



SOCIAL SECURITY

November 9, 2005

The Honorable Jo Anne B. Barnhart
Commissioner

Dear Ms. Barnhart:

In November 2000, the President signed the *Reports Consolidation Act of 2000* (*Pub. L. No. 106-531*), which requires Inspectors General to provide a summary and assessment of the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This document responds to the requirement to include this Statement in the *Social Security Administration's Fiscal Year 2005 Performance and Accountability Report*.

In September 2004, we identified six significant management issues facing the Social Security Administration for Fiscal Year (FY) 2005.

- **Social Security Number Integrity and Protection**
- **Management of the Disability Process**
- **Improper Payments**
- **Internal Control Environment and Performance Measures**
- **Critical Infrastructure Protection/Systems Security**
- **Service Delivery**

I congratulate you on the progress you have made during FY 2005 in addressing these challenges. My office will continue to focus on these issues in the current FY. I look forward to working with you in continuing to improve the Agency's ability to address these challenges and meet its mission efficiently and effectively. I am providing you with the OIG assessment of these six management challenges.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", written in a cursive style.

Patrick P. O'Carroll, Jr.
Inspector General

*Inspector General Statement
on the
Social Security Administration's
Major Management Challenges*



November 2005

A-02-06-16050

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.

Social Security Number Integrity and Protection

In Fiscal Year (FY) 2005, the Social Security Administration (SSA) issued over 17 million original and replacement Social Security number (SSN) cards and received approximately \$588 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits due them.

To do so, SSA must employ effective front-end controls in its enumeration process. We applaud the significant strides the Agency has made over the past several years to ensure SSN integrity. Nevertheless, throughout society, incidences of SSN misuse continue to rise. Accordingly, to further protect SSN integrity, we believe SSA should (1) encourage public and private entities to limit collection and use of the SSN as a personal identifier, (2) continue to address identified weaknesses in its information security environment to better safeguard SSNs, and (3) continue to coordinate with partner agencies to pursue any data sharing agreements that would increase data integrity.

Another important part of ensuring SSN integrity is the proper posting of earnings reported under SSNs. Properly posting earnings ensures eligible individuals receive the full retirement, survivor and/or disability benefits due them. The Earnings Suspense File (ESF) is the Agency's record of annual wage reports for which wage earners' names and SSNs fail to match SSA's records. As of October 2004, SSA had posted approximately 9 million wage items to its ESF for Tax Year 2002, which is the latest available data, representing about \$56 billion in wages. This was before some planned edits, which may have further reduced this number.

While SSA has limited control over the factors that cause the volume of erroneous wage reports submitted each year, there are still areas where the Agency can improve its processes. For example, SSA can improve wage reporting by encouraging greater use of the Agency's SSN verification programs. SSA also needs to coordinate with other Federal agencies with separate, yet related, mandates.

Another area of concern related to SSN integrity is the use of nonwork SSNs by noncitizens for unauthorized employment in the United States. SSA assigns nonwork SSNs to noncitizens lacking appropriate work authorization only if they can provide evidence of a valid nonwork reason. In recent years, SSA has strictly limited the assignment of such numbers. Furthermore, SSA monitors noncitizens who show earnings under a nonwork SSN and reports this information to the Department of Homeland Security (DHS). Nonetheless, our audits have noted a number of issues related to nonwork SSNs, including (1) evidence provided to obtain a nonwork SSN, (2) reliability of nonwork SSN information in SSA's records, (3) the significant volume of wages reported under nonwork SSNs, and (4) the payment of benefits to noncitizens who qualified for their benefits while working in the country without proper authorization.

In March 2004, Congress placed new restrictions on receipt of SSA benefits by noncitizens who are not authorized to work in the United States. Under the *Social Security Protection Act (SSPA) of 2004* (Pub. L. No. 108-203), a noncitizen whose SSN was assigned on or after January 1, 2004, must have been issued a SSN for work purposes on or after this date or been admitted to the United States at any time as a nonimmigrant visitor for business or as an alien crewman to be entitled to Title II or End-Stage Renal Disease Medicare benefits based on the noncitizen's earnings.

SSA Has Taken Steps to Address this Challenge

SSA has taken steps to improve controls within its enumeration process. SSA verifies all immigration documents before assigning SSNs to noncitizens. Additionally, SSA requires (1) mandatory interviews for all original SSN applicants age 12 and over (lowered from age 18) and (2) evidence of identity for all children, regardless of age. In addition, SSA established Enumeration Centers in Brooklyn, New York and Las Vegas, Nevada that focus exclusively on assigning SSNs and issuing SSN cards. Also, in FY 2005, SSA implemented new systems enhancements that simplified the interpretation of, and compliance with, SSA's complex enumeration policies.

In addition to these improvements, SSA is planning to implement several other enhancements that will better ensure SSN protection. These endeavors were required by the *Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004* (Pub. L. No. 108-458). SSA's plans include (1) restricting the issuance of multiple replacement Social Security cards to 3 per year and 10 in a lifetime; (2) requiring independent verification of any birth record submitted by an original SSN applicant, other than for purposes of enumeration at birth; and (3) coordinating with DHS to further improve the security of Social Security cards and numbers.

SSA has also taken steps to reduce the size and growth of the ESF. In June 2005, the Agency expanded its voluntary *Social Security Number Verification Service (SSNVS)* to all interested employers nationwide. SSNVS allows employers to verify the names and SSNs of employees before reporting their wages to SSA.

SSA coordinates with other agencies to encourage improved wage reporting. For example, SSA participates in a joint program with DHS, called the Basic Pilot, which verifies the names and SSNs of employees as well as their citizenship and authorization to work in the economy. In December 2004, the Basic Pilot program was made available to employers nationwide. Furthermore, the Agency is also collaborating with the Internal Revenue Service to achieve more accurate wage reporting by employers with a high volume of wage items in the ESF.

SSA is also in the process of modifying the information it shares with employers. Under IRTPA, the Agency is required to add both death and fraud indicators to SSNVS for employers, State agencies issuing driver's licenses and identity cards, and to other verification routines as determined appropriate by the Commissioner of Social Security.

Management of the Disability Process

SSA needs to improve critical parts of the disability process – determining disabilities, the accuracy of disability payments, and the integrity of the disability programs. In January 2003, the Government Accountability Office (GAO) added modernizing Federal disability programs—including SSA’s—to its high-risk list. GAO did this, in part, because of outmoded concepts of disability, lengthy processing times, and decisional inconsistencies.

SSA needs to continue to improve the process used to determine claimant disability by focusing on initiatives that will improve the timeliness and quality of its services. For example, the Office of Hearings and Appeals’ (OHA) average processing time has increased significantly from 308 days in FY 2001 to 415 days in FY 2005. Further, the hearings pending workload for FY 2005 was 708,164 cases, whereas it was 392,387 cases in FY 2001. This represents an 80 percent increase from FY 2001. SSA’s efforts to address its pending workload did not meet the goals established for FY 2005. In FY 2005, SSA processed 519,359 hearings, approximately 99 percent of its goal of 525,000. Lastly, SSA’s productivity goal in this area for FY 2005 was to process 103 hearings per work year. In FY 2005, it processed 101.7 hearings per work year, under its goal but over the 100.2 hearings processed per work year reached in FY 2004.

Another area SSA needs to improve is ensuring the correct benefits are paid to the correct individuals. Continuing disability reviews (CDR) are critical to determining whether a disabled beneficiary continues to be eligible for benefits. In an April 2005 report, we estimated that approximately \$12.4 million was overpaid to about 11,880 recipients because SSA did not previously consider all of their earnings when calculating Supplemental Security Income (SSI) payment amounts. We also estimated that, if the Agency resolved the earnings discrepancies, approximately an additional \$74.7 million in overpayments to about 61,380 recipients would have been recognized.

Fraud is an inherent risk in SSA’s disability programs. Key risk factors in the disability program are individuals who feign or exaggerate symptoms to become eligible for disability benefits or who, after becoming eligible to receive benefits, knowingly fail to report medical improvements or work activity. For example, one beneficiary with a diagnosis of affective disorders (a psychiatric impairment) started receiving disability benefits in 1997. Office of the Inspector General (OIG) investigators observed activities that seemed inconsistent with the beneficiary’s statements regarding limitations due to the beneficiary’s impairment; and therefore, we requested SSA conduct a CDR. As a result of this CDR, SSA found that medical improvement had occurred and stopped the benefits—resulting in 12 months of savings of \$6,948. If SSA had not conducted the CDR at the time of our request, benefits would have continued to be paid to this individual.

SSA Has Taken Steps to Address this Challenge

On July 27, 2005, the Commissioner announced proposed regulations in the Federal Register which outlined her plan to improve the disability process. The proposed regulations would:

- Establish a Quick Disability Determination process through which State agencies will expedite initial determinations for claimants who are clearly disabled;
- Create a Federal Expert Unit to augment and strengthen medical and vocational expertise for disability adjudicators at all levels of the disability determination process;
- Eliminate the State agency reconsideration step and terminate the disability prototype that SSA is currently conducting in 10 States;
- Establish Federal reviewing officials to review State agency initial determinations upon the request of claimants;
- Preserve the right of claimants to request and be provided a “de novo” hearing, which will be conducted by an Administrative Law Judge (ALJ);
- Close the record after the ALJ issues a decision, but allow for the consideration of new and material evidence under certain circumstances;
- Gradually shift certain Appeals Council functions to a newly established Decision Review Board; and
- Strengthen in-line and end-of-line quality review mechanisms at the State agency, reviewing official, hearing, and Decision Review Board levels of the disability determination process.

In addition to the Commissioner’s proposed improvements to the disability process, the Agency is in the process of transitioning to the electronic disability folder. The electronic disability folder allows disability claims information to be stored electronically and transmitted between field offices, hearing offices, and Disability Determination Services (DDS). As of August 2005, four State DDSs - Mississippi, Illinois, Hawaii, and Nevada - have been certified to operate fully in the electronic folder. By January 2007, SSA expects all DDSs and disability quality branches to be operating in the electronic disability folder.

SSA is addressing the integrity of its disability programs through the Cooperative Disability Investigations (CDI) program. The CDI program’s mission is to obtain evidence that can resolve questions of fraud in SSA’s disability programs. SSA’s Offices of Operations and Disability Programs, along with the Office of the Inspector General, manage the CDI program. There are 19 CDI units operating in 17 States. Since the program’s inception in FY 1998, CDI efforts have resulted in over \$533 million in projected savings to SSA’s disability programs and over \$311 million in projected savings to non-SSA programs. During FY 2005, CDI units saved SSA over \$123 million by identifying fraud and abuse related to initial and continuing claims within the disability program.

Improper Payments

Improper payments are defined as payments that should not have been made or were made for incorrect amounts. Examples of improper payments include inadvertent errors, payments for unsupported or inadequately supported claims, or payments to ineligible beneficiaries. Furthermore, the risk of improper payments increases in programs with a significant volume of transactions, complex criteria for computing payments, and an emphasis on expediting payments.

The President and Congress have expressed interest in measuring the universe of improper payments within the Government. In August 2001, the Office of Management and Budget (OMB) published the *FY 2002 President's Management Agenda* (PMA), which included a Government-wide initiative for improving financial performance, including reducing improper payments. As of the first quarter in FY 2005, OMB implemented a PMA program initiative (Eliminating Improper Payments) specifically targeting Agency action to reduce improper payments—and SSA was rated as making progress in this area as of June 2005. In November 2002, the *Improper Payments Information Act of 2002* (Pub. L. No. 107-300) was enacted, and OMB issued guidance in May 2003 on implementing this law. Under the Act, SSA must estimate its annual amount of improper payments and report this information in the Agency's annual Performance and Accountability Report (PAR). OMB will then work with SSA to establish goals for reducing improper payments in its programs.

SSA issues billions of dollars in benefit payments under the Old-Age, Survivors and Disability Insurance (OASDI) and SSI programs; and some improper payments are unavoidable. In FY 2004, SSA issued about \$522 billion in benefit payments to about 52 million people. Since SSA is responsible for issuing timely benefit payments for complex entitlement programs to millions of people, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In FY 2005, SSA reported that it detected over \$4 billion in overpayments.

In January 2005, OMB issued a report on *Improving the Accuracy and Integrity of Federal Payments* which noted that seven Federal programs—including SSA's OASDI and SSI programs—accounted for approximately 95 percent of the improper payments in FY 2004. SSA's OASDI and SSI programs represented 10 percent of this amount. However, this report also noted that SSA had reduced the amount of SSI improper payments by more than \$100 million since levels reported in FY 2003.

SSA Has Taken Steps to Address this Challenge

SSA has been working to improve its ability to prevent over- and underpayments by obtaining beneficiary information from independent sources sooner and using technology more effectively. For example, the Agency is continuing its efforts to prevent improper payments after a beneficiary dies through the use of Electronic Death Registration information. Also, the Agency's CDR process is in place to identify and prevent beneficiaries who are no longer disabled from receiving payments. Additionally,

in FY 2005, SSA implemented eWork—a new automated system to control and process work related CDRs—which should strengthen SSA's ability to identify and prevent improper payments to disabled beneficiaries who are working.

SSA has worked with the OIG to prevent and recover improper payments.

- For the FY 2005 OIG report, *Individuals Receiving Benefits Under Multiple Social Security Numbers at the Same Address*, SSA worked with the OIG to identify and assess about \$9.2 million in overpayments—and 6 percent of these funds were recovered during the audit (as of April 2005), with SSA continuing to take action to recover the remaining funds.
- In another FY 2005 OIG report, *School Attendance by Student Beneficiaries over Age 18*, we estimated SSA disbursed about \$70 million in incorrect payments to 32,839 students. SSA agreed with our recommendation to ensure that the overpayments are established and that subsequent collection activities are initiated for those payments.

We have helped the Agency reduce improper payments to prisoners and improper SSI payments to fugitive felons. However, our work has shown that improper payments—such as those related to workers' compensation—continue to diminish the Social Security trust funds. For example, in the FY 2005 OIG report, *The Social Security Administration's Clean-up of Title II Disability Insurance Cases with a Workers' Compensation Offset*, we found under- and overpayment errors totaling over \$500 million continued to exist in 110,000 workers' compensation cases even after they were reviewed by SSA in an effort to determine the correct payment amount. Additionally, with the passage of SSPA, SSA has new opportunities to prevent improper payments and new challenges in implementing provisions of the law—such as OASDI benefits to fugitives.

Internal Control Environment and Performance Measures

Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal controls help safeguard assets and prevent and detect errors and fraud. Assessing the internal control environment is important since internal control is a critical part of performance-based management. SSA's internal control environment helps its managers achieve desired results through effective stewardship of public resources.

Another important part of performance-based management is performance measurement. Congress, external interested parties, and the general public need sound data to monitor and evaluate SSA's performance. The necessity for good internal data Government wide has resulted in the passage of several laws, including the *Government Performance and Results Act of 1993* (Pub. L. No. 103-62). The Act, in part, requires the development of annual performance measures and goals. In addition to the legislation calling for greater accountability within the Government, the PMA has focused on the integration of the budget and performance measurement processes.

One of SSA's primary functions is the processing of disability claims. SSA is responsible for implementing policies for the development of disability claims under the Disability Insurance (DI) and SSI programs. Initial disability determinations under both DI and SSI are performed by DDSs in each State in accordance with Federal regulations. Each DDS is responsible for determining whether or not claimants are disabled and ensuring adequate evidence is available to support its determinations. To make proper disability determinations, each DDS is authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources.

There are 52 DDSs located in each of the 50 States, the District of Columbia, and Puerto Rico. SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. In FY 2005, SSA allocated over \$1.7 billion to fund DDS operations. Given the amount of funds allocated, adequate controls are needed to ensure the funds are used in accordance with the applicable laws and policies, and to meet the programs' intended purposes.

During FY 2005, we conducted 10 DDS administrative cost audits. In 5 of the 10 audits, internal control weaknesses were identified. The control weaknesses identified addressed areas such as fund transfers between accounts, cash activities and physical security. The lack of effective internal controls and proper oversight of DDS cash management activities can result in the mismanagement of Federal resources and increase the risk of fraud.

In the 10 DDS administrative cost audits, we reported unallowable indirect costs of over \$3,989,000, as well as \$39,600 in unallowable direct costs. As a result, we concluded that SSA's Regional Offices needed to improve their oversight of the costs DDSs claimed.

We audited the performance data used to measure seven of SSA's annual performance measures.

- Number of Job Enrichment Opportunities
- Average Processing Times for Initial Disability Claims
- Average Processing Times for Hearings
- DDS Net Accuracy Rate
- Percent Improvement in Agency Productivity
- Supplemental Security Income Aged Claims Processed Per Work Year
- DDS Cases Processed Per Work Year

We concluded that the data used to measure one of the seven measures was reliable. We found the data used for another of the seven measures to be unreliable. We concluded that the data was unreliable since the controls in place to ensure the accuracy of the measure were not working as intended. We could not determine the reliability of the data used for the remaining five performance measures since there were data retention limitations for the detailed data used to calculate the performance measure results.

SSA Has Taken Steps to Address this Challenge

The Agency has taken steps to address the internal control weaknesses, such as cash management and physical security, identified at the DDSs we reviewed. The DDS offices have consulted with regional SSA offices to address the issue of the transfer of funds. SSA has instituted a process to correct any future improprieties of this kind in a manner that will match cash draws to SSA disbursement records.

SSA has demonstrated a commitment to the production of comprehensive and accurate data on its financial statements, annual performance plans and reports, and individual performance measures. SSA is the only Federal agency that has received the Association of Government Accountant's Certificate of Excellence in Accountability Reporting for its Performance and Accountability Report every year since the award program began in FY 1998. Also, SSA obtained a "green" rating on the PMA Scorecard in the areas of financial management and budget and performance integration.

Critical Infrastructure Protection and Systems Security

The information technology revolution has changed the way Governments and businesses operate, creating a greater reliance on computer systems. Unfortunately, in today's world, every computer system is a potential target. Any disruptions in the operation of information systems that are critical to the Nation's infrastructure should be infrequent, manageable, of minimal duration and cause the least damage possible. The Government must make continuous efforts to secure information systems for critical infrastructures. Protection of these systems is essential to the operation of the telecommunications, energy, financial services, manufacturing, water, transportation, health care, and emergency service sectors.

SSA's information security challenge is to understand and mitigate system vulnerabilities. This means ensuring the security of its critical information infrastructure, such as access to the Internet and the Agency's networks. Since 1997, SSA has had an internal controls reportable condition concerning its protection of information based on weaknesses in controls over access to its electronic information, technical security configuration standards, suitability, and continuity of systems operations. Reportable conditions are matters that represent significant deficiencies in the design or operation of an internal control that could adversely affect SSA's ability to meet the internal control objectives. Access to the information, or access control, is the most important of these factors. This reportable condition was resolved on September 30, 2005.

While protecting its critical information infrastructure, the Agency is tasked with offering more electronic services to the public. The Expanded Electronic Government, or e-Government, initiative of the PMA calls for the expanded use of the Internet to provide faster and better access to government services and information. Specifically, e-Government calls for the Agency to help citizens find information and obtain services organized according to their needs, and not according to the divisions created by the Agency's organizational chart. SSA needs to ensure that the expansion of its electronic services does not increase the risks to its systems.

Additionally, SSA must address new Homeland Security Presidential Directives (HSPD). HSPD 7 requires all Federal departments and agency heads to identify, prioritize, assess, remediate, and protect their respective critical infrastructure and key resources. HSPD 12 mandates the development of a common identification 'Standard' for all Federal employees and contractors.

SSA Has Taken Steps to Address this Challenge

SSA successfully addressed the key issues surrounding the reportable condition. For example, the Agency developed and implemented configuration standards for its major operating system platforms and software components. Further, SSA began an extensive monitoring process to ensure that the Agency's over 100,000 servers and workstations were in compliance with the appropriate configuration standards. In

addition, SSA established and implemented access controls to ensure appropriate segregation of duties and limited access to critical information on a need only basis. This task was completed largely through its Standardized Security Profile Project (SSPP). An employee's profile is the tool used to control access to SSA's databases. SSPP is a full scale project begun several years ago to compare system user access assignments to job responsibilities. SSPP involved components throughout the Agency and the review of access to millions of sensitive records.

To prevent the reoccurrence of these issues, SSA needs to continue the procedures that resolved the reportable condition, such as:

- SSA needs to update and develop new configuration standards when appropriate.
- SSA should continue monitoring the Agency's devices for compliance with the configuration standards.
- SSA needs to continue the work of the SSPP and regularly monitor the level of access to significant data.

SSA took additional steps to protect its critical information infrastructure and systems security in a variety of ways. For example, SSA's Critical Infrastructure Protection workgroup continuously works to ensure Agency compliance with various directives, such as HSPDs and the *Federal Information Security Management Act (FISMA) of 2002* (Pub. L. No. 107-347). To comply with HSPD 7, SSA submitted its *Critical Federal Infrastructure Protection Plan* to OMB in 2004; SSA continues to work with OMB to resolve any outstanding issues regarding its plan. The Agency recently created a workgroup, which coordinates with other agencies and OMB to address HSPD 12. Further, SSA routinely releases security advisories to its employees and has hired outside contractors to provide expertise in this area.

SSA continues to improve its security program to better comply with FISMA and makes strides towards reaching green in the PMA e-Government initiative. Some of the specific steps the Agency has taken include:

- participating in *Pinnacle*, the Government-wide contingency test;
- improving its automated tool to better track security weaknesses and help monitor their resolution; and
- improving tracking of security training for SSA staff with significant security responsibilities.

Service Delivery

One of SSA's strategic goals is to deliver high-quality "citizen-centered" service. This goal encompasses traditional and electronic services to applicants for benefits, beneficiaries and the general public. It includes services to and from States, other agencies, third parties, employers, and other organizations, including financial institutions and medical providers. It also includes basic operational services including, the representative payee process, managing human capital and e-Government.

The integrity of the representative payee process is a specific challenge within this area. When SSA determines a beneficiary cannot manage his or her benefits, it selects a representative payee who manages and solely uses the payments for the beneficiary's needs. SSA reported that there are about 5.4 million representative payees who manage benefits for about 6.9 million beneficiaries. In March 2004, the President signed SSPA into law. The SSPA provides several new safeguards for those individuals who need a representative payee, while presenting significant challenges to SSA to ensure representative payees meet beneficiaries' needs.

During our review, *Nation-wide Review of Individual Representative Payees for the Social Security Administration (A-13-05-25006)*, we confirmed the existence of all beneficiaries that were in the care of the 275 representative payees included in our sample. We found, through personal observation and interviews, that the food, clothing and shelter needs of most beneficiaries were being met. We also found several representative payees did not comply with certain SSA policies. Specifically, we determined eight payees functioned as conduit payees. Further, we found five payees failed to report events that could have affected the amount of benefit payments the beneficiaries received or the beneficiaries' right to receive benefit payments. In some instances, more than one condition may have applied to the same payee.

As of January 2005, GAO continued to identify strategic human capital management on its list of high-risk Federal programs and operations. In addition, Strategic Management of Human Capital is one of five Government-wide initiatives contained in the PMA. As of June 30, 2005, SSA continued to score "green" for Human Capital on OMB's PMA Scorecard.

SSA is being challenged to address increasing workloads, due to the baby boom generation retiring and entering their disability prone years, at the same time its workforce is retiring. Improved productivity is essential for SSA to meet the increasing workload and retirement wave challenges ahead. Technology is essential to achieving efficiencies and enabling employees to deliver the kind of service that every claimant, beneficiary and citizen needs and deserves.

The e-Government initiative of the PMA directs the expanded use of the Internet to provide faster and better access to Government services and information. Specifically,

e-Government instructs SSA to help citizens find information and obtain information organized according to their needs.

SSA Has Taken Steps to Address this Challenge

SSA has taken various actions regarding its representative payee process. It has established workgroups to implement each section of SSPA related to representative payees and has issued two reports in FY 2005 to Congress:

- *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews* (January 2005), and
- *Report on the Sufficiency of the Social Security Administration's Representative Payee Procedures in the Prevention of Misuse of Benefits* (November 2004).

SSA also issued to Congress a preliminary report from the National Academies as required by Section 107 of SSPA. SSA contracted with the National Academies to determine (1) the extent to which representative payees are not performing their duties as payees in accordance with SSA standards for payees, (2) which types of payees have the highest risk of misuse of benefits, (3) ways to reduce those risks and better protect beneficiaries, (4) observations about the adequacy of payee's actions, and (5) recommendations for change or further review. The National Academies plans to submit its final report to SSA in early 2007.

Regarding human capital, SSA reports developing and implementing competency-based training for "front-line" employees; implementing a national recruitment strategy to bring the "best and brightest" individuals to the Agency; and developing a Human Capital Plan to respond to the challenge of hiring, developing and retaining a highly skilled, high performing and diverse workforce.

According to SSA, its e-Government strategy is based on the deployment of high volume, high payoff applications, for both the public and the Agency's business partners. To meet increasing public demands, SSA has aggressively pursued a portfolio of services that enable online transactions and increase opportunities for the public to conduct SSA business electronically in a private and secure environment. Over the past 6 years, SSA has launched the Internet Social Security Benefit Application and created on-line requests for Social Security Statements, replacement Medicare cards, proof of income letters and changes of address. In FY 2005, SSA accomplished such e-Government enhancements as releasing software to enable the public to confidentially input data regarding their resources to determine eligibility and/or apply for Medicare Part D subsidy, a program that will reduce out of pocket costs for prescription drugs for those who have limited income and resources. Another enhancement was the implementation of software to improve the usability and common look and feel of the SSA.gov WebPages.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Related Office of the Inspector General Reports

[APPENDIX C](#) – Office of the Inspector General Contacts

Acronyms

ALJ	Administrative Law Judge
CDI	Cooperative Disability Investigations
CDR	Continuing Disability Review
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
ESF	Earnings Suspense File
FISMA	Federal Information Security Management Act
GAO	Government Accountability Office
HSPD	Homeland Security Presidential Directives
IRTPA	Intelligence Reform and Terrorism Prevention Act
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PMA	President's Management Agenda
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSNVS	Social Security Number Verification Service
SSPA	Social Security Protection Act of 2004

Related Office of the Inspector General Reports

Management Challenge Area, Report Title and Common Identification Number	Report Issued
Social Security Number Integrity and Protection	
Employers with the Most Suspended Wage Items in the 5-Year Period 1997 through 2001 (A-03-03-13048)	October 26, 2004
Congressional Response Report: Follow-up of Federal Agencies' Controls over the Access, Disclosure, and Use of Social Security Numbers by External Entities (A-08-05-25104)	February 28, 2005
Assessment of the Enumeration at Entry Process (A-08-04-14093)	March 15, 2005
Department of Defense Wage Items in the Earnings Suspense File (A-03-04-14041)	March 29, 2005
Social Security Number Cards Issued After Death (A-06-03-13078)	April 20, 2005
Social Security Number Misuse in the Service, Restaurant, and Agriculture Industries (A-08-05-25023)	April 29, 2005
Reported Earnings Prior to the Issuance of a Social Security Number (A-03-04-14037)	August 5, 2005
Impact of Nonimmigrants Who Continue Working After Their Immigration Status Expires (A-08-05-15073)	September 9, 2005
Management of the Disability Process	
Social Security Administration's Ticket to Work Program (A-02-03-13079)	December 20, 2004
Congressional Response Report: Review of Milwaukee Office of Hearings and Appeals (A-13-05-25140)	August 2, 2005
The Social Security Administration's Match of Disability Insurance Records with Texas Workers' Compensation Payment Data (A-06-05-15024)	August 5, 2005

Management Challenge Area, Report Title and Common Identification Number	Report Issued
Follow-up of Pending Workers' Compensation: The Social Security Administration Can Prevent Millions in Title II Disability Overpayments (A-08-05-25132)	September 9, 2005
Improper Payments	
The Social Security Administration's Clean-Up of Title II Disability Insurance Cases with a Workers' Compensation Offset (A-04-03-13042)	October 14, 2004
Social Security Administration's Controls Over the Title XVI Overpayment Waiver (A-06-03-13077)	October 25, 2004
School Attendance by Student Beneficiaries Over Age 18 (A-09-04-14013)	January 31, 2005
Representative Payee Reports Indicating Excess Conserved Funds for Supplemental Security Income Recipients (A-13-03-13065)	March 28, 2005
Individuals Receiving Multiple Auxiliary or Survivors Benefits (A-01-05-25015)	March 28, 2005
Disabled Supplemental Security Income Recipients with Earnings (A-01-04-14085)	April 11, 2005
The Social Security Administration's Controls over the Suspension of Title XVI Overpayment Collection Efforts (A-04-04-24029)	April 12, 2005
Individuals Receiving Benefits under Multiple Social Security Numbers at the Same Address (A-01-05-25002)	April 29, 2005
Social Security Administration's Administrative Finality Rules (A-01-04-24024)	July 26, 2005
Follow-up: The Social Security Administration Can Recover Millions in Medicare Premiums Related to Retirement or Disability Payments Made After Death (A-08-05-15112)	August 24, 2005
Internal Control Environment and Performance Measures	
Administrative Costs Claimed by the South Carolina Disability Determination Services (A-04-04-14053)	October 7, 2004

Management Challenge Area, Report Title and Common Identification Number	Report Issued
Performance Indicator Audit: Processing Time (A-02-04-14072)	October 25, 2004
Inspector General Statement on the Social Security Administration's Major Management Challenges (A-02-05-15092)	November 10, 2004
Top Issues Facing Social Security Administration Management – Fiscal Year 2005 (A-44-05-25111)	November 10, 2004
Performance Indicator Audit: Disability Determination Services Net Accuracy Rate – Allowances and Denials Combined (A-15-04-14074)	November 10, 2004
Oversight of the Fiscal Year 2004 Financial Statement Audit (A-15-04-34084)	November 10, 2004
Performance Indicator Audit: Productivity (A-15-04-14073)	November 17, 2004
Performance Indicator Audit: General Observations (A-15-05-25096)	January 6, 2005
Administrative Costs Claimed by the South Dakota Disability Determination Services (A-15-03-13060)	February 25, 2005
Indirect Costs Claimed by the Arizona Disability Determination Services (A-09-04-14010)	March 28, 2005
Administrative Costs Claimed by the Ohio Bureau of Disability Determination (A-05-04-14028)	May 27, 2005
Administrative Costs Claimed by the New Hampshire Disability Determination Services (A-01-05-15012)	May 27, 2005
Administrative Costs Claimed by the Iowa Disability Determination Services (A-07-04-14087)	June 7, 2005
Indirect Costs Claimed by the Oregon Disability Determination Services (A-09-05-15001)	June 7, 2005
Administrative Costs Claimed by the Alaska Disability Determination Services (A-09-05-15025)	July 7, 2005
Performance Indicator Audit: Job Enrichment Opportunities (A-02-05-15119)	August 12, 2005

Management Challenge Area, Report Title and Common Identification Number	Report Issued
Administrative Costs Claimed by the Delaware Disability Determination Services (A-13-05-15011)	August 19, 2005
Administrative Costs Claimed by the Pennsylvania Bureau of Disability Determination (A-15-04-14080)	August 31, 2005
Critical Infrastructure Protection and Systems Security	
The Social Security Administration's Compliance with the Employee Retirement Income Security Act (A-14-04-24090)	October 14, 2004
State Disability Determination Services' Removal of Sensitive Information from Excessed Computers (A-14-05-15063)	August 4, 2005
Service Delivery	
Family Services, Inc., of Charleston, South Carolina, A Fee-for-Service Representative Payee for the Social Security Administration (A-13-04-14002)	October 1, 2004
Management of Allegations by the Social Security Administration's Office of Systems (A-13-04-14047)	October 15, 2004
Seattle Mental Health Institute – An Organizational Representative Payee for the Social Security Administration (A-09-04-14015)	October 26, 2004
The Effects of Staffing on Hearing Office Performance (A-12-04-14098)	March 30, 2005
Social Security Administration's Controls for Concurrently Entitled Beneficiaries with Representative Payees (A-05-04-13058)	April 11, 2005
Nation-wide Review of Individual Representative Payees for the Social Security Administration (A-13-05-25006)	July 26, 2005
Office of Hearings and Appeals Mega-site Information and Bar-Coding Systems (A-12-05-15085)	August 25, 2005

Office of the Inspector General Contacts

Walter Bayer, Director
Kim Byrd, Director

Social Security Number Integrity and
Protection

Mark Bailey, Director

Management of the Disability Process

Paul Davila, Director
Judith Oliveira, Director

Improper Payments

Tim Nee, Director
Victoria Vetter, Acting Director

Internal Control Environment and
Performance Measures

Kitt Winter, Director

Critical Infrastructure Protection and
Systems Security

Jim Klein, Director
Shirley Todd, Director

Service Delivery

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) 966-3218. Refer to Common Identification Number A-02-06-16050.

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Executive Operations

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.