



## SOCIAL SECURITY

### MEMORANDUM

Date: January 7, 2003

Refer To:

To: The Commissioner

From: Inspector General

Subject: Review of the Social Security Administration's Fiscal Year 2003 Annual Performance Plan (A-02-02-12033)

Attached is a copy of our final report. Our objectives were to determine the extent to which the Social Security Administration's Fiscal Year 2003 Annual Performance Plan (APP) (1) responded to prior recommendations made to improve APPs and (2) contained indicators that provide decisionmakers useful information and meaningfully measure performance.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on our recommendations. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in blue ink, appearing to read "James G. Huse, Jr.", written in a cursive style.

James G. Huse, Jr.

Attachment

---

**OFFICE OF  
THE INSPECTOR GENERAL**

---

**SOCIAL SECURITY ADMINISTRATION**

---

**REVIEW OF THE SOCIAL SECURITY  
ADMINISTRATION'S FISCAL YEAR 2003  
ANNUAL PERFORMANCE PLAN**

January 2003

A-02-02-12033

---

**AUDIT REPORT**

---



## **Mission**

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

## **Authority**

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

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

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

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

## **Vision**

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

# Executive Summary

---

## OBJECTIVE

Our objectives were to determine the extent to which the Social Security Administration's (SSA) Fiscal Year (FY) 2003 Annual Performance Plan (APP) (1) responded to prior recommendations made to improve APPs and (2) contained indicators that provide decisionmakers useful information and meaningfully measure performance.

## BACKGROUND

The Government Performance and Results Act of 1993 (GPRA) seeks to improve the efficiency, effectiveness, and management of Federal programs. GPRA established a framework through which Federal agencies set goals, measure performance, and report on the extent to which those goals were met. This is accomplished by preparing 5-year strategic plans, APPs, and annual performance reports.

The APP provides a direct link between strategic goals and agency performance. The APP identifies the (1) annual performance goals an agency will use to gauge progress toward accomplishing its strategic goals and (2) performance measures for use in assessing annual progress. The President's Management Agenda calls for the integration of performance review and budget formulation. As part of this integration process, agencies are being asked to identify high quality outcome measures that will be used to accurately monitor the performance of programs.

SSA was a pilot agency that developed plans and reports before GPRA was implemented. SSA submitted its first strategic plan, *Keeping the Promise*, in FY 1997; its second, *Mastering the Challenge*, in FY 2000; and SSA plans to release its third strategic plan in FY 2003. In February 1998, SSA issued its first APP, which defined performance indicators and goals for FY 1999. SSA also issued APPs for each year between FYs 2000 and 2003. SSA developed and reported on performance measures as early as FY 1991—before GPRA was passed—and began reporting on its performance goals as part of its annual Accountability Report in FY 1995.

## RESULTS OF REVIEW

SSA's FY 2003 APP responds to suggestions for improvement from previous plans and reflects SSA's strong commitment to GPRA and progress toward meeting GPRA's objectives. Nevertheless, we believe opportunities exist for SSA to establish indicators that will provide even more meaningful information to decisionmakers. For instance, SSA's APP does not have goals for all management challenges and major initiatives for which measurable corrective action is possible, and we believe it should include more outcome-based and service-related measures. The APP also needs more information to permit an assessment of the nature and reasonableness of certain goals and a basis

upon which to compare goals and subsequent performance with public expectations. Further, the APP could display better integration of performance goals and the budgeted resources needed to achieve them. Additionally, sections within the APP could be presented in a more efficiently organized and clearer manner.

## **CONCLUSIONS AND RECOMMENDATIONS**

SSA's FY 2003 APP represents SSA's strong commitment and progress toward meeting the objectives of GPRA. The APP responds to many of the concerns about previous plans. We acknowledge the evolving nature of GPRA reporting and believe that additional actions can be taken to make future APPs more useful to decisionmakers and allow better assessment of progress toward world-class service. Specifically, SSA should provide:

- Goals for those management challenges and major initiatives for which measurable corrective action is possible, such as progress in reducing the Earnings Suspense File and monitoring representative payees.
- Better outcome-based and service-related measures in the areas of 800-number waiting time, notice clarity, Social Security number card issuance, validation of medical listings, and initial disability claims processing.
- Information to more fully explain how performance will be measured, such as in the cases of the percent of employers rating SSA's overall service, and the implementation of activities necessary to have the software and infrastructure in place for electronic processing of hearings and appeals.
- Information to assess goals and subsequent performance that differ significantly with known public expectations, such as in the areas of 800-number performance and hearings decisions.
- Continued commitment to link its budget and performance data as envisioned by the President's Management Agenda and the Office of Management and Budget.
- A clearer presentation and organization of the APP through increased cross-referencing and consolidation of the key objectives section.

## **AGENCY COMMENTS**

SSA generally agreed with all of our recommendations, noting that actions to implement the recommendations will either be reflected in its FY 2004 APP or taken in the future. (See Appendix B for SSA's comments.)

# Table of Contents

---

	Page
<b>INTRODUCTION</b> .....	1
<b>RESULTS OF REVIEW</b> .....	4
FY 2003 APP Performance Indicators .....	4
Goals for Management Challenges.....	5
Outcome and Service-Related Measures .....	6
Information to Assess the Nature and Reasonableness of Goals.....	7
Link Between Goals and Public Expectations.....	8
Link Between Planned Performance and Budget .....	9
Opportunities for Clearer Presentation.....	9
<b>CONCLUSIONS AND RECOMMENDATIONS</b> .....	11
<b>APPENDICES</b>	
<b>Appendix A</b> – Summary of the Social Security Administration’s Fiscal Year 2003 Performance Indicators and Goals	
<b>Appendix B</b> – Agency Comments	
<b>Appendix C</b> – OIG Contacts and Staff Acknowledgments	

# Acronyms

---

APP	Annual Performance Plan
CDR	Continuing Disability Review
DDS	Disability Determination Services
DI	Disability Insurance
ESF	Earnings Suspense File
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act
OASDI	Old-Age, Survivors and Disability Insurance
OASI	Old-Age and Survivors Insurance
OHA	Office of Hearings and Appeals
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQA	Office of Quality Assurance and Performance Assessment
OSM	Office of Strategic Management
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

# Introduction

---

## OBJECTIVE

Our objectives were to determine the extent to which the Social Security Administration's (SSA) Fiscal Year (FY) 2003 Annual Performance Plan (APP) (1) responds to prior recommendations made to improve APPs and (2) contains indicators that provide decisionmakers useful information and meaningfully measure performance.

## BACKGROUND

The Government Performance and Results Act of 1993 (GPRA)<sup>1</sup> seeks to improve the efficiency, effectiveness, and management of Federal programs. GPRA is intended to shift the focus of Federal decisionmaking, management, and accountability from activities and processes to the results and outcomes achieved by agency programs. GPRA established a framework through which Federal agencies set goals, measure performance, and report on the extent to which those goals were met. Agencies prepare 5-year strategic plans, APPs, and annual performance reports. The APP provides a direct link between strategic goals and agency performance. The APP identifies (1) the annual performance goals an agency will use to gauge progress toward accomplishing its strategic goals and (2) performance measures for use in assessing progress.

GPRA specifies the APP's general content, and the Office of Management and Budget (OMB)<sup>2</sup> issued general guidance and principles to assist agencies in developing APPs. Generally, the APP should

- detail the performance goals and indicators for the FY;
- describe the operational processes, skills, technology, and resources needed to meet the goals;
- align budget resources with performance goals;
- contain performance information for several FYs;
- describe how the performance will be verified and validated; and
- discuss performance-related studies and analyses.

---

<sup>1</sup> Public Law No. 103-62, § 4(b). 31 U.S.C. § 1115 (2002).

<sup>2</sup> OMB Circular A-11, part 6, § 220, *Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports* (2001).



In September 1997, SSA released its first strategic plan, *Keeping the Promise*. In this plan, SSA established five broad strategic goals to support its mission, each of which has supporting strategic objectives. The five strategic goals were to

- promote valued, strong and responsive Social Security programs and conduct effective policy development, research and program evaluation;
- deliver customer-responsive, world-class service;
- make SSA program management the best in business, with zero tolerance for fraud and abuse;
- be an employer that values and invests in each employee; and
- strengthen public understanding of the Social Security programs.

SSA was a pilot agency that developed plans and reports before GPRA was implemented. SSA submitted its first strategic plan, *Keeping the Promise*, in FY 1997; its second, *Mastering the Challenge*, in FY 2000; and SSA plans to release its third strategic plan in FY 2003. In February 1998, SSA issued its first APP, which defined performance indicators and goals for FY 1999. SSA also issued APPs for each year between FYs 2000 and 2003. SSA developed and reported on performance measures as early as FY 1991—prior to the passage of GPRA—and began reporting on its performance goals as part of its annual Accountability Report in FY 1995.

As GPRA implementation evolves, increasing emphasis is focused on outcome measures and tying budget to performance. For instance, the President's Management Agenda calls for the integration of performance review and budget formulation. As part of this integration process, agencies are being asked to identify high quality outcome measures that will be used to accurately monitor the performance of programs. Further, OMB Circular A-11, part 6, *Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports*, states that performance indicators should be relevant, measurable objectives against which actual achievement in program activity can be compared in a quantitative way. Circular A-11 also states that outcome-based goals should be included within an APP, whenever possible.

SSA's FY 2003 APP is organized by its five strategic goals, and SSA describes the activities performed in support of each goal. The APP presents 23 strategic objectives that support the 5 strategic goals. In support of these objectives, there are 74 specific performance indicators (see Appendix A) and 14 budgeted workload measures. A general rationale, as well as baseline performance information, data sources and background information, are provided for each of the indicators.

## SCOPE AND METHODOLOGY

We reviewed SSA's draft FY 2003 APP to assess its compliance with GPRA and guidance from OMB and the General Accounting Office (GAO). Our further evaluation was based on our previous reports, as well as reports completed for the Office of the Inspector General (OIG) by PricewaterhouseCoopers LLP and those released by GAO, the Mercatus Center, and the Social Security Advisory Board. We compared the FY 2003 APP to the FY 2001 and 2002 APPs to determine the extent to which prior concerns we<sup>3</sup> and GAO<sup>4</sup> noted were addressed.

At SSA's request, we agreed not to issue a formal audit report until after SSA issued its final FY 2003 APP. We provided comments on a draft of the FY 2003 APP to SSA's Office of Strategic Management (OSM) twice during our review. Many of our comments were incorporated in SSA's final FY 2003 APP.

We assessed the extent to which the FY 2003 APP performance measures were comprehensive and appropriate for what they purported to measure. We analyzed the final FY 2003 APP, issued in April 2002, to determine the extent to which it addressed

- our comments on the draft FY 2003 APP,
- the FY 2003 Presidential Management Initiatives,
- the major management challenges and program risks identified by GAO,<sup>5</sup> and
- the major management challenges we identified.<sup>6</sup>

We also reviewed a report<sup>7</sup> by the Mercatus Center of George Mason University that analyzed SSA's FY 2002 Performance and Accountability Report. Further, we discussed our comments on the final FY 2003 APP with OSM officials.

We conducted our audit at our New York office and SSA Headquarters in Baltimore, Maryland, between November 2001 and June 2002. The entity audited was OSM, within the Office of the Commissioner. Our audit was performed in accordance with generally accepted government auditing standards.

---

<sup>3</sup> *Review of the Social Security Administration's Fiscal Year 2000 Annual Performance Plan* (A-02-99-03007), November 1999, and *Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan* (A-02-00-10038), June 2001.

<sup>4</sup> *The Results Act: Observations on SSA's FY 1999 Performance Plan* (GAO/HEHS-98-178R), June 1998, and *Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and FY 2001 Performance Plan* (GAO/HEHS-00126R), June 2000.

<sup>5</sup> *Major Management Challenges and Program Risks* (GAO-01-261), January 2001.

<sup>6</sup> *Inspector General Statement on the Social Security Administration's Major Management Challenges* (A-02-02-12054), December 2001.

<sup>7</sup> *3<sup>rd</sup> Annual Performance Report Scorecard: Which Federal Agencies Inform the Public?*, Mercatus Center, George Mason University, May 2002.

# Results of Review

---

SSA's FY 2003 APP responds to suggestions for improvement in previous plans and reflects SSA's strong commitment to GPRA and progress toward meeting GPRA's objectives. SSA's FY 2003 APP complies with OMB guidance that the "FY 2003 performance plan should continue expanding the quality and scope of performance information included in previous annual plans." The APP describes planned performance, effectively uses charts and graphs to highlight and clarify information, and generally indicates how the annual goals support SSA's strategic goals and objectives.

The FY 2003 APP is an improvement over prior years' plans and responds to many prior concerns. However, we believe opportunities exist to establish indicators that could provide even more meaningful information that would be useful to decisionmakers. For instance, the APP has neither goals for all management challenges and major initiatives for which measurable corrective action is possible nor outcome-based and service-related measures for some indicators. The APP needs more information to permit an assessment of the nature and reasonableness of certain goals and a basis on which to compare goals and subsequent performance with public expectations. A better link between performance goals and the resources needed to achieve them is also possible. In addition, clearer presentation and organization of the APP would be helpful.

## **FY 2003 APP PERFORMANCE INDICATORS**

---

### ***SSA's FY 2003 APP Responds to Many Prior Concerns***

---

The FY 2003 APP lists 74 indicators to measure progress toward achieving SSA's 23 strategic objectives, which, in turn, support its 5 strategic goals. The presentation has been modified substantially from that of prior APPs, makes effective use of charts and graphs, and generally provides a clear picture of what SSA hopes to accomplish and how that relates to furthering its strategic goals.

In our informal comments to SSA's draft FY 2003 APP, we made numerous suggestions to increase compliance with OMB guidance—such as inclusion of a capital assets plan—and for clarity of presentation and refinement of goals. SSA accepted many of these suggestions. For instance, SSA included a capital assets plan and aligned the presentation of strategic objectives and corresponding indicators throughout the document.

SSA's final FY 2003 APP

- demonstrates the link between strategic goals, strategic objectives, and annual performance indicators and goals;
- discusses external factors that affect the accomplishment of goals;
- identifies key indicators;

- presents the capital assets plan; and
- associates budgeted amounts with specific output measures and its strategic goals, as applicable.

In addition, SSA added a chart that demonstrates the similarities among the Commissioner’s priorities; SSA’s five strategic goals; the President’s Management Agenda; and SSA’s major management challenges as identified by GAO, SSA’s OIG and the Social Security Advisory Board.

SSA has also increased its use of specific and outcome-based goals. For example, the FY 2001 APP listed an indicator for the percent of offices with access to interactive video training and two goals related to management development plans and training. However, we noted there were no indicators or goals related to training needs for non-management employees. Further, there were few specifics provided with which to gauge interim progress in the implementation of the SSA Future Workforce Plan. SSA addressed these concerns in its FY 2003 APP. For instance, SSA added an indicator to define competencies and help employees identify the skills they need for various positions.

## GOALS FOR MANAGEMENT CHALLENGES

### ***Some Management Challenges Need Goals***

OMB guidance recommends that performance goals be established for management problems, particularly those for which resolution is mission-critical or that could impede the achievement of program goals. SSA discussed its approach to resolving the major management challenges identified by GAO, the OIG, and the Senate Committee on Governmental Affairs in part VII of its FY 2003 APP and refers to specific goals, as appropriate.

While the FY 2003 APP has an informative discussion on the major management challenges facing SSA, we continue to believe that certain challenges do not have goals established to measure progress and establish accountability. Below are major management challenges for which there are no indicators.

- Reducing the Earnings Suspense File (ESF) has been problematic for SSA, but SSA has not established indicators to measure its progress. In fact, a related indicator—accuracy of earnings postings—masks this issue by considering a posting to the ESF as accurate.
- The issue of monitoring representative payees—which has been the subject of congressional interest and recent negative publicity—was first identified by the OIG as a major management challenge in FY 2001. However, this challenge does not have an associated performance measure. The APP lists the number of representative payee actions as an output measure under budgeted workloads. We

previously recommended<sup>8</sup> that, at a minimum, representative payee changes and representative payee accountings be separately tracked. Further, we believe that a measure should be developed that better reflects SSA's performance to ensure timely and accurate representative payee accounting.

## OUTCOME AND SERVICE-RELATED MEASURES

### **SSA Needs More Outcome-Based Measures**

In its assessment of agencies' FY 2001 performance reports, the Mercatus Center noted that performance reports should focus on "outcomes" (benefits of programs and activities) rather than on programs or activities. It further noted that goals and measures that emphasize agency activities assume that such activities automatically translate into results. Indicators that directly measure outcome would better reflect SSA's performance. For instance, as noted by GAO,<sup>9</sup> SSA had not traditionally reported on its progress in returning people with disabilities to work. Instead, performance indicators that focused on activities designed to assist people to return to work were established, rather than on the outcome of whether individuals were actually returning to work.

SSA recognized that its performance measures did not track long-term achievement of self-sufficiency, and that better measures were needed. SSA began to establish such measures with its FY 2001 APP. While SSA has developed more outcome-based measures, additional opportunities exist to create indicators that more directly address service and measure interim success toward SSA's strategic goal to deliver world-class service. For instance:

- We and GAO have recommended that SSA develop measures for 800-number performance that would provide more meaningful information concerning caller waiting time, once connected. SSA does not have goals for caller waiting time. However, SSA's customer service standards survey<sup>10</sup> stated that a "significant majority" of respondents consider service "good" when they are on hold no longer than 2.2 minutes.
- SSA recognizes the public has continually identified the clarity of the Agency's notices as one of the most important aspects of satisfactory service. Further, SSA's over 250 million annual notices have been the subject of many complaints. While SSA has various initiatives planned to improve the clarity of its notices, there is no indicator to measure progress in this highly visible area.

<sup>8</sup> *Performance Measure Review: Review of Representative Payee Actions (A-02-99-01010)*, March 2000.

<sup>9</sup> *Major Management Challenges and Program Risks – Social Security Administration (GAO-01-261)*, January 2001.

<sup>10</sup> *Customer Service Standards Survey*, Office of Quality Assurance and Performance Assessment, June 21, 2000.

- SSA has had a performance measure—accuracy of Social Security number (SSN) issuance—about which we have expressed concerns for what it does not measure. For instance, the accuracy rate excludes major categories of errors—such as inaccurate names and dates of birth. Given the fact that SSN issuance has become a significant concern, SSA may want to re-examine how it measures performance in this area.

As previously reported,<sup>11</sup> we believe separate measures for the Disability Insurance (DI) and Supplemental Security Income (SSI) initial disability claims processing would create greater accountability. Also, OMB has identified developing a validation methodology for medical listings as a priority management issue for SSA in FY 2003. We continue to believe it would be valuable to provide interim indicators to measure progress in validating one or more listings.

Further, rather than goals that solely measure direct processing of claims, calls, and other activities as outputs, indicators should address the efficiency of these activities. SSA had planned several new indicators to measure the efficiency of its performance. For instance, efficiency indicators for Old-Age and Survivors Insurance, SSI and disability claims, and the issuance of SSNs appeared in the draft FY 2003 APP. However, these indicators were not included in the final FY 2003 APP.

## **INFORMATION TO ASSESS THE NATURE AND REASONABLENESS OF GOALS**

---

### ***More Information on What is Being Measured is Needed for Some Goals***

---

APPs should convey to the reader what an agency hopes to accomplish with the resources received and how that will further its strategic goals and objectives. Sufficient information to understand what is being measured—and how it is measured—must be provided for an APP to be meaningful. This type of information was not provided for all of SSA's goals.

For instance, while the two indicators that measure the percent of employers rating SSA's overall service are not new, their measurement appears to be evolving. SSA notes its estimated performance cannot be generalized to all employers, the survey methodology will be improved before the FY 2003 survey is conducted, and additional employer interactions will be measured. More information on exactly what will be measured would be useful. Similarly, there are detailed goals that support the indicator "Implement activities necessary to have the software and infrastructure in place for electronic processing of disability claims." However, SSA does not explain how accomplishing each of these detailed goals will bring the Agency closer to the indicator.

---

<sup>11</sup> *Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan (A-02-00-10038)*, June 2001.



## LINK BETWEEN GOALS AND PUBLIC EXPECTATIONS

---

### **Reporting Public Expectations for Some Goals Would Be Useful**

---

Establishing and achieving goals that do not meet the public's expectations can convey an unrealistic view of performance. Agencies need to ensure their goals are consistent with public expectations. However, resources and other constraints may hinder SSA's ability to meet the public's expectations. When this is the case, the barriers to meeting such goals should be disclosed. Such information may be important to decisionmakers in establishing funding priorities. The *Message from the Commissioner* in the FY 2001 APP noted that meeting all performance expectations would be heavily dependent on SSA's receiving adequate resources and continuing success in automation efforts. This information is important for budget decisionmakers. To achieve GPRA's intent, SSA needs to ensure its goals are realistic in terms of the public's expectations, and if not, the reasons for such should be disclosed. With such information, decisionmakers could evaluate the extent to which the public will be satisfied. GPRA's intent is not achieved—and congressional decisionmakers are not provided complete information—if disclosures are not made concerning the reasonableness and adequacy of the goals.

We have previously recommended that SSA provide a basis upon which to compare goals and subsequent performance with the public's expectations.<sup>12</sup> In response, SSA agreed that "There may be value in such comparisons as they affect specific measures." SSA also noted that it "Sets goals based on customer interests in combination with historical experience, benchmarks and investments." We believe SSA has met the spirit of our prior recommendation for the payment and service indicators for the percentage of 800-number calls handled accurately. In this regard, SSA states "Despite performance below the target, we will retain the 90 percent goal because we believe it represents good service within the bounds of available resources." There are other indicators of service where information on the public's expectations would be of value.

SSA has a FY 2003 goal for 94 percent of callers accessing the 800-number within 5 minutes of their first attempt. Actual performance in FY 1999 was 95.8 percent. However, the results of the Office of Quality Assurance and Performance Assessment's (OQA) June 2000 customer service standards survey disclosed that a significant majority of respondents would consider accessing the 800-number within 2 minutes to be "good service." Similarly, SSA had an initial FY 2002 goal to release hearings decisions within 120 days of the request for 35 percent of the cases, which was subsequently revised to 20 percent. SSA reduced this to 22 percent within 180 days for FY 2003. Meanwhile, the OQA survey reported that only 13 percent of the respondents rated this as "good service."

---

<sup>12</sup> *Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan* (A-02-00-10038), June 2000.

## LINK BETWEEN PLANNED PERFORMANCE AND BUDGET

---

### **Better Integration of Cost and Performance Needed**

---

In prior APPs, SSA aligned funding with budgeted workloads and performance goals by major functional responsibility. Since goals were not aligned by budget account, the resources, human capital, and technology necessary to achieve many performance goals were not adequately described. This integration of budget and performance data has been highlighted as a priority by the President and OMB with the submission of FY 2003 budgets and beyond.

We have previously noted that SSA needs to better link costs with performance.<sup>13</sup> In its FY 2003 APP, SSA acknowledged that costs are specifically aligned with outcome measures for only a few activities—continuing disability reviews and SSI non-disability redeterminations. SSA is committed to improving its ability to present a performance budget that permits direct comparisons between budgeted amounts, outputs, and outcomes in specific activities.

## OPPORTUNITIES FOR CLEARER PRESENTATION

---

### **Streamlined Presentation of the APP Possible**

---

The FY 2003 APP is a large document with a wealth of information, not only on SSA's annual performance goals but its organization, external influences, coordination with other agencies, and budget information. There are opportunities for clearer presentation through the use of cross-referencing and more specific definitions of what is being measured.

For instance, part V of the APP discussed—in over 30 detailed pages—SSA's key strategic objectives and key performance indicators. Further, part VI discussed—in over 40 pages—all of SSA's strategic objectives and performance indicators. SSA opted for this organization so the most important indicators are highlighted for those who do not want to read the entire document. We agree it is useful to highlight key indicators. However, key indicators could be listed in a table with a cross-reference to the section where all indicators are discussed in detail. This organization would reduce redundancy and streamline the presentation.

Similarly, in response to our comments on the draft FY 2003 APP, SSA included a chart of high-priority areas and challenges. This chart displays the similarities among the Commissioner's priorities, SSA's five strategic goals, the President's Management Agenda, the President's budget, GAO's concerns, and our list of major management challenges. This chart provides the reader perspective on the range of issues that SSA must address, as well as the similarities among the issues raised by the various parties.

---

<sup>13</sup> *Review of the Social Security Administration's Fiscal Year 2001 Annual Performance Plan* (A-02-00-10038), June 2001.



However, cross-referencing these issues to the performance goals that address them would inform the reader even further on the extent to which SSA has established performance goals for each of the issues.

# Conclusions and Recommendations

---

GPRA is intended to increase agency accountability through a program of strategic planning, establishment of annual goals, and reporting of annual performance against those goals. GPRA implementation will be an evolving process as agencies continue to develop outcome-based measures and enhance the systems and processes that produce credible performance data. SSA's FY 2003 APP represents SSA's strong commitment and progress to meet GPRA's objectives. The APP responds to many of the concerns about previous plans. Acknowledging the evolving nature of GPRA reporting, we believe additional action can be taken to make future performance plans more useful to decisionmakers and permit better assessment of SSA's progress toward world-class service. Specifically, SSA should provide:

1. Goals for those management challenges and major initiatives for which measurable corrective action is possible, such as progress in reducing the ESF and monitoring representative payees.
2. Better outcome-based and service-related measures in the areas of 800-number waiting time, notice clarity, SSN card issuance, validation of medical listings, and initial disability claims processing.
3. Information to more fully explain how performance will be measured, such as in the cases of the percent of employers rating SSA's overall service, and the implementation of activities necessary to have the software and infrastructure in place for electronic processing of hearings and appeals.
4. Information to assess goals and subsequent performance that differ significantly with known public expectations, such as in the areas of 800-number performance and hearings decisions.
5. Continued commitment to link its budget and performance data as envisioned by the President's Management Agenda and OMB.
6. A clearer presentation and organization of the APP through increased cross-referencing and consolidation of the key objectives section.

## AGENCY COMMENTS

SSA generally agreed with all of our recommendations, noting that actions to implement the recommendations will either be reflected in its FY 2004 APP or taken in the future. In response to Recommendation 1, SSA plans to include performance indicators

in its FY 2004 APP on the reduction of the ESF, and, if current activities are successful, the timeliness and accuracy of representative payee accounting could be measured in the future.

SSA agreed in principle with Recommendation 2. Specifically, SSA noted that (1) the definition of accuracy for SSN card issuance will be modified in FY 2004, (2) new 800-number performance metrics are being developed, (3) a more global measure for notice clarity may be developed after biennial surveys of notice recipients are begun in FY 2004, and (4) interim efficiency measures will be considered after SSA develops management information systems capable of measuring efficiency. However, SSA does not believe performance measures are necessary for (1) tracking progress in implementing a validation methodology for medical listings or (2) measuring initial DI and SSI disability claims processing separately.

In response to Recommendation 3, SSA agreed that explaining how its performance is measured can be improved, and the definitions for measuring employer satisfaction and electronic processing of hearings and appeals should be refined.

SSA acknowledged that gaps sometimes exist between public expectations and SSA's annual performance targets and stated it will consider Recommendation 4. SSA also agreed that it should continue its commitment to linking its budget and performance data. As evidence of this commitment, SSA stated it is developing a new Budget Formulation and Execution System to strengthen the link between funding and performance. Finally, SSA agreed that a clearer presentation and organization of the APP should be developed and indicated that it has already taken steps to streamline the FY 2004 APP to focus on Agency priorities and challenges. (See Appendix B for SSA's comments.)

## **OIG RESPONSE**

We are pleased that SSA generally agreed with our recommendations and that it has already taken or will take actions to reflect our recommendations in its FY 2004 APP. SSA's planned actions to develop new measures and definitions to monitor and publicly report on the reduction of the ESF, representative payee program, 800-number, notice clarity, SSN card issuance accuracy, and the efficiency of its programs and operations will result in better outcome-based and service-related measures and greater accountability. However, we still believe SSA should develop a measure to report its interim progress on the development of a validation methodology for medical listings since its development has been continually delayed and OMB has identified it as a priority for FY 2003. We also continue to believe SSA should separately report performance for initial DI and SSI disability claims processing to increase accountability over these important service functions.

# *Appendices*

---

## Summary of the Social Security Administration's Fiscal Year 2003 Performance Indicators and Goals

### STRATEGIC GOAL I: TO DELIVER CITIZEN-CENTERED, WORLD-CLASS SERVICE

<b>Strategic Objective 1: By 2004 and beyond, have 9 out of 10 people who do business with the Social Security Administration (SSA) rate the overall service as "good," "very good," or "excellent," with most rating it "excellent."</b>	
Performance Indicator	Goal
Percent of people who do business with SSA rating the overall service as "excellent," "very good," or "good"	82 percent
Percent of people who do business with SSA rating the overall service as "excellent"	30 percent
Percent of employers rating SSA's overall service during interactions with SSA as "excellent," "very good," or "good"	94 percent
Percent of employers rating SSA's overall service during interactions with SSA as "excellent"	33 percent
Percent of callers who successfully access the 800-number within 5 minutes of their first call	94 percent
Percent of callers who get through to the 800-number on their first attempt	87 percent
Percent of 800-number calls handled accurately – payment	95 percent
Percent of 800-number calls handled accurately – service	90 percent
Percent of public with an appointment waiting 10 minutes or less	85 percent
<b>Strategic Objective 2: By 2005, make 67 percent of the public's interactions with SSA, including citizen-initiated services, available either electronically via the Internet or through automated telephone service, and provide the public interacting with SSA on the Internet with the option of communicating with an SSA employee while online.</b>	
Performance Indicator	Goal
Percent of the public's interactions with SSA, including citizen-initiated services, available either electronically via the Internet or through automated telephone service	40 percent
Activities to establish the capability for the public interacting with SSA on the Internet to communicate with an SSA employee while online	Testing and proof of concept will continue.

**Strategic Objective 3: Increase electronic access to information needed to serve the public. Specifically by 2005:**

- Establish electronic access to human services and unemployment information with 90 percent of States;
- Establish electronic access to vital statistics and other material information with 50 percent of States; and
- Increase electronic access to information held by other Federal agencies, financial institutions and medical providers.

Performance Indicator	Goal
Percent of States with which SSA has electronic access to human services and unemployment information	75 percent
Percent of States with which SSA has electronic access to vital statistics and other material information	26 percent
Milestones/deliverables demonstrating progress in increasing electronic access to information held by other Federal agencies, financial institutions and medical providers	<ol style="list-style-type: none"> <li>1. Finalize California electronic medical evidence implementation plan based on the results of our testing with the California American Medical Association and add additional pilot sites.</li> <li>2. Begin project to have third-party vendor work with financial institutions, contract with a vendor and conduct a pilot to test the business case.</li> </ol>

**Strategic Objective 4: Maintain the accuracy, timeliness, and efficiency of service to people applying for Old-Age and Survivors Insurance (OASI) and Supplemental Security Income (SSI) aged benefits. Specifically by 2005, have the capacity to take and process 99 percent of OASI and SSI aged claims in a paperless environment.**

Performance Indicator	Goal
Percent of OASI claims processed by the time the first regular payment is due or within 14 days from the effective filing date, if later	88 percent
Percent of SSI aged claims processed by the time the first payment is due or within 14 days of the effective filing date, if later	75 percent
Implement activities necessary to have the software and infrastructure in place for paperless processing of OASI and SSI aged claims	<ol style="list-style-type: none"> <li>1. Develop an automated system to pay cases involving attorneys; and</li> <li>2. Complete analysis of additional SSI windfall offset enhancements.</li> </ol>

**Strategic Objective 5: Improve the accuracy, timeliness, and efficiency of service to people applying for Disability Insurance (DI) and SSI disability benefits. Specifically by 2005:**

- Increase the accuracy of initial disability claims decisions to deny benefits to 95 percent;
- Maintain the accuracy of initial disability claims decisions to allow benefits at 96.5 percent;
- Issue initial disability claims decisions in an average of 105 days, with at least 70 percent issued within 120 days; and
- Have the capacity to process 99 percent of disability claims in an electronic environment.

Performance Indicator	Goal
Percent of initial disability claims decisions issued within 120 days	After analysis of baseline data, a goal will be developed.
Initial disability claims average processing time (days)	110 days
Disability Determination Service (DDS) allowance performance accuracy rate	97 percent
DDS <b>Net</b> allowance accuracy rate (effective 2002)	98 percent
DDS denial performance accuracy rate	93.5 percent
DDS <b>Net</b> denial accuracy rate (effective 2002)	96.2 percent
Implement activities necessary to have the software and infrastructure in place for electronic processing of disability claims	<ol style="list-style-type: none"> <li>1. Procure hardware/software for paperless business process infrastructure.</li> <li>2. Enhance the front-end interview process to support all types of disability claims.</li> <li>3. Prepare statements of work for DDS legacy system vendors to interface with the electronic folder and support paperless claims processing.</li> <li>4. Develop training plans/materials and procedures to implement the paperless business process.</li> </ol>

**Strategic Objective 6: Improve the accuracy, timeliness, and efficiency of service to people requesting hearings or appeals. Specifically by 2005:**

- Increase current levels of accuracy of hearings decisions to 90 percent;
- Issue hearings decisions in an average of 166 days, with at least 70 percent issued within 180 days;
- Increase productivity to 122 hearings decisions issued per workyear;
- Have the capacity to take 99 percent of hearings requests in an electronic environment;
- Issue decisions on appeals of hearings within an average of 90 days, with at least 70 percent issued within 105 days; and
- Increase productivity to 323 Appeals Council reviews per workyear.

<b>Performance Indicator</b>	<b>Goal</b>
Percent of hearing decisions issued within 180 days from the date the request is filed	22 percent
Hearings average processing time (days)	330 days
Office of Hearings and Appeals (OHA) decisional accuracy rate	90 percent
Implement activities necessary to have the software and infrastructure in place for electronic processing of hearings and appeals	Migrate OHA applications to SSA's programmatic architecture.
Number of hearings cases processed per workyear	102
Percent of decisions on appeals of hearings issued by the Appeals Council within 105 days of the appeals filing date	40 percent
Average processing time for decisions on appeals of hearings issued (days)	144 days
Number of decisions on appeals of hearings issued per workyear	287
<b>Strategic Objective 7: By 2007, increase by 100 percent from 1999 levels, the number of DI and SSI disability beneficiaries who achieve steady employment and no longer receive cash benefits.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Percent increase in the number of DI adult worker beneficiaries entering an extended period of eligibility due to earnings from work	10 percent 11,578
Percent increase in the number of SSI disabled beneficiaries earning at least \$700 per month, whose payments are eliminated because of work	10 percent 87,822
Activities to implement provisions of the Ticket-to-Work and Self-Sufficiency Program and other employment strategies	<ol style="list-style-type: none"> <li>1. Continue to broaden the availability of work incentive specialists to disability beneficiaries nationwide.</li> <li>2. Distribute tickets to beneficiaries in remaining Phase 2 and 3 States.</li> </ol>



Performance Indicator	Goal
Percent increase in the number of DI beneficiaries whose benefits are suspended or terminated due to substantial gainful activity	Long-term FY 2007 goal: 100 percent increase over FY 1999 baseline
Percent increase in the number of SSI disabled beneficiaries, aged 18-64, who no longer receive cash benefits and have earnings over the substantial gainful activity level	Long-term FY 2007 goal: 100 percent increase over FY 1999 baseline
<b>Strategic Objective 8: Improve or maintain the accuracy, timeliness, and efficiency of processing post-entitlement events. Specifically by 2005, have the capacity to take and process 99 percent of post-entitlement actions in a paperless environment.</b>	
Performance Indicator	Goal
Old-Age, Survivors and Disability Insurance (OASDI) Post-entitlement automation rate	90 percent
SSI Post-entitlement automation rate	76 percent
<b>Strategic Objective 9: Maintain through 2005 the accuracy, timeliness, and efficiency of service to people applying for Social Security numbers (SSN) and replacement cards.</b>	
Performance Indicator	Goal
Percent of original and replacement SSN cards issued within 5 days of receiving all necessary documentation	97 percent
Percent of SSNs issued accurately	99.8 percent

**STRATEGIC GOAL II: TO ENSURE THE INTEGRITY OF SOCIAL SECURITY PROGRAMS, WITH ZERO TOLERANCE FOR FRAUD AND ABUSE**

<b>Strategic Objective 10: Beginning 2002, and through 2005, maintain at 99.8 percent the overpayment and underpayment accuracy based on non-medical factors of eligibility of OASDI payment outlays.</b>	
Performance Indicator	Goal
Percent of OASDI payment outlays "free" of overpayments and underpayments (based on non-medical factors of eligibility)	99.8 percent 99.8 percent
<b>Strategic Objective 11: By 2005, raise to 96 percent the overpayment accuracy based on non-medical factors of eligibility of SSI disabled and aged payment outlays.</b>	
Performance Indicator	Goal
SSI overpayment and underpayment accuracy rates <b>including both preventable and unpreventable errors</b> (based on non-medical factors of eligibility)	94.7 percent 98.8 percent
SSI overpayment and underpayment accuracy rates <b>excluding unpreventable errors</b> (based on non-medical factors of eligibility)	95.4 percent

<b>Strategic Objective 12: To become current with DI and SSI Continuing Disability Review (CDR) requirements by FY 2002 and remain current thereafter.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Percent of multi-year CDR Plan completed through FY 2002	N/A
Percent of CDRs completed when due and selectable beginning in FY 2003	Maintain 100 percent currency
<b>Strategic Objective 13: Maintain timeliness and improve accuracy and efficiency in posting earnings data to Agency records. Specifically by 2005, increase to 70 percent the number of employee reports filed electronically.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Percent of wage items posted to individuals' records by September 30 <sup>th</sup>	98 percent
Percent of earnings posted correctly	99 percent
Percent of employee reports filed electronically	48 percent
<b>Strategic Objective 14: Through 2005, maintain a level of outstanding debt that is either in a repayment agreement, under appeal, or newly detected.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Outstanding OASDI debt <b>NOT</b> in a collection arrangement (excluding due process)	47 percent
Outstanding SSI debt <b>NOT</b> in a collection arrangement (excluding due process)	43 percent
<b>Strategic Objective 15: Aggressively deter, identify, and resolve fraud.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Number of investigations conducted (i.e., closed)	9,200
OASDI dollar amounts reported from investigative activities	\$60 million
SSI dollar amounts reported from investigative activities	\$120 million
Number of judicial actions reported	3,500

**STRATEGIC GOAL III: TO STRENGTHEN PUBLIC UNDERSTANDING OF SOCIAL SECURITY PROGRAMS**

<b>Strategic Objective 16: By 2005, 9 out of 10 Americans (adults age 18 and over) will be knowledgeable about Social Security programs in three important areas:</b>	
<ul style="list-style-type: none"> <li>• <b>Basic program facts;</b></li> <li>• <b>Value of Social Security programs; and</b></li> <li>• <b>Financing Social Security programs.</b></li> </ul>	
<b>Performance Indicator</b>	<b>Goal</b>
Percent of public who are knowledgeable about Social Security issues	78 percent
Percent of individuals issued SSA-initiated Social Security Statements as required by law	100 percent

**STRATEGIC GOAL IV: TO BE AN EMPLOYER THAT VALUES AND INVESTS IN EACH EMPLOYEE**

<p><b>Strategic Objective 17: To recruit, develop, and retain a diverse well-qualified workforce with the capacity to perform effectively in a changing future environment. Specifically, by 2005:</b></p> <ul style="list-style-type: none"> <li>• Develop and implement innovative tools and techniques for recruitment and hiring;</li> <li>• Use authorized flexibilities to attract and retain a highly qualified and diverse workforce; and</li> <li>• Continue to enhance quality of worklife opportunities for all employees.</li> </ul>	
<b>Performance Indicator</b>	<b>Goal</b>
Increase the retention rate of new hires	Increase the retention rate through the use of competency-based tools.
Continue to implement the SSA Future Workforce Plan	Implement actions by target dates specified in the Agency's Future Workforce Plan.
<p><b>Strategic Objective 18: To provide the necessary tools, training and continuous learning opportunities to maintain a highly skilled and high-performing workforce. Specifically, by 2005:</b></p> <ul style="list-style-type: none"> <li>• Provide online training electronically at the desktop to all employees;</li> <li>• Have one-third of all employees participating in job enrichment opportunities during each year;</li> <li>• Provide 70 percent of employees the necessary competency-based training needed to maintain technical skills each year; and</li> <li>• Provide 70 percent of employees the competency-based tools needed to obtain training and skills needed to enhance their job performance and develop their careers.</li> </ul>	
<b>Performance Indicator</b>	<b>Goal</b>
Develop, test and implement desktop video nationally	Implement desktop video and training in 33 percent of field offices if the prototype is successful and funding is available.
Percent of offices with direct access to Interactive Video Teletraining	98 percent
Number of job enrichment opportunities in formal management development programs	Continue Advanced Leadership Program, Leadership Development Program, Presidential Management Intern support and select Senior Executive Service Candidate Program participants.

Performance Indicator	Goal
Define competencies for technical training and career development and make them available for employee use	<ol style="list-style-type: none"> <li>1. Define competencies for Teleservice Center and OHA technical training positions</li> <li>2. Make competency-based tools available to 30,000 users</li> </ol>
<b>Strategic Objective 19: To provide a physical environment that promotes the health and well-being of every employee.</b>	
Performance Indicator	Goal
Percent of employees who are satisfied with overall physical environment, i.e., it is professional, accessible, safe, and secure	N/A – The first goal will be established for FY 2004 after an initial SSA-wide employee survey provides a baseline in FY 2002

**STRATEGIC GOAL V: TO PROMOTE VALUED, STRONG, AND RESPONSIVE SOCIAL SECURITY PROGRAMS AND CONDUCT EFFECTIVE POLICY DEVELOPMENT, RESEARCH AND PROGRAM EVALUATION**

<b>Strategic Objective 20: Promote policy changes, based on research, evaluation and analysis that shape the OASI and DI programs in a manner that takes account of future demographic and economic challenges, provides an adequate base of economic security for workers and their dependents, and protects vulnerable populations.</b>	
Performance Indicator	Goal
Identification, development and utilization of appropriate barometer measures for assessing the effectiveness of OASDI programs	Update the barometer measures and prepare analysis
Preparation of analyses and reports on demographic, economic, and international trends and their effects on OASDI programs	Prepare analyses on the following topics: <ul style="list-style-type: none"> <li>• The balance between benefit adequacy and individual equity;</li> <li>• The relationship between Social Security and the economy;</li> <li>• Work and earnings as they relate to Social Security;</li> <li>• Role of pensions and wealth in providing retirement security; and</li> <li>• Social Security reforms in other countries.</li> </ul>

<b>Performance Indicator</b>	<b>Goal</b>
Preparation of research and policy analyses necessary to assist the Administration and Congress in developing proposals to reform and modernize the OASDI programs	Prepare analyses on the distributional and fiscal effects of reform proposals developed by the Administration, Congress and other policymakers.
<b>Strategic Objective 21: Promote policy changes based on research, evaluation and analyses that shape the SSI program in a manner that protects vulnerable populations, anticipates the evolving needs of SSI populations, and integrates SSI benefits with other benefit programs to provide a safety net for aged, blind, and disabled individuals.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Identification, development and utilization of barometer measures for assessing effectiveness of the SSI program	Update barometer measures and prepare analysis.
Preparation of a report and completion of data collection on the National Survey of SSI Children and Families	Conduct analyses using baseline survey data on characteristics of SSI children with disabilities.
<b>Strategic Objective 22: Promote policy changes based on research, evaluation and analyses that shape the disability program in a manner that increases self-sufficiency and takes account of changing needs, based on medical, technological, demographic, job market and societal trends.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Preparation of a research design to develop techniques for validating medical listings	Report on the status of developing a validation methodology.
Preparation of reports on results of the National Study on Health Activity	Report on the status of the main study data collection.
Preparation of analyses of alternative return-to-work strategies	Report on the design and implementation of evaluations and demonstration projects.
<b>Strategic Objective 23: Provide information for decision-makers and others on the Social Security and SSI programs through objective and responsive research, evaluation, and policy development.</b>	
<b>Performance Indicator</b>	<b>Goal</b>
Percent of users assigning a high rating to the quality of SSA's research and analysis products in terms of accuracy, reliability, comprehensiveness, and responsiveness	<ol style="list-style-type: none"> <li>1. Recommendations are made for improving the satisfaction measurement system; and</li> <li>2. A contract is awarded in FY 2003 to conduct the second round of the satisfaction survey in FY 2004.</li> </ol>
Percent of major statistical products that are timely	Produce major statistical products on schedule.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

Date: December 17, 2002

Refer To: S1J-3

To: James G. Huse, Jr.  
Inspector General

From: Larry Dye /s/  
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Review of the Social Security Administration's (SSA) Fiscal Year (FY) 2003 Annual Performance Plan (APP)" A-02-02-12033

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

Staff questions may be referred to Laura Bell on extension 52636.

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "REVIEW OF THE SOCIAL SECURITY ADMINISTRATION'S (SSA) FISCAL YEAR (FY) 2003 ANNUAL PERFORMANCE PLAN (APP)" A-02-02-12033**

Thank you for the opportunity to comment on the draft report. We are pleased that your review found that our FY 2003 APP addressed many of the previous concerns and suggestions for improvement. We are also pleased with your conclusion that the APP reflects our strong commitment to the Government Performance and Results Act, such as the inclusion of a capital assets plan, the association of budgeted amounts with specific output measures and strategic goals and the increase in outcome-based measures.

FY 2004's performance plan will address some of the concerns highlighted in your report. Also, as evidenced by changes in APP's from year to year, we constantly evaluate and modify the measures, and note that while some measures are added and others are taken out, we continue to track some of the previous measures internally and use that data in the day-to-day management of the workloads.

Below are our responses to the specific recommendations, and we are also providing technical comments that should be included in the final report.

**Recommendation 1**

SSA should provide goals for those management challenges and major initiatives for which measurable corrective action is possible, such as progress in reducing the Earnings Suspense File and monitoring representative payees.

SSA Comment

While the FY 2003 APP does not contain specific measures for the management challenges for the Earnings Suspense File (ESF) and for monitoring representative payees, we do include an informative discussion of our means and strategies for both of them. Information regarding the specific items cited is as follows:

Earnings Suspense File

We plan to include performance indicators for reducing the size of the ESF in our fiscal year (FY) 2004 APP and the new Strategic Plan.

Representative Payee Management

We have activities underway to ensure the timeliness and accuracy of representative payee actions, however, we are not yet prepared to set a new measure. We have an internal plan to establish an ongoing integrity review program for the payee accounting process that will permit us to assess both the accuracy and timeliness of the payee accounting process. In addition, we implemented a three-phase pilot to evaluate the



representative payee program. The first two phases dealt with the capability determination process and the change in payee process, and have been completed. The third and final phase is intended to test the feasibility of an ongoing integrity review program. If successful, and implemented nationally, it will allow us to measure the timeliness and accuracy of representative payee accounting.

## **Recommendation 2**

SSA should provide better outcome-based and service-related measures in the areas of 800-number waiting time, notice clarity, Social Security Number (SSN) card issuance, validation of medical listings, and initial disability claims processing.

### **SSA Comment**

We agree in principle that we should continue to strive to develop better outcome-based and service-related measures. We also recognize that outcomes and desired results can be demonstrated through collective activities that are often output-type measures. Information regarding the specific items cited is as follows:

#### **800 Number Waiting Times**

We are in the process of developing new 800-number performance metrics that should help us better measure waiting times for national 800-number callers. The new metrics should be in place within 2 years.

#### **Notice Clarity**

We have conducted consumer satisfaction surveys on notices in the past, and we now regularly conduct focus groups to assess notice quality. In addition, we are obtaining baseline information about public understanding of notices that the General Accounting Office has identified as particularly problematic, as opposed to developing a global measure of notice clarity. We anticipate that our evaluation of the clarity of the first two notices to be evaluated (title II benefit adjustment letters and title XVI award notices) will provide a more meaningful basis for assessing SSA's progress in achieving notice improvements. We may develop a more global measure in the future when we survey current beneficiaries and applicants on a biennial basis as part of the Service Expectations phase of SSA's Service Delivery Feedback Program which is currently slated for FY 2004.

#### **SSN Card Issuance and Accuracy**

During the past year, we completed an extensive review of enumeration processes and documentation requirements as a basis for strengthening the accuracy of our enumeration database and of the SSN cards issued to the public. As a result, not only have we tightened requirements for issuing cards and developed collateral verification processes for many documents, but we have also established a more stringent performance measure.

Also, beginning in July of 2002, we expanded the end-of-line review to include the independent verification of documentation with the issuing source. Beginning in FY 2004, the definition of "accurate case" will be modified to take into account the recently implemented collateral verification requirements, and the definition of critical error will now consider whether the applicant was entitled to receive the SSN based on supporting documentation. In FY 2003, we will report on critical errors using both the current and new definitions.

### Medical Listings

We are reviewing the research plan to determine a validation methodology that will provide accurate measurement, however, we do not believe that it is necessary to establish a performance measure to track the progress at this time.

### Initial Disability Claims Processing

We continue to believe that a combined processing measure should be used for disability claims processing and maintain that combining Supplemental Security Income (SSI) and Disability Insurance (DI) disability claims processing in no way compromises accountability. In the APP, we include performance measures appropriate for external audiences and will continue, as we have in the past, to monitor internally separate measures for SSI and DI claims processing and we are able to provide this information to external monitoring authorities if requested to do so. Regarding efficiency measures, the management information systems needed to provide efficiency data are not yet in place. We are in the process of developing such a system. In the interim, we will consider alternative measures that move us in the right direction and meet the intent of the recommendation.

## **Recommendation 3**

SSA should provide information to more fully explain how performance will be measured, such as in the cases of the percent of employers rating SSA's overall service, and the implementation of activities necessary to have the software and infrastructure in place for electronic processing of hearings and appeals.

### SSA Comment

We agree that we can do a better job explaining what is being measured and how it is measured. In developing our FY 2004 APP, we reassessed our slate of performance measures to determine if they are still relevant, if they are accurately defined and if they represent the Agency's priorities. Information regarding the specific items cited is as follows:

### Employer Satisfaction

As the audit report states on page 7, the methodology for measuring the indicators related to employer satisfaction is evolving. In developing our FY 2004 APP, we are reassessing our slate of performance measures to determine if they are still relevant, if they are accurately defined and if they represent the Agency's priorities. We have expanded the FY 2003 survey to include an additional 800 number employers can call for technical assistance with certain specialized issues, however, we have not yet determined what other types of employer interactions might be suitable or feasible to measure.

Finally, we would like to note that we are considering eliminating the two performance indicators of employer satisfaction in future performance plans, given the relatively narrow scope of this population and its interactions with SSA.

#### Electronic Processing of Hearings and Appeals

We agree that a better description is needed on how performance will be measured for implementing activities to put into place the software and infrastructure for electronic processing of hearings and appeals, and will work to refine that information for the next iteration of the APP.

#### **Recommendation 4**

SSA should provide information to assess goals and subsequent performance that differ significantly with known public expectations, such as in the areas of 800-number performance and hearings decisions.

#### SSA Comment

We acknowledge that sometimes gaps exist between what the public determines as "good service" and our annual performance targets and agree that we can do a better job explaining the barriers to meeting the public's expectations. We will consider this recommendation as we continue our efforts to refine the APP and specific indicators.

#### **Recommendation 5**

SSA should continue its commitment to link its budget and performance data as envisioned by the President's Management Agenda and the Office of Management and Budget.

#### SSA Comment

We agree that we should provide a continued commitment to link our budget and performance data as envisioned by the President's Management Agenda. We are committed to improving our ability to present a performance budget that permits direct comparisons between budgeted amounts, outputs and related outcomes in specific activities. We have undertaken a major initiative that will be implemented in phases over the next few years to revamp our management information and cost accountability systems to provide full cost data for workloads.

Concurrently, we are developing a new Budget Formulation and Execution System which will build off these updated systems and enable SSA to integrate information on variables such as workloads, workyears and goals and to strengthen the linkage between funding and performance.

### **Recommendation 6**

SSA should develop a clearer presentation and organization of the APP through increased cross-referencing and consolidation of the key objectives section.

#### **SSA Comment**

We agree with the assessment that there are opportunities for clearer presentation and more specific definitions of what is being measured. We recognized this and have already taken steps to streamline our FY 2004 APP to focus on Agency priorities and challenges, rather than on the full complement of all the Agency's work. This approach in no way diminishes the internal and ongoing monitoring of those workloads and activities not included in the APP.

## OIG Contacts and Staff Acknowledgments

### ***OIG Contacts***

Rona Rustigian, Director, Northern Audit Division (617) 565-1819

Timothy F. Nee, Deputy Director, (212) 264-5295

### ***Staff Acknowledgments***

In addition to those names above:

John Harrison, Senior Auditor

For additional copies of this report, please visit our web site at <http://www.ssa.gov/oig> or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-02-02-12033.

## **DISTRIBUTION SCHEDULE**

Commissioner of Social Security

Management Analysis and Audit Program Support Staff, OFAM

Inspector General

Assistant Inspector General for Investigations

Assistant Inspector General for Executive Operations

Assistant Inspector General for Audit

Deputy Assistant Inspector General for Audit

Director, Data Analysis and Technology Audit Division

Director, Financial Audit Division

Director, Southern Audit Division

Director, Western Audit Division

Director, Northern Audit Division

Director, General Management Audit Division

Team Leaders

Income Maintenance Branch, Office of Management and Budget

Chairman, Committee on Ways and Means

Ranking Minority Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman, Subcommittee on Social Security

Ranking Minority Member, Subcommittee on Social Security

Majority Staff Director, Subcommittee on Social Security

Minority Staff Director, Subcommittee on Social Security

Chairman, Subcommittee on Human Resources

Ranking Minority Member, Subcommittee on Human Resources

Chairman, Committee on Budget, House of Representatives

Ranking Minority Member, Committee on Budget, House of Representatives

Chairman, Committee on Government Reform and Oversight

Ranking Minority Member, Committee on Government Reform and Oversight

Chairman, Committee on Governmental Affairs

Ranking Minority Member, Committee on Governmental Affairs

Chairman, Committee on Appropriations, House of Representatives

Ranking Minority Member, Committee on Appropriations,  
House of Representatives

Chairman, Subcommittee on Labor, Health and Human Services, Education  
and Related Agencies, Committee on Appropriations,  
House of Representatives

Ranking Minority Member, Subcommittee on Labor, Health and Human  
Services, Education and Related Agencies, Committee on Appropriations,  
House of Representatives

Chairman, Committee on Appropriations, U.S. Senate

Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman, Subcommittee on Labor, Health and Human Services, Education  
and Related Agencies, Committee on Appropriations, U.S. Senate

Ranking Minority Member, Subcommittee on Labor, Health and Human  
Services, Education and Related Agencies, Committee on Appropriations,  
U.S. Senate

Chairman, Committee on Finance

Ranking Minority Member, Committee on Finance

Chairman, Subcommittee on Social Security and Family Policy

Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman, Senate Special Committee on Aging

Ranking Minority Member, Senate Special Committee on Aging

President, National Council of Social Security Management Associations,  
Incorporated

Treasurer, National Council of Social Security Management Associations,  
Incorporated

Social Security Advisory Board

AFGE General Committee

President, Federal Managers Association

Regional Public Affairs Officer

## Overview of the Office of the Inspector General

### **Office of Audit**

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

### **Office of Executive Operations**

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

### **Office of Investigations**

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Counsel to the Inspector General**

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.