



SOCIAL SECURITY

MEMORANDUM

Date: January 14, 2002

Refer To:

To: Jo Anne B. Barnhart
Commissioner

From: Inspector General

Subject: Performance Measure Review: Reliability of the Data Used to Measure Anti-Fraud Performance (A-02-01-11013)

Following consultations with congressional committees, the Office of the Inspector General (OIG) agreed to review the Social Security Administration's performance indicators over a continuous 3-year cycle. We recently completed our first 3-year cycle. In conducting this work, we used the services of an outside contractor, PricewaterhouseCoopers (PwC), LLP, to assist us in our efforts.

For this report, we used PwC to conduct the review of four of the Agency's performance indicators related to anti-fraud activities. The objective of the review was to assess the reliability of the data used to measure the Agency's anti-fraud efforts. These anti-fraud indicators measure the results of the work conducted by the Office of Investigations within OIG. To ensure an independent review of these indicators, we relied on our contractor to assess the reliability of the data behind these measures.

The attached final report presents the results of the contractor's work and its recommendations for improvement. We are generally in agreement with all of the contractor's recommendations focusing on OIG operations. In fact, we are taking steps to ensure that OIG produces an accurate assessment of its anti-fraud activities. We plan to work closely with the Agency on those recommendations where coordination would be appropriate. 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.'.

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PERFORMANCE MEASURE REVIEW:
RELIABILITY OF THE DATA USED TO
MEASURE ANTI-FRAUD
PERFORMANCE**

January 2002

A-02-01-11013

EVALUATION 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.



Evaluation of Selected Performance Measures of the Social Security Administration:

Reliability of the Data Used to Measure
Anti-Fraud Performance

Office of the Inspector General
Social Security Administration

INTRODUCTION

This report is one of five separate stand-alone reports, corresponding to the following Social Security Administration (SSA) process and performance measures (PM):

- Number of investigations conducted (i.e., closed) (PM #5)
Fiscal Year (FY) 2000 Goal: 7,600
- Old-Age, Survivors and Disability Insurance (OASDI) dollar amounts reported from investigative activities (PM #6)
FY 2000 Goal: \$40 million
- Supplemental Security Income (SSI) dollar amounts reported from investigative activities (PM #7)
FY 2000 Goal: \$80 million
- Number of criminal convictions (PM # 8)
FY 2000 Goal: 1,800

This report reflects our understanding and evaluation of the process related to PMs #5 through #8. To achieve its strategic goal "To make SSA program management the best-in-business, with zero tolerance for fraud and abuse," SSA has developed several strategic objectives. One of these objectives is "To aggressively deter, identify, and resolve fraud." SSA's FY 2001 Annual Performance Plan (APP) contains four performance indicators developed to meet this objective as follows:

- *Number of investigations conducted (i.e., closed)* - Prior to FY 2000, this goal was based on cases opened. The FY 2000 goal was revised upward from 7,200 to 7,600 investigations conducted (i.e., closed) in SSA's FY 2000 Revised Final Performance Plan; this reflects the benefits of increased resources the Office of the Inspector General (OIG) devoted to investigative activities.
- *OASDI dollar amounts reported from investigative activities* - The FY 2000 goal was revised upward from \$9 million to \$40 million in SSA's FY 2000 Revised Final Performance Plan; this reflects an anticipated return on investment from investigative activities as described above.
- *SSI dollar amounts reported from investigative activities* - The FY 2000 goal was revised upward from \$55 million to \$80 million in SSA's FY 2000 Revised Final Performance Plan to reflect an anticipated return on investment from investigative activities as described above.
- *Number of criminal convictions* - The FY 2000 goal was 1,800 convictions.

We performed our testing from September 21, 2000 through February 15, 2001. Our engagement was limited to testing at SSA's headquarters in Woodlawn, Maryland and the OIG office in Philadelphia, Pennsylvania. The procedures that we performed were in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Consulting Services, and are consistent with appropriate standards for performance audit engagements in *Government Auditing Standards* (Yellow Book, 1994

version). However, we were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the reliability or accuracy of the reported results of the performance measures evaluated. Accordingly, we do not express such an opinion.

BACKGROUND

SSA has been engaged in an aggressive program to deter, detect, investigate and prosecute fraud. To carry out this effort, SSA and the OIG have cooperated in developing a comprehensive anti-fraud plan. The SSA OIG, Office of Investigations (OI) is responsible for investigating allegations of fraud, waste and abuse. The four indicators evaluated focus on the OIG's output efforts to achieve improvements in deterring, identifying and resolving fraud.

The first performance measure, "Number of investigations conducted," represents the number of investigations "conducted" by OI resulting from allegations that have sufficient information or potential risk to warrant further review or action by a criminal investigator. Allegations may be received from Congress, SSA employees, or from the public by mail, e-mail, fax, Internet, or telephone (i.e., 800 Hotline). Investigations are counted as "conducted" when all OI actions have been completed or the investigator has determined that further action is not warranted due to lack of investigative leads. The objective is to raise the number of investigations conducted (i.e., closed), which relates to the strategic goal to aggressively deter, identify and resolve fraud. This performance measure is presented as a workload count, and includes every closed case, including cases for which it was determined that no fraud was involved.

The second and third performance measures, "OASDI dollar amounts reported from investigate activities" and "SSI dollar amounts reported from investigative activities," represent amounts reported by the OI from fines/penalties, assessments, savings, recoveries and restitution/judgments related to investigative activities. The components of investigative activities, or "monetary achievement" are defined as follows:

- ❑ Fines/penalties are court-ordered, and include any special assessment fees, imposed upon conviction in a criminal case or judgment in a civil case, which require a specified sum of money be paid to the court.
- ❑ Program savings is a calculation of the avoidance of actual dollar loss by actions that result in the termination of improper payments of program funds, which only can relate to SSA cases.
- ❑ Restitution can only be recorded in a criminal case, in which the court-ordered repayment that resulted from pretrial diversions and convictions. The amount of restitution may be categorized as SSA or non-SSA program amounts. In addition, the amount of the restitution claimed by OI should match the amount of restitution documented on the Judgment and Commitment Order (J&C) or Pretrial Diversion agreement.
- ❑ A judgment is a judicially ordered payment resulting from a civil action, either through Department of Justice civil proceedings or the Civil Monetary Penalty Program, which can be categorized as SSA or non-SSA program related. The distinguishing characteristic of a judgment is its nexus to a civil action, as opposed to a criminal restitution.

- A scheduled recovery is a total sum of non-court ordered repayment of funds to which an individual was not entitled, or the total of funds to be returned because the individual was not entitled, which can be categorized as SSA or non-SSA program related. In those SSA program cases in which the court does not order restitution because of a defendant's inability to pay, OI will provide a copy of the J&C to SSA, accompanied by a memorandum requesting SSA to recover the program losses. SSA's initiation of withholding future payments will constitute a scheduled recovery.

The objective is to report the dollar values of the OI efforts/activities to identify and resolve fraud, which is directly related to the strategic goal "To aggressively deter, identify and resolve fraud."

The last performance measure, "Number of Criminal Convictions," represents the number of criminal convictions as a result of OI activities. This performance measure is presented as a workload count of all cases concluding in a criminal conviction. In addition to purposes served by formally charging a person with the commission of a crime, the criminal prosecution process has an impact, which may deter others from committing violations, and therefore is directly related to the strategic goal "To aggressively deter, identify and resolve fraud."

Allegation and Case Investigative System (ACIS)

Information concerning potential wrongdoing involving SSA programs, employees, or operations which are received by an SSA OIG component are accounted for in ACIS. The system encompasses the initial receipt of an allegation, all steps taken throughout the investigative process, and the final outcome of all investigations. The system resides in a database (ADABAS) application, at the Center for Information Technology (CIT) of the National Institutes of Health (NIH).

The ACIS process begins with the receipt of an allegation. The Allegation Management Division (AMD) staff records these allegations in the allegation management module of ACIS. They are then electronically forwarded to either an OI field division (FD), a SSA field component, another agency, or are closed. Allegations may be received from Congress or from the public via mail, e-mail, fax, Internet, or telephone (i.e., 800 Hotline). FDs may also receive allegations directly, and are also required to enter the allegation information into ACIS. If an investigation is warranted, all information and supporting documentation will be forwarded to the appropriate individuals within the FD.

When an investigation is opened, ACIS generates an OI-1, ACIS Case Opening Report. To complete and document an investigation, the Special Agent (SA) is required to complete a series of forms. Once the case is taken to court, if the court orders a restitution or judgment, the agent completes the OI-68, Report of Court Ordered Restitution/Judgment. The OI-67¹, Monetary Achievement Worksheet, may also accompany an OI-68. The OI-67 is the form used to document any civil monies recovered during the investigation, as well as to assist in calculating the monetary achievement documented on the OI-68. Once all aspects of the investigation are completed the SA completes an OI-9, ACIS Criminal and Administrative Disposition Form. This form includes the judicial and criminal disposition data, as well as criminal

¹ The OI-67 has been discontinued by OI since the information reported on the form is also reported on the OI-9.

and administrative monetary achievements, and is used by the administrative personnel, SAs, Assistant Special Agents-in-Charge (ASAC) or Special Agents-in-Charge (SAC) to input the monetary achievements into ACIS.

The OI-68 is mailed to OI Manpower and Administration Division (MAD) in Woodlawn, Maryland. It is then reviewed against the data, which is entered into ACIS for accuracy and distributed to SSA's Debt Management Section for notification of the court-ordered restitution. In addition, the OI-68 and the payments are sent to the Mid-Atlantic Program Service Center (MATPSC) to be processed. The MATPSC cross-references the checks to the OI-68 and posts them to the correct Social Security numbers (SSN).

RESULTS OF EVALUATION

During the period of September 21, 2000 to February 15, 2001, we evaluated the current processes, systems and controls, which support the FY 2000 SSA performance measurement process. In addition, we determined the accuracy of the underlying performance measure data. Our evaluation of the information provided by SSA management as of February 15, 2001, allowed us to determine that the reported FY 2000 results of the four performance measures tested (as itemized below) were reasonably stated based on the methodology used by SSA.

Performance Measure	Reported Result
1. Number of investigations conducted (i.e., closed)	8,051
2. OASDI dollar amounts reported from investigative activities	\$46 million
3. SSI dollar amounts reported from investigative activities	\$128 million
4. Number of criminal convictions	2,604

However, we noted certain deficiencies in SSA's methodology used to analyze the performance measures and certain limitations with ACIS. Although we do not consider any of the deficiencies noted during our evaluation to be significant, consideration should be given to the following recommendations, as we believe there are opportunities for improvement, thereby increasing the value of the performance measures as management tools.

1. ACIS has some data integrity deficiencies.
2. The savings calculation is not adequately supported.
3. SSA OIG lacks sufficient documentation for several key control areas related to ACIS. These areas are change control policies and procedures, user access recertification procedures and systems development documentation.
4. SSA OIG lacks appropriate supervisory review in the change control process.

5. OASDI and SSI dollar amounts from investigations may be over or understated.

These items were noted as a result of our testing the underlying performance measure data, as well as the Electronic Data Processing (EDP) and manual controls of the systems generating the performance measure data, and are discussed in detail below.

1. ACIS has some data integrity deficiencies.

To ensure that the amounts reported in the SSA Government Performance and Results Act of 1993 (GPRA) section of the Performance and Accountability Report were reasonably accurate and reliable, we obtained a random sample of 45 OASDI, 45 SSI and 20 criminal conviction cases from the ACIS system and requested supporting documentation for each of the cases. In addition, we judgmentally selected 10 cases from the closed-case cabinet at the Philadelphia sub-office, traced them to ACIS and ensured the cases were properly documented.

The results of our evaluation of the cases are as follows:

❑ Overstatement of OASDI Monies from Investigative Activities

We noted that 5 of the 45 OASDI cases evaluated had double-counting errors totaling \$235,911 for OASDI amounts reported from investigative activities. This resulted from dollar amounts in both the scheduled recovery and restitution fields in ACIS. Per the Special Agent Handbook (SAH), these two fields are mutually exclusive, and therefore a case should not have the same dollars entered in both fields. These two fields are then combined with savings, judgments, settlements, fines, assessments, and penalties to arrive at the OASDI monies from investigative activities.

❑ Policy Errors

In our evaluation of the 120 ACIS cases selected, we found 2 cases in which the procedures used to calculate savings were not consistent with those procedures outlined in the SAH. The first was a fugitive felon case, for which the amount of savings was calculated over 3 years. Per the SAH, Chapter 3, Section 3-75-C8 “Program savings for fugitive felon cases will be calculated on a 2-year projection.” In the second case OI found an individual embezzling benefit checks from an entitled beneficiary. A savings amount was calculated for this case, even though in a similar case, savings were not calculated.

❑ Data Anomalies

Our evaluation of the cases also noted that 36 out of the 120 ACIS cases selected contained data anomalies. The data anomalies represent instances where ACIS data did not match the data reported in the supporting documentation (OI-68, OI-9, OI-4, or OI-1). For example, in several cases the fraud loss entered into ACIS was higher than the fraud loss reported in the supporting documentation. In some cases, the recovery or assessment included in the supporting documentation was not reported in ACIS. These errors could have been caused by either 1) a data entry error made by administrative personnel, SACs, ASACs or SAs, or 2) by documentation errors within the case file, made by SAs.

OI has in place a supervisory review of case files at the field division level. However, the supervisory review, Form OI-20, includes a review of the status of the case, not a review of the forms within the case file to ensure that the forms are completed appropriately. The SAH, Chapter 3, Section 3-60 B, states the following: "While the review of documents and evidence in the case file is important, the case review process should not be viewed as merely a review of documents. Rather it is an evaluation of the investigative progress and potential of the SA's cases." In addition, the SAH does not include procedures to ensure that the data entered in ACIS by the OI field divisions is correct.

Although the OI MAD has a Quality Review process, this process is limited to a comparison of Form OI-68 "Report of Court-Ordered Restitution/Judgment" to the restitution report produced at MAD, and the restitution amounts reported in ACIS. In addition, since not all cases require an OI-68, not all cases are reviewed. The lack of supervisory review of the forms and limited review by OI Headquarters has led to errors going undetected, thus diminishing the accuracy of the number reported by OI as part of the GPRA section of SSA's Performance and Accountability Report.

ACIS is an antiquated system that lacks sufficient capabilities to continue to meet OIG's needs. The OIG stated that the system has been "frozen" and that it is in the process of evaluating commercial off the shelf software packages as an alternative system. These data integrity opportunities for improvement should be considered when selecting and implementing the new system.

2. Savings calculation for disability cases is not adequately supported.

A program saving is an integral part of the dollars reported from the investigative activities calculation. For disability cases, the cooperative disability investigation (CDI) teams claim a set amount of savings of \$66,500 per case, for applicants who are denied eligibility due to the findings of the investigation. SSA arrived at this figure in 1997 by applying the amount of an average lifetime benefit figure to an average Disability Determination Services claim that is denied. This amount has not been adjusted since 1997 to reflect the yearly increase of SSI benefit payments. OI, in conjunction with SSA's Office of the Actuary, is currently developing a method to calculate the savings figure for each case based on a claimant's age, gender, life expectancy and amount of benefit received. The new method will be applied to all CDI cases beginning in FY 2002.

3. SSA OIG lacks sufficient documentation for some control areas related to ACIS.

There is a lack of documentation for some ACIS processes in SSA OIG operations, as follows:

- ❑ **ACIS Change Control:** Process in which any modification requests to ACIS, and subsequent modifications of ACIS are formally requested, documented, tested, and implemented.
- ❑ **ACIS User Access Recertification:** Review of users' access rights to ACIS, to ensure that their access matches their job responsibilities.

- ❑ **ACIS System Design and Development:** System design and development documentation includes addressing the entire life cycle of a system, (i.e., initiation, definition, system design, programming and training, evaluation and acceptance, and installation and operations). As such it would include, for example, the functional requirements, data requirements, system/sub-system requirements, and both user and technical manuals, etc.

Without formally documented processes, management cannot be assured that SSA OIG personnel understand all of the requirements for successful change control, user access recertifications, and systems design and development processes.

When processes are not documented, such as formal processes for change control, user access recertification, and ACIS system design and development, there is no accountability that the procedures were followed. When there is no accountability for the procedures associated with these processes, it becomes difficult to resolve any problems or issues. This lack of assurance may negatively impact SSA OI operations.

4. SSA OIG lacks appropriate supervisory review in the change control process.

Both of the OIG personnel that are responsible for programming ACIS changes have the ability to promote program changes to production. This increases the risk that inappropriate or incorrect changes could be placed into production, thereby compromising the functionality of ACIS.

Office of Management and Budget (OMB) Circular A-130, Appendix III, *Security of Federal Automated Information Resources*, states that agencies are required to establish controls to assure adequate security for all information processed, transmitted, or stored in Federal automated information systems. This appendix stresses the importance of management controls affecting individual users of information technology. The appendix states: "Technical and operational controls support management controls. To be effective, all must interrelate."

In addition, Federal Information Processing Standards (FIPS) Publication 73 entitled *Guidelines for Security of Computer Applications*, Section 6.3.4 highlights the increased risk associated with programmers having access to program code once an application is operational. This increases the possibility for unauthorized changes to existing code that could benefit the programmer without being detected.

5. OASDI and SSI dollar amounts from investigations may be over or understated

The program category field within ACIS is used to identify which program (OASDI or SSI) the fraud was committed against. The possibility exists that an investigation may involve fraud against both OASDI and SSI concurrently. While agents have the ability to enter in more than one program category per case into ACIS, the associated Monetary Statistics report only pulls the information from the first program category in each case. Therefore, in the case of concurrent fraud, agents are instructed to enter the dollar amounts into the program category where the greater amount of fraud occurred. This results in an overstatement of dollar amounts in the program category that the case was entered into, and an understatement of dollar amounts in the other program category.

CONCLUSIONS AND RECOMMENDATIONS

Throughout our evaluation of the four performance measures, we noted the strong commitment of SSA's OIG staff to correctly implement GPRA. Our evaluation found that the FY 2000 results of the four performance measures tested were reasonably stated. However, our evaluation noted that: 1) ACIS has some data integrity deficiencies; 2) the savings calculation is not adequately supported; 3) SSA OIG lacks sufficient documentation for several key ACIS control areas; 4) SSA OIG lacks appropriate supervisory review in the change control process; and 5) OASDI and SSI dollar amounts from investigations may be over or understated. We recommend that the OIG take the following corrective actions:

ACIS has a number of data integrity deficiencies.

To ensure that the OI offices across the country are following the procedures outlined in the SAH, that data entry and documentation errors do not go undetected, and to correct internal control issues found during our case testing we recommend that OI:

- 1) Expand its supervisory review of the cases, by including a comprehensive review of the contents of all forms included in the case, to ensure the accuracy and appropriateness of the information.
- 2) Perform a FD-level review of the information entered into ACIS either by the SAC, in cases where an SA or administrative staff has input the information into ACIS, or by a supervisor in cases where the SAC has input the information into ACIS.
- 3) Expand the Quality Assurance review performed at MAD to include all cases. The Quality Assurance process should include a review of the OI-9 "ACIS Criminal and Administrative Disposition Form" for all cases and the supporting documentation. The review should be documented to enable OI to identify systematic or widespread problems throughout the FDs before they cause substantial errors in the information reported

These procedures will prevent erroneous data being entered into ACIS in the future, and therefore prevent inaccurate GPRA reporting.

The savings calculation is not adequately supported.

- 4) We recommend that OI continue its work with SSA and the Office of the Actuary to develop and update savings calculation for CDI cases.

SSA OIG lacks sufficient documentation for several key ACIS control areas.

To ensure that the SSA OIG has proper controls in place for change control, user access recertification, and system design and development, we recommend that the Office of Executive Operations (OEO):

- 5) Formalize and then document the change control process. This includes the creation of a standardized change control form, incorporating a tracking number, the reason for the request, testing, sign-offs and promotion of the program into production.
- 6) Create and document the user access recertification process. This should be an annual process, which will ensure all users have access commensurate with their position through verification by user management.
- 7) Document all system design and development information. This documentation should provide both the systems management and OEO with the rationale for the design, as well as its functionality and data structure. Documentation is especially useful during the implementation of new systems.

SSA OIG lacks of appropriate supervisory review in the change control process.

- 8) SSA OIG should ensure proper authorization exists prior to ACIS program changes being promoted to production.
- 9) In addition, the SSA OIG should use a computer operator, or other non-programmer for the actual movement of programs into production.

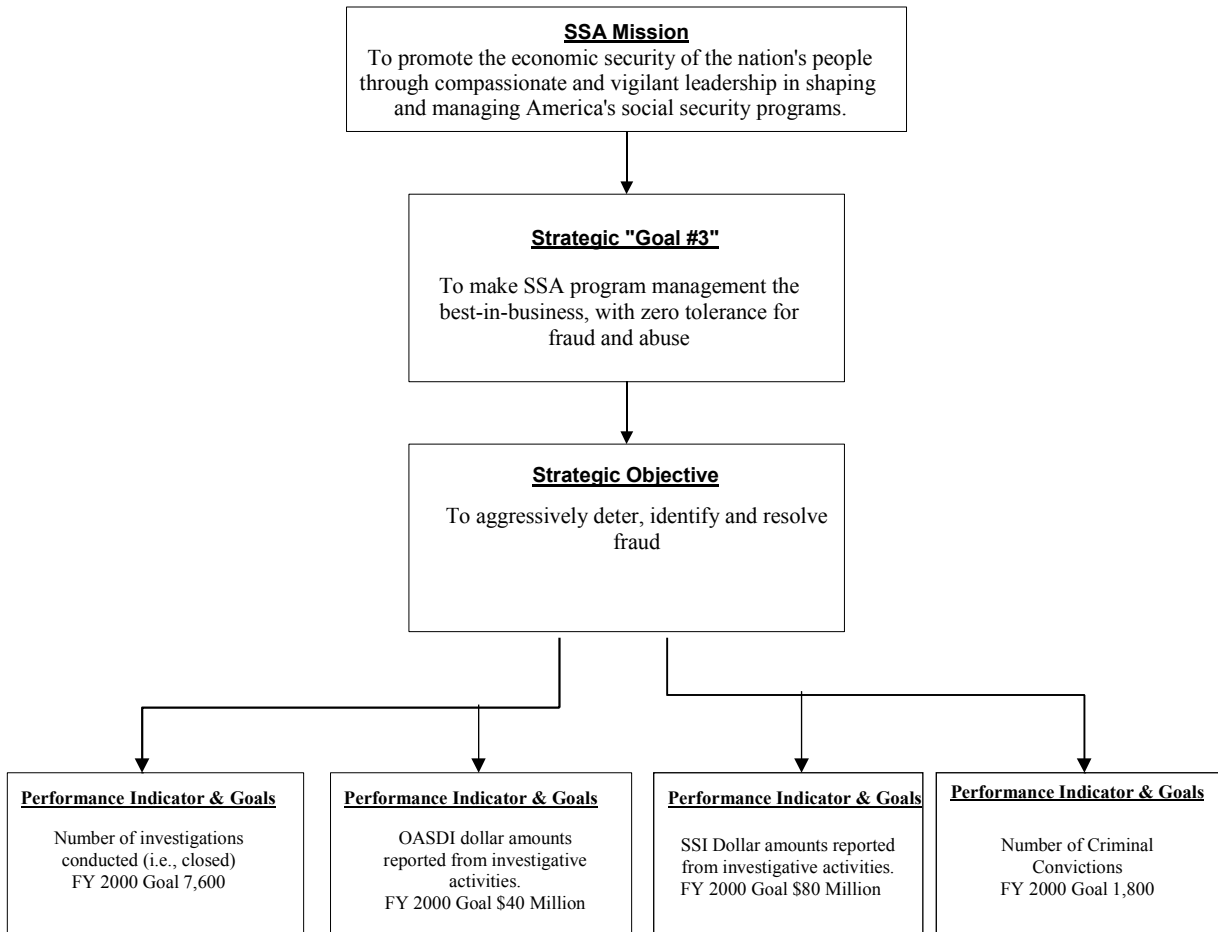
OASDI and SSI dollar amounts from investigations may be over or understated.

- 10) To report accurate amounts for the OASDI and SSI dollars associated with investigative activities, we recommend that the OIG reconsider the use of the second program category and the design of the Monetary Statistics report. Agents should be instructed to break the dollar amounts down by program category, and record multiple entries for the same subject. This should not affect the number of investigations or cases and should produce more accurate OASDI and SSI dollar amounts.

APPROPRIATENESS OF THE PERFORMANCE MEASURES

As part of this engagement, we evaluated the appropriateness of each of the performance measures with respect to GPRA compliance and SSA's APP. We determined whether the specific indicators and goals corresponded to the strategic goals identified in SSA's APP, determined whether each of these indicators accurately measure performance, and determined their compliance with GPRA requirements.

The relationships between PMs #5 through 8 and the applicable SSA Strategic Goal is depicted in the following figure:



The SSA mission is supported by five strategic goals, including Goal 3, “To make SSA program management the best-in-business, with zero tolerance for fraud and abuse.” Goal 3, in turn, is supported by several strategic objectives, including the relevant objective “to aggressively deter, identify, and resolve fraud.” Performance Measures #5 through #8 address the OIG’s OI work related to SSA programmatic fraud. Assuming that the metrics are reliable, the diagram indicates that PMs #5 - #8 logically align with SSA’s strategic planning process.

Based on the taxonomy of performance measures included in Appendix F, PMs #5 through #8 are measures of accomplishment because they report on a result achieved with SSA resources. They are further categorized as output measures because they indicate the accomplishments or results that occur because of the SSA services provided. As shown in Appendix F, output measures include the number of investigations conducted.

Within the framework of GPRA, Performance Measures #5 through #8 fall within the intent of an output measure because they provide, “...a description of the level of activity or effort that will be produced.”² Just as with counts of workload, dollar amounts of workload are also a “level of activity required” or “workload” measurement. In addition,

² OMB Circular A-11, *Preparation and Submission of Budget Estimates (FY2000)*, Section 200.2, p. 478.

one output can be the workload driver for another output (e.g., the number of investigations conducted is a factor that drives the number of criminal convictions). Therefore, all four measures are considered output measures. The intent of these four performance measurements is to address the “zero tolerance for fraud” strategic goal. They can all be useful to management and external stakeholders, as encouraged by OMB Circular A-11, which provides guidance on the creation of an agency’s performance measures. However, if corrective actions are not implemented to correct the issues identified as part of this report, potential errors in the data may in the future produce unreliable results.

OTHER MATTERS

As part of this evaluation, we identified several points that the OIG should consider when designing the new AMS, as well as other less significant matters that are peripheral to this engagement. The points are discussed below.

There is a need for Service Level Agreements.

In the current organizational structure of the SSA OIG, the personnel responsible for supporting ACIS are part of the OIG’s OEO. The personnel who use ACIS for their day to day job functions reside in the OI. During the course of our evaluation, we discovered that there was not any formal agreement between the OEO and the OI, which details the expectations and responsibilities of both offices with respect to ACIS and its support.

Control Objectives for Information and related Technology (COBIT)³ developed as generally applicable and accepted standard for good Information Technology (IT) security and control practices, states the following:

“Users and the IT function should have a written agreement which describes the service level in qualitative and quantitative terms. The agreement defines the responsibilities of both parties. The IT function must offer the agreed quality and quantity of service and the users must constrain the demands they place upon the service within the agreed limits.”

The lack of such an agreement can lead to miscommunication and unfulfilled expectations, both of which could hamper the ability of affected OIG staff to perform their job functions effectively and efficiently. An agreement between both sides, such as a Service Level Agreement (SLA), could detail each office’s expectations and associated job duties, and provide accountability for their performance.

Recommendation

- 11) To ensure continued effective communication between OEO and OI, we recommend SSA OIG draft a SLA between these offices, detailing the responsibilities of both offices, as well as each office’s expectations. The cognizant personnel in both offices should sign this agreement.

³ COBIT, 3rd edition, July 2000. Published by the Information Systems Audit and Control Association & Foundation. URL:<http://www.isaca.org>.

There is no correlation between dollars reported from investigations and dollars collected by SSA.

Both OASDI and SSI dollars reported from investigative activities are recorded into ACIS. These figures are collected by case number, and the SSN upon which the fraud was committed. However, it does not reference the SSN of the individual who committed the fraud. ACIS does not provide for accounting of the dollars actually collected and the tracking ceases with the closing of a case.

The accounting for the dollars, which are actually collected by SSA, is performed by SSA's Debt Management System (DMS). The DMS contains information on the SSN to which the payment is posted. This may not always be the SSN that the fraud was committed against, but may be the SSN of the individual making the payment. Because the SSNs cannot always be cross referenced, neither the OIG nor DMS can categorize dollars collected as dollars associated with OIG cases.

Recommendation

12) We recommend SSA's DMS include an OIG case number with its SSN information, if applicable, or that ACIS include the SSN of the individual committing the fraud. This will then give both groups the ability to cross reference these payments, and accumulate not only the dollars reported from investigative activities, but also the dollars that were collected.

The title "Criminal Convictions" for PM #8 is misleading.

The category "Criminal Convictions" contains several types of case resolutions. In addition to criminal convictions, the category also includes work with immigration and deportation cases, the satisfaction of a fugitive warrant, and civil judgments. While there is a footnote explaining that the category contains more than criminal convictions, it does not specifically state what is included in the total.

Based on our recommendation, OI has changed the name of this performance measure in the draft SSA's FY 2003 APP to "Number of Judicial Actions." In addition, SSA's FY 2003 APP includes the following definition for Judicial Actions: *A judicial action is any event during the criminal justice process that causes an individual suspected of committing a crime to be arrested for the crime, or to appear before a judge to enter a plea of guilty, or to face trial before a judge or jury.*

There is a lack of disaster recovery documentation.

ACIS, used by the SSA OIG to maintain its investigation information, resides at the NIH CIT. As such, the SSA OIG is considered to be a user bureau by NIH, and is occasionally asked by NIH to participate in its annual disaster recovery tests.

The ACIS systems administrator also performs the duties of a security coordinator at NIH. As such, NIH notifies him when a disaster occurs and is at that time given his instructions. However, a formal copy of the NIH disaster recovery plan is not kept by the SSA OIG.

Recommendation

- 13) To ensure that the SSA OIG has an understanding of the NIH disaster recovery plan and its associated responsibilities, we recommend that the SSA OIG request a copy of the NIH disaster recovery plan, and that the plan be reviewed and updated for specific OIG-related matters on an annual basis.

APPENDICES

APPENDIX A – Scope and Methodology

APPENDIX B – Acronyms

APPENDIX C – Performance Measure Summary Sheets

APPENDIX D – Performance Measure Process Maps

APPENDIX E – Performance Measure Taxonomy

SCOPE AND METHODOLOGY

The Social Security Administration's (SSA) Office of the Inspector General (OIG) contracted PricewaterhouseCoopers, LLP (PwC) to evaluate 11 SSA performance indicators identified in its Fiscal Year (FY) 2001 Annual Performance Plan (APP). This report reflects our understanding and evaluation of the process related to PMs #5 through #8. We performed our testing from September 21, 2000 through February 15, 2001. Since FY 2001 performance results were not yet available as of the date of our evaluation, we performed tests of the performance data and related internal controls surrounding the maintenance and reporting of the results for FY 2000. Specifically, we performed the following:

1. Obtained an understanding and reviewed the current Allegation and Case Investigative System (ACIS) data flows and processes;
2. Identified and tested critical controls (both electronic data processing (EDP) and manual) of ACIS;
3. Tested the accuracy of the underlying FY 2000 data for each of the specified performance measures;
4. Recalculated each specific FY 2000 measure to ascertain its mathematical accuracy;
5. Determined whether performance measures were meaningful and in compliance with the Government Performance and Results Act of 1993 (GPRA);
6. Evaluated the impact of any relevant findings from prior and current audits with respect to SSA's ability to meet performance measure objectives; and
7. Identified findings relative to the above procedures and provided recommendations for improvement.

Our engagement was limited to testing at SSA's headquarters in Woodlawn, Maryland and the OIG office in Philadelphia, Pennsylvania. The procedures that we performed were in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Consulting Services, and are consistent with appropriate standards for performance audit engagements in *Government Auditing Standards* (Yellow Book, 1994 version). However, we were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the reliability or accuracy of the reported results of the performance measures evaluated. Accordingly, we do not express such an opinion.

1. Obtained an understanding and reviewed the current ACIS data flows and processes.

We obtained an understanding of the underlying processes and operating procedures surrounding ACIS and the generation of performance measures through interviews and meetings with the appropriate SSA OIG personnel and by reviewing the following documentation:

- ❑ Policies and procedures manual for procedures surrounding the processing, accumulating, and reporting of the data for the four performance measures;
- ❑ PwC system walk-through descriptions;
- ❑ PwC system flowcharts;
- ❑ SSA OIG-provided system descriptions, including the ACIS User Manual and the Special Agent Handbook;
- ❑ FY 2000 ACIS data and corresponding data definitions;
- ❑ The National Institutes of Health Statement on Auditing Standards (SAS) 70 Reports for FY 1999 and FY 2000, describing the general controls surrounding the ACIS application;
- ❑ Internal report on Investigation Related Recoveries; and
- ❑ Internal and external reports on the four performance measures (including OIG, General Accounting Office, etc.)

2. Identified and tested critical controls (both EDP and manual) of ACIS.

Based on the understanding we obtained during the planning part of this engagement, a review of related prior-year audit work at SSA, and our understanding of the Federal Information Systems Controls Audit Manual (FISCAM) methodology, we developed and performed tests of internal controls (both general and application) related to ACIS, for the following areas:

- ❑ Access Control (including Separation of Duties);
- ❑ Data Input;
- ❑ Data Rejection;
- ❑ Data Processing (including backup and recovery); and
- ❑ Data Output.

3. Tested the accuracy of the underlying FY 2000 data for each of the specified performance measures.

To verify, validate, and test the accuracy of the FY 2000 data we performed the following:

- ❑ Selected a random sample of 45 OASDI, 45 SSI, and 20 criminal conviction cases from ACIS by performing the following:
 - a) Obtained a copy of the ACIS data as of September 30, 2000 from the OIG Office of Executive Operations;
 - b) Created and executed audit control language (ACL) programs to extract random samples for Old-Age, Survivors and Disability Insurance, Supplemental Security Income and Conviction Cases; and
 - c) Created an ACL program to display the monetary figures for the cases selected.

We requested copies of the OI-1 “Case Opening Report,” OI-9 “ACIS Criminal & Administrative Disposition Form” and the OI-68 “Court-Ordered Restitution/Judgment Form” and performed the following:

- a) Verified that a completed OI-1 was properly signed and completed;
 - b) Verified that the OI-68 was completed and was supported by documentation in the file;
 - c) Verified that a completed OI-9 was properly signed by the Field Division SAC;
 - d) Traced the monetary achievement documentation on the OI-9 and OI-68 to the amount of monetary achievement in ACIS to ensure the monetary amount reported in ACIS was in fact correct; and
 - e) Ensured that the OI-4 agreed with information on OI-9, OI-68, and ACIS. OI-4 obtained from sub-offices that choose to include them in the documentation sent.
- Judgmentally selected a sample of 10 case files from the closed cases at the Philadelphia field division (FD), and with the assistance of FD personnel we traced and agreed the OI-9 to the information in ACIS. In addition, we ensured that the information included on the OI-9 was valid by performing the following:

Ensured the following documents were included in the file:

- a) Allegation report (i.e., SSA-8551, Fraud Referral Form).
- b) OI-1 Case Opening Report, properly signed and completed by the FD Special Agent-in-Charge (SAC).
- c) Overpayment recipient Numident, and Master Beneficiary Record (MBR)/Supplemental Security Record (SSR).
- d) OI-4 Report of Investigation, reviewed and signed by the FD Assistant Special Agent-in-Charge (ASAC).
- e) Supervisory File review sheet.
- f) OI-9 ACIS input form, properly signed and completed by the FD SAC. Ensured that the OI-9 agreed with the information on the OI-4.
- g) OI-31 Case Closing Checklist reviewed and signed by the FD ASAC.

For cases involving restitution we ensured that in addition to the above documents the case file included the following:

- a) OI-16A Statement of Overpayment Recipient signed by the subject and the SAC.
- b) Copy of check provided by the subject.
- c) Check receipt from SSA personnel.

4. Recalculated each specific FY 2000 measure to ascertain its mathematical accuracy

Based on our understanding of SSA and Performance Measures (PM) #5 through #8, we obtained the FY 2000 ACIS data and performed Computer Assisted Audit Techniques (CAATs) using ACL to accumulate counts for four measures, and then compared those results to the figures reported for GPRA. We then reconciled any differences through data analysis and subsequent discussions with SSA OIG personnel.

5. Determined whether performance measures were meaningful and in compliance with GPRA

As part of this engagement, we evaluated the appropriateness of each of the performance measures with respect to GPRA compliance and SSA's APP. We determined whether the specific indicators and goals corresponded to the strategic goals identified in SSA's APP, determined whether each of these indicators accurately measure performance, and determined their compliance with GPRA requirements.

ACRONYMS

ACIS	Allegation and Case Investigative System
ADABAS	A Database
AMD	Allegation Management Division
AMS	Allegation Management System
APP	Annual Performance Plan
ASAC	Assistant Special Agent-in-Charge
CAATs	Computer Assisted Audit Techniques
CIT	Center for Information Technology
DI	Disability Insurance
DMS	Debt Management System
EDP	Electronic Data Processing
FD	Field Division
FIPS	Federal Information Processing Standards
FISCAM	Federal Information System Controls Audit Manual
FY	Fiscal Year
GPRA	Government Performance and Results Act
IT	Information Technology
J&C	Judgment and Commitment Order
MATPSC	Mid-Atlantic Program Service Center
MBR	Master Beneficiary Record
NIH	National Institutes of Health
OASDI	Old-Age and Survivors and Disability Insurance
OEO	Office of Executive Operations
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PM	Performance Measure
PwC	PricewaterhouseCoopers LLP
SA	Special Agent
SAC	Special Agent-in-Charge
SAH	Special Agent Handbook
SAS	Statements on Auditing Standards
SLA	Service Level Agreement
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security number
SSR	Supplemental Security Record

PERFORMANCE MEASURE SUMMARY SHEETS

Name of Measure	Measure Type	Strategic Goal/Objective	Report Frequency
5) Number of investigations conducted (i.e., closed)	Workload	<p>Goal: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse.</p> <p>Objective: To aggressively deter, identify and resolve fraud.</p>	Semiannual
<p>Purpose</p> <p>To increase the number of investigations conducted resulting from allegations that have sufficient information or potential risk to warrant further review or action by a criminal investigator.</p>			
<p>How Computed</p> <p>Investigations are counted as “conducted” when all OIG actions have been completed, i.e., the investigator has presented the facts of the case to a prosecutor or has determined that further action is not warranted due to lack of investigative leads.</p>	Data Source ACIS	Data Availability Adequate	Data Quality Adequate
<p>Target Goal</p> <p>7,600</p>	Division OIG	Designated Staff Members Mike Arbuco, Amy Shemenski, Dennis Fabel, Dawn Zgorski, Oliver Webb	
<p>EDP Controls Testing and Results</p>			
<p>We performed tests of internal controls (both general and application) related to ACIS, for the following areas:</p> <ul style="list-style-type: none"> • Access Control (including Separation of Duties); • Data Input; • Data Rejection; • Data Processing (including backup and recovery); and • Data Output. <p>Refer to “Results of Evaluation” for a description of the findings.</p>			

CAATs Testing and Results

We obtained the FY 2000 ACIS data and performed CAATs using ACL to accumulate counts for this measure, and then compared those results to those reported for GPRA. We then reconciled any differences through data analysis and subsequent discussions with SSA OIG personnel.

Refer to “Results of Evaluation” for a description of the findings.

Data and Manual Controls Testing and Results

We verified the completeness and accuracy of the ACIS data by judgmentally selecting a sample of 10 case files from the closed cases cabinet in the Philadelphia OI office and performed the following:

- Ensured the following documents were included in the file:
 - a) Allegation report (i.e., SSA-8551, Fraud Referral Form, or other type of allegation report)
 - b) OI-1 Case opening report, properly signed and completed by the field division SAC
 - c) Overpayment recipient Numident, and MBR/SSR
 - d) OI-4 Report of Investigation, reviewed and signed by the field division ASAC
 - e) Supervisory File review sheet
 - f) OI-9 ACIS input form, properly signed and completed by the Field Division SAC. Ensured that the OI-9 agreed with the information on the OI-4.
 - g) OI-31 Case closing Checklist, reviewed and signed by the field division ASAC
- For cases involving restitution, ensured that in addition to the above documents the case file included the following:
 - d) OI-16A statement of overpayment recipient signed by the claimant and the SAC
 - e) Copy of check provided by the claimant
 - f) Check receipt from SSA personnel
- Traced and agreed the information in the OI-9 to the information in ACIS.

Refer to “Results of Evaluation” for a description of the findings.

APPENDIX C

Name of Measure	Measure Type	Strategic Goal/Objective
6) OASDI dollar amounts reported from investigative activities	Workload	<p>Goal: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse. Objective: To aggressively deter, identify and resolve fraud.</p>
<p>Purpose</p>		
<p>To report OASDI dollars from penalties, assessments, savings, recoveries and restitutions related to investigative activities.</p>		
<p>Report Frequency</p>		
<p>Semi-Annual</p>		
How Computed	Data Source	Data Availability
OASDI dollars from penalties, assessments, savings recoveries, and restitutions related to investigative activities that are reported by OIG filed divisions and included in OIG semi-annual reports.	ACIS	Adequate
<p>Data Quality</p>		<p>Adequate, except for the data integrity anomalies found as part of our evaluation. Refer to "Results of Evaluation" for a description of the findings.</p>
Target Goal	Division	Designated Staff Members
\$ 40 Million	OIG	Mike Arbucco, Amy Shemenski, Dennis Fabel, Dawn Zgorski, Oliver Webb
EDP Controls Testing and Results		
<p>We performed tests of internal controls (both general and application) related to ACIS, for the following areas:</p>		
<ul style="list-style-type: none"> • Access Control (including Separation of Duties); • Data Input; • Data Rejection; • Data Processing (including backup and recovery); and • Data Output. 		
<p>Refer to "Results of Evaluation" for a description of the findings.</p>		
CAATs Testing and Results		
<p>We obtained the FY 2000 ACIS data and performed CAATs using ACL to accumulate counts for this measure, and then compared those results to those reported for GPRA. We then reconciled any differences through data analysis and subsequent discussions with SSA OIG personnel.</p>		
<p>Refer to "Results of Evaluation" for a description of the findings.</p>		

Data and Manual Controls Testing and Results

To ensure that accuracy of the reported information we selected a judgmental sample of 45 OASDI cases from ACIS and performed the following:

- Verified that a completed OI-9 “ACIS input form” was properly signed by the Field Division SAC
- Verified that a completed OI-1 form was properly signed and completed
- Verified that the OI-68 has been completed and was supported by documentation in the file
- Trace monetary achievement documentation in case file to amount of monetary achievement reported in ACIS

Refer to “Results of Evaluation” for a description of the findings.

APPENDIX C

Name of Measure	Measure Type	Strategic Goal/Objective
7) SSI dollar amounts reported from investigative activities	Workload	<p>Goal: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse.</p> <p>Objective: To aggressively deter, identify and resolve fraud.</p>
Purpose		
To report SSI dollars from penalties, assessments, savings, recoveries and restitutions related to investigative activities.		
How Computed		Report Frequency
SSI dollars from penalties, assessments, savings recoveries, and restitutions related to investigative activities that are reported by OIG filed divisions and included in OIG semi-annual reports.		Semi-annual
Target Goal		Data Availability
\$ 80 Million		Adequate
EDP Controls Testing and Results		Data Quality
<p>We performed tests of internal controls (both general and application) related to ACIS, for the following areas:</p> <ul style="list-style-type: none"> • Access Control (including Separation of Duties); • Data Input; • Data Rejection; • Data Processing (including backup and recovery); and • Data Output. <p>Refer to "Results of Evaluation" for a description of the findings.</p>		Adequate, except for the data integrity anomalies found as part of our evaluation. Refer to "Results of Evaluation" for a description of the findings.
CAATs Testing and Results		Designated Staff Members
<p>We obtained the FY 2000 ACIS data and performed CAATs using ACL to accumulate counts for this measure, and then compared those results to those reported for GPRA. We then reconciled any differences through data analysis and subsequent discussions with SSA OIG personnel.</p> <p>Refer to "Results of Evaluation" for a description of the findings.</p>		Mike Arbuco, Amy Shemenski, Dennis Fabel, Dawn Zgorski, Oliver Webb

APPENDIX C

Data and Manual Controls Testing and Results

To ensure that accuracy of the reported information we selected a judgmental sample of 45 SSI cases from ACIS and performed the following:

- Verified that a completed OI-9 “ACIS input form” was properly signed by the Field Division Special Agent In Charge (SAC)
- Verified that a completed OI-1 form was properly signed and completed
- Verified that the OI-68 has been completed and was supported by documentation in the file
- Traced monetary achievement documentation in case file to amount of monetary achievement reported in ACIS

Refer to “Results of Evaluation” for a description of the findings.

APPENDIX C

Name of Measure	Measure Type	Strategic Goal/Objective
8) Number of Criminal Convictions	Workload	Goal: To make SSA program management the best-in-business, with zero tolerance for fraud and abuse. Objective: To aggressively deter, identify and resolve fraud.
Purpose		Report Frequency
To report the number of criminal convictions as related to SSA/OIG investigative activities.		Semi-Annual
How Computed		
Number of criminal convictions as related to SSA/OIG investigative activities.	Data Source	Data Availability
	ACIS	Adequate
Target Goal		
1,800	Division	Designated Staff Members
	OIG	Mike Arbuco, Amy Shemenski, Dennis Fabel, Dawn Zgoriski, Oliver Webb
EDP Controls Testing and Results		
We performed tests of internal controls (both general and application) related to ACIS, for the following areas:		
<ul style="list-style-type: none"> • Access Control (including Separation of Duties); • Data Input; • Data Rejection; • Data Processing (including backup and recovery); and • Data Output. 		
Refer to "Results of Evaluation" for a description of the findings		
CAATs Testing and Results		
We obtained the FY 2000 ACIS data and performed CAATs using ACL to accumulate counts for this measure, and then compared those results to those reported for GPRA. We then reconciled any differences through data analysis and subsequent discussions with SSA/OIG personnel.		
Refer to "Results of Evaluation" for a description of the findings		

APPENDIX C

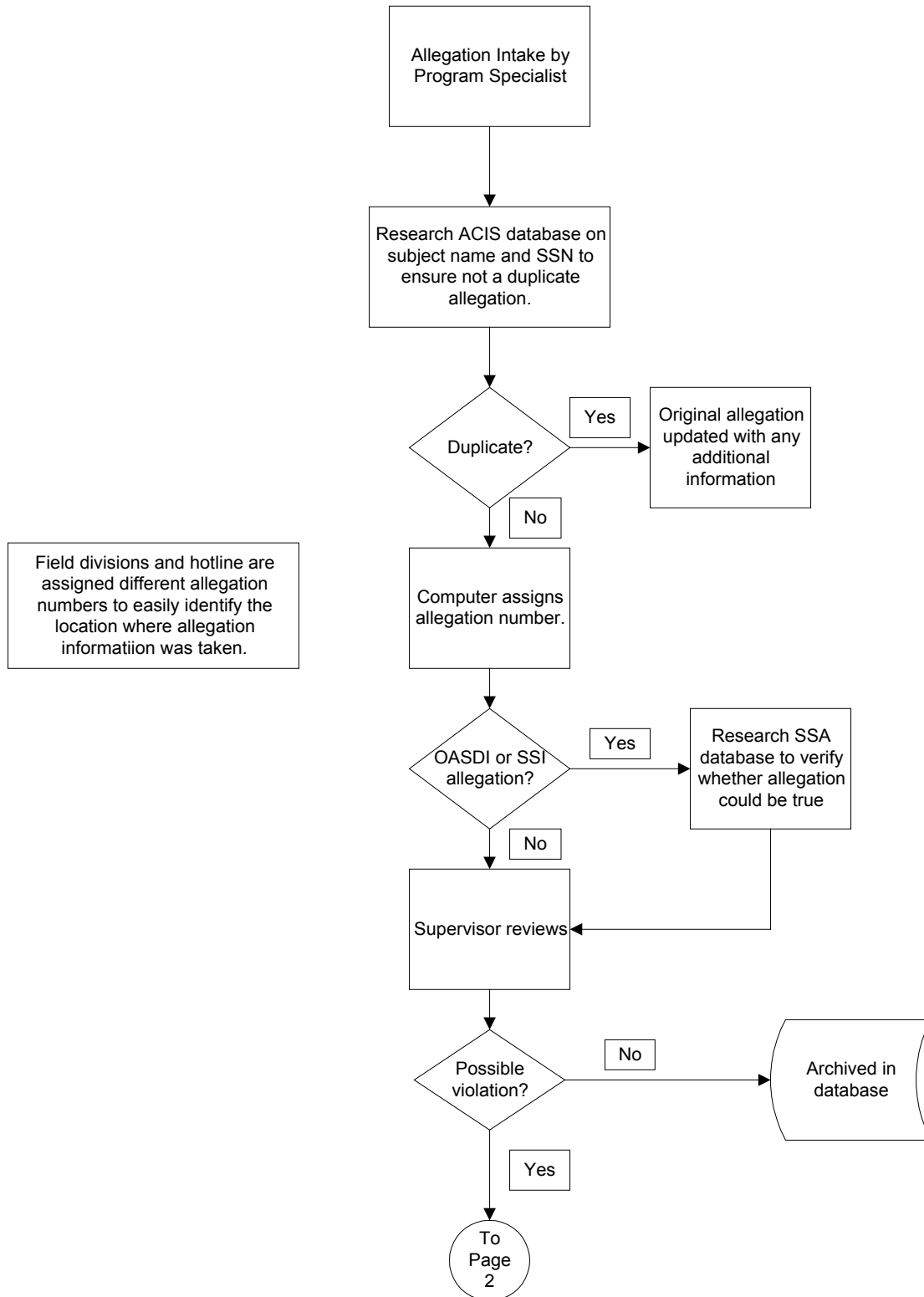
Data and Manual Controls Testing and Results

To ensure that accuracy of the reported information we selected a judgmental sample of 20 criminal convictions from ACIS and performed the following:

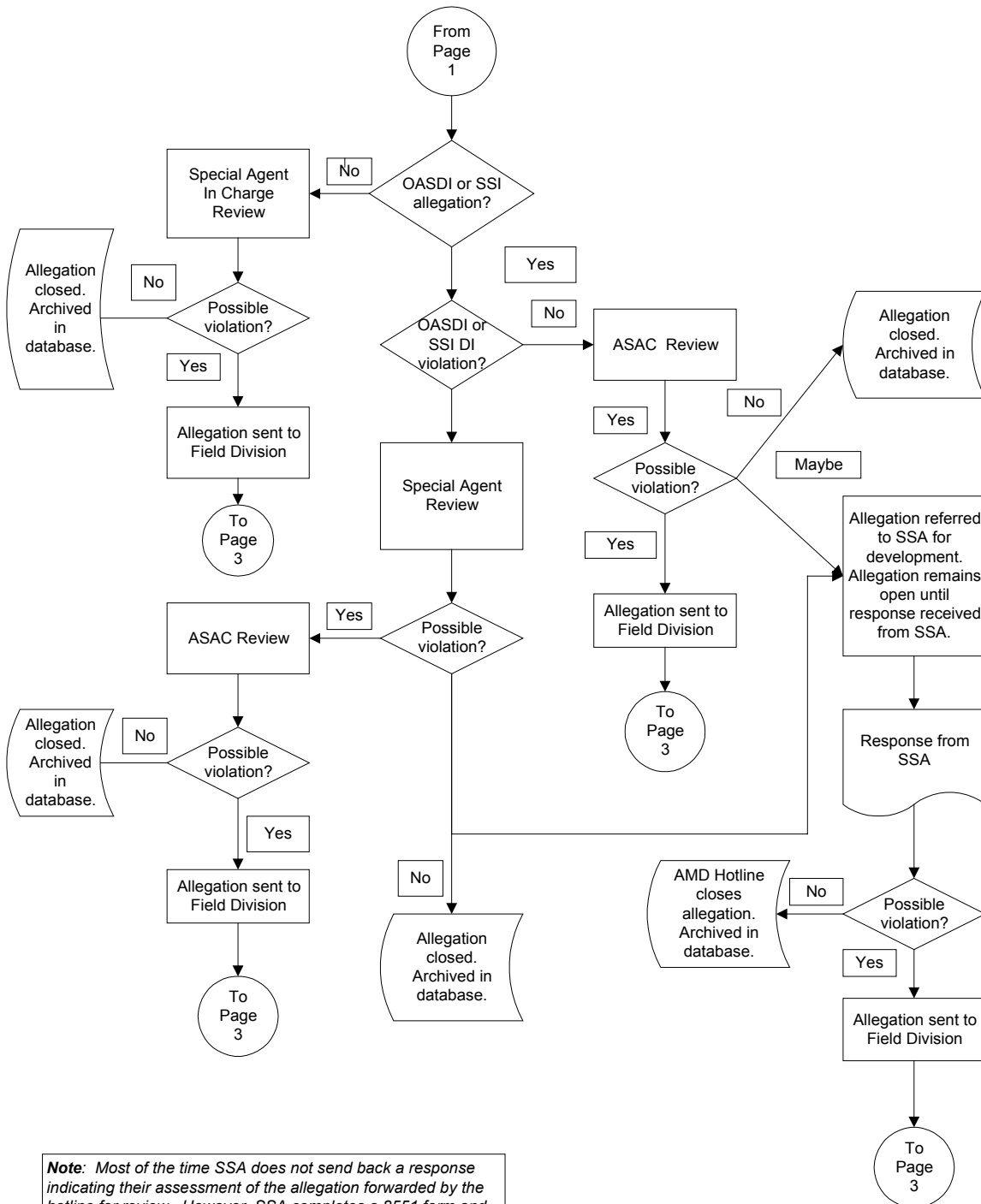
- Verified that a completed OI-9 "ACIS input form" was properly signed by the Field Division Special Agent In Charge (SAC)
- Verified that a completed OI-1 form was properly signed and completed
- Verified that the OI-68 has been completed and was supported by documentation in the file
- Traced monetary achievement documentation in case file to amount of monetary achievement reported in ACIS

Refer to "Results of Evaluation" for a description of the findings

PERFORMANCE MEASURE PROCESS MAPS

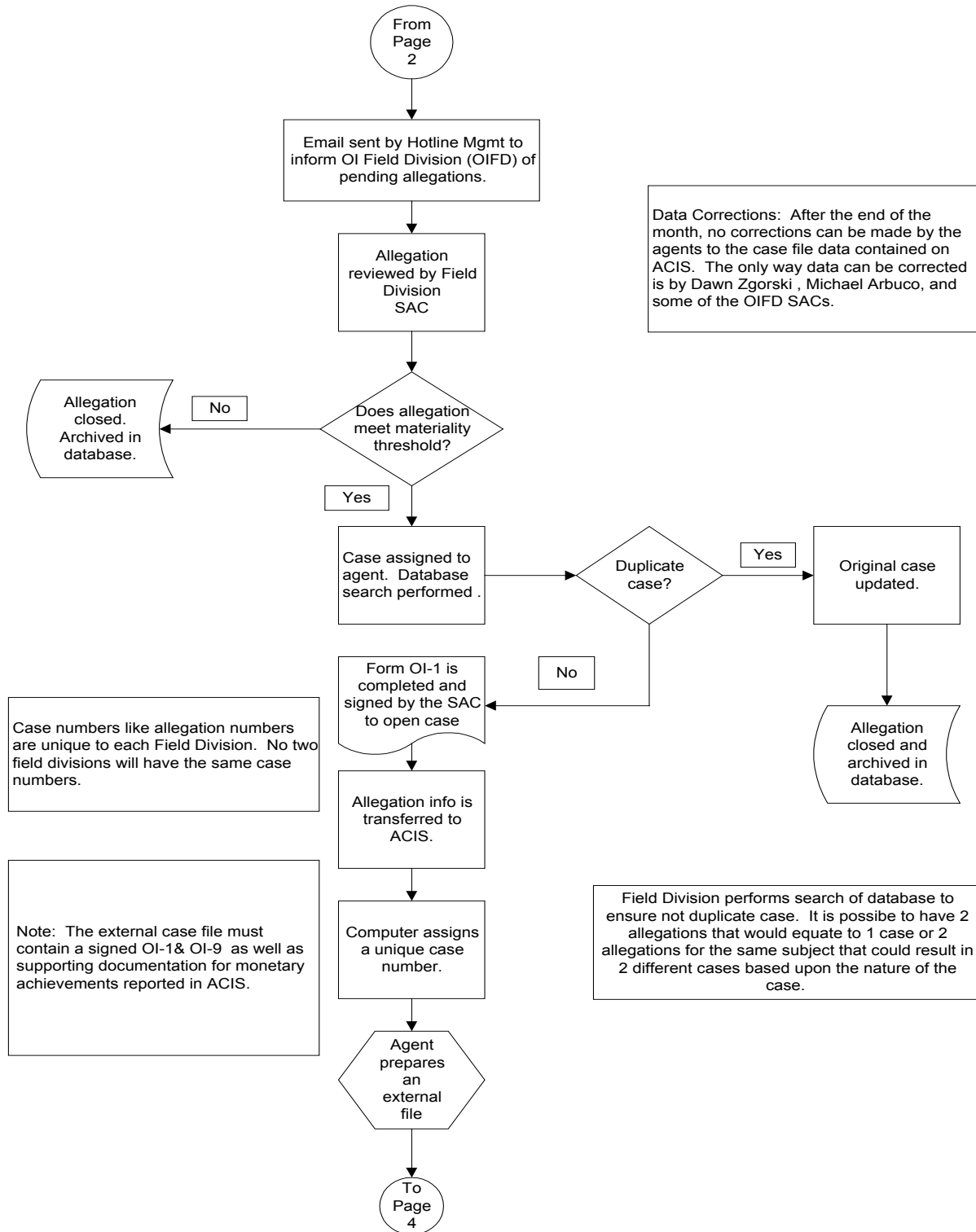


Investigation Process cont.

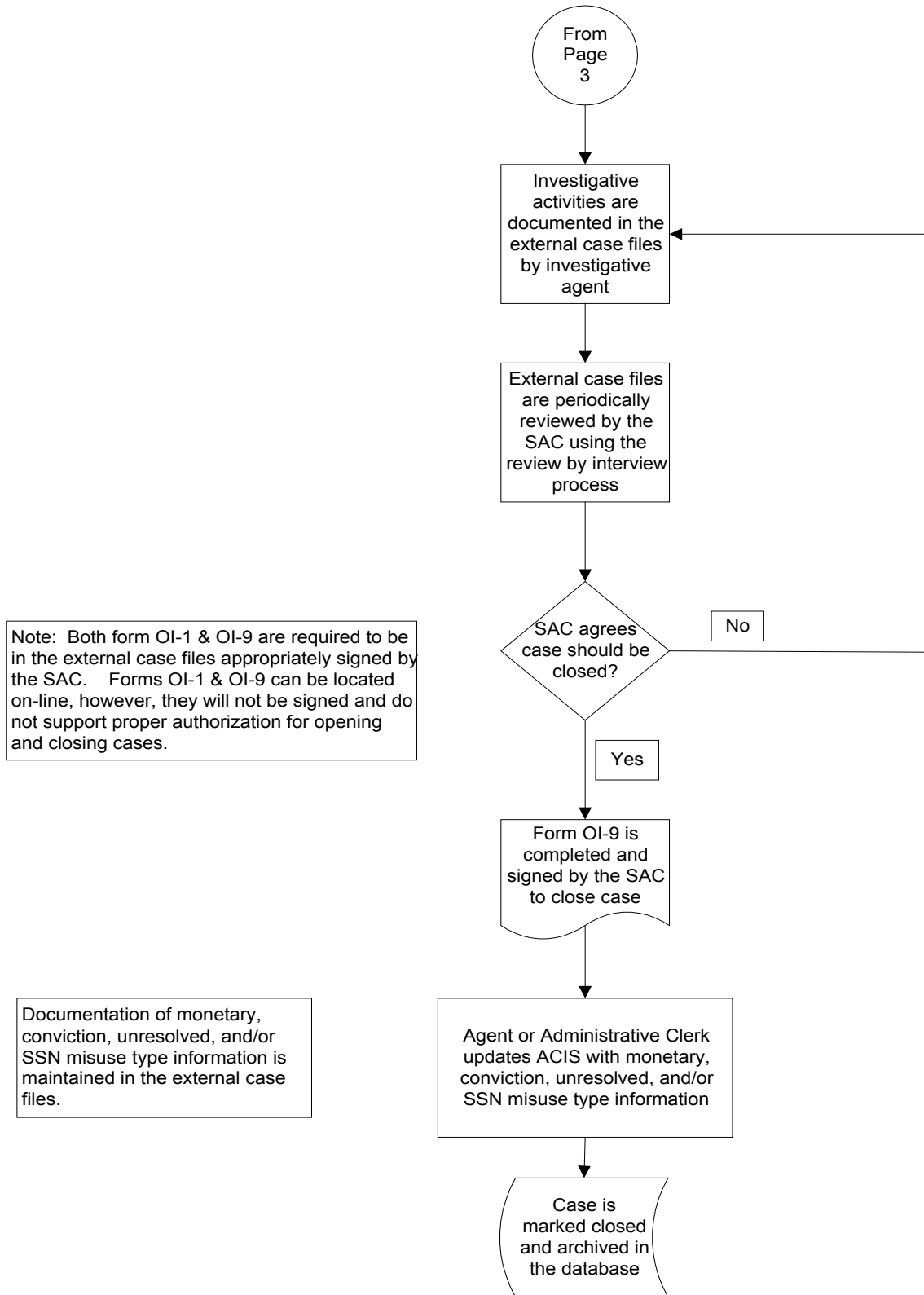


Note: Most of the time SSA does not send back a response indicating their assessment of the allegation forwarded by the hotline for review. However, SSA completes a 8551 form and forwards the possible violation on to the appropriate Field Division for investigation via the ACIS system. A new allegation number is issued.

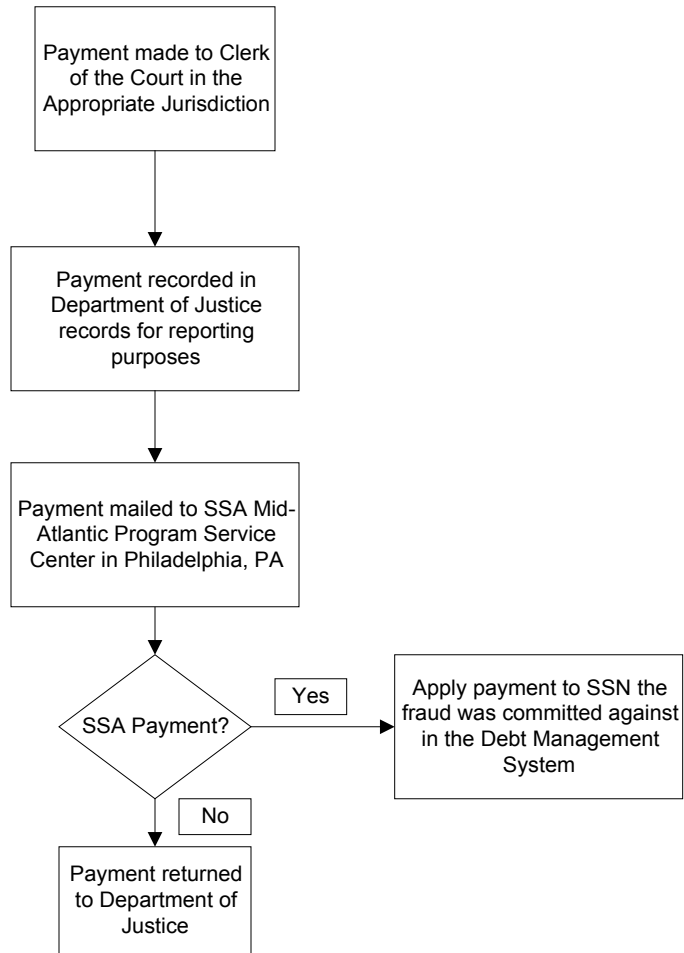
Investigation Process cont.



Investigation Process cont.

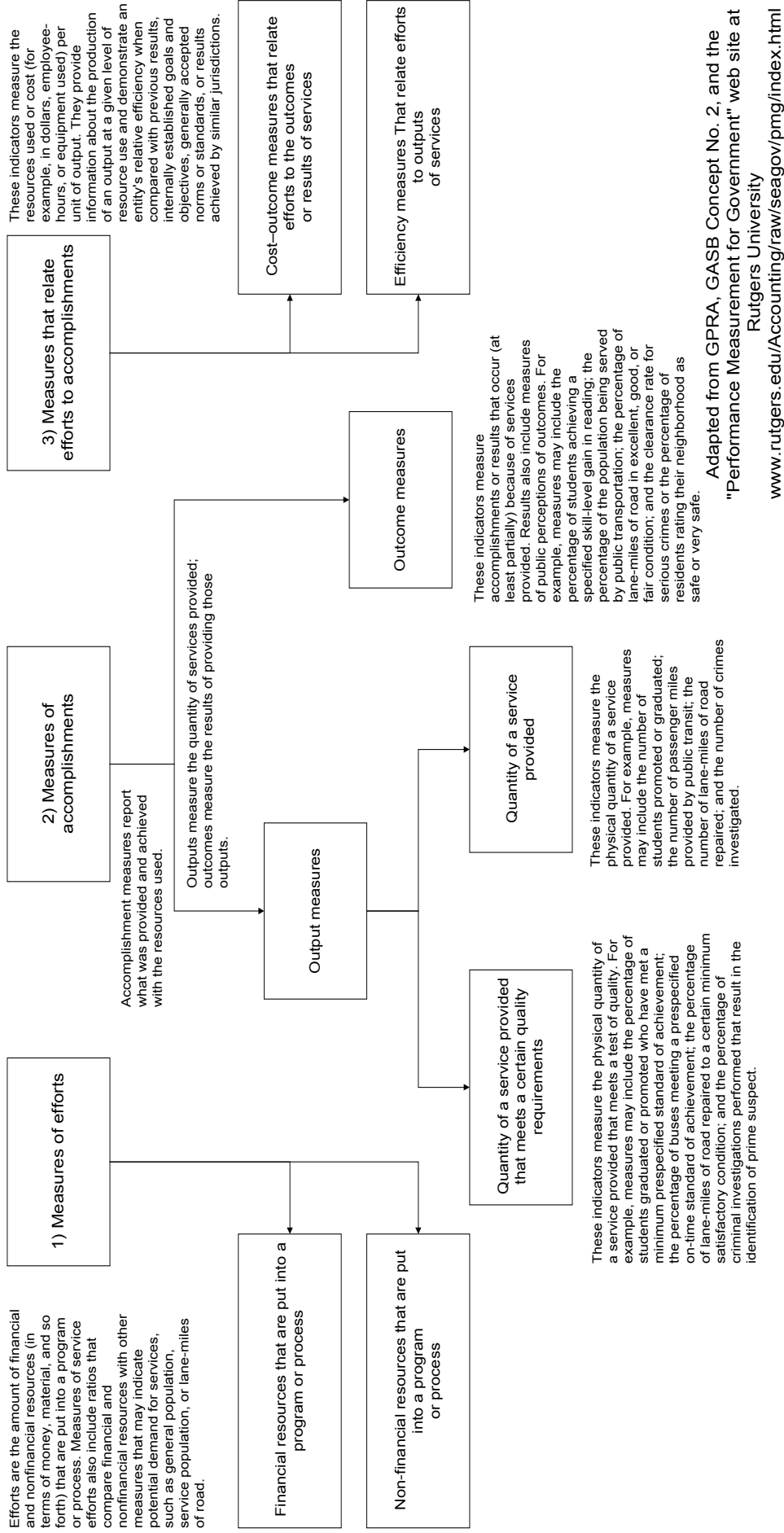


Payment Process



PERFORMANCE MEASURE TAXONOMY

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Ranking Minority Member, Committee on Governmental Affairs	1

Chairman, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Committee on Appropriations, House of Representatives	1
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Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
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Ranking Minority Member, Committee on Appropriations, U.S. Senate	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Chairman, Committee on Finance	1
Ranking Minority Member, Committee on Finance	1
Chairman, Subcommittee on Social Security and Family Policy	1
Ranking Minority Member, Subcommittee on Social Security and Family Policy	1
Chairman, Senate Special Committee on Aging	1
Ranking Minority Member, Senate Special Committee on Aging	1
Vice Chairman, Subcommittee on Government Management Information and Technology	1
President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Total	97

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.

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 the Agency, as well as conducting employee investigations within OIG. Finally, OEO administers OIG's public affairs, media, and interagency activities 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.