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## APPROPRIATION LANGUAGE

### OFFICE OF INSPECTOR GENERAL

#### (INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [~~\$29,000,000~~] *\$30,000,000*, together with not to exceed [~~\$73,682,000~~] *\$76,122,000*, to be transferred and expended as authorized by section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the “Limitation on Administrative Expenses”, Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided*, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House of Representatives and the Senate. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010.*)

## GENERAL STATEMENT

### OVERVIEW

The Fiscal Year (FY) 2011 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$106,122,000 in total budget authority and 590 full-time equivalents (FTE). This is \$3,440,000 above the funding received from the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010. This supersedes OIG's initial budget request of \$109,463,000.

The FY 2011 request provides resources needed to maintain the FY 2010 staffing level. The FY 2011 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for a 590 FTE staffing level, mandatory payroll increases (e.g., pay raises, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2011, and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security number (SSN) misuse. OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). Additional funding under the American Recovery and Reinvestment Act of 2009 (ARRA) will provide OIG with resources to monitor the agency's use of ARRA funding for workload processing, Economic Recovery Payments, and replacing the NCC. This funding is available through 2012.

**Table 4.1—Justification**

	<b>FY 2010 Enacted</b>	<b>FY 2011 Estimate</b>	<b>Change</b>
FTE	590	590	\$ 0
Appropriation	\$102,682,000	\$ 106, 122,000	+ \$ 3,440,000
ARRA	\$ 2,000,000	N/A	N/A

## ONGOING INITIATIVES

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### Computer Forensic Investigations

Over the past several years, there has been a heightened awareness of the need for robust measures in the protection of government networks and the investigation of incidents of cyber crimes against those networks. With the creation of National Security Presidential Directive 54 and the emphasis placed on the Government's Trusted Internet Connection initiative, the protection of government networks has become a priority. OIG's Electronic Crimes Division (ECD) is charged with providing computer forensic support to the Office of Investigations and SSA. ECD is a partner in the agency's effort to protect Personally Identifiable Information (PII) stored within SSA's networks. However, with the increased focus on network security, ECD must enhance its abilities in the area of Computer Security and Incident Response. ECD seeks to develop the skills and hire personnel to maintain an effective Computer Security Incident Response Team. This team will provide investigative and security support to SSA in the event of a network intrusion.

OIG recognizes the potential for fraud against SSA through the use of computer technology. Techniques used to compromise computer systems are on the rise nationally as computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2011 budget request includes funds to provide our computer forensic investigators with the equipment, training, and software needed to combat computer crimes.

### Homeland Security

OIG continues to make homeland security issues a priority with audit and investigative work that has both a direct and indirect impact on the Government's effort in this area. OIG's audits address the security of SSA's facilities and information, SSA's process for issuing SSNs, and the use and protection of SSNs. OIG investigates SSN misuse and identity theft and works to secure critical infrastructure sites, ensuring that individuals with access are not misrepresenting their identities and backgrounds. The widespread use of the SSN and the critical role that Social Security benefits play in the lives of so many Americans make OIG's efforts critical to the Government-wide fight against terrorism.

### Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2009, these processes contributed significantly to the mission of OIG and Social Security. AMFED received 46,290 allegations. Through the development of referred allegations, SSA identified \$5,141,097 in benefit overpayments. AMFED matched 110,460 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for

apprehension and warrant verification. AMFED referred 83,316 fugitive subjects for benefit suspension. Through data-sharing efforts, 16,377 fugitives were apprehended.

### Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of Sections 1129 and 1140 of the *Social Security Act*. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining Disability Insurance benefits or Supplemental Security Income (SSI) payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a misleading manner that falsely implies SSA's approval, endorsement, or authorization. In FY 2009, OIG's CMP program successfully closed 199 cases, resulting in penalties and assessments of almost \$5 million.

## SSA'S SIGNIFICANT MANAGEMENT ISSUES

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OIG annually identifies the most significant management issues facing SSA based on congressional mandates and its audit and investigative work. These issues are:

1. Implement the *American Recovery and Reinvestment Act* Effectively and Efficiently
2. Reduce the Hearings Backlog and Prevent its Recurrence
3. Improve the Timeliness and Quality of the Disability Process
4. Reduce Improper Payments and Increase Overpayment Recoveries
5. Improve Customer Service
6. Invest in Information Technology Infrastructure to Support Current and Future Workloads
7. Strengthen the Integrity and Protection of the Social Security Number
8. Improve Transparency and Accountability

The FY 2011 budget provides resources needed to address each of these issues. A summary of each is discussed below:

## Issue #1: Implement the *American Recovery and Reinvestment Act Effectively and Efficiently*

On February 17, 2009, the President signed into law the *American Recovery and Reinvestment Act of 2009* (ARRA), Public Law (P.L.) 111-5. The Administration stated its commitment to invest ARRA funds with an unprecedented level of transparency and accountability so Americans know how their tax dollars are being spent. Under ARRA, SSA was provided:

- \$500 million to replace SSA's NCC,
- \$500 million to process the additional disability and retirement workloads SSA is receiving as a result of the economic downturn as well as information technology (IT) acquisitions and research in support of these workloads, and
- \$90 million to reimburse costs for processing a one-time, \$250 payment to millions of qualified individuals receiving Social Security benefits and SSI.

Congress provided \$2 million for us to oversee SSA programs, projects, and activities funded by ARRA. In addition, we will review, as appropriate, concerns raised by the public about specific investments using funds made available by ARRA.

Specific challenges facing SSA are as follows:

### Overall ARRA Implementation.

Ensure ARRA requirements and related Office of Management and Budget (OMB) implementation guidance are followed and ensure ARRA projects are properly managed.

### Disability and Retirement Workloads

- Hire and train sufficient personnel and fund additional overtime to enhance SSA's ability to: (1) eliminate hearings backlogs and prevent its recurrence; (2) improve the speed and quality of the disability process; and (3) improve retiree and other core services.
- Make investments in technology that enhance SSA's ability to: (1) eliminate the hearings backlog and prevent its recurrence; (2) improve the speed and quality of the disability process; and (3) improve retiree and other core services.
- Measure the affect of ARRA funding on: (1) hearings backlogs; (2) speed and quality of the disability process; and (3) improvements to retiree and other core services.

### Replacement of the NCC

- Ensure proper overall project management.
- Ensure proper site selection, proper facility, and infrastructure construction oversight.
- Ensure IT investments support SSA's strategic IT vision and plan.
- Ensure the facility complies with the *National Environmental Policy Act*.

## Issue #2: Reduce the Hearings Backlog and Prevent its Recurrence

At the forefront of congressional and agency concern is the timeliness of SSA's disability decisions at the hearings adjudicative level. The average processing time at the hearings level has increased—from 293 days at the end of FY 2001 to 493 days at the end of August 2009. Additionally, the pending hearings workload grew to approximately 734,000 by the end of August 2009—up from 392,387 cases at the end of FY 2001.

In his May 23, 2007, testimony to Congress, the Commissioner of Social Security announced a plan to eliminate the backlog of hearing requests and prevent its recurrence. The Commissioner's plan focused on: (1) compassionate allowances, (2) improving hearing office procedures, (3) increasing adjudicatory capacity, and (4) increasing efficiency with automation and improved business processes. The agency's goal is to eliminate the hearings backlog by 2013 and improve average processing time to 270 days. In our September 2009 review of the Office of Disability Adjudication and Review's (ODAR) aged claim initiative, we found that the initiative had been successful in targeting aged claims and focusing hearing offices' efforts on this workload. Overall, we found that sustained leadership and focus, clear workload milestones, flexibility in moving workloads between offices, and use of management information reports has allowed ODAR to reduce aged claims and return to its earlier policy of hearing the oldest claims first.

OIG will continue to monitor SSA's activities in this area and will offer recommendations through its continued audit work. A June 2009 evaluation of the ePulling initiative is one example of the importance of OIG's work. We found ODAR was facing challenges with the accuracy of the ePulling software, which in turn was increasing ePulling's case preparation times. In August 2009, ODAR management decided to discontinue the ePulling initiative.

## Issue #3: Improve the Timeliness and Quality of the Disability Process

For more than a decade, SSA has pursued several initiatives to improve the disability claims process. In addition to the hearings backlog, SSA is facing a considerable increase in initial and reconsideration claims at the Disability Determination Services (DDSs). In FY 2009, initial receipts began increasing as a result of the economic downturn. By the end of the third quarter of FY 2009, receipts were 13 percent higher than FY 2008, and initial claims pending were about 25 percent higher than in FY 2008. Reconsideration appeals are also up 12 percent as compared to FY 2008.

Along with the increased receipts, some DDSs are facing high attrition rates, hiring freezes, and employee furloughs, all of which affect SSA's ability to process the disability workload. SSA is also facing a large backlog of full medical continuing disability reviews (CDRs). From FY 2003 to FY 2008, the number of full medical CDRs conducted by SSA decreased by 60 percent. The backlog of CDRs means that beneficiaries who no longer qualify for disability are receiving payments improperly.

SSA is developing a multi-year plan to reduce the initial claims backlog to an optimum level. Further, ARRA provided SSA with \$500 million to assist with increases in retirement and disability workloads. We will continue to work with SSA as it improves the disability process and addresses the workload backlogs. For example, in our December 2008 report, *Disability Claims Overall Processing Times*, we reported how long it took, on average, for a claimant to go through the entire disability process from the claimant's perspective. We believe the processing times determined in our review will assist SSA and Congress in making decisions about the disability programs. Our May 2009 report, *National Rollout of Quick Disability Determinations (QDD)* provided SSA an independent confirmation that QDD was working as intended. Additionally, in our March 2009 evaluation, *Impact of State Employee Furloughs on the Social Security Administration's Disability Programs*, we reported to SSA the impact that furloughs and other DDS issues, such as hiring freezes, have on SSA's disability programs as well as the flow of money in the economy.

We will also continue to work with SSA to address disability program integrity through the Cooperative Disability Investigations program. The program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. The program is managed in a cooperative effort between SSA's Offices of Operations, Inspector General, and Disability Programs. Since the program's inception in FY 1998 through June 2009, the 20 Cooperative Disability Investigations units, operating in 18 States, have been responsible for over \$1.3 billion in projected savings to SSA's disability programs and over \$777 million in projected savings to non-SSA programs.

#### **Issue #4: Reduce Improper Payments and Increase Overpayment Recoveries**

Workers, employers, and taxpayers who fund SSA and SSI programs deserve to have their tax dollars effectively managed. As such, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the agency administers some payment errors will occur.

Since SSA is responsible for issuing timely benefit payments for complex entitlement programs to millions of people, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In FY 2008, SSA issued over \$647 billion in Old-Age, Survivors and Disability Insurance (OASDI) and SSI payments to about 54 million people. A January 2009 OMB report, *Improving the Accuracy and Integrity of Federal Payments*, noted that 12 Federal programs—including SSA's OASDI and SSI programs—accounted for about 90 percent of improper payments in FY 2008.

SSA has been working to improve its ability to prevent over- and underpayments by agreeing to and then implementing OIG audit recommendations. For example, in March 2008, we issued a report identifying \$7.6 million in overpayments to auxiliary beneficiaries because SSA did not have their SSNs on its payment records; and as a result, SSA's data-matching efforts did not detect that these individuals were incorrectly paid. When we issued the report, SSA had already recovered \$3.1 million (41 percent) of the improper payments.

We also issued a report in April 2009 that estimated SSA overpaid approximately \$3.1 billion to about 173,000 disabled beneficiaries because of work activity. Although the agency identified about \$1.8 billion of these overpayments to approximately 141,000 beneficiaries, we estimated SSA failed to detect about \$1.3 billion in overpayments to approximately 49,000 beneficiaries. As of March 2009, the agency had recovered about \$615 million of the approximately \$3.1 billion overpaid due to work activity. Furthermore, we estimated about 24,000 of the 49,000 beneficiaries were no longer entitled to disability benefits because of work activity. Finally, we estimated SSA would continue to incorrectly pay about \$382 million annually to individuals who are no longer entitled to disability benefits if it does not take action.

### Issue #5: Improve Customer Service

SSA's Strategic Plan recognizes that a high level of customer service is essential to meet the public's needs and expectations. Improved customer service includes SSA's efforts to: (1) increase the use of on-line services; (2) provide accurate, clear, and up-to-date information to the public; (3) improve telephone services; and (4) improve services provided by local field offices.

SSA faces many challenges including shifting demographics, growing workloads, changing customer expectations, and an aging workforce. As a result of the recent economic downturn and the leading edge of baby boomer retirements, SSA is being inundated with retirement and disability claims. SSA acknowledges that increasing workloads and the loss of expertise due to employee retirements will strain its ability to deliver the quality service the public expects. Over the last few years, the public has dealt with longer waits in local field offices and has faced increased telephone busy rates.

#### Representative Payee Process

Providing oversight to ensure representative payees properly manage the Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. Some beneficiaries are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment. For such individuals, SSA appoints a representative payee who receives and manages the benefit payments of the beneficiary. As of September 20, 2009, SSA reported that approximately 5.4 million representative payees manage \$58.6 billion in annual benefits for 7.5 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve.

#### Managing Human Capital

SSA, like many other Federal agencies, is challenged to address its human capital shortfalls. The projected retirement of its employees presents a significant challenge to SSA's customer service capability. Over 60 percent of SSA employees deliver direct services, mainly in field offices and teleservice centers. The agency projects that 53 percent of its employees, including 70 percent of supervisors, will be eligible to retire by FY 2017. It is expected this will result in a loss of institutional knowledge that will affect SSA's ability to deliver quality service to the public.

## Issue #6: Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA's IT systems are critical to meeting its mission and goals, which affect the lives of nearly all Americans. Therefore, it is imperative that the agency have a clear IT vision that anticipates its current and future needs. SSA's current IT strategic plans are short-term, tactical plans that do not provide a detailed description of how the agency intends to address its IT processing needs 10 to 20 years into the future. As SSA progresses in implementing solutions to address its IT processing requirements, it needs to have a more strategic and integrated approach to its IT planning efforts.

SSA's primary IT investment over the next few years is the replacement of the NCC. The NCC houses the infrastructure that supports the Social Security programs provided to the public and other services provided to Federal, State, international, and private agencies. The NCC was built in 1979, and increasing workloads and expanding telecommunication services are severely straining its ability to support the agency's business.

Further, SSA's aging telephone system is being stretched beyond its capacity. In FY 2008, SSA's national 800-number network handled about 58 million calls. Call volumes, estimated to reach 68 million by 2010, have surpassed the agency's ability to keep pace with its workloads. One way SSA is addressing this need is through the use of Voice over Internet Protocol (VoIP) telephone systems. VoIP places telephone calls through the Internet, which allows SSA to fully integrate its telephone system and computer network. Thus, VoIP provides faster call routing to any geographic location, the ability for calls to follow the users between locations across the network, and quicker access to caller information.

Also, SSA needs to replace its aging on-line and in-office benefit applications. SSA plans to develop new applications to assist in gathering benefit information. The new applications will be simpler for claimants to use and help agency employees work more efficiently when processing benefit applications. For example, SSA initiated a Self Help eServices pilot that offers field office visitors the option of using field office computers to conduct their business through the agency's eServices. Self Help computers were available to visitors as early as October 2007, but a national expansion was phased in through February and March 2009 to 58 sites.

As reliance on electronic processing and technology grows and the agency's workload increases, so does the need to ensure SSA's IT infrastructure is designed to meet future needs. SSA needs to focus its efforts on: (1) strengthening its IT strategic planning process and related documents; (2) identifying ways to accelerate planning, constructing, and operating the new National Support Center (NSC); (3) developing contingency plans for addressing its IT processing requirements and disaster recovery procedures in the event the Second Support Center and/or the new NSC are not operational within the scheduled timeframes; (4) using industry best practices to aid in its IT strategic planning; and (5) establishing controls and a detailed strategy for timely maintenance, repairs, upgrades, and replacement of critical IT infrastructure in the new NSC to prevent the current situation at the NCC from recurring.

### Issue #7: Strengthen the Integrity and Protection of the Social Security Number

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them. The SSN is heavily relied on in U.S. society as an identifier and is valuable as an illegal commodity. To its credit, over the last decade, SSA has implemented numerous improvements in its SSN assignment, or enumeration process. Properly assigning SSNs, protecting SSN information, and accurately posting workers' earnings reported under SSNs are critical missions.

While we applaud the agency for its efforts, we continue to have concerns regarding SSN assignment and protection. For example, the agency has few mechanisms to curb the unnecessary collection and use of SSNs. Our audit and investigative work have taught us that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society. We are also concerned about the practice of assigning SSNs to noncitizens that will only be in the United States for a few months but are allowed to obtain SSNs that are *valid for life*. We also remain concerned with SSA's plans to expand the Enumeration at Entry process to other classes of noncitizens until it implements the significant improvements we recommended in two audit reports issued in 2005 and 2008.

Properly posting earnings ensures that eligible individuals receive the full retirement, survivors, and/or disability benefits due them. SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments. SSA spends scarce resources correcting earnings data when incorrect information is reported. While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the agency's employee verification programs, and enhancing employee verification feedback to provide employers with sufficient information on potential employee issues.

### Issue #8: Improve Transparency and Accountability

Transparency and accountability are critical factors in the level of trust and confidence the American public has in its Government, including SSA. If tax dollars are not spent wisely or efficiently, the goals SSA is trying to accomplish are undermined. Mismanagement and waste, as well as a lack of transparency for citizens into Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

Sound financial reporting and effective performance measurement support both concepts of transparency and accountability. Per the *Chief Financial Officers Act of 1990*, OIG oversees an audit of SSA's financial statements each year to ensure that SSA provides clear and accurate financial information to the Administration, Congress, and the public. Similarly, the *Government Performance and Results Act* requires that the agency develop objective, quantifiable, and measurable goals and outcome-based performance measures each year, which are reported publicly in annual performance and accountability plans and reports. The plans and reports help hold the agency accountable for achieving results, and public reporting of the agency's progress in meeting its goals adds transparency to its operations. Beginning in

## Office of the Inspector General

FY 2010, we will evaluate the quality of SSA's performance measures and goals to ensure they are focused on the critical programs and tasks SSA needs to successfully achieve to meet its mission.

Effective internal controls help ensure SSA is accountable to its mission. In FYs 2010 and 2011, we will complete a number of audits that determine the effectiveness of the controls SSA has in place over its programs and systems. For example, we will review the effectiveness of the controls in place over payments released from SSA's Single Payment System.

As part of its efforts to be accountable, SSA must ensure that its partners provide the services they are contracted to provide efficiently and effectively. In FY 2008, SSA spent over \$985 million on contracts and grants that provided many services, including guard services, computer system development and support, and research on disability and retirement issues. We will review multiple contracts and grants in FYs 2010 and 2011 to ensure SSA is getting the services for which it paid and has proper controls in place to ensure effective oversight of contractors.

## MONETARY BENEFITS

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In FY 2009, OIG issued 104 audit reports with recommendations, identifying over \$3.1 billion in questioned costs and over \$4.4 billion in Federal funds that could be put to better use. OIG also received over 129,000 allegations of fraud, effected over 4,100 criminal prosecutions (includes sentencings and pre-trial diversions), and obtained a return of over \$338 million in investigative accomplishments, comprised of over \$51 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$286 million in projected SSA savings. Our FY 2011 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

## STRATEGIC PLANNING

FY 2009 was the fourth year under OIG's 5-year Strategic Plan. OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 14 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2009, OIG successfully met all 14 performance measures. The specific results for FY 2009 are as follows:

**Table 4.2—2009 Performance Measure Results**

Goal	Target	Result
<b><i>Impact</i></b>		
1. Maintain an annual acceptance rate of at least 85% for all recommendations.	85%	<b>98%</b>
2. Through FY 2010, achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA. <sup>1</sup>	85%	<b>88%</b>
3. Achieve a positive action on at least 75% of all cases closed during the FY.	75%	<b>75%</b>
<b><i>Value</i></b>		
4. Generate a positive return of \$6 for every tax dollar invested in OIG activities.	\$6 to \$1	<b>\$85 to \$1</b>
5. Evaluate and respond to 90% of all allegations received within 45 days.	90%	<b>96%</b>
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	<b>89%</b>
7. Respond to 90% of congressional requests within 21 days.	90%	<b>100%</b>
8. Take action on 90% of CMP subjects within 30 days of receipt.	90%	<b>97%</b>
9. Achieve a positive external user assessment rating of 85% for product-service quality.	85%	<b>92%</b>
10. Issue 78% of final audit reports within 1 year of the entrance conference with SSA.	78%	<b>92%</b>
11. Complete 85% of requests for legal advice and review within 30 days.	85%	<b>98%</b>
<b><i>People</i></b>		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	<b>4%</b>
13. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	75%	<b>78%</b>
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	<b>99%</b>

<sup>1</sup> The implementation rate is the cumulative percentage for FYs 2004 through 2008.

## **TRANSFER AUTHORITY**

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The budget request includes language providing authority to transfer an amount of up to 3 percent of the total OIG appropriation from SSA's Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and to ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

## BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriations from both the general fund and the trust funds. The President's budget request for FY 2011 consists of \$30,000,000 appropriated from the general fund and \$76,122,000 which will be transferred and expended as authorized by Section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

**Table 4.3—Amounts Available for Obligation  
(in thousands)**

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
General Funds Annual	\$ 28,000	\$ 29,000	<b>\$ 30,000</b>
Trust Funds Annual Transfer	\$ 70,127	\$ 73,682	<b>\$ 76,122</b>
<b>Total Appropriation</b>	<b>\$ 98,127</b>	<b>\$ 102,682</b>	<b>\$ 106,122</b>
<b>SSA Transfer to OIG</b>	<b>\$ 1,379</b>		
ARRA (Planned Obligations)	\$ 603	\$ 500	<b>\$ 500</b>
<b>Total Budgetary Resources</b>	<b>\$ 100,109</b>	<b>\$ 103,182</b>	<b>\$ 106,622</b>
Obligations	\$ 99,142	\$ 103,182	<b>\$ 106,622</b>
Unobligated balance lapsing	(\$ 967)	(\$ 0)	<b>\$ 0</b>

## ANALYSIS OF CHANGES

The FY 2011 request represents a \$3,440,000 increase over the FY 2010 enacted level. These increases can be attributed to annual pay raises and to an increase in base expenses for employee benefits, as well as an increase in training and support services.

**Table 4.4—Summary of Changes**

	FY 2010 Enacted	FY 2011 Estimate	Change
General Fund Appropriation	\$ 29,000,000	<b>\$ 30,000,000</b>	+ \$ 1,000,000
Trust Fund Appropriation	\$ 73,682,000	<b>\$ 76,122,000</b>	+ \$ 2,440,000
<b>Total Appropriation</b>	<b>\$ 102,682,000</b>	<b>\$ 106,122,000</b>	<b>+ \$ 3,440,000</b>
ARRA (Planned Obligations)	\$ 500,000	<b>\$ 500,000</b>	\$ 0
<b>Total Obligations</b>	(\$ 103,182,000)	<b>(\$ 106,622,000)</b>	<b>+ \$ 3,440,000</b>

Table 4.5—Explanation of OIG Budget Changes

	FY 2010 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<b><u>BUILT-IN INCREASES</u></b>				
<b>Base Payroll Expenses</b>	<b>596 (590)</b>	<b>\$ 89,900,000</b>	<b>(0) (0)</b>	<b>+ \$ 2,942,000</b>
• Annualization of the January 2010 Federal pay increase of 2.0 percent	---	---		+ \$ 320,000
• Nine-month effect of assumed 1.4 percent Federal pay increase effective January 2011	---	---	---	+ \$768,000
• Change in base payroll expenses related to career ladder promotions and within-grade increases	---	---	---	+ \$ 929,000
• Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)	---	---	---	+ \$800,000
• All other payroll changes, including overtime and awards	---	---	---	+ \$ 125,000
<b>Non-Payroll Costs</b> - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	<b>\$ 13,036,000</b>	---	<b>+ \$ 489,000</b>
• <b>CIGIE Contribution</b>	---	<b>\$ 246,000</b>	---	<b>+ \$ 9,000</b>
<b>Subtotal, Built-in increases</b>	<b>596 (590)</b>	<b>\$ 103,182,000</b>	<b>(0) (0)</b>	<b>+ \$ 3,440,000</b>
<b><u>PROGRAM INCREASES</u></b>				
<b>Increase for operations and maintenance of facilities and equipment</b>	---	---	---	\$ 0
<b>Subtotal, Program Increases</b>	---	---	---	\$ 0
<b>Total Increases</b>	<b>596 (590)</b>	<b>\$ 103,182,000</b>	<b>(0) (0)</b>	<b>+ \$ 3,440,000</b>

Table Continues on the Next Page

	FY 2010 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<b><u>BUILT-IN DECREASES</u></b>				
<b>Base Payroll Expenses</b> —Decrease in all other payroll costs, including one less paid day	---	---	---	---
<b>Non-Payroll Costs</b> —Decrease in rental payments to GSA	---	---	---	---
<b>Subtotal, Built-in decreases</b>				
<b><u>PROGRAM DECREASES</u></b>				
<b>Decrease in costs for training, other support, services, and supplies</b>				
<b>Subtotal, Program Decreases</b>				
<b>Total Decreases</b>		<b>\$ 0</b>		<b>\$ 0</b>
<b>Net Change</b>	<b>596 (590)</b>	<b>\$ 103,182,100</b>	<b>(0) (0)</b>	<b>+ \$ 3,440,000</b>

## BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes FTEs.

**Table 4.6—Budget Authority by Activity  
(in thousands)**

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
General Funds	\$ 28,000	\$ 29,000	<b>\$ 30,000</b>
OASDI Trust Fund Transfers	\$ 70,127	\$ 73,682	<b>\$ 76,122</b>
<b>Total Appropriation</b>	<b>\$ 98,127</b>	<b>\$ 102,682</b>	<b>\$ 106,122</b>
SSA Transfer to OIG	\$ 1,379		
ARRA	\$ 2,000	N/A	N/A
<b>Total Budgetary Authority</b>	<b>\$ 101,506</b>	<b>\$ 102,682</b>	<b>\$ 106,122</b>
(Obligations) <sup>1</sup>	(\$ 99,142)	(\$103,182)	<b>(\$ 106,622)</b>
(FTEs)	(576)	(590)	<b>(590)</b>

<sup>1</sup> The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligations for FY 2009 is \$603,000. The planned obligations for FY 2010 and FY 2011 are \$500,000 each year.

## BUDGET RESOURCES BY OBJECT

The table below displays the breakdown of budget resources by object class.

**Table 4.7—Budget Resources by Object**

	FY 2010	FY 2011	Difference
Full-time permanent	\$ 64,581,000	<b>\$ 66,880,000</b>	+ \$ 2,299,000
Other than full-time permanent	\$ 1,269,000	<b>\$ 1,314,000</b>	+ \$ 45,000
Other compensation	\$ 1,575,000	<b>\$ 1,631,000</b>	+ \$ 56,000
Subtotal, Personnel Compensation	\$ 67,425,000	<b>\$ 69,825,000</b>	+ \$ 2,400,000
Civilian personnel benefits	\$ 22,475,000	<b>\$ 23,275,000</b>	+ \$ 800,000
Total, Compensation and Benefits	\$ 89,900,000	<b>\$ 93,100,000</b>	+ \$ 3,200,000
Travel	\$ 2,113,000	<b>\$ 2,184,000</b>	+ \$ 71,000
Transportation of things	\$ 42,000	<b>\$ 56,000</b>	+ \$ 14,000
Rental payments to GSA	\$ 5,350,000	<b>\$ 5,835,000</b>	+ \$ 485,000
Rental payments to others	\$ 46,000	<b>\$ 48,000</b>	+ \$ 2,000
Communications, utilities, and others	\$ 383,000	<b>\$ 400,000</b>	+ \$ 17,000
Printing and reproduction	\$ 4,000	<b>\$ 4,000</b>	0
Other services <sup>1</sup>	\$ 4,194,000	<b>\$ 3,746,000</b>	- \$ 448,000
Supplies and materials	\$ 250,000	<b>\$ 300,000</b>	+ \$ 50,000
Equipment	\$ 900,000	<b>\$ 949,000</b>	+ \$ 49,000
<b>Total Budgetary Resources</b>	<b>\$ 103,182,000</b>	<b>\$ 106,622,000<sup>2</sup></b>	<b>+ \$ 3,440,000</b>

<sup>1</sup> Includes the FY 2010 and FY 2011 ARRA resources of \$500,000 for each year.

<sup>2</sup> Includes \$755,000 for training.

# BACKGROUND

## AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978.

**Table 4.8—Authorizing Legislation**

	<b>FY 2010 Authorized</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Authorized</b>	<b>FY 2011 Estimate</b>
<b>Office of the Inspector General (P.L. 103-296)</b>	<b>Indefinite</b>	<b>\$ 102,682,000</b>	<b>Indefinite</b>	<b>\$ 106,122,000</b>

## APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 2002 to FY 2011.

**Table 4.9—Appropriation History Table**

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
General Funds	\$ 19,000,000	\$ 19,000,000	\$ 19,000,000	\$ 18,985,800
Trust Funds	\$ 56,000,000	\$ 56,000,000	\$ 56,000,000	\$ 55,958,200
2002 Total <sup>1</sup>	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 74,944,000
General Funds	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 20,863,500
Trust Funds	\$ 62,000,000	\$ 62,000,000	\$ 62,000,000	\$ 61,597,000
2003 Total <sup>2</sup>	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 82,460,500
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	\$ 24,355,400
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	\$ 63,324,200
2004 Total <sup>3</sup>	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	\$ 87,679,600
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	\$ 25,542,000
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	\$ 64,836,100
2005 Total <sup>4</sup>	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	\$ 90,378,100
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	\$ 25,740,000
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	\$ 65,736,000
2006 Total <sup>5</sup>	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	\$ 91,476,000
General Funds	\$ 27,000,000	\$ 25,872,000	\$ 25,740,000	\$ 25,902,000
Trust Funds	\$ 69,000,000	\$ 66,072,000	\$ 65,736,000	\$ 66,149,000
2007 Total	\$ 96,000,000	\$ 91,944,000	\$ 91,476,000	\$ 92,051,000
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	\$ 25,988,901
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	\$ 65,926,000
2008 Total <sup>6</sup>	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	\$ 91,914,901
General Funds	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
Trust Funds	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000
2009 Total	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000
ARRA <sup>7</sup>	N/A	N/A	N/A	\$ 2,000,000
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	\$29,000,000
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	\$73,682,000
2010 Total	\$ 102,682,000	\$ 102,682,000	\$ 102,682,000	\$102,682,000
<b>General Funds</b>	<b>\$ 30,000,000</b>			
<b>Trust Funds</b>	<b>\$ 76,122,000</b>			
<b>2011 Total</b>	<b>\$ 106,122,000</b>			

<sup>1</sup> The \$19,000,000 in appropriated funds and \$56,000,000 in trust funds included in the language for this account for FY 2002 were reduced by \$14,200 and \$41,800, respectively, in accordance with P.L. 107-206.

<sup>2</sup> The \$21,000,000 in appropriated funds and \$62,000,000 in trust funds included in the language for this account for FY 2003 were reduced by \$136,500 and \$403,000, respectively, in accordance with P.L. 108-7.

<sup>3</sup> The \$24,500,000 in appropriated funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.

<sup>4</sup> The \$25,748,000 in appropriated funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.

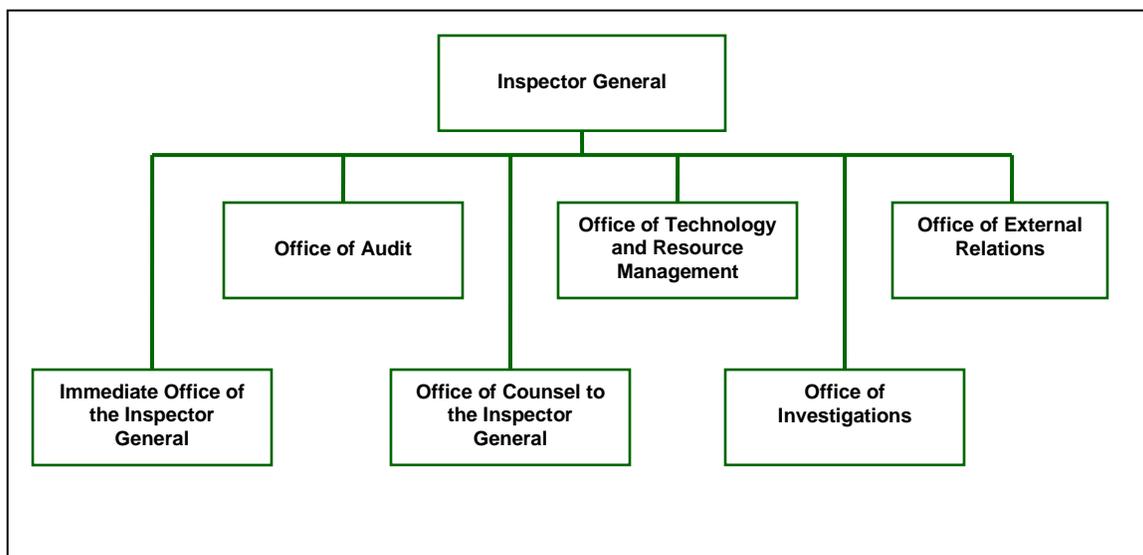
<sup>5</sup> The \$26,000,000 in appropriated funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with P.L. 109-148.

<sup>6</sup> The \$26,451,000 in appropriated funds and \$67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by \$462,099 and \$1,172,000 respectively, in accordance with P.L. 110-161.

<sup>7</sup> OIG received \$2,000,000 through ARRA, passed on February 17, 2009. OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.

## OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

### GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, OIG’s mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations and investigations, OIG works to ensure public confidence in the integrity and security of SSA’s programs and operations and works to protect them against fraud, waste, and abuse. OIG provides timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

OIG is comprised of six components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Counsel to the Inspector General (OCIG), Office of Technology and Resource Management (OTRM), Office of Investigations (OI), and the Office of External Relations (OER).

#### Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. The IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, the IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be an agent of positive change by discussing, evaluating, and presenting to senior management employee issues and proposed solutions that affect the operations, administration, and efficiency of OIG. In doing this, the committee acts as a representative of all OIG employees.

### Office of Audit

OA conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions 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 and operations. 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 and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

### Office of Counsel to the Inspector General

OCIG provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the Civil Monetary Penalty (CMP) program, including imposition of penalties and assessments and the settlement and litigation of CMP cases.

### Office of Technology and Resource Management

OTRM provides administrative and management support to OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OTRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, and manages the Electronic Crimes program. In addition, OTRM is responsible for strategic planning, organizational performance management, and reporting.

### Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

## **Office of the Inspector General**

### **Office of External Relations**

OER manages OIG's public affairs programs, develops OIG's media and public information policies, and serves as the primary contact for those seeking information about OIG. OER responds to inquiries from the media and the public and prepares OIG publications and presentations for internal and external organizations. OER coordinates interagency activities as well as OIG participation in SSA and other Federal events. OER also coordinates input on pending and proposed legislation, and prepares congressional correspondence and testimony.

## RATIONALE FOR THE BUDGET REQUEST

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The budget request for FY 2011 is \$106,122,000 and 590 FTEs, which reflects an increase of \$3,440,000 from the FY 2010 annual appropriations level. The FY 2011 funding increase will be used for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

**Table 4.10—Detail of Full-Time Equivalent Employment and Workyears**

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
FTEs	576	590	<b>590</b>
Overtime/Lump Sum Leave	5	6	<b>6</b>
<b>Total</b>	<b>581</b>	<b>596</b>	<b>596</b>

**Table 4.11—Average Grade and Salary**

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	Difference
Average ES Salary	\$ 164,110	\$ 168,200	<b>\$ 172,400</b>	+ \$ 4,200
Average GS Grade	13	13	<b>13</b>	0
Average GS Salary	\$ 94,900	\$ 97,200	<b>\$ 99,700</b>	+ \$ 2,500