



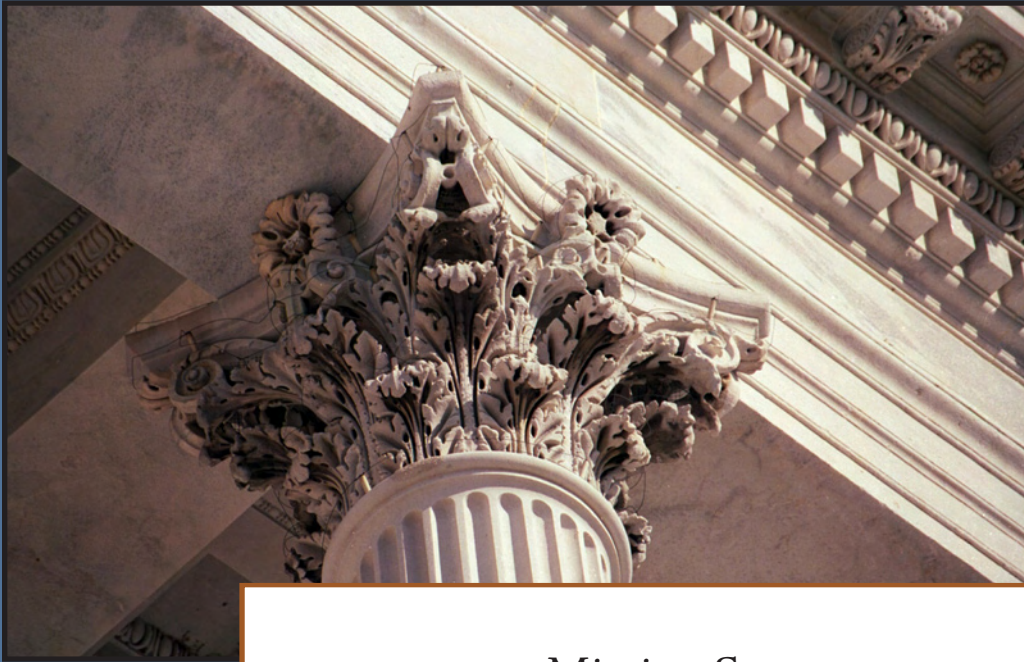
Social Security Administration

Office of the Inspector General

Semiannual Report to Congress

October 1, 2007 - March 31, 2008

SOCIAL SECURITY ADMINISTRATION OFFICE OF THE INSPECTOR GENERAL



Mission Statement

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Vision and Values

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



A MESSAGE FROM THE INSPECTOR GENERAL

This year, the Inspector General community marks its 30th year of service under the *Inspector General Act of 1978*, which established our offices as an independent and objective means of maintaining public accountability and increasing transparency in the Executive Branch. Since its inception in 1995, the Social Security Administration Office of the Inspector General has never lost sight of this core mission, developing new and innovative approaches to long-standing problems—and informing public policy decision-making to avoid new ones.



Nevertheless, we have as our unique challenge oversight of the largest social insurance program in the world, serving more than 50 million people annually. This office strives to assess the Agency's ability to provide timely and accurate customer service, while at the same time ensuring good stewardship of taxpayer funds.

This delicate balancing act has taken on a new urgency as my office, along with SSA and Congress, wrestle with how best to reduce a growing backlog of appealed disability claims. In February 2008, I testified before a subcommittee of the House Appropriations Committee on this issue, describing our initiatives focused on this vexing problem—and many of those are detailed within this report. We have conducted reviews and audits of SSA's disability program structure and operations, making recommendations for changes. Moreover, our Cooperative Disability Investigative Program continues to be an important part of the solution by assisting disability examiners and administrative law judges in making accurate claims decisions.

The key to my office's ability to effectively address this and all of our many initiatives has been a cadre of talented and knowledgeable employees, and I would like to express my gratitude to them for their unwavering dedication to the mission. Finally, I must express my appreciation to our partners in the Social Security Administration and the Congress for their support and cooperation in our continued efforts to serve the American public by improving and protecting Social Security programs for future generations.

Patrick P. O'Carroll, Jr.
Inspector General



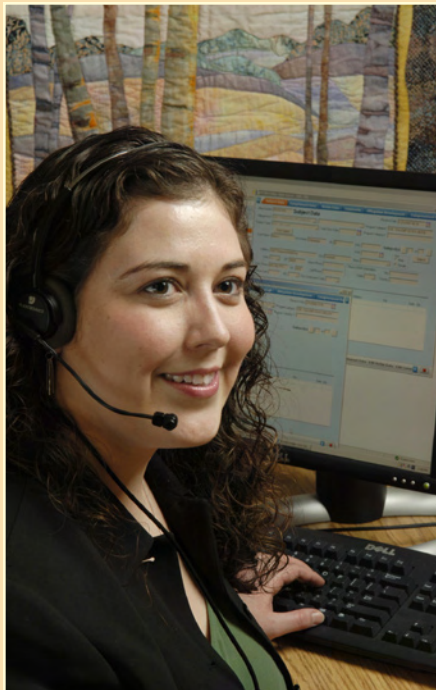
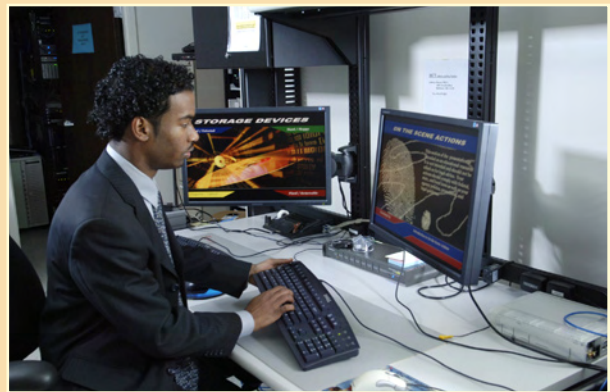


SOCIAL SECURITY ADMINISTRATION OFFICE OF THE INSPECTOR GENERAL



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EXECUTIVE SUMMARY

With this report, the Social Security Administration (SSA), Office of the Inspector General (OIG) proudly presents its accomplishments from October 1, 2007 – March 31, 2008. The sections of this report correspond to the three major goals—impact, value, and people—set forth in the *OIG Strategic Plan: Fiscal Years 2006 – 2010*. Highlights of our many noteworthy achievements in audit, investigations, and legal counsel appear in each of these categories as follows.

Impact

We work to have a positive impact on SSA programs and operations by enhancing their integrity, efficiency, and effectiveness. Toward this goal, we received more than 52,000 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources during the first half of Fiscal Year (FY) 2008. During this period, our agents closed more than 5,400 criminal investigations, with over 1,000 arrests, over 600 indictments and informations, and more than 1,100 criminal prosecutions, and civil monetary penalty (CMP) assessments. Our Cooperative Disability Investigative (CDI) Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. During this reporting period, the efforts of our CDI Units resulted in more than \$106 million in SSA program savings.

Our auditors also had a significant impact during this reporting period, issuing 40 reports and making recommendations on a wide variety of challenges facing the Agency.

Our audit work over the past 6 months includes a review of SSA's administrative law judges' (ALJ) caseload performance to measure its impact on the projected hearing requests over the next 5 years. In addition, in an ongoing effort to improve the integrity of the Social Security number (SSN), our auditors reviewed the effectiveness of SSA's internal controls for issuing SSN Verification Printouts, a process intended to allow numberholders to obtain documentation of their SSNs. Our auditors also followed up on a previously issued audit to assess the Enumeration at Entry process.

Value

Our organization strives to provide valuable products and services in a timely manner to Congress, SSA and other key decision-makers while sustaining a positive return for each tax dollar invested in OIG activities. During this reporting period, our auditors identified more than \$630 million in questioned costs and over \$309 million in Federal funds that could be put to better use. Highlighted audits include a review of SSA's effectiveness in verifying income and resources for individuals applying for the new Medicare Part D prescription drug program, and an assessment of SSA's ability to effectively adjust monthly benefits for beneficiaries who were entitled to both retirement and disability benefits before full retirement age.

In the first half of FY 2008, we are reporting over \$200 million in investigative accomplishments, with over \$38 million in SSA recoveries, restitution, fines, settlements, and judgments; and over \$162 million in projected savings from investigations resulting in the suspension or termination of



benefits. In addition, we participated in multi-agency investigations that resulted in over \$18 million in savings, restitution, and recoveries for other agencies. Highlighted investigations in this section revealed evidence of disability program fraud, representative payee fraud, and SSN misuse.

During this reporting period, our attorneys initiated 273 CMP actions (Section 1129 cases) that involved false statements or representations made in connection with obtaining or retaining benefits or payments under Titles II and XVI of the *Social Security Act (the Act)*. Included in our investigative accomplishments above is over \$3 million in penalties and assessments that our attorneys imposed through our CMP program.

People

The collective effort of our employees continues to be the driving force behind this organization's success in meeting its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. Each year, OIG components convene training conferences to inform their employees about new procedures at various levels of our organization. In addition, the OIG Organizational Health Committee assesses employee satisfaction levels and addresses employee concerns. Further during this reporting period, the OIG implemented its first Leadership Development Program to prepare qualified OIG employees for future leadership positions.

As is reflected in our significant accomplishments, we never waver in our

dedication to our core mission of inspiring public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. We will continue to work with our partners in SSA, the Congress, and other Federal agencies to ensure the integrity and reliability of the Social Security programs upon which so many Americans depend for their economic security.



INTRODUCTION TO OUR ORGANIZATION

The SSA OIG comprises the Immediate Office of the Inspector General and four major components: the Offices of Audit, Investigations, Resource Management, and the Chief Counsel to the Inspector General.

IMMEDIATE OFFICE OF THE INSPECTOR GENERAL (IO)

IO provides the Inspector General with staff assistance on the full range of his responsibilities. IO staff provides liaison with all agencies sharing common interests with OIG and ensures coordination with Congressional committees, SSA, the Social Security Advisory Board, and the President's Council on Integrity and Efficiency. IO also includes the Office of Quality Assurance and Professional Responsibility (OQAPR), which is responsible for two critical functions. First, it conducts exhaustive reviews of each of the OIG's component offices to ensure compliance with Federal laws and regulations, Agency policies, and relevant professional standards. OQAPR also conducts thorough and timely



investigations should allegations of misconduct be lodged against an OIG employee.

OFFICE OF AUDIT (OA)

OA conducts and supervises financial and performance audits of SSA programs and operations, and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits determine 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 other projects on issues of concern to SSA, the Congress, and the general public.

OFFICE OF INVESTIGATIONS (OI)

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, and third parties, as well as by SSA employees while performing their official duties. This office serves as OIG's liaison to the DOJ on all matters relating to the investigation 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)

OCCIG provides independent legal advice and counsel to the Inspector General on a wide range of issues, including statutes, regulations, legislation, and policy directives. OCCIG administers the CMP program, and advises the Inspector General on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from

audit and investigative material. In addition, OCCIG manages OIG's external and public affairs program, preparing OIG publications and handling Congressional, media, and public requests for information.

OFFICE OF RESOURCE MANAGEMENT (ORM)

ORM provides administrative and management support to the Inspector General and OIG components. ORM formulates and executes the OIG budget and confers with the Office of the Commissioner, the Office of Management and Budget (OMB) and the Congress on budget matters. ORM is responsible for strategic planning and performance reporting, and facility and property management. ORM develops and maintains OIG's administrative and management policy and procedures, and performs all human resource support activities for OIG. ORM also plans, designs, develops, tests, implements, and maintains hardware, software, and telecommunications networks to support OIG's mission.





IMPACT

The first goal of the *OIG Strategic Plan* is Impact. We are committed to enhancing SSA's effectiveness and efficiency through our investigative, audit and legal activities. Through our best efforts, we strive to have maximum impact on SSA's programs and operations to ensure their continued integrity and reliability.

During this reporting period, we completed numerous audits, investigations, and legal initiatives covering major SSA program and management areas, which had a significant impact on the detection and prevention of fraud, waste, and abuse. The summaries presented below are indicative of our work over the past 6 months.

Audit Impact Initiatives

OA contributes to this strategic goal by conducting and supervising comprehensive financial and performance audits and by making recommendations to maximize the effective operations of Social Security programs. These audits, along with short-term management and program evaluations, focus on those SSA programs and activities most vulnerable to fraud and abuse.

SSA Operations: Administrative Law Judges' Caseload Performance

This audit evaluated the effect of varying levels of ALJs' caseload performance on the Office of Disability Adjudication and Review's (ODAR) ability to process projected hearing requests and address SSA's growing backlog of pending disability claims. We found that ODAR's ability to accomplish these goals will continue to be negatively impacted by the

caseload performance of some ALJs if their current performance levels continue. In FY 2006, fully available ALJs processed an average of 485 cases for the year, ranging from a low of 40 to a high of 1,805. There is currently no official minimum number of cases an ALJ is required to process.

Based on our analysis, at the FY 2006 production level, ODAR would not be able to process all of the projected hearing requests over the next 5 years. We estimated that if ALJs continue to process cases at the FY 2006 level, and the number of fully and partially available ALJs remains the same, the backlog will increase by about 150,000 cases by FY 2012. However, if fully available ALJs were to perform at the production levels of 500 to 550 cases, ODAR would be able to process all hearing requests and reduce the backlog through FY 2012.

We recommended, and SSA agreed, that it should (1) establish an ALJ performance accountability process based on availability; (2) assess offices' caseload performance and take appropriate corrective actions; and (3) evaluate caseload management procedures and share best practices among regions.

SSN Protection: Controls for Issuing SSN Verification Printouts

Under the Privacy Act, SSA must make an SSN Verification Printout available to numberholders who request one. In this audit, we assessed the effectiveness of SSA's internal controls over this process. We interviewed officials from 42 SSA field offices, and we visited 21 of those offices to observe the SSN printout issuance process. We also reviewed Federal laws and SSA regulations and policies, and we analyzed transaction data of some



of the 6.3 million SSN printouts issued in FY 2006.

Based on our review, we believe the Agency should strengthen controls for issuing SSN printouts. Our review found that an SSN printout is treated by some third parties as equal or superior to a Social Security card in verifying a person's identity. However, the SSN printout issuance process lacks adequate controls to ensure the requestor's identity before releasing this sensitive, personally identifiable information. Additionally, there are no limits on the number of SSN printouts that an individual can obtain in a year or a lifetime, as there are for Social Security cards. We determined that over 55,000 numberholders obtained three or more SSN printouts during FY 2006. Our review further found that SSA managers have little information to monitor and control the number of SSN printouts issued.

We recommended, and SSA agreed, to (1) clarify SSA policies and the SSN printout language; and (2) extend outreach to third parties to raise awareness of SSA's SSN verification services. SSA also agreed to track actions taken to issue SSN printouts. SSA disagreed with our recommendation to remind staff to issue printouts only when the numberholder expresses an immediate need.

SSN Protection Follow-Up: Assessment of the Enumeration at Entry Process

The Enumeration at Entry (EAE) process allows lawfully admitted permanent residents to apply for an SSN on the Department of State's Form DS 230, Application for Immigrant Visa and Alien Registration. Once the Department of Homeland Security (DHS) admits the immigrant, it sends SSA certain data elements needed for SSN assignment.

In this audit, we assessed the effectiveness of the EAE process and determined the status of corrective actions SSA has taken to address recommendations in our March 2005 report, *Assessment of the Enumeration at Entry Process*.

We found that SSA took action on six of the seven recommendations from our previous review, but that some of the weaknesses we identified in 2005 continue. We estimate that SSA assigned 2,116 multiple SSNs to immigrants through EAE during our 6-month audit period. This figure represents about 5 percent of the 44,084 original SSNs the Agency assigned to EAE applicants during that time. Immigrants continued to apply for SSNs both through EAE and at field offices, resulting in a duplication of effort for SSA; and the Agency's systems could not process 16,053 (11 percent) of the 147,422 EAE records SSA received in FY 2007 because of data compatibility issues.

SSA agreed with our recommendations to (1) conduct random reviews of enumeration feedback message resolutions and take appropriate measures to improve field office performance; (2) periodically assess the EAE process to determine whether immigrants continue to apply for SSNs through both EAE and field offices; and (3) work with the Department of State and DHS regarding data compatibility problems, and review and correct pending EAE applications. In addition, SSA agreed to consider collection of alien registration numbers for a future release of the Social Security number application process.



Congressional Response Report: Unimplemented Audit Recommendations Since January 2001

In a December 7, 2007 letter, the Honorable Henry Waxman, Chairman of the Committee on Oversight and Government Reform, House of Representatives, asked that we provide a list of recommendations made by SSA OIG from January 1, 2001 to the present that have not been implemented by Agency officials. We requested status information from SSA's Office of Budget, Finance, and Management, Audit Management and Liaison Staff, which is responsible for SSA's audit management liaison activities with the Government Accountability Office and the OIG.

From January 1, 2001 to January 4, 2008, we performed 711 audits, presenting 2,440 recommendations to SSA. We found that SSA had not implemented 497 (20 percent) of the 2,440 recommendations. Of the 497, SSA had agreed to 275 (55 percent). For the remaining 222 recommendations, SSA disagreed, partially agreed, or a response is still pending. The largest number of high priority recommendations that remain unimplemented relate to SSN protection and systems security and critical infrastructure protection.

Since 2001, we have met or exceeded our performance goal of achieving Agency agreement on 85 percent of our recommendations. As evident by the acceptance rate, we have maintained a good working relationship with SSA. Furthermore, the Agency's implementation of approximately 79 percent of our recommendations reflects management's responsiveness and commitment to addressing the management challenges facing the Agency. Some delays surrounding implementation are the result of limited available resources.

SSA Operations: SSA's Ability to Reach Individuals Using the Social Security Statement

SSA sends an annual Social Security Statement to all eligible individuals, informing them of their annual posted earnings and providing benefit estimates. We conducted this audit to review SSA's ability to reach individuals using the Statement.

In FY 2006, SSA reported that over 145 million Statements were mailed to eligible wage earners and estimated that 5 million of those were returned. SSA also reported that the Internal Revenue Service (IRS) could not provide addresses for 21 million individuals. We reviewed records for wage earners (1) for whom SSA could not obtain a current address; and (2) whose Statements were returned to SSA as undeliverable.

Although some of the reasons individuals do not receive a Statement are beyond SSA's control, we found that SSA's current process does not ensure that all wage earners receive a Statement. First, Statements mailed to foreign addresses often do not reach the intended recipients due to incomplete address information provided by the IRS. In addition, we found that: some "Address Unknown" individuals had recent contact with SSA; some low-income wage earners were not receiving Statements; and SSA mail operations were not maintaining accurate workload reports. Finally, we believe SSA's estimate of 5 million returned Statements is low.

SSA agreed with all of our recommendations, including that SSA: (1) change or discontinue the process of delivering Statements to individuals in foreign countries; (2) avoid mailing Statements with incomplete addresses; (3) account more accurately for Statements that are returned as undeliverable; and (4) evaluate allowing online access to the Statement.



Investigative Impact Initiatives

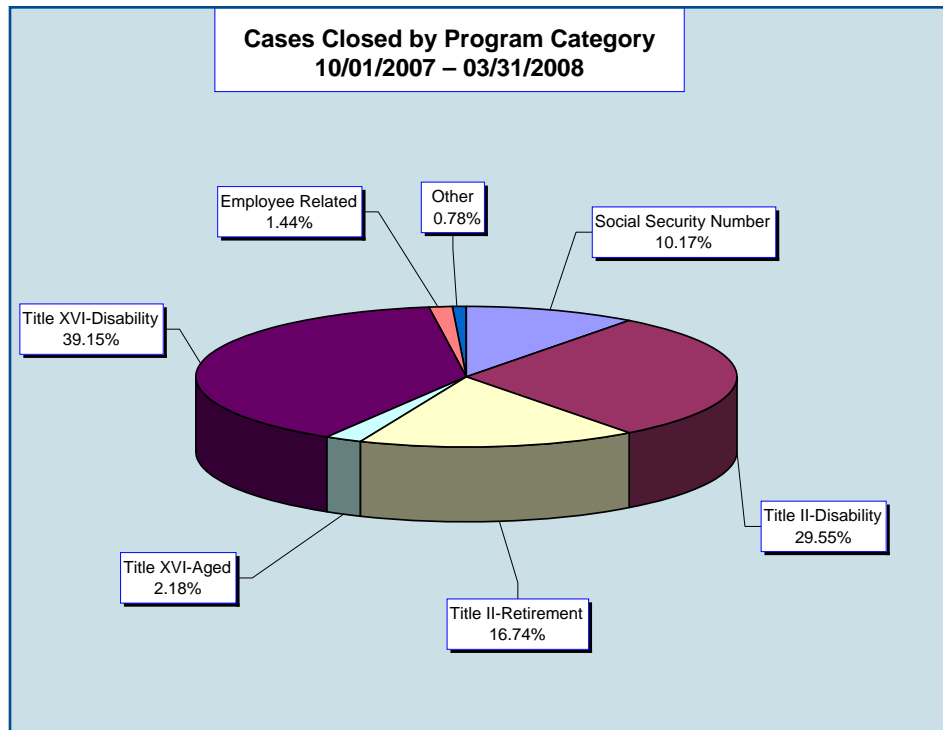
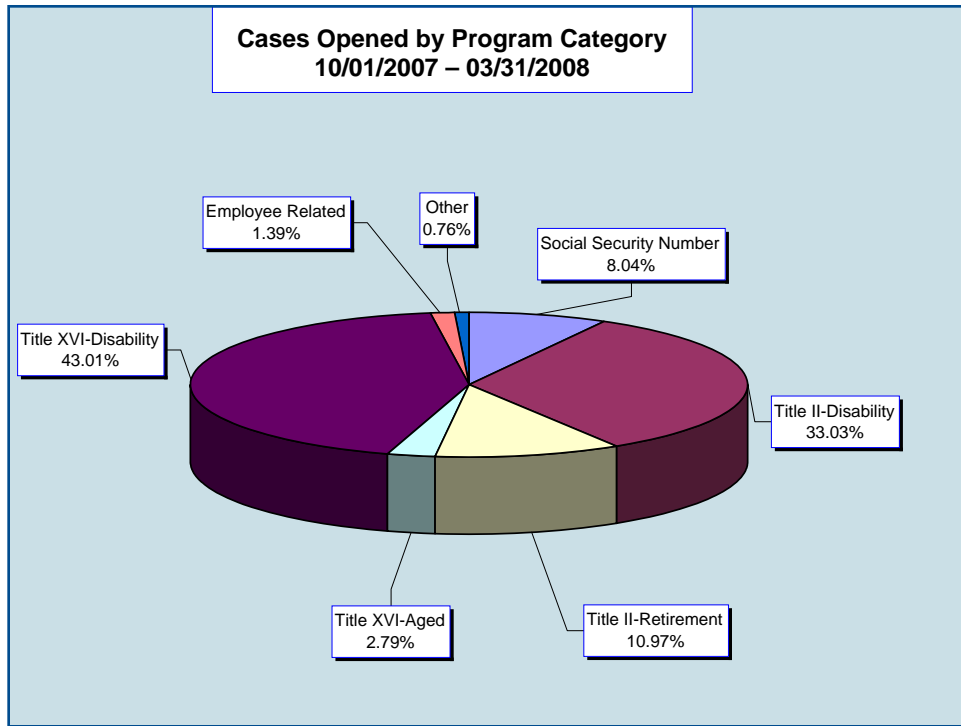
OIG examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions and the imposition of CMPs against offenders. These investigative efforts impact SSA program integrity by deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and employee misconduct ensures the reliability of SSA programs and their future operations.



Investigative Results (10/01/07– 3/31/08)	
Allegations Received	52,381
Cases Opened	5,122
Cases Closed	5,417
Arrests	1,078
Indictments/Informations	695
Criminal Prosecutions ¹	946
Civil/CMPs	221



¹The number of convictions in Federal, State, local, or foreign courts, and convictions under the Uniform Code of Military Justice, including cases resulting in a pretrial diversion agreement. We have altered our reporting of Investigative Results to align ourselves with the terminology and definitions utilized by the President’s Council on Integrity and Efficiency. The table above reflects these changes





Allegations Received by Source (10/01/07 – 3/31/08)	
Law Enforcement	20,092
SSA Employees	12,874
Private Citizens	8,537
Anonymous	6,293
Other	2,979
Beneficiaries	1,000
Public Agencies	606
TOTAL	52,381

Allegations Received by Category (10/01/07 – 3/31/08)	
SSI Disability	20,488
Disability Insurance	18,134
SSN	5,785
Old-Age, Survivors Insurance	3,364
Other	2,716
Employee	1,430
SSI Aged	464
TOTAL	52,381



Employee Fraud: SSA Employee Fails to Disclose Employment to HUD

Acting on a referral from the Department of Housing and Urban Development (HUD) OIG, our San Francisco office investigated an SSA employee for failing to disclose her employment to HUD. Between April 1997 and November 2006, the employee completed applications and intentionally withheld information regarding her SSA employment in order to obtain HUD Section 8 housing subsidies. The employee received \$64,452 in subsidies to which she was not entitled.

The SSA employee pled guilty to theft of Government property. She was sentenced in January 2008 to 6 months' home detention and 3 years' probation, and was ordered to pay full restitution to HUD. SSA has indefinitely suspended the employee.

Employee Fraud: SSA Employee Involved in Credit Card Fraud Ring

Our Los Angeles office investigated an SSA employee for selling information from SSA records. This investigation was based on a request from a credit card agency, which provided SSA with a list of several hundred compromised SSNs. Our investigation revealed that one SSA employee had accessed the records associated with a majority of these compromised SSNs. We further determined that the SSA employee was paid by an accomplice to obtain additional identifying information associated with specific SSNs and names. The accomplice then sold the information to individuals who opened fraudulent credit card accounts. Several credit card companies and banks were victims of this scheme, which caused an estimated fraud loss of \$2.5 million.

The employee pled guilty to conspiracy and accessing a protected computer to conduct fraud. She was sentenced in December 2007 to 5 years' probation, 12 months' home detention, and 200 hours of community service. She was also ordered to pay restitution of \$424,214 to several banks, and was banned from employment in any position where she has access to confidential personal data such as SSNs or driver's license numbers. SSA has terminated the employee.

Bankruptcy Fraud Project: Woman Files 12 Bankruptcy Petitions

Our Memphis office opened an investigation based on a referral from the United States Attorney's Office (USAO) for the Western District of Tennessee. The referral indicated that a woman had filed Federal bankruptcy petitions using SSNs not assigned to her. A review of bankruptcy records determined that she had filed 12 bankruptcy petitions since 1997. Our investigation further revealed that between March 2003 and August 2005, the woman used five SSNs assigned to other individuals to file bankruptcy. The woman also failed to disclose any of the prior petitions when filing.

In January 2008, after pleading guilty to bankruptcy fraud, the woman was sentenced to 2 years' supervised release, and was ordered to pay restitution of \$3,800 to a private citizen.

Fugitive Felon Program

The OIG's Fugitive Felon Program identifies fugitive felons and parole and probation violators through automated data matches between SSA's beneficiary rolls and Federal and State warrant databases. The impact of this program reaches beyond Social Security



to local communities across the United States. Our data-sharing efforts with local, State, and Federal law enforcement agencies contributed to the arrest of over 6,600 fugitives during this reporting period, over 14,000 in FY 2007, and over 65,500 arrests since the program's inception in 1996. The following are highlights of fugitive felon activities during the past 6 months.

Fugitive Felon Program: Kidnapper Assumes Alias to Evade Arrest

In January 2008, the U.S. Marshals Service (USMS) requested assistance from agents in our Vancouver, Washington office in locating a 62-year-old man who disappeared in 2005 after serving 89 months in the Oregon State Penitentiary for kidnapping. The man had outstanding warrants for failure to register as a sex offender in the State of Washington and for a parole violation (after the kidnapping conviction) in Oregon.

After reviewing the man's criminal record, which included numerous aliases and SSNs, we determined that he was using an alias and currently living in Georgia and receiving SSI disability payments. According to SSA records, the injuries documented for the missing fugitive and the SSI recipient matched. The Savannah, Georgia, USMS office interviewed the man at his residence in Baxley, Georgia and he denied using an alias until confronted by a fingerprint match determination. He was arrested in February 2008 and is currently awaiting extradition to Salem, Oregon.

Fugitive Felon Program: 67-Year-Old Man Arrested for Felony Sex Offense

As part of an initiative to locate and apprehend sex offenders in Pierce County, Washington, agents in our Seattle office arrested a

67-year-old Title II retirement beneficiary without incident in January 2008. The man was wanted for failure to appear related to a felony sex offender charge. The outstanding warrant had been issued by the Pierce County Sheriff's Office in 1982.

Cooperative Disability Investigative Program

Our CDI Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. CDI is a joint effort of the OIG, SSA, State Disability Determination Services (DDS), and State and local law enforcement personnel. Our 19 CDI Units in 17 States work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims. The following table highlights the successes of the CDI program, which yielded over \$106 million in SSA program savings during this reporting period.





Cooperative Disability Investigative Program Results

(October 1, 2007 – March 31, 2008)

State	Allegations Received	Confirmed Fraud Cases	SSA Savings ¹	Non-SSA Savings ²
Arizona	98	70	\$4,680,135	\$1,177,600
California ³	485	328	\$18,516,385	\$14,193,605
Colorado	90	62	\$4,054,240	\$1,268,296
Florida	61	71	\$3,259,310	\$3,104,102
Georgia	170	86	\$5,246,222	\$1,582,933
Illinois	40	39	\$2,328,455	\$944,515
Louisiana	54	33	\$2,031,690	\$1,256,466
Massachusetts	90	61	\$3,847,881	\$1,639,540
Missouri	97	56	\$3,782,345	\$1,310,480
New Jersey	74	70	\$4,496,801	\$3,968,630
New York	139	102	\$6,185,460	\$5,927,940
Ohio	276	188	\$12,019,878	\$6,720,710
Oregon	168	136	\$8,692,100	\$7,729,560
Tennessee	63	50	\$3,361,180	\$1,703,235
Texas ⁴	165	145	\$9,278,525	\$4,811,281
Virginia	103	70	\$4,655,000	\$3,814,546
Washington	176	154	\$9,620,410	\$7,528,135
Total	2,349	1,721	\$106,056,017	\$68,681,574

¹ SSA program savings are projected at a flat rate of \$66,500 for initial claims that are denied as a result of CDI investigations. When a CDI investigation supports the cessation of an in-pay case, SSA program savings are projected by multiplying the actual monthly benefit times 60 months.

² Non-SSA savings are also projected over 60 months whenever another governmental program withholds benefits as a result of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

³ California has two units, one in Los Angeles, and the other in Oakland.

⁴ Texas has two units, one in Dallas, and the other in Houston.



The following CDI case summaries highlight major investigations we conducted during this reporting period which enhanced SSA program integrity and the reliability of SSA's operations.

CDI: Hurricane Katrina Evacuee Attempts to Collect Disability Benefits for Mental Illness

Our Houston CDI Unit investigated a Hurricane Katrina evacuee who filed an SSI disability claim due to nervousness, paranoia, and depression. The Texas DDS referred this case due to suspected malingering. CDI Unit investigators, acting in an undercover capacity, interviewed the man, who appeared very calm and attentive and showed no signs of paranoia or depression. In fact, the man was very cooperative and cordial to the investigators. The man stated he was not working because he was waiting on his disability check. When asked whether he was disabled, the man and his wife both laughed in response to the question. The man and other family members all advised that there was nothing wrong with him. His wife also advised that she receives a disability check for mental issues. However, the wife grinned and acknowledged that nothing was wrong with her. During the interview, he was able to provide his date of birth, read, keep up with the interview, and appropriately answer questions without assistance.

The Texas DDS denied the man's SSI claim. Additionally, based on a Report of Investigation provided by our Houston CDI Unit, the DDS terminated the woman's SSI payments.

CDI: Horse Trainer Applies for Disability Benefits Due to Seizures

Our Salem, Oregon CDI Unit investigated a 42-year-old Oregon man who applied for

Title II disability benefits, alleging a seizure disorder. The case was referred to our Salem CDI Unit by the Albany SSA Office after they discovered inconsistencies regarding the man's ability to drive, his need for in-home care, and his activities of daily living.

On his disability application, the man reported that he needed to be watched at all times due to his seizures. He indicated that his wife acted as his caregiver. The man's statement was in stark contrast to a Title II disability claim filed a few months prior by his wife. On the wife's application, she stated that she required care and that her husband was the caregiver. In addition, she reported that her husband worked on their horse farm. Witness interviews and investigator observations of the husband and wife revealed that both were actively running a horse training business on their property, specializing in training unbroken and/or wild horses. The man's application for Title II disability benefits was denied. The wife's disability claim had already been denied.

CDI: Taxi Cab Driver Receives Disability Benefits While Working

Our Baton Rouge CDI Unit investigated a 56-year-old Terrytown, Louisiana man who received Title II disability benefits since November 1994 for disorders of the back. The Terrytown SSA office referred this case after receiving an anonymous call reporting the man was employed as a taxi cab driver since 1995. In addition, the caller reported that the man had testified in a State Custody Court Hearing that he was employed and earned over \$1,500 per month.

The owner of the cab company was interviewed and stated that the man is an independent contractor who has worked at the company



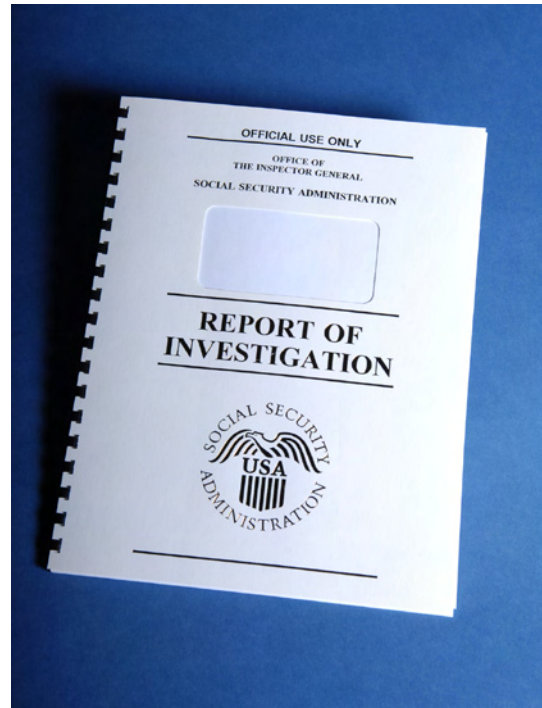
since 1997. Additional third-party interviews, surveillance, and local government occupational license record checks confirmed that the man was employed full-time as a taxi cab owner/operator.

As a result of the investigation, the man's disability benefits were terminated in December 2005. The man pled guilty to making a false statement, and was sentenced in December 2007 to 10 months' home confinement (with electronic monitoring) and 5 years' probation. He was also ordered to pay restitution of \$108,884 to SSA.

CDI: Woman Uses Father's SSN to Conceal Employment

Our Atlanta CDI Unit investigated a 60-year-old woman who had received Title II disability benefits since 1999 due to a job-related back injury. An anonymous individual alleged that the woman was working in a family-owned business and using her father's SSN to conceal her earnings. CDI Unit investigators developed information confirming that the woman had been employed since 1999.

SSA removed the earnings fraudulently posted to the woman's father's record, which reduced the father's SSA retirement benefits. The Atlanta SSA District Office terminated the woman's benefits and assessed an overpayment of \$52,854.





VALUE

The second goal of the *OIG Strategic Plan* is Value. All OIG initiatives strive to provide value to SSA, Congress, other key decision-makers, and the public by delivering timely and reliable audit, investigative, and legal products and services. To achieve the intended value, these products and services must effectively meet the needs of all whom we serve while maximizing our available resources. To do this, we integrate best-practice strategies and the newest technologies to increase our productivity and maximize our return on investment to the public.

Value Attained Through Audits

The focal point of many of our audits is the identification of SSA programmatic and operational areas where funds could be put to better use. In addition, we have often isolated situations where we have questioned approaches and their costs, and have recommended alternatives to yield program and operational savings.

During this reporting period, our auditors issued 40 reports with recommendations identifying over \$630 million in questioned costs and over \$309 million in Federal funds that could be put to better use. Some of our most notable audits are summarized below.

SSA Operations: SSA's Effectiveness in Verifying Eligibility Requirements for Individuals Applying for the Medicare Part D Prescription Drug Program

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established the new Medicare Part D Prescription Drug

Program. While the Centers for Medicare and Medicaid Services are primarily responsible for this program, SSA assists the public with filing low-income subsidy applications. SSA's primary role is to determine whether a person will be eligible for a subsidy based on income and resources. In this audit, we assessed the effectiveness of SSA's income and resource verification process for individuals applying for the Part D low-income subsidy.

We estimated that SSA approved Medicare Part D low-income subsidies to approximately 276,000 applicants whose income and/or resources exceeded eligibility limits. The enrollment of these individuals would result in estimated expenditures of approximately \$473 million during a 12-month period. This occurred primarily because SSA did not secure the needed information to verify income and resource amounts on subsidy applications. Furthermore, we estimated that SSA's new redetermination process is unlikely to correct these errors in approximately 130,000 of the 276,000 cases.

SSA disagreed in most cases that it made incorrect low-income subsidy eligibility determinations, stating that the Agency had made the best possible determinations based on information available at the time. We recommended that SSA (1) verify stated income and resource amounts; (2) work more closely with the IRS to obtain timely income and resource data to verify eligibility; and (3) ensure that its redetermination process identifies and terminates improperly awarded subsidies currently in effect.



Benefit Payment Audit: Adjustment of Disabled Wage Earners' Benefits at Full Retirement Age

The Act contains two provisions that affect the calculation of monthly benefits for beneficiaries who were entitled to both retirement and disability benefits before full retirement age (FRA).

The first provision eliminates a benefit reduction for beneficiaries who are simultaneously entitled to disability benefits, but elected a reduced retirement benefit to avoid a workers' compensation or public disability benefits offset. For these beneficiaries, SSA must eliminate the benefit reduction and increase the benefit amount at FRA.

The second provision affects beneficiaries who elected reduced retirement benefits and subsequently become entitled to disability benefits. For these beneficiaries, SSA must reduce the disability benefit for each month the individual was previously entitled to a reduced retirement benefit.

In this audit, we assessed whether SSA accurately calculated benefits under these two provisions. We found that SSA had not properly adjusted the benefits of 2,782 disabled wage earners at FRA. As a result, we estimated that: (1) SSA underpaid these beneficiaries about \$39.9 million; and (2) unless SSA takes prompt corrective action, 2,685 of these beneficiaries will be underpaid about \$68.1 million over their remaining life expectancies. We also found that SSA overpaid about \$3.2 million to 3,220 beneficiaries because it did not apply the correct reduction factor for the months of entitlement to retirement benefits before FRA.

SSA agreed with our recommendations, including that it identify and take corrective actions for those beneficiaries who were incorrectly paid, and establish appropriate controls to ensure reduction factors are properly adjusted at FRA.

Follow-Up: Impact on SSA's Programs When Auxiliary Beneficiaries Do Not Have Their Own SSNs

In this audit, we assessed whether SSA implemented the recommendations in our September 2002 report, *Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have their Own Social Security Numbers*. That audit identified 126,471 auxiliary beneficiaries who did not have their own SSNs on the primary wage earner's Master Beneficiary Record (MBR), causing \$8.9 million in improper payments.

We found that SSA implemented two of the three recommendations it agreed to in our prior report and had made an effort to implement our final recommendation to add the SSNs to the MBRs of all auxiliary beneficiaries currently receiving benefit payments. However, we still identified 63,134 auxiliary beneficiaries without an SSN on the MBR, and \$7.6 million in improper payments, including (1) \$7.5 million in OASDI benefits improperly paid due to the deaths of auxiliary beneficiaries; and (2) \$89,938 in incorrect SSI payments made because the appropriate amount of the auxiliary beneficiaries' OASDI benefits was not recognized as income when their SSI payments were calculated.

About 96 percent of the auxiliary beneficiaries in these cases were first entitled to benefits before June 1989. Although *the Act* only



requires SSA to obtain satisfactory proof of SSNs from individuals first entitled to benefits in June 1989 or later, obtaining such proof for all beneficiaries may help reduce improper payments. We recommended that SSA take all feasible steps to add the SSNs to the MBRs of all auxiliary beneficiaries currently receiving benefits (including those beneficiaries who were first entitled to benefits prior to June 1989). SSA agreed with our recommendation.

Benefit Payment Audit: Administrative Costs Claimed by Various DDSs

The DDSs in each State, the District of Columbia, and Puerto Rico determine whether applicants meet the medical requirements for Disability Insurance and SSI in accordance with Federal regulations. Each DDS is authorized to purchase consultative examinations and existing medical evidence from the claimants' treating sources. SSA reimburses the DDSs

for 100 percent of allowable costs up to its approved funding authorization.

During this reporting period, we issued five DDS administrative cost audit reports. We evaluated the internal controls over the accounting and reporting of administrative costs; determined whether costs claimed were allowable and funds properly drawn; and assessed limited areas of the general security controls environment.

In total, we reported \$1,975,414 in questioned costs and \$1,780,086 in funds put to better use. Most of our recommendations relate to the DDS' need to comply with Federal regulations and SSA policies and procedures. The individual audit reports and their financial impacts are listed below. SSA generally agreed with our recommendations.

DDS Administrative Cost Audit Reports			
DDS	Audit Number	Questioned Costs	Funds Put to Better Use
Rhode Island	A-01-06-15069	\$1,751,060	\$0
Alabama	A-08-07-17151	\$0	\$0
Connecticut	A-15-07-27176	\$0	\$0
Washington	A-09-07-17103	\$0	\$1,516,055
District of Columbia	A-15-08-18019	\$224,354	\$264,031
Totals		\$ 1,975,414	\$ 1,780,086



Benefit Payment Audit: Controls over Miscellaneous Payments Made Through the Single Payment System

Certain types of benefit payments are processed through SSA's Single Payment System (SPS); for example, the issuance of death underpayments to non-beneficiaries or the re-issuance of a returned Lump Sum Death Payment. The SPS was designed to ensure the timeliness of these payments, stop duplicate and erroneous payments, and provide management information. We conducted an audit to determine whether SSA had adequate controls over payments made via the SPS.

Between July 1, 2002 – April 10, 2006, SSA issued approximately \$373 million in SPS death underpayments to 327,580 non-beneficiaries. Based on our review, we estimate that SSA improperly paid \$7.3 million to 11,912 non-beneficiaries. We also found that SSA did not have adequate documentation to support \$98 million in death underpayments paid to 50,030 non-beneficiaries, and did not obtain or record the SSNs of 176,029 non-beneficiaries. We also identified 2,281 individuals who may have received duplicate SPS payments totaling \$48.3 million.

We recommended that SSA: (1) take corrective actions on improper and duplicate SPS payments identified by our audit; (2) remind staff of procedures to follow when determining underpayment amounts payable to non-beneficiaries; (3) retain written applications for death underpayments; (4) establish an SPS alert for instances in which an SSN is not recorded; and (5) remind staff to take steps to identify and prevent duplicate payments. SSA agreed with our recommendations.

Representative Payee Audit: The Henry Ittleson Center – An Organizational Representative Payee for SSA

SSA Region II requested that we conduct an audit of the Henry Ittleson Center for

Child Development (Ittleson Center) after being alerted by Ittleson's parent organization, the Jewish Board of Family and Children's Services, Inc. (JBFCS), to an allegation of misappropriated SSI funds. We conducted this audit to determine whether SSI payments sent to the Ittleson Center on behalf of some of its residents were properly used for the intended recipients and that related expenditures were properly supported.

We found that the Ittleson Center did not have effective safeguards over the receipt and disbursement of SSI payments. Additionally, we found SSI payments were not used and accounted for in accordance with SSA's policies and procedures. We determined that 468 payments totaling about \$33,000 for 39 SSI recipients from January 1, 2001 through March 31, 2006 were not properly safeguarded or accounted for in accordance with Federal regulations and SSA's policies and procedures. Because of the lack of financial records, we were unable to determine how the Ittleson Center used the SSI funds it received.

We recommended, and SSA agreed, to (1) determine whether SSI payments received by the Ittleson Center were misused, and if misuse occurred, take appropriate action; (2) work with JBFCS and the Ittleson Center to establish effective internal controls over the receipt and management of SSI payments and to ensure that complete financial records supporting the receipt, recording, disbursement and maintenance of SSI payments are maintained; and (3) determine whether other JBFCS facilities are serving as representative payees, and, if so, ensure that they are doing so in accordance with applicable regulations and SSA policies and procedures.



Value Attained Through Investigations

During this reporting period, the efforts of our investigators yielded significant results arising from the successful prosecution of cases that we developed. Our investigators achieved over \$200 million in investigative accomplishments, with over \$38 million in SSA recoveries, restitution, fines, and settlements/judgments, and over \$162 million in projected savings from investigations resulting in the suspension or termination of benefits.

The table (shown at right) represents the efforts of OI personnel nationwide to recover SSA funds paid in fraudulent benefits or through other illegal actions.

SSA Funds Reported (10/01/07 – 3/31/08)	
Recoveries	\$23,576,850
Fines	\$2,383,206
Settlements/Judgments	\$605,530
Restitution	\$11,635,333
Estimated Savings	\$162,227,111
Total	\$200,428,030



The following case summaries are indicative of the more than 5,400 investigations that we closed during this reporting period. The cases we have highlighted illustrate the many instances where our investigative efforts have resulted in a significant return on investment.

SSN Misuse: Former Companion Steals Doctor's Identity

Agents from our St. Louis office investigated a woman who stole the identity of her doctor, with whom she had been romantically involved. The investigation revealed that the woman used the stolen identity to obtain a Missouri identification (ID) card. Using the ID card, the woman financed a vehicle, obtained mortgage loans, and opened a business, resulting in losses totaling more than \$96,000.

The woman pled guilty to misuse of an SSN, and was sentenced in November 2007 to 6 months' imprisonment, 90 days' home confinement, and 3 years' supervised release. She was also ordered to pay full restitution to various financial institutions.

SSN Misuse: Woman Opens Nine Bank Accounts with Stolen SSNs

Agents from our Seattle office, in cooperation with the Federal Bureau of Investigation and the King County, Washington Sheriff's Office, investigated a woman suspected of committing SSN misuse and bank fraud as part of "Operation Name Game." This operation identified suspects in the State of Washington who perjured themselves in Washington State courts to obtain legal name changes. Our investigation revealed that the woman was responsible for opening nine bank accounts



with stolen SSNs, including two using the true name and SSN of a victim.

In January 2008, after pleading guilty to bank fraud, the woman was sentenced to 5 months' incarceration, 5 months of home confinement, and 5 years' supervised release. She was also ordered to pay restitution of \$15,406 to a financial institution.

SSN Misuse: Former Bank Vice-President Involved in a Credit Card Fraud Conspiracy

Agents from our St. Louis office, the U.S. Secret Service, and the U.S. Postal Inspection Service discovered that a former bank vice-president was responsible for a large credit card fraud conspiracy. Fraudulent lines of credit in the form of business credit cards with credit limits of \$25,000 were issued. At the suspect's direction, the credit applications were completed for businesses that did not exist, using the identities of other conspirators. Some of these individuals were paid for the use of their identities. In return for the credit cards, the suspect received kickbacks ranging from \$2,000 to \$5,000, resulting in a loss of over \$1.4 million to the financial institution.

In February 2008, after a being convicted in a jury trial for bank and credit card fraud, the former bank vice-president was sentenced to 114 months' incarceration and 5 years' supervised release and was ordered to pay restitution of more than \$1.4 million to the bank and a special assessment of \$3,600. In addition, a Missouri State Representative was forced to resign from the Missouri House of Representatives as part of his plea agreement in this case. He is awaiting sentencing.

SSN Misuse: Tax Preparer Commits Identity Theft

Agents in our Seattle office investigated a tax preparer who issued herself over 25 instant loans using the identities of her tax clients. Our investigation revealed that the woman reviewed confidential client files and used the clients' identifying information to complete the loan applications. The woman was able to fraudulently obtain \$24,700 in instant loans.

In November 2007, after pleading guilty to bank fraud and aggravated identity theft, the woman was sentenced to 39 months' incarceration and 5 years' supervised release and was ordered to pay restitution of \$24,700 to the loan company.

Representative Payee Fraud: Payee Starves SSA Beneficiary

Acting on a referral from the Butler County, Missouri Public Administrator's Office, our St. Louis office investigated a representative payee for stealing funds from a Title II retirement beneficiary. The investigation revealed that the representative payee misused the beneficiary's funds and left her near starvation. The beneficiary was suffering from the late stages of Alzheimer's disease.

In December 2007, after pleading guilty to making false statements to SSA and converting benefits, the representative payee was sentenced to 6 months' home confinement and 5 years' probation, and was ordered to pay restitution of \$46,965 to SSA. The SSA beneficiary has been placed in a nursing home, and the Butler County Public Administrator's Office has assumed guardianship.



Representative Payee Fraud: Father Misuses Son's SSI Payments

Our Salt Lake City office investigated a referral from the St. Cloud, Minnesota SSA office alleging that the father (and representative payee) of an SSI disabled child recipient failed to report that the child had been removed from his custody. From April 2004 – August 2006, the father continued to receive the child's SSI payments. During that time, the father participated in a SSA review and falsely stated that he maintained custody of the disabled child. SSA determined that the father wrongfully received and misused \$15,681 of the child's SSI payments.

In January 2008, after pleading guilty to wrongful conversion of SSI payments, the father was sentenced to 4 months' home confinement and 3 years' probation. In addition, he was ordered to pay restitution of \$15,681 to SSA.

Disability Program Fraud: Mortgage Broker Conceals Work Activity

Our St. Louis office conducted this investigation based on a referral received from the Clayton, Missouri SSA office. The investigation revealed that a Title II disability beneficiary worked as a mortgage broker, earning over \$200,000 annually, while collecting SSA disability benefits. When arrested, the woman lived in a \$795,000 home she purchased by falsifying her loan application. The home was later placed in foreclosure by the mortgage company. The investigation also revealed that in 2005, the woman forged the signature of a bankruptcy judge on a bankruptcy document.

In January 2008, after pleading guilty to mail and wire fraud, the woman was sentenced to 33 months' imprisonment and 5 years'

supervised release. She was ordered to pay full restitution of \$153,857 to SSA and \$70,718 to the mortgage company.

Disability Program Fraud: Disability Beneficiary Obtains Second SSN to Conceal Employment

Agents in our Iselin, New Jersey office, with assistance from the U.S. Secret Service, investigated a Title II disability beneficiary for fraudulently obtaining a second SSN in order to conceal his work activity. The man used the second SSN to work, while receiving SSA benefits under his original SSN. In January 2008, after pleading guilty to theft of Government funds, he was sentenced to 6 months of home incarceration, and was ordered to pay SSA restitution of \$68,185.

Disability Program Fraud: Man Uses Father's SSN to Conceal Work

Based on a referral from a Pennsylvania SSA office, our Atlanta office investigated a Title II disability beneficiary who concealed his work activity by using his father's SSN. SSA determined that the man received \$147,719 in benefits to which he was not entitled. In December 2007, after being found guilty of theft of Government funds, the man was sentenced to 2 years' incarceration and 3 years' supervised release. In addition, he was ordered to pay full restitution to SSA.

Disability Program Fraud: SSI Recipient Operates Daycare

Agents in our Cleveland office, after receiving a referral from the local SSA office, conducted an investigation of an SSI disability recipient for concealing her operation of a day care facility. The ensuing investigation became a joint effort with the Special Investigations



Unit of the Cuyahoga County Department of Jobs and Family Services. The investigation revealed that the woman not only operated a day care facility, but advertised in a local Cleveland newspaper. She also concealed her marital status and defrauded the State of Ohio Aid to Dependent Children and Food Stamp programs.

The woman pled guilty to Social Security and mail fraud, and was sentenced in December 2007 to 3 years' probation and 6 months' home detention with electronic monitoring. She was also ordered to pay restitution of \$65,123 to SSA and \$20,319 to the State of Ohio.

Deceased Payee Project: Man Uses Bank Card to Collect Deceased Mother's SSA Funds

Our Clearwater, Florida office conducted this investigation as part of the National Deceased Payee Project (BIC D), which identifies widows and widowers of Title II beneficiaries whose benefits continued to be paid after their death. The investigation determined that a woman receiving widows benefits died in January 2003, and that benefits had continued to be direct-deposited into her checking account. Her son accessed the funds via Automated Teller Machines and through point-of-sale transactions. The son admitted to misappropriating funds intended for his deceased mother.

In November 2007, after pleading guilty to theft of Government funds, the man was sentenced to 5 years' supervised probation, and was ordered to pay restitution of \$28,414 to SSA.

Double Check Negotiation (DCN) Project: Woman Claims Non-Receipt of 15 SSI Payments

An investigation conducted by our Indianapolis office revealed that a woman receiving SSI disability payments claimed non-receipt of payments on seven occasions. In addition, the woman was the representative payee for an SSI disabled individual and claimed non-receipt of payments for this recipient on eight occasions.

The woman pled guilty to theft, and was sentenced in October 2007 to 1 year of probation. She was ordered to pay restitution of \$4,252 to SSA.

Value Attained Through Legal Initiatives

OCCIG's efforts to administer that portion of the CMP program which deals with violators of Section 1129 of the Act maximize the resources available to us and create a positive return on investment. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of *the Act*. In addition, CMPs may be used to penalize representative payees for wrongful conversion of payments made under the Social Security programs, and to penalize individuals who knowingly withhold a material fact from SSA. After consultation with DOJ, OCCIG is authorized to impose penalties of up to \$5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment.



The following table and cases highlight the value achieved through our Section 1129 efforts for this reporting period.

False Statements Under Section 1129 Results (10/01/07 – 3/31/08)	
Cases Received	372
Cases Initiated	273
Cases Closed	412
Penalties and Assessments	\$3,092,932
Number of Hearings Requested	14



Two ALJ Rulings Uphold OCCIG Penalty Determinations

OCCIG imposed a \$62,393 CMP and assessment in lieu of damages against a Georgia woman for making false statements to SSA. The woman, who was operating her own advertising business, told SSA that she was not working from 1999 through 2003 due to complications from a liver transplant. However, SSA received information that the woman was earning significant sums during those years. Upon investigation, the woman confessed to the false statements, but she later appealed the imposition of the \$62,393 penalty claiming that she did not have the requisite mental capacity, nor the financial condition to pay the penalty. Nonetheless, an ALJ found that the OCCIG penalty was appropriate considering the woman’s repeated false statements, and her

inability to show that she could not pay the penalty.

In another contested action, OCCIG imposed a \$35,528 CMP and assessment in lieu of damages against a divorced Texas woman, serving as representative payee for her two children. The woman told SSA that her two children were living with her and that she would use their benefits for them. However, SSA received information from the children’s father that the children were living with him and that he did not receive any of the children’s benefits from the mother. SSA appointed the father the new representative payee, and OCCIG imposed the CMP. The mother appealed the CMP, but the ALJ concluded that penalties and assessment imposed by OCCIG were warranted and reasonable.



Long-time SSI Recipients Conceal Significant Assets and Resources

A California couple received SSI benefits since 1994. During yearly reviews to determine their continued eligibility, the couple consistently reported that they had no income and only \$1,200 in a savings account. A savvy SSA claims representative discovered that the couple had undisclosed resources of cash and property overseas where they traveled frequently, and that they kept large amounts of cash which would have made them ineligible to receive SSI benefits. They each agreed to pay \$150 per month to pay back the benefits they fraudulently received, plus a \$10,000 penalty each.

OCCIG Settles Representative Payee Fraud Case

A mother who served as her son's representative payee not only failed to inform SSA when her son was incarcerated, and therefore no longer entitled to his disability benefits, but continued to cash his benefit checks, which she spent on her own needs. The mother also falsely told SSA that she spent his benefits on her son's personal needs. OCCIG settled the case for a \$15,000 penalty to be withheld from the woman's own monthly SSI benefits.

Man Using Wife's SSN to Work Gets \$15,000 CMP; Employer Agrees to \$25,000 Settlement

The SSA Fraud Hotline referred this case to the Atlanta CDI Unit after receiving an anonymous report about a man concealing his employment by working under his wife's SSN. Our CDI Unit investigators interviewed employees at the man's place of employment and discovered that the man has been employed full time for the past 2 years. The owner of the business was interviewed and

provided a written statement to investigators advising that the man has always worked at his company using his wife's SSN. In addition, the owner reported that any wages from his company appearing under the wife's SSN are actually wages belonging to the man.

SSA terminated the man's Title II disability benefits, which resulted in an overpayment of \$24,314. OCCIG obtained a \$15,000 default judgment against the man for three false statements made to conceal the fact that he was working full-time under his wife's SSN, and negotiated a \$25,000 CMP settlement with the man's employer for knowingly allowing the man to work under his wife's SSN.

Penalty Imposed Against California Man for Making Numerous False Statements

OCCIG imposed a penalty and an assessment in lieu of damages totaling \$48,999 against a California man for making numerous false statements to SSA. The man, while collecting SSI disability benefits in his own name, applied for SSI disability benefits using his brother's name and SSN, and a fraudulent driver's license. The false statements resulted in improper SSI payments of \$13,499.

OCCIG Imposed \$25,000 CMP for Nine DCNs

OCCIG imposed a \$25,000 penalty against a Kentucky woman for negotiating both her original and replacement SSI benefit checks on nine separate occasions. Each time she contacted SSA to obtain a replacement check, she stated she had not received the original benefit check. Our investigation indicated that the woman had a long history of DCNs dating back to 1993, and that she had negotiated both the original and replacement checks on 25 separate occasions since that time.



PEOPLE

The third goal of the *OIG Strategic Plan* is People. The collective effort of our employees continues to be the driving force behind this organization's success in meeting its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. Each year, OIG components convene training conferences to inform their employees about new procedures at various levels of our organization. In addition, the OIG Organizational Health Committee conducts an annual assessment of employee satisfaction levels and addresses employee concerns.

Budget

For FY 2008, our annual appropriation is \$92 million, which funds 590 work years and related support costs. Of this amount, approximately 88 percent goes toward the salaries and benefits of our employees. The remaining 12 percent pays for our support costs—specifically rent, telecommunications, and discretionary spending (travel, training, and general operational procurements). This budget allocation supports our efforts to meet or exceed the expectations stipulated in our *Third Edition Strategic Plan for Fiscal Years 2006-2010*. The goals and accomplishments measured in our Strategic Plan are also published in the Annual Congressional Budget Justification.

Human Capital Planning and Management

We actively pursue and work to retain the best possible employees. First, our budget and

staffing plan forecasts employee departures based on historical trends and human resource data, which allows us to establish optimal timeframes for recruiting new employees. Moreover, OIG managers monitor staffing to ensure that vacant positions are filled promptly, ensuring that OIG components have the ability to fulfill their respective missions.

Our human capital specialists and recruiters participate in job and career fairs nationwide. These events target underrepresented groups in the labor market, allowing us to maintain a truly diverse workforce. Once we identify the best candidates, we employ a structured interview process to fairly assess their qualifications. Through these efforts, we hired 30 employees in FY 2008.

Also during this reporting period, the Inspector General selected nine outstanding employees for our first Leadership Development Program. This 18-month training and development program will provide OIG with a cadre of highly qualified candidates for future leadership vacancies. The program included a mentor training session in late March 2008, and the first assignments began in April 2008.

Information Technology

We provide and maintain most of our own information technology (IT) systems. Our IT specialists utilize state-of-the-art tools and place a high priority on ensuring that our employees have the latest proven technologies with which to perform their work.

During this reporting period, we continued to build a comprehensive administrative database that will allow for interconnectivity between OIG's components, and we released a budget application that automates workflow and tracking of travel, training, and procurement



transactions. An additional module for facilities management is near completion and is being refined prior to its release. We are also working to identify other business processes that can be automated to increase our efficiency and decrease our costs.

In support of the President's goal to expand electronic services, we maintain an Internet website that is informative and useful to the public. Citizens using our web-based services will find them easy-to-understand. A workgroup comprised of auditors, investigative personnel, legal experts, and administrative technicians continuously monitors the OIG website to ensure that all information is accurate and up-to-date.

Finally, our IT staff analyzes industry trends to find new technologies that may enhance our business processes. In FY 2008, for example, we have upgraded our systems infrastructure to provide ample, secure storage for application and user data as well as additional disaster recovery capabilities. In addition, OIG software specialists and contract personnel have worked during this reporting period to implement additional enhancements to our National Investigative Case Management System, which is already a model for investigative case management across the Federal Government.

Outreach Efforts

We are always seeking new ways to reach out to the wider Federal community as well as to members of the public. In a variety of venues, we share our mission of promoting integrity and excellence in Social Security programs and operations. These occasions are important opportunities to exchange information and forge partnerships. They

also give us the chance to educate the public and inspire their public confidence in Federal programs.



Senior OIG officials addressed national audiences on current issues of interest during this reporting period. In February and March 2008, Inspector General O'Carroll served as a guest lecturer in the Inspectors General Program at Georgetown University's Public Policy Institute. In his lecture on "Public Policy in Action," Mr. O'Carroll discussed the OIG's role in the public policy arena and the relationship of an IG with the Agency head, Congress, and other stakeholders.



In February 2008, Inspector General O'Carroll testified before the House Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies at a hearing on the Social Security disability backlog. Mr. O'Carroll shared with the Subcommittee details of the OIG's work in assessing factors contributing to the backlog and assisting SSA in its efforts to reduce disability processing times.


OIG employees are active in their local communities, in both personal and professional capacities. Following are highlights of our outreach efforts during this reporting period:





The Allegation Management Division, in partnership with representatives from SSA's Office of Operations, presented an interactive video teletraining broadcast covering procedures for the Agency's handling of OIG-referred allegations. The goal of this outreach effort was to better inform Social Security field office employees on the appropriate process



for fully analyzing and developing allegations of fraud, waste and abuse. The program was broadcast live and replayed several times throughout the day. Through this learning initiative, OIG anticipates a higher rate of substantiated allegations.

 Susan Yuen from the New York Audit Division has been nominated for the SSA Volunteer Service Award for her active work in four organizations: the Organization of Chinese Americans (OCA), the Brecknock Hall Foundation, Bike New York, and the Medical Reserve Corp (MRC). Ms. Yuen's participation with the OCA included coordinating social and fundraising events. At Brecknock Hall, Ms. Yuen volunteered on weekends by painting, plastering and removing trash in conjunction with preservation work at the Hall. Ms. Yuen assisted with Bike New York by serving as a riding marshal, responsible for maintaining order and safety by directing massive crowds of 30,000 bicyclists, and by providing office assistance prior to the event. At the MRC, Ms. Yuen participated in workshops for bio/physical terrorism and natural disaster preparedness.

 Agents in our Seattle Field Division made several presentations regarding the exploitation of the elderly, ID theft education, and safeguarding personal data.

 Agents from the Chicago Field Division serve on advisory boards for the American Arthritis Foundation, the Geauga County Police Athletic League, Minnesota State Fraud Investigators Association, and for Smith Park in Chicago. In addition, an Agent from the Milwaukee office is the local Federal Law Enforcement Officers Association (FLEOA) Chapter

President, and serves as the National Director for Administration for FLEOA.



Agents from the Kansas City Field Division were instrumental in organizing the Iowa Public Safety Officers Assistance Fund. The non-profit fund was created to provide immediate financial assistance to public safety officers, including law enforcement, firefighters, and emergency medical services, and their families in times of crisis. The First Annual Public Safety Officers Motorcycle Ride raised over \$7,000.



Agents from the Atlanta Field Division assisted the FLEOA and the National Center for Missing and Exploited Children in the annual National Kids Day Event in Greensboro, North Carolina. The agents participated in fingerprinting and photographing approximately 200 children.



The Kansas City Assistant Special Agent-in-Charge participated in a "polar bear plunge" with other Federal agents—the "Freezing Feds"—and raised over \$5,100 for the Special Olympics.



An Agent from the Boston Field Division volunteers with "Everybody Wins," a national literacy and mentoring non-profit organization.

Hurricane Response Efforts

We continue to be actively involved in pursuing investigations of fraud related to Hurricanes Katrina and Rita and helping SSA prepare for similar events in the future. Because the SSN is a key identifier for the various relief programs, SSA OIG is a critical partner in multi-agency investigations of hurricane-related fraud. To that end we have assigned an agent to the DOJ's



Hurricane Katrina Fraud Task Force in Louisiana, where we have been involved in numerous joint investigations of hurricane-related fraud.

Since the inception of the Task Force, OI has opened 64 investigations and secured 52 indictments and 45 convictions of individuals for hurricane-related fraud. For this reporting period, our investigators made 4 arrests, opened 7 cases, secured 6 indictments and 7 convictions. Following are highlights of our hurricane-related investigative activity during this reporting period.

Woman Sentenced to 43 Years in Prison for Hurricane-Related Fraud

Our Birmingham office investigated an SSI recipient based on a request for assistance from a USAO in Alabama. The USAO reported that the woman was the subject of a Federal Emergency Management Agency (FEMA) investigation for filing false disaster-relief claims following Hurricane Katrina.

Our investigation revealed that the woman had been receiving SSI since 1999 based on mental retardation and mood disorders. Moreover, she had concealed from SSA all income received from filing the false FEMA claims. SSA subsequently terminated the woman's SSI payments. The investigation also revealed that the woman, working with several co-conspirators, had filed 15 false FEMA claims using false SSNs.

After a jury trial, the woman was found guilty of 22 counts, including theft, conspiracy, drug distribution, threatening a witness, and possession of a firearm. Based on the minimum sentencing guidelines, she was sentenced in January 2008 to 43 years in Federal prison and was ordered to pay restitution to FEMA of \$79,607.

Ringleader of FEMA Fraud Conspiracy Convicted

Agents from our Houston office, the U.S. Postal Inspection Service, DHS, and the Small

Business Administration revealed that a 33-year-old Houston woman was the chief organizer of a FEMA fraud conspiracy. The woman came to the attention of Federal law enforcement after a Government Accountability Office review of Hurricane Katrina and Rita FEMA claims revealed that more than 40 claims were filed under different names using Houston mailing addresses associated with the woman. The investigation identified that the names used in these claims were friends and relatives of the woman who were living in Houston, not New Orleans or Lake Charles, as stated in the claims. The woman used different SSNs without the knowledge or authority of the true assignees in the claims filed under her name.

Subsequent investigation identified 107 claims filed using names and addresses connected to the conspiracy. FEMA mailed checks totaling more than \$140,000 based on these claims. In November 2007, after entering a plea of guilty to conspiracy to commit mail fraud and aggravated identity theft, the woman was sentenced to 57 months in Federal prison and 5 years' supervised release. She was also ordered to pay FEMA restitution of \$143,438.

SSI Recipient Defrauds FEMA of \$17,906

Agents from our Seattle office and DHS OIG determined that a 36-year-old SSI disability recipient fraudulently applied for FEMA disaster relief monies claiming she had been displaced by Hurricane Katrina. Actually, the woman was residing in the State of Washington when Hurricane Katrina struck. In addition, the woman failed to report the receipt of FEMA funds to SSA, causing an SSI overpayment.

On November 29, 2007, after pleading guilty to making material false statements, the woman was sentenced to three years' probation and was ordered to pay restitution of \$21,081 (\$3,175 to SSA and \$17,906 to FEMA).



A SPECIAL THANK YOU

THE DILIGENT WORK, OUTSTANDING EFFORTS, AND MANY CONTRIBUTIONS OF OUR ENTIRE OIG STAFF MAKE THE ACCOMPLISHMENTS HIGHLIGHTED IN THIS SEMIANNUAL REPORT TO CONGRESS POSSIBLE.

WE WOULD LIKE TO THANK THEM FOR THEIR DEDICATED SPIRIT AND MANY SUCCESSES.







REPORTING REQUIREMENTS
AND
APPENDICES



REPORTING REQUIREMENTS

This report meets the requirements of the *Inspector General Act of 1978*, as amended, and includes information mandated by Congress.

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies	6-32
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	8-11, 19-22
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendices F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	11-18, 23-26
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of particularly significant reports	6-32
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D



APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes SSA’s responses to our recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs that are challenged because of a violation of law, regulation, etc. Unsupported costs are those costs that are questioned because they are not justified by adequate documentation. This information is provided in accordance with P.L. 96- 304 (the *Supplemental Appropriations and Recession Act of 1980*) and the *Inspector General Act of 1978*, as amended.

Reports with Questioned Costs for the Reporting Period October 1, 2007 – March 31, 2008			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	19	\$668,156,829	\$106,173
B. Which were issued during the reporting period.	9 ^a	\$630,347,679	\$1,789,163
Subtotal (A + B)	28	\$1,298,504,508	\$1,895,336
Less:			
C. For which a management decision was made during the reporting period.	15	\$649,368,743	\$72,736
i. Dollar value of disallowed costs.	14	\$647,428,581	\$72,736
ii. Dollar value of costs not disallowed.	1	\$1,940,162	\$0
D. For which no management decision had been made by the end of the reporting period.	13	\$649,135,765	\$1,822,600

a. See *Reports with Questioned Costs* in Appendix B of this report.



The following chart summarizes SSA's response to our recommendations that funds be put to better use through cost avoidances, budget savings, etc.

Reports with Recommendations that Funds Be Put to Better Use Reporting Period October 1, 2007 – March 31, 2008		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	5	\$260,221,932
B. Which were issued during the reporting period.	7 ^a	\$309,539,943
Subtotal (A + B)	12	\$569,761,875
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.		
(a) Based on proposed management action.	5	\$256,106,684
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	0	\$0
Subtotal (i + ii)	5	\$256,106,684
D. For which no management decision had been made by the end of the reporting period.	7	\$313,655,191

a. See *Reports with Funds Put to Better Use* in Appendix B of this report.



APPENDIX B: REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2007 – March 31, 2008		
Audit Number	Report	Issue Date
A-02-07-17049	The Effectiveness of the Social Security Administration's 800-Number Automation Service	10/19/2007
A-14-07-17102	Follow-up on the Social Security Administration's Monitoring of Potential Employee Systems Security Violations	10/29/2007
A-77-08-00002	Management Advisory Report: Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2006	11/1/2007
A-02-08-18061	Inspector General Statement on the Social Security Administration's Major Management Challenges	11/7/2007
A-15-07-17124	Fiscal Year 2007 Financial Statement Audit Oversight	11/7/2007
A-07-07-17055	Social Security Administration's Controls over Rediscovery of Sensitive Information in the Kansas City Region	11/28/2007
A-77-08-00003	Management Advisory Report: Single Audit of the State of Washington for Fiscal Year Ended June 30, 2006	11/28/2007
A-77-08-00004	Management Advisory Report: Single Audit of the State of Wisconsin for Fiscal Year Ended June 30, 2006	11/28/2007
A-77-08-00005	Management Advisory Report: Single Audit of the State of Colorado for Fiscal Year Ended June 30, 2006	11/28/2007
A-04-07-27112	Controls for Issuing Social Security Number Verification Printouts	12/5/2007
A-77-08-00006	Management Advisory Report: Single Audit of the State of Alabama for Fiscal Year Ended June 30, 2006	12/21/2007
A-77-08-00007	Management Advisory Report: Single Audit of the State of New Jersey for Fiscal Year Ended June 30, 2006	12/21/2007
A-15-08-28105	Congressional Response - Unimplemented Audit Recommendations Since January 2001	1/31/2008
A-05-07-17082	Compliance with Disability Determination Services Security Review Requirements	2/6/2008
A-07-07-17072	Administrative Law Judges' Caseload Performance	2/6/2008
A-77-08-00008	Management Advisory Report: Single Audit of the State of Illinois for Fiscal Year Ended June 30, 2006	2/13/2008
A-77-08-00009	Management Advisory Report: Single Audit of the State of New York for Fiscal Year Ended March 31, 2006	2/13/2008
A-77-08-00010	Management Advisory Report: Single Audit of the State of Connecticut for Fiscal Year Ended June 30, 2006	2/13/2008
A-15-07-17061	Process for Awarding Sole Source Acquisitions	2/14/2008
A-08-07-17151	Administrative Costs Claimed by the Alabama Disability Determination Service	2/29/2008



Reports with Non-Monetary Findings October 1, 2007 — March 31, 2008		
Audit Number	Report	Issue Date
A-15-07-27176	Administrative Costs Claimed by the Connecticut Disability Determination Services	2/29/2008
A-04-07-17084	Partnership for Strong Families, an Organizational Representative Payee for the Social Security Administration	3/14/2008
A-06-08-18005	The Appeals Process for Medicare Part D Low-Income Subsidy Eligibility Determinations	3/14/2008
A-08-07-17143	Follow-up: Assessment of the Enumeration at Entry Process	3/20/2008
A-15-08-28012	Performance Review of the Social Security Administration's Contract with E-Structors, Inc. For the Disposal of Sensitive Documents (Limited Distribution)	3/20/2008
A-77-08-00011	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2004	3/28/2008
A-77-08-00012	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2005	3/28/2008
A-13-07-17074	Follow-up: The Social Security Administration's Management of Its Federal Employees' Compensation Act Program	3/31/2008



Reports with Questioned Costs October 1, 2007 — March 31, 2008			
Audit Number	Issue Date	Report	Dollar Amount
A-09-07-17119	10/25/2007	Controls over Miscellaneous Payments Made Through the Single Payment System	\$105,690,039
A-77-08-00001	11/1/2007	Management Advisory Report: Single Audit of the State of Florida for the Fiscal Year Ended June 30, 2006	\$47,065
A-01-07-27116	12/12/2007	Social Security Administration Employees Receiving Benefits	\$245,311
A-01-06-15069	12/13/2007	Administrative Costs Claimed by the Rhode Island Disability Determination Services	\$1,751,060
A-06-06-16135	2/19/2008	The Social Security Administration's Income and Resource Verification Process for Individuals Applying for Help with Medicare Prescription Drug Plan Costs	\$473,494,350
A-01-07-17038	3/14/2008	Follow-up on the Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers	\$7,577,002
A-09-07-17134	3/14/2008	Adjustment of Disabled Wage Earners' Benefits at Full Retirement Age	\$43,074,961
A-15-08-18019	3/20/2008	The District of Columbia Disability Determination Division's Internal Controls over the Accounting and Reporting of Administrative Costs	\$224,354
A-02-07-27077	3/27/2008	The Henry Ittleson Center - An Organizational Representative Payee for the Social Security Administration	\$32,700
TOTAL			\$632,136,842



Reports with Funds Put to Better Use

October 1, 2007 — March 31, 2008

Audit Number	Issue Date	Report	Dollar Amount
A-01-07-27116	12/12/2007	Social Security Administration Employees Receiving Benefits	\$124,176
A-15-07-17095	1/11/2008	The Social Security Administration's Ability to Reach Individuals Using the Social Security Statement	\$1,911,000
A-04-07-17028	1/22/2008	Adjustment of Overpayment Balances Related to Title II Critical Payments	\$14,040,881
A-06-06-16135	2/19/2008	The Social Security Administration's Income and Resource Verification Process for Individuals Applying for Help with Medicare Prescription Drug Plan Costs	\$223,594,840
A-09-07-17134	3/14/2008	Adjustment of Disabled Wage Earners' Benefits at Full Retirement Age	\$68,088,960
A-09-07-17103	3/20/2008	Administrative Costs Claimed by the Washington Disability Determination Services	\$1,516,055
A-15-08-18019	3/20/2008	The District of Columbia Disability Determination Division's Internal Controls over the Accounting and Reporting of Administrative Costs	\$264,031
TOTAL			\$309,539,943



APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FY 1997

To meet the requirements of the *Omnibus Consolidated Appropriations Act of 1997*, P.L. 104-208, we are providing requisite data for the first half of FY 2008 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over \$38 million in SSA funds as a result of our investigative activities in this reporting period. These funds are broken down in the table below.

Investigative Activities			
	1st Quarter	2nd Quarter	Total
Court Ordered Restitution	\$5,731,555	\$5,903,778	\$11,635,333
Recoveries	\$13,420,798	\$10,156,052	\$23,576,850
Fines	\$990,585	\$1,392,621	\$2,383,206
Settlements/ Judgments	\$305,704	\$299,826	\$605,530
TOTAL	\$20,448,642	\$17,752,277	\$38,200,919

OFFICE OF AUDIT

SSA management has informed us that it has completed implementing recommendations from 11 audit reports during this time period valued at over \$2.6 billion.

SOCIAL SECURITY ADMINISTRATION EMPLOYEES RECEIVING BENEFITS

(A-OI-07-27116, 12/12/2007)

No Recommendation – SSA took action during the audit on actual findings. The implemented value of this recommendation is \$124,176.



AN INDIVIDUAL REPRESENTATIVE PAYEE FOR THE SOCIAL SECURITY ADMINISTRATION IN THE SAN FRANCISCO REGION

(A-09-07-I7063, 7/3/2007)

We recommended that SSA ensure that the Representative Payee use actual rather than estimated expenses to complete the Representative Payee Reports for all beneficiaries in its care. The implemented value of this recommendation is \$3,349.

CONTRACT FOR THE MIGRATION OF I.LEVY SOFTWARE AT DISABILITY DETERMINATION SERVICES (LIMITED DISTRIBUTION)

(A-07-07-I7033, 5/24/2007)

We recommended that SSA continue to monitor the interest payments made on contracts and make additional improvements to its oversight process, when appropriate. The implemented value of this recommendation is \$3,000.

ADJUSTMENT OF WIDOW'S INSURANCE BENEFITS AT FULL RETIREMENT AGE (A-01-07-27122, 5/14/2007)

We recommended that SSA review the 10,210 cases in our population and take action to pay the additional amounts due the widows. The implemented value of this recommendation is \$137,808,597.

ADMINISTRATIVE COSTS CLAIMED BY THE COMMONWEALTH OF PUERTO RICO DISABILITY DETERMINATION PROGRAM

(A-06-06-I6117, 3/26/2007)

We recommended that SSA ensure unliquidated obligations totaling \$465,323 in FY 2004 and \$641,927 in FY 2005 are reviewed and obligations no longer valid are deobligated.

DIRECT DEPOSITS FOR MULTIPLE TITLE XVI RECIPIENTS INTO THE SAME BANK ACCOUNT (A-02-06-25141, 3/23/2007)

We recommended that SSA pursue recovery efforts, as warranted, for overpayments identified in this report. The implemented value of this recommendation is \$264,390.

GOVERNMENT PENSION OFFSET EXEMPTION FOR TEXAS SCHOOL DISTRICTS' EMPLOYEES (A-09-06-26086, 1/08/2007)

We recommended that SSA reexamine the decisions to grant an exemption from Government Pension Offset (GPO) for the 168 spouses in our sample. We also recommended that SSA



identify and reexamine any decisions to grant exemptions from GPO for spouses in the population of 20,248 1-day workers employed by the 7 school districts. We also recommended that SSA review the 1-day worker programs at the other eight Texas independent school districts identified in the allegation to determine whether their 1-day workers programs would result in inappropriate GPO exemptions. The implemented value of these recommendations are \$2,537,391,759.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHOSE MEDICARE BENEFITS WERE TERMINATED DUE TO DEATH (A-01-06-26105, 11/14/2006)

We recommended that SSA review the cases in our audit population and take appropriate action to terminate the Supplemental Security Income (SSI) payments for the deceased individuals and remove the erroneous death information for those individuals who are alive and reinstate their Medicare benefits. The implemented recommendation is valued at \$237,103.

SURVIVOR BENEFITS PAID IN INSTANCES WHEN THE SOCIAL SECURITY ADMINISTRATION REMOVED THE DEATH ENTRY FROM A PRIMARY WAGE EARNER'S RECORD (A-06-06-26020, 9/26/2006)

We recommended that SSA perform death verifications for each of the 307 records with survivor benefit payments identified in the report and take appropriate action. The implemented value of this recommendation is \$4,600,155.

IMPACT OF STATUTORY BENEFIT CONTINUATION ON SUPPLEMENTAL SECURITY INCOME PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15095, 5/10/2006)

We recommended that SSA remind SSA components of the proper procedures for terminating SSI benefits following medical cessation decisions. The implemented value of this recommendation is \$13,869,533.

COLLECTION OF OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS TO REPRESENTATIVE PAYEES FOR DECEASED BENEFICIARIES (A-13-03-13049, 7/21/2004)

We recommended that SSA identify and refer all eligible delinquent representative payee OASDI overpayment debts to Treasury's Financial Management Service for tax refund and administrative offset. The implemented value of this recommendation is \$2,278,241.



APPENDIX D: SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE INSPECTOR GENERAL DISAGREES

CONTROLS FOR ISSUING SOCIAL SECURITY NUMBER

VERIFICATION PRINTOUTS (A-04-07-27112, 12/5/2007)

Results of Review: Our objective was to determine whether SSA's internal controls over the issuance of Social Security Number (SSN) Verification Printouts (SSN Printout) were effective. In FY 2006, SSA issued about 6.34 million SSN Printouts. The SSN Printout contains the same basic information as the Social Security card. Accordingly, controls over the issuance of these documents should be adequate to ensure the individual requesting an SSN Printout is the correct numberholder. However, we found that SSA's controls over the issuance of these sensitive documents were much less stringent than for Social Security cards. Because SSA believed the *Privacy Act* allows numberholders a right to this information—without placing undue burden on the requestor—the Agency disagreed with several of our recommendations, which were designed to strengthen controls within the SSN Printout issuance process.

Recommendation: We encouraged the Agency to issue a reminder to field office staff that SSN Printouts should only be issued when the numberholder expresses an immediate need for a verification of the SSN.

Agency Response: SSA disagreed. The Agency stated that its current policy does not dictate that the numberholder express an "immediate need" for this information, and the *Privacy Act* protects an individual's right to access his or her records. Furthermore, OMB's *Privacy Act* guidelines indicate that the granting of access may not be conditioned upon any requirement to state a reason or otherwise justify the need to gain access to a particular record.



APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

The *Omnibus Consolidated Appropriations Act of 1997* (P.L. 104-208) requires us to report additional information concerning actual cumulative collections and offsets achieved as a result of OIG activities each semiannual period.

OFFICE OF INVESTIGATIONS

Total Restitution Reported by DOJ as Collected for SSA			
FY	Total Number of Individuals Assigned Court Ordered Restitution	Court Ordered Restitution for This Period	Total Restitution Collected by DOJ
2006	578	\$18,817,909	\$1,447,402
2007	655	\$26,435,626	\$898,764 ¹
2008	318	\$11,635,333	See Footnote ²
TOTAL	1,551	\$56,888,868	\$2,346,166

¹Reflects collection for October 1, 2006– June 30, 2007.

²DOJ advised it is currently migrating collection data to a new computer system and the data is unavailable at this time. Last available collection data is for the period ending June 30, 2007.

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2006	1,865	\$35,492,314
2007	2,514	\$44,081,776
2008	1,131	\$23,576,850
TOTAL	5,510	\$103,150,940



OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA's management officials and was current as of March 31, 2008.

SSA's Responses to OIG's Recommendations						
Recovery or Redirection of Questioned and Unsupported Costs						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance
2006	24	\$1,373,740,596	\$1,245,415,125	\$1,235,508,053	\$129,567,145	\$8,665,398
2007	36	\$1,261,104,045 ¹	\$865,934,681	\$493,510,844	\$362,660,638	\$404,932,563
2008	9	\$632,136,842	\$3,556,026	\$3,331,672	\$0	\$628,805,170
TOTAL	69	\$3,266,981,483	\$2,114,905,832	\$1,732,350,569²	\$492,227,783	\$1,042,403,131

¹This dollar amount shows an increase in Questioned Costs due to new findings in report, *Supplemental Security Income Recipients Eligible as Disabled Adult Children Under the Old-Age, Survivors and Disability Insurance Program (A-13-07-17073)*.

²The amounts in the table regarding collections, recoveries, and write-offs/adjustments were not verified by the OIG.



APPENDIX F: SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR FYs FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

IMPACT OF STATUTORY BENEFIT CONTINUATION ON DISABILITY INSURANCE BENEFIT PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15094, 12/21/2006)

Results of Review: We evaluated the financial impact on the Disability Insurance (DI) Trust Fund when beneficiaries continued receiving DI benefits while appealing a medical cessation decision. We estimated that SSA paid approximately \$86.4 million in DI benefits to beneficiaries who received an appeals decision from an ALJ between October 1, 2002 – September 30, 2004. Of this amount, we projected that about \$43.9 million became overpayments when an ALJ reaffirmed that the beneficiary was no longer eligible to receive DI benefits.

Recommendation: SSA enhance the business process to allow more timely decisions on medical cessation appeals.

Valued at: \$44,997,323 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Improvements to the timely processing of medical cessation cases involving benefit continuation should be done. However, in making such improvements, consideration should be given to current staffing levels and the ability to maintain the timely processing of other priority workloads. A balanced approach in managing all workloads with an eye on receipt patterns is important while making enhancements to improve the processing of medical cessation appeals.

ODAR is working with the Office of Systems to generate alerts for both paper and electronic cases to ensure that claimants whose benefits should be terminated are processed in a timely manner. ODAR also plans to modify the relevant instructions once the additional automation measures are in place. In addition, ODAR is working on an electronic CDR process that will further enhance the hearing offices' ability to decide medical cessations more timely.



IMPACT OF STATUTORY BENEFIT CONTINUATION ON SUPPLEMENTAL SECURITY INCOME PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15095, 5/10/2006)

Results of Review: We evaluated the financial impact on the General Fund when recipients continued receiving Supplemental Security Income (SSI) payments while appealing a medical cessation decision. We estimated that SSA paid over \$199 million in SSI payments to recipients who received an appeals decision from ODAR (formerly the Office of Hearings and Appeals) between October 1, 2002 – September 30, 2004. Of this amount, about \$146 million became overpayments when Office of Hearings and Appeals reaffirmed the recipient was no longer eligible to receive SSI payments.

Recommendation: Enhance the business process to allow more timely decisions on medical cessation appeals.

Valued at: \$158,778,983 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: Enhancing the business process may allow for improved stewardship and more timely decisions regarding SSI cessation cases and benefit continuation during the appeal period. SSA intends to decrease processing time in all disability appeals through the implementation of eDib and the new disability regulations.

Processing times reflected in the report indicate that SSA is following the regulations and ALJs are following HALLEX guidelines that include assignment of continuing benefit disability cessation cases as 7th of 11 categories of priority cases they may be processing. There are significant reasons for the categorization of these priorities, and SSA cannot justify moving this category of cases ahead of the others. Although SSA recognizes its responsibility to stewardship, the Agency must at times balance that against service obligations. Therefore, at this time, SSA is not in a position to support segregating cases that are receiving benefit continuation and processing those cases first.

SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE

IMPACT OF STATUTORY BENEFIT CONTINUATION ON SUPPLEMENTAL SECURITY INCOME PAYMENTS MADE DURING THE APPEALS PROCESS (A-07-05-15095, 5/10/2006)

Recommendation: Remind SSA components of the proper procedures for terminating SSI benefits following medical cessation decisions.

Valued at: \$13,869,533 in funds put to better use.



APPENDIX G: SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR FYs FOR WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

THE SOCIAL SECURITY ADMINISTRATION'S PROGRAM FOR ISSUING REPLACEMENT SOCIAL SECURITY CARDS TO PRISONERS (A-08-06-16025, 7/13/2006)

Results of Review: In response to the *Intelligence Reform and Terrorism Prevention Act of 2004*, SSA implemented policies that require applicants for replacement Social Security cards to produce specific identity documents. However, prisoners are not always able to produce such documents. To assist these prisoners, SSA field offices may enter into written agreements or Memoranda of Understanding (MOU) with prisons, which allow authorized prison officials to certify that they have extracted relevant information from the official prisoner record to verify the prisoner's identity. While some prison officials attempted to comply with this requirement, we observed that some did not. As a result of our review, we made several recommendations.

Recommendation: Perform a review at each prison with which it is considering executing an MOU to ensure its procedures for establishing prisoner identity are sufficient to ensure SSN integrity and compliance with the intent of the *Intelligence Reform and Terrorism Prevention Act of 2004*.

Agency Response: SSA agreed with the recommendation. The Agency formed a workgroup to address this recommendation and other issues dealing with the enumeration of prisoners. The workgroup will provide the appropriate support to implement this recommendation.

Corrective Action: In January 2007, SSA employees visited a Federal prison in Petersburg, Virginia to observe the prisoner intake process and discuss the types of documents used to identify a Federal prisoner. Based on this visit, the workgroup agreed on a prisoner enumeration process covering all Federal facilities. The Agency has made significant progress in completing an MOU with the Bureau of Prisons. The workgroup has reconvened and is currently developing policy and procedures to cover State and local facilities.

Recommendation: Require that field offices perform annual on-site reviews of prison procedures for submitting prisoner replacement SSN applications and required evidence and take corrective action as needed

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA agreed in principle that periodic onsite reviews of prisons would be a good idea. The prisoner enumeration workgroup is investigating this issue to determine what is practical given the limited resources in the region and field offices.





GLOSSARY OF ACRONYMS

ALJ	Administrative Law Judge
ATM	Automated Teller Machine
CDI	Cooperative Disability Investigative Program
CMP	Civil Monetary Penalty
DCN	Double Check Negotiation
DDS	Disability Determination Services
DHS	Department of Homeland Security
DOJ	Department of Justice
EAE	Enumeration at Entry
FEMA	Federal Emergency Management Agency
FLEOA	Federal Law Enforcement Officers Association
FRA	Full Retirement Age
FY	Fiscal Year
GPO	Government Pension Offset
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
ID	Identification card
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
MBR	Master Beneficiary Record
MOU	Memorandum of Understanding
OA	Office of Audit
OASDI	Old-Age, Survivors, and Disability Insurance
OCCIG	Office of the Chief Counsel to the Inspector General
ODAR	Office of Disability Adjudication and Review
OI	Office of Investigations
OIG	Office of the Inspector General
SPS	Single Payment System
<i>the Act</i>	<i>Social Security Act</i>
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
USAO	U.S. Attorney's Office
USMS	U.S. Marshals Service



How to Report Fraud

The SSA OIG Fraud Hotline offers a means for you to provide information on suspected fraud, waste, and abuse. If you know of current or potentially illegal or improper activities involving SSA programs or personnel, we encourage you to contact the SSA OIG Fraud Hotline.

Call 1-800-269-0271

Write Social Security Administration
Office of the Inspector General
Attention: SSA Fraud Hotline
P. O. Box 17768
Baltimore, MD 21235

Fax 410-597-0118

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