GAO)

I. Social Security Number Protection (OIG)
<p>The process of assigning and issuing Social Security Numbers (SSN), known as enumeration, is a core Agency function. The Social Security card provides a written record of the number that has been assigned to an individual so that employers can accurately report a worker's earnings. Although SSA's purpose for assigning a number and issuing a card has not changed, the SSN has become a convenient means of identification for both the Government and the private sector. This usage has made the SSN vulnerable to acts of identity theft and fraud.</p> <p>As stewards of the Social Security program, one of SSA's Strategic Objectives is to strengthen the integrity of the enumeration process. The Agency has taken many steps to increase its capacity to prevent SSN misuse including implementation of new policy initiatives under the <i>Intelligence Reform and Terrorism Prevention Act of 2004</i> (IRTPA), PL.108-458. IRTPA requires that SSA limit the issuance of multiple replacement SSN cards, establish minimum standards for verifying documents submitted for an original or replacement SSN card, verify any birth record submitted by a U.S. born individual for original cards, and coordinate with the Department of Homeland Security and other agencies to further improve the security of Social Security cards and numbers.</p>
Current and Future Actions
Enumeration at Birth
<p>Enumeration at Birth (EAB) offers parents an opportunity to request an SSN for their newborn during the birth registration process. The process is quick, easy, and convenient.</p> <p>In accordance with recent SSA OIG and GAO audit recommendations, as well as Section 7213(c) of IRTPA, SSA modified the EAB systems process to prevent the assignment of multiple SSNs to the same child and to restrict the assignment of SSNs to unnamed children. These system enhancements have improved the EAB process and reduced opportunities for fraud.</p>

**Numident Updates**

In March 2007, two new fraud indicators were implemented for internal use by SSA. These indicators identify cases where: (1) SSA's OIG investigated and established that an original SSN was assigned based on fraudulent documents or no documents at all, and (2) SSN card number holders requested a new SSN because their original SSN was misused with criminal or harmful intent and, as a result, they have been subjected to recent economic or personal hardship. This fraud indicator is assigned to the original SSN when a new SSN is created. Refer to eVerify, below, for more information about fraud indicators and SSN verification programs.

**Modernized Enumeration System**

In FY 2007, the Agency began to redesign the Modernized Enumeration System to protect the integrity of the SSN by further improving the enumeration process. The SS-5 Assistant application is a software program that interfaces with the Modernized Enumeration System and assists Field Office personnel in gathering and recording required SSN application information. The SS-5 Assistant was developed to ensure compliance with SSA's comprehensive enumeration policies and procedures. The application confirms that the necessary evidence and documents (verifications) are received for non-citizen applications prior to processing Social Security card applications.

In FY 2007, SSA implemented software that allows SS-5 Assistant users to access the Department of Homeland Security's web-based Systematic Alien Verification for Entitlements application that allows for the automatic processing of these verifications and eliminates the need to send a paper document verification request in most situations. New software will combine the current Modernized Enumeration System and SS-5 Assistant programs into a single application and will be available for employee use in FY 2008.

**Social Security Number Verification Service**

In 2005, the Agency implemented an Internet-based tool, the Social Security Number Verification Service, that allows employers to instantly verify up to ten names and SSNs. In addition, employers can upload overnight files of up to 250,000 names and SSNs and usually receive a response by the next business day. This option allows employers to verify an entire payroll database or a large number of newly-hired workers for wage reporting (Form W-2) purposes. If information does not match, the Agency will send notices to employers requesting the corrected information be forwarded to the Agency within 60 days. If the employer cannot resolve the error, then the employer should advise the employee to contact their local Social Security office.

**eVerify**

The eVerify program, formerly known as Basic Pilot, is conducted jointly by SSA and the Department of Homeland Security. eVerify enables employers who participate voluntarily to electronically verify the employment eligibility for newly-hired employees. As of mid FY 2007, there were more than 19,000 employers participating in eVerify at more than 81,000 sites. Participation is growing by more than 1,000 employers every month.

This year, SSA continued to modify the information shared with employers. Under IRTPA, SSA is required to add both death and fraud indicators to the SSN verification systems for employers, State agencies issuing drivers' licenses and identity cards, and other verification routines as determined appropriate by the Commissioner of Social Security. SSA previously added death indicators to those verification routines used by employers and State agencies and is working to add fraud indicators by December 2007.

**Social Security Card Enhancements**

In April 2007, SSA made several improvements to the Social Security card. The card issuance date is now printed on the card. It also contains instructions that state the card should not be signed until the card carrier is age 18 or begins to work, whichever is earlier. Finally, language on the back of the card about identity theft and misuse has been enhanced to include the Federal Trade Commission's phone number and website, as well as SSA's fraud hotline number.

As of October 2007, the number holder's last name and any suffix, such as Jr., will be printed on a second line on the card. Employers have been requesting this change for a number of years to resolve verification issues. In addition, the new card has enhanced security features, such as symbols on both sides of the card and the fading of color on the card.

## II. Management of the Disability Process (OIG)

SSA must continue to improve critical parts of the disability process such as making timely disability decisions and safeguarding the integrity of its disability programs. To achieve those goals, SSA has implemented a number of initiatives including: (1) an electronic disability processing system aimed at eliminating delays caused by the handling of paper claim files; (2) a comprehensive process improvement initiative aimed at making decisions earlier in the claims process; and (3) a comprehensive fraud and abuse investigation program.

### Current and Future Actions

#### Electronic Disability Folders

The electronic folder helps reduce processing delays caused by organizing, mailing, locating, and reconstructing paper folders. The Independence Day Assessment (IDA) certification process was designed to verify a component's readiness to accept electronic folders and operate in a fully electronic environment.

As of January 4, 2007, all Disability Determination Services sites, the Division of Disability Hearings Quality, and the Division of Disability Quality Operations were IDA-certified. In addition, as of May 31, 2007, all of the Office of Disability Adjudication and Review's (ODAR) states/territories with Hearing Offices, Program Service Centers, the Office of Disability Operations, and four Disability Processing Branches have been IDA-certified. The Agency expects the remaining three Disability Processing Branches, including the Flexible Disability Unit, to be IDA-certified by December 2007. SSA also expects to expand the electronic disability process to the Office of International Operations by early 2008.

#### Continuing Disability Review Diary Model

SSA helps ensure the integrity of the disability program by conducting continuing disability reviews (CDR) to determine whether beneficiaries continue to be eligible for benefits based on their medical conditions. SSA has developed the CDR mailer/statistical scoring model process that screens cases and identifies those in which a full medical review is not cost-effective.

Beginning in FY 2007, an additional statistical scoring model was developed to more accurately assign medical re-examination diary types and corresponding medical re-examination dates to indicate when a CDR is necessary. Implementation of the Diary Model will save SSA millions of dollars by assigning medical diaries to cases where medical improvement is most likely. The Diary Model was fully implemented in FY 2007 as part of the National Disability Determination Service System.

#### Cooperative Disability Investigations Program

SSA's Cooperative Disability Investigations program continues to be one of the Agency's most successful anti-fraud initiatives. Cooperative Disability Investigations are a joint effort of the OIG, SSA, State DDS, and State and local law enforcement personnel. SSA's 19 Cooperative Disability Investigations units in 17 States investigate issues of fraud and abuse related to initial and continuing disability claims. The Cooperative Disability Investigations program yielded almost \$92 million in SSA program savings during FY 2007.

#### Fugitive Felon Program

The Fugitive Felon Program helps to safeguard the integrity of SSA's disability programs by identifying fugitive felons and parole and probation violators via computer data matches between SSA's beneficiary rolls and Federal and State warrant databases. The impact of this program reaches beyond Social Security to local communities nationwide. OIG aids local law enforcement agencies in locating fugitive felons by providing the address and bank information of the wanted individual on SSA records. SSA is prohibited from paying Social Security to fugitive felons. In addition, fugitive felons are barred from serving as representative payees. A representative payee is the person, agency, organization, or institution selected to receive and manage benefits on behalf of an incapable beneficiary; this includes, for example, a parent who is receiving benefits on behalf of his/her minor child.

**III. Improve the Disability Determination Service Process and Return to Work (GAO)**

Modernizing Federal Disability Programs has been on the GAO's high-risk list since 2003. The reasons given by the GAO include lengthy processing times, outmoded concepts of disability, and inconsistencies in disability decisions across adjudicative levels and locations. SSA needs to continue to improve critical parts of the disability process, such as making disability decisions and improving the timeliness and quality of the Agency's disability adjudication processes. Disability criteria must be updated to reflect the current state of science, medicine, technology, and labor market conditions.

SSA is in the process of moving from a "disabled for life" approach to one that helps individuals with disabilities return to work. An emphasis towards enhancing the productive capabilities of beneficiaries would result in a fundamental shift in the Agency's focus.

**Current and Future Actions**

**Quick Disability Determination Process**

The Quick Disability Determination (QDD) process accelerates claims where there is a high potential that the claimant is disabled and where evidence of the claimant's alleged disabling condition(s) is readily available. Since August 2006, SSA has successfully used this process in the six States within the Boston region (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont) with the result that 96 percent of closed QDD cases were processed as allowances and 94 percent had decision times of 20 days or less. The national QDD rollout began on October 9, 2007 with Arizona, New Jersey, and North Dakota. During the month of October, the Agency will rollout a total of 18 States (38 percent). There will be 17 additional States rolling out in November (36 percent) and seven States (15 percent) in December. SSA expects 89 percent of all States and U.S. Territories to be rolled out by the end of December 2007.

**Return to Work Initiative**

SSA seeks to address the multiple barriers faced by beneficiaries who wish to return to work through immediate and demonstration projects. The immediate projects include regulatory initiatives and other actions SSA has begun or will begin in the short term. The demonstration projects are longer term activities that address barriers to working or returning to work. SSA's research and demonstration projects include:

- The Accelerated Benefits Demonstration, which will provide immediate health benefits and employment supports to newly entitled Disability Insurance (DI) beneficiaries who have no medical insurance. Recruitment for this project began in October 2007 and a final report is expected in 2011.
- The Benefit Offset project, which will test whether providing supports and services to disability applicants, will result in improved employment, earnings, and other outcomes for people with disabilities. As of December 2006, four pilot States had recruited approximately 900 beneficiaries into the treatment groups.
- The National Benefit Offset Demonstration, which will allow beneficiaries to face a gradual reduction in their benefits, eliminating the abrupt loss of benefits from the DI program when a beneficiary works and has earnings over a specific amount. This project is currently under design.
- The Mental Health Treatment Study, which will provide mental health disorder treatments and employment supports that are not covered by other insurance. The purpose of this study will be to determine the impact these services have on outcomes, such as medical recovery, employment, and benefit receipt for certain DI beneficiaries. Recruitment for this project began in October 2006 and a final evaluation is expected in 2010.
- The Youth Transition Demonstration projects are designed to enable youth with disabilities to maximize their self-sufficiency. Multiple government agencies, school systems, private-sector providers, and employers will be brought together to create enhanced transition programs, better services, and service delivery systems. These activities may lead to reductions in Federal and State expenditures for Supplemental Security Income, Medicaid and other public benefits; increases in public revenues; and a better quality of life for persons with disabilities.

Regulatory changes include finalizing the changes to the Ticket to Work program proposed in the September 2005 *Ticket to Work Notice of Proposed Rule Making*. The Agency expects to publish these final rules in early 2008.

**Medical Impairment Listings**

SSA remains committed to updating the medical listings to take into account advances in medical care and treatment. Within the past 12 months, SSA has published a final regulation covering visual impairments and the Agency is in the final stages of publishing final regulations for the digestive system and the immune system. In addition, SSA anticipates publishing a Notice of Proposed Rule Making this year for mental impairments, malignant neoplastic diseases, and respiratory disorders.

**IV. Disability Insurance - High Risk (GAO)**

The GAO added modernizing Federal disability programs, including SSA's Disability Insurance (DI) program, to its high-risk list in January 2003 due, in part, to lengthy processing times. SSA continues to improve the DI program with electronic services intended to decrease processing time and medical reviews to determine continued eligibility.

With the Social Security DI program, SSA serves a diverse population of individuals with disabilities. Beneficiaries represent various age groups and have different impairments, levels of education, work experiences, and capacities for working. Once SSA establishes eligibility for disability benefits, the Agency turns its efforts toward ensuring that an individual continues receiving benefits only as long as SSA's eligibility criteria are met.

**Current and Future Actions****Improving Hearing Office Procedures and Reducing Hearing Office Backlogs**

In addition to the initiatives listed under *II. Management of the Disability Process*, the Agency has begun efforts to address the backlog of aged disability cases.

SSA plans to: (1) streamline the file assembly process and have additional staff available to prepare cases in order to schedule the hearing dockets of current Administrative Law Judges (ALJs) to capacity; (2) improve the productivity of current ALJs; (3) remand cases to the Disability Determination Service offices to issue fully favorable determinations or update the claims file; (4) appoint additional Senior attorneys and ALJs from other agencies to cover the most backlogged offices; (5) implement a medical expert screening process; (6) hire more ALJs to reach the 1250 level by FY 2008; and (7) open a National Hearing Center to handle electronic files and conduct video hearings.

**Findings Integrated Template**

The Findings Integrated Template is an electronic program that the Administrative Law Judges (ALJ) uses as a decision-tool for cases. The Findings Integrated Template was developed to improve the quality of ALJ decisions by providing a template to follow throughout the decision-writing process. The Findings Integrated Template gives a guide for drafting decisions that follow the related statutory and regulatory requirements and was originally piloted in 40 hearing offices. The template was modified and improved based on feedback from these pilot offices and was released to all hearing offices in January 2006. Approximately 80 percent of ALJs are using this template. Judges are reporting that the decision drafts are of higher quality and, because of the format, they are able to review the drafts more quickly and spend less time editing.

**Continuing Disability Reviews (Medical)**

SSA helps ensure the integrity of the disability program by conducting Continuing Disability Reviews (CDR) to determine whether beneficiaries continue to be entitled to benefits based on their medical conditions. SSA began processing CDRs using electronic folders in June 2007. Not only will the electronic records ensure that SSA has medical information available for future CDRs, SSA will also begin to collect data that can be used to target reviews of those cases with the greatest likelihood of medical improvement. Processing CDRs is also cost-effective: SSA saves \$10 in program benefits for every \$1 spent conducting these reviews.

**V. Supplemental Security Income (GAO)**

In 1997, GAO designated the Supplemental Security Income (SSI) program as “high risk.” At that time, GAO indicated that SSA lacked an effective plan to address overpayments. Since that time, SSA has taken a number of steps to improve oversight of the SSI program resulting in the removal of the SSI program from GAO’s “high risk” list in 2003. SSA continues to sponsor initiatives to reduce improper payments in the SSI program.

**Current and Future Actions**

**Redeterminations**

The most powerful tool the Agency has to detect and prevent overpayments is the SSI redetermination process. Required by law, an SSI redetermination is a periodic review of non-medical factors of SSI eligibility. In FY 2007, SSA completed 1,038,948 redeterminations. The estimated benefits from the FY 2006 redeterminations totaled \$969 million in overpayment benefits (estimated recoveries of retroactive overpayments plus prevention of future overpaid monthly payments) and \$803 million in underpayment benefits. SSA saves \$7 in program benefits for every \$1 spent conducting these redeterminations.

**SSI Automated Telephone-based Monthly Wage Reporting**

SSA piloted an automated telephone-based monthly wage reporting method for workers at risk for wage-related overpayments. SSA continues to develop enhancements designed to improve the process so that it can support more callers and eventually provide fully automated national SSI wage reporting.

**VI. Improper Payments and Recovery of Overpayments (OIG)**

The President and Congress have expressed strong interest in improving the measurement and reduction of improper payments. The President’s Management Agenda (PMA) incorporates a separate agenda item for Eliminating Improper Payments. Under the *Improper Payments Information Act of 2002* (Pub. L. No. 107, 300), SSA must estimate its annual amount of improper payments and report this information in the Agency’s annual Performance and Accountability Report (PAR). Additionally, Federal agencies, such as SSA, should take all necessary steps to ensure the accuracy and integrity of Federal payments.

SSA is responsible for an estimated \$600 billion in annual benefit payments. The stewardship of these dollars is one of the Agency’s primary goals. SSA’s extensive efforts regarding the elimination of improper payments are highlighted quarterly in the PMA and annually in the PAR.

**Current and Future Actions**

**Access to Financial Information Project**

The Access to Financial Information project automates access to financial institution data. Through the use of Access to Financial Information, SSA expects to eliminate a substantial number of improper SSI payments made to applicants or recipients that have a level of resources that would make them ineligible for SSI benefits.

In FY 2007, the Agency conducted a successful test of a web-based system designed to electronically request account information from financial institutions. SSA also performed a more extensive evaluation study of the system in the New York and New Jersey Field Offices.

The Agency will expand the use of Access to Financial Information to Field Offices in the State of California. Concurrent with this expansion, the Agency is examining integration of this system with the Modernized Supplemental Security Initial Claims System and is developing a proposal for a national expansion of the system.

**eWork**

eWork is a comprehensive application that assists Agency staff in processing work reports and continuing disability reviews for disabled beneficiaries. The system implementation was completed in March 2007. eWork allows for improved coordination between Field Offices, enabling earnings information to be recorded at the point-of-contact and reducing overpayments.

**eVital/Electronic Death Registration**

SSA uses death information primarily to prevent the payment of benefits to deceased beneficiaries. eVital/Electronic Death Registration (EDR) is an eGov initiative which assists States in automating their death registration processes. EDR allows the States to verify the decedents Social Security Number online in a real-time environment. EDR allows SSA to receive a verified State death report within five days of death and within 24 hours of the death report's receipt in the State. SSA continues to monitor the progress of the States under contract and provides technical assistance to additional States that are building their vital records systems without SSA contract support. States also have access to several SSA-funded tools they can use to decrease the cost of implementing an EDR system, including Online Verification Software, National Model EDR Requirements Document, and Standards and Guidelines. To date, SSA has implemented EDR in 16 States, New York City, and the District of Columbia. The Agency anticipates 14 additional States will be implemented in FY 2008.

Provisions of the *Intelligence Reform and Terrorism Prevention Act* transfer the funding authority for EDR to the Department of Health and Human Services (HHS). SSA continues to work closely with the Office of Management and Budget and HHS on the transition of eVital to HHS.

**Fugitive Felon Program**

Refer to *II. Management of the Disability Process*

**Continuing Disability Reviews Medical**

Refer to *IV. Disability Insurance*

**SSI Redeterminations**

Refer to *V. Supplemental Security Income*

**Piloting an Automated Telephone-based Monthly Wage-Reporting**

Refer to *V. Supplemental Security Income*

**VII. Service Delivery and Electronic Government (OIG & GAO)**

One of SSA's strategic goals is to deliver high-quality "citizen-centered" service. This goal encompasses traditional and electronic services (eGov) to applicants for benefits, beneficiaries, and the public. It includes services to and from States, other agencies, third parties, employers, and other organizations, including financial institutions and medical providers. eGov has changed the way Government operates and the way citizens relate to Government. Within the next five years, SSA expects to provide cost-effective eGov services to citizens, businesses, and other Government agencies allowing them to easily and securely conduct most of their business with SSA electronically.

**Current and Future Actions**

**Electronic Wage Reporting Web Service**

SSA has made significant improvements in the earnings process and service to employers. As of September 2007, 81.2 percent of tax year 2006 employee W-2s were filed electronically. SSA will continue piloting an Electronic Wage Reporting Web Service that will not only allow employers and third parties to submit wage reports more quickly, but also allow them to check the status of their submissions.

In FY 2006, SSA began designing software that will allow payroll software companies to modify their programs to electronically submit wage reports to SSA. This software will continue to be piloted in FY 2008. For tax year 2007, SSA's goal is to receive 81 percent of all W-2s electronically. Refer to page 67 under performance measure 1.3e for more discussion about the FY 2007 goal.

**Business Services Online**

Business Services Online is a suite of applications enabling organizations and authorized individuals to conduct business with and submit confidential information to SSA. Using Business Services Online, employers can submit wage reports and verify an employee's Social Security Number online. Business entities that have representatives who receive direct payment may provide SSA with the required taxpayer identification information online. Another application, Electronic Records Express, is an initiative to offer electronic options for submitting health and school records related to disability claims. Finally, eData Services is a secure website that allows other agencies to communicate sensitive information to SSA.

**Internet Social Security Benefits Application**

The Internet Social Security Benefits Application (ISBA) allows the public to apply for retirement, disability, or spousal benefits online. Census data shows that 80 million baby boomers (the generation born between 1946 and 1964) will become eligible to retire starting in January 2008. At the same time, public demand for services available via the Internet has increased. The American Customer Satisfaction Index results show the public wants the option to apply for benefits through a single, easy-to-use, secure Internet application. ISBA retirement usage volumes increased by 11 percent in FY 2007.

To help meet the growing demand for service in FY 2008, SSA is planning several enhancements to the ISBA application. These planned enhancements include usability improvements, additional automated customer support, and the ability for third parties to begin the filing process and protect claimants' filing dates. SSA will also remove two questions that exclude users from completing an online application for benefits, thereby increasing the number of successful claims submitted online. For individuals filing for disability benefits, an enhancement to ISBA will allow information to flow seamlessly into the documentation that is required for all disability applications. In addition, SSA will eventually expand ISBA claims types to include Medicare-only claims.

**W-2C Online**

SSA uses W-2C Online, which provides employers with the ability to electronically report corrections to W-2 forms, as well as W-2 News, which notifies electronic filers via e-mail of any changes to the employer services provided.

**Use of Video Technology**

SSA uses video technology to take claims and provide other services in three western States - North Dakota, Wyoming, and South Dakota. This service is in addition to the video hearings offered by the Office of Disability Adjudication and Review (ODAR). SSA has entered into a joint venture with the University of North Dakota, the General Services Administration, local Government, and tribal leaders to establish video networks. Many people live in remote areas of the United States and have restricted access to SSA Field Offices. The video sites offer many of the services provided in a Field Office. Through video technology, SSA is better able to serve the public.

The Agency plans to expand the video network to provide additional sites and services. Locations in Montana are being considered, as well as establishing links between claimants and the State Disability Determination Services. The number of claims taken has increased significantly in areas offering video conferencing.

ODAR also uses video equipment to conduct hearings on appealed claims, thereby reducing the need for judges to travel and increasing the availability of witnesses for hearings. Since 2004, ODAR has held over 120,000 hearings using video technology. ODAR currently has almost 400 video equipped hearing rooms and is continuing to expand their video hearing capacity. ODAR will soon open its National Hearing Center, which will conduct exclusively video hearings using electronic folders. ODAR also plans to expand its efforts to co-locate with SSA field Offices in order to share video technology and extend its network.

**Generations Online**

In an effort to better engage the senior population, SSA developed a tutorial to assist seniors in conducting three simple transactions on <http://www.socialsecurity.gov/>: changing an address and/or phone number, requesting direct deposit, and requesting a password.

**Retirement Planner**

The Retirement Planner provides detailed information about Social Security retirement benefits under current law and provides helpful advice to individuals contemplating retirement.

Changes to the Retirement Planner in FY 2007 included:

- Adding a link to a calculator that allows individuals to compute the effect of early or delayed retirement on their future benefits;
- Rewording the Retirement Planner military service pages to clarify how Social Security treats military service and to explain how SSA credits military service from 1957 through 2001; and
- Notifying applicants that SSA can contact their State Bureau of Vital Statistics online and verify the required information at no cost.

**Public Insight Process**

SSA developed and implemented the Public Insight Process which is a systematic approach for better integrating “the voice of the user” into the design, development, launch, and enhancement of its Internet products and services. The Public Insight Process will help to: reduce design and development costs; raise the usefulness and usability of eServices and information; increase usage of SSA’s electronic services; and provide a framework of ongoing evaluation and continuous improvement. In FY 2007, the Agency applied Public Insight Process-related activities to five eGov projects.

**eService Vision and Mission**

To the maximum degree possible, SSA’s eService program must help offset the estimated large and growing gap between the resources needed and the resources available to handle the projected growth in the volume and complexity of workloads. The Agency cannot afford to continue with business as usual as baby boomers join the rolls in the coming years, and doing so will fail to meet the public’s expectations for up-to-date service delivery. The Agency’s eService Vision is “A virtual SSA where the public, businesses, and Government agencies can also conduct all business through secure, electronic channels.” Due to Congress’ deep budget cuts, the Agency cannot fully realize the eService vision for many years. The Vision will, however, provide direction for SSA to guide executive decisions once it is combined with goals and objectives that address all aspects of quality service.

**VIII. Internal Control Environment and Performance Measures (OIG)**

Sound management of public programs includes both effective internal controls and performance measurement. Internal control includes the plans, methods, and procedures used to meet SSA’s goals and objectives. The Office of Management and Budget’s (OMB) Circular No. A-123, Management’s Responsibility for Internal Control, requires the Agency and its managers to take systematic and proactive measures to develop and implement appropriate, cost-effective internal controls for results-oriented management. SSA management is responsible for determining, through performance measurement and systematic analysis, whether the Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs achieve their intended objectives.

**Current and Future Actions**

**Audit of SSA’s FY 2007 Financial Statements**

Financial audits determine whether SSA’s financial statements fairly present, in all material respects, the financial position of the Agency. SSA’s financial statements have received its 14<sup>th</sup> straight unqualified opinion with no material auditor reported internal control weaknesses. The audit report can be found in the *Financial Section* of this document.

**Office of the Inspector General**

The Office of Inspector General (OIG) improves SSA programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations of the Agency's programs. The OIG provides timely, useful, and reliable information and advice to SSA officials, Congress, and the public. In FY 2007, the OIG completed 105 reviews, began 97 reviews, and supervised the review of 13 performance indicators.

Due to systems limitations, the Agency cannot maintain an entire fiscal year's worth of detail-level data related to several of its performance measures. In addition, SSA believes that the cost for the additional systems storage would outweigh the return on investment. In response to the Agency's systems limitations, OIG agreed to implement a real-time audit approach. This real-time approach is used to audit *Government Performance and Results Act* performance measures that use data from systems that do not have an entire fiscal year's worth of data. The results for these six audits will be reported in the *FY 2008 Performance and Accountability Report*. Refer to page 18 for the results from the real-time audits of the nine performance measures reported in FY 2006.

**IX. Systems Security and Critical Infrastructure Protection (OIG)  
X. Information Security (GAO)**

SSA's information security challenge is to understand and mitigate system vulnerabilities to ensure that its systems remain secure. Weaknesses in controls over access to its electronic information, technical security configuration standards, suitability, and continuity of systems operations have been identified. While many of these weaknesses have been resolved, SSA needs to monitor these issues diligently to ensure that they do not recur.

Federal information security has been on GAO's list of high-risk areas since 1997. With the enactment of the *Federal Information Security Management Act of 2002*, Congress continued its work to improve Federal information security by permanently authorizing and strengthening key information security requirements. Federal agencies have been issued guidance on appropriate measures to protect sensitive information.

**Current and Future Actions**

**Federal Information Security Management Act of 2002**

The *Federal Information Security Management Act* (FISMA) is an Information Technology (IT) Security framework for all Federal agencies. Included as Part III of the *eGov Act of 2002*, FISMA requires all Federal agencies to submit a report to the Office of Management and Budget (OMB) by October 1st of each year. The report summarizes the results of annual IT security reviews of systems and programs, agency progress on correcting identified weaknesses, and the results of other work performed during the reporting period using OMB's performance measures to assess and report the status of agency IT security programs.

SSA ranked fifth among Federal agencies for the FY 2006 FISMA review with a score of "A." The scoring highlights Agency progress and is tabulated by OMB after reviewing all Federal agency FISMA reports. For the second year in a row, SSA was the only Federal agency to receive an "Excellent" rating for its Certification and Accreditation process, both of which are mandated by FISMA.

SSA provides mandatory IT security awareness training each year to all Agency employees. Training is conducted via onsite training presentations, component awareness sessions, and is also available on the Agency's website.

**Standardized Security Profile Project**

The Standardized Security Profile Project was developed to verify SSA employee profile access to ensure "least privileged" and "need to know" rules are met. The Standardized Security Profile Project places all employee access to systems and data into standardized profiles and institutes a policy of "least privileged" access. Profiles are a way of grouping access needed by more than one individual. Profiles become standardized when the access given by the profile has been tested and approved as being the least necessary access needed by individuals having that profile to do their job.

**Personally Identifiable Information**

The collection and maintenance of personally identifiable information (PII) is essential to Social Security's mission and SSA takes its obligation to safeguard that information very seriously. In 1939, Congress enacted Section 1106 of the *Social Security Act* requiring that SSA maintain the confidentiality of PII. No disclosure shall be made of any file, record, report, paper, or other information obtained at any time by the Commissioner of SSA or by any officer or employee of SSA in the course of discharging the duties of the Commissioner except as provided by SSA regulations or by Federal law.

Social Security's IT security program includes protection of PII. Further, the Agency holds each employee responsible for safeguarding the PII with which they work and on an annual basis, reminds all employees of this responsibility. In addition to these Agency-level efforts, the components within the Agency proactively re-enforce the importance of protecting PII.

**Common Identification for Federal Employees and Contractors**

Homeland Security Presidential Directive 12, dated August 27, 2004, entitled "Policy for a Common Identification Standard for Federal Employees and Contractors," created a Federal standard for secure and reliable forms of identification for Federal employees and contractors. The new identification standards are different from the existing SSA identification badges. SSA has already begun issuing the new identification badges. The Agency expects all employees to have the new badges no later than September 30, 2008.

**XI. Human Capital (GAO)**

GAO first added strategic human capital management as a Government-wide high-risk area in 2001 because Federal agencies lacked a strategic approach to human capital management and failed to integrate human capital efforts with agency mission and program goals. The area remains high-risk as momentum grows toward making Government-wide changes to agency pay, classification, and performance management systems.

SSA recognizes the need to manage the Agency's human capital efforts in anticipation of these Government-wide changes. A key function is organizing the Agency's intellectual resources and information systems. This is also known as knowledge management. SSA continues to create an environment that fosters effective knowledge management. The Agency's knowledge management strategies include maintenance of web-based materials, process documentation, succession planning, mentoring, filling positions before key vacancies occur, using understudies in targeted critical positions, and strategic placement of rehired annuitants.

**Current and Future Actions**

**Recruitment**

Although SSA is working more efficiently than in the past, higher productivity and improved processes are not enough. SSA needs to increase the number of Agency employees to keep up with increasing workloads and eliminate the current disability hearings backlogs.

In September 2006, the number of SSA's workforce was approximately 63,000. By September of 2007, the Agency's workforce had dropped to approximately 61,600 – the lowest since 1972, before the Supplemental Security Income program began. The loss of experienced employees and their extensive institutional knowledge is worsened by overall Agency resource constraints that have limited the ability of the Agency to hire new employees. Consequently, the Agency's staffing level is projected to further decrease to approximately 59,000 employees by September 2008.

SSA's National Recruitment Strategy is an effective mechanism for hiring talented individuals to the extent that the budget allows it to be used. SSA's recruitment cadre, marketing materials, and unique brand have made SSA a leader in recruitment initiatives across the Government. SSA's hiring process is strategically managed to ensure timely selections and has expanded the use of structured interviewing in order to select the best possible job candidate.

**Diversity**

SSA successfully maintains a high degree of diversity among its employees. Seventy percent of SSA employees are women. Forty-seven percent of the workforce is a member of a minority group, compared to 31.8 percent in the rest of Government and 27.4 percent in the national civilian labor force. SSA's minority representation for all groups exceeds their representation in the national civilian labor force. In addition, Employees with Disabilities had an overall workforce representation in SSA of 7.9 percent compared to a Federal workforce representation rate of 7.0 percent. SSA ranks second highest among Federal agencies with 500 or more employees in the percentage of individuals with targeted disabilities.

**Competency Development and Training**

SSA has developed and implemented a process to identify, assess, and address competencies in its mission-critical positions. In FY 2007, SSA continued to implement a multi-phase plan to ensure that staff in several mission-critical positions are proficient in targeted competencies. SSA uses various methods, including training, recruitment, and hiring, to ensure the workforce has the knowledge, skills, and capabilities necessary. SSA trains employees in over 1,500 locations through a combination of traditional training methods, interactive video training and computer-based training via the Intranet and Internet.

**Employee Outreach**

SSA employees have electronic access to information about personnel benefits and employee services. In FY 2007, SSA conducted seminars on pre-retirement planning, financial literacy, and mid-career planning. The Agency also successfully implemented several outreach initiatives, such as open season fairs, to help employees take full advantage of available programs, including health benefits and flexible spending accounts.

**Leadership and Succession Planning**

SSA's leadership and succession planning programs continuously transform to meet the Agency's current and future workforce needs. In FY 2007, SSA released its Strategic Leadership Succession Plan, a blueprint for how SSA will maintain an adequate leadership cadre and talent pool. This plan addresses the Agency's current and future leadership needs, strategic goals, and specific strategies towards achieving those goals.

The Agency is investing resources in developing leaders who will positively influence organizational performance and workforce satisfaction. In FY 2007, SSA conducted two national leadership development programs that foster leadership competency development through assignments, training, mentoring, and exposure to key Agency executives. Eighty participants were selected for the Advanced Leadership Program for GS-13 and GS-14 employees. Thirty-one employees participated in the Senior Executive Service Candidate Development Program. SSA also implemented various regional and component-level development programs and participated in the Office of Personnel Management's Presidential Management Fellows program and other interagency development programs.

SSA is making significant gains in enhancing the skills of its new and mid-level managers. The Agency has arranged five separate introductory leadership courses for over 500 managers this year. In an effort to further strengthen the competencies of Agency managers, SSA continued its new Leadership Symposiums that develop the knowledge and skills of GS-14 and GS-15 mid-level managers. In FY 2007, approximately 900 mid-level managers attended symposiums in six Regions.

**Leveraging Technology**

SSA continues to develop efficient and user-friendly tools to enable employees to accomplish their tasks and better serve the public. Employees have online access to personnel, payroll, and training data. SSA also uses video conferencing and automated case processing systems to increase productivity. The workforce has steadily become more proficient in the use and application of technology resulting in greater efficiency and quality customer service.

**Performance Culture**

The alignment of employee performance with the Agency mission and strategic goals is an ongoing priority. In October 2006, SSA implemented a new multi-level performance appraisal program for all employees at the GS-14 level and below and for GS-15 bargaining unit employees. The program fosters communication between managers and employees and allows for distinctions in individual performance.

The Agency plans to further support successful implementation of the new performance appraisal system through both evaluation and ongoing refresher training for supervisors.

**Retention**

In FY 2007, SSA was identified by the Partnership for Public Service as one of the top ten Best Places to Work in the Federal government, ranking 7th amongst all Government agencies – a significant improvement from its ranking of 21st in FY 2005. SSA was the most improved of all large Federal agencies. Additionally, SSA has maintained a score of “Green” in both status and progress on the President’s Management Agenda scorecard demonstrating continuous accomplishments in the Agency’s strategic approach to workforce planning and its implementation of effective human capital initiatives.

The Agency is continuously improving its human capital practices to retain talented managers and employees in its workforce. SSA’s structured orientation and training programs facilitate employee engagement and welcome new employees. Expanded family-friendly services help employees balance work and family matters. As a result, SSA’s retention rate is currently one of the best in the Federal government. For FY 2006, the Agency’s overall retention rate was 93.3 percent, as compared to 91.8 percent Government-wide. Refer to performance measure 4.1c on page 89 of the *Performance Section* for more information about SSA’s strategy regarding future workforce needs.

## THE PRESIDENT'S MANAGEMENT AGENDA

The President's Management Agenda (PMA) is the President's strategy for improving the management and performance of the Federal government with a focus on results. The Agenda contains five Government-wide initiatives in addition to agency specific program initiatives. SSA is involved in the PMA program initiative, Eliminating Improper Payments. Each quarter, the Office of Management and Budget releases a scorecard that rates agencies' progress and overall status on the PMA goals. The scorecard uses a color-coded grading scale: ●Green for success, ●Yellow for mixed results, and ●Red for unsatisfactory.

A summary of SSA's FY 2007 Fourth Quarter Scorecard is provided below. For more information on the PMA and the Agency's complete scorecard, please go to: [www.whitehouse.gov/results/agenda](http://www.whitehouse.gov/results/agenda) or refer to performance measure 2.4f on page 84 of the *Performance Section*.

● Progress	<b>Strategic Management of Human Capital</b>	Status ●
Build, sustain, and deploy effectively a skilled, knowledgeable, diverse, and high-performing workforce aligned with mission objectives and goals.		
● Progress	<b>Competitive Sourcing</b>	Status ●
Achieve efficient, effective competition between public and private sources and establish infrastructure to support competitions.		
● Progress	<b>Performance Improvement Initiative<sup>1</sup></b>	Status ●
Improve the performance and management of the federal government by linking performance to budget decisions and improve performance tracking and management. The ultimate goal is better control of resources and greater accountability over results.		
● Progress	<b>Expanded Electronic Government</b>	Status ●
Expand the federal government's use of electronic technologies (such as e-procurements, e-grants, and e-regulation) so that Americans can receive high-quality government service.		
● Progress	<b>Improved Financial Performance</b>	Status ●
Maintain world-class financial services that support strategic decision-making, mission performance, and improved accountability to the American people		
● Progress	<b>Eliminating Improper Payments</b>	Status ●
Measure improper payments on an annual basis, develop improvement targets and corrective actions, and track results annually to ensure corrective actions are effective.		

<sup>1</sup> Effective July 1, 2007, the name of this initiative was changed from *Budget and Performance Integration* to the *Performance Improvement Initiative*.

## PROGRAM ASSESSMENT RATING TOOL

The Office of Management and Budget uses the Program Assessment Rating Tool (PART) to evaluate programs across a set of performance-related criteria including program design, strategic planning, program management, and results. Programs are assessed and assigned numeric scores which correspond to the ratings of Effective, Moderately Effective, Adequate, Ineffective, and Results Not Demonstrated. PART scores and findings are used to inform the budget process and drive improvements. For more information on the PART, please see: <http://www.whitehouse.gov/omb/expectmore/>.

The SSA programs that have been evaluated and corresponding assessment ratings have been documented in the chart below. The assessment rating is determined by scoring four sections of each program. The individual scores for each section of the Agency's programs are also documented in the chart below.

SSA's PART Assessment Ratings and Scores (2003 - 2007)	
Program Name	Assessment Rating and Scores
<b>Supplemental Security Income</b>	<b>Moderately Effective</b>
Program Purpose and Design	60%
Strategic Planning	100%
Program Management	100%
Program Results/Accountability	58%
<b>Old-Age and Survivors Insurance</b>	<b>Moderately Effective</b>
Program Purpose and Design	80%
Strategic Planning	100%
Program Management	100%
Program Results/Accountability	75%
<b>Disability Insurance</b>	<b>Moderately Effective</b>
Program Purpose and Design	60%
Strategic Planning	88%
Program Management	100%
Program Results/Accountability	58%

For detailed information on the performance measures used to evaluate the effectiveness of SSA's programs, please see the *Agency Performance Summary* charts, beginning on page 49, and pages referenced for each PART performance indicator in the *Performance Section*.