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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**THE SOCIAL SECURITY ADMINISTRATION'S  
REGIONAL OFFICE PROCEDURES FOR  
ADDRESSING EMPLOYEE-RELATED  
ALLEGATIONS IN REGION IX**

**May 2004**

**A-09-04-14014**

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**AUDIT REPORT**

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## **Mission**

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

## **Authority**

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

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

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

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

## **Vision**

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



# SOCIAL SECURITY

## MEMORANDUM

Date: May 17, 2004

Refer To:

To: Peter D. Spencer  
Regional Commissioner  
San Francisco

From: Assistant Inspector General  
for Audit

Subject: The Social Security Administration's Regional Office Procedures for Addressing Employee-Related Allegations in Region IX (A-09-04-14014)

## OBJECTIVE

Our objectives were to evaluate the adequacy of the Social Security Administration's (SSA) policies and procedures in Region IX for addressing employee-related allegations, determining if SSA complied with these policies and procedures, and determining whether SSA referred all employee-related allegations, as appropriate, to the Office of the Inspector General (OIG).

## BACKGROUND

SSA receives various types of allegations related to its programs, the misuse of Social Security numbers, and employee conduct. Some examples of employee-related allegations include standards of conduct, ethics violations, and theft of Government property. SSA receives allegations from a number of sources, including employees, OIG, and the general public. Allegations concerning SSA employees are significant because of the potential dollar losses to SSA's programs and the corresponding negative public impact. In determining the validity of allegations, SSA is required to obtain sufficient evidence to support or remove suspicion that criminal violations may have been committed.<sup>1</sup> SSA's procedures state,

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<sup>1</sup> Program Operations Manual System (POMS), section GN 04110.010(A).

Prior to referral to the Office of the Inspector General, Office of Investigations Field Division, each potential violation and allegation must be developed by the field office, processing center, or other SSA office to the point where enough evidence has been secured to either remove suspicion or substantiate the violation.<sup>2</sup>

In the San Francisco Region, the Office of the Regional Commissioner (ORC) receives and reviews employee-related allegations from all sources. ORC must forward any cases involving potential fraud to OIG, Office of Investigations (OI). Otherwise, ORC forwards service issues to the applicable area office and program issues to the applicable field office. The Center for Security and Integrity (CSI) also receives employee-related allegations and forwards such allegations to OIG or the applicable area or field office. The Center for Human Resources (CHR) processes adverse actions for any substantiated cases involving employee misconduct.

In Calendar Years (CY) 2001 and 2002, ORC received 66 employee-related allegations. Of this amount, ORC received 62 allegations from OIG and 4 allegations from other sources. In addition, CHR processed 33 adverse actions involving allegations of employee fraud, criminal conduct, false statements, credit card misuse, security violations, and/or misuse of Government property.

## **RESULTS OF REVIEW**

Our review disclosed that the San Francisco Regional Office (SFRO) generally (1) addressed employee-related allegations of mismanagement and (2) referred potential criminal violations to OIG as required. However, we identified five areas where SFRO could improve its policies and procedures over the handling of employee-related allegations. Specifically, SFRO needs to strengthen its referrals to OIG, documentation and distribution of procedures, receipt and control of allegations, time requirements to complete referrals, and sufficiency and reliability of evidence.

## **REFERRALS TO THE OFFICE OF THE INSPECTOR GENERAL**

SSA's procedures require the Agency to contact OI before initiating any administrative or disciplinary action against an employee suspected of committing a violation to avoid prejudicing a possible criminal action against the employee, alert other possible suspects, or cause a suspect or witness to stop cooperating in the investigation.<sup>3</sup> Employee violations include situations in which an employee is suspected of willfully participating in the planning or execution of any scheme or other activity under which a

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<sup>2</sup> POMS, section GN 04110.010(B).

<sup>3</sup> POMS, section GN 04112.010(A)(B).

financial or other advantage improperly accrues or could accrue to any person at the expense of the Government.<sup>4</sup>

SFRO generally ensured that allegations of criminal violations were referred for investigation. Of the 33 adverse actions processed by CHR, we identified 6 potential criminal violations. SSA referred two cases to OI and contacted OI on three additional cases. However, in one case, an SSA employee forged medical documents to receive \$13,981 in paid leave benefits to which he was not entitled. SSA terminated the employee without contacting OI. CHR was unable to adequately explain why it had not referred the case to OIG. Nevertheless, OI informed us this case should have been referred for investigation. SFRO needs to promptly refer all employee-related allegations involving potential criminal violations to OIG.

## **DOCUMENTATION AND DISTRIBUTION OF PROCEDURES**

SSA's procedures require the Agency to meet documentation standards to ensure that adequate and proper records are made and preserved. Specifically, these standards state that SSA's programs, policies, and procedures are to be adequately documented in its directives.<sup>5</sup>

SFRO did not formally document its procedures for addressing employee-related allegations and distribute these procedures to individuals involved in resolving the allegations. We found that SFRO relied on ORC and CSI to determine whether allegations of mismanagement should be forwarded to OI or the applicable area or field offices for review. In CYs 2001 and 2002, ORC received 66 employee-related allegations. SFRO should establish written policies and procedures to provide additional assurance that individuals responsible for addressing allegations of mismanagement take appropriate action in a timely and consistent manner.

## **RECEIPT AND CONTROL OF ALLEGATIONS**

SSA's procedures require the Agency to preserve records that (1) adequately and properly document the organization, functions, policies, decisions, procedures, and essential transactions of the Agency and (2) protect the legal and financial rights of the Government and persons directly affected by its activities.<sup>6</sup> In addition, SSA's procedures require that control logs be retained for a 2-year period.<sup>7</sup>

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<sup>4</sup> POMS, section GN 04112.005(D).

<sup>5</sup> Administrative Instructions Manual System (AIMS), Records Management Handbook, SSA Records Retention and Disposition Program, chapter 01.06.

<sup>6</sup> AIMS, Records Management Handbook, SSA Records Retention and Disposition Program, chapter 01.02.

<sup>7</sup> AIMS, Operational and Administrative Records, CMS 02.01.00.

SFRO did not retain any records for 5 of the 66 referrals. This occurred, in part, because ORC and CSI did not maintain a log to track the receipt and disposition of all referrals. Although OIG had referred the five cases, ORC did not maintain records for these referrals. In addition, the applicable area or field offices could not verify receipt of the referrals. During our review, we requested ORC to follow up on the five cases. Based on the information provided, we concluded these allegations had been addressed. For CYs 2001 and 2002, we were unable to determine the number of allegations received by CSI because it did not maintain records. Therefore, SFRO should improve its receipt and control over all referrals.

### **TIME REQUIREMENTS TO COMPLETE REFERRALS**

OIG refers all allegations to SSA via e-mail. These referrals state that SSA should provide a response within 90 days to explain what action was taken on the allegation and report any monetary recoveries or savings realized as a result of the allegation.

SFRO generally completed its referrals in a timely manner. However, we identified two cases where ORC did not respond to OIG within 90 days as required. These cases were not completed until 116 and 126 days, respectively. We recognize that some referrals may require an extended period of time to close the allegation. Nevertheless, SFRO should establish and monitor time frames for reviewing and resolving employee-related allegations to ensure they are addressed as expeditiously as possible.

### **SUFFICIENCY AND RELIABILITY OF EVIDENCE**

SSA's procedures require the Agency to develop each potential violation and allegation. Before referral to OIG, sufficient evidence must be secured to either remove suspicion or substantiate the violation.<sup>8</sup> In addition, SSA's procedures require that service area information and referral files be retained for a 2-year period.<sup>9</sup>

SFRO did not obtain sufficient evidence to close 1 of the 66 referrals. Specifically, we identified one case involving an allegation that benefit payments were negotiated by an unauthorized individual because an SSA employee did not change the beneficiary's address. Our review disclosed that ORC and the applicable field office did not maintain any documentation to support whether the allegation had been addressed or resolved. SFRO should ensure that sufficient and reliable evidence is obtained before any employee-related allegations are closed.

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<sup>8</sup> POMS, section GN 04110.010(B).

<sup>9</sup> AIMS, Operational and Administrative Records, COM 01.05.02.

## **CONCLUSIONS AND RECOMMENDATIONS**

Generally, SFRO addressed employee-related allegations and referred potential criminal violations to OIG. Nevertheless, we identified five areas where SFRO could improve its handling of employee-related allegations. Specifically, SFRO needs to strengthen its referrals to OIG, documentation and distribution of procedures, receipt and control of allegations, time requirements to complete referrals, and sufficiency and reliability of evidence. Therefore, we recommend SFRO:

1. Ensure all employee-related allegations involving potential criminal violations are referred to OIG.
2. Develop and distribute written procedures to provide additional assurance that individuals responsible for addressing allegations of mismanagement take appropriate action.
3. Ensure ORC and CSI improve the receipt, control, and disposition of all referrals.
4. Establish and monitor time frames for reviewing and resolving employee-related allegations to ensure they are addressed as expeditiously as possible.
5. Ensure sufficient and reliable evidence is properly obtained and documented before any employee-related allegations are closed.

## **AGENCY COMMENTS**

SSA agreed with all of our recommendations. See Appendix C for the text of SSA's comments.



Steven L. Schaeffer

# *Appendices*

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[Appendix A](#) – Acronyms

[Appendix B](#) – Scope and Methodology

[Appendix C](#) – Agency Comments

[Appendix D](#) – OIG Contacts and Staff Acknowledgments



## Acronyms

AIMS	Administrative Instructions Manual System
CHR	Center for Human Resources
CSI	Center for Security and Integrity
CY	Calendar Year
OI	Office of Investigations
OIG	Office of the Inspector General
ORC	Office of the Regional Commissioner
POMS	Program Operations Manual System
SFRO	San Francisco Regional Office
SSA	Social Security Administration

### Scope and Methodology

Our audit covered the period of January 1, 2001 through December 31, 2002. We limited our review to the employee-related allegations received by the Office of the Regional Commissioner (ORC) and adverse actions processed by the Center for Human Resources (CHR) during this period. To accomplish our objectives, we:

- reviewed the applicable Federal laws, regulations and Social Security Administration (SSA) policy, including SSA Administrative Instructions Manual System and Program Operations Manual System;
- interviewed SSA employees from ORC, CHR, and Center for Security and Integrity in Region IX;
- evaluated SSA's policies and procedures for addressing employee-related allegations in Region IX;
- obtained a database of allegations received by the Office of the Inspector General (OIG) in Calendar Years (CY) 2001 and 2002 to identify the universe of employee-related allegations in Region IX;
- reviewed 62 employee-related allegations received by ORC from the OIG in CYs 2001 and 2002;
- obtained and reviewed four employee-related allegations received by ORC from other sources in CYs 2001 and 2002;
- obtained and reviewed 33 adverse actions processed by CHR involving allegations of employee fraud, criminal conduct, false statements, credit card misuse, security violations, or misuse of Government property in CYs 2001 and 2002;
- reviewed the supporting documentation and development of evidence for the employee-related allegations and adverse actions; and
- determined whether employee-related allegations involving potential criminal violations were referred to the OIG.

We performed our field work in Richmond, California, between June and December 2003. We determined the computerized data used were sufficiently reliable to meet our audit objectives. The entity audited was the San Francisco Regional Office within the Office of the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

Date: May 5, 2004

Refer To:

To: Steven L. Schaeffer  
Assistant Inspector General  
for Audit

From: Regional Commissioner  
San Francisco

Subject: The Social Security Administration's Regional Office Procedures for Addressing Employee-Related Allegations in Region IX (A-09-04-14014)—REPLY

We appreciate the opportunity to review and comment on this draft audit report. We are pleased that you concluded that Region IX "generally addressed employee-related allegations of mismanagement and referred criminal violations to OIG as required." You had five audit recommendations. We will ensure that the concerns expressed by your audit staff are addressed as expeditiously as possible.

Attached is a copy of our comments on each recommendation in the OIG Draft Report, "Regional Office Procedures for Addressing Employee-Related Allegations in Region IX" (Audit No. A-09-04-14014).

If you wish to discuss our comments you may telephone me at 510-970-8400 or contact Patrick Sheehan, Assistant Regional Commissioner, Management and Operations Support, at (510) 970-8389.

/s/  
Peter D. Spencer

Attachment

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “REGIONAL OFFICE PROCEDURES FOR ADDRESSING EMPLOYEE-RELATED ALLEGATIONS IN REGION IX” (A-09-04-14014)**

Our comments on the specific recommendations follow:

**Recommendation 1**

Ensure all employee-related allegations involving potential criminal violations are referred to OIG.

**San Francisco Region Comment**

The San Francisco Region agrees that all employee-related allegations involving potential criminal violations should be referred to the Office of the Inspector General (OIG). In POMS GN 04112, the Social Security Administration reminds employees of their obligation to promptly report suspected or alleged employee violations to OIG. Our responses to recommendations 2 through 5 demonstrate our ongoing commitment to comply with this recommendation.

**Recommendation 2**

Develop and distribute written procedures to provide additional assurances that individuals responsible for addressing allegations of mismanagement take appropriate action.

**San Francisco Region Comment**

The San Francisco Region agrees that procedures for developing employee-related violation cases are not in POMS. The Office of the Regional Commissioner (ORC), the Center for Security and Integrity (CSI) and the Center for Human Resources (CHR) staffs are drafting written procedures for management personnel and staff to clearly define the responsibilities. We plan to distribute the written procedures by June 30, 2004.

### **Recommendation 3**

Ensure ORC and CSI improve receipt, control, and disposition of all referrals.

#### **San Francisco Region Comment**

The San Francisco Region agrees with this recommendation. The written procedures referenced in the response to Recommendation 2 will include individual databases for the ORC, CSI and CHR staffs to assist with processing employee-related violation cases.

### **Recommendation 4**

Establish and monitor time frames for reviewing and resolving employee-related allegations to ensure they are addressed as expeditiously as possible.

#### **San Francisco Region Comment**

The San Francisco Region agrees with this recommendation. The written procedures referenced in the response to Recommendation 2 will include follow up instructions on pending employee-related violations.

### **Recommendation 5**

Ensure sufficient and reliable evidence is properly obtained and documented before any employee-related allegations are closed.

#### **San Francisco Region Comment**

The San Francisco Region agrees with this recommendation. The CSI and CHR staffs will continue to work with management personnel to completely develop potential employee-related violations.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

James Klein, Director, San Francisco Audit Division, (510) 970-1739

Jack H. Trudel, Audit Manager, (510) 970-1733

### ***Acknowledgments***

In addition to those named above:

Joseph I. Robleto, Audit Manager

Daniel L. Hoy, Auditor

Brennan Kraje, Statistician

Annette DeRito, Writer-Editor

For additional copies of this report, please visit our web site at [www.ssa.gov/oig](http://www.ssa.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-09-04-14014.

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### **Office of Audit**

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

### **Office of Executive Operations**

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

### **Office of Investigations**

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

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

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