

IG STATEMENT ON SSA'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES



November 9, 2015

The Honorable Carolyn W. Colvin
Acting Commissioner

Dear Ms. Colvin:

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This review is enclosed. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

Management and Performance Challenges

As we planned our audit work for Fiscal Year (FY) 2015, we identified the following seven management and performance challenges.

- Improve the Responsiveness and Oversight of the Hearings Process
- Improve the Timeliness and Quality of the Disability Process
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Customer Service
- Invest in Information Technology Infrastructure to Support Current and Future Workloads
- Strengthen the Integrity and Protection of the Social Security Number
- Strengthen Planning, Transparency, and Accountability

To better reflect SSA's challenges with the overall management of the hearings process, we have retitled the challenge *Reduce the Hearings Backlog and Prevent its Recurrence to Improve the Responsiveness and Oversight of the Hearings Process*. Also, our previous Statements have discussed the issue of cyber-security under the *Invest in Information Technology Infrastructure to Support Current and Future Workloads* challenge. While we will continue discussing cyber-security under this challenge in the FY 2015 report, we plan to make it a separate challenge titled *Secure Information Systems and Protect Sensitive Data* in FY 2016.


We further discuss the management and performance challenges in the attached document. In the description of each challenge, we define the challenge, outline steps the Agency has taken to address it, and detail actions SSA still needs to take to fully mitigate the issue. We used multiple sources to determine the status of each of the identified challenges. For example, we used statistics reported by SSA and Office of the Inspector General audits of SSA's operations. We also used the FY 2015 independent auditor's report, which contained the results of SSA's financial statement audit. The report concluded that SSA had three significant deficiencies in internal controls over financial reporting.

Other Information

The Office of Audit will continue focusing on these issues in FY 2016 and assessing SSA's operations and the environment in which SSA operates to ensure our reviews focus on the most salient issues facing the Agency.

I look forward to working with you to continue improving the Agency's ability to address these challenges and meet its mission efficiently and effectively.

Sincerely,



Patrick P. O'Carroll, Jr.
Inspector General

Enclosure

***Fiscal Year 2015
Inspector General Statement
on the
Social Security Administration's
Major Management and Performance Challenges***



November 2015

Improve the Responsiveness and Oversight of the Hearings Process

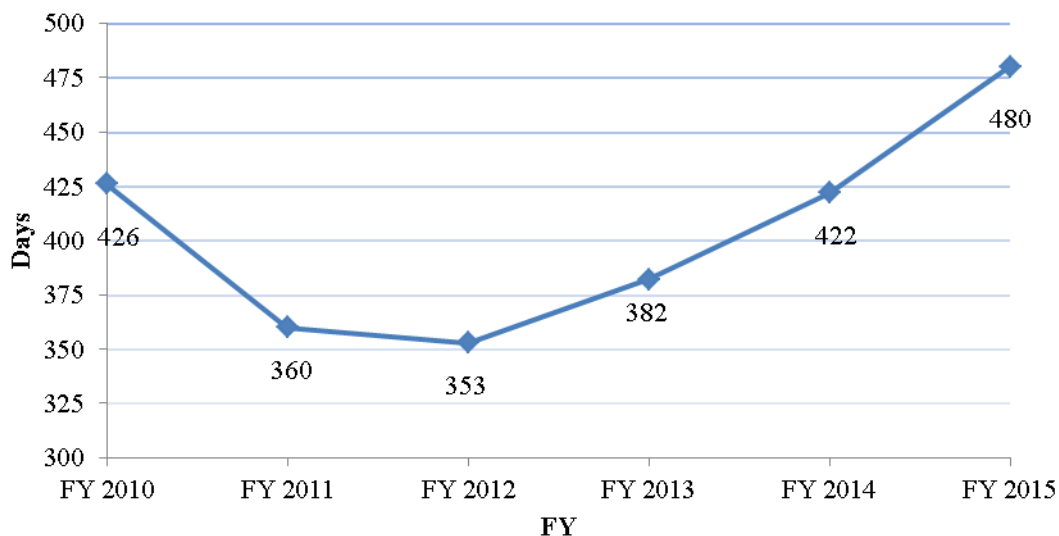
Challenge

While the Social Security Administration (SSA) continues focusing on the quality and consistency of hearing decisions, it is facing worsening average processing times and increasing pending hearings.

Worsening Timeliness and Increasing Pending Cases

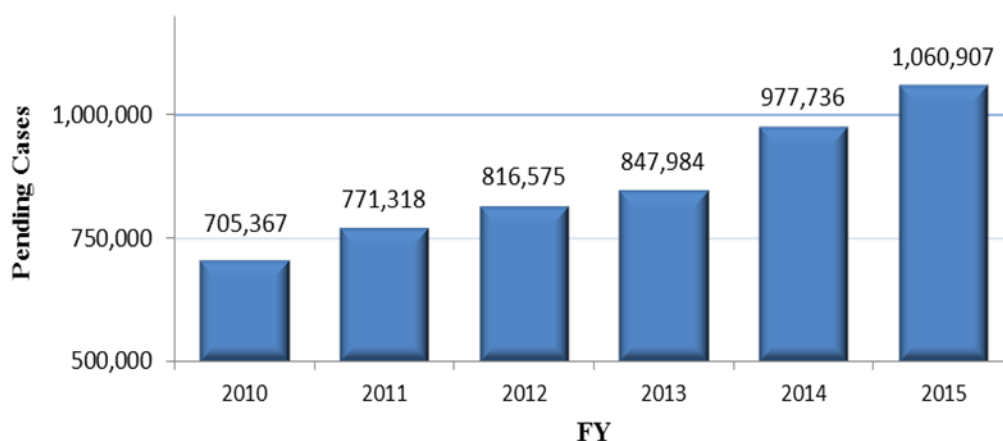
SSA’s Fiscal Year (FY) 2014-2018 *Agency Strategic Plan* has a goal to “Serve the public through a stronger, more responsive disability program,” which includes the objective of improving the quality, consistency, and timeliness of disability decisions. One part of that disability program, the hearings process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased from 426 days in FY 2010 to 480 days in FY 2015 (see Figure 1).

Figure 1: Trend in Average Processing Time (FYs 2010 Through 2015)



In addition, the number of pending hearings grew from about 705,000 cases at the end of FY 2010 to over 1 million cases at the end of FY 2015 (see Figure 2).

**Figure 2: Increase in Pending Hearing Cases
(FYs 2010 Through 2015)**



Note: Pending figures represent the pending level at the end of the FY.

In a September 2015 report on the hearings backlog, we stated SSA had not published a long-term, multi-year strategy to address the growing backlog and worsening timeliness; however, SSA had begun implementing 35 initiatives to address these issues. In a separate September report on hearing office average processing times, we discussed large variances in timeliness among hearing offices. For instance, the Miami Hearing Office had an average processing time that was 300 days longer than the average processing time in the Orange, California Hearing Office.

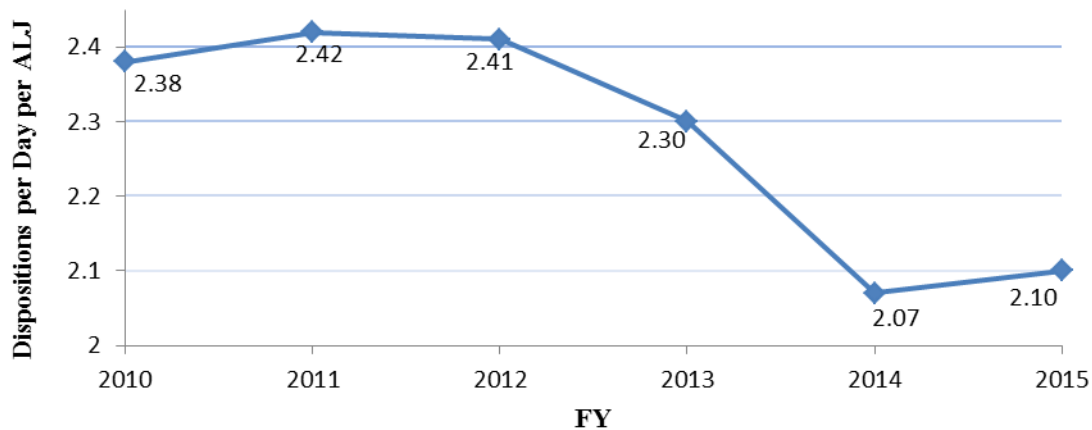
Factors that Affect Timeliness and Increasing Pending Cases

Four factors contributed to the increase in the number of pending claims: (1) an increase in the number of hearing requests, (2) a decrease in the number of available administrative law judges (ALJ), (3) a decrease in ALJ productivity, and (4) a decrease in senior attorney adjudicator decisions.

SSA received about 600,000 hearing requests in FY 2008, over 800,000 hearing requests in each of FYs 2011 through 2014, and about 746,000 hearing requests in FY 2015. Between FYs 2012 and 2015 the number of available ALJs declined about 5 percent. For example, the Agency lost approximately 100 experienced ALJs in each of FYs 2014 and 2015. While the Agency has hired hundreds of new ALJs to increase the number of available ALJs and replace departing ALJs, new ALJs are initially assigned a limited number of cases as they complete their training.

ALJ productivity declined approximately 13 percent between FYs 2012 and 2015 (see Figure 3). Increased Agency emphasis on decisional quality has led to ALJs spending more time on cases. Agency managers also started limiting new case assignments to ALJs to 1,200 cases, annually, in FY 2012 and gradually dropped this cap to 720 cases in FY 2015.

**Figure 3: Trends in ALJ Productivity
(FYs 2010 Through 2015)**



Note: ALJ productivity represents the number of dispositions per available ALJ per day. Productivity figures represent the productivity for the entire FY.

The Agency has also reduced the number of senior attorney adjudicator decisions due to quality concerns. In FY 2010, senior attorney adjudicators issued 54,200 decisions. In FY 2015, senior attorney adjudicators issued 607 decisions.

ALJ Decisions

In a November 2014 report to the Committee on Oversight and Government Reform, we addressed concerns regarding ALJs who had both high disposition and high allowance rates on their cases. We estimated these ALJs improperly allowed disability benefits on approximately 24,900 cases, resulting in about \$2 billion in questionable costs. We recommended SSA (1) incorporate these findings into its existing monitoring and quality review priorities and (2) ensure full medical continuing disability reviews (CDR) are conducted on claimants associated with the higher risk disability cases in our sample.

In another review, we analyzed the effects of regulations requiring that disability adjudicators allow disability claims based on claimants inability to speak English. We recommended that SSA capture the number of beneficiaries awarded benefits based on their inability to communicate in English and evaluate the appropriateness of the grid rules related to an inability to speak English.

Agency Actions

The Agency has been hiring hundreds of new ALJs to increase the number of available ALJs and replace departing ALJs. Specifically, it hired 71 new ALJs in FY 2014 and 202 new ALJs in FY 2015. In August 2011, the Chief ALJ issued a memorandum that outlined specific areas on which ALJs should focus to improve the quality of their decisions. SSA also continues focusing on decision quality through its ongoing review of pre-effectuated adjudicator allowances; monitoring of potential anomalies in ALJ workload performance; and expanding hearing office workload quality measures, such as the “agreement rate” associated with the percent of ALJ cases remanded or reversed in subsequent appeals.

WHAT THE AGENCY NEEDS TO DO

The Agency needs to improve the timeliness of the hearings process by

Publishing long-term goals to improve timeliness and reduce the pending hearings backlog;

Implementing and monitoring the 35 initiatives designed to improve timeliness and reduce the backlog;

Increasing quality decisionmaking and reducing ALJ outlier behavior; and

Focusing resources on capacity issues to better balance processing times and workloads in hearing offices.

Key Related Performance Measures

The key hearings-related performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Deliver a world-class customer experience by expanding the use of video technology to hold hearings.
- Ensure the quality and consistency of hearing decisions by randomly reviewing a percentage of cases using an inline review process.
- Increase ability to provide timely decisions by focusing on oldest cases first.
- Increase ability to provide timely decisions by reducing the percentage of pending Appeals Council requests for review 365 days or older.
- Complete the budgeted number of hearing requests.
- Average processing time for hearing decisions.
- Achieve the budgeted goal for hearing case production per workyear.

While some of these measures set desired outcomes, like timely hearing decisions, others measure simple outputs, like the number of hearings completed. Additionally, some of the performance measures appear to measure a desired outcome, like world-class customer experience but actually only measure an output, like the number of hearings conducted by video. While it is possible that the video service will provide a world-class service, just expanding it does not guarantee a world-class experience. Finally, the performance measures only measure part of the time an applicant has waited for a disability decision. An applicant at the hearings level has already incurred the time waiting for an initial decision and, in some cases, a reconsideration decision.

Key Related Links

The Office of the Inspector General (OIG) Report – [Qualifying for Disability Benefits in Puerto Rico Based on an Inability to Speak English](#) (A-12-13-13062), April 2015.

OIG Report – [Administrative Law Judges with Both High Dispositions and High Allowance Rates](#) (A-12-14-24092), November 2014.

OIG Report – [The Social Security Administration's Efforts to Eliminate the Hearings Backlog](#), (A-12-15-15005), September 2015.

OIG Report – [Hearing Office Average Processing Times](#), (A-05-15-50083), September 2015.

Improve the Timeliness and Quality of the Disability Process

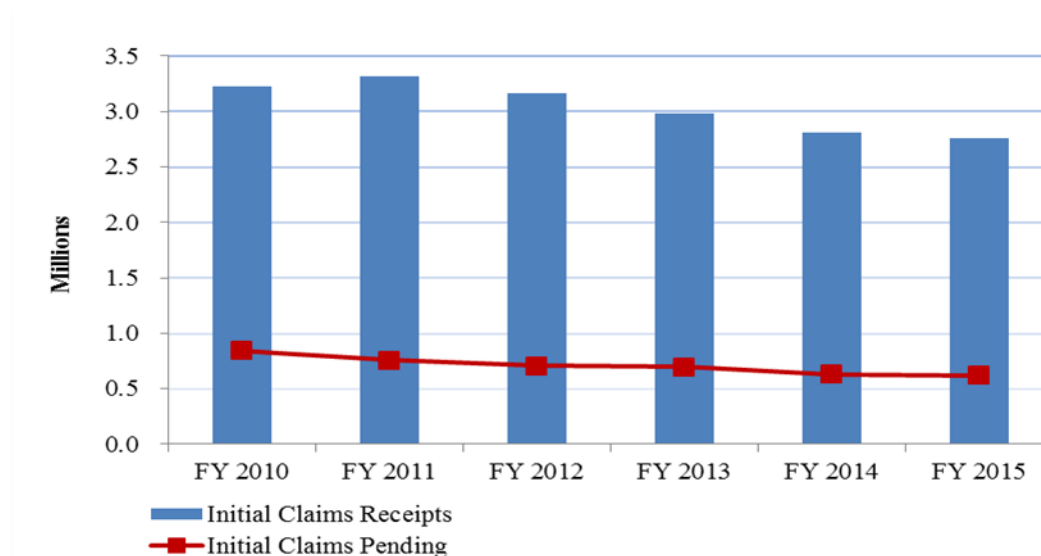
Challenge

SSA needs to address receipt of millions of initial disability and reconsideration claims and backlogs of initial disability claims and CDRs, while also protecting its disability programs from fraud and encouraging beneficiaries to return to work.

Disability Claims Backlog

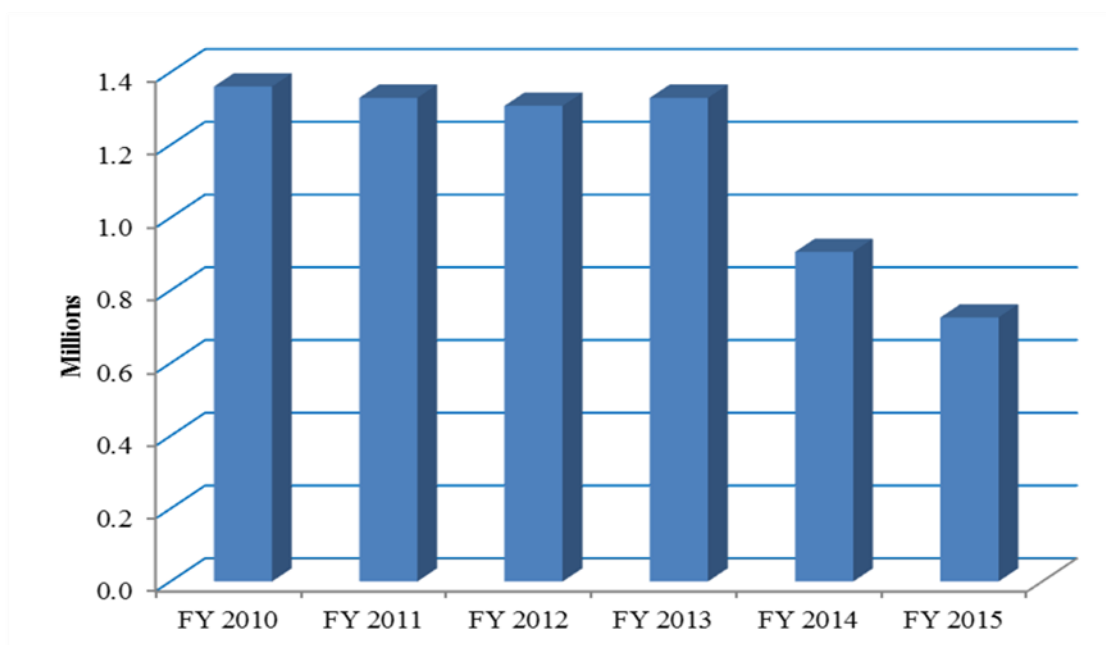
SSA completed over 2.8 million initial and 757,000 reconsideration disability claims in FY 2014 and more than 2.75 million initial and 723,000 reconsideration claims in FY 2015. While initial claims have declined in recent years, SSA had over 621,000 initial disability claims pending at the end of FY 2015. Similarly, SSA expects to have approximately 628,000 initial disability claims pending at the end of FY 2016.

Figure 4: Initial Claims Receipts and Pending



CDR Backlog

According to SSA, at the end of FY 2015, there was a backlog of more than 726,000 full medical CDRs, down from over 906,000 cases backlogged at the end of FY 2014. As we stated in our August 2014 report on *The Social Security Administration's Completion of Program Integrity Workloads*, SSA had a backlog because it had not completed all full medical CDRs when they became due. Although SSA increased the number of full medical CDRs completed in recent years, it was still lower than needed to eliminate the backlog. As a result, SSA missed potential savings. Had SSA conducted full medical CDRs at historic levels, we estimated it would have identified billions of dollars in additional Federal benefit savings.

Figure 5: Full Medical CDR Backlog

Disability Fraud

High-profile fraud schemes in New York, Puerto Rico, and West Virginia highlighted how vulnerable SSA's disability programs are to fraud. In New York, criminal facilitators conspired with disability applicants to feign disabilities and submit disability applications with fabricated and/or exaggerated ailments, which led to many individuals receiving disability benefits to which they were not eligible. Similarly, in Puerto Rico, third-party facilitators conspired with claimants to submit medical documentation that fabricated or exaggerated disabilities. In addition, it was alleged that an ALJ in Huntington, West Virginia, conspired with an attorney to grant favorable decisions to disability claimants who were potentially ineligible for benefits.

The fraud schemes revealed that numerous individuals, with the assistance of the same attorney, claimant representative, or other facilitator, could apply for disability benefits, allege similar physical and/or mental impairments, provide similar fabricated or exaggerated medical documentation certified by a common physician or medical facility, and receive disability benefits. These cases highlighted SSA's lack of the information technology (IT) infrastructure and front-end analytical tools necessary to screen applications for "potential fraud warnings" and review or investigate further before approving. For example, SSA was not systematically flagging a string of disability claims from applicants in the same geographic area with a common claimant representative and similar alleged disabilities. Watchful SSA and disability determination services (DDS) employees caught the patterns in the fraudulent claims in New York and Puerto Rico but not before the Agency approved those claims and made millions of dollars in payments to the beneficiaries.

Return to Work

Historically, less than 1 percent of disabled beneficiaries stops collecting benefit payments because they have returned to work and are no longer eligible. The Ticket to Work and Self-Sufficiency Program was created to assist beneficiaries in returning to work. However, an evaluation of the program concluded that, ". . . rigorous impact analysis failed to provide strong evidence of its impact on employment."

Agency Actions

Disability Case Processing System

The 54 DDSs use various customized systems to process disability cases, and those systems require significant resources to support and maintain. The Disability Case Processing System (DCPS) is a nation-wide SSA initiative to bring greater consistency to DDSs and the disability determination process. SSA conceived of DCPS as a common case processing system for all DDSs that would simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs. While SSA invested more than \$344 million in DCPS over more than 7 years, the Agency has not yet fully developed and implemented a system. We will continue evaluating SSA's plans to complete the DCPS project.

Fraud Prevention and Cooperative Disability Investigations

In FY 2014, SSA began a two-phase initiative to develop predictive analytics to detect disability fraud. Phase I, completed in May 2014, used a data analytics platform to identify cases of known fraud. SSA completed Phase II in September 2014. In this second phase, SSA

- applied the predictive model in Phase I to additional data and identified previously unknown, potentially fraudulent claims;
- built a preliminary predictive model to score all disability claims based on the risk for potential fraud; and
- obtained SSA-specific recommendations from an independent analysis for changes to SSA's anti-fraud program, creating a centralized anti-fraud program management office.

SSA also established Fraud Prevention Units composed of disability examiners dedicated to reviewing and acting on potential fraud cases. In FY 2014, SSA established three Fraud Prevention Units in New York, San Francisco, and Kansas City.

The Cooperative Disability Investigations (CDI) program continues to be one of the Agency's most successful joint initiatives, combining the efforts of the OIG, SSA, DDSs, and State or local law enforcement personnel. As of September 30, 2015, the CDI program had 36 units in 31 States and the Commonwealth of Puerto Rico. The units work to obtain sufficient evidence to identify and resolve questions of fraud and abuse related to disability claims. From inception through September 2015, CDI program efforts nationwide have resulted in \$3.2 billion in projected savings to SSA's Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) disability programs and \$2.1 billion to non-SSA programs. In FY 2015 alone, CDI program efforts nationwide resulted in \$406.1 million in projected savings to SSA's OASDI and SSI disability programs and \$291.1 million to non-SSA programs.

Return to Work

To increase the numbers of beneficiaries returning to work, SSA acknowledged it must create clear, consistent employment incentives. To that end, it continued

- looking for ways to simplify work incentives and minimize improper payments due to earnings;
- strengthening its employment support programs, including the Ticket to Work Program, and
- providing help for beneficiaries who want to work through the Work Incentive Planning and Assistance program.

WHAT THE AGENCY NEEDS TO DO

Continue focusing on reducing the initial disability claims and CDR backlogs. While the Agency made progress in lowering the backlogs in recent years, it still needs to use its available resources and technology to increase its capacity to ensure it completes initial disability claims and full medical CDRs timely.

Ensure DCPS is back on track to modernize the technology infrastructure that supports disability case processing nationwide.

Develop the tools and systems needed to properly store and analyze disability applications and claims to ensure payment integrity and protect the disability program against fraud.

Continue simplifying work incentive regulations and creating new opportunities for returning beneficiaries to work.

Key Related Performance Measures

The key disability-related performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Minimize the average response time to deliver medical evidence to the Department of Veterans Affairs for wounded warriors and veterans.
- Complete the budgeted number of full medical CDRs.
- Expedite cases for the most severely disabled individuals by achieving the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances.
- Ensure the quality of decisions by achieving the DDS decisional accuracy rate for initial disability decisions.
- Complete the budgeted number of initial disability claims.
- Complete the budgeted number of disability reconsideration claims.
- Achieve the target number of disability reconsiderations pending.
- Achieve the target number of initial disability claims pending.
- Average processing time for initial disability claims.
- Average processing time for reconsiderations.
- Achieve the budgeted goal for DDS case production per workyear.
- Improve the disability determination process by increasing the percentage of initial disability claims with health information.
- Achieve the target number of beneficiaries participating in the Ticket to Work Program who begin earning above a certain level.
- Increase the number of beneficiaries returning to work by achieving the target number of Social Security Disability Insurance and SSI disability beneficiaries with Tickets assigned and in use who work above a certain level.

Some of the performance measures measure desired outcomes, like timely disability claim decisions. However, others measure outputs, like the number of disability claims completed. Additionally, some of the performance measures appear to measure a desired outcome but only measure an output. For example, one performance measure

appears to measure the outcome of an improved determination process but only measures the number of cases with IT medical evidence. A better performance measure would measure whether SSA processed cases with IT medical evidence more timely or accurately than cases without IT medical evidence.

Key Related Links

SSA Report – [*The Social Security Administration’s Anti-fraud Activities for Fiscal Year 2014*](#), December 2014.

OIG Report – [*The Social Security Administration’s Completion of Program Integrity Workloads*](#) (A-07-14-24071), August 2014.

OIG Report – [*The Social Security Administration’s Ability to Prevent and Detect Disability Fraud*](#), September 2014.

OIG Report – [*The Social Security Administration’s Disability Case Processing System*](#) (A-14-15-15016), November 2014.

Mathematica Report – [*Executive Summary of the Seventh Ticket to Work Evaluation Report*](#), July 2013.

Reduce Improper Payments and Increase Overpayment Recoveries

Challenge

SSA is responsible for issuing over \$900 billion in benefit payments, annually, to about 60 million people. Given the large overall dollar amounts involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.

SSA is one of several Federal agencies that have a high amount of improper payments. In FY 2014, the last FY for which data were available, SSA reported about \$9.8 billion in over- or underpayments and incurred an administrative cost of \$0.07 for every overpayment dollar it collected. Further, SSA needs to adhere to the requirements in Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) (Pub. L. No. 111-204), and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) (Publ. L. No. 112-248).

Improper Payment Rates

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

For example, according to SSA, in FY 2014,

- the OASDI overpayment error was \$4.6 billion or 0.5 percent of program outlays, and the underpayment error was \$472 million or 0.05 percent of program outlays; and
- the SSI overpayment error was \$3.9 billion or 7 percent of program outlays, and the underpayment error was \$840 million or 1.5 percent of program outlays.

For FYs 2015 through 2017, SSA's goal was to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments; and for SSI, the Agency's goal was to achieve over- and underpayment accuracy rates of 95 and 98.8 percent, respectively.

The Agency only met one of its payment accuracy targets in the last 5 years (see Table 1).

Table 1: Rates and Targets for Payments Without Overpayments FYs 2010 to 2014

FY	2010		2011		2012		2013		2014	
Program	SSI	OASDI	SSI	OASDI	SSI	OASDI	SSI	OASDI	SSI	OASDI
Rate	93.35	99.61	92.66	99.68	93.66	99.78	92.43	99.78	93.05	99.47
Target	91.60	99.80	93.30	99.80	95.00	99.80	95.00	99.80	95.00	99.80
Met	Yes	No	No	No	No	No	No	No	No	No

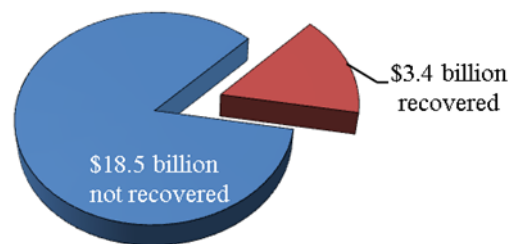
Executive Order 13520, IPERA, and IPERIA

In November 2009, the President issued Executive Order 13520 on reducing improper payments. IPERA and IPERIA were enacted in July 2010 and January 2013, respectively, to refine steps agencies should take to address improper payments. As a result, all agencies with high-risk programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. The Office of Management and Budget designated SSA’s programs as high-risk.

Overpayment Recoveries

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2015, it recovered \$3.4 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with an uncollected overpayment balance of \$18.5 billion (see Figure 6).

Figure 6: Overpayments Recovered - FY 2015



Agency Actions

Improper Payment Causes

One of the major causes of improper payments in the OASDI program is beneficiaries’ failure to timely report earnings or SSA not timely withholding monthly benefit payments from beneficiaries who are engaging in substantial gainful activity. SSA developed a statistical model that predicts the likelihood of beneficiaries’ being at risk of receiving large earnings-related overpayments and implemented it nationwide in June 2013.

A major cause of improper payments in the SSI program is recipients’ failure to accurately and timely report new or increased wages. In response, SSA developed a monthly wage reporting system incorporating touch-tone and voice-recognition telephone technology. SSA also implemented its Access to Financial Institutions project to reduce SSI payment errors by identifying undisclosed financial accounts with balances that placed recipients over the SSI resource limit.

Debt Collection Tools

SSA uses such methods as benefit withholding and billing with follow up to collect debt related to overpayments. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub. L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. These debt collection tools include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal salary offset.

CDRs

The CDR is a tool for reducing improper payments. Through completion of CDRs, SSA periodically verifies individuals are still disabled and eligible for disability payments. Available data indicate that SSA saves about \$9 for every \$1 spent on CDRs, including Medicare and Medicaid program effects.

WHAT THE AGENCY NEEDS TO DO

Identify and prevent improper payments through automation and data analytics. SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments. For example, we have previously recommended that SSA use its own data to identify anomalies that suggest a beneficiary may be ineligible.

Collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when SSI recipients self-report their personal financial situations.

Accurately calculate overpayments and reconcile data between systems to detect discrepancies, which could lead to payment errors.

Key Related Performance Measures

The key improper payment related performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Reduce the percentage of improper payments made under the SSI program.
- Maintain the low percentage of improper payments made under the OASDI program.
- Maintain a high accuracy rate of payments made through the OASDI program to minimize improper payments.
- Complete the budgeted number of full medical CDRs.
- Complete the budgeted number of SSI non-medical redeterminations.

These performance measures primarily measure the desired outcome of paying beneficiaries and recipients accurately. However, the latter two metrics measure outputs. The desired outcome of CDRs and redeterminations is not their completion. The performance measures should measure what SSA hopes to gain by completing these workloads.

Key Related Links

Office of Management and Budget Memorandum M-15-02, Appendix C to Circular No. A-123, [Requirements for Effective Estimation and Remediation of Improper Payments](#), October 20, 2014.

Federal Payment Accuracy Website - <http://www.paymentaccuracy.usaspending.gov>.

OIG Report – [Overpayments in the Social Security Administration’s Disability Programs-A 10-Year Study](#) (A-01-14-24114), June 2015.

OIG Report – [Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013](#) (A-07-15-35031), July 2015.

OIG Report - [Cost-benefit Analysis of Processing Low-dollar Overpayments](#) (A-07-14-14065), July 2015.

OIG Report - [The Social Security Administration’s Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2014 Agency Financial Report](#) (A-15-15-50007), May 2015.

Improve Customer Service

Challenge

SSA faces several challenges, such as increasing workloads and representative payee oversight, as it pursues its mission to deliver services that meet the public's changing needs.

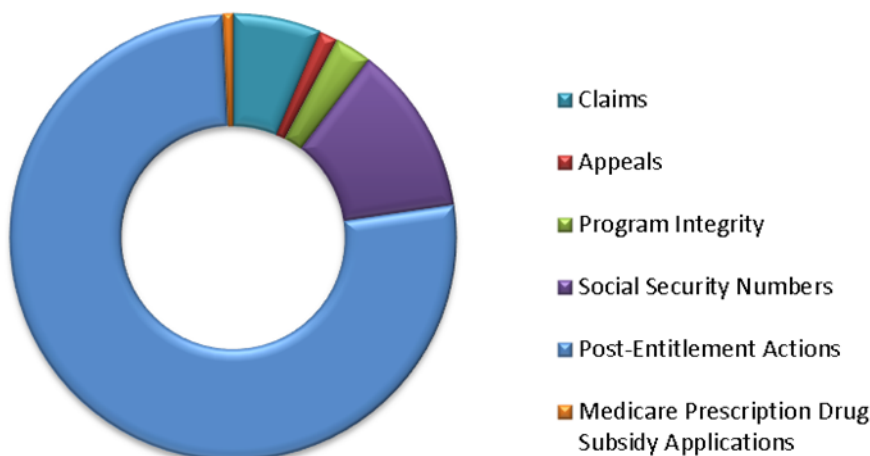
Increased Workload with Reduced Staff

SSA stated that the population aged 65 and older will grow by more than 18 million from 2015 to 2025, and an additional 8 million by 2030, thereby dramatically increasing the demand for its services. In FY 2015, SSA received approximately 5 million retirement, survivors, and Medicare applications; completed 2.7 million initial disability claims; and completed over 663,000 requests for hearings.

In addition to these workloads, in FY 2015, SSA

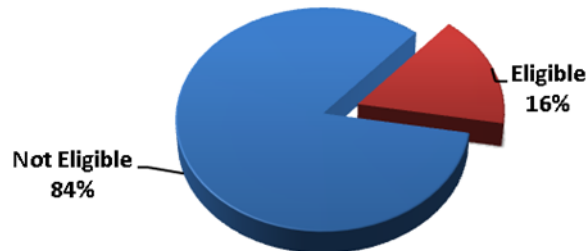
- completed 723,000 reconsiderations and 150,000 Appeals Council requests for review;
- issued over 17 million new and replacement Social Security number (SSN) cards;
- posted over 275 million earnings items to workers' records;
- handled nearly 37 million calls to its national 800-Number;
- assisted 41 million visitors in field offices; and
- mailed nearly 350 million notices.

Figure 7: FY 2015 SSA Estimated Workload



SSA faces a challenge of losing its institutional knowledge because of steady losses of employees through retirement. As of August 2015, approximately 16 percent of SSA employees was eligible for retirement. SSA estimates that 28 percent of its permanent employees will be eligible to retire by 2020, and their retirement could result in various mission-critical skills gaps.

**Figure 8: SSA Employees Eligible for Optional Retirement
(as of August 2015)**



In its February 2015 High-Risk Series report, the Government Accountability Office noted that agencies had taken important steps to better position the Government to close current and emerging critical skills gaps, but agencies will need to implement specific strategies and evaluate their results to demonstrate progress on addressing critical skill gaps. SSA recognizes that identifying and reducing skill gaps at all organizational levels are important to the Agency.

Customer Service Expectations

The dramatic increase in mobile and broadband Internet access is driving public expectation for instantaneous service through multiple delivery channels. Rapid advances in technology introduce new opportunities for service delivery as well as requiring that SSA remain vigilant about potential security and fraud vulnerabilities. Furthermore, customers who seek benefits from SSA also interact with other agencies and private organizations. SSA acknowledges it could improve its customer service through partnerships with these organizations to learn from each other, share data, and develop processes that help customers access services more quickly and easily.

Representative Payment Program

SSA appoints representative payees to manage the benefits of incapable beneficiaries and recipients because of their age or mental or physical impairment. SSA acknowledges that representative payees play a significant role in many beneficiaries' lives, and it consistently explores ways to better identify, screen, and appoint representative payees. In January 2015, SSA reported that approximately 6 million representative payees were managing about \$76.8 billion in payments for 8.7 million beneficiaries and recipients. SSA continues finding problems with representative payees who improperly use and account for beneficiaries' payments during their reviews. Likewise, our audits continue to find problems with SSA's Representative Payment Program. Our recent reviews have found

- terminated or non-selected representative payees received approximately \$367 million in benefits payable for 13,539 beneficiaries because SSA did not remove them from the beneficiaries' records, and
- about 2,550 deceased representative payees received approximately \$46.8 million in OASDI benefits and SSI payments because the Agency did not ensure new representative payees were selected when current representative payees died.

Agency Actions

SSA developed a long-term vision, expanded the use of online services, improved telephone services, continued video services expansion, and improved the Representative Payment Program to improve customer service.

Vision 2025

In April 2015, SSA released its *Vision 2025* publication, which states where SSA would like to be in 10 years with its workforce, technology, and customer service. *Vision 2025* identifies three priorities: a superior customer experience, exceptional employees, and an innovative organization to guide its service delivery efforts today and in the future. SSA has developed milestones in its revised FY 2014 – 2018 Agency Strategic Plan that support *Vision 2025* goals.

When asked whether *Vision 2025* will lead to the closing of field offices, SSA's Acting Commissioner stated, “. . . we are fully committed – now and in the future – to sustaining a field office structure that provides face-to-face service and is responsive to members of the public who need or prefer it.” In November 2013, SSA implemented a new process for evaluating field offices to ensure service delivery is consistent with the needs of the areas served. Service Area Reviews help SSA determine whether it should upgrade, downgrade, or consolidate field offices or make no changes. We reviewed this new process and found that, in general, it resulted in consistent documentation of SSA's field office evaluations.

Online Services

One of SSA's goals is to provide high quality and timely services while offering customers the convenience of interacting with it from anywhere. In FY 2014, SSA launched its Social Security Express initiatives that provide access to SSA's online services, including *my Social Security*, in its field offices and external locations, such as libraries, senior centers, and Federal agencies.

SSA continues leveraging the *my Social Security* online portal. *My Social Security* hosts 17 million visits per month and enables Social Security disability beneficiaries and SSI recipients to access their benefit verification letters, payment histories, and earnings records instantly. SSA reported it is working on a new SMART claim feature that will allow customers to file a claim for retirement, disability, and Medicare benefits using a single *my Social Security* application by the end of FY 2016. In addition, SSA initiated two marketing campaigns to increase customer awareness of SSA's online services and their benefits.

In November 2012, SSA introduced the Direct Deposit Auto-Enrollment Fraud Prevention block to prevent beneficiaries from unauthorized account changes and, in August 2013, the Agency updated the block to prevent direct deposit and address changes requested through the *my Social Security* Website. We reviewed approximately 38,000 beneficiaries with Direct Deposit Auto-Enrollment Fraud Prevention blocks on their accounts. We found that it worked as intended and reduced the risk of direct deposit fraud for those who used the block.

Telephone Services

According to SSA, it has fully implemented its National 800-number to a more modern infrastructure that will help improve telephone service to the American public. The enhancements to the new infrastructure improve the speech-recognition technology, enabling callers to complete their business using automated services. SSA expects the wait time will decrease to under 10 minutes by the end of FY 2016.

Video Services

SSA continues expanding its video services for individuals who live in areas with limited public transportation or have difficulty getting to a field office. Video services enable SSA to provide service to people at hospitals, libraries, community centers, American Indian Tribal centers, and homeless shelters. Video services also reduce travel costs and lost work hours. As an example of its expansion of video services, SSA reported it installed 160 new video units and replaced 262 older units in FY 2015 to allow for the use of video for hearings.

Representative Payment Program

SSA identified 29 cases of misuse during its reviews of representative payees and removed 29 representative payees because of their poor performance. SSA is also seeking ways to improve its Representative Payment Program. SSA stated it is refining its monitoring program to identify and target potential areas of concern for in-depth review. In addition, SSA is contracting with the Institute of Medicine to help it identify ways of streamlining the process for determining whether a beneficiary needs a representative payee and partnering with other agencies to determine the potential for collaboration on representative payee activities.

WHAT THE AGENCY NEEDS TO DO

Implement and evaluate its long-term vision on how it plans to provide service, given the current and anticipated changes to the workload, staffing needs, technology, and customer service expectations.

Continue to strengthen its controls for administering the Representative Payment Program, including selecting and monitoring payees.

Key Related Performance Measures

The key customer service performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Achieve the target speed in answering national 800-number calls.
- Achieve the target busy rate for national 800-number calls.
- Maintain high customer satisfaction with online services.
- Improve access to services by increasing the number of citizens who complete their business online.

While the first three performance measures listed measure a desired outcome of timely service or high customer satisfaction, the last measure listed does not. It appears to measure greater access to personalized information, but it really measures the output of the number of transactions processed through *my Social Security*. Increasing the number of transactions through *my Social Security* accounts does not equate with greater access to personalized information as customers may find the accounts unhelpful or hard to use and choose not to use them. A more meaningful performance metric would measure the customer satisfaction with *my Social Security* or the benefit to SSA of providing its customers with online access to personalized information.

Key Related Links

OIG Report – [Payments to Terminated or Non-Selected Representative Payees](#) (A-09-13-23071), February 2015.

OIG Report – [Direct Deposit Auto-Enrollment Fraud Prevention Block](#) (A-06-14-14042), April 2015.

OIG Report – [The Social Security Administration’s Field Office Consolidation Decision Process](#) (A-07-15-25027), May 2015.

OIG Report – [Deceased Representative Payees](#) (A-01-14-34112), June 2015.

Government Accountability Office Report – [Report to Congressional Committees, High-Risk Series \(An Update\)](#) (GAO-15-290), February 2015.

SSA’s [Vision 2025](#).

SSA’s [Agency Strategic Plan Fiscal Years 2014-2018](#).

SSA’s [Annual Performance Plan for Fiscal Year 2016, Revised Performance Plan for Fiscal Year 2015, and Annual Performance Report for FY 2014](#).

SSA’s [Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews, Fiscal Year 2014](#).

Invest in Information Technology Infrastructure to Support Current and Future Workloads

Challenge

Federal agencies must ensure they wisely invest their scarce resources. SSA faces the challenge of determining how best to use technology to accomplish its mission within its budget and resource constraints, while ensuring its information systems are secure and sensitive data are protected.

Cyber-security

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. Recent breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, the Agency's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

Our prior audit and investigative work has revealed a number of concerns with the security of SSA's information systems. Since FY 2012, auditors have concluded that the risk and severity of SSA's information security weaknesses identified constituted a significant deficiency under the *Federal Information Security Management Act of 2002* (Pub. L. No. 107-347). Those security deficiencies, when aggregated, created a weakness in SSA's overall information systems security program that the auditors concluded significantly compromised the security of the Agency's information and information systems. Additionally, other recent audits and evaluations have identified serious concerns with SSA's information security program.

To address ever-increasing security challenges, it is crucial that SSA implement a well-designed, continuous monitoring strategy to monitor and assess security controls. SSA has issued its *Continuous Monitoring Strategy* but is still implementing it. The Office of Management and Budget and National Institute of Standards and Technology require near real-time, continuous monitoring for risk management and risk-based decisionmaking.

IT Physical Infrastructure

One of SSA's major IT investments in recent years has been replacing its existing National Computer Center (NCC). The NCC has been in continuous operation as a data center since it opened in 1980 and, while its computing capacity has been expanded over the years, increasing workloads and expanding telecommunication services severely strained its ability to support the Agency's business. SSA received \$500 million from the *American Recovery and Reinvestment Act* to replace the NCC with a new National Support Center (NSC). SSA must diligently monitor migration activities to ensure a successful transition from the NCC to the new NSC.

Development and Implementation of Secure Electronic Services

According to SSA, in FY 2015, the Agency's field offices saw about 40 million visitors, and it handled over 37 million calls to its national 800-number. To support its increasing workloads, SSA has developed and implemented over 30 electronic services to the public, businesses, and other government agencies. With these expanded services, SSA reported it processed more than 85 million transactions online in FY 2015.

One of the Agency's priorities is to develop and increase the use of self-service options. To achieve that goal, SSA plans to rapidly expand the services available under its *my Social Security* online portal. For example, SSA plans to provide direct access to certain information and notices through its online services.

The Agency is developing an application to permit certain individuals to request replacement SSN cards online. In 2015, we evaluated SSA's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project and identified some concerns with the mitigating controls SSA plans to use for the application.

While expanding its inventory of electronic services, the Agency needs to ensure those services are secure. Prior investigative and audit work have identified multiple incidents of fraud committed through SSA's electronic services. For example, despite controls to prevent unauthorized access to *my Social Security*, we continue to receive fraud allegations related to *my Social Security* accounts.

Implementation of Major IT Projects

SSA faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget.

To simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA plans to develop DCPS, which, once implemented, will be used by all DDSs. However, despite investing more than \$344 million in DCPS over 7 years, SSA has not fully developed and implemented a system. The project has faced schedule delays and increasing stakeholder concerns.

In response to a request from the Chairman of the House Subcommittee on Social Security, Committee on Ways and Means, we evaluated the DCPS project in FY 2015. Our November 2014 report recommended that SSA suspend the development of certain custom-built components of DCPS until the Agency evaluated and determined whether off-the-shelf or modernized SSA-owned software are viable alternatives. In May 2015, we initiated a review to examine SSA's efforts to evaluate those alternatives.

In May 2015, we issued a report with our observations and recommendations for DCPS. In that review, we found that previous Beta versions of DCPS had significant functionality limitations. Those limitations caused delays in processing and required that the DDSs develop various "workarounds" to process claims through the system. DDS personnel expressed many concerns with the efficiency and effectiveness of the rollout as well as SSA management's communication with users.

Agency Actions

Cyber-security

SSA acknowledges it must be mindful of potential cyber-threats and remain committed to protecting privacy and security. One of the Agency's goals is to ensure its IT services are reliable, secure, and efficient. As part of that effort, SSA plans to strengthen its cyber-security program.

In FY 2015, SSA continued to address the significant deficiencies in information security. In addition, partially in cooperating with the Federal Cybersecurity Sprint efforts, SSA implemented additional policies and procedures. This included, but was not limited to, strengthening access controls and management of privileged accounts, prioritizing critical data inventory, and expanding penetration testing.

SSA also plans to revise and enhance other information security policies and procedures. For example, to better control systems access for employees and contractors, SSA had planned to manage access requests through a new automated system by the end of September 2015 but now expects to do so by the end of the Calendar Year 2015.

Two-factor authentication (for example, using a physical badge and password) methods make it harder for unauthorized individuals to access SSA's network and systems and better protect sensitive data. By the end of 2015, SSA plans to prevent employees and contractors from logging onto its internal network without their badges.

IT Physical Infrastructure

SSA has taken steps to address its IT infrastructure challenge and the NCC's sustainability through 2016. For example, SSA provides technical experts regular tours of the facility to identify needed repairs or future replacement projects.

The General Services Administration managed construction of the new NSC, which was completed in September 2014. In 2015, we evaluated SSA's efforts to transition its NCC operations to the Agency's new NSC. While we did not identify any significant issues that threatened the Agency's ability to complete the migration as planned, we believe SSA must continue diligently monitoring migration activities and taking appropriate action when issues arise that put the project at risk. We also believe SSA should inform stakeholders if it determines key milestones will not be met.

The Agency plans to finish migrating its systems from the existing NCC to the new NSC by August 2016 and close out the project by September 2016. We will continue monitoring SSA's progress in migrating to the NSC and plan to issue another report in FY 2016.

Development and Implementation of Secure Electronic Services

In FY 2014, SSA implemented fraud prevention enhancements to secure *my Social Security* transactions, including applications for benefits and changes of address and direct deposit. SSA continued its outreach activities to promote the *my Social Security* portal. The Agency held a National *my Social Security* Week campaign and various other activities, such as sign-up events, special radio and social media advertisements, press events, and local office activities encouraging the public to use its online services.

Implementation of Major IT Projects

SSA has taken steps to get the DCPS project on track and ensure its successful completion. In March 2014, SSA contracted with an external firm to conduct an independent analysis of the DCPS project, and, in FY 2015, the Agency continued to evaluate and implement the firm's recommendations. Through a dedicated Chief Program Office, the Agency has increased user engagement and is identifying core functionality requirements—common to all DDSs—that will be used to develop the system.

WHAT THE AGENCY NEEDS TO DO

Address the deficiencies identified by the independent auditor that, when aggregated, are considered to be a significant deficiency in SSA's information security program.

Ensure successful transition of its IT operations to the NSC and maintain responsive, reliable system performance.

Ensure the electronic services the Agency provides are secure.

Ensure the Agency's IT planning and investment control processes are effective.

Key Related Performance Measures

The key IT related performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Improve access to services by increasing the number of citizens who complete their business online.
- Maintain high customer satisfaction with online services.
- Provide the public with access to personalized information by increasing the number of established [my Social Security](#) accounts.
- Provide uninterrupted access to systems during scheduled times of operation.
- Ensure the continuity of operations by transitioning IT production functions to the NSC by FY 2016.
- Enhance systems performance and reliability by upgrading the telecommunications infrastructure.
- Maintain reliable IT services by continually assessing business and infrastructure applications to identify those that are high risk and determine strategies to renovate, replace, or retire them.
- Explore the use of emerging technologies by establishing a testing lab to promote research and development of innovative technology solutions that provide more effective and flexible ways for the public to conduct business online and for employees to complete their work.
- Provide secure and effective services to the public by improving cyber-security performance.

Most of the performance measures measure outputs. For example, the last performance measure is worded to measure the outcome of secure services but only measures the output of implementing systematic controls. To measure the desired outcome of the systematic controls, SSA should measure whether the controls prevent outside infiltrations of SSA systems.

Key Related Links

OIG Report – [The Social Security Administration's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2014](#) (A-14-14-24083), October 2014.

OIG Report - [The Social Security Administration's Financial Report for Fiscal Year 2014](#) (A-15-14-14084), November 2014.

OIG Report - [The Social Security Administration's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project \(Limited Distribution\)](#) (A-14-14-24130), May 2015.

OIG Report – [Progress Report on the Social Security Administration's National Support Center](#) (A-14-15-15006), August 2015.

OIG Report – [Observations and Recommendations for the Disability Case Processing System](#) (A-14-15-50008), May 2015.

OIG Report – [The Social Security Administration's Disability Case Processing System](#) (A-14-15-15016), November 2014.

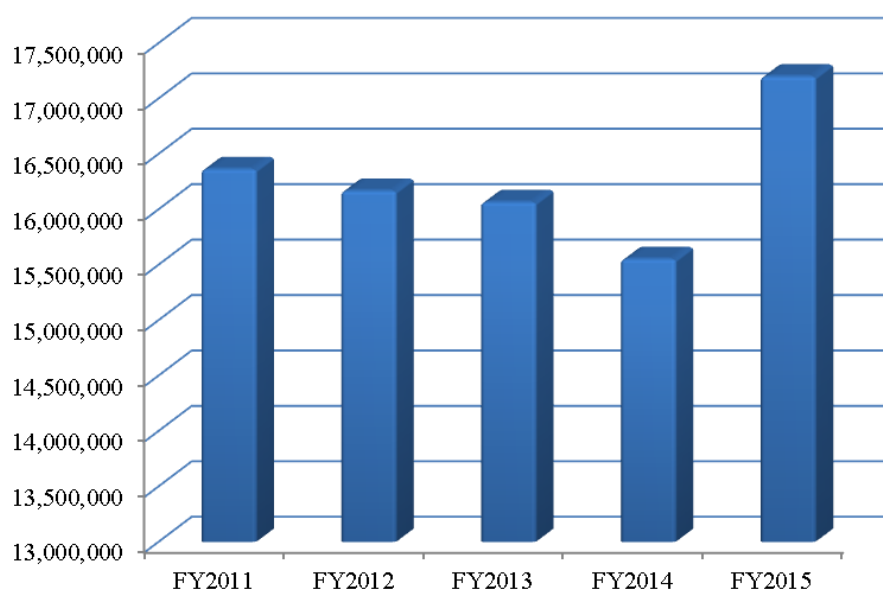
Strengthen the Integrity and Protection of the Social Security Number

Challenge

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due.

As shown in Figure 9, SSA issued over 17 million original and replacement SSN cards in FY 2015. In addition, the Agency received and processed about 275 million wage items in FY 2015. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them.

Figure 9: Original and Replacement SSN Cards Issued



SSN Use

The SSN is heavily relied on as an identifier in U.S. society and is valuable as an illegal commodity. Additionally, the SSN is critical in accurately recording workers' earnings on which future benefit payments are based. For these reasons, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA missions.

SSN Misuse

While SSA has improved its enumeration process, given the preponderance of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA as well as

its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability individuals could use them to commit crimes. For example, some educational institutions unnecessarily collect and use SSNs as a primary student identifier. A March 2015 study revealed that 12.7 million consumers were victims of identity fraud in 2014. Two-thirds of these victims had received a data breach notification in the same year.

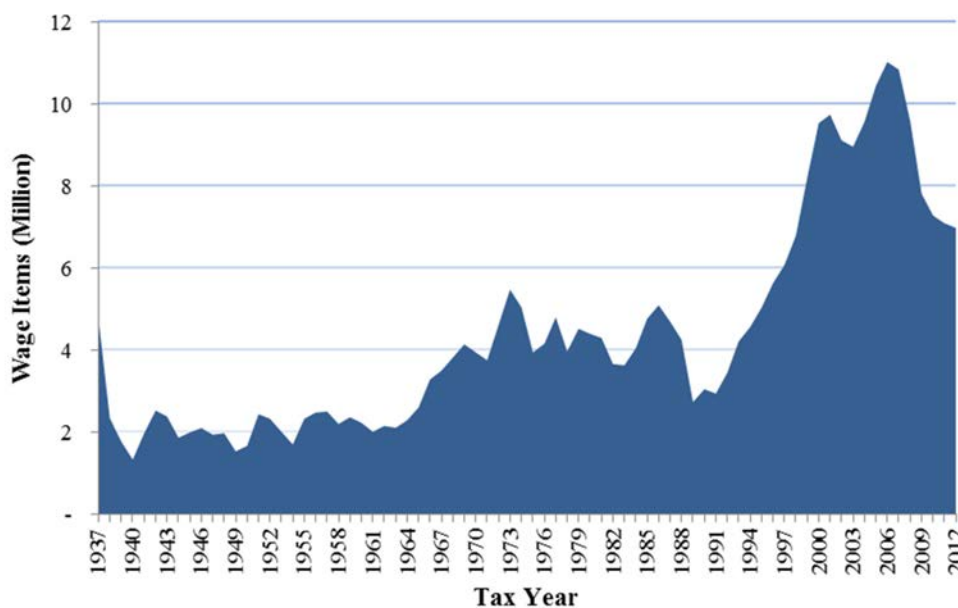
We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. We are also concerned that some individuals misuse SSNs for identity theft purposes. In addition, recent audit work determined that over 6 million numberholders age 112 or older had no death information on their Numident records. The accuracy and completeness of death information is critical because Federal benefit paying entities, the Department of Homeland Security, the Internal Revenue Service, State and local governments, and private industry customers rely on the Death Master File to detect unreported deaths and prevent fraud.

Earnings

SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts.

SSA spends scarce resources correcting earnings data when employers report incorrect information. The Earnings Suspense File (ESF) is the Agency's repository of wage reports on which wage earners' names and SSNs fail to match SSA's records. Per the latest available data, the ESF had accumulated over \$1.2 trillion in wages and 333 million wage items for Tax Years 1937 through 2012. In Tax Year 2012 alone, SSA posted 6.9 million wage items, representing \$71 billion, to the ESF. From Tax Years 2003 to 2012, the ESF grew by approximately \$749 billion in wages and 90 million wage items, representing about two-thirds of the total wages in the ESF and one-third of the total wage items.

Figure 10: ESF Suspended W-2s (1937 to 2012)



Agency Actions

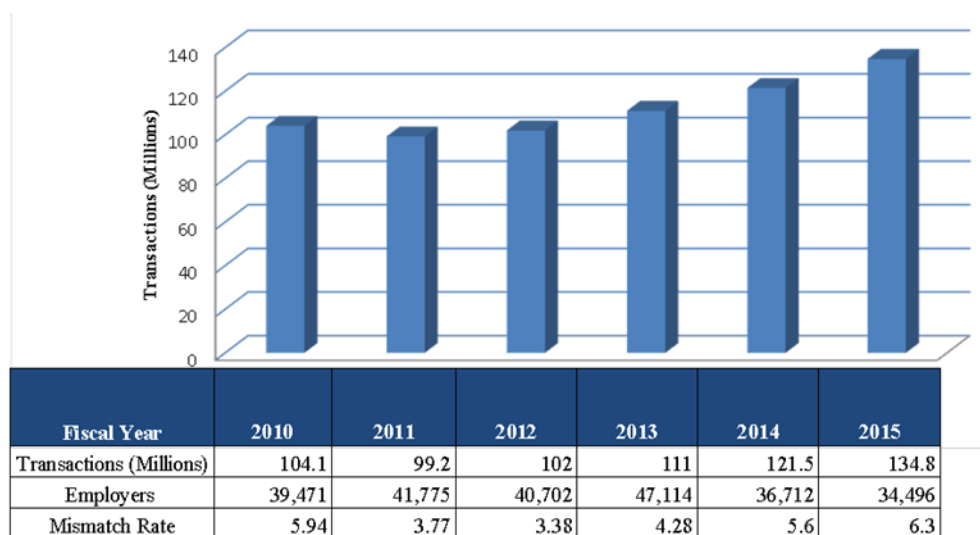
SSA has taken steps to streamline its enumeration process. For example, SSA is developing an Internet-based Social Security Number Replacement Card application. This will allow SSA to reduce the number of replacement card requests in field offices and Social Security Card Centers. While we believe this initiative may enhance customer service, SSA must ensure it takes all necessary steps to minimize the risk of individuals fraudulently obtaining an SSN replacement card.

In addition, SSA has strengthened its policy for processing requests for the SSN printout and no longer provides SSN printouts to the public except in certain disaster situations. If an individual needs proof of his/her SSN and does not have a Social Security card, he/she will need to request a replacement by completing an *Application for a Social Security Card* (Form SS-5) and providing the required documentation.

Social Security Number Verification Service

SSA has taken steps to reduce the size and growth of the ESF. The Agency has offered employers the ability to verify the names and SSNs of their employees using the Agency's Social Security Number Verification Service (SSNVS), which is an online verification program, before reporting wages to SSA. In FY 2015, approximately 34,000 employers were registered to use the service and the service was used to check over 134 million SSNs.

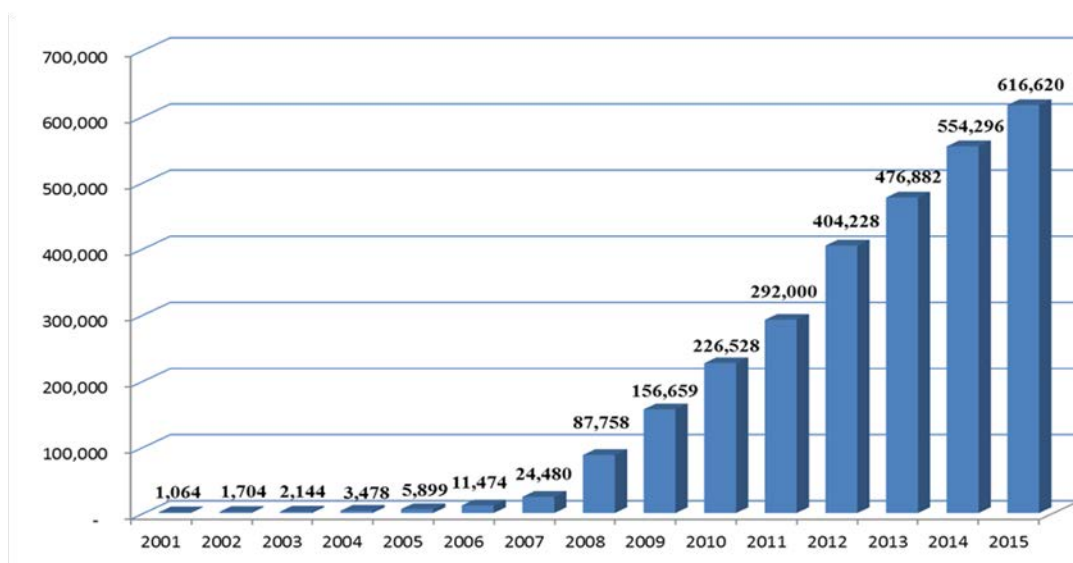
Figure 11: SSNVS Verifications FYs 2010 Through 2015



E-Verify

SSA also supports the Department of Homeland Security in administering the E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. According to the Department of Homeland Security, over 616,000 employers have enrolled to use E-Verify, and, since its inception in 2001, E-Verify's enrollment has steadily increased. In FY 2015, employers submitted more than 31.6 million queries.

Figure 12: Enrollment in E-Verify



WHAT THE AGENCY NEEDS TO DO

Continue to be vigilant in protecting SSNs. We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States as well as the misuse of SSNs for identity theft purposes.

Take steps to ensure the accuracy and completeness of the Death Master File.

Ensure any electronic applications related to SSN card issuance offered through *my Social Security* include an effective authentication process.

Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2s from being posted, and encouraging greater use of the Agency's employee verification programs. SSA can also improve coordination with other Federal agencies with separate, yet related, mandates. For example, the Agency needs to work with the Internal Revenue Service to achieve more accurate wage reporting.

Key Related Performance Measures

The key SSN-related performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Expand the services available under *my Social Security* by implementing an online Social Security Number Replacement Card application.
- Redesign the earnings system to improve the accuracy and timeliness of the earnings data used to calculate benefits.

The first bullet measures the output of developing and testing an online SSN replacement card application. Given the investment needed to create an online SSN replacement card option, it should improve services and a performance measure should measure that improvement, like increased timeliness, accuracy, or customer satisfaction. The second bullet appears to measure the outcome of more accurate and timely earnings data and benefit calculations, but it only measures the output of a redesigned system. SSA should measure the outcome of the redesigned system, such as improved accuracy or timeliness of earnings data.

Key Related Links

OIG Report – [*Status of the Earnings Suspense File*](#) (A-03-15-50058), September 2015.

OIG Report – [*Access Controls over the Business Services Online \(Limited Distribution\)*](#), (A-03-15-13015), June 2014.

OIG Report – [*Improper Use of Children's Social Security Numbers*](#) (A-03-12-21269), March 2014.

OIG Report – [*Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident*](#) (A-06-14-34030), March 2015.

OIG Report – [*The Social Security Administration's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project \(Limited Distribution\)*](#) (A-14-14-24130), May 2015.

OIG Report – [*Internet Social Security Number Replacement Card Project \(Limited Distribution\)*](#) (A-08-14-24096), July 2014.

OIG Report – [*Potential Misuse of Foster Children's Social Security Numbers*](#) (A-08-12-11253), September 2013.

OIG Report – [*Noncitizens Issued Multiple Social Security Numbers*](#) (A-06-10-20155), December 2012.

Inspector General Testimony – [*Hearing on Social Security's Death Records*](#), February 2012.

OIG Report – [*Controls for Issuing Social Security Number Printouts*](#) (A-04-11-11105), December 2011.

OIG Report – [*Kindergarten Through 12th Grade Schools' Collection and Use of Social Security Numbers*](#) (A-08-10-11057), July 2010.

Strengthen Planning, Transparency, and Accountability

Challenge

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. Similarly, mismanagement and waste as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

Planning

In the past, the Agency developed multiple-year strategic plans, which included general descriptions of the programs, processes, and resources needed to meet its mission and strategic objectives. SSA has also produced other strategic plans, like the Information Resources Management Strategic and Human Capital Operating Plans, which covered periods of only a few years. While planning for the next few years is important, a longer term vision is critical to ensuring the Agency has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond.

Transparency

While the Agency has many performance measures and goals on which it publicly reports, we have questioned the usefulness of some of the measures and goals. We have recommended that SSA develop more outcome-based performance measures and goals, including performance targets based on SSA's long-term outcomes instead of annual budgets.

This document lists SSA's FY 2015 key performance measures. Similar to our previous comments on the Agency's metrics, SSA's FY 2015 performance measures could be more outcome-based. While many appear to measure outcomes because of the manner in which they are worded, they still mostly measure outputs. For example, one performance measure, *Enhance Our Security Features and Business Processes to Prevent and Detect Fraud*, appears to measure the prevention and detection of fraud. However, the data definition for the measure reveals that SSA is only measuring public fraud referrals. While fraud referrals may help detect and prevent fraud, the fraud referrals are steps in the process, not the desired outcome. The fraud referrals could be erroneous reports of fraud that SSA spends its resources investigating without achieving what it intended to achieve. SSA should measure the percentage of referrals that actually detect or prevent fraud to show the true outcome of the process being implemented. Measuring outputs, or steps in a process, does not inform the public whether SSA is managing towards the outcomes it needs to efficiently and effectively provide its services and meet its mission.

Accountability

Independent Auditor's Report

The FY 2015 *Independent Auditor's Report* contained three significant deficiencies in internal control (the full text of the report can be found in SSA's FY 2015 *Agency Financial Report*).

The auditor identified three deficiencies in internal control that, when aggregated, were considered to be a significant deficiency in internal controls related to calculation, recording, and prevention of overpayments. Specifically, the auditor noted calculation errors in 24 percent of the overpayment items selected in a statistical

sample. In addition, SSA has a systems limitation where overpayment installments extending past the year 2049 are not tracked and reported. Further, SSA was not reconciling data between systems to detect discrepancies, which could lead to overpayment errors.

The auditor identified deficiencies in internal control that, when aggregated, were considered to be a significant deficiency in internal controls related to redeterminations. Testing identified instances where redetermination interviewers did not comply with established controls policies, and results were not appropriately recorded.

The auditor identified information system control deficiencies in four areas that, when aggregated, were considered to be a significant deficiency over information systems controls. The areas included

- Threat and Vulnerability Management;
- Information Technology Oversight and Governance;
- Change Management; and
- Access Controls.

SSA's Anti-Fraud Programs

SSA is under increased scrutiny after a number of highly publicized cases of fraud became the subject of congressional hearings. We hired a contractor to complete a fraud risk assessment of SSA's anti-fraud activities and found that SSA did not track all instances of fraud or use a risk-based approach for combatting fraud. The contractor also concluded that the Agency could be more proactive in addressing and mitigating new fraud schemes and improving the design and operating effectiveness of anti-fraud measures.

Agency Actions

At Congress' request, SSA contracted with the National Academy of Public Administration to develop a vision and high-level strategic plan aimed at helping the Agency address the continuing service delivery challenges it may face. SSA used the Academy's report and additional stakeholder input to develop its *Vision 2025*, which it released in FY 2015. Per SSA, *Vision 2025* is a critical first step in planning how it will serve the public in the future. Per *Vision 2025*, SSA's Chief Strategic Officer will work with Agency leaders to identify critical milestones for its future strategic plans, which the Agency will use to help create the strategic roadmap for the next 10 years.

We are concerned that *Vision 2025* itself does not include the critical milestones and strategic roadmap needed to steer the Agency toward the organization of the future. In a letter to the Acting Commissioner of Social Security, the Chairman of the Social Security Subcommittee, concluded that *Vision 2025* lacked sufficient detail and did not include any specific goals to guide SSA when it attempts to implement the vision.

The Acting Commissioner has made addressing the internal control significant deficiencies a priority. Specifically, SSA has changed how it monitors discrepancies or inaccuracies in benefit payments. Also, SSA has taken a number of steps to increase its anti-fraud activities. For example, in November 2014, it established the Office of Anti-Fraud Programs to efficiently and effectively detect, deter, and mitigate fraud, waste, and abuse in its programs. SSA also has fraud prosecutors who work with offices of the U.S. Attorney to bring Federal criminal charges against individuals who defraud Social Security programs.

WHAT THE AGENCY NEEDS TO DO

SSA needs to develop and effectively implement long-range goals and a strategic roadmap to achieve those goals. While SSA developed its *Vision 2025*, it does not provide clear goals for the Agency or define the steps needed to achieve the vision. Also, SSA should develop performance measures that address its long-term outcomes.

The Agency needs to address its three internal control significant deficiencies.

SSA needs to be more proactive in addressing and mitigating new fraud schemes and improve the design and operating effectiveness of anti-fraud measures.

Key Related Agency Performance Measures

The key planning, transparency, and accountability related performance measures from SSA's FY 2015 *Annual Performance Plan* are listed below.

- Evaluate the Agency's physical footprint as described in its Office of Management and Budget-approved *Real Property Cost Savings and Innovation Plan*.
- Maintain the target veteran and disabled veteran new hire percentage to improve their representation in SSA's workforce.
- Achieve the target on-board representation of employees with targeted disabilities.
- Maintain status as one of the Top Best Places to Work among large agencies in the Federal Government.
- Increase workplace flexibilities by expanding telework participation among employees.
- Enhance security features and business processes to prevent and detect fraud.
- Improve talent management to strengthen the competence of SSA's workforce.
- Achieve target number of human capital metrics to ensure progress toward building a model workforce.

The desired outcomes for some of these performance measures are not clear. For example, SSA includes the evaluation of its physical footprint as one performance measure. It is not clear what SSA hopes to gain from this evaluation. Without knowing what is to be gained by the activity, it is hard to determine its value. Also, it is hard to determine what is being measured because the average person will not know what the Office of Management and Budget -approved *Real Property Cost Savings and Innovation Plan* is.

In another case, the performance measure is worded to measure an outcome, the prevention and detection of fraud, but only measures a process or output, which is a fraud referral system in *my Social Security*. While fraud referrals are a step in the right direction, they do not measure the desired outcome of detecting and preventing fraud. SSA should measure the percentage of referrals that actually detect or prevent fraud to show the true outcome of the process being implemented. In fact, if SSA does not measure that, it will not know whether the fraud referral system is helping detect or prevent fraud. It could get many referrals, but none may lead to actually preventing fraud. If that were the case, SSA would need to re-evaluate the process. SSA should measure its desired outcomes whenever possible.

Key Related Links

National Academy of Public Administration report – [Anticipating the Future: Developing a Vision and Strategic Plan for the Social Security Administration for 2025-2030](#), July 2014.

OIG Report - [The Social Security Administration's Financial Report for Fiscal Year 2014](#) (A-15-14-14084), November 2014.

OIG Report – [Fraud Risk Performance Audit of the Social Security Administration's Disability Programs](#) (A-15-15-25002), April 2015.

SSA's [SSA Annual Performance Report 2014 – 2016 \(Annual Performance Plan for FY 2016, Revised Performance Plan for FY 2015, and Annual Performance Report for FY 2014\)](#).

SSA's [Vision 2025](#).

CONCLUSION

This report describes SSA's most pressing management and performance challenges. While we understand the Agency has competing priorities and limited resources, it must bring more attention to the issues outlined in this document to ensure it effectively and efficiently serves the American public. We look forward to working with the Agency in identifying ways it can continue to improve its performance and manage its programs in a more secure and transparent manner.



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