
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**FISCAL YEAR 2002 QUICK
RESPONSE ACTIVITIES
SUMMARY REPORT**

December 2002

A-13-03-13031

**MANAGEMENT
ADVISORY 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.



SOCIAL SECURITY

MEMORANDUM

Date: December 4, 2002

Refer To:

To: The Commissioner

From: Inspector General

Subject: Management Advisory Report: Fiscal Year 2002 Quick Response Activities Summary Report (A-13-03-13031)

This Management Advisory Report provides you information on the Office of the Inspector General's (OIG) Quick Response (QR) workload. The report describes the sources and types of QR activities and categorizes them in line with issues we identified to be among the top 10 challenges facing Social Security Administration (SSA) management. We prepared this report for your information and therefore it does not require that you take any action.

Anticipating an increase in requests to provide information and advice to Congress, SSA management, and the general public, we established the QR Team within the Office of Audit. The QR Team performs short-duration, time-sensitive projects that address requests from the Congress, SSA management, the general public, and others. Unlike traditional audits and evaluations, QR projects are not planned or scheduled in advance.

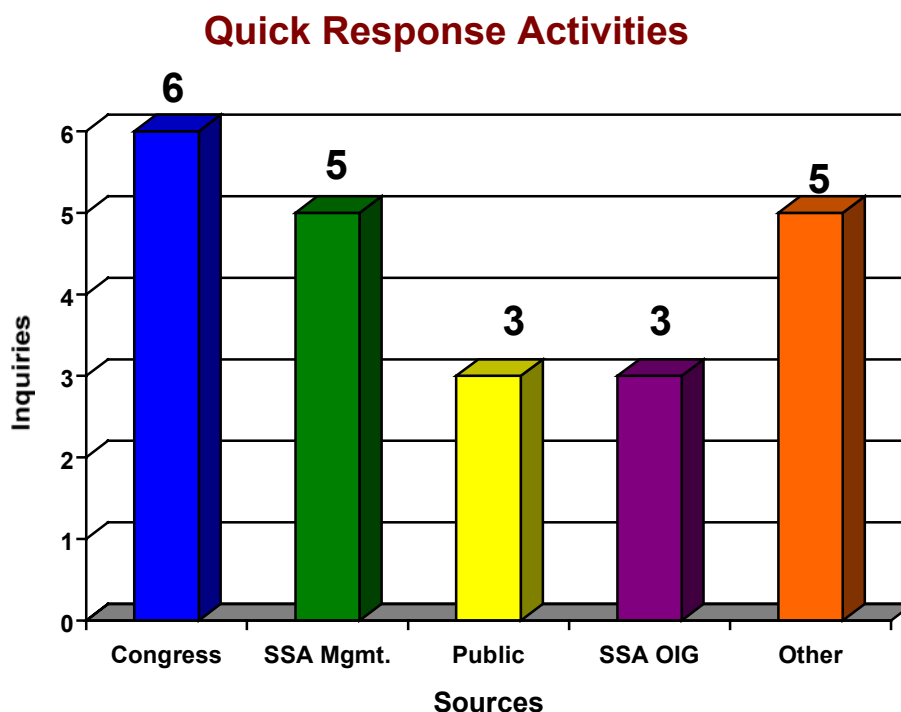
Additionally, the QR workload includes Congressional Response Reports that address special inquiries ranging from proposed or recently enacted legislation to SSA management issues. Congressional Response Reports differ from other inquiries in that they are short-duration evaluations/reviews that may require an intensive examination of programs, operations, policy and/or procedures.

This report summarizes our QR activities from October 2001 through September 2002.

NATURE AND SOURCE OF QUICK RESPONSE WORKLOAD

In Fiscal Year (FY) 2002, the QR Team issued 22 responses. This workload primarily consisted of inquiries concerning SSA's service delivery, the Representative Payment Program, issues related to potential fraud, and human capital. Sources of these inquiries included the Congress; SSA management; the general public; SSA OIG; and others, such as other OIGs or agencies.¹

The following chart shows the composition of the FY 2002 workload.



AGENCY MANAGEMENT CHALLENGES AND THE QUICK RESPONSE WORKLOAD

The QR workload does not follow our traditional processes. Usually, Office of Audit activities consist of planned audits and evaluations that directly relate to the management challenges facing the Agency. In contrast, the QR workload consists of unplanned, short-duration, time-sensitive projects. We categorized most of our QR workload in line with the issues the OIG identified to be among the top 10 challenges facing SSA management. We have highlighted several of our responses to inquiries related to these challenges.

¹ The category "Other" includes inquiries from a Government employee, the Department of Army and the OIGs for the Departments of Labor and Transportation.

- Service Delivery
- Integrity of the Representative Payee Process
- Fraud Risk
- Human Capital

**Service
Delivery**

SSA is committed to providing citizen-centered, world-class service. Providing quality service to the public remains a critical management issue facing SSA. However, there are several significant issues that affect SSA's ability to deliver world-class service. One is the complexity of the programs SSA administers. Another is the steady reduction in staffing and the increase in workloads due to the "baby boomers" reaching retirement age.

Approximately 37 percent of SSA's current workforce of approximately 62,000 is projected to retire by the year 2010. With increasing workloads and expected human capital shortages, SSA will be challenged as it moves to revitalize and strengthen future employee ranks while addressing greater demands for services.

We received several inquiries from the Congress and the public that relate to SSA's service delivery. Examples of the types of inquiries we received in this area follow.

- We reported² to the House and Senate Appropriations Committees on the policies and procedures SSA has in place to give first priority to the location of new offices and other facilities in rural areas, as directed by the Rural Development Act of 1972.
- We responded³ to a congressional inquiry regarding a Washington, D.C., Office of Hearings and Appeals.
- We responded to a claimant's inquiry regarding the status of a reconsideration request and the appointment of a personal representative.
- We responded to a claimant's inquiry regarding the accuracy of a 2001 Form-SSA 1099, *Social Security Benefit Statement*.

² *Congressional Report: The Social Security Administration's Policies and Procedures Concerning the Rural Development Act of 1972*, April 29, 2002 (7 U.S.C. § 2204b-1(b)).

³ *Congressional Response Report: Washington, D.C., Office of Hearings and Appeals*, July 31, 2002 (Limited Distribution).

Integrity of the Representative Payee Process

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees (Rep Payees) to receive and manage benefit payments for such individuals.⁴ A Rep Payee may be an individual or an organization.

SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance beneficiaries or Supplemental Security Income recipients when representative payments would serve the individuals' interests. There are about 5.4 million Rep Payees who manage benefits for about 7.6 million beneficiaries. Our QR work in this area included the following.

- We developed a position paper⁵ on the potential use of “stored value cards” in SSA’s Representative Payment Program.
- We responded to a congressional inquiry on behalf of a constituent regarding difficulties experienced with a former Rep Payee.

Fraud Risk

Fraud is an inherent risk in all of SSA’s core business processes. All of these processes include vulnerabilities that provide individuals opportunities to defraud SSA and/or SSA’s beneficiaries and recipients. Realizing its responsibility to protect taxpayers’ dollars from losses associated with fraud and abuse, SSA established the strategic goal “To ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse.” To achieve this goal, SSA reported it initiated an anti-fraud program to

- eliminate wasteful practices that erode the public’s confidence in the Social Security system;
- prosecute individuals or groups who damage the integrity of the programs; and
- change programs, systems, and operations to reduce instances of fraud.

We have worked with SSA in its efforts to detect and prevent program fraud. Our QR activities pertaining to this issue included the following.

- We reported⁶ to Congress information on SSA’s SmartPay program.

⁴ *The Social Security Act, as amended, §§ 205(j)(1)(A), 42 U.S.C. 405 and 1631(a)(2)(ii), 42 U.S.C.1383.*

⁵ *Pilot Strategy for the Use of Stored Value Cards in the Social Security Administration’s Representative Payee Program, August 12, 2002.*

⁶ *Congressional Response Report: The Social Security Administration’s SmartPay Program, November 6, 2001.*

- We responded to an inquiry from another Federal agency that pertained to potential Government purchase card fraud.

**Human
Capital**

Strategic Management of Human Capital is a Government-wide initiative and is included in the FY 2002 President's Management Agenda. Moreover, the General Accounting Office has designated Human Capital Management as a high-risk area Government-wide.

SSA acknowledges its employees are its most important asset. To this extent, SSA developed the strategic goal "To be an employer that values and invests in each employee." The goal reflects SSA's conviction that employees deserve a professional environment in which their dedication to SSA's mission and their own goals can flourish. To provide the kind of service that has been the Agency's hallmark, SSA recognizes it must maintain a highly skilled, high-performing, and highly motivated workforce.

We received information alleging agency mismanagement. These issues involve:

- Allegations of mismanagement and abuse at a headquarters' component.⁷
- Allegations of mismanagement in a field location.⁸

In conclusion, this non-traditional ad hoc workload affords us an opportunity to provide timely, useful data to Congress, SSA management and the general public. In this regard, we are able to provide the inquirer with an objective, unbiased examination of the Agency's programs, operations, policy and/or procedures. This workload is another facet of my office's commitment to eliminating fraud, waste, and abuse in SSA's operations and programs.



James G. Huse, Jr

⁷ Fact-Finding Report: *The Office of Hearings and Appeals' Procedures for Addressing Allegations of Mismanagement*, March 18, 2002 (Limited Distribution).

⁸ *Congressional Response Report: Huntington, West Virginia, Office of Hearings and Appeals, August 28, 2002* (Limited Distribution).

Appendix

OIG Contacts and Staff Acknowledgments

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Overview of the Office of the Inspector General

Office of Audit

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

Office of Executive Operations

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

Office of Investigations

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

Counsel to the Inspector General

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