



## SOCIAL SECURITY

### MEMORANDUM

Date: May 15, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Economic Recovery Payments for Social Security and Supplemental Security Income Beneficiaries (A-09-09-29143)

The attached final quick response evaluation presents the results of our review. Our objective was to assess the Social Security Administration's controls and procedures for administering the economic recovery payments authorized under the *American Recovery and Reinvestment Act of 2009*.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in blue ink, appearing to read "Patrick P. O'Carroll, Jr." with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

# ***QUICK RESPONSE EVALUATION***



## ***Economic Recovery Payments for Social Security and Supplemental Security Income Beneficiaries***

**A-09-09-29143**



May 2009

## **Mission**

**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.**

## **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**

**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.**

## OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) controls and procedures for administering the economic recovery payments<sup>1</sup> authorized under the *American Recovery and Reinvestment Act of 2009* (ARRA).<sup>2</sup>

## BACKGROUND

ARRA provides for a one-time economic recovery payment of \$250 to certain adult Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) beneficiaries.<sup>3</sup> Individuals eligible for benefits for any of the 3 months before the month of enactment (that is, November 2008, December 2008, and January 2009) may receive the one-time payment.<sup>4</sup> If individuals receive both OASDI and SSI, they will receive only one \$250 payment.

SSA is required to certify for entitlement the economic recovery payment to qualified beneficiaries who reside in 1 of the 50 States, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, or the Northern Mariana Islands.<sup>5</sup> The one-time payment will not be included in the monthly OASDI or SSI payments. Instead, the \$250 payment will be issued separately beginning in May 2009.

If the beneficiary's OASDI or SSI payment is made by direct deposit, the economic recovery payment will also be made by direct deposit. If the monthly payments are made by check, the one-time payments will also be made by check. If a beneficiary has a representative payee, the economic recovery payment will be disbursed to the payee and must be used only for the beneficiary entitled to the payment.

Since the economic recovery payments are not considered OASDI or SSI payments, they will not be applied to an OASDI or SSI overpayment. However, these payments shall be subject to the Department of the Treasury (Treasury) offset to collect an

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<sup>1</sup> Also referred to as stimulus payments or one-time payments.

<sup>2</sup> Pub. L. No. 111-5, February 17, 2009.

<sup>3</sup> We use the term "beneficiary" generically in this report to refer to both OASDI beneficiaries and SSI recipients.

<sup>4</sup> ARRA § 2201(a)(1)(A). Eligible individuals generally include all (1) OASDI beneficiaries except children and Medicare-only beneficiaries and (2) SSI recipients except individuals receiving Medicaid in care facilities. See ARRA § 2201(a)(1)(B).

<sup>5</sup> ARRA § 2201(a)(2).

existing delinquent Federal or State debt.<sup>6</sup> In addition, ARRA provides for an economic recovery payment to Railroad Retirement Board (RRB) and Department of Veterans Affairs (VA) beneficiaries. RRB and VA will be responsible for certifying individuals for payment under their respective programs. If individuals receive both OASDI or SSI payments and RRB or VA benefits, they will receive only one \$250 payment.

To administer the economic recovery payments, SSA will select all beneficiaries who meet the eligibility criteria from its Master Beneficiary (MBR) and Supplemental Security Records (SSR). The initial selection was performed in April 2009. Subsequent catch-up selections will be performed through December 2010 to identify and pay individuals whose eligibility may have been determined after the initial selection.

SSA will create and maintain a master file, called the Economic Recovery Listing, to track the selection and payment of beneficiaries eligible for an economic recovery payment and prevent improper and duplicate payments. SSA will first select all SSI beneficiaries who meet the eligibility criteria. It will then select all OASDI beneficiaries who meet the eligibility criteria and were not previously selected. Before payment certification, SSA will determine whether any changes have occurred that may preclude payment.

If an individual receives benefits under multiple programs, the priority order of payment is as follows: (1) SSI, (2) OASDI, (3) RRB, and (4) VA. Each agency will process its unique payments, prepare payment files for Treasury, annotate payments to their program files, and prepare beneficiary notices. In addition, each agency is responsible for any post-certification actions (for example, nonreceipt reports, returned payments, and stop-payment actions) for the economic recovery payments issued to their beneficiaries.

To perform this review, we interviewed SSA employees from the Offices of Systems; Operations; Retirement and Disability Policy; and Budget, Finance, and Management. We also reviewed available documentation to evaluate SSA's efforts to implement and administer the economic recovery payments. Specifically, we determined whether SSA had established adequate controls to mitigate instances of improper payments or fraud, waste, and abuse.

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<sup>6</sup> ARRA § 2201(c)(4).

# Results of Review

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SSA had made considerable progress toward administering the economic recovery payments mandated under ARRA. Based on preliminary estimates, SSA is expected to certify for entitlement about \$13.25 billion in one-time payments to 53 million beneficiaries. Under ARRA, SSA will certify these payments to facilitate Treasury's disbursement within 120 days after the legislation was enacted on February 17, 2009. We found SSA had taken significant actions to properly identify eligible beneficiaries and develop the necessary systems and policy changes to ensure payments are disbursed in accordance with ARRA. In addition, SSA's planned controls and procedures should reduce the significant risk of improper payments or fraud, waste, and abuse.

On May 7, 2009, Treasury began disbursing the economic recovery payments to eligible beneficiaries—about 5 weeks before the statutory deadline. Before this, SSA completed a number of actions, including (1) sending notices to about 52.2 million eligible beneficiaries; (2) adding a webpage on its Internet site containing a video about the payment and 34 frequently asked questions; and (3) developing a new national 800-number network message that explained the economic recovery payment to callers. However, at the time of our review, we identified the following matters that SSA needed to address related to the economic recovery payments.

- SSA's system to identify, select, and certify the economic recovery payments to Treasury and its related policies and procedures to administer these payments have not been fully developed, tested, or documented.
- Treasury may not always reclaim improper economic recovery payments to deceased beneficiaries and representative payees who died before SSA certified the payments.
- Policy has not been established for economic recovery payments issued to deceased beneficiaries and representative payees who died after SSA's certification but before the receipt of the payments.
- Missing Social Security numbers (SSN) for beneficiaries increases the risk of erroneous and duplicate economic recovery payments to OASDI, SSI, RRB, and VA beneficiaries.
- Reporting guidance should be improved for representative payees who receive economic recovery payments on behalf of the beneficiaries in their care.

## **SUPPORTING DOCUMENTATION FOR PROJECT IMPLEMENTATION**

At the time of our review, SSA had not fully completed its planning, testing, and development for administration of the economic recovery payments. Under ARRA, SSA is required to certify payment entitlement and provide such information to the Secretary of Treasury so payments can be disbursed no later than 120 days after the date of enactment.<sup>7</sup> Although SSA has taken actions to meet its statutory requirement, additional actions are necessary to ensure proper development, testing, and implementation of SSA's systems requirements and related policies and procedures.

In some instances, SSA stated it had complied with project requirements but did not provide supporting documentation. In other instances, SSA stated these requirements were not completed and may not be fully completed until after the May 2009 economic recovery payments are disbursed. We recognize the short time frames for implementation of the economic recovery payments may present a significant challenge to the Agency. However, unless the necessary planning and testing is properly completed and documented, there is an increased likelihood that payment errors may occur or not be detected in a timely manner, resulting in erroneous payments to ineligible beneficiaries.

### **Systems Requirements**

SSA is developing a new system to identify, select, and certify beneficiaries' eligibility for economic recovery payments for Treasury and process post-certification actions, such as nonreceipt reports and returned payments. Based on our interviews with SSA employees, the Office of Systems worked with RRB, VA, and other SSA components to develop detailed selection criteria to ensure entitled beneficiaries are properly identified, create a master file to capture payment data, and modify existing programs to provide SSA employees with the resources necessary to process post-certification actions. On April 15, 2009, RRB, VA, and SSA finalized their Information Exchange Agreement to conduct the data match and exchange operation for the economic recovery payments.

SSA's Office of Systems has an established objective to improve the predictability of systems delivery, increase the productivity of systems staff, and improve the quality of software products. To help meet this objective, the Systems Process Improvement initiative was established to work within the organization to identify and implement improved software project practices. Systems development life-cycle begins with the system planning and analysis process and continues through system design, development, testing, implementation, and post-implementation and ends with the maintenance of the system.<sup>8</sup> Adherence to these practices is critical to the successful implementation of quality systems software.

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<sup>7</sup> ARRA § 2201(a)(5) and 2201(b).

<sup>8</sup> Including, but not limited to, the systems development plan, detailed project plan, systems testing plan, project scope agreement, privacy impact assessment, and testing and validation results.

For the economic recovery payments, the Office of Systems has established detailed functional requirements and initiated actions to address the systems development life cycle requirements. However, SSA was still completing several of these requirements at the time of our review. In some instances, SSA stated that project requirements were completed but not fully documented. In other instances, SSA stated these requirements were not yet completed and may not be completed until May 2009 or later.

For example, systems level testing, such as independent validation testing, is critical to the successful implementation of quality software. All applicable software projects must demonstrate the preparation of validation test data and validation test cases as well as the preparation and execution of test procedures are the responsibility of a person or group that did not develop the software. During our review, the Office of Systems stated the testing and validation results for the economic recovery payments were not available for review. The estimated time frame for completion is May 2009.

We recognize SSA had limited time to develop and implement these systems requirements before nationwide implementation of the economic recovery payments. Nevertheless, we encourage SSA to strengthen its efforts to complete these requirements as expeditiously as possible to prevent duplicate or erroneous payments and mitigate instances of fraud, waste, and abuse.

### **SSA Policies and Procedures**

A key factor in SSA's ability to provide quality service to the public is the dissemination of program instructions that are accurate, reliable, and consistent nationwide. SSA's PolicyNet is designed to provide SSA employees with operating instructions to administer SSA programs and guidance regarding current program or systems topics.<sup>9</sup>

Based on our interviews with SSA employees, the Offices of Operations and Retirement and Disability Policy have released policy instructions to all employees to ensure they are aware of the economic recovery payments and how to handle inquiries from the public. SSA established a central repository on PolicyNet that will be updated with policies and procedures as they are released. In addition, SSA has scheduled training for employees via Interactive Video Teletraining and Video on Demand.

At the time of our review, SSA had released draft policy instructions for comment. SSA will incorporate the comments from various components into the final policy instructions. SSA plans to develop additional policy instructions to address post-certification issues, including nonreceipt, undeliverable mail, and other actions. To reduce the potential for improper payments, we encourage SSA to develop and release these policies and procedures as timely as possible.

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<sup>9</sup> SSA, Program Operations Manual System (POMS), AO 03001.001.



## PAYMENTS TO DECEASED BENEFICIARIES AND REPRESENTATIVE PAYEES

SSA will determine the OASDI and SSI recipients who are eligible for economic recovery payments, certify them for payment, and provide Treasury with the information to disburse the payments. After the beneficiaries have been certified to receive an economic recovery payment, they will be unaffected by any subsequent determinations or redetermination of their entitlement.<sup>10</sup> If SSA learns a beneficiary was deceased before the certification date, the payment would be subject to Treasury reclamation. However, during our review, we found SSA does not plan to initiate reclamation actions for improper economic recovery payments made by electronic fund transfer (EFT) to deceased beneficiaries and representative payees. SSA and Treasury will only take actions to reclaim any check payments issued after death. Finally, SSA has not determined how it will treat economic recovery payments issued to deceased beneficiaries and representative payees who died after SSA certified the payments but before they were received.

### Deaths Occurring Before Certification of Payments

Normally, SSA processes a stop payment to request that Treasury reclaim payments not due, including any checks or EFT payments issued after a beneficiary's death or to a representative payee who is deceased.<sup>11</sup> However, SSA stated that although it will accept any EFT payments returned by banks or financial institutions, Treasury does not have the authority to recover any economic recovery payments issued by EFT. Therefore, SSA does not plan to request stop payments to Treasury for deceased beneficiaries or representative payees who were issued an economic recovery payment by EFT but died before the certification date.

To assess the potential impact of not initiating the reclamation of economic recovery payments to deceased beneficiaries who died before certification, we determined the approximate number of beneficiaries who would die during the average time between beneficiaries' deaths and SSA's action to terminate benefits. About 2.2 million beneficiaries die and are terminated from SSA's payment records each year or about 6,000 per day.<sup>12</sup> Assuming it normally takes 2 weeks to process a death report,<sup>13</sup> we estimate about 84,000 beneficiaries would die over a 2-week period. As a result, we estimate SSA may certify for entitlement about \$21 million in economic recovery

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<sup>10</sup> ARRA § 2201(b).

<sup>11</sup> SSA, POMS GN 02408.001.

<sup>12</sup> *Annual Statistical Supplement to the Social Security Bulletin*, March 2009, Table 6.F.2, and *Annual Report of the Supplement Security Income Program*, May 2008, Table IV.B.3.

<sup>13</sup> SSA does not have information on the average time between beneficiaries' deaths and SSA's action to terminate benefits. However, the Government Accountability Office (GAO) previously reported the elapsed time from a beneficiary's death to SSA's action to terminate benefits is about 2 weeks. GAO, *Observations on Improving Distribution of Death Information* (GAO-02-233T), November 8, 2001.

payments to deceased beneficiaries or their representative payees.<sup>14</sup> This \$21 million would provide 1 year of payments for approximately 3,500 SSI recipients.<sup>15</sup>

Although SSA normally reclaims any payments issued after death, such authority does not exist for the economic recovery payments. We encourage SSA to seek Treasury authority to initiate reclamation of economic recovery payments issued by EFT to deceased beneficiaries or representative payees who died before the certification date.

### Deaths Occurring Between Certification and Receipt of Payments

We also found SSA needs to determine how it should treat economic recovery payments issued to deceased beneficiaries and representative payees who die after the payments were certified but before they were received. SSA and Treasury developed a schedule to certify and disburse the economic recovery payment to eligible beneficiaries. The economic recovery payment will be certified and disbursed to OASDI beneficiaries on 1 of 4 days, based on the beneficiary's current payment cycle.<sup>16</sup> The economic recovery payment for SSI recipients will be disbursed on the same day. As depicted in the chart below, the elapsed time between the certification and payment dates varied from 9 to 15 days.

Type of Benefit	Estimated Beneficiaries	SSA Certification Date	Treasury Payment Date	Elapsed Time (Days)
OASDI - Cycle 1	24,000,000	April 27, 2009	May 7, 2009	10
OASDI - Cycle 2	7,000,000	May 1, 2009	May 14, 2009	13
OASDI - Cycle 3	7,000,000	May 6, 2009	May 21, 2009	15
OASDI - Cycle 4	7,000,000	May 13, 2009	May 28, 2009	15
SSI	7,000,000	May 9, 2009	May 18, 2009	9
<b>Total</b>	<b>52,000,000</b>			

As we previously noted, about 6,000 beneficiaries die and are terminated from SSA's payment records each day.<sup>17</sup> As depicted in the chart below, we estimate an additional \$17.4 million in economic recovery payments will be disbursed to deceased beneficiaries or representative payees between the dates of SSA's certification and Treasury's payment. Some of these payments—both paper checks and EFTs—will be subsequently returned to SSA. However, at the time of our review, SSA had not

<sup>14</sup> Represents 84,000 total beneficiary deaths x \$250 per beneficiary.

<sup>15</sup> *SSI Monthly Statistics*, March 2009, Table 1.

<sup>16</sup> Each month, beneficiaries in Cycle 1 receive their recurring OASDI benefits on the 3<sup>rd</sup> day of the month, Cycle 2 on the 2<sup>nd</sup> Wednesday, Cycle 3 on the 3<sup>rd</sup> Wednesday, and Cycle 4 on the 4<sup>th</sup> Wednesday.

<sup>17</sup> The average SSI monthly payment is \$500. *Annual Statistical Supplement to the Social Security Bulletin*, March 2009, Table 6.F.2, and *Annual Report of the Supplement Security Income Program*, May 2008, Table IV.B.3.

finalized guidance on how to process these returned payments. Finally, it may serve the beneficiaries' best interests to initiate reclamation for payments disbursed to deceased representative payees.

Type of Benefit	Number of Beneficiary Deaths Per Day <sup>18</sup>	Payments After Death Per Day <sup>19</sup>	Elapsed Time (Days)	Total Payments After Death
OASDI - Cycle 1	2,760	\$690,000	10	\$6,900,000
OASDI - Cycle 2	810	202,500	13	2,632,500
OASDI - Cycle 3	810	202,500	15	3,037,500
OASDI - Cycle 4	810	202,500	15	3,037,500
SSI	810	202,500	9	1,822,500
<b>Total</b>	<b>6,000</b>	<b>\$1,500,000</b>		<b>\$17,430,000</b>

## PAYMENTS TO BENEFICIARIES WITHOUT SSNs

Auxiliary beneficiaries are children, widows, spouses, and parents who receive OASDI benefits based on another worker's earnings record. As such, the primary worker's SSN—not the auxiliary beneficiary's SSN—is used to track the auxiliary beneficiary's benefit payments on the MBR.<sup>20</sup> The *Social Security Act* requires as a condition for receipt of benefits that an individual present satisfactory proof of an SSN or application for assignment of an SSN.<sup>21</sup>

SSA uses the SSN to control information that can affect a person's entitlement to benefits under the OASDI and SSI programs. To ensure payment accuracy, SSA routinely matches this information to the MBR.

Prior Office of the Inspector General (OIG) audits<sup>22</sup> have determined the impact on SSA's programs when auxiliary beneficiaries do not have their own SSNs. Specifically, when the auxiliary beneficiaries' SSNs do not appear on the MBR, the value of the Agency's data matches to determine eligibility and payment amount is diminished. In

<sup>18</sup> We determined the number of deceased beneficiaries affected during each payment Cycle by allocating the average beneficiary deaths per day to the applicable percentage of beneficiaries eligible for economic recovery payments. For example, since 24 million (46 percent) of the 52 million beneficiaries are scheduled to receive economic recovery payments in OASDI Cycle 1, we estimate that 2,760 (46 percent) of the 6,000 beneficiary deaths will occur in this payment Cycle.

<sup>19</sup> Represents the number of beneficiary deaths per day x \$250 per beneficiary.

<sup>20</sup> SSA commonly refers to the auxiliary beneficiary's SSN as the Beneficiary's Own Account Number.

<sup>21</sup> *Social Security Act* § 205(c)(2)(F), 42 U.S.C. § 405(c)(2)(F).

<sup>22</sup> *Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers* (A-01-02-22006), September 2002; and *Follow-up on the Impact on the Social Security Administration's Programs When Auxiliary Beneficiaries Do Not Have Their Own Social Security Numbers* (A-01-07-17038), March 2008.

addition, SSA may not be aware of instances that affect an individual's entitlement to benefits. In its response, SSA agreed to take all feasible steps to add the SSNs to the MBRs of all auxiliary beneficiaries receiving benefits.

To avoid duplicate economic recovery payments, SSA will perform data matches between the (1) MBR and SSR and (2) RRB and VA. SSA plans to conduct the initial match in May 2009 and periodic "catch up" matches for subsequent economic recovery payments payable through December 2010.

According to SSA, about 13,566 beneficiaries who may be entitled to an economic recovery payment do not have an SSN. This increases the risk of duplicate payments. In addition, some of these beneficiaries may not be eligible for any payment because they are (1) deceased, (2) incarcerated, (3) concurrently entitled to OASDI and SSI, or (4) ineligible for benefits because of work and earnings. Finally, missing SSNs increases the risk of duplicate payments for beneficiaries who are concurrently entitled to RRB or VA benefits.

## **REPRESENTATIVE PAYEE ACCOUNTING OF ECONOMIC RECOVERY PAYMENTS**

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments.<sup>23</sup> A representative payee may be an individual or an organization.

Representative payees are required to use the benefits they receive for the beneficiary's needs and in their best interests. They are responsible for keeping records and reporting annually on the use of benefits by completing the Representative Payee Report. This Report is used to monitor how the representative payees spent and/or saved the benefits on the beneficiary's behalf.<sup>24</sup>

Approximately 4.7 million eligible beneficiaries have representative payees.<sup>25</sup> Under ARRA, representative payees must use the economic recovery payments only for the beneficiary entitled to the payment.<sup>26</sup> When completing the annual Representative Payee Report, the total benefits paid during the reporting period must be completed. During our review, we learned that SSA will not include economic recovery payments on the annual Representative Payee Report.

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<sup>23</sup> *Social Security Act* §§ 205(j) and 1631(a)(2), 42 U.S.C. §§ 405(j) and 1383(a)(2).

<sup>24</sup> *Social Security Act* §§ 205(j)(3) and 1631(a)(2)(C), 42 U.S.C §§ 405(j)(3) and 1383(a)(2)(C); 20 C.F.R. §§ 404.2035, 404.2065, 416.635, and 416.665.

<sup>25</sup> *Annual Statistical Supplement to the Social Security Bulletin*, March 2009, Tables 5.L.1 and 7.E.4.

<sup>26</sup> ARRA § 2201(d).

However, we believe representative payees will report the economic recovery payment on the annual Representative Payee Report because it represents funds received from SSA. In addition, SSA has not yet notified representative payees how they should report and account for the economic recovery payment. SSA plans to update the frequently asked questions on its representative payee website when the economic recovery payments are issued in May 2009. However, at the time of our review, no additional actions were planned.

In addition to the information on the SSA website for representative payees, we believe SSA needs to add an instruction for economic recovery payments to the Representative Payee Reports. Without such guidance, it is likely the Representative Payee Reports will not be accurately and consistently prepared. These errors and inconsistencies may also result in unnecessary increases in SSA's workloads to answer questions and resolve exceptions resulting from differences in the amount of payments received and reported.

## *Matters for Consideration*

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Under ARRA, SSA is mandated to certify for entitlement approximately \$13.25 billion in one-time economic recovery payments to 53 million beneficiaries to facilitate Treasury's disbursement of such payments within 120 days after the date of enactment. At the time of our review, SSA had taken significant actions to identify eligible beneficiaries and develop the necessary systems and policy changes to ensure payments are disbursed in accordance with ARRA. To ensure SSA has the necessary controls and procedures in place to prevent duplicate or erroneous payments and further mitigate instances of fraud, waste, and abuse, we believe SSA needs to address the following issues.

- Complete and document all systems requirements and related policies and procedures necessary for administration of the economic recovery payments.
- Seek Treasury authority to initiate reclamation activity or take other appropriate actions to recover economic recovery payments issued to deceased beneficiaries and representative payees who died before SSA certified the payments.
- Establish policy for economic recovery payments issued to deceased beneficiaries and representative payees who died after SSA certified the payments but before they were received.
- Reduce the potential for duplicate or improper payments to beneficiaries without SSNs.
- Notify representative payees about how to report the economic recovery payments.

# Appendices

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – OIG Contacts and Staff Acknowledgments

## Acronyms

ARRA	<i>American Recovery and Reinvestment Act of 2009</i>
EFT	Electronic Fund Transfer
GAO	Government Accountability Office
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RRB	Railroad Retirement Board
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
Treasury	Department of the Treasury
VA	Department of Veterans Affairs



## Scope and Methodology

To accomplish our objective, we:

- Reviewed the *American Recovery and Reinvestment Act of 2009* (ARRA) and the Office of Management and Budget's guidance on implementing ARRA.
- Reviewed applicable sections of the *Social Security Act* and Social Security Administration (SSA) regulations, policies and procedures.
- Interviewed SSA employees from the Offices of Systems; Operations; Retirement and Disability Policy; and Budget, Finance and Management.
- Reviewed supporting documentation for SSA's planned implementation of the economic recovery payments.

We performed our review in March and April 2009 in Baltimore, Maryland; and Richmond, California. We conducted our review in accordance with the President's Council on Integrity and Efficiency's<sup>1</sup> *Quality Standards for Inspections*.

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<sup>1</sup> The President's Council on Integrity and Efficiency was superseded by the Council of the Inspectors General on Integrity and Efficiency with the passing of *The Inspector General Reform Act of 2008*.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

James J. Klein, Director, San Francisco Audit Division

Jack H. Trudel, Audit Manager

### ***Acknowledgments***

In addition to those named above:

Wilfred P.K. Wong, Senior Auditor

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://www.socialsecurity.gov/oig) or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-09-09-29143.

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## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

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

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice 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 Counsel to the Inspector General**

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

### **Office of External Relations**

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.